



**Statement of Strategy 2013 – 2017**  
**Additional Scenarios**

**Redacted Version**

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## Executive Summary

In late 2012, TG4 prepared a five-year costed strategic plan ("Statement of Strategy") for the period 2013 to 2017. It was requested by the Government to revise this plan on the basis of current revenue allocations, through the development of two additional strategy scenarios:

1. *Scenario 1*: revised TG4 strategy for the period to 2017 on the basis of present current and capital public funding allocations.
2. *Scenario 2*: revised TG4 strategy on the basis of present public funding allocations, with some extra funding for specific initiatives for the purpose of ensuring TG4 remains competitive<sup>1</sup>.

With two funding scenarios and in the context of the challenges facing it, TG4 considered a wide range of strategic development possibilities. Scenarios 1 and 2 (summarised below) present the outcome of TG4's deliberations on alternative strategies in the context of no / significantly lower additional funding.

Scenario 1 will see:

- Continued strengthening of TG4's Irish language broadcast schedule: an average of 5.1 hours per day of new Irish language programmes for a 32 week core schedule / season and 4 hours per day of new Irish language content for the remaining 20 weeks of the year.
- A continuation of TG4's journey to being a strong multi-platform content provider and broadcaster, offering a wide range of digital content and services, meeting audience requirements for "content anytime, anywhere".
- As part of this, development of new digital Irish language content for the purpose of addressing young people and children with more interactivity, games and online / mobile content in the Irish language.
- Continued investment in content production and distribution technologies to support digital content and service development in addition to enhanced productivity and efficiency.
- Ongoing organisational re-structuring and development of TG4 resources to ensure the complex balance of specialist technical and creative skills continue to be embedded within the organisation.
- Further development of digital marketing and social media to enable wider audience reach - both national and international, more cost effectively.
- Continued focus on maximising broadcast audience reach and audience development, through innovative developments of its broadcast schedule and programming. Despite a highly competitive broadcasting environment, TG4 will continue to make every effort to maintain existing share and to expand audience reach (and particularly reach amongst Irish language user audiences).
- TG4 will continue to focus on developing strong Irish language content in TG4's priority genres of: sport; music; children & young people; drama; and documentaries, underpinned by high quality news and current affairs.
- As a publisher broadcaster, TG4 aims to continue to source the majority of its new Irish language content from the Irish language independent production sector. However, the number of hours will be significantly less than envisaged in the current strategy.
- TG4 will seek opportunities for structural changes (including with RTÉ) which will: enhance audience reach; help reduce costs; drive additional efficiencies etc.

<sup>1</sup> It is important that this document is read in the context of the current Statement of Strategy 2013-2017

## Scenario 2 will see:

In addition to everything in Scenario 1, TG4 will deliver:

- A Learning Irish resource.
- More children's Irish language interactive content and online games etc. (an additional €Xm<sup>2</sup> over 2014-2017), additional web content and digital media and maintaining broadcast content expenditure levels at 2014 levels (an additional €Xm over 2014 - 2017).
- Extension of TG4's HD service to Saorview.

Table (i) presents the key funding and expenditure differences between TG4's current strategy and Scenarios 1 and 2. By 2017, current funding requirement will remain at €32.75m in Scenario 1 but increases to €35.39m in Scenario 2. This compares to a current funding requirement of €44.9m in the original strategy. TG4 is budgeting that total operating expenditure will have increased by 2017, from €xm in 2013 to €Xm in Scenario 1 and to €Xm in Scenario 2. This compares to the original strategy which sees operating expenditure increasing to €Xm by 2017. While the majority of the increase (almost 90%) would be driven by new programming and content in the current strategy, in Scenario 2, the increase will be driven predominantly by carriage & transmission costs as shown in Table (i).

**Table (i): Expenditure Differences Between Current Strategy and Scenarios 1 & 2**

Key Financial Elements	2013	2014	2015	2016	2017
<b>Current Funding Requirement:</b>					
Current Strategy	32,750	33,382	34,766	39,708	44,889
Scenario 1	32,750	32,750	32,750	32,750	32,750
Scenario 2	32,750	34,050	34,545	35,032	35,388
<b>Total Expenditure:</b>					
Current Strategy	x	x	x	x	x
Scenario 1	x	x	x	x	x
Scenario 2	x	x	x	x	x
<b>Total Expenditure Difference Scenario 2 Vs. Scenario 1</b>	-	<b>1,300</b>	<b>1,795</b>	<b>2,282</b>	<b>2,638</b>
<b>Difference:</b>					
Content	-	x	x	x	x
Carriage & Transmission Costs	-	x	x	x	x
<b>Total Difference</b>	-	<b>1,300</b>	<b>1,795</b>	<b>2,282</b>	<b>2,638</b>

Table (ii) presents a summary of the Capital Plans for the current strategy and Scenarios 1 and 2. Both scenarios show a reduction of c.€1.3m in capital spend compared to the current strategy. The difference is in "Major Projects". TG4 will not cancel any major project under either Scenario but projects such as the Archive and Content Distribution will be extended beyond 2017 and other funding sources will be sought.

**Table (ii): Key Differences between the Capital Plans of the Current TG4 Strategy and Scenarios 1 & 2**

Capital Allocation	Total	2013	2014	2015	2016	2017
Current Strategy	5,885	920	1,350	1,475	1,105	1,035
Scenario 1	4,540	920	860	920	920	920
Scenario 2	4,540	920	860	920	920	920
<b>Of which, Major Projects:</b>						
Current Strategy	x	x	x	x	x	x
Scenario 1	x	x	x	x	x	x
Scenario 2	x	x	x	x	x	x

<sup>2</sup> All commercially sensitive information has been removed. It is indicated with an "x" and highlighted in yellow.

# 1. Introduction

## 1.1 TG4 Statement of Strategy 2013-2017

In late 2012, TG4 prepared a five-year costed strategic plan ("Statement of Strategy") for the period 2013 to 2017. The plan presented in detail, an assessment of TG4's operating and competitive environment, the proposed strategy and the funding required to deliver this strategy. This included TG4's proposed schedule and programming developments through which it aimed to fulfil its public service broadcasting remit in addition to a series of metrics through which TG4 would demonstrate success and impact.

TG4's five-year strategy aims *"to promote successfully Irish language and culture and ensure a central place for TG4 in Irish people's lives, both in Ireland and abroad"*. Key elements of the five-year strategy were:

- Delivery of an average of 6 hours per day of new Irish language programmes for a 40 week core schedule / season combined with an average of 4.5 hours per day of new Irish language content for the remaining 12 weeks of the year. This compared with a 2012 position of 5 hours per day for 32 weeks and 4 hours per day for the remaining 20 weeks of the year.
  - This was an increase of 387 hours of new Irish language programming (23%) on 2012 hours over the five-years. Increases were to be in Irish language sport, entertainment & lifestyle and documentary programming. Recognising the difficult economic and funding environment, TG4 proposed to back-load these additional hours to the last two years of the strategy.
- Additional digital content to address young people and children with more interactivity, games, a second online channel and online / mobile content in the Irish language.
- A "Learning Irish" resource for Irish linguistic skills for children, young and adult learners.
- Additional digital content and the Learning Irish resource are important initiatives for TG4 to promote and develop the Irish language and to support Government policy to ensure Irish is a living language.
- TG4's strategy targeted additional annual expenditure of €Xm by 2017, for new broadcast Irish language programming. An additional €Xm was sought for interactive content, mobile content and games, an online channel for children and young people and the Learning Irish resource.
- A core part of TG4's strategy is to continue to have a positive impact on the Irish language and culture, on the development of the Gaeltacht and regional areas and on the Irish economy. As a publisher broadcaster, TG4 sources a significant proportion of content from the Irish language independent production sector. This helps to ensure that TG4's schedule is distinctive and reflects Irish cultural identity. It also helps to support the Irish language production sector. TG4's expenditure has a positive impact on independent production sector jobs. TG4 also has an important impact on the Irish economy more generally, through its expenditure on indigenous commissioned programming and services rather than on acquired content from international markets and services from overseas suppliers.
- The strategy's target impact included an increase in: broadcast audience share from 1.8% in 2012 to X% by 2017; average daily reach from 577k in 2012 to X by 2017; Player streams from 1.6m in 2012 to Xm by 2017; web visitors from 1.2m in 2012 to Xm by 2017; page impressions from 11.5m in 2012 to Xm by 2017; and App downloads of X by 2017. There would also be a real and measurable impact on the promotion and development of the Irish language through a target 10% increase in the number of Irish language users by 2017.

