

Radio Telefís Éireann Authority

Forty-second Report and Statement of Accounts for the 12 months ended 31 December 2002,
presented to the Minister for Communications, Marine and Natural Resources pursuant to sections
25 and 26 of the Broadcasting Authority Act, 1960.

RTÉ Sense Focus Respond
Radio Telefís Éireann Annual Report 2002

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A close-up photograph of a young child and a woman. The child, on the left, is smiling broadly, showing their teeth. The woman, on the right, is looking towards the child with a gentle expression. The background is softly blurred, focusing attention on their faces.

*The public's recognition of RTÉ's strengths is evident
in strong ratings and high audience share*

Sense

RTÉ brings Irish people together for sport, entertainment,
news and celebration – to tell and hear our stories



Chairman's statement

2002 has been a challenging year for RTÉ, a year of change, a year of transition.

A significant change for RTÉ followed the General Election of May 2002 when responsibility for broadcasting was transferred from the Department of Arts, Heritage, Gaeltacht and the Islands to the Department of Communications, Marine and Natural Resources. One of the early acts of the newly appointed Minister for Communications, Marine and Natural Resources was to receive the report of The Forum on Broadcasting – a body whose establishment I welcomed in last year's Annual Report. At that time I also advised that RTÉ's strategic plan for the period 2002 – 2005 would be complementary to its submission to the Forum. Both documents contributed, I believe, to the strong endorsement by the Forum of RTÉ's role as Ireland's Public Service Broadcaster and the need for the organisation to have secure and adequate public funding. In turn, the Forum Report was an important consideration for RTÉ in the preparation of its November 2002 submission for a licence fee increase.

The submission outlined the determination of RTÉ to meet the needs of its audience while implementing the ambitious strategic plan designed to achieve and sustain real growth and financial viability. The submission proposed a range of other promises to the audience and these are being implemented. For example, RTÉ decided to publish an annual Statement of Commitments detailing proposed improvements in services, such as an increase in home produced programming, on a channel by channel basis. The 2003 Statement of Commitments, with both quantitative and

qualitative measures, has been widely circulated and the audience can monitor progress. Similarly, a Code of Fair Trading Practice has been published and by mid-year 2003 an Audience Council, an advisory sub-committee of the Authority, will be functioning. The submission also proposed a draft Public Service Broadcasting Charter and RTÉ looks forward to the promulgation of a Charter by the Minister for Communications, Marine and Natural Resources, following a public consultation process.

In December 2002, the Authority welcomed the announcement by the Minister for Communications, Marine and Natural Resources of the Government's decisions on the licence fee application. These included an increase of €43 in the annual licence fee, the abolition of the black and white licence, a mechanism for seeking an annual increase in the fee, a five year review of the fee and a commitment to introduce proposals for a commercial television licence fee.

The decision also included the establishment of a special broadcasting fund that will receive 5% of the increased fee. All free-to-air Irish broadcasters will be able to apply for funding to support the production of more innovative and better indigenous programming and the digital archiving of output. RTÉ will, in 2003 and future years, be submitting proposals for consideration under the terms of this fund.

The Government also announced that it proposes to establish RTÉ, which is currently a statutory corporation, as a commercial semi-state company in accordance with the requirements of the Companies Acts. The Authority is making

Chairman's statement

representations to the Minister in relation to this proposal to ensure that any development of legislation will safeguard the editorial and organisational independence of RTÉ.

The strategic plan 2002 – 2005, adopted by the Authority, entailed further cost reductions including a net decrease of up to 150 in staff numbers and the creation of Integrated Business Divisions (IBDs) for Television, Radio, News, Publishing, Network and Performing Groups. The establishment of IBDs includes the devolution of activities and personnel from the corporate centre – in areas such as Human Resources, Technology, Sales and Marketing, Finance and Communications. The result, which will be achieved in 2003, will be a more cost-effective and streamlined organisation capable of responding to changing needs and circumstances.

The financial results for 2002 show an overall group deficit of €56.0m, of which €35.4m relates to non-operating exceptional charges leaving a net deficit of €20.6m arising from operating activities. The two staff reduction programmes introduced in the period 2001 – 2002 envisaged a net reduction of 480 in staff numbers and in real terms this number has been marginally exceeded. In addition, however, some 55 people previously engaged and accounted for as independent contractors to RTÉ, in various forms, have now been reclassified as members of staff and are for the first time included in payroll numbers and costs. Accordingly the overall staff numbers as at 31 December 2002 were 1,747, excluding Seirbhísí Theilifís na Gaeilge, a net reduction of 439, when measured against the number of staff engaged as at 31 December 1999.

Despite the welcome increase in the licence fee and the implementation of the strategic plan, RTÉ's financial pressures have continued into 2003 - as a result of a worldwide drop in the advertising market because of economic conditions exacerbated by uncertainty, in large part due to the war in Iraq. It is difficult to forecast how this will evolve over the year but it is quite clear, at the end of the first quarter, that the negative impact will be significant. Discretionary advertising spend has been deferred, or in many cases cancelled, and while there are some positive indicators, it is difficult at this time to envisage them being fully realised during 2003.

A new threat has also emerged with the announcement of the BBC's new digital television strategy, which envisages an unencrypted free to air service, which will be also available throughout Ireland. RTÉ may be prohibited from including its services because of broadcast rights restrictions, and the RTÉ services on satellite platforms may continue to have to be encrypted. This development poses serious issues for Ireland in terms of broadcasting sovereignty, and for Irish broadcasters in particular, and Government and/or EU intervention may be necessary to ensure parity of treatment.

Bearing in mind these concerns, RTÉ faces the future with a greater degree of confidence and re-invigoration following the licence fee increase granted in December 2002. Plurality and diversity in broadcasting come at a cost and secure public funding will allow RTÉ to support democratic values, social inclusion and cultural expression in Public Service Broadcasting.

Chairman's statement

The Minister for Communications, Marine and Natural Resources has been very supportive of RTÉ and its Public Service Broadcasting remit and the organisation very much appreciates his insights.

I would like to pay tribute to the Authority, Executive and staff of RTÉ for their commitment and dedication to the ideals of Public Service Broadcasting. Most importantly I would like to express RTÉ's gratitude to the audience, who are its key stakeholders, for their loyalty as expressed by ratings and other quantitative and qualitative measures. RTÉ is determined to ensure that this relationship is strengthened in the year to come: the organisation will continue to put the audience first.

This document reflects an organisation in transition. The report for 2003 and future Annual Reports will be radically different. Following significant investment in infrastructure and personnel, RTÉ is adhering to a new, more open and transparent accounting regime and will be publishing more detailed financial information including, for example, separate financial data for each broadcasting service. The Annual Report will also detail the ongoing implementation of the various commitments made and show all stakeholders the true value received from public funding and RTÉ's adherence to best practice in corporate governance.



Patrick J. Wright



Chairman
Patrick J. Wright

Director of Anglo-Irish Bank Group,
Chairman, Aon MacDonagh Boland Group Ltd.

SN | SP | RM | FR
Attended **13** meetings

The Authority

The total number of Authority meetings held in 2002 was 13

- SP** Member of Strategic Plan Implementation Sub-Committee
- RM** Member Remuneration and Management Development Sub-Committee
- SN** Member Sale of Network Sub-Committee
- P** Member Programme Sub-Committee
- A** Member Audit Committee
- FR** Member Finance and Revenue Sub-Committee



Joe Barry

Former Director-General RTÉ and a Governor of the National Gallery

SN | A | FR
Attended **12** meetings



Anne Doyle

RTÉ staff member and Newscaster

FR
Attended **11** meetings



Des Geraghty

General President SIPTU

SN | RM | FR
Attended **7** meetings*



Maura Hayes

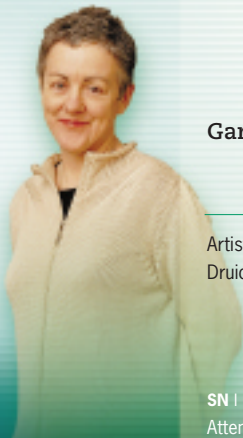
Solicitor

P
Attended **10** meetings

***Note:**

On confirmation of his candidacy for a seat in Seanad Éireann on 22 June 2002, Des Geraghty automatically ceased to be a member of the RTÉ Authority.

He was re-appointed by the Government to the Authority with effect from 22 October 2002.



Garry Hynes

Artistic Director,
Druid Theatre

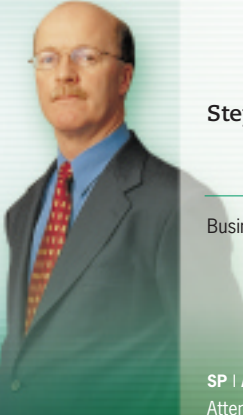
SN | SP | P
Attended **10** meetings



Paddy Marron

Former Chief Executive,
Nestlé Ireland

SN | SP | A | P
Attended **11** meetings



Stephen O'Byrnes

Business Consultant

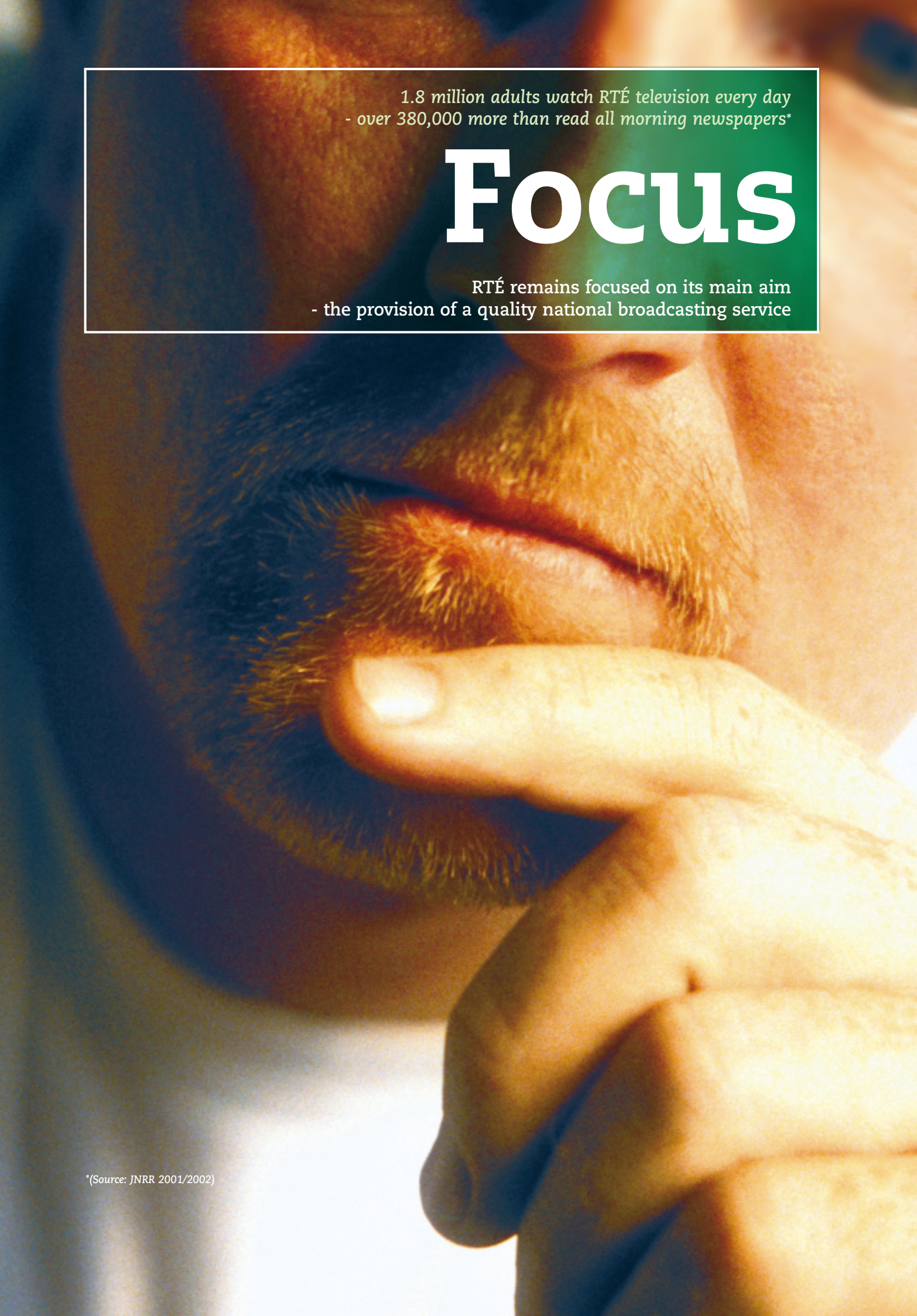
SP | A | P
Attended **12** meetings



Mary Peters

Retired businesswoman
and Olympic gold
medalist

RM
Attended **8** meetings



*1.8 million adults watch RTÉ television every day
- over 380,000 more than read all morning newspapers**

Focus

RTÉ remains focused on its main aim
- the provision of a quality national broadcasting service

*(Source: JNRR 2001/2002)



Director-General's annual review

It is not an exaggeration to characterise 2002 as one of the most decisive years in the life of RTÉ. It began with great apprehension following the introduction of cuts in budgets and necessary reductions in staff numbers additional to those already in train as part of the Transformation programme. These cuts resulted in significant reductions in the level of financial and resource support available to programme making. They did not leave the service unscathed and, particularly in television, there were regrettable impacts on the range of output available to the audience. This seemed paradoxical but was inescapable as the only alternative would have been to cancel a whole service. The Authority and the Executive Board were of one mind that this was unthinkable; RTÉ's core policy objective throughout the financial crisis was the retention and subsequent development of the full range of services – in broadcasting and through the Performing Groups – currently offered to the audience. This had also been the intent, both implicitly and explicitly, contained in the expression of the then Government's position in July 2001. Any service cancelled or withdrawn would be unlikely ever to be re-established and the audience would be the principal and permanent loser in such a context.

This was the background against which the Forum on Broadcasting was established and began its work. RTÉ had proposed such a development in the Autumn of 2001 because it was time for a debate on broadcasting which fully comprehended the complex range of issues involved and their importance for the community of people and interests which make up the audience. In the Annual Report for 2001, written as the Forum was announced, I wrote: "RTÉ looks

forward to the Forum with the confidence that a representative spectrum of voices will endorse the case for public broadcasting and the funding it requires". That hope and confidence were well placed.

The Forum, in its composition and in its approach to its task, was immediately recognised as a very serious body whose influence would be seminal. Not since 1974 had a body of citizens been called together to offer a considered view of the future of broadcasting. With the exception of the Green Paper of 1995, no other non-legislative statement of policy on broadcasting had been issued in the interim.

RTÉ responded comprehensively to the Forum's invitation to submit its views. The principal elements of RTÉ's submission were the centrality of broadcasting in the life of contemporary Ireland; the entitlement of the audience to a service of depth and quality representing the full gamut of its interests; the particular character of public broadcasting and the need for its reinforcement as a continuing part of the fabric of communications policy in Ireland. The importance of public funding for this purpose and as the ultimate guarantor of the public interest was also emphasised, as was the necessity of an open, transparent process of accountability to the audience for the expenditure of public funding. The public session of the Forum held in the Royal Hospital in Kilmainham in Dublin was broadcast live on radio and covered in a special programme on television by RTÉ .

The Report of the Forum was a vitally important document whose impact will endure. From the perspective of RTÉ, it

Director-General's annual review

was supportive and challenging in equal measure. Supportive, because it emphatically underscored the value and importance of Public Service Broadcasting, a concept which it had become fashionable for some to denigrate; recognised and endorsed the role of RTÉ as the National Public Broadcaster; reinforced the importance of the licence fee as the core element in RTÉ's funding; clearly stated the need for the licence to be set at a realistic level and for its value to be protected from erosion. Challenging, because it set out clearly the expectations of a public broadcaster in contemporary society; reflected those criticisms which had been embodied in some submissions; emphasised the quality and breadth of the programme services to be offered to the public and set out a comprehensive framework of accountability and regulation which will weigh particularly on RTÉ.

While the Forum echoed in large measure the approach adopted in the RTÉ submission, including many elements of the accountability arrangements, inevitably it made some proposals and recommended some structural changes with which RTÉ was not entirely happy. We will play as full a part as possible in the debate on the precise form which the necessary legislation will take.

As part of the process to which I referred at the outset, the Executive Board brought proposals to the Authority in December 2001 for radical reform of RTÉ's structure and organisational operation. The assistance of external advisers was obtained and a strategic review undertaken, the final results of which were presented to the Authority in mid year.

The report embodied many of the December proposals and made additional recommendations. These conclusions, which involved further reduction in the number of persons employed, were adopted in broad measure and, as has been noted in the Chairman's report, represented an essential element in the process which led to the Government decision on the licence fee increase.

The financial outcome for the year under review was as we had projected at the beginning of 2002. Apart from exceptional items, largely associated with the restructuring programme and related staff reductions, there was a deficit of €20.6m. The cost reductions made at the end of 2001 were fully realised and the expenditure for the year was less than that in the preceding year. With the decision to increase the licence fee, we face the current year with greater optimism and have projected a modest surplus whose realisation will be severely tested by the adverse conditions in the early part of 2003.

Notwithstanding the difficulties which 2002 presented, it was a year of considerable achievement in programme terms. New Year's Eve 2001 marked the 40th anniversary of the introduction of the television service. Throughout 2002, a number of special programmes were broadcast to commemorate that significant anniversary and opportunities were given to the audience to recall a variety of programmes which had graced the schedules over the years. There were also reflections on the impact which television had on the development of Irish society since its inception. Taken together with the 75th anniversary of radio the previous year,

Director-General's annual review

this was a striking statement of the extent to which RTÉ has been a central part of the life and growth of the State. The commitment of succeeding generations of programme makers, whose contribution is rightly celebrated, will be a continuing encouragement to all those who follow in their footsteps. A further milestone in broadcasting history was the 30th anniversary of the establishment of Raidió na Gaeltachta. The event was marked by a series of special programmes and by a number of cultural events.

General Elections and Referenda call for particular skill and sensitivity in their broadcast coverage. 2002 presented challenges on both fronts with a General Election in May and the second Referendum on the Treaty of Nice in November. Both were fully covered and the audience had access to the complete range of opinions and to comprehensive information on all the issues on which they would base their democratic choice. In the General Election, electronic voting was introduced for the first time and extended to a wider range of constituencies for the Referendum. If the stated policy is given effect, the next General Election is likely to see electronic voting throughout the State. The election of 2002 may well be the last in which the results are brought to the audience in the extended radio and television broadcasts (up to seventeen hours on the first day and eight on the second) which have been such a vital means of reflecting democracy in action to the people, especially since the 1960s.

The programme schedules continued to attract very substantial audiences despite the ever growing breadth of choice available. They also continued to contain material of

central interest to the lives of the audience. The drama series "No Tears" on television is a potent example of the capacity of drama to reflect crucial events in the community. Similarly, the radio series on Health and, later, on Drugs made a significant contribution to the state of public awareness on important issues. 2fm continued in the face of strong competition to retain its very particular relationship with its audience. The sure and steady consolidation of the place of Lyric fm in the broadcasting environment was reflected in its receiving the PPI's National Radio Station of the Year Award. National and international recognition of RTÉ programmes and staff is recorded elsewhere in this report but it is appropriate to refer to the Prix Italia awarded to Radio 1 for the music programme "Voicejazz" and the range of awards presented to the Newsroom's documentary "September 11th – Stories from the Twin Towers".

Sport, as ever, featured strongly with full and greatly appreciated coverage of the participation of the Irish team in the Soccer World Cup in Korea and Japan. The complete range of GAA games was presented to the audience through the combined resources of Network 2, TG4, Radio 1 and Raidió na Gaeltachta. The international series with Australia was also broadcast live. Sports rights became an issue of significant public concern and debate during the year and RTÉ welcomed the initiatives taken by the Government in this area.

It was a source of regret that the Tara Television service came to an end for reasons entirely beyond the control of RTÉ. We continue to look at possibilities to renew the availability of our programmes to viewers in Britain. Residents

Director-General's annual review

of Britain who subscribe to BSkyB have access to all four of the RTÉ radio services. Similarly, the Atlantic 252 service ended, a decision taken by the British company which had acquired the 80% shareholding previously owned by the Luxembourg broadcaster CLT. Following the failure of its replacement service, Teamtalk, the decision had a happy outcome with the acquisition by RTÉ of the entire broadcasting assets and infrastructure associated with the long wave frequency and which will enable its use for public service purposes to the benefits of listeners on the island of Ireland and in Britain.

If there were a need to demonstrate the importance of an Irish voice in the reporting of international affairs, Ireland's membership of the Security Council throughout 2002 was a particularly relevant context. The complex set of events concerning Iraq, the weapons inspection programme, the detailed discussions at the United Nations, the increasing likelihood of war were all fully covered. Although the commencement of hostilities began after the end of the year under consideration, it would be remiss not to reflect on its coverage. The presence of RTÉ reporters in Baghdad,

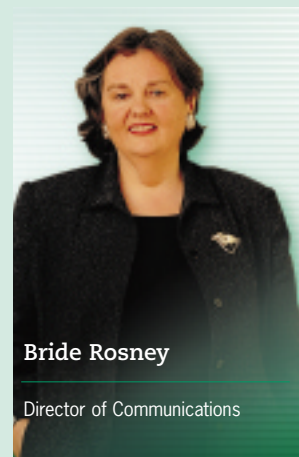
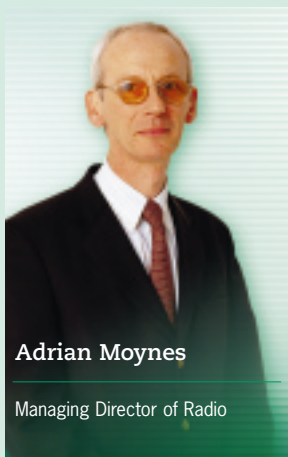
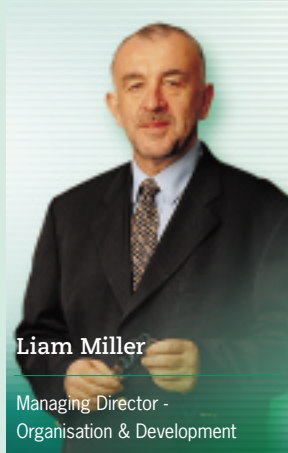
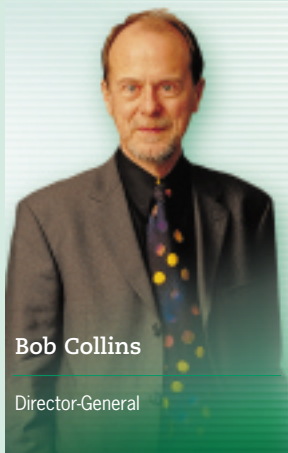
northern Iraq, Kuwait, Jordan and Jerusalem in addition to our presence in Washington and London provided the audience with an informed, detached and independent perspective on these terrible events. In a world where sources of information are increasingly converging and where interests frequently overlap, the presence of a distinct Irish voice is a real guarantee to the audience of the quality of its news.

In conclusion, let me express the hope that the Government's decision on the licence fee, the implementation of the commitments made by RTÉ in the submission which preceded it and the conclusion of the last main phase of the organisational restructuring will enable us to look to the future with confidence. Despite the need constantly to review what we do and how we do it, despite the uncertainty about the economic conditions for this year, our primary responsibility is to bring to the audience a service of quality which is distinctively Irish and which responds to their needs and interests. That we commit to doing. The greater certainty of public funding enables us to approach the task with renewed vigour.



Bob Collins

Executive Board 2003



*Ireland's public service broadcaster has become the centre of debate,
the fulcrum around which a great deal of public discourse revolves*

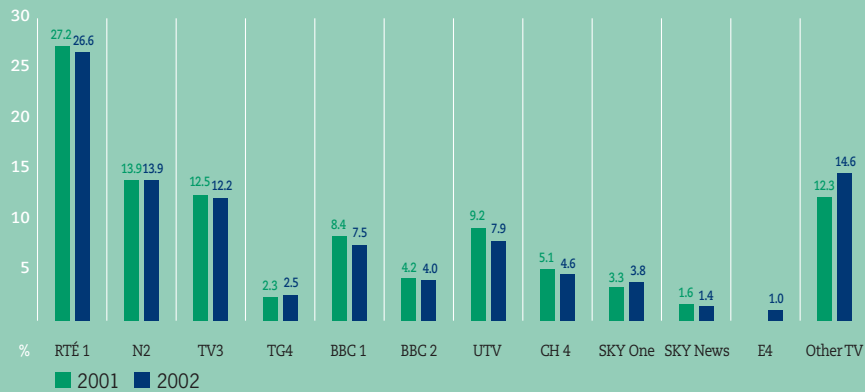
Respond

RTÉ responds to social, editorial, creative and
technical challenges with energy and determination



Summary statistical information

National individuals all day television shares



News

Among all individuals aged 4+ nationally in 2002,

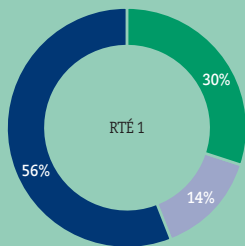
the Six One News had an average viewership of 416,000 (Share, 44%)

the Nine O'Clock News had an average viewership of 521,000 (Share, 40%)

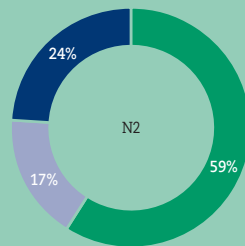
Source:
Nielsen Media Research,
January - December 2002

RTÉ Television Content Analysis

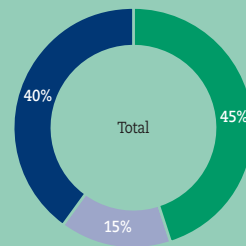
Home production (in-house or commissioned) Source: RTÉ Television



56% of peak time programming on RTÉ One was home production



Nearly 25% of peak time programming on Network 2 was home production

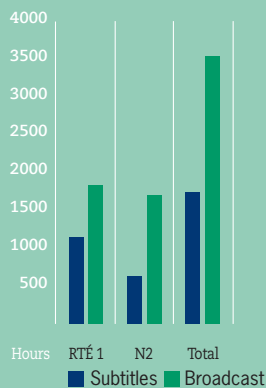


Across both channels, 40% of peak time programming was home production

Note
Peak time: 18.00-23.29

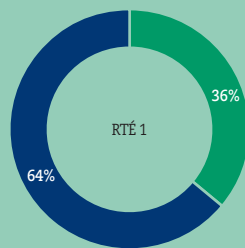
■ Home Production
■ Acquired
■ Other: Commercials, Promotions, Presentation Events

Subtitling: by channel

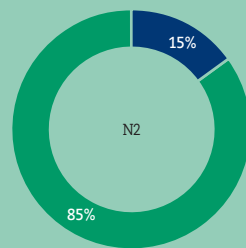


Subtitling: Peak time by channel

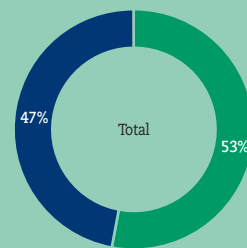
Subtitled Hours by Source



Nearly 50% of all peak time programming is subtitled on RTÉ Television



■ Home Production ■ Acquired

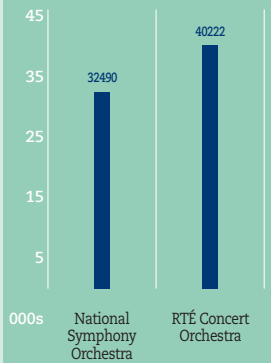


Summary statistical information

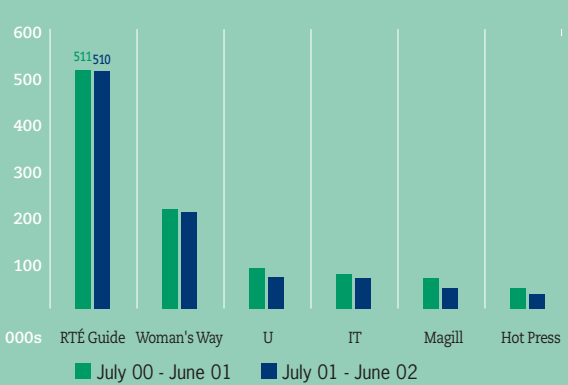
National Market Shares of Radio listening, 7am-7pm
January-December 2000-2002, weekday daily averages, Adults aged 15+



RTÉ Performing Groups attendances
National Concert Hall and Helix



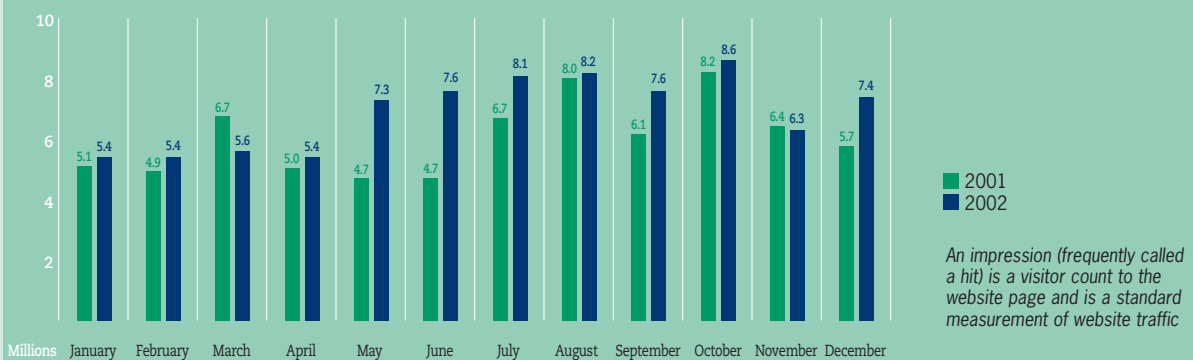
Consumer Magazine Market Readership Share
Source: JNRR



Usage of Aertel services
Behaviour and Attitudes
Market Research, March 2002

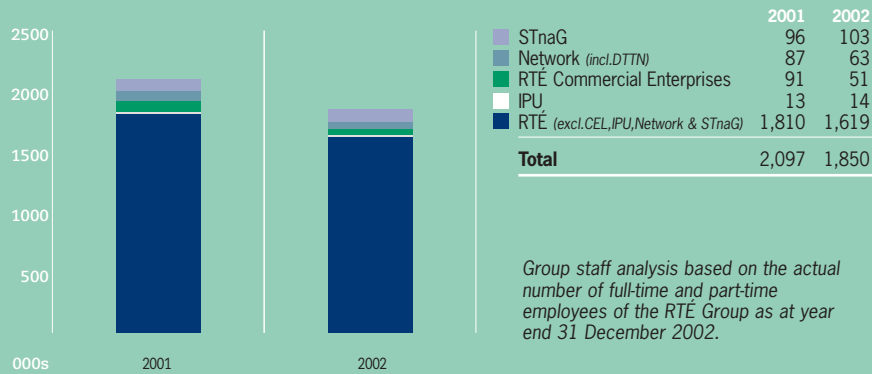


RTÉ Online page impressions per month
Source: RTÉ

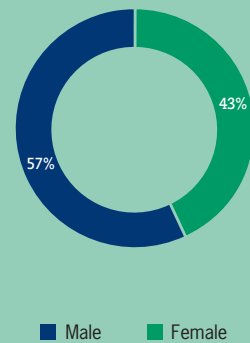


Summary statistical information

Group Staff Analysis

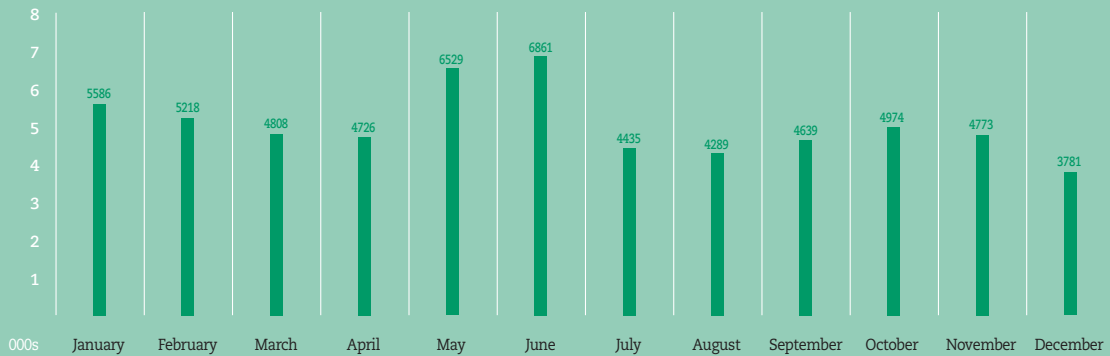


Staff Gender Breakdown

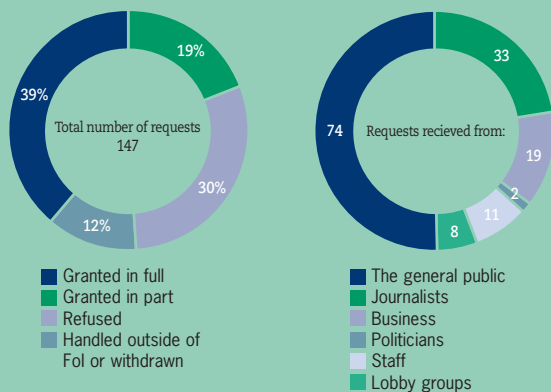


RTÉ Information

Telephone Calls to RTÉ Information (Over 60,000 calls received) Source: RTÉ



Freedom of Information (FoI) requests for information



Four members of the public sought reviews by the Information Commissioner of RTÉ's handling of FOI requests. In one case, the Commissioner found against RTÉ, in the second, the Commissioner ordered RTÉ to release one of many documents sought, in the third, a settlement was agreed and in the fourth RTÉ's handling of the request was upheld.

Broadcasting Complaints Commission (BCC)



Awards

Television awards

International

ACADEMY OF MOTION PICTURE ARTS AND SCIENCES

Final Oscar nomination for Best Animated Short Film

Give Up Yer Aul Sins

Brown Bag Films for Frameworks Scheme, RTÉ,
Bord Scannán na hÉireann/ The Irish Film Board and The Arts Council

HOPE AND DREAMS FESTIVAL, NEW JERSEY

Best Documentary

Sept 11th - Stories from the Twin Towers

Caroline Bleahen and Jim Fahy, RTÉ News

PENNSYLVANIA FILM FESTIVAL

Finalist Award

Sept 11th - Stories from the Twin Towers

Caroline Bleahen and Jim Fahy, RTÉ News

WESTCHESTER FILM FESTIVAL, NEW YORK

Best International Film or Documentary

Sept 11th - Stories from the Twin Towers

Caroline Bleahen and Jim Fahy, RTÉ News

42ND MONTE CARLO TELEVISION FESTIVAL

Golden Nymph Award for Best Mini Series

No Tears

produced for RTÉ by Little Bird, supported by Comet Films
and the Irish Film Board/ Bord Scannán na hÉireann

45TH NEW YORK FESTIVAL'S TELEVISION PROGRAMMING AWARDS

Gold World Medal for the Best 9-11 Documentary

Sept 11th - Stories from the Twin Towers

Caroline Bleahen and Jim Fahy, RTÉ News

50TH INTERNATIONAL FILM FESTIVAL, COLUMBUS, OHIO

Certificate of Honourable Mention

Sept 11th - Stories from the Twin Towers

Caroline Bleahen and Jim Fahy, RTÉ News

National

ESB NATIONAL MEDIA AWARDS

Broadcasting Feature of the Year

Dead Silence – True Lives

Adrian McCarthy, Wildfire Films for RTÉ

Specialist Broadcaster of the Year

Adrian Lydon and **Michael Heney**

Illegal Dumping - Prime Time

Sports Journalist of the Year

Bill O'Herlihy for his presentation of the 2002 World Cup

IBM/STI NATIONAL SCIENCE AND TECHNOLOGY

JOURNALISM AWARDS

Broadcast Category Award

Mike Milotte and **Tara Peterman**

Food For Thought and Money to Burn - Prime Time

IRISH FILM AND TELEVISION AWARDS (IFTA)

Best Television Drama

Paths To Freedom

Grand Pictures for RTÉ

Best News and Current Affairs Programme

Bad Blood - True Lives

Andec Media for RTÉ

Best Features Programme – Religion/Education/Schools/Childrens'

Forgotten Children – Would You Believe

Producer: Kevin Cummins

Best Features Programme – Lifestyle/Sport

Breaking Ball

Setanta Television for RTÉ

Awards

Radio awards

International

IRISH FILM AND TELEVISION AWARDS (IFTA) - continued

Best Animation – Film and Television

Give Up Yer Aul Sins

Brown Bag Films for Frameworks Scheme, RTÉ,
Bord Scannán na hÉireann/ The Irish Film Board and The Arts Council

Best Editing – Film and Television

The Green Fields of Vietnam – True Lives

Ray Roantree

Best Single Documentary

Us Boys - True Lives

Igloo Films for RTÉ

Best Documentary Series

The Ghost of Roger Casement – True Lives

Crossing The Line Films for RTÉ

Best Actor in a Television Drama

Michael McElhatton

Paths To Freedom

Best Actress in a Television Drama

Susan Lynch

Any Time Now

Lifetime Achievement Award

Gay Byrne

RADHARC AWARD

Complex Problems: St Teresa's Gardens – Prime Time

Keelin Shanley and Eddie Doyle

Highly Commended Award

Gael i gCéin: Sorcha

Joe Reddington, Nuacht TG4

PRIX ITALIA AWARD

Music Programmes Category

Voicejazz

Ronan Guilfoyle, Eithne Hand and Mark McGrath for RTÉ Radio 1

CELTIC FILM & TELEVISION FESTIVAL AWARDS

Best Radio Celtic Music Programme Award

A Snail In My Prime

Produced by Seamus Hosey and Peter Browne for RTÉ Radio 1

National

PPI AWARDS (PHONOGRAPHIC PERFORMANCE IRELAND)

National Station of the Year

Lyric fm

Best Station of the Year

Lyric fm

Best Drama

Daylight Robbery

written by Gerry Stembridge and produced by Eithne Hand
for RTÉ Radio 1

Best News Programme

Morning Ireland

Best Sports Coverage of the 2002 FIFA World Cup

RTÉ Radio 1

Sports Broadcaster of the Year

Micheál Ó Muircheartaigh

Speech Broadcaster of the Year

Marian Finucane

Best Spoken Word

Ardtráthnóna for Raidió na Gaeltachta