

Ceannasaí's Review of 2004

Introduction

As a public service broadcaster charged with providing a national television service in the Irish language, 2004 was both a successful and a challenging year for TG4. The channel continued to build in 2004 on a solid and cost effective platform created in previous years.

The main task and key objective throughout the year was to Commission high quality cost effective programming to meet schedule demands. 52% of our programming consisted of Irish Language/Children's programmes.

We commissioned 462 hours of original Irish language programmes along with the RTÉ contribution of 365 hours of news/programming. Over 180 hours of children's programmes were dubbed into Irish.

TG4 programmes received many prestigious awards during the year.

Negotiations began with the GAA on a new contract and will be concluded in 2005.

We increased our audience share and our Website was further developed and the number of hits dramatically increased.

We continued our development work with a view to accessing funding from the two newly established production funds in the Republic and in Northern Ireland but the delay in getting the BCI Fund up and running was very frustrating.

We secured an additional €1m from the Department and increased our commercial revenue substantially.

A new working group was established at the end of the year to manage the transitional period towards Independence.

We continued with our efforts to make TG4 available in Northern Ireland

Programming

We commissioned over thirty documentary programmes in 2004, including *Bréagáin*, *Ringy*, *Cinegaeil Paradiso*, *Tubaiste an Chloiginn* and *Butte Montana*.

In Drama, we continued our association with Oscailt and Lasair, 36 hours of *Ros na Rún* were produced including a special Christmas Day edition. A new comedy series, *FFC*, was produced in conjunction with Údarás na Gaeltachta, Telegael and a local production company in Donegal. It is hoped that this challenging creative initiative will continue.

In Entertainment, we developed a new music series, *Ceol Tíre*, the *Underdogs* had their second outing and we introduced a new Travel series, *Neelo*.

Music featured very strongly in the TG4 schedule and the *Gradam Ceoi TG4* concert was broadcast for the second year running from Limerick University.

Other series included *Sé Mo Laoch*, *Ceird an Cheoil*, *Caipíní*, *Éalú* and *Laochra Gael*.

There were 58 hours of internal production and over 1,700 hours of children's programmes were broadcast during the year.

We produced 170 Hours of live Sports programming, including *GAA Beo*, *Ladies Football*, *Rugbaí Beo*, UEFA Soccer as well as horse racing from Galway and for the first time from Listowel.

Four programmes were broadcast from Oireachtas na Gaeilge in Letterkenny, including a live broadcast 'Damhsa ar an sean-nós'.

RTÉ supplied TG4 with 365 hours of programming including *Nuacht*, *Ardán*, *Bia 's Bóthar*, *Tuath Nua*, *Coinne Le* and Children's programming.

One in five kids were tuning into *Cúla4* on a daily basis during the year. Two and a half thousand kids were in contact with *Cúla4* through on screen competitions. Their Summer Roadshow visited 8 locations nationwide creating a *Cúla4* experience for 3000 kids who interacted with the presenters. We also launched a series of Irish language *Clifford* video for kids in association with Comhluadar.

New idents were produced for TG4 during 2004. TG4 were presented with 2 Golden Bell ICAD awards and one Promax European nomination. The TG4 weather service was improved during the year and we continued our advertising relationship with Raidió na Gaeltachta.

Prizes and Awards

TG4 programmes and presenters won many prestigious awards and prizes at national and international festivals in 2004. Pre-eminent was the truly extraordinary list of international awards garnered by the short comedy film *Yu Ming is Ainm Dom*. In 2004 alone, this production won Best Irish Language Programme at IFTA (Irish Film and Television Awards) Best Comedy (International) at the Aspen Shortsfest, Best First Time Director at the Celtic Film and Television Festival, Best Short Film at the New York Film Fleadh, the Visual Media Award at MAMA (Media And Multicultural Awards) and Best Short at the Britspotting Independent Film Festival in Berlin.

Notable awards for other TG4 programmes during the year included the double win for the channel at the International Celtic Film and TV Festival 2004 in Dundee – where *Harry Clarke- Dorchadas i Solas* won the Arts Documentary Award and *Frank Ned agus Busy Lizzie* took the Feature Documentary Award.

There was also a double win for TG4 at the Oireachtas na Gaeilge Communications Awards, for children's presenter Hiúdaí and the traditional music awards programme *Gradam Ceoil TG4*.

Recognition for the channel's distinctive and innovative branding and graphics design came with a double award at ICAD 2004. TG4's in-house work received two Golden Bell Awards (the highest accolade) for a TG4 promo and a TG4 channel "ident". This coveted award was particularly noteworthy, given that the design and applications involved had been created and executed by TG4's own staff.

In addition to these prizes and awards, many TG4 productions were short listed and/or cited for special mention in all of the main festivals entered and many plaudits for the channel's innovative and challenging programmes came from television critics and media commentators.

Northern Ireland

In line with the provisions of the Belfast (Good Friday) Agreement, the much-awaited Irish Language Production Fund was announced by the Secretary of State for Northern Ireland in April 2004. The announcement indicated that the fund would total £12m over three years and that the Northern Ireland Film and Television Commission would administer the Fund. TG4 continued to work closely with those involved in drafting and implementing the fund and was pleased to have a representative on both the initial Advisory Panel and subsequent Investment Committee set up by NIFTVC.

TG4 has drafted a comprehensive range of projects and programmes to meet the Fund's Guidelines and Priorities and will be submitting these to the Fund in partnership with independent production companies, in line with the Fund's proposed operational practice.

With regard to the other provision of the Belfast Agreement (relating to extending reception of TG4 in Northern Ireland), 2004 saw significant progress on obtaining the necessary agreements with some key third parties. Encrypted carriage of TG4 satellite subscribers in Northern Ireland was not inaugurated in 2004 as we had hoped. This was due to many factors outside of our control but we are optimistic that this will be achieved in April 2005.

TG4 continues to work closely with the relevant authorities and agencies, North and South, to advance the possibility of TG4 carriage on other platforms in Northern Ireland.

Broadcasting Funding Scheme (BCI)

Under legislation that took effect from 1 January 2003, some 5% of the net proceeds from television license fees have been paid into a fund that will be administered by the Broadcasting Commission of Ireland. By end 2004, this fund totalled €17m.

While the fund will not be rolled out until all the necessary approvals have been obtained at national and EU levels, throughout 2004, TG4 continued to liaise with BCI and engaged in all phases of the BCI's consultation process towards a draft scheme on the operation of the fund.

TG4 has drafted a comprehensive range of projects and programmes that it will submit to BCI for funding as soon as an approved scheme is announced and applications sought.

Screen Producers Ireland

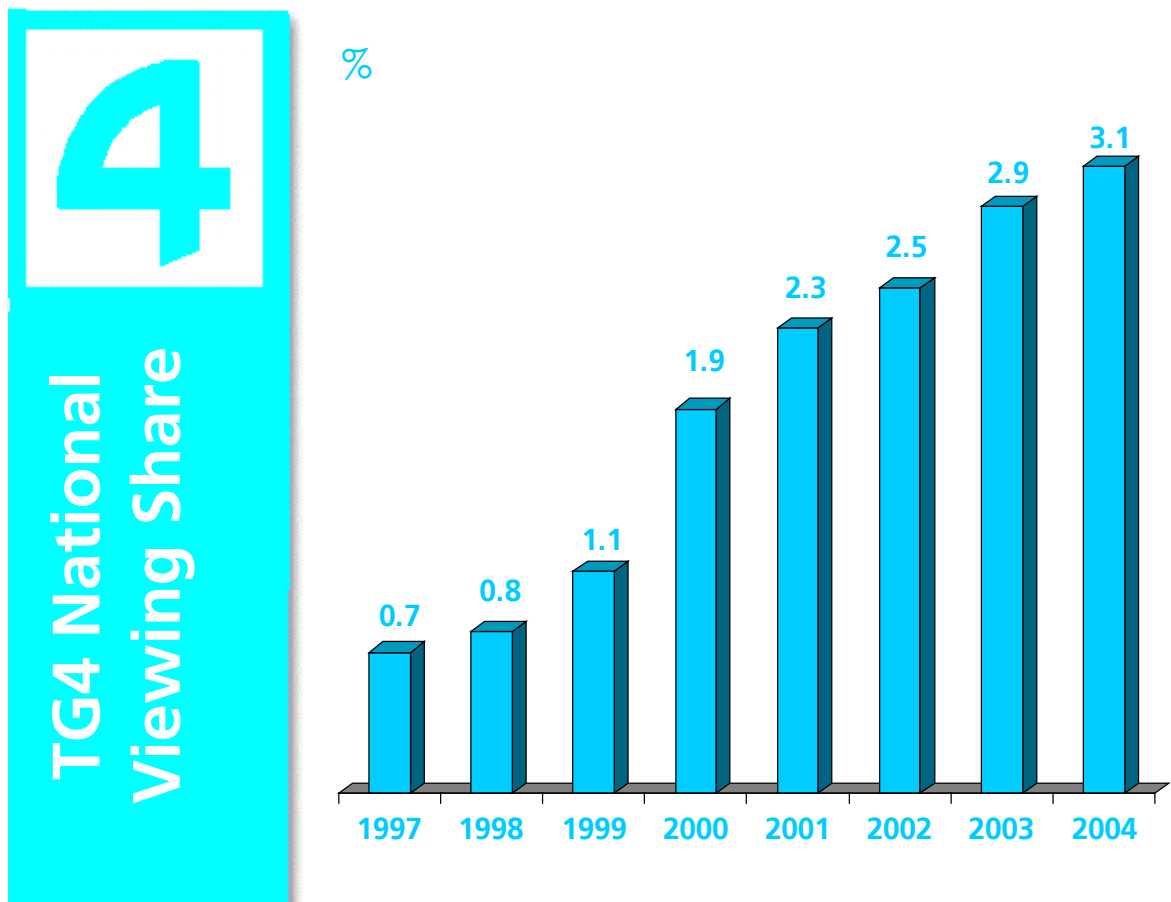
TG4 continues to work with SPI towards a mutually beneficial partnership. A report entitled *Analysis of the Independent Television Production Sector as it Applies to TG4* was compiled and published by SPI in Autumn 2004.

This Report contains extensive and detailed research on the contribution of TG4 to the development of the independent production sector, particularly in the Gaeltacht and presents a cogent case for a significant increase in the level of current funding to TG4 from the Exchequer.

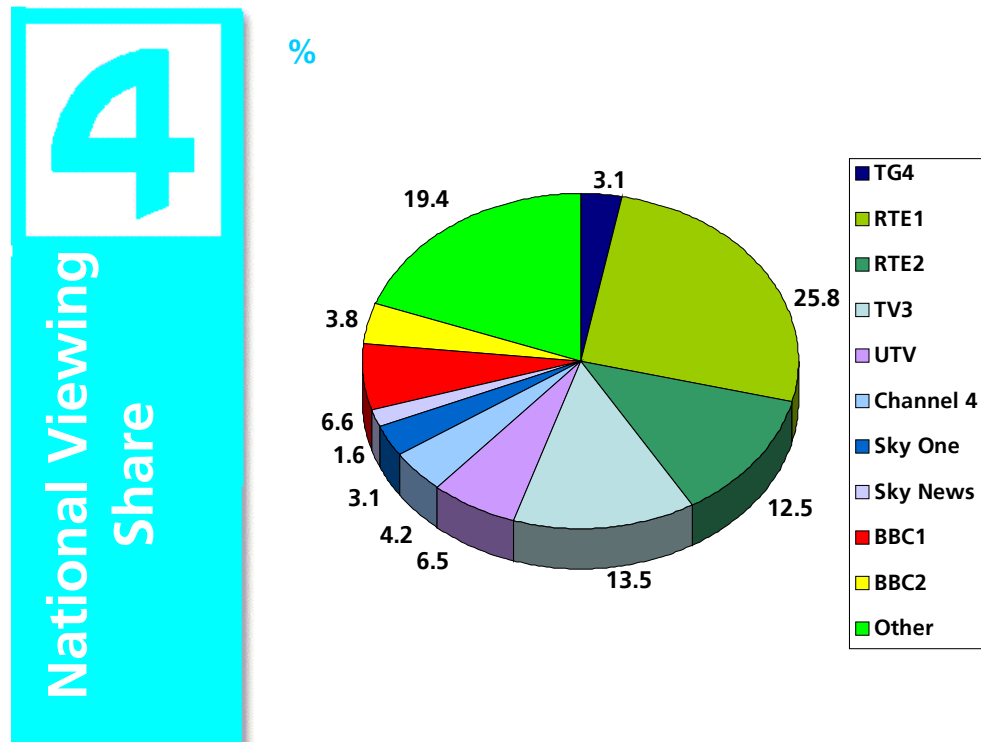
TG4 Viewing 2004

TG4 once again performed very well in 2004, not only keeping up its record of growing annual viewing share each year since 1997 but also by achieving an annual share of over 3% for the first time.

TG4's national all day share of viewing for 2004 was 3.1%, almost four and a half times what it was in 1997.



Where does TG4 sit in terms of the whole Irish television market? The following graph shows the share of overall viewing for all the main channels in Ireland in 2004.



Viewing to indigenous Irish channels now stands at just over half of all viewing from Irish homes. With 80% (and growing) of homes in Ireland currently able to receive multi channel reception, the external pressure on the Irish channels is immense.

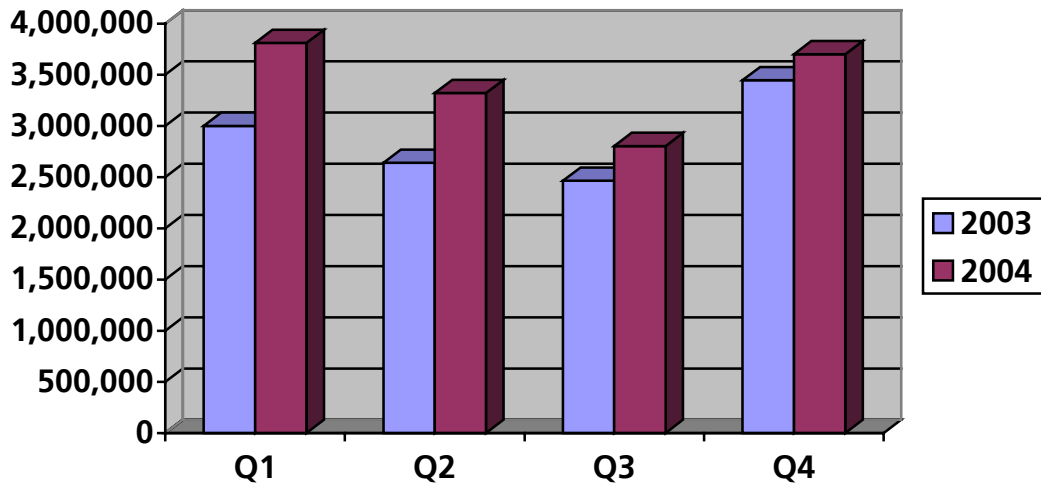
The trend over the last couple of years has been that with increased competition the share in Ireland to the major established terrestrial channels from both Ireland and from the UK has been falling while the amount of viewing to the smaller digital channels has been growing. This makes TG4's achievement of steadily growing its share each year all the more remarkable.

TG4's share of viewing in 1999 was 1.1%. This made it the 13th most watched channel in Ireland at that time behind not only the other Irish stations and the UK terrestrial channels but also behind Sky One, Sky News, Sky Sports 1, Nickelodeon and MTV. The 3.1% share obtained over the course of 2004 put TG4 into equal 8th place, well ahead of Sky News, Sky Sports 1, Nickelodeon and MTV and pulling level with Sky One. In fact over the second half of 2004 TG4 had also surged ahead of Sky One and over the Christmas period had even reeled in BBC2 and Channel 4.

The biggest single success across the year for TG4 has been sport. Live coverage of hurling and football has been one of the great successes for the channel and last year *GAA Beo* accounted for 12 out of TG4's Top 20 programmes. The coverage of the Allianz National Football League Final between Kerry and Galway and the TG4 Ladies Senior Football Final between Galway and Dublin each pulled in over 200,000 viewers. Only two other programmes on TG4 have ever achieved that feat... those being the live coverage of the home and away legs of Celtic's UEFA Cup clash with Barcelona in the spring of 2004.

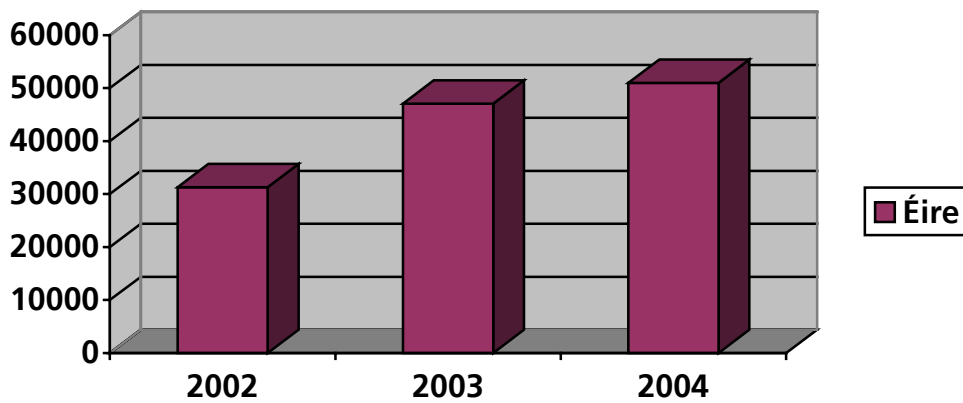
You can see here the importance of top quality live sport to TG4. However you cannot grow share of viewing across the year with one genre alone. The strength in depth and the variety that is in TG4's schedule has continued to be very popular with viewers. The fact that the TG4 top programmes listing for the year 2004 contained the following says everything about the variety that is to be found on TG4: Films, *Amú*, the award winning documentary *Frank Ned agus Buzy Lizzie*, *Poitín*, *Glór Tíre*, *Geantraí*, the reality series *Survivor*, *Nuacht TG4*, the American dramas *Cold Case* and *Nip/Tuck* and *Ringy* (a documentary on Christy Ring) are all there. The children's service, Cúla4 has also had a very strong year, its programmes regularly pulling in share figures of over 20% with children.

WEBSITE HITS



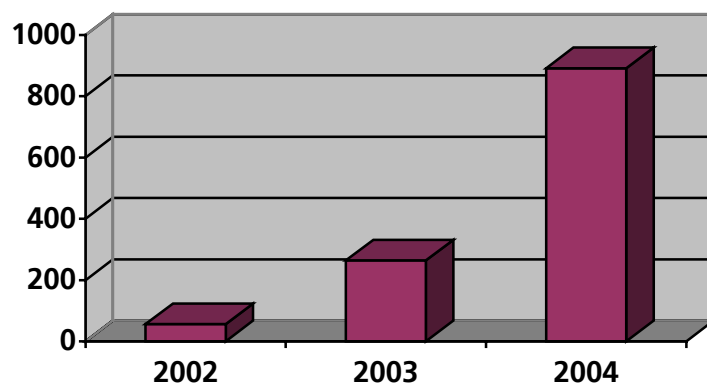
- 2004 showed increased usage of the Website compared to 2003
- A total of 13.6M hits compared to 11.5M
- Growth of 15% of Web/Internet Traffic for 2004

LOCAL TRAFFIC



- 2004 showed an increase in local traffic to the website. This was a goal set out in 2002 to get more of the viewing public using the website.
- Growth of 39% since 2002

WEBSITE FEEDBACK



- Feedback to the website has grown hugely since 2002
- This was part of the goal set in 2002 to get the viewing public to use the website. It was a conscious decision to welcome feedback. Every correspondence gets a reply.
- Growth of 94% since 2002

Financial Results

Our exchequer allocation for the year was €23.29m and forecast for net commercial revenue was set at €2.64m. Therefore our total expenditure budget for 2004 was €25.93m.

Actual expenditure was €26.27m due to net a commercial income surplus of €350k.

The €350k income surplus and savings on staff/overhead costs of €229k were allocated to programme costs, allowing us to increase our spend from a target of 18.01m to an actual of €18.59m, of which €16.56m was main schedule.

Programme Expenditure

The 2004 budget for main schedule was 16.1m. Actual spend was 16.56m or 71% of exchequer grant-in-aid.

Programme Type	€m
Commissioned programmes	11.99
Children's programmes acquired & dubbed	2.79
Adult acquired & dubbed	.81
Subtitling	.21
Weather & Cula 4 & Euronews	.25
Music rights & language consultancy etc.	.51
Total	16.56

Commissions

Within the commissioned sector, additional funds were allocated towards documentaries, particularly programme series such as *Púca & Peist*, *Ceart & Cóir*, *Na Normánaigh* and *An Saol Beo* for broadcast in the 2004/2005 schedule and towards Music for the new series *Glór Tíre*. There were savings in Sport due to the loss of Rugby rights and in *Ros na Rún* due to efficiencies.

Commissions by Genre

The €12m spend on commissioned programmes yielded 462 hours as follows:

Genre	€,000	Hours
Ros na Rún	3,313	36.0
Documentaries	1,508	32.0
Cogar (half hour Doc)	539	11.5
Sport	2,334	169.0
Drama	999	11.0
Music	1,567	103.0
Entertainment	897	23.0
Travel	290	7.0
Studio	320	57.5
Other(Incl prog/script dev)	226	12.0
	11,992	462.0

Acquisitions/Dubbing

Additional children's programmes were acquired and dubbed at a cost of €730k for the 2004/2005 schedule and sports rights acquired, particularly for the Celtic games meant we spent an additional €177k in this sector.

Transmission Costs

RTNL charged €2.77m for transmission fees, of which €2.15m was offset against RTÉ Loan.

Net transmission and satellite costs charged to Profit & Loss account were €615k and €37k from forecasts of €611k and €73k respectively after amortization of reclassified Grant.

Savings in satellite were due to the fact that RTNL deemed contract commencement date to be in mid-April.

Staff and Staffing

The average full time equivalent number of staff charged to TG4 accounts in 2004 was 77 at a total cost, including pensions, of €4.033m.

There was no increase in our core permanent staffing levels over the year. However, maternity leave cover, replacement of engineering staff who had left in 2003 but whose replacement was delayed until 2004 and one person on special assignment for the year accounted for increase of 6 in average terms for 2003.

Capital

Capital grant approved for the year was €869k and capital expenditure completed totaled €856k. Software development relating to our sales system located at the sales house in Dublin and not completed by year end will require the balance.

Airtime Sales Revenue 2004.

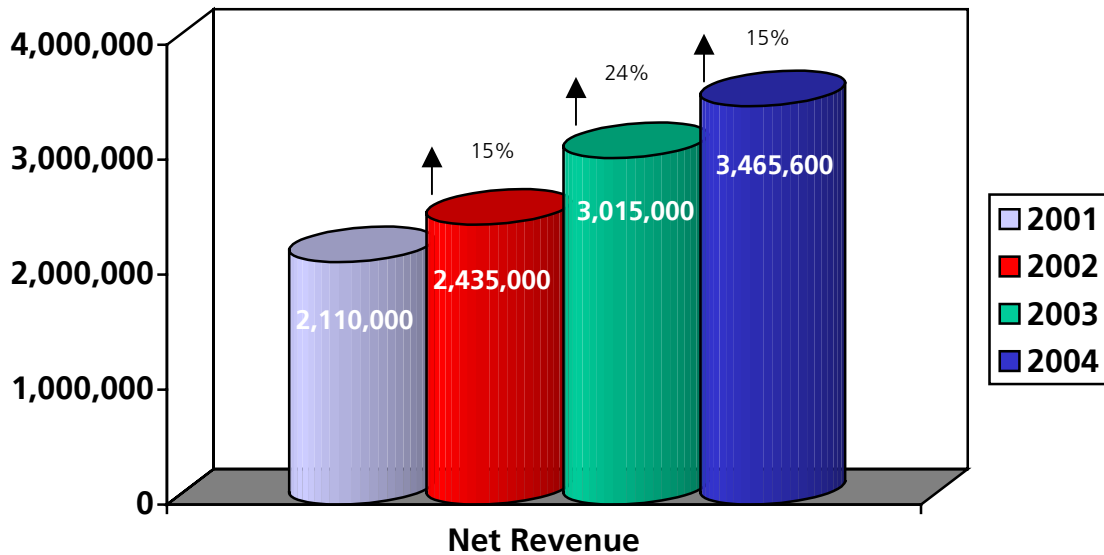
TG4, having achieved accumulated growth rate of 43% on Airtime Sales revenue over three years to December 2003 maintained a positive trend again in 2004 with a growth rate of 15% on previous year exceeding current TV market trends and delivering €3.466m on airtime sales for the year. This represents an increase in Airtime Sales revenue to TG4 of €398k above target for the year and an increase of €450k on the previous year.

This growth in revenue is significant in view of ever increasing competition in the Irish Market from Sky, Nickelodeon, MTV and more recently Setanta Sports. While TG4 has once again punched well above its weight in 2004, continued hard work and market/client focus together with quality programming will be required to maintain positive trends into the future.

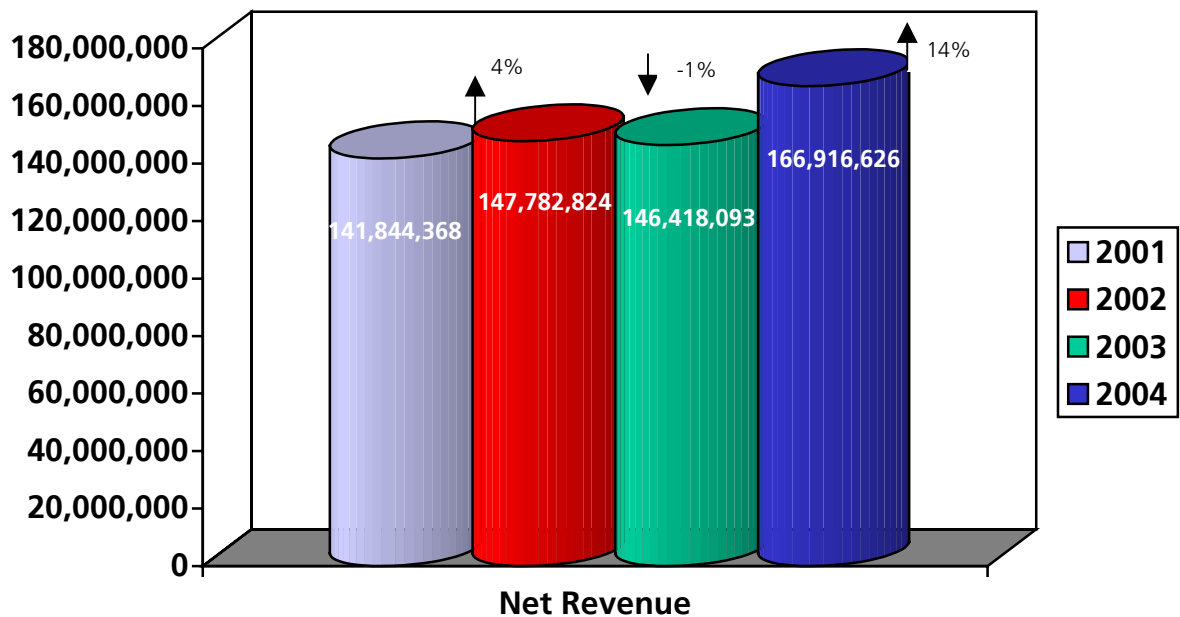
The table below charts Airtime Sales Income - Actual V Target for 2004.

QTR	Net Target €	Net Actual€	Balance +/-€
Qtr 1	644,100	709,100	65,000
Qtr 2	828,100	977,000	148,900
Qtr 3	705,400	809,350	103,950
Qtr 4	889,600	970,150	80,550
Total	3,067,200	3,465,600	398,400

The chart below shows growth rate in Airtime Sales Revenue by TG4 2001 - 2004.



The Chart below shows growth in Airtime Sales in the overall TV market 2001/04



Sponsorship Revenue 2004.

The target for sponsorship revenue for 2004 was set at €212,500. Actual revenue was up 23 % on target delivering €262,620 for the year.

Our main sponsors in 2004 included Vodafone (*Amú*) Foras na Gaeilge (*Ros na Rún*), Eircom (*Aimsir*), Guinness (*Neelo*), Heineken (Movies), Suzuki (Ladies Football) Irish Examiner (Rugby) and Smithwicks (*Laochra Gael/Allireland Gold*).

Year	Net Target	Net Actual	Balance +/-
2004	€212,500	€262,600	€50,100

Marketing Campaigns.

While the emphasis is predominantly on the promotion of our Autumn schedule, TG4's marketing activity during 2004 was spread throughout the year. In summary the following campaigns were run for 2004 -

The return of the GAA season following the winter break was marked by a radio campaign together with advertisements in various print media, promoting the Sunday afternoon live games.

TG4's flagship soap *Ros na Rún* was advertised both in March and again in September to mark its return for the current season. In addition to its promotion on RTÉ and TG4, a direct mail campaign involving playing cards depicting characters from the soap was sent to pubs and Irish colleges throughout Ireland.

TG4's premier sponsorship of the Ladies Football Championships was given a boost during the Summer including various promotions in Football Magazines etc. TG4 recorded the highest number of viewers ever, with 208,000 people tuning in to the finals from Croke Park on October 3rd.

TG4 introduced new electronic signage in Croke Park for the TG4 Peil na mBan Final and plan to incorporate this into other campaigns in the future.

New Idents were developed late in 2003 and introduced on TG4 in January 2004. The new idents are been phased in over 2004/2005. TG4 idents/promos picked up 2 of 4 Gold Bell prizes, awarded at the annual ICAD awards. Our newly appointed marketing services partners QMP picked up a number of silver/bronze awards on the same night.

One of the highlights of our Summer campaigns was the *Cúla4* Roadshow, whereby the children's programme team took to the roads of Ireland visiting eight different locations from Wexford to Derry.

Some of our new programmes were also given marketing support including an extensive national and local radio campaign for the country music series *Glór Tire*.

Other marketing campaigns promoted programmes such as Underdogs and TG4's award winning documentaries.

We also continued to run an extensive promotional campaign for various TG4 programmes on both TG4 and RTE throughout 2004.

TG4 Contracts

Two major contracts were up for renewal in 2004, Airtime Sales Contract previously held by Post TV and Marketing Services contract previously held by MCM.

Both contracts were offered to tender in August 2004.

Marketing Services Contract

Eleven companies applied for the Marketing Services contract – MCM, Hunter Red Cell, Haveco, Proactive, BFK, Enterprise, Martec, QMP Publicis, Moore Communications and One Com.

Following phase one evaluation of submissions received four companies were short listed – MCM, Proactive Design, QMP Publicis and Hunter Red Cell. Due diligence information was requested from all four companies and following an interview process with all four companies, QMP Publicis was selected and proposed to Bord Seirbhisí and awarded a three year contract commencing on 01 February 2005.

Airtime Sales Contract

Three Companies applied for the Airtime Sales contract – Post TV, Know How Media and Principal Media Limited.

An external expert (Michael Lench – Ex Channel 4 UK) was brought on board to advise in the selection process.

Due diligence information was requested from all three companies. Following an interview process with all three companies, Post TV was selected and proposed to Bord Seirbhisí and awarded a three year contract commencing on 01 January 2005.

Capital Programme

Ingest Project. Phase one of the ingest project, a mirrored pair of transmission servers, was completed in January 04. Phase 2 of the project will be completed in December. This will give TG4 a large SAN or Shared media storage, with up to 100 hours of broadcast video. This media can be accessed by a number of users including editing and graphics simultaneously. The multi format dubbing part of the project has also been completed. This facilitates the dubbing of various tape and disk formats to multiple VHS machines. A Programme quality analysis section has also been completed in the former voice over booth.

A number of rooms have had multimedia systems fitted including the boardroom and the refurbished small meeting room.

In May this year the TG4 intranet “Foras Feasa” was launched, it primarily deals with engineering logs, drawings and maintenance programmes but is growing and now has personnel and administration sections.

In TG4's IT section, the Novell servers have been replaced with two mirrored windows 2000 servers. One of these servers is kept out of the building for business continuity. An Email filtering system has also been introduced this year. This system filters out unwanted email (spam) and viruses.

In studio 1, a new Nuacht set has been installed to complement a new style bulletin and in Studio 2 new sets for Seacht Lá and Soiscéal Phádraig have been installed along side the existing Virtual set for Cúla4.

The last hour of the TG4 schedule now is broadcast unmanned. Programme material is dubbed onto the transmission servers and is then transmitted by the automation system.

An Adstream server for tape-less delivery of commercials has now been installed and is undergoing testing.

The networking of all postproduction devices and installation of "network Attached Storage" or NAS is now completed

A new CapGen for studio 2 is currently under installation.

The ongoing replacement of TG4 broadcast infrastructure has also happened this year.

Route Diversity. In November of 2004 TG4 along with NTL and RTNL successfully carried out line of site tests between the tower in Baile na hAbhann and NTL's mast at Tonnabroky. The second or diverse circuit will allow contributions and distribution of TG4 programme material in the event of an RTENL network failure. The link will provide connectivity via NTL's fibre network straight to Montrose where materials can be distributed. This link is also capable of carrying Telephony and Internet functions.

Priorities and Objectives for 2005

- Maintain the drive for adequate funding for TG4, as previously set out by external consultants and accepted by the Department and implement such funding plan as is approved for 2005
- Continue the commissioning of high quality cost effective programming to meet schedule demand and dub 200 hours of children's programming while at the same time pursuing various avenues for additional funding.
- Direct and co-ordinate planning so as to be ready to avail of funds from the new Northern Fund and the BCI Fund when same becomes available.
- Continue talks and negotiations with the GAA so as to secure a new GAA contract satisfactory to TG4.
- Maintain and increase audience share
- Oversee and evaluate various research projects, including Irish Language Survey, Tracking Research, Qualitative Research and a possible joint project with Léirsinn Research Centre in Scotland on children's programming.
- Maintain a positive trend on commercial revenue and identify new sources of revenue
- Continue the effort to have TG4 available on all platforms in Northern Ireland.
- Direct and monitor Capital plan/Expenditure, including Phase 3 of the Profile project.

- Plan and co-ordinate the replacement/repairs of equipment damaged by lightning in January 2005 and manage the Insurance claim for same.
- Direct, co-ordinate and manage all aspects in relation to independence as set out and agreed by the appointed working group.
- Oversee and evaluate new contracts awarded including QMP/Post TV so as to ensure that best quality and value of service is delivered.