TG4's strategy was ambitious in the context of the current economic environment. However, TG4's intention was to look forward and set out its ambitions for the growth of the national Irish language channel. TG4 believed this to be important in the context of the major changes facing broadcasters. Television is being

transformed and the future requires more investment in high quality content and services for digital platforms and devices. Broadcasters have to work harder to retain audiences and expand their services and reach across emerging platforms.

## 1.2 Response to the TG4 Statement of Strategy 2013-2017

The Broadcasting Authority of Ireland (Authority) commissioned Crowe Horwath to undertake the statutory five-year review of funding for public service broadcasters. Part of this required an analysis of the costed strategic plan of each public service broadcaster. Crowe Horwath provided positive feedback on TG4's Statement of Strategy. It also stated however, that the plan was costly and not based on existing funding. A recommendation was that TG4 should investigate an alternative plan which does not depend on significant additional revenues, but which explores ways to make existing funding go further.

The Authority's own response was that while TG4 has understandably and properly, set out its clear ambitions for the channel, it required TG4 to consider what might be achievable with less additional funding. It was accepted that further efficiencies cannot be secured in TG4.

Based on this feedback, in July 2013, TG4 was requested by the Government to revise its five-year Strategic Plan on the basis of present revenue allocations. Discussions with the DCENR clarified that TG4's current Statement of Strategy for 2013-2017 would remain "as is" but that TG4 must set out additional scenarios.

This document presents two additional scenarios:

3. *Scenario 1*: revised TG4 strategy for the period to 2017 on the basis of present current and capital public funding allocations.
4. *Scenario 2*: revised TG4 strategy on the basis of present public funding allocations, with some extra funding for specific initiatives for the purpose of ensuring TG4 remains competitive.

Each scenario is presented as follows:

- Summary of the scenario's strategy including the key differences versus TG4's current strategy.
- Any revised underlying assumptions. E.g. market, economic or audience etc.
- Revised financial projections, capital plan and target impact.

It is important that this document is read in the context of the current Statement of Strategy 2013-2017. The current Statement contains an in-depth review of the strategic environment in which TG4 believes it will be operating over the period to 2017. It also contains the rationale for TG4's strategy and the details behind the original strategy itself. The Statement of Strategy presents an overview of TG4's services in addition to performance metrics, a SWOT<sup>3</sup> analysis and governance overview. TG4 is not presenting that detail in this document which focuses on the two scenarios only.

## 1.3 TG4 Reach Amongst Irish Language Users

TG4 was also requested to develop methodologies for identifying and quantifying TG4's audience among Irish language speakers and to identify means of bolstering that reach. While TG4 regularly publishes research on its Irish language speaking audiences and findings from its core Irish language speaking audience (an extensive bi-annual survey which is carried out by IPSOS MRBI), it has been acknowledged that there are issues with the systematic Nielsen data on Irish language users audience reach.

To overcome the issue of lack of systematic accurate measures on Irish language users audience reach, TG4 has commissioned a new measurement system. It is establishing a new Irish language user audience panel "Fios Físe" in conjunction with the Acadamh na hOllscolaíochta Gaeilge. The panel will comprise 350 online homes which will be asked to provide feedback on a weekly basis across a range of issues relating to TG4 performance. E.g. on TG4 viewing habits in general and on TG4 programmes in particular. The panel

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<sup>3</sup> Strengths, weaknesses, opportunities and threats.

homes will be from every part of the Island of Ireland and first results will be produced in Q1 2014.

## 2. TG4 - the Story So Far

TG4 has been established for 17 years, seven as an independent entity. It was launched in an era when television was the key platform in the media landscape. While television remains at the forefront of how audiences engage with audiovisual content, the increase in channels and platforms means far greater choice for audiences - and more competition. Audience behaviour is changing dramatically, driven by the transformation in mobile, online and social media and convergence with broadcasting. Broadcast and high quality video content can now be easily accessed across the four screens of the digital age - television, computer, tablet and mobile device.

In this new and continually changing media environment, provision of strong content across all core platforms, to the largest possible audience, wherever and whenever the audience wants it, is essential to TG4's future success.

Therefore, although TG4's mandate remains the same - to provide a television service primarily in the Irish language for the purposes of promotion and development of the Irish language and culture - in today's media and technology environment, TG4's role also includes creation and provision of content on other digital platforms and engaging with audiences across these platforms.

This is reflected in TG4's mission which is *"to provide an attractive and innovative television and content service that celebrates Irish creativity and identity – language, culture, music and sport - and to connect to, and entertain, audiences in Ireland and worldwide"*.

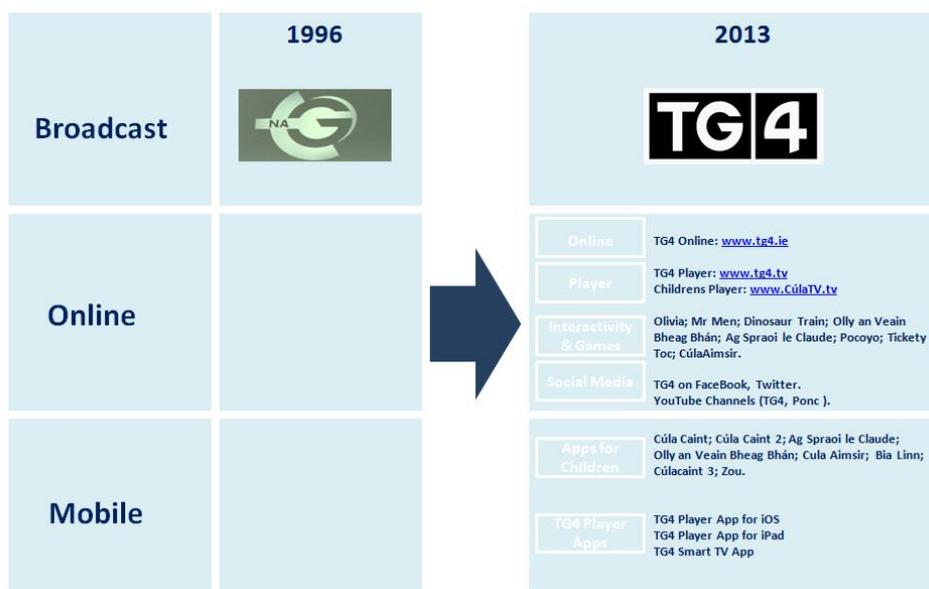
To respond to the developing media landscape, the last five years in particular have been years of significant change for TG4 - across all aspects of the organisation:

1. TG4 has evolved from being a linear broadcaster and has established a ***strategy of multi-platform content***. It has launched ***new digital content and services*** in response to audience requirements for interactivity and accessibility and "content anytime, anywhere".
2. TG4 has made ***major investments in content production and distribution technology*** to support these developments including digital broadcasting, the launch of High Definition (HD) and the implementation of a Digital Asset Management System (DAMs).
3. TG4 has ***restructured and refocused resources and effort to deliver all of this*** - despite extensive reductions in funding and resources.
4. TG4 promotes the channel and its content, services and events making extensive use of ***digital marketing and social media***.

### 1. Multi-platform Content Strategy and New Digital Content & Services

When TG4 launched, it was a provider of linear broadcasting services, delivering TG4 as a single channel on terrestrial, satellite and cable broadcast platforms. With the development in media platforms and in response to audience requirements for interactivity and accessibility, TG4 now delivers a multi-platform content strategy and has launched a range of new digital content and services as shown in Figure 1.

**Figure 1: TG4 Multi-platform Content / New Digital Content & Services**



### Online

TG4 delivers a worldwide Irish language service by providing broadcast content on a worldwide basis through its online ([www.tg4.ie](http://www.tg4.ie)) and Player services ([www.tg4.tv](http://www.tg4.tv) and [www.cúlatv.tv](http://www.cúlatv.tv)) which promote the Irish language and culture.

TG4 was the first broadcaster in Ireland to launch its channel online with the TG4 Player service. In 2003, TG4 launched "TG4 Beo", the first Player service in Ireland from an Irish broadcaster. In 2010, the service was re-launched as TG4 Beo Player, with programmes made available to view for 35 days following transmission and the unique ability to watch TG4 programming live. The Player service performs strongly, with 1.6m programme streams achieved in 2012. TG4 has also established "CúlaTV", a children's Player service. In early 2013, TG4 launched the TG4 Player App which provides access for audiences on mobile devices and tablets.

The TG4 online service has continued to go from strength to strength with the website now ranked number 1 in terms of world rankings<sup>4</sup> of Irish language websites. Every year, TG4 enhances the online service, investing additional resources in order to make it more accessible and entertaining and strengthening the relationship between the broadcast service and the website.

TG4 has established a children's web presence with interactivity and games for specific Cúla4 programmes to make Irish more accessible and fun for young people worldwide. E.g. "CúlaAimsir" (an online Irish language weather game). All Irish language web games are aimed at pre-school / early primary audiences and help to ensure that the Irish language is more accessible and fun for children both in Ireland and worldwide. A portal also connects the TG4 online service with the CúlaTV Player service.

### Mobile

TG4 also has launched a number of Apps that complement TG4's online, Player and children's services. The first TG4 Irish language App "Cúla Caint" was launched in 2011. It provides about 50 Irish language words in four groups – weather, animals, vehicles, and parts of the body (written and spoken version of each word with clear images of the word). Seomra Ranga<sup>5</sup>, the online resource website for primary schools, reported: "...given the lack of quality apps to support the learning of Gaeilge in the classroom, it's great to see our Irish language TV station coming up with a good quality educational app".

<sup>4</sup> Alexa world rankings.

<sup>5</sup> [www.seomraranga.com](http://www.seomraranga.com)

"Cúla Caint 2" was launched successfully in 2012 in addition to two other Apps for Cúla4. 2013 saw the development of four more Irish language Apps ("Cula Aimsir" [a kids weather game], "Bia Linn" [a kids App to support the TG4 Bia Linn broadcast series], "Cúlacaint 3" [a kids Irish language learning App] and "Zou" [story time & games]). This brings the total to 8 Irish language Apps which are available for pre-school children, making Irish more accessible and fun for young people worldwide. As noted above, TG4 has also launched the TG4 Player App for iOS which provides access for audiences on mobile devices and tablets. TG4 is at present developing and launching the TG4 Player App for iPads and the TG4 Smart TV App.

## **2. Investment in Content Production & Distribution Technologies**

TG4 continues to embrace new digital technologies to enhance its broadcast service and multi-platform content and services.

Between 2009 and 2011, TG4 completed a major project to introduce a DAM system into the organisation. The system is now commissioned and in implementing it, TG4 became the first broadcaster in Ireland to transmit using a complete end-to-end electronic file based workflow. TG4 now operates tapeless broadcasting processes and DAMs has had major productivity impacts for TG4 including allowing valuable and highly trained staff to spend more time on schedule and content development. TG4 has also pioneered the use of electronic delivery of programmes. Commercials are now automatically registered "transmission ready" and all commissioned and acquired programmes can be delivered as files. TG4 Producers can upload files to the DAMs portal for transmission from their own workstations or wherever they are located.

In 2011, TG4 commenced a major two year programme to upgrade to HD broadcasting. In September 2012, TG4 switched its coverage of sports events to HD, transmitting improved pictures and sound on the UPC HD network (which allowed TG4 to test and validate all circuits and interim HD workflows). TG4 has converted its studios to full HD play-out and recording. In October 2012, TG4 commenced HD broadcasting when it transmitted "Peil na mBan Beo", the Ladies All Ireland Football finals in full HD resolution. Since then, several programme series have been recorded in HD and TG4 will complete its conversion to full HD transmission in Q4 2013.

Over the last five years, TG4 has upgraded and re-designed its web site to take advantage of the latest development in TV streaming and downloading. The TG4.tv site holds a full 35 day archive of all commissioned programmes and allows for the retransmission online of different archive programme series. TG4 also transmits a second web channel for major sports and cultural events such as live coverage of the Oireachtas, Tour de France and Wimbledon. TG4 has also developed and re-versioned all Apps in-house.

A major new on-line resource for all those interested in traditional singing in Irish was added to the TG4 website in October 2013. The new website portal [www.tg4.ie/seannos](http://www.tg4.ie/seannos) is a unique (and free to access) space that provides a substantial selection of TG4's recordings of the most loved sean nós songs, available to all users worldwide. The songs are performed by the current masters of this art form and uniquely, the words sung are also presented alongside the performance with a transcription of the actual lyrics for each performance. The site currently hosts over 280 performances from more than 60 singers and will be expanded. The site features songs and singers from all the major Gaeltacht regions and other areas it has been hailed as a major addition to the materials available for learners and followers of sean-nós.

TG4 upgraded its library and channel management system "What'sOn". This system is now configured to generate schedules and programme lists for a number Video On Demand (VoD) channels. It allows the scheduling department to generate independent programme lists for all platforms, allowing TG4 to tailor the viewing material depending on the programme rights available.

TG4 is developing a digital Archive which will be enabled through the DAM system. The Archive will focus on TG4's back catalogue of 23,500 hours which remains in a video tape archive and which requires digitisation, indexing and cataloguing in order to preserve and use these hours effectively.

TG4 is also responding to the challenges of multi-platform programme distribution by developing systems to automatically reformat and transfer programmes to different platforms. The biggest challenge is that no single file format suits all platforms (e.g. UPC platforms, TG4Web & iPad App, Eircom.TV, Sky and Saorview etc.). TG4 is designing and implementing a Content Distribution System to convert to a more streamlined automated process. This will enable TG4 to minimise future additional costs arising from: the need to provide bespoke material to an increasing range of distribution platforms; and, to develop more Irish language interactive and online content services such as new Apps, games and interactive content, particularly for children and young people.

### **3. Restructuring & Refocusing of Resources**

There have been significant structural, skills and capability developments in TG4 over the past five years in particular, to support the development of new multi-platform, digital content, services and technology. TG4 has enhanced the technical and multi-platform competencies of its team and has embed innovation and experimentation as core requirements.

As the world of work in broadcasting has changed, skills have become more complex. They now combine the latest advances in technology with traditional creative processes, resulting in a unique complex balance of skills which incorporates specialist technical and creative skills. Technical and systems development roles have become increasingly important in broadcasting, particularly with the evolution of interactive TV, VoD, multi-platform content delivery and other services. TG4 staff have not only had to develop internal computer-based systems but also audience-facing applications, content management and storage systems.

Despite the significant increase in TG4 output and in the range of content services across multiple platforms, there has been a reduction in employees. The number of fulltime equivalents (FTEs) in TG4 has fallen from 83 in 2009 to 79 in 2013. This has been enabled by the expansion of roles, development of technical skills and capabilities and investment in content development and broadcast systems, resulting in a major increase in output productivity.

Throughout the TG4 organisation, roles have evolved and expanded. E.g., the Technical and Output teams work in project based structures in a multi-skilled environment, servicing all TG4's output platforms. Some key changes which have taken place (profile of staff and the work they do) include:

- Software engineers, systems developers and computing qualifications are now common in TG4 with strong creative, conceptual and visual skills in combination with technical skills, being a regular profile of TG4 production and engineering staff.
- There are new roles to address digital challenges including Digital Coordinator and Head of Online.
- The Engineering department develops and builds new content distribution models (e.g. TG4 App; Cúlacaint App; Smart TV App), manages the Transcoding system to compile and brand TG4 content for new platforms and improves and streamlines production processes to release more resources from operations to production.
- The Web Development Team enhances and improves TG4's worldwide player service, develops TG4's presence on Social Media and develops new micro sites on tg4.ie for specific audiences (e.g. Children's Player service, sports sites, weather site / SeanNós Archive / Learning site etc.).
- TG4 Graphic Designers provide design content for new platforms (Apps / Web / Cúlacaint App) and create content for social media platforms (images and branding devices).
- TG4 Weather / Continuity Presenters now self-record all continuity and weather links (previously this required technical staff) and monitor and drive the daily conversation on Twitter for @TG4TV and for

@AimsirTG4.

- As a result of the streamlining achieved through the implementation of a DAM system, broadcast operational staff have taken on new duties: assisting web team to update and populate programme pages and add to visual content on micro-sites; processing of files for delivery to other platforms (Cable Catchup / TG4 App and Website). Shortly, they will also be producing, directing and editing multi-platform content packages.
- The Production Teams (Cúla4 / Promos / Cláracha) have undergone major changes. Content creation / repurposing for various platforms is now integral to their work (e.g. segments for YouTube, Facebook and online). In addition to on-air programme content, the children's acquisition and production team now also prioritises online content. There is also an increased number of low budget, high volume studio-based programming which is produced by external production companies and uses TG4 internal studio resources and personnel. The children's production team has also expanded its responsibilities to produce teenage programme content
- Scheduling and Programme Planning has likewise evolved. It now also manages content distribution on new platforms (cable catch-up / TG4 player / App etc) and ensures TG4's offering on other platforms is planned effectively, enhanced and that contract rights are adhered to.
- The role and responsibilities of the Billings / Picture Desk have also expanded. It is also responsible for collating content for publishing across platforms (Apps, Web, Smart TV and Cable Catchup). It is responsible for updating TG4 Flickr account with new TG4 programmes.

TG4 will continue to ensure that the skills and capabilities of its technical and production staff evolve so that the development of new and enhanced TG4 content services and applications continues, but without any notable increase in TG4 operating and staff costs.

#### 4. *Digital Marketing & Social Media*

TG4's approach to marketing has also evolved significantly over the past five years. While the "traditional" marketing approaches of advertising campaigns across multiple media platforms (including press, radio, billboards, sports sponsorship and promotion etc.) remain important, TG4 has increased its use of digital marketing and social media, enabling wider reach, more cost effectively. X% of TG4's marketing budget is now used for digital advertising and this will grow to X% over the term of the plan.

TG4 has developed a strong Social Media presence having launched on FaceBook and Twitter and having established both TG4 and Ponc YouTube channels. This enables TG4 to engage with audiences and to reach out to new / worldwide audiences.

There has also been a shift in the way in which TG4 XX

### 3. **TG4 - A Strong Performer in a Competitive Broadcast Market**

#### 3.1 **The Market**

The level of competition and complexity in the broadcasting market today is unprecedented. For the Irish audience, television can now be delivered by satellite, cable and terrestrial broadcast platforms in addition to online and it is estimated that there are around 200 channels available to Irish audiences, a number which is increasing annually.

These channels include not only the Irish public service, commercial and community broadcasters (TG4, RTÉ, TV3 and Setanta etc.) but international channels which are available in Ireland, many of which show local advertising for the Irish market (e.g. Sky Living, Sky Sports, Sky Arts, Sky Atlantic, Sky News, E4, MTV, Nickelodeon, Nick Jr., Comedy Central, Food Network, Fox and Discovery etc.). It includes UK channels such as BBC channels (c.6 channels), UTV, Channel 4, Channel 5, ITV, Gold and many more. In addition, there is a large number of international and specialist channels which do not show Irish advertising including Euronews, British Eurosport, MGM, CNN and National Geographic among many others.

Of the 1.58m television homes in Ireland<sup>6</sup>, there are c.1.4m cable / satellite digital television households with access to this extensive number of channels, an almost 10% increase on the 1.39m in previous year. With the transition to digital and the growth in the market for Paid-TV services, competition has intensified with the arrival of many new entrants, both domestic and international. The broadcast market has fragmented with major consequences for broadcasters and audiences.

Table 3.1 presents weekly reach in 2012 for the Irish broadcasters. As seen from the data, TG4 delivers a strong performance with 1.7m people tuning into the channel on a weekly basis.

**Table 3.1: Weekly Reach, 2012 (consolidated data)**

Channel	Reach %	Reach '000s
RTÉ One	79.5	3,273
RTÉ Two	72.4	2,979
TV3	70.8	2,916
TG4	41.7	1,715
3e	39.9	1,640

Not only has broadcasting become much more competitive, the Internet and mobile video have brought another wave of change, with content being transformed by digital technologies. Developments in mobile and Smart devices (e.g. Apple iPhone and iPad, Samsung Galaxy tablet etc.) in addition to developments in Internet television and social media are enabling audiences to change how they use and interact with content. Television audience behaviour is changing significantly due to these more affordable mobile and content devices. Broadcasters are therefore now competing not only with each other, but also with online content providers such as Netflix, LoveFilm and YouTube. Broadcasters must use their content to engage with audiences by distributing it across different platforms. They must be able to support delivery of new services such as On-Demand and mobile / on-the-go in addition to expansion onto social media and other platforms such as YouTube, Google TV, Eircom TV and Internet connected TVs etc.

## 3.2 TG4 Performance

In such a crowded marketplace, TG4 has to fight hard for audiences. This means it has to deliver enough strong, unique and entertaining content to persuade audiences to watch TG4 and use its content services. This is against the backdrop of more financial pressure than ever before and a downward pressure on programme and content budgets.

TG4's track record in recent years proves that it can attract a significant audience for its programme schedule. TG4 maintained its position as the 8<sup>th</sup> most watched channel in Ireland in 2012 - a very strong performance given the hundreds of channels available to viewers in Ireland.

In 2012, TG4 secured an average daily reach of 14% (577,000 viewers who tuned into the channel on a daily basis). 2012 monthly reach amongst all TV broadcast audiences was 69% (almost 2.9m people). Reach amongst Irish language user audiences is even higher and TG4 performs strongly with this audience base. In 2012, it was 79%<sup>7</sup>. A summary of TG4's performance is presented in Table 3.2.

<sup>6</sup> Comreg, Irish Communications Market, Key Data Report - Q2 2013

<sup>7</sup> Source: IPSOS MRBI.

TG4's share is, along with that of other broadcasters, measured by Nielsen TV Audience Share Ireland. This share measurement does not include the viewing of TG4 on other digital platforms (i.e. the TG4 Player service, [www.tg4.tv](http://www.tg4.tv)) or some deferred viewing (i.e. where TG4 programmes are recorded on personal video recorders (PVRs) and watched after 7 days). It also does not include TG4's share in the North of Ireland (currently not measured) or its share in pubs and clubs in the Republic.

With digital penetration at over 97% at the beginning of 2013 following the switch-off of the analogue terrestrial signal, TG4 expects that it will be challenging to further develop audience reach and share in Ireland in the future. However, it is TG4's aim to increase reach, particularly amongst Irish language users, in the years ahead and its strategy is centred on this as one of its core objectives.

**Table 3.2: Summary of TG4 Performance, 2012**

Indicator	2012	2012
	%	Number of People
<b>Reach - Irish Language User Audiences<sup>8</sup>:</b>		
All Irish Language Users	79%	
<b>Reach - All TV Broadcast Audiences (ROI)<sup>9</sup>:</b>		
Monthly Reach	69%	2,866,950
Weekly Reach	42%	1,745,100
Daily Reach	14%	577,000
<b>Share<sup>10</sup>:</b>		
Highest	8%	
Average All Day	2%	
<b>Player Streams</b>	-	1.6m
<b>Social Media:</b>		
TG4 Inserts watched on YouTube	-	342k
FaceBook / Twitter Followers	-	20k

With an Irish language user audience reach of 79%, a reach amongst all TV broadcast audiences of 15% (daily) and 69% (monthly) and an average share of 2%, TG4's performance is strong in a highly competitive broadcast and content market. In particular, it is a strong performance when the UK market and the performance of broadcasters there, are considered. Apart from BBC1 with a share of just under 21%, ITV with a 16% share, BBC2 and Channel 4 with shares around 5%, Channel 5 with a share of just under 4%, ITV 2 and ITV3 with shares of c.2.2% and BBC3, E4, Dave and More 4 with shares of 1% - 1.4%, **all other channels have an audience share of less than 1%**. This is approximately **94%** of all channels available to UK television viewing audiences, most of which have audience shares of 0.5% or less. For example, S4C holds an audience share of 0.1% in the UK.

TG4 continues to focus on its audiences - and there have been many successes with audiences. For example, regular, trusted programmes such as "Ros na Rún", "Geanntaí", "Comhrá" and "7 Lá" in addition to new programmes such as "Scéal na Gaeilge", "Jockey Eile", "Na Jump Boys", "Ceol ón gClann", "Séasúr Bhreadáin Feiritéar" and "Corp agus Anam" amongst many others, many of which received programme awards. In 2012, 860 TG4 Irish language programmes secured an audience reach of over 100,000 of which almost 170 secured an audience reach of over 200,000.

<sup>8</sup> IPSOS MRBI survey

<sup>9</sup> TAM

<sup>10</sup> TAM

### 3.3 Key Challenges facing TG4

A number of particular challenges face TG4 and it must continue to focus on these in its strategy:

- TG4 has a need to increase reach with all TV broadcast audiences. This will be challenging in a crowded broadcast and content market.
- With the transformation in mobile, online and social media and their convergence with broadcasting, provision of strong content across the most important platforms, to the largest possible audience, is essential to TG4's future success. TG4 faces the challenge of securing even greater levels of audience engagement across all non-broadcast platforms. To date, it has achieved considerable success in new service development as described earlier.
- To attract audiences, TG4 has to deliver enough strong, unique and entertaining content to persuade audiences to watch TG4 and use its content services. However, there is more financial pressure than ever before and a downward pressure on content budgets. Along with a major fall in commercial revenue, TG4's public funding has fallen which has resulted in a reduction in TG4's income annually. TG4 has made extensive cost reductions throughout the organisation to address this fall in income - of almost €4.5m per annum - on cost levels which were already very lean. It has been accepted that TG4 is a very cost effective operation and that no further cost reductions can be secured. TG4 must continue to address the challenge of delivering more with less and of sustaining and developing its audience base.
- In addition, TG4's access to BAI Sound & Vision and Northern Ireland ILBF funding cannot be relied upon because of the competitive nature of the schemes or a potential reduction in the funding available for these schemes.
- Competition rights in "must see" television programmes and major sporting events are increasing and TG4 must address the fact that it is facing diminishing purchasing power.
- Against those requirements, TG4 faces a particular challenge with Irish language audiences. It has a specific statutory role in the Irish broadcast market and in this regard, TG4 operates in a complex socio-linguistic environment in which audiences have very different expectations of its schedules. As noted by the Authority itself, this is a key challenge which is not faced by any other broadcaster in Ireland.

## 4. Context to the Scenarios

In developing the two additional strategy scenarios, TG4 focused on the need to:

1. Address the challenges facing the organisation as outlined previously;
2. Deliver on its strategic priorities (Irish language schedule, programme and content development for the purpose of attracting as wide an audience as possible in order to promote and develop the Irish language and help ensure it is a living language); and
3. Maximise Irish language programme and content outputs from funding and resources.

With two funding scenarios of (1) flat funding for the period to 2017 and (2) a small amount of additional funding for specific development initiatives, and in the context of the three requirements above, TG4 considered a wide range of strategic development possibilities. For example:

- Strategic development options have been redacted as they contain commercially sensitive information and options.
- Structural changes – including closer relationships with RTÉ.
  - TG4 has considered how it can continue to deliver these during the next phase of its strategic development, as reflected in the two scenarios.

Scenarios 1 and 2 in the next two sections of this document present the outcome of TG4's deliberations on alternative strategies in the context of no / significantly lower additional funding. The strategies have been presented in summary form in the Executive Summary.

## 5. Scenario 1: Flat Funding

### 5.1 Summary of Scenario 1 Strategy

Scenario 1 presents an alternative to TG4's current five-year strategy as presented in its Statement of Strategy 2013-2017. It assumes:

- TG4 will secure no additional funding and that 2014 funding levels will remain in place for the period to 2017.
- There will be no reduction in funding (both current and capital) for the period to 2017.

Scenario 1 entails the following:

- Continued strengthening of TG4's Irish language broadcast schedule:
  - Delivery of an average of 4.6 hours per day of new Irish language programmes every year. This will remain constant through the remaining years of the strategy and will not increase to 5.63 hours per day as set out in the current strategy.
  - An average of 5.1 hours per day of new Irish language programmes for a 32 week core schedule / season combined with an average of 4 hours per day of new Irish language content for the remaining 20 weeks of the year. See Table 5.1 below.
    - This compares to the current strategy target of an average of 6 hours per day of new Irish language programmes for a 40 week core schedule / season combined with an average of 4.5 hours per day of new Irish language content for the remaining 12 weeks.
    - This represents a small increase on the 2013 position of 5 hours per day for 32 weeks and 4 hours per day for the remaining 20 weeks of the year.

**Table 5.1: Target New Irish Language Hours (Average Per Day) & Core Schedule Development: Scenario 1**

Targets	Actual	Target				
	2012	2013	2014	2015	2016	2017
Average Per Day New Irish Language Progs.	4.57	4.6	4.6	4.6	4.6	4.6
Total Annual New Irish Language Hours	1669	1,712	1710	1,706	1,701	1,694
Core Schedule Average Irish Language Programming Per Day	32 weeks - 5 hours per day	32 weeks – 5.15 hours per day	32 weeks – 5.1 hours per day			
"Non-Core Schedule" Average Irish Language Programming Per Day	20 weeks - 4 hours per day	20 weeks - 4 hours per day	20 weeks - 4 hours per day	20 weeks - 4 hours per day	20 weeks - 4 hours per day	20 weeks - 4 hours per day

- A continuation of TG4's journey to being a multi-platform content provider and broadcaster, offering a wide range of digital content and services, meeting audience requirements for "content anytime, anywhere".
- Continued investment in content production and distribution technologies to support digital content and service development in addition to enhanced productivity and efficiency.
- Ongoing organisational re-structuring and development of TG4 resources to ensure the complex balance of specialist technical and creative skills continue to be embedded within the organisation.
- Further development of digital marketing and social media to enable wider audience reach - both national and international, more cost effectively.

- Scenario 1 will see TG4 continue to focus on maximising broadcast audience reach and audience development, through innovative developments of its broadcast schedule and programming. Despite a highly competitive broadcasting environment, TG4 will continue to make every effort to maintain existing share and to expand audience reach. Some examples of TG4's schedule and programme development include the following:
  - *Redacted - commercially sensitive.*
- TG4 will continue to focus on developing strong Irish language content in TG4's priority genres of: sport; music; children & young people; drama; and documentaries, underpinned by high quality news and current affairs.
- TG4 will also focus on the development of content for other platforms in Scenario 1. In particular, new digital Irish language content to address young people and children with more interactivity, games and online / mobile content. However, there will be a lower amount in Scenario 1 than the current strategy.
- As a publisher broadcaster, TG4 aims to continue to source the majority of its new Irish language content from the Irish language independent production sector. However, the number of hours in Scenario 1 will be significantly less than envisaged in the current strategy.
- TG4 aims to engage with all viable providers of Irish TV content in international markets (particularly in North America and Australia) to ensure TG4 programming is available in those territories to all those with an interest in Irish culture, music and language. Existing agreements with MHz (public service cable provider in USA) have provided TG4 with a framework to use for other potential providers.
- TG4 will seek opportunities for structural changes which will: enhance audience reach; help reduce costs; drive additional efficiencies etc. For example, TG4 will continue to work closely with RTÉ both operationally (e.g. through the Nuacht service) and also corporately. TG4 signed a new Protocol with RTÉ in 2013 and will continue to leverage the strong co-operation on programme exchange. It will also continue to work with RTÉ on productions (e.g. Oireachtas), sharing the same production company, crews and studio. Specific initiatives include greater cooperation on use of archive footage from TG4 and RTÉ for programming. The NiMux company is a good example of a joint venture TG4 has established with RTÉ. This operates to mutual advantage to make TG4 and RTÉ output more extensively available in the North on DTT (Freeview). TG4 will explore other similar opportunities with RTÉ.
- Scenario 1 will not include a "Learning Irish" resource (for Irish linguistic skills for children, young people and "second chance" adult learners) as envisaged in the current strategy. It will also exclude HD on Saorview due to the high transmission costs associated with this service.

## 5.2 Scenario 1 Financial Projections

This section presents Scenario 1 financial projections. Key points to note are:

### Income

- For 2014, TG4's current funding allocation is €23.5m from the Exchequer and €9.245m from the licence fee, a total of €32.75m representing a 0% increase in current funding for the year vis-à-vis 2013. Total funding, including capital funding is €33.67m for 2014, with a capital allocation of €920k for the year. It is assumed that this level of public funding will remain in place to 2017.
- TG4 projects an increase in commercial income from €Xm in 2013 to €Xm in 2017. This represents a total growth of almost X% and an average annual growth of X%. Projected growth is less than TG4's projections in its current 2013-2017 strategy (increase in commercial income from €Xm in 2013 to €Xm by 2017 - an average annual growth of X%) for the following reasons:
  - 2014 commercial income projections reflect XX
    - A lower investment in programming in Scenario 1, compared to the current strategy, is likely to have an impact on the ability of TG4 to drive increases in commercial income.
    - Advertising and sponsorship income projections are based on:
      - Redacted - commercially sensitive.
- TG4 receives an annual provision of Irish language programmes from RTÉ (one hour per day) which contributes greatly to its schedule. This is assumed to remain in place as set-out in legislation.

### Operating Expenditure

- TG4 is budgeting for a total increase of 0.7% - an average annual increase of 0.18%, with total operating expenditure increasing from €Xm in 2013 to €Xm by 2017. This compares to the current strategy which saw total operating expenditure increasing to €Xm by 2017 with the majority of the increase (almost 90%) being driven by new programming and content.
- As is consistent with TG4's strategic objectives, in Scenario 1, programming expenditure will represent the largest component of operating expenditure. Programme expenditure represented over 67% of total expenditure in 2013 and was projected to increase to 73% by 2017<sup>11</sup> in the current strategy. Scenario 1 will see it decline to 66% of total expenditure by 2017. This reflects the fact that there will be no additional funding and that some other costs will have inflationary increases, particularly third party costs such as energy etc. which must be paid for through a reduction in programming expenditure. Scenario 1 will see programme & content expenditure decline from €23.9m in 2013 to €23.6m in 2017, representing a 1.4% decline on 2013.
- Staff costs are the second largest element of TG4's expenditure. They include salaries, social welfare, pension costs, training & development, travel and subsistence and other staff costs. In Scenario 1, staff costs are projected to (X). The current strategy assumed the addition of three new staff. Additional staff will not be appointed in Scenario 1.
- The third largest share of operating expenditure is transmission costs. Scenario 1 will see these increase from €Xm in 2013 to €Xm in 2017 reflecting an increase of €Xk in 2014 and CPI increases of 1.8% in 2015, 2.5% in 2016 and 3.5% in 2017. This is a total increase of X% over the period compared to X% in the current strategy. The transmission costs increase in the current strategy were driven by the cost of HD going on Saorview. Scenario 1 assumes that HD will not go on Saorview.

<sup>11</sup> Note that the % of Grant-in-Aid spent on Irish language content is 73% in 2013 increasing to 78.4% by 2017.

- Marketing & Research in Scenario 1 will X over the five year period of the plan. There will be CPI increases of 1.8% in 2015, 2.5% in 2016 and 3.5% in 2017. The current strategy projected that Marketing & Research expenditure would increase by 10% due to additional research and an increase in TG4's content / programming outputs which require promotion. In Scenario 1, TG4 will seek greater efficiencies through digital and social media-based advertising and promotion.
- In Scenario 1, overheads are budgeted to increase by X%, broadly consistent with the current strategy. Overhead costs are outside TG4 control as they include third party costs such as energy and services etc. and as such, they reflect inflationary adjustments.

**Table 5.2: Scenario 1 Financial Projections (€'000)**

	2013	2014	2015	2016	2017
Commercial Income	x	x	x	x	x
Cost of Sales	x	x	x	x	x
<b>Net Sales</b>	x	x	x	x	x
<b>Expenditure</b>					
Staff Costs	x	x	x	x	x
Board Members' fees and expenses	x	x	x	x	x
Programme & Content Expenditure	23,764	23,724	23,610	23,488	23,323
Transmission Costs	x	x	x	x	x
Marketing & Research	x	x	x	x	x
Web & Digital Media	x	x	x	x	x
Overheads <sup>12</sup>	x	x	x	x	x
Depreciation	x	x	x	x	x
Amortisation of grants	x	x	x	x	x
<b>Total Expenditure</b>	x	x	x	x	x
<b>Net Operating Expenditure for Year</b>	<b>32,750</b>	<b>32,750</b>	<b>32,750</b>	<b>32,750</b>	<b>32,750</b>
Interest receivable / similar income	-	-	-	-	-
External Capital Expenditure	920	860	920	920	920
<b>State Funding</b>	<b>33,670</b>	<b>33,610</b>	<b>33,670</b>	<b>33,670</b>	<b>33,670</b>

<sup>12</sup> Overhead costs are outside TG4 control as they include third party costs such as energy and services etc. and as such, they reflect inflationary adjustments.

### 5.3 Scenario 1 Capital Plan

Table 5.3 presents the capital costs associated with the capital projects in Scenario 1. As can be seen, capital investment will total €4.5m over the five years of the plan. Major projects will comprise the X (redacted)

**Table 5.3: Scenario 1 Capital Plan**

Redacted

## 5.4 Scenario 1 Target Impact

As outlined in the current Statement of Strategy 2013-2017, there are a range of KPIs through which TG4 proposes to measure its success and impact in addition to the delivery of its strategy. Table 5.4 highlights a number of specific metrics through which the impact of Scenario 1 can be assessed.

**Table 5.4: Target Impact Scenario 1**

Indicator	2012	2013 (Jan-Oct)	2014	2015	2016	2017
<b>Reach - Irish Language User Audiences<sup>13</sup>:</b>						
All Irish Language Users	79%	82%	83%	84%	85%	86%
<b>Reach - All TV Broadcast Audiences (ROI)<sup>14</sup>:</b>						
Monthly Reach	69%	68%	x	x	x	x
Weekly Reach	42%	42%	x	x	x	x
Daily Reach	14%	14%	x	x	x	x
<b>Share<sup>15</sup>:</b>						
Highest	8%	8%	x	x	x	x
Average All Day	2%	2%	x	x	x	x
<b>Player Streams</b>	1.6m	1.8m	x	x	x	x
<b>Social Media:</b>						
TG4 Inserts watched on YouTube	342k	1.2m	x	x	x	x
FaceBook / Twitter Followers	20k	40k	x	x	x	x
<b>Value-for-Money:</b>						
% of Exchequer funding on Irish language content.	71.4%	73%	73%	73%	73%	72%
Cost per hour of new Irish language content.	€21.5k	€20.6k	x	x	x	x
Cost per broadcast hour.	€4.1k	€4k	x	x	x	x
Cost per viewer hour.	24.25c	24.25c	x	x	x	x
<b>Target Production Sector Impact:</b>						
Independent Production Sector Jobs	340	340	320	320	310	300
<b>Target Economic Impact:</b>						
Total Jobs Impact	990	990	970	970	960	950
Contribution to National Incomes	€66.7m	€67m	€67m	€67m	€68m	€68m

<sup>13</sup> IPSOS MRBI survey and new Irish language user audience panel.

<sup>14</sup> TAM

<sup>15</sup> TAM

## 6. Scenario 2 - Specific Funding Additions

### 6.1 Summary of Scenario 2 Strategy

Scenario 2 presents an alternative to TG4's current five-year strategy as presented in its Statement of Strategy 2013-2017. Scenario 2 assumes:

- That TG4's current public funding levels will increase. There will be some extra current funding for specific initiatives for the purpose of ensuring TG4 remains competitive.
- There will be no reduction in funding (both current and capital) for the period to 2017.

Scenario 2 entails the following:

- Continued strengthening of TG4's Irish language broadcast schedule:
  - Delivery of an average of 4.7 hours per day of new Irish language programmes in 2013-2016 and 4.6 hours in 2017. New hours will not increase to 5.63 hours per day as set out in the current strategy.
  - Again, as per Scenario 1, an average of 5.1 hours per day of new Irish language programmes for a 32 week core schedule / season combined with an average of 4 hours per day of new Irish language content for the remaining 20 weeks of the year. See Table 6.1 below.

**Table 6.1: Target New Irish Language Hours (Average Per Day) & Core Schedule Development**

Targets	Actual	Target				
	2012	2013	2014	2015	2016	2017
Average Per Day New Irish Language Progs.	4.57	4.7	4.7	4.7	4.7	4.6
Total Annual New Irish Language Hours	1669	1,712	1720	1,711	1,702	1,690
Core Schedule Average Irish Language Programming Per Day	32 weeks - 5 hours per day	32 weeks – 5.15 hours per day	32 weeks – 5.1 hours per day			
"Non-Core Schedule" Average Irish Language Programming Per Day	20 weeks - 4 hours per day	20 weeks - 4 hours per day	20 weeks - 4 hours per day	20 weeks - 4 hours per day	20 weeks - 4 hours per day	20 weeks - 4 hours per day

- A continuation of TG4's journey to being a multi-platform content provider and broadcaster, offering a wide range of digital content and services, meeting audience requirements for "content anytime, anywhere".
- Scenario 2 will see programme and content expenditure increase from €23.76m in 2013 to €24.215m in 2017 with the additional expenditure on:
  - A Learning Irish resource (a total of €xk over 2014-2017).
    - With the increasing role that the digital screen plays in the lives (and education) of teenagers (through TV, laptops, mobile and smart devices) and the new emphasis on spoken Irish in the Certificate examinations at post-primary level, TG4 is working with the Department of Education's Support Service for Irish Teachers on raising awareness among teachers and pupils of how TG4 content can be used to improve fluency and relate Irish to their lives and studies in an attractive way. Scenario 2 includes the commissioning of a major new, multi-platform interactive Irish language learning series which will benefit all levels of Irish learners, adult and children alike. TG4 may seek to

develop partnerships with other organisations to deliver this initiative. E.g. production companies, educational organisations, universities or Irish language organisations. TG4's objective would also be to work with schools in the use, and the measurement of the use, of this resource. This will provide a mechanism for TG4 to assess the benefit of the resource and the impact it is having in terms of learning the Irish language.

- More children's Irish language interactive content and online games etc. (extra €x in 2014-2017) and additional web content and digital media (extra €x in 2014 - 2017).
  - Irish language content and Apps are important for development of linguistic skills. They are not associated with the classroom, forced learning etc. Language experts agree that informal and non-directive associations with a language are important contributing factors in the formation of children's and young people's attitudes towards languages. Additional and complimentary Irish language content for children and young people, which carries the same positive and fun associations as TV content, but which is provided on Smart devices through Apps and computer games etc. will provide value and credibility to the language in the eyes of young people, in ways that are difficult to measure but cannot be undervalued. TG4 will invest in new interactive content and services for children & young people, building on its achievements to date in this area.
- Continued investment in content production and distribution technologies to support digital content and service development in addition to enhanced productivity and efficiency.
- Scenario 2 includes an initiative to extend TG4's HD service to Saorview. TG4 will need to replace the SD broadcast with a HD broadcast for the Saorview service.
- As a publisher broadcaster, TG4 aims to continue to source the majority of its new Irish language content from the Irish language independent production sector. However, the number of hours will be significantly less than envisaged in the current strategy.
- Ongoing organisational re-structuring and development of TG4 resources to ensure the complex balance of specialist technical and creative skills continue to be embedded within the organisation.
- Further development of digital marketing and social media to enable wider audience reach - both national and international, more cost effectively.

## 6.2 Scenario 2 Financial Projections

### *Income*

- For 2014, TG4's current funding allocation is €23.5m from the Exchequer and €9.245m from the licence fee, a total of €32.75m representing a 0% increase in current funding for the year vis-à-vis 2013. Total funding, including capital funding is €34.9m for 2014 with a capital allocation of €860k for the year.
- While capital public funding will remain constant over the period to 2017, it is assumed that current public funding levels will increase. There will be a small amount of extra current funding for specific initiatives for the purpose of ensuring TG4 remains competitive. Current public funding is assumed to be €34m in 2014, €34.5m in 2015, €35m in 2016 and €35.4m in 2017. Scenario 2 revised financial projections are presented in Table 6.2. The difference in current funding between Scenarios 1 and 2 is presented in Table 6.3 (in addition to what the additional funding will be used for).
- Scenario 2 commercial income assumptions are the same as those in Scenario 1. Likewise, the one hour per day provision of Irish language programmes from RTÉ is assumed in Scenario 2.

### *Operating Expenditure*

- In Scenario 2, TG4 is budgeting for a total increase of 8.2% - an average annual increase of 2%, with total operating expenditure increasing from €xm in 2013 to €xx by 2017. This compares to the current strategy which saw total operating expenditure increasing to €xx by 2017 with the majority of the increase (90%) for new programming and content. The main increases in costs in Scenario 2 are due to:
  - xxx
- As is consistent with TG4's strategic objectives, in Scenario 2, programming expenditure will represent the largest component of operating expenditure. Scenario 2 will see it decline from 68% in 2013 to 65% of total expenditure by 2017. This reflects the fact that there will be no additional funding and that some other costs will have inflationary increases, particularly third party costs such as energy and services etc. and must be paid for through a reduction in programming expenditure. *In addition, it reflects a significant increase in transmission costs in Scenario 2 as discussed later.*
- Scenario 2 will see programme and content expenditure increase from €23.94m in 2013 to €24.8m in 2017 (an increase of 3.4% over the period). This reflects the following compared to Scenario 1:
  - A Learning Irish resource (a total of €x over 2014-2017).
  - More children's Irish language interactive content (extra €x in 2014-2017).
  - Additional web content and digital media (a total of €x over 2014-2017).
- Scenario 2 will see transmission costs increase from €x in 2013 to €x in 2017 reflecting an increase of €x in 2014 and x in 2017. Scenario 2 reflects the cost of HD going on Saorview.
- Staff, Marketing & Research costs and overheads will be the same as in Scenario 1.

**Table 6.2: Scenario 2 Financial Projections**

	€'000				
	2013	2014	2015	2016	2017
Commercial Income	x	x	x	x	x
Cost of Sales	x	x	x	x	x
<b>Net Sales</b>	x	x	x	x	x
<b>Expenditure</b>	x	x	x	x	x
Staff Costs	x	x	x	x	x
Board Members' fees and expenses	x	x	x	x	x
Programme & Content Expenditure	23,764	23,724	23,724	23,724	23,724
Learning Irish Resource	x	x	x	x	x
Children's Interactive Content	x	x	x	x	x
Transmission Costs	x	x	x	x	x
Marketing & Research	x	x	x	x	x
Web & Digital Media	x	x	x	x	x
Overheads	x	x	x	x	x
Depreciation	x	x	x	x	x
Amortisation of grants	x	x	x	x	x
<b>Total Expenditure</b>	x	x	x	x	x
<b>Net Operating Expenditure for Year</b>	<b>32,750</b>	<b>34,050</b>	<b>34,545</b>	<b>35,032</b>	<b>35,388</b>
Interest receivable / similar income	-	-	-	-	-
External Capital Expenditure	920	860	920	920	920
<b>State Funding</b>	<b>33,670</b>	<b>34,910</b>	<b>35,465</b>	<b>35,952</b>	<b>36,308</b>

Table 6.3: Expenditure Differences Between Scenarios 1 &amp; 2

Differences in Funding Requirements	2013	2014	2015	2016	2017
Scenario 1	32,750	32,750	32,750	32,750	32,750
Scenario 2	32,750	34,050	34,545	35,032	35,388
<b>Total Difference</b>	-	<b>1,300</b>	<b>1,795</b>	<b>2,282</b>	<b>2,638</b>
Difference:					
Content	⌋	⌋	⌋	⌋	⌋
Carriage & Transmission Costs	⌋	⌋	⌋	⌋	⌋
<b>Total Difference</b>	-	<b>1,300</b>	<b>1,795</b>	<b>2,282</b>	<b>2,638</b>

Table 6.4: Summary of Key Differences Between Current TG4 Strategy and Scenarios 1 &amp; 2

Key Financial Elements	2013	2014	2015	2016	2017
<b>Current Funding Requirement:</b>					
Current Strategy	32,750	33,382	34,766	39,708	44,889
Scenario 1	32,750	32,750	32,750	32,750	32,750
Scenario 2	32,750	34,050	34,545	35,032	35,388
<b>Total Expenditure:</b>					
Current Strategy	⌋	⌋	⌋	⌋	⌋
Scenario 1	⌋	⌋	⌋	⌋	⌋
Scenario 2	⌋	⌋	⌋	⌋	⌋
<b>Of which Programming, Web, Digital Media &amp; Learning Resource Expenditure:</b>					
Current Strategy	⌋	⌋	⌋	⌋	⌋
Scenario 1	⌋	⌋	⌋	⌋	⌋
Scenario 2	⌋	⌋	⌋	⌋	⌋
<b>Of which Transmission Costs:</b>					
Current Strategy	⌋	⌋	⌋	⌋	⌋
Scenario 1	⌋	⌋	⌋	⌋	⌋
Scenario 2	⌋	⌋	⌋	⌋	⌋

## 6.4 Scenario 2 Capital Plan

The capital plan in Scenario 2 is the same as Scenario 1. Table 6.5 presents a summary of the differences between the capital plans of the current strategy and Scenarios 1 and 2. Both scenarios show a reduction of c.€1.3m in capital spend compared to the current strategy. The difference lies in "Major Projects". While TG4 will not cancel any major project under either Scenario, projects such as the Archive and Content Distribution will be extended beyond 2017 and in addition, additional funding sources will be sought.

Table 6.5: Key Differences between the Capital Plans of the Current TG4 Strategy and Scenarios 1 &amp; 2

Capital Plan	Total	2013	2014	2015	2016	2017
<b>Capital Allocation</b>						
Current Strategy	5,885	920	1,350	1,475	1,105	1,035
Scenario 1	4,540	920	860	920	920	920
Scenario 2	4,540	920	860	920	920	920
<b>Major Projects:</b>						
Current Strategy	⌋	⌋	⌋	⌋	⌋	⌋
Scenario 1	⌋	⌋	⌋	⌋	⌋	⌋
Scenario 2	⌋	⌋	⌋	⌋	⌋	⌋
<b>Building:</b>						
Current Strategy	⌋	⌋	⌋	⌋	⌋	⌋
Scenarios 1 & 2	⌋	⌋	⌋	⌋	⌋	⌋
<b>IT Systems:</b>						
Current Strategy	⌋	⌋	⌋	⌋	⌋	⌋
Scenarios 1 and 2	⌋	⌋	⌋	⌋	⌋	⌋
<b>Annual Upgrades:</b>						
Current Strategy	⌋	⌋	⌋	⌋	⌋	⌋
Scenarios 1 & 2	⌋	⌋	⌋	⌋	⌋	⌋

## 6.4 Scenario 2 Target Impact

As outlined in the current Statement of Strategy 2013-2017, there are a range of KPIs through which TG4 proposes to measure its success and impact in addition to the delivery of its strategy. Table 6.6 highlights a number of specific metrics through which the impact of Scenario 2 can be assessed.

**Table 6.6: Target Impact Scenario 2**

Indicator	2012	2013 (Jan-Oct)	2014	2015	2016	2017
<b>Reach - Irish Language User Audiences<sup>16</sup>:</b>						
All Irish Language Users	79%	82%	83%	84%	85%	86%
<b>Reach - All TV Broadcast Audiences (ROI)<sup>17</sup>:</b>						
Monthly Reach	69%	68%	X	X	X	X
Weekly Reach	42%	42%	X	X	X	X
Daily Reach	14%	14%	X	X	X	X
<b>Share<sup>18</sup>:</b>						
Highest	8%	8%	X	X	X	X
Average All Day	2%	2%	X	X	X	X
<b>Player Streams</b>	1.6m	1.8m	X	X	X	X
<b>Social Media:</b>						
TG4 Inserts watched on YouTube	342k	1.2m	X	X	X	X
FaceBook / Twitter Followers	20k	40k	X	X	X	X
<b>Value-for-Money:</b>						
% of Exchequer funding on Irish language content.	71.4%	73%	71%	70%	71%	70%
Cost per hour of new Irish language content.	€21.5k	€20.6k	X	X	X	X
Cost per broadcast hour.	€4.1k	€4k	X	X	X	X
Cost per viewer hour.	24.25c	24c	X	X	X	X
<b>Target Production Sector Impact:</b>						
Independent Production Sector Jobs	340	350	380	380	380	380
<b>Target Economic Impact:</b>						
Total Jobs Impact	990	1,000	1,030	1,030	1,030	1,030
Contribution to National Incomes	€66.7m	€67.7m	€69m	€69m	€70m	€70m

<sup>16</sup> IPSOS MRBI survey and new Irish language user audience panel.

<sup>17</sup> TAM

<sup>18</sup> TAM