



ÚDARÁS
CRAOLACHÁIN
NA hÉIREANN

BROADCASTING
AUTHORITY
OF IRELAND

ANNUAL REPORT AND ACCOUNTS 2012

MISSION

As Ireland's broadcasting regulator, the Broadcasting Authority of Ireland (BAI) is an independent statutory body, committed to serving Irish society by regulating, shaping and supporting the broadcasting environment, so that broadcasting reflects Ireland's diverse and democratic nature.



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VISION

The BAI is recognised as a strategic and professional regulator, serving the viewing and listening needs of the people of Ireland and respected by the broadcasting sector and other relevant stakeholders.

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ABOUT THE BAI

BAI

The Broadcasting Authority of Ireland was established under the Broadcasting Act 2009 ("the 2009 Act") on 1st October 2009 to regulate content across all broadcasting. It assumed the roles previously held by the Broadcasting Commission of Ireland (BCI) and the Broadcasting Complaints Commission (BCC).

The 2009 Act sets out a range of general and specific objectives for the BAI and specifies that its constituent parts, in performing their functions, "shall endeavour to ensure:

- that the number and categories of broadcasting services made available in the State best serve the needs of the people of the island of Ireland, bearing in mind their languages and traditions and their religious, ethical and cultural diversity,
- that the democratic values enshrined in the Constitution, especially those relating to rightful liberty of expression, are upheld, and
- the provision of open and pluralistic broadcasting services."

The Act also sets out a range of other objectives for the Authority which include:

- stimulating the provision of high-quality, diverse, and innovative programming
- facilitating public service broadcasters in the fulfilment of their public service objects
- promoting diversity of control in the commercial and community sectors

- ensuring that broadcasting regulation:

- sustains independent and impartial journalism
- sustains compliance with employment law
- protects the interests of children
- facilitates a broadcasting sector which is responsive to audience needs and accessible to people with disabilities
- promotes and stimulates the development of Irish language programming and broadcasting services.

In 2011 the BAI launched its first Strategy Statement, offering an outline of what will be achieved from 2011-2013. The priority of this Statement is to make sure that Irish audiences can enjoy high-quality, innovative home-produced broadcasting content. The mission, vision and values of the BAI outline the BAI's guiding operational principles, with the goal of ensuring that broadcasting reflects the contemporary and democratic nature of Irish society. The organisation's eight strategic goals provide focus for the organisation in its mission to serve Irish society by regulating, shaping and supporting the broadcasting environment.

The BAI Annual Report 2012 uses the BAI Strategy Statement as a framework to report on the achievement of its work plan, arising from the strategic goals the organisation has set for itself.

Chairperson's Statement

The year covered by this report continued to be one of great challenge for all broadcasters, as for the community as a whole. Economic circumstances, while showing some positive signs, continued to be very difficult and none escaped its impact on revenues and on the ability to realise the full range of their objectives.

This is not merely a commercial reality but one that touches on the experience of every listener and viewer in the state whose relationship with broadcasting as important sources of connection to the life of the local and national community is central. It is important to record, as in previous years, the sustained efforts of broadcasters to continue to bring comprehensive schedules to their audiences. Although, inevitably, the range of content may not have been as fully textured as broadcasters would have wished, their achievements in retaining strong schedules is noteworthy.

The year marked the midway point in the term of office of the Authority. It marked, too, the completion of what might be termed the foundational stage of the life of the BAI. A new organisation, markedly different in scope from its predecessor body, with new legislation requires time to do all that the statute demands in terms of initial steps in creating the new regulatory framework for broadcasting in Ireland. It is gratifying to look back at what has been achieved in that first three year period.

Among the range of issues dealt with by the Authority, a number merit reflection in this foreword. It is not necessary to rehearse the details of the Section 53 investigation (into a programme broadcast by RTÉ in 2011) on which the Compliance Committee and the Authority made their dispositions early in the year. They are sufficiently well known not to require restatement. It is appropriate, however, to consider some of the key elements that were embedded in the investigation and in the findings.

In the first instance, it was an important demonstration of the capacity conferred by the Act to investigate the circumstances of what is perceived to be a breach of the law by a broadcaster. It reflected the seriousness, indeed the primacy, of editorial concerns. It underlined the vital importance of retaining and consolidating the trust of the audience. And it strongly reinforced the importance of current affairs programming – including investigative journalism – in our broadcasting environment and in our democracy.

The imposition by the Authority, for the first time, of a financial sanction was also an important element of this case. This was a decision not taken lightly but one that, after the most careful of consideration, the Authority believed necessary to reflect the seriousness of the issues involved. This was also a case where the Authority acknowledged and appreciated the range of steps taken by the broadcaster to preclude any recurrence.

The interests of the audience were also to the forefront in the drawing up of the Code of Fairness in news and current affairs. This code was completed and opened for consultation during the year. It is an important statement of the centrality of broadcasting in providing impartial news and information to the audience. Equally, it is a reflection of the crucial role that broadcasting (together with the media in general) plays in enabling citizens fully to participate in the democratic life of the state. The Code sought to affirm the basic entitlements of the audience to fair and impartial presentation of facts and opinions.

The Authority, of course, realises that broadcasters are committed to news and current affairs programming in their schedules and that they make every effort to observe the law in so doing. However, the fact of the Code as a guide to broadcasters, programme makers and, importantly, to audiences will be of considerable assistance to all. The thoughtful responses to the draft code were taken very seriously and were being reviewed by the Authority at the end of the period covered by this report.

In a similar vein, the completion of the code on commercial communication to children represented the placing of audience concerns and interests at the centre of our responsibilities. The completion of the code, which had been the subject of extensive expert advice, detailed review and wide-ranging responses to the public consultation, was an important step during this year.

The undertaking of the statutory review of the funding of the public service broadcasters, RTÉ and TG4, was commenced during the year and within the statutory timetable. This work has been completed before these words will be read and will be reported on in the 2013 Annual Report. But there are a number of things that can be said here that illustrate the approach that the Authority took to this work, which will fall to be undertaken at five-yearly intervals hereafter.

The body of legislation on broadcasting over the past fifty years reflects the central role that broadcasting is intended to have in the life of this community. It is a clear statement of the potential of broadcasting to engage with fundamental elements of citizenship. All broadcasting is regulated because all broadcasting serves a public purpose. While this review deals essentially with the two public service broadcasters, the Authority was clear that in its approach to the review and in preparing its report to the Minister, it must look beyond RTÉ and TG4 and consider the wider broadcasting environment, the creative community that contributes so much to programme content and the needs and interests of the audience.

The Authority recognised the extent of the challenge involved in approaching this review. The outcomes would be of central importance not just to the two broadcasters concerned but to all broadcasters and, of course, to the audience and the wider community. The editorial independence of the two broadcasters is enshrined in law, a fact that the Authority unambiguously welcomes. Without infringing that independence, the Authority would have to shape a report that recognised the responsibilities that are associated with public funding, the requirements of domestic and European law and the paramount interests of the audience.

In addressing the complex future, the Authority will continue to have regard to the sustainability of all broadcasters, to promoting and encouraging excellence in programming, to maintaining a constant focus on the policy imperative of ensuring that as much Irish content as possible is available and to holding the interests of the audience as its primary concern.

I wish, finally, to express my appreciation and thanks for the commitment and diligence of the members of the Authority including their extensive involvement in work outside formal Authority meetings, for the continuing engagement of the Chairs and members of the statutory committees and for the co-operation and support of the Chief Executive and his colleagues.

Bob Collins

Cathaoirleach

CEO Review

2012 was the middle year in the BAI Strategy Statement 2011-2013 ("the Strategy"). It was an important year in the progression of many of the key strategic objectives of the organisation. I am pleased to report that there was significant success across a range of activities during the year and the BAI is well on track to fulfil its commitments within the strategy by the end of 2013.

At the beginning of the year a workplan was agreed with the Authority which prioritised a number of key areas of delivery during the year. The priorities included two major statutory reviews – the first five-year review of the funding of public service broadcasters under Section 124 (8) of the Act and the commencement of a review of the Sound & Vision II scheme; the completion of the first statutory investigation under Section 53 of the Act which would ultimately lead to the enhancement of the BAI Compliance Policy to encompass Enforcement and Sanctions; the implementation of a licensing plan for commercial radio services arising from the development of the Broadcasting Services Strategy in 2011 and the continued development of the three year IT strategy which prioritised processes in the Sound & Vision II scheme.

The main body of the report provides extensive details of the achievement of the key deliverables under the strategy across the year. I will comment briefly on some of the highlights hereunder.

The Section 53 process on the Primetime Investigates programme, "Mission to Prey", was implemented and completed across the first five months of the year within the timeframe envisaged. It was an intense process with a significant resource requirement and support from legal advisers to ensure that procedures were operated fairly and in line with the statutory provisions. The management of the process received generally very positive feedback from key relevant stakeholders. Learning from the process assisted in the development of the revised Compliance and Enforcement Policy which will become operational in 2013.

The prioritisation of senior resources to support the Section 53 project had a knock-on effect on the timeline for a number of other projects, including the five-year review of funding for public service broadcasters and the Sound & Vision review. In the case of the five-year review, this was substantially progressed in the second half of the year. Given the complexities of the project, including the requirement for the delivery of five-year costed strategic plans by RTÉ and TG4, the timeline for completion by the end of the year was somewhat ambitious. However, significant progress was made by year-end and the review is scheduled for completion in the first half of 2013.

The Sound & Vision review was less critical from a timeline perspective as the current scheme is approved until December 2014. The review commenced in September and it was well advanced by the end of the year and scheduled to be completed by the end of the first quarter of 2013. As always, the on-going operation of the Sound & Vision scheme was exceptionally busy and a record €18.3m was allocated to 350 projects over the course of four rounds of the scheme during the year. Of course, this allocation used up most of the backlog of funds and this will create different challenges in future years due to the reduced funding which will then be on offer.

Separately, the IT priority for the year was the completion of the 'baionline' project which would support the application, contracting and compliance functions of the Sound & Vision scheme. This was scheduled to "go live" early in 2013 and will have huge benefits for the administration of the scheme for both BAI staff and, more importantly, our external stakeholders.

The Licensing Plan 2012-2013 is a major undertaking which required the completion of 25 licensing processes covering the re-advertisement of most of the current commercial radio services. The processes are being undertaken through a combination of the new statutory fast-track process and the more traditional competitive processes.

The new Act included a number of complexities particularly relating to the different functions of the Contract Awards Committee and the Authority in each process. Licensing is a resource intensive activity with the added requirement of the necessity for the receipt of comprehensive legal advice on the process itself and subsequent contracting arrangements with successful applicants. At the end of 2012 processes were at an advanced stage in respect of the first 12 licences due for renewal, all of which were being facilitated through the fast-track process.

2012 saw the completion of a number of projects which had commenced earlier in the lifetime of the strategy. These included two long running projects which had been the subject of intense consultation with stakeholders – the Code of Fairness, Impartiality and Objectivity in News and Current Affairs and the Children’s Commercial Communications Code provisions on Diet and Nutrition. These Codes were finalised at Authority level in 2012 and were scheduled to be launched in the first half of 2013. The first Archiving Scheme under the Broadcasting Fund was approved by the Authority for commencement in 2013. The statutory review of the Access Rules and a review of the Broadcasting Levy were also completed during this period.

It is also important to mention the involvement of the BAI in the Analogue Switch-Off (“ASO”) project which was facilitated by the Department of Communications, Energy and Natural Resources throughout 2012, reaching a successful conclusion on switch-off day on October 24th. The BAI participated in the Departmental steering group and on the sub-groups covering content, technical and communications issues.

While I have focussed primarily on the priority projects in the preceding paragraphs, it is important to emphasise that the operational areas covering compliance, contractual variations, finance and HR continue to be busy on an on-going basis. The Executive must also provide support to

the two statutory committees covering Compliance and Contract Awards and the Finance, Audit and Risk committee. 2012 was particularly busy for the committees with the Section 53 investigation and Frontline Presidential programme adding to the activities of the Compliance Committee, while the implementation of the Licensing Plan was a huge area of activity for the Contract Awards Committee. The Finance, Audit and Risk Committee oversaw the report by the Comptroller and Auditor General (“C&AG”) into the operation of the Sound & Vision Fund, in addition to its standard activities.

As outlined earlier, comprehensive details of all the activities of the BAI are set out in the main body of the report. The BAI continues to deliver an extensive programme of work and the factors which have assisted in the delivery of this programme include the prioritisation of key activities and the continued operation of a matrix structure in which staff are assigned to areas of activity as needs arise. The BAI continues to support the implementation of the Croke Park agreement across a range of corporate governance, financial and risk processes and activities. We have also continued to reduce the running costs of the organisation which has resulted once again in reduced levy payments for the broadcasting sector.

We could not achieve all of the above without the full support and commitment of our staff and I would like to place on record how much this is valued and I want to thank you all for this support.

Finally, I would like to thank the members of the Authority, Contract Awards, Compliance and Finance, Audit and Risk Committees for their commitment and their contributions to the achievement of the strategy in 2012.

Michael O’Keeffe
Chief Executive

The Authority

The Authority has overall responsibility for the operation and functioning of the BAI, which includes setting the strategic direction of the organisation. The Authority has nine members.



Bob Collins
(Chairperson)



Larry Bass



Paula Downey



Professor
Colum Kenny



Michelle Mc Shortall



Dr Maria Moloney



Michael Moriarty



Siobhán Ní Ghadhra



John Waters

In 2012 the Authority met fourteen times.

MEMBER	ATTENDANCE
Bob Collins (Chairperson)	14/14
Larry Bass	12/14
Paula Downey	10 /14
Professor Colum Kenny	13/14
Michelle Mc Shortall	11/14
Dr Maria Moloney	11/14
Michael Moriarty	14/14
Siobhán Ní Ghadhra	10/14
John Waters	11/14

Contract Awards Committee

The Contract Awards Committee is responsible for the operation of licence application processes for broadcasting services and multiplex operations. The Committee has eight members; four of whom were appointed by the Government on the nomination of the Minister, while the remaining four were appointed by the Authority, comprising of two members of the Authority and two members of the BAI Executive. Membership in 2012 was as follows:

Government Nominees

Ms. Siobhán Bourke, Chairperson
Mr. David Barniville SC
Mr. Neil Leyden
Ms. Eimer McGovern

Authority Nominees

Professor Colum Kenny (to April 2012)
Mr. Michael Moriarty (to April 2012)
Mr. John Waters (from April 2012)
Mr. Larry Bass (from April 2012)

BAI Staff Nominees

Ms. Celene Craig
Mr. Neil O'Brien



Siobhán Bourke
(Chairperson)

David Barniville SC

Neil Leyden

Eimer McGovern

The Contract Awards Committee met 8 times during 2012, with attendance as follows:

MEMBER	ATTENDANCE
Siobhán Bourke	8/8
David Barniville	6/8
Larry Bass (from April 2012)	6/6
Celene Craig	8/8
Professor Colum Kenny (to April 2012)	0/2
Neil Leyden	6/8
Eimer McGovern	8/8
Michael Moriarty (to April 2012)	2/2
Neil O'Brien	7/8
John Waters (from April 2012)	5/6

In accordance with its functions, the main activities of the Contract Awards Committee in 2012, included the following:

- Commencement of licensing processes, as directed by the Authority, in accordance with the BAI Licensing Plan 2012-2013;
- Development of procedures and materials to support both the fast-track and competitive licensing processes;
- Advertisement and consideration of expressions of interest for twelve franchise areas, in accordance with the Licensing Plan;
- Formal ratification of the fast-track licensing process in respect of the twelve franchise areas advertised;
- Consideration of applications for temporary sound broadcasting contracts;
- Consideration of applications for content provision contracts;

Details of these activities are contained in the main body of the report.

Compliance Committee

The Compliance Committee is responsible for the monitoring and enforcement of compliance, the investigation of complaints and a number of reporting functions. The Committee has eight members; four of whom were appointed by the Government on the nomination of the Minister, while the remaining four were appointed by the Authority, comprising of two members of the Authority and two members of the BAI Executive. Membership in 2012 was as follows:

Government Nominees

Prof. Chris Morash, Chairperson
Ms. Aidine O'Reilly
Ms. Edel Hackett
Ms. Paula Mullooly

Authority Nominees

Mr. John Waters (to April 2012)
Ms. Paula Downey
Professor Colum Kenny
(from April 2012)

BAI Staff Nominees

Mr. Ciarán Kissane
Ms. Stephanie Comey



Prof Chris Morash
(Chairperson)

Aidine O'Reilly

Edel Hackett

Paula Mullooly

The Compliance Committee met 9 times during 2012, with attendance as follows:

MEMBER	ATTENDANCE
Professor Chris Morash	9/9
Stephanie Comey	9/9
Paula Downey	6/9
Edel Hackett	8/9
Colum Kenny (from April 2012)	4/6
Ciarán Kissane	9/9
Paula Mullooly	9/9
Aidine O'Reilly	4/9
John Waters (to April 2012)	3/3

In accordance with its functions, the Compliance Committee undertook a number of activities in 2012, including the following:

- The completion of an investigation under Section 53 of the Act into the Primetime Investigates programme, "Mission to Prey", which was broadcast on RTÉ One television in May 2011;
- The commencement of an investigation into Inishowen Community Radio, further to its powers under Sections 50 and 51 of the Act. The service ceased broadcasting and its contract was terminated by mutual agreement at an early stage of the investigation;
- Consideration of whether a Section 53 Investigation into the RTÉ programme, 'The Frontline Presidential Debate 2011', was warranted;

- Development of a Compliance Plan associated with the re-licensing of commercial radio services, as provided for in the BAI Licensing Plan 2012-2013;
 - Determining the outcomes of 135 complaints by members of the public against broadcasters relating to their adherence to broadcasting codes and standards.
 - Consideration of the achievement of Access Rules targets by broadcasters;
 - Responding to consultations on the draft Code of Fairness, Objectivity and Impartiality and the proposed revisions to the Access Rules;
 - Participation in a review of the processes and procedures concerning the undertaking of an investigation under Section 53 of the Act;
- Details of all of these activities are outlined in the main body of this report.

Finance, Audit and Risk Committee

The Finance Audit and Risk (FAR) Committee was established as a Committee of the Authority in 2010. It has a range of responsibilities and duties encompassing systems of internal control, external and internal audit, risk management and financial control. Under its Terms of Reference, the Committee is required to brief the Authority not less than four times a year in respect of its various duties.

The FAR Committee met eight times in 2012. Membership of the Committee and meeting attendance in 2012 is as follows:

Siobhán Ní Ghadhra	7/8
Michelle McShortall	6/8
Dr. Maria Moloney	6/8
Michael Moriarty	5/8
Larry Bass (Finished April 2012)	1/3

Details of the activities of the FAR are outlined in the main body of this report.

Organisational Structure and Staff of the BAI

The BAI's work is guided by the Office of the Chief Executive and supported by a team of senior managers who, in conjunction with the Office of the Chief Executive, also oversee the implementation of strategy and planning for the organisation as a whole. The BAI operates a matrix structure whereby staff work flexibly across all areas of activity according to business needs. This enables the effective and efficient deployment of resources where and when they are needed.



Members of the Executive

A list of all staff employed by the BAI on 31st December 2012 is outlined below:

Office of the CEO

Chief Executive Michael O'Keeffe
Deputy Chief Executive Celene Craig.

Senior Managers

Stephanie Comey, Ciarán Kissane, Anne O'Brien, Neil O'Brien, Margaret Tumelty.

Managers

Diarmaid Breathnach, Aoife Clabby, Brian Furey, Sally Kennedy, Declan McLoughlin, Niamh Ní Bhroin, Clare O'Sullivan, Ruth-Blandina Quinn, Andrew Robinson, Roger Woods.

Executive Officers

Jill Caulfield, Gillian Collins, Philip Cooper, Elizabeth Farrelly, Tim Flynn, Teresa Kearns, Patricia Kelly, Louise McLoughlin, Marie Murphy, Sinéad Owens, Sarah Traynor.

Clerical Officers

Rachel Casey, Jessica Scott.

Monitoring Staff

Andrea Leonard, Annette Stone, Jeanne Spillane, Fionnuala Murphy, Deborah Molloy, Barry Casey, Simon Conneally.



2

ENSURING DIVERSITY

Facilitating the Provision of a Diverse Range of Broadcasting Services and Content

Broadcasting Services Strategy

The Broadcasting Act requires the Authority to set out a formal strategy in relation to the broadcasting services that should be provided in the State. Following a period of targeted stakeholder and public consultation in 2011, the BAI published its Broadcasting Services Strategy (BSS) in March 2012.

The main objective of the BSS is to take a new look at how best the needs of existing and future audiences might be served through the services that the Authority is, by law, empowered to licence. The BSS outlines the Authority's vision for the optimum mix of broadcasting services in Ireland and sets out how the Authority will apply its statutory functions and regulatory practices over the lifetime of the strategy, in order to facilitate the realisation of that vision.

The BSS is one of the key means by which the Authority fulfils its statutory objective of endeavouring to ensure that the number and categories of broadcasting services in the State best serve the needs of the people of the island of Ireland, bearing in mind their languages and traditions and their religious, ethical and cultural diversity. Critically, it informs the Authority's approach to the licensing of broadcasting services. The BSS also supports the provision of open and pluralistic broadcasting services in Ireland.

Range of Services

A wide range of television and radio services are licensed by the BAI; these include 3 commercial television services (TV3, 3e, Setanta Sports Ireland), the licensing of television content for carriage on a variety of platforms and 34 commercial radio stations broadcasting at national, regional and/or local level. It also licences 25 non-profit community radio services and 3 community TV services. In 2012, considerable progress was made in progressing the organisation's Licensing Plan 2012-2013 for commercial radio services.

The BAI also caters for niche audiences through the licensing of institutional radio services operating within hospitals in Cork, Limerick, Dublin and Tipperary, together with the licensing of a range of temporary radio services.

Licensing Plan

Considerable work had been undertaken by the Authority in the latter stages of 2011 in considering what the nature of licensing over the 2012-2013 period should be, arising from the BSS. Having determined that the primary focus of the Licensing Plan would be the re-licensing of existing services whose contracts were scheduled to expire, a public consultation was undertaken in March in relation to a draft licensing plan for commercial analogue radio services in the period. The consultation was supported by an omnibus survey which sought to ascertain levels of satisfaction among members of the public with the services licensed by the Authority.

A number of general issues were raised in the consultation process, particularly in relation to how the BAI envisaged giving practical effect to the licensing process, as set out in the Broadcasting Act. Some queries also arose in relation to frequency allocation on the MW/AM band, but the Authority decided that, in light of the BAI's experience of licensing AM services to date, it would be preferable to review the effectiveness of the Spirit FM service on medium wave before considering whether to progress with further licensing on this band.

Requests for additional licences at a national level were also received through the consultation process. However, the Authority was not satisfied to develop these requests further, given the absence of an available complete national network on the FM band, coupled with the prevailing economic conditions.

Having considered the outcomes of the consultation process, the Authority directed that the Contract Awards Committee should seek applications in 24 franchise areas where the contracts for existing services were scheduled to expire over the 2012/2013 period, as follows:

■ Munster

- 5 broad-format services: Kerry, Clare, Tipperary, Cork City and County (25+ age group), and Waterford City and County;



- 3 music-driven services, one each for Cork City and County (25+ age group), Cork City and County (15-34 age group), and the South East (15-34 age group) (Waterford, Wexford, Carlow, Kilkenny, South Tipperary and South Wicklow).

■ Connacht/ULster

- 6 broad-format services: Galway City and County, Mayo, North Donegal, Sligo/North Leitrim/South Donegal, Longford/Roscommon/South Leitrim, and Cavan/Monaghan.

■ Leinster excluding Dublin City and County

- 6 broad-format services: Louth/Meath, Kildare, Carlow/Kilkenny, Wexford, Wicklow, Laois/Offaly/Westmeath.

■ Dublin City and County

- 3 music driven services: for 15-34 year olds with a focus on general music; for 15-34 year olds with a focus on new music; and for 25-44 year olds.
- 1 niche-music service.

On receipt of a direction from the Authority, the Contract Awards Committee commenced the process of re-licensing the services set out in the Authority's Licensing Plan 2012-2013. As 2012 would mark the first year that any commercial radio service would be licensed under the 2009 Act, considerable work was undertaken to interpret and apply the legislative provisions associated with licensing commercial services and to develop processes for the various stages involved.

Having regard to the expiry dates of the licences held by existing contractors, the Contract Awards Committee initially sought expressions of interest in July for the provision of commercial radio services in twelve of the twenty-four franchise areas. A total of twelve expressions of interest were received from the Incumbents in each franchise area. The Committee then advertised its intention to enter into a fast-track licence application process with each incumbent. As no subsequent statement of intent was received from any other interested party, the Committee notified each Incumbent that it was invoking the fast-track application process. It was

anticipated that the Expressions of Interest phase for the remaining twelve services would be advertised in early 2013.

Additional Licensing Activity

The Contract Awards Committee reviews and awards new licences every year.

In 2012 the Committee recommended to the Authority the licensing of twenty temporary sound broadcasting services. The licences were of up to 30 days duration and the services in question were a mixture of educational institutions, festival, voluntary and religious groups. Eight applications for pilot community services were also processed over the course of the year. Under the Broadcasting Act pilot community services can avail of a licence of up to 100 days duration.

The maximum possible term for an institutional service was increased from 5 to 10 years and a standardised application fee of €650 applied.

Digital Terrestrial Television (DTT)

The BAI continued with its participation on the DTT Steering Committee, established by the Department of Communications, Energy and Natural Resources. The key achievement in 2012 was the successful achievement of Analogue Switch-Off in October. The proposed review of the potential for the licensing of multiplexes for commercial DTT was deferred until the first half of 2013.

The BAI was also responsible for chairing the content sub-group of the Steering Committee, which was tasked with sourcing additional content for the DTT platform, Saorview, operated by RTÉ. A key focus of the sub-group in 2012 was the positioning of channels on the Saorview DTT platform. While consensus was reached with broadcasters in respect of the position of current services, the BAI agreed to develop a code of practice on number allocation which would take into account the principles of fair, reasonable and non-discriminatory access for new channels on the DTT platform.

No further channels were added to the platform in 2012, as the potential content providers awaited the outcome of the ComReg review of carriage costs.

In line with its strategic deliverable to respond to consultations on broadcasting related matters, the BAI submitted a detailed response to the ComReg consultation on the Market Review of Broadcasting Transmission Services in Ireland. The BAI supported ComReg's draft decision instruments in respect of the market for wholesale access to national terrestrial broadcast transmission services as well as the market for DTT multiplexing services.

Spectrum Management

The BAI continued its engagement with other national and UK agencies in spectrum planning activities over the course of the year.

Meetings took place with interested parties and government bodies to discuss plans for digital radio and frequency allocations. DTT planning with the UK continued throughout 2012 with 3 meetings taking place. The frequency re-planning to accommodate the digital dividend was completed and agreed with the UK authorities. Eight channels were agreed at the main sites, with several north-firing channels being maintained at Clermont Carn and Truskmore. These plans will allow for the implementation of further PSB and commercial DTT multiplexes in the future.

A DAB frequency planning meeting took place between the BAI and the UK authorities toward year's end, with particular emphasis on agreement of the implementation of the national DAB multiplexes.



Broadcasting Fund

Each year, 7% of revenue generated by the television licence fee is allocated to the Broadcasting Fund to provide for a scheme, or a number of schemes, for the granting of funds. In 2012 €14.184m was received from the Exchequer into the fund, a slight reduction on the 2011 figure of €14.42m. The fund supports two schemes, the Sound & Vision II Scheme and the Funding Scheme for the Archiving of Programme Material (Broadcast Archiving Scheme).

Sound & Vision II

This Scheme was established to support the development of high-quality radio and television programmes, in Irish and English, which explore the themes of Irish culture, heritage and experience in contemporary or historical contexts.

Sound & Vision II also encompasses the support of programmes to improve adult or media literacy and programmes dealing with global issues impacting on the State and other countries. The Scheme was approved by the Minister and the EU in January 2010 for a five-year period.

Four rounds of Sound & Vision II were administered in 2012 with an approximate allocation of €3.5m per round. A key change regarding the round structure was to open each round to applications for both radio and television; previously, separate rounds were run for each medium. This change was motivated by a number of factors, critically the need to respond to sectoral requests for more frequent rounds.

Due to the availability of additional funds and a very high number of qualifying applications, the BAI was in a position to award amounts in excess of the allocated amount for each round.

857 applications were assessed over the course of the year, marking a significant 23% increase on applications processed in 2011. €48.7m in funding was sought from a mixture of broadcasters and independent producers. 350 applications were successful, with a total funding allocation of up to €18.3m. 72% of the programmes funded were in the English language while the remaining 28% was for Irish/bilingual programmes.

The allocation of funding through Sound & Vision II marks the first stage of engagement with the Scheme. A contract for each project is then negotiated and compliance payments are also issued at various stages of a programme's development. 283 contracts were signed in 2012 while an average of 32 projects per month were reviewed and approved for payment.

In planning Sound & Vision II funding rounds for 2013, the Authority was mindful that more limited funds would be available due to the requirement to make provision for the Broadcast Archiving Scheme and a reduction in the available surpluses. It was therefore agreed that three rounds of Sound & Vision II would be run in 2013 and the dates for each round were announced towards the end of 2012.

Radio

The change in the approach to round structures, coupled with an increased funding allocation in the year led to a strong increase in funding for radio compared to 2011. 269 programmes were allocated funding totalling €2.9m. The package of successful projects included 12 radio drama projects and a mix of documentary, educational and entertainment programmes. The documentary genre incorporated, in the main, programmes dealing with history and heritage, contemporary society and arts and culture.

Funding & Broadcasting Highlights

Notable funding highlights for radio in 2012 included two Titanic-focussed documentaries, one each for broadcast on Youghal Community Radio and Tipp FM, while Radio Kerry produced a radio drama telling the story of the Lusitania Tragedy. Radio drama also featured on KCLR, who received funding for three separate drama projects in the year. RTÉ Lyric FM received funding for programmes focusing on WB Yeats' relationship with music, to include first-time recordings of sheet music for some of his plays. Community station NEAR FM received funding for a project involving local libraries which focused on bringing the work of Joyce to life through readings and some re-enactments. In the west, Community Radio Castlebar received support to make a two-part series looking at the Great Western Green tourist trail in Mayo.

Support for young people's programmes included a project supported by the RTÉ digital service (RTÉ Junior) involving primary school children presenting their own stories. Funding was also provided to the youth regional service, BEAT FM, for a series comprising three-minute inserts on the unique characteristics of 130 towns and villages in the South East. The project was scheduled for production in conjunction with local schools in each of the relevant areas.

A number of Sound & Vision funded programmes were nominated for and received PPI Radio awards in 2012 including 'The Cot Fisher Kings', broadcast by KCLR and 'Four Seasons in the Wild', broadcast on Radio Kerry.

Television

Over €15.3m was allocated to support the production of 81 television projects for broadcast on public service, commercial, and community television stations. While the documentary format continued to receive the greatest degree of funding, there was also strong support for animation, drama and entertainment projects.

Funding & Broadcasting Highlights

Funding highlights included a drama entitled 'Run and Jump', a story focussed on an Irish woman working hard to get her family back to normal life after her husband suffers a stroke; a retrospective of the *Radharc* series for RTÉ 1, in addition to funding for a dramatisation of John Banville's Man Booker Prize-winning novel *The Sea*.

Funding was also provided for a new music/educational series aimed at inspiring families, clubs and communities to pick up an instrument and get playing. The series is scheduled for broadcast in 2013 on RTÉ 1 and will focus on 6 individuals; 3 well-known faces and 3 members of the public.

Notable funding highlights in the Irish language included an animation feature, *An Béal Bocht*, for TG4, based on Flann O'Brien's only Irish language novel and *Leaids mar Dheaidis*; a multi-platform 6-part series where 3 carefully chosen Irishmen, one in his late teens, one turning 30, and one in his late 40s, are filmed as they prepare for fatherhood. Funding support was also provided for a

documentary on the 1913 Lockout to mark its centenary year, while a returning series of *Corp+Anam* received substantial funding through the Scheme.

Significant funding of €1m was also recommended for a 3-part drama on the life of Charles Haughey, to be broadcast on RTÉ 1. *'Citizen Charlie'* will be produced by Element Films and BAI support represented 27% of the total budget.

For commercial television a new Galway-based drama was funded for broadcast on TV3. *'Deception'*, a six part urban murder mystery series was a further departure for TV3 into supporting Irish-made drama for television. Another big drama project for the same station was *'Gold'*, a comedy feature film about a man who returns to his hometown in order to visit his ailing father and finds himself forced to reconnect with his estranged daughter and ex-partner. Support was also received for *'The Big House'*, a documentary scheduled for broadcast on TV3 which took one big house in Ireland and staffed it up with the direct descendants of the men and women who lived and worked there... upstairs and downstairs. The programme was produced by Big Mountain Productions who previously received funding support through the Scheme for the critically acclaimed series, *'The Tenements'*.

Community Television in Dublin and Cork was well supported through the Scheme and included support for a documentary on Mother Jones, a Cork emigrant to the USA in the 19th century, who was reputed to be 'the most dangerous woman in America' due to her work in organising a labour movement. Support was also provided to DCTV for 'Culture Night TV'.

Given that the emphasis of the Broadcasting Funding Scheme is on high-quality programmes on the themes of Irish culture, heritage and experience, it was again a good measure of the Scheme's success in this regard that 23 of the television projects which received funding in previous rounds were nominated for IFTAs with 5 projects picking up awards at the annual event. These included the hugely popular Irish language documentary, *'Lón sa Spéir'*, a documentary award for *'Congo 1961'* and an award for the factual programme *'The Radharc Squad'*.



Awareness of the Sound & Vision II Scheme

The BAI continued its strong engagement with the industry and other stakeholders over the course of the year, informing them about Sound & Vision II and consulting further on improvements to the Scheme and its operation. Presentations were made at universities and industry networks throughout the country and the public awareness had the effect of substantially increasing demand for funding compared to the previous year.

Statutory Review of Sound & Vision II

Section 158 of the Broadcasting Act 2009 requires the Authority to undertake a review of the Sound & Vision II Scheme every three years. The outcomes of the review are intended to inform the Authority's deliberations in 2013 about the focus of the Scheme, or Schemes that would replace the current Sound & Vision II scheme. EU approval for the existing scheme is due to expire at the end of 2014. The Act requires a review of the operation, effectiveness and impact of the Scheme, in addition to a commitment in the Scheme document "to measure the success of Sound & Vision II against its objectives".

Wide-ranging discussion in relation to the review of Sound & Vision II took place in the first half of 2012, including consideration of the scope of the review; the degree of representation of various genres of programming; the role of the broadcasters in supporting applications for funding; and the degree to which effectiveness might be improved in relation to content. There was also some deliberation in relation to the grant scheme nature of the current Scheme and how this fitted within the overall commissioning process involved in broadcasting.

Following these discussions, a proposed approach to the review of the Scheme was approved and a sub-committee involving Authority members and executive staff was established to manage the review process. In August, consultants Crowe Horwath were appointed to undertake the review on behalf of the BAI. It was anticipated that the outcomes of the review would be considered by the Authority in the first half of 2013.

Funding Scheme for the Archiving of Programme Material (Broadcast Archiving Scheme)

The aim of the Broadcast Archiving Scheme is to encourage and support the development of an archiving culture in the Irish broadcasting sector as a whole.

The Broadcast Archiving Scheme, as drafted by the BAI, received the approval of the European Commission and was published on the BAI web-site in May. A number of options were considered throughout 2012 regarding the operation and implementation of the Scheme, having regard to the parameters of the Scheme, the available budget, and a range of administrative matters. Consideration was given to the need for and concerns in relation to the archiving of broadcast material more generally and the various approaches adopted by Irish broadcasters to date in this regard.

The Authority agreed two priorities in relation to archiving. Firstly, applications would be sought for an open round, inviting applications for the archiving of content, with a particular focus on "at risk" material and having regard to the submission by the European Commission on the Archiving Scheme. Secondly, it was agreed that a centralised access point for archived broadcast material should be developed. The first step in this process would be to ascertain current archiving practices among broadcasters.

The first call for proposals to the scheme was scheduled for publication in early 2013 and a total of €2.8m in funding support would be made available.



3

ENSURING PLURALITY

It is essential that the principle of ensuring different perspectives and different viewpoints remains central to Irish broadcasting regulation, and that the Irish population has confidence and trust in the ownership, impartiality and objectivity of Irish broadcast news and information sources.

A key strategic objective of the BAI towards ensuring plurality is the facilitation of a broadcasting environment which promotes a mix of public service, commercial and community broadcasting. It is also to establish and implement policies, codes and procedures that promote and support plurality in terms of viewpoint, outlet and source.

Ownership and Control

The revised BAI Ownership and Control Policy (2012) was published in April and replaced the preceding policy, which had been in place since 2010. The revised policy is designed to facilitate the continued development of a viable and diverse broadcasting sector that is characterised by a plurality of ownership. The policy is also designed to provide clarity and certainty in respect of the regulatory approach to be adopted and the rules that will apply. When launched, it was the Authority's stated intention that overall, the policy would balance the needs of a rapidly evolving indigenous broadcasting sector with the statutory requirement to ensure plurality of viewpoint, outlet and source, in the interests of listeners and viewers. The policy is used by the BAI to assess applications for broadcasting contracts and when assessing requests for variations to the ownership and control structures of contract holders.

The policy is underpinned by a number of key legislative provisions, namely the Broadcasting Act 2009, the Competition Act 2002 and the EU Audiovisual Media Services Directive. Six policy objectives provide the overall context for the development and implementation of the policy, as well as the assessment any of ownership and control proposals. The objectives are concerned with plurality; diversity in viewpoint, outlet, source and control; sustaining independent and impartial journalism and; ensuring that the ethos of a broadcasting service will best serve the needs of the audience it is licensed to serve.

The detail of the policy is concerned with a range of factors including:

- The BAI's interpretation of the statutory terms 'control' and 'substantial interest';
- The tests that the BAI will apply in assessing the character of an applicant and in relation to their experience and expertise;
- The factors that the BAI will have regard to when evaluating the financial resources of an applicant;
- The policy in relation to "an undue number of sound broadcasting services". In this regard the BAI operates four thresholds in determining whether the number of commercial sound broadcasting services held by any individual or group is acceptable or unacceptable;
- The policy in relation to "an undue number of sound broadcasting services in a specified area". In this regard, the tests applied by the BAI relate to "substitutability" and "dominance";
- The tests applied to determine whether any individual or group has "an undue amount of communications media in a specified area";
- The factors that the BAI will consider in relation to the programming remit of any service that this is the subject of a proposed change of ownership and/or control.

Fairness, Objectivity and Impartiality

A key duty for broadcasters is that all news broadcast by them is reported in an objective and impartial manner and that the treatment of current affairs is fair to all interests concerned and is presented objectively and impartially.

The BAI launched its public consultation on the draft Code of Fairness, Objectivity and Impartiality in News and Current Affairs in January 2012. The draft Code set out the objectives to be achieved, the principles underpinning the fairness, objectivity and impartiality rules and a total of 32 rules governing the treatment by broadcasters of news and current affairs content. The public consultation process was also supported by a national attitudinal survey, seeking responses on a number of key areas of interest in the draft Code.

A total of 79 submissions were received and considered by the Authority at its July meeting.

The consultation process found that there was broad support among respondents for the provisions contained within the Code and the manner in which the Code was structured and would be applied in the case of complaints. A number of minor wording amendments were agreed to enhance the clarity and meaning of some of the Code's provisions. There were a number of key areas of concern which were the subject of detailed discussion by the Authority. These areas included:

- The proposed rule in relation to the expression of presenters' own views;

- The proposed rules in relation to conflicts of interest and the proposal to require broadcasters to establish and maintain a public Register of Interest.

In light of the significant privacy concerns raised in respect of the rules relating to a public register of interests, legal clarification and the views of the Data Protection Commissioner were sought on the applicability of the rule as it was drafted. Following receipt of advice, the Authority included a more general rule for the management of conflicts of interest, incorporating a general principle of avoiding conflicts of interest. With regard to presenters' own views, some changes were made to the wording to clarify the intent of guarding against the development of a partisan position on the part of a presenter in relation to matters of public controversy or matters of current public debate. By year-end, the Code had been finalised and a launch was anticipated for the first quarter of 2013.





4

INFLUENCING AND
COMMUNICATING

Becoming a trusted and informed voice on broadcasting

The BAI gives effect to its objective of Influencing and Communicating through the provision of impartial advice; co-operation with other regulatory bodies and the development of policy on broadcasting matters. The organisation also engages proactively with the public, broadcasters and other stakeholders in order to increase public involvement in broadcasting matters and to facilitate discussion and debate on the role of broadcasting in Irish society.

Analogue Switch-Off and Digital Switchover

The BAI continued to play a significant role in the national Digital Switchover Steering Group, which was responsible for the implementation of Analogue Switch-off (ASO). The focus of this group in 2012 had been around the development of the new digital terrestrial television (DTT) platform; a national advertising campaign regarding ASO; outreach campaigns targeting vulnerable groups expected to be most affected by ASO and; the assessment by the telecoms regulator ComReg of the cost of transmission tariffs and the availability of set-top boxes, amongst other matters.

On 24th October 2012, the Republic of Ireland and Northern Ireland made the switchover from analogue to digital, in line with European requirements.

The BAI continued to chair the content sub-group of the national Digital Switchover Steering Group. However, little progress was made in respect of the sourcing of additional content for the platform, primarily due to the cost of carriage which is deemed prohibitive by many operators.

National/International Presence

The BAI continued to participate in national and international fora in relation to broadcasting matters. During 2012, the BAI was represented at the European Platform of Regulatory Authorities (EPRA) meeting in Slovenia and contributed a paper to the workshop on local and community broadcasting. The Chief Executive attended a meeting of European Broadcasting regulators held by the EC and attended a conference on media pluralism at the European Audiovisual Observatory

in Strasbourg. The executive continued to form part of the Irish delegation at meetings of the EC Contact Committee.

Engagement with stakeholders

The BAI's communications function plays a key role in upholding the BAI value of transparency and accountability to the public it serves. It responds to a large amount of queries from the general public, broadcasting stakeholders and the media each year, and 2012 was no exception. Regular consultation with the public and stakeholders was highly valuable in furthering the work on significant project areas such as the Licensing Plan and the Code on Fairness, Objectivity and Impartiality. In addition, the BAI submitted a lengthy and detailed response to ComReg's Consultation Document and Draft Decision 12/77: *'Market Review of Broadcasting Transmission Services in Ireland'*. It supported ComReg's draft decision instruments in respect of the market for wholesale access to national terrestrial broadcast transmission services as well as the market for DTT multiplexing services.

On-going support was provided across the delivery of all BAI projects and operational plans. A programme of proactive and reactive engagement was developed in consultation with DHR, the organisation's external PR agency. Key areas of activity included the Section 53 investigation, the consultation processes on Children's Commercial Communications Code and the Code on Fairness, Impartiality and Objectivity in News and Current Affairs, and presenting the outcomes of the Compliance Committee's consideration of the 'Frontline' programme on the 2011 Presidential Election.

As a public service body, certain records of the BAI can be requested under the Freedom of Information (FOI) Act. Eleven FOI requests were processed within statutory timeframes. The vast majority of requests came from media. Of the requests received, one request was granted, eight were partially granted and one request was refused. The refused request became the subject of an appeal to the Office of the Information Commissioner, which was on-going at year-end.

Communication on the BAI's work in 2012 was undertaken through press releases, advertising and maximising website functionality to ensure that interested parties were kept up to date and were afforded an opportunity to engage in many of the organisation's activities. Media queries increased on the previous year and the BAI published 53 media releases, generating significant coverage for the organisation. Social media usage increased on Twitter and Facebook, in addition to which a YouTube channel was established by the organisation.

Through its sponsorship initiatives, the BAI seeks to enhance the profile of the organisation and to raise awareness of the organisation's strategic objectives and activities. The BAI provided sponsorship funding of €117,000 to 15 events/activities during the year, including the Irish Film and Television Awards, the PPI Radio Awards, Galway Film Fleadh, the Celtic Media Festival, the Student Media Awards and the Cogar Irish Language Website.

Information Audit

The BAI has committed, as part of its Strategy, to develop methods of gathering and using data in order to underpin evidence-based models of decision making. The project is a long-term one, with the first phase having taken place in 2011. In 2012 an internal audit of data was completed after an extensive staff survey and key data and information used by the BAI was identified. The next envisaged phase in the project will be the development of a framework of the BAI's data and information needs from a regulatory perspective. Whereas it had been envisaged that this element of the project would be undertaken in 2012, resource constraints and the prioritisation of other work led to its deferral until 2013.



5

STRENGTHENING
TRANSPARENCY
AND ACCOUNTABILITY
OF BROADCASTERS

Holding Broadcasters and Contractors to Account under Statute and Contract

A key strategic objective for the BAI is to ensure that all broadcasters licensed by the regulator operate to the terms and conditions of their contracts, and that commercial, community and public service broadcasters operate in accordance with broadcasting codes and rules. The BAI also has a role to play in reviewing the performance of public service broadcasters to ensure that there is transparency and accountability in the use of public funds. Transparency and accountability also extends to ensuring that compliance and enforcement measures applied by the BAI are fair, proportionate and reflect audience needs. A range of projects and activities were advanced in 2012 in fulfilment of this strategic goal.

Investigation under Section 53 of the Broadcasting Act 2009

The enforcement provisions in Part 5 of the Act were implemented for the first time through the undertaking of an investigation into the RTÉ Primetime Investigates Programme, "Mission to Prey", which was broadcast in 2011.

The Compliance Committee of the BAI had initiated an investigation of the programme under section 53 of the Act in late 2011 and had appointed Anna Carragher, former controller of in BBC Northern Ireland, as Investigating Officer. The investigation was undertaken, in accordance with the provisions of the Act, during January and February and a report presented to the Compliance Committee in March.

The Committee found that, in broadcasting "Prime Time Investigates: Mission to Prey", RTÉ had seriously breached sub-sections 39(1)(b) and (e) of the Broadcasting Act. It also found that RTÉ had co-operated fully with the investigation. On foot of these findings, the Committee issued a recommendation to the Authority that it notify RTÉ of the serious breach, in accordance with section 54(4) of the Act.

In April, the Authority issued a notification to RTÉ and set out an indicative financial sanction of €200,000. In response to the notification, RTÉ accepted the notification and made submissions on the financial sanction. RTÉ accepted that the defamation of Fr. Kevin Reynolds in the programme was one of the most significant errors in broadcasting history and that it should never have been broadcast. The Authority also received and considered submissions from four of the programme makers concerned with "Prime Time Investigates-A Mission to Prey".

In issuing its final determination and financial sanction of €200,000, the Authority found that:

- The programme was not fair, in that it broadcast serious, damaging and untrue allegations about Fr. Reynolds;
- The means employed to make the programme, including secret filming and a doorstep interview, unreasonably encroached on Fr. Reynolds's privacy;
- There was a significant failure of editorial and managerial controls within RTÉ;
- RTÉ accepted that its broadcast of seriously defamatory allegations against Fr. Reynolds had breached the sections of the Act relating to fairness, objectivity and impartiality and to privacy;
- RTÉ co-operated fully with the investigation and expressed its deep regret with regard to what had happened;
- RTÉ had ultimately acknowledged its error and that steps had been taken by the broadcaster to prevent further breaches of its obligations under the Act;
- There was no gain, financial or otherwise, made by RTÉ as a consequence of the breach.

Frontline Presidential Debate

In October 2011, RTÉ broadcast a programme entitled The Frontline Presidential Debate. The programme had been the subject of an examination by the Compliance Committee, further to the statutory complaints process, where six complaints in relation to the use of an unverified tweet were upheld and the broadcaster had announced, on-air, the findings of the Committee.

The decisions of the Compliance Committee were also published and arising from this RTÉ had instigated and completed a review of the programme, a copy of which was made available to the Committee.

In late 2012, the Compliance Committee considered the necessity and desirability of instigating a statutory investigation into The Frontline Presidential Debate (as provided for under Section 53 of the Broadcasting Act 2009). The Committee decided that such an investigation was not warranted in respect of the programme for a number of reasons including the following:

- The programme had already been the subject of an examination by the Committee, further to the statutory complaints process;
- Elements of RTÉ's approach to news and current affairs had also been examined in the context of the statutory investigation instigated earlier in the year by the Committee into the Prime Time Investigates programme, "Mission to Prey";
- RTÉ had reviewed and revised its approach to the management and production of news and current affairs programming. A number of recommendations had also been made in respect of the production of any future election debates to be scheduled on RTÉ;
- The Committee was satisfied that RTÉ had taken significant steps to address the issues that had arisen from the production of this programme and had publicly committed to implementing these changes. The internal RTÉ investigation of the programme undertaken by Mr. Steve Carson and independent consultant, Mr. Rob Morrison, was deemed by the Committee to have been comprehensive and professional and it had satisfactorily addressed all relevant issues.

Public Service Broadcasters (PSBs) – Commitments, Performance and Funding

The Authority has a key role, as defined by the legislation, in advancing the accountability and transparency of public service broadcasters in their use of public funds. There are a number of responsibilities in this regard. Each year both RTÉ and TG4 are required to consult with the Authority and the Minister in relation to the commitments that they intend to make. These commitments form a benchmark against which the BAI is required to review and report to the Minister on the extent to which each public service broadcaster has met its public service commitments. In addition, the Authority is required, each year, to report to the Minister on the adequacy, or otherwise, of public funding for each public service broadcaster.

The Broadcasting Act also requires the BAI to carry out a comprehensive review, within three years of the passing of the 2009 Act, and every five years thereafter, of the adequacy of public funding for RTÉ and TG4. The aim of this five-year review is to take a more strategic, long-term approach to the needs of public service broadcasters, in the context of both national and international developments. Its outcomes serve to inform the Minister and the Government in determining the most appropriate level of funding required for both broadcasters.

Annual Statements of Performance Commitments ("ASPC") 2012

TG4 submitted its ASPC by the end of January, in line with statutory requirements. The Authority found that TG4 had made significant efforts to take the BAI's regulatory concerns into account, particularly in respect of measurable targets and the provision of contextual information. The Authority raised some concerns regarding TG4's capacity to deliver some commitments and highlighted the future benefit of including comparative data or a rationale for a change in commitments, in some instances. More generally, the Authority expressed some concern in relation to the service's declining market share and asked that this would be given further consideration by TG4 in the context of future commitments made.

In light of the significant change occurring in RTÉ at the time of setting commitments, the broadcaster submitted an interim set of commitments in March, supplemented by a revised document in August. The Authority made a range of suggestions to RTÉ in respect of its interim commitments, in order to more appropriately meet the Authority's regulatory needs. The Authority also took the opportunity to highlight key organisational developments planned by RTÉ which could have found useful expression in its commitments. Following further engagement on the issue, the Authority considered RTÉ's revised ASPC in quarter three and was satisfied that the document went some way toward facilitating the BAI's regulatory role. However, the Authority did express some concerns in respect of the nature, measurability and stretch of the commitments made, and particularly the manner in which commitments relating to the use of public funds were expressed. Considerable progress had been made on these issues by year-end.

Annual Reviews of Public Funding

The annual reviews of public funding were again undertaken on behalf of the BAI by Indecon International Economic Consultants.

■ TG4

In the case of TG4, the review of public funding found that the service had broadly achieved its programming commitments. The station's market share however remained a long-term challenge, while its commercial revenue continued to decline. Creativity and innovation were well supported by the broadcaster and the organisation remained broadly efficient and provided value for money.

No reduction in funding was recommended for TG4 in 2012. It was recommended that the broadcaster continue to pursue on-going cost efficiencies, setting specific targets for key elements. It was recommended that significant revisions be made to the nature and number of annual commitments. It was also suggested that TG4 consider and review its policy in respect of commercial revenue and programme acquisitions. The Authority did however acknowledge that this would be a policy matter for the broadcaster.

■ RTÉ

In the case of RTÉ, Indecon's review found that targets set for both TV and radio outputs were met. The broadcaster was successful in launching Saorview and maintaining radio and TV audiences. RTÉ continued to support new talent and creativity and the service continued to be dependent on public funding, against a continuing backdrop of falling commercial revenue.

Some issues were highlighted in respect of RTÉ's cost allocation methods and the comparability of data. It was Indecon's view that the broadcaster needed to urgently address its deficit, and apply additional cost savings, while considering the impact of such savings on the range of output and services. It was further recommended that a fundamental review of the nature of the commitments set by RTÉ should be conducted. No reduction in funding was recommended in respect of RTÉ.

Five-Year Review of Public Funding for Public Service Broadcasters

Work on the five-year review of public funding continued in 2012, with a procurement process which resulted in the appointment of Crowe Horwath as consultants on the project. A series of meetings were held between the consultants, the PSBs and members of BAI staff to outline expectations in respect of project deliverables. Meetings were also held with other stakeholders relevant to the five-year review.

Both public service broadcasters were required, as part of the five-year review process to provide for review and analysis, costed strategic plans, which set out the competitive market place in which they believed they would be operating; the programme and wider content plans they believed would best allow them to fulfil their PSB remit in such an environment; the funding they believed would be required to make these plans achievable; and, the efficiencies they could implement to ensure such funding went as far as possible.



In addition, both PSBs were asked to set out the ways in which they complied with the relevant European legislation which is intended to guard against the possibility of public money being used to cross-subsidise commercial activity, and to ensure that public-funded bodies operate in a way that does not unacceptably distort market opportunities for their competitors.

Considerable progress on the five-year review had been made by the end of the year and it was anticipated that a report would be ready for Ministerial consideration by the start of the second quarter of 2013.

Compliance

The BAI's approach to compliance has been developed over many years. The principal aims of compliance activity are to monitor broadcaster adherence to statutory codes and rules and to encourage and promote a culture of compliance within the broadcasting sector in Ireland, while providing safeguards for audiences. Compliance activity also informs key areas of work such as the awarding of licences and the development of codes and rules. Finally, compliance work provides useful information on overall industry trends.

On-going activity in the area of compliance in 2012 was primarily concerned with supporting the licensing activity of the Contract Awards Committee, through prioritising the monitoring of those contractors whose licences were scheduled to expire. In anticipation of the licensing process, and in line with Authority policy on the matter, a key objective was to ensure that monitoring and annual performance reviews had been conducted on a total of twenty-four services. A schedule for this work was drawn up and by year-end, monitoring had commenced on the services which had been included in Phase 1 of the Licensing Plan. As part of its responsibilities, the Compliance Committee was required to submit compliance reports to the Contract Awards Committee on each service scheduled for re-licensing.

Access Rules

The Broadcasting Act also requires that broadcasters are assessed for their compliance with the Access Rules. The BAI's Access Rules make a number of provisions to promote the understanding and enjoyment of programmes by persons who are deaf or hard of hearing and persons who are blind or partially sighted. Having launched revised Access Rules in May 2012, the compliance review was concerned with the achievement of targets for sub-titling, audio description and Irish Sign Language (ISL), across public service, commercial and community broadcasters.

In the case of the public service broadcasters, RTÉ was fully compliant with all subtitling requirements. Its subtitling was of a good quality and was consistently reliable. While targets in respect of audio description were not met, significant developments in this area were made. ISL targets were not met by the broadcaster. RTÉ also complied with the requirement to promote all access services and to meet and consult with user groups.

TG4's subtitling provisions were at the higher end of its target range. The broadcaster focussed on two quality issues in 2012 specifically, increasing the amount of English to English and Irish to Irish subtitles, particularly on children's programmes. Monitoring of captioning provided an indication of good quality and reliability. In common with RTÉ, TG4 met with user groups and promoted its access services.

Among the commercial broadcasters, TV3 and 3e did not meet their subtitling targets. TV3 met with user groups and established an e-mail service for all access issues, to facilitate user comment and feedback. Setanta Ireland's subtitling provision was in the mid-range of its target in 2012. While the service had limited engagement with user groups over the course of the year, a commitment was given to address this issue in 2013.

All community television services; DCTV in Dublin, CCTV in Cork and P5tv in Navan; exceeded their sub-titling targets. Both DCTV and P5tv met with user groups and while CCTV had not met or consulted with user groups, a commitment was given to hold such meetings in 2013.

Broadcaster	2012 Subtitling Target	2012 Subtitling Actual
RTÉ 1	78-83%	80%
RTÉ 2	53-60%	53%
TV3	39-43%	32%
TG4	36-42%	42%
3e	10-14%	6.5%
Setanta Ireland	6-8%	6.5%
DCTV	1%	3.14%
CCTV	1%	4.75%
P5tv	1%	12%
Broadcaster	2012 Audio Description Target	2012 Actual
RTÉ	1%	<0.2%
Broadcaster	2012 Irish Sign Language Target	2012 Actual
RTÉ	1%	<0.2%

On-Site Visits and Inspections

All licensed broadcasters are required to adhere to technical conditions laid down in their contracts. Technical audits are carried out in each year and 98 transmitter sites were inspected in 2012. The audits found 6 instances among five stations where technical parameters specified in the contractors' licences were not adhered to. Overall there was a high degree of contractual compliance.

Contractual Variations and Contract Awards

Part of the on-going work of the Authority is the consideration of requests for variations to contracts of broadcasters licensed by the BAI. These variations range from requests for changes to ownership and control; changes in management at the stations or submissions for changes to element's of a service's programme policy statement. The nature of the variation request determines whether a submission received by the BAI is considered at Executive or at Authority level.

During 2012 a range of contractual variations were considered and approved including:

- The sharing of specific services between Clare FM and Tipp FM;
- The approval of shareholding changes at Tipp FM, involving the sale of 56.2% shares held by the Irish Press Plc to a small group of existing shareholders in the service;

- Changes in respect of news provision by a number of Communicorp services;
- The approval of a revised transmission plan for the establishment of a quasi-national network for Spirit Radio, the Christian music-based service;
- Derogations from the statutory news and current affairs requirements for Phantom 105.2, Radio Nova and Beat 102-103.

The Broadcasting Act also provides that the Contract Awards Committee can recommend that the Authority enter into contracts for temporary sound broadcasting services and for content provision contracts. 29 such contracts were forwarded to the Authority for recommendation over the course of the year.

Finally, the Authority's decision-making framework provides that certain contractual variations can be undertaken at BAI Executive level. Typically these variations relate to changes in directorships, in addition to certain changes to programming. Over twenty such changes were approved at Executive level in 2012.

Other Contractual Matters-Raidió Pobal Inis Eoghain (Inishowen Community Radio)

During the course of 2012, a number of serious developments arose at the community radio station, Inishowen Community Radio, which resulted in the production, by Pobal of an audit report on the financial management of the station and the cessation of the funding agreement between Pobal and the station.

These matters were considered in detail by the Authority, having regard to the statutory provisions, existing licensing policy and, more generally, the continuation of a community service in the North Inishowen area.

In view of the serious nature of these issues, the Compliance Committee decided to initiate an investigation under section 50 of the Broadcasting Act. However, prior the commencement of the investigation, Raidió Pobal Inis Eoghain notified the BAI of its intention to cease broadcasting and to hand back its licence. The service ceased broadcasting in October 2012.



6

FACILITATING LEARNING AND DEVELOPMENT IN THE BROADCASTING SECTOR

In order to facilitate learning and development in the broadcasting sector, the BAI engages strategically with broadcasters and works in partnership with them to establish their development needs. Through learning and development, broadcasters' role within the wider media environment is strengthened.

Sectoral Development

Following a review in 2011, a new BAI Sectoral Learning and Development Policy was developed towards the end of that year and launched in the first quarter of 2012.

The new Policy provides a framework to enable the BAI to plan, support, measure and evaluate, from a strategic perspective, the continued growth of the sector, through a variety of training, learning and development activities and approaches within its statutory and strategic remit.

The policy also details a number of objectives, key among them:

- To contribute to the development of standards relating to governance, people and broadcasting outputs within the broadcasting sector, including the pursuance of accredited training and the continued professional development of individuals working in the sector;
- To co-operate with industry-specific representative bodies in order to promote training activities in areas of skill shortages in the broadcasting sector;
- To collect and disseminate information in relation to the skills requirements of the broadcasting sector with the aim of supporting industry networks and broadcasters to address the development needs of their respective members and employees;
- To collect, disseminate and monitor information on the broadcasting sector, both nationally and internationally;
- To undertake, encourage and foster research, measures and activities which are directed towards the promotion of media literacy, including co-operation with broadcasters, educationalists and other relevant persons;
- To provide industry networks and broadcasters with a framework that supports the most appropriate, effective and consistent operation of their development initiatives.

Work in partnership with broadcasters and other relevant stakeholders took place throughout the year to develop and implement a relevant strategy for developing and strengthening the sector. The Strategy, arising from Sectoral Learning and Development Policy, is based on key principles of the policy, notably measurement, evaluation and cross-network activities.

A sectoral development plan for 2012 sought to foster opportunities for networks to work together. In this regard, Learning Waves and AIRPI have struck up a strategic alliance for the supply of training courses.

Funding and Development Activities

Each year, the Authority approves a proposed workplan and budget for sectoral development events and activities. In 2012, a budget of €386,000 was allocated toward a number of core areas of delivery to the broadcasting sector, of which some €270,000 of support was specifically allocated towards the funding of industry networks. As part of the funding of the various networks and in order to enhance accountability in relation to how funding is utilised, each network is required to report on how funding provided by the BAI has been dispersed. There were a number of achievements of note among the networks in 2012.

CRAOL (Community Radio Forum)

Funding Allocation: €125,000

The funding provided by the BAI enabled representatives of CRAOL to participate in an EU-wide reference and training framework of job skills for community radio. The network held its annual training Féile in Athlone and organised accredited courses, workshops and training sessions for station managers, volunteers, trainers and board members, based on skills needs analysis. CRAOL also developed a 10-hour media literacy training course for member stations.

Learning Waves (training provider for the independent radio sector)

Funding Allocation: €45,800

Learning Waves provided coaching and mentoring sessions to presenters of various programmes within stations. The network conducted on-site station visits with breakfast programming teams to review programme content, structure and future developments, an initiative that was availed of by eight stations. Learning Waves also commenced work in partnership with AIRPI (Association of Independent Radio Producers in Ireland), facilitating the participation of AIRPI members on selected training courses.

CTA (Community Television Association)

Funding Allocation: €30,000

The CTA hosted its first Festival for Community Television in Ireland in 2012, with approximately 70 people attending the event over a two day period. CTA were also committed to engaging with the community through TV by hosting a variety of workshops.

Other recipients of funding in 2012 included AIRPI, Media Desk Ireland, Screen Producers Ireland, the Irish Hospital Radio Network and Screen Directors Guild Ireland.

Community Broadcasting Support Scheme

€36,000 of funding was made available through the Community Broadcasting Support Scheme and of the fifteen submissions received, nine were allocated funding. The funding assisted with a number of initiatives including the development of a three-year strategy and strategic workplan for Athlone Community Radio and WIRED FM respectively; external evaluations of West Dublin Access Radio and Phoenix FM and; audience-related research and issues surrounding community engagement for DCTV and Dundalk FM.

Media Literacy

Through its media literacy budget, the BAI provided funding to the Irish Film Institute to carry out a media literacy research project among 12-13 year olds. The research will review usage of media and technology and will introduce the participants to Irish media producers. The research commenced in September and was scheduled to conclude in Summer 2013.







PROMOTING RESPONSIBLE BROADCASTING AND EMPOWERING AUDIENCES

The BAI views responsible broadcasting as being a shared goal of broadcasters and the regulator. As well as committing to the on-going implementation and review of statutory Codes and Rules, a key objective for the BAI is to facilitate greater communication between broadcasters and audiences through the effective handling of the complaints process.

Advertising and Children: Diet and Nutrition Rules

The review of the diet and nutrition rules contained in the Children's Commercial Communications Code continued to be a key area of focus for the Authority in 2012, including a second phase of public consultation, which took place at the end of March.

The consultation was primarily focussed on the approach to be taken to the regulation of commercial communications for foods high in fat, salt and sugar (HFSS foods). The draft rules impacted on both the Children's and General Commercial Communications Codes and as a result, a consultation on revisions to both Codes was required.

The new draft rules were informed by the significant number of submissions received through the first phase of consultation undertaken in 2011. There were a range of proposals contained in the draft Children's Commercial Communications Code, regarding children's commercial communications for HFSS foods specifically that these types of commercial communication **should not**:

- be permitted in children's programmes, as defined by the Code;
- include celebrities or sports stars;
- include programme characters;
- include licensed characters e.g. characters and personalities from cinema releases;
- contain health or nutrition claims;
- include promotional offers.

In addition, a proposed revision to the General Commercial Communications Code proposed the limiting of commercial communications for HFSS foods to no more than 25% of sold advertising time. In addition to this, the consultation further proposed that only one in four advertisements for HFSS products would be permitted across the broadcast day. The Authority also invited views on the use of a Nutrient Profiling Model as a tool for defining HFSS foods, based on their nutrients.

The Authority considered the outcomes of the consultation process and a range of related regulatory issues in quarter four. Its deliberations were assisted by the expert independent analysis of Lynn Stockley Associates and Empirica.

The Authority was satisfied to adopt the principle of a Nutrient Profiling Model. It also decided to exclude cheese when applying the model, in light of the range of issues raised through the consultation process. In reaching this decision, the Authority had regard to the Department of Health's recommendation to exclude cheese when applying the Nutrient Profiling Model, given the associated health benefits, and the cultural significance of cheese in an Irish context.

The Authority also considered whether a statutory, co-regulatory or self-regulatory approach should be adopted to implementing this aspect of the Code. It was decided that, in the light of the introduction of new rules in this area, direct statutory regulation was preferable for the foreseeable future.

Finally, with regard to volume restriction, the Authority adopted a restriction on commercial communications for HFSS foods of 25% of sold airtime and/or 1 in 4 advertisements across the total broadcast day.

By year-end, the Code was in the process of being finalised and a launch was anticipated for the first half of 2013.

Access Rules

Having undertaken a public consultation in 2011, revised Access Rules were published by the BAI in May 2012. A number of changes to the Rules were introduced, including:

- The Rules are now more explicitly focussed not just on the quantity or percentage achieved, but also on the service quality and reliability;
- In contrast to the previous rules, whereby discussions with broadcasters were focussed on retrospective compliance, under the new Rules, broadcasters will now meet with BAI staff annually to put forward their plans for the forthcoming year, addressing issues of targets, reliability, quality and approaches to the promotion of access services and consultations with user groups.

In addition to the changes detailed above, the BAI also established a User Consultative Panel. This panel consists of service users who assist the BAI in its assessment of compliance with the Rules and statutory reviews of the rules on a biennial basis. The User Consultative Panel met for the first time in December to discuss its terms of reference and to agree how the Panel would operate in the future.

Rules on advertising and teleshopping (Daily and Hourly Limits)

In 2010, the BAI revised its rules on Advertising and Teleshopping, and permitted an increase in advertising limits for commercial television stations. At that time it was agreed that a review of the impact of the rule change would be undertaken after twelve months.

In 2012, the Authority considered the findings of a report, prepared by KPMG, reviewing the impact of the new rules. The Authority noted that a definitive view on the impact of the rule change was difficult in the context of the current economic climate and at such an early stage of implementation. It was decided therefore to review the impact of the rule change over a longer period of time and the rule would be reviewed in the context of the statutory review of the General Commercial Communications Code, scheduled to be undertaken in 2014.

Informing, Educating and Empowering Audiences

Facilitating greater communication between broadcasters and audiences through an effective complaints handling process is a key strategic objective for the BAI. People have the right to critique broadcasting content and to challenge broadcasting outputs through the provision of feedback directly to broadcasters and through the BAI's complaints process.

Each broadcaster operates a Code of Practice for Handling Complaints and details of the processes operated are available on the broadcasters' websites. Anyone dissatisfied with content that they see or hear on television or radio can complain to the broadcaster in the first instance. Where a complainant is not satisfied with the outcome of a broadcaster's decision, they can complain to the BAI. The BAI has two mechanisms for dealing with complaints. The first is the Executive Complaints Forum (ECF), which gives initial consideration to certain types of complaints, in accordance with the framework set down by the Compliance Committee. The second mechanism is consideration of a complaint by the Compliance Committee.

The BAI formally processed 135 complaints in 2012. 25 of the complaints received were resolved to the complainant's satisfaction, on receipt of a response from the broadcaster. Of the remaining 114 complaints, 5 were deemed to be invalid; 3 were withdrawn and 43 were resolved at ECF level. The remaining complaints were brought forward for consideration by the Complaints Committee. Of these, 1 was resolved; 22 were upheld; 7 were upheld in part and 26 were rejected. Decisions in respect of 3 complaints were outstanding at year-end.

There can be instances where a complainant is dissatisfied with the outcomes of a complaint process. In 2012, the BAI was judicially reviewed by one such complainant. The case was dismissed by the High Court and costs were awarded to the BAI.

Table outlining complaint handling by the BAI in 2012.

Complaints carried over from 2011	Status
Resolved at ECF	7
Withdrawn/Anonymity	0
Rejected	4
Upheld	10
Upheld in Part	0
Total	21

Complaints processed in 2012 by Complaint Category	
On-demand Audio Visual Services (ODAS)	3
Fairness, Objectivity and Impartiality	71
General Commercial Communications Code	41
Law and Order; Privacy of an Individual	0
Code of Programme Standards	20
Total	135

Complaint Outcomes	
Resolved	25
Resolved at ECF	43
Withdrawn/Anonymity	1
Withdrawn by Complainant	2
Invalid complaint	5

Complaints considered by the Compliance Committee	
Resolved	1
Upheld	22
Upheld in part	7
Rejected	26
Complaints outstanding	3
Total	135

BAI Code on Referendum and Election Coverage

The BAI introduced a Code on Election and Referendum Coverage in 2011. In developing a new Code of Fairness, Objectivity and Impartiality in News and Current Affairs, the Authority proposed that the Code, once implemented, would include a general provision requiring broadcasters to adhere to any Guidance issued from time to time, in respect of the coverage of elections and referenda.

In the interim, the BAI continued to operate its Code on Election and Referendum Coverage and in September broadcasters were reminded of their duties under the Code, in advance of the Children's Referendum, which took place on November 10th. In light of the nature of the referendum, the BAI held meetings with the broadcasters to brief them on the scope and applicability of the Code, in addition to providing responses to individual queries.

The Right of Reply Scheme

The Right of Reply Scheme came into effect in 2011. Set within the terms outlined in the Broadcasting Act 2009, the Scheme provides a mechanism for a person to seek the correction of incorrect facts or information which has been broadcast about him/her, where the item(s) broadcast has impugned that person's honour or reputation.

No request for a Right of Reply under the Scheme was received during 2012.

8

GOVERNANCE AND
ORGANISATIONAL
DEVELOPMENT

Developing the BAI as an agile, effective and professional public service organisation

The BAI's organisational structure, involving an Authority and two statutory committees, requires a robust governance and resource framework to ensure that the organisation operates effectively and efficiently. This section of the Annual Report is concerned with providing an overview of organisational developments during the year, reporting on the activities of the Finance Audit and Risk Committee and detailing progress made in respect of commitments under the Croke Park Agreement.

Functioning of Authority and Statutory Committees

Each year, the organisation carries out an annual review of the functioning and performance of the Authority, as required under the Code of Practice for the Governance of State Bodies. The Authority met to review its functioning and performance in November. As part of the meeting, the Authority considered the organisation's progress to date against the Statement of Strategy and was satisfied that almost all elements would be delivered on by the end of 2013. Consideration was also given to the implementation of various aspects of the statute and whether legislative amendments were warranted and should be recommended to the Minister for Communications, Energy and Natural Resources. Arising from these discussions, it was agreed that dialogue between the BAI and the Department should be progressed in order to further enhance the application of the legislation.

Meetings of the Chairs of the Authority, Contract Awards Committee and Compliance Committee were held on a quarterly basis and matters discussed included the strategy and work-plan, resource supports, corporate governance matters and communications between the Authority and Committees.

The BAI also adhered to all Statutory and Code of Practice governance obligations, including ensuring that financial reporting and the submission of three year estimates were fulfilled.

Finance, Audit and Risk Committee (FAR)

The FAR committee was established as a committee of the Authority in 2010 and has a range of responsibilities encompassing systems of internal control, external and internal audit, risk management and financial control. Under its Terms of Reference, the Committee is required to brief the Authority not less than four times a year in respect of its various duties. Its terms of reference are reviewed on a yearly basis to ensure that they remain current and relevant.

The FAR Committee met eight times in 2012 and considered a range of matters, an overview of which is provided below:

Finance

The Committee continued to play a central role in relation to the review of the organisation's monthly management accounts and general oversight of the financial affairs of the organisation. It also considered the unaudited and audited financial statements and the half-yearly statements of the Broadcasting Authority of Ireland and the Broadcasting Fund and presented and recommended their adoption to the Authority. The organisation's three year estimates were also discussed and approved by the Committee for recommendation to the Authority.

Audit

The Committee oversees external and internal audit. A clean audit report for 2011 was received from the C&AG for both the BAI and the Broadcasting Fund. A number of internal audits were progressed in 2012, in line with the BAI's three-year internal audit plan. Members of the Committee considered the outcomes of internal audits on Financial Planning and Management and on BAI compliance with the Code of Practice for the Governance of State Bodies. Audits in respect of Internal Financial Controls, the Broadcasting Complaints Process and Technical Monitoring were progressed and substantially completed by year-end.

Risk

The BAI utilises a risk-based approach to identify and prioritise risks, the actions required to manage them and the resources available to implement required actions. Risks are reviewed on an on-going basis by the FAR Committee. A significant review of the BAI Risk Register was undertaken in the third quarter of 2012, which resulted in the identification of a number of priority risks. The FAR considered and recommended to the Authority a complete, updated risk register in the latter part of the year.

Treasury Management

Having reviewed and made recommendations in respect of the BAI's Investment Policy in 2011, the FAR had recourse to a further revision of the Policy in 2012, which it recommended to the Authority. The FAR also continued its role in respect of treasury management and investment review over the course of the year.

Levy Review

During the year the FAR Committee played a key role in progressing the review of the BAI Levy and presenting a series of recommendations to the Authority for approval. By year-end, the review of the implementation of the Levy Scheme was completed and it was anticipated that recommendations arising would continue to be implemented in 2013.

Strategy Statement and Work Planning

In devising its workplan for 2012, the organisation identified five priority areas where resources would be concentrated. The areas of priority were informed by legislative, administrative and reputational concerns and included the 5-year Review of Public Funding for Public Service Broadcasters; Sound & Vision II (incorporating the operation of the Scheme and the statutory review); implementation of the BAI Licensing Plan; Section 53 Investigation and; the IT Strategy. The BAI's workplan also incorporated a range of other operational areas requiring implementation. The workplan was subject to mid-year and year-end reviews by the Authority, in addition to monthly and quarterly reviews of progress at senior management level. By year-end, the Authority was satisfied that the three-year workplan had been significantly advanced in 2012, in accordance with the BAI Strategy Statement.

Public Service Agreement 2010-2014

Under the terms of the Public Service (Croke Park) Agreement 2010-2014, the BAI has made a range of commitments with the aim of improving its human resource management, its business processes and its service delivery to the citizen. The BAI reports on progress against commitments to the Department of Communications, Energy and Natural Resources every six months. In addition, and in common with all public service agencies, the BAI is committed to detailing progress in its Annual Reports.

Better Human Resource Management Performance Management and Development

The BAI is committed to ensuring that its approach to performance management results in increased staff commitment and optimum usage and development of the skills and competencies available to the organisation.

The organisation launched its revised Performance Management and Development Policy in Quarter 2. A comprehensive implementation plan was rolled out, including workshops and training for all grades. In addition, a series of engagement surveys were carried out with staff to ensure consistent application of the policy.

Better Business Processes

IT Initiative

The BAI three-year IT Strategy has been designed to achieve a more technology-driven service, delivering significantly increased efficiency of operations and enabling the effective deployment of resources.

The priority in 2012 was to complete the user-take on and full roll-out of the Sound & Vision module of the CRM solution.

By the end of 2012, user testing on the three key processes in the Sound & Vision module and data migration was completed. The module went live internally in late 2012 and a number of pilot user take-ons were conducted in the final two rounds of Sound & Vision in 2012. A roll-out plan for full user take-on was developed and implementation commenced prior to year-end. Given the significant time and investment in the IT initiative, the BAI committed itself to an interim review of its IT Strategy in order to assess priorities in the context of the BAI Workplan for 2013 and the development of the BAI Strategy Statement 2014-16.

Strategic Review of Internal Data

As part of its Strategy Statement, the BAI committed to undertaking a strategic review of internal data to identify information routinely requested of broadcasters, in addition to analysing industry and other data critical to the BAI's regulatory functions. The first phase of this three-year project was an internal audit of data which was completed after an extensive staff survey. Key data and information being used by the BAI were identified during this process. Progress was delayed in the second half of 2012 due to resource constraints and the re-prioritisation of other activities. The project was identified as a priority in 2013 and resources were allocated to ensure progress.

Risk

The BAI's Risk Register is reviewed and monitored on an on-going basis by the Finance, Audit and Risk Committee. As part of the work-planning process undertaken in late 2012 for the 2013 period, staff were required to identify risks relating to each project and operational area and these were added to the risk register.

Commitment to Address Savings in Energy Costs

As part of its commitment to address savings in energy costs, the BAI commissioned a report, through its facilities contractor, to identify areas of energy loss on the BAI's premises. In addition, a number of staff in the BAI have formed an environmental sub-committee, to work in conjunction with the organisation, in contributing to increased energy savings. It is envisaged that the energy report generated will highlight a range of activities for consideration and implementation by the organisation over the next 12-24 months.

Delivering for the Citizen

The BAI continued to further develop the manner in which it engages with the citizen and regulated entities during the year period. The BAI considerably developed its usage of social media as a tool for engagement. A YouTube channel was established and a signed version of the Access Rules was published on this channel. The BAI actively used Twitter and Facebook to promote its work and engagement with its processes over the course of the year. The BAI website continues to develop and 2012 saw the addition of a 'subscribe' function with in excess of 600 subscribers receiving notifications and updates on a regular basis by year-end.

PPI/BAI Hall of Fame

In 2012, the PPI Radio Awards Committee decided to introduce the "Hall of Fame" category to the existing PPI Radio Awards programme. The PPI Committee felt that the "Hall of Fame" added significantly to the Awards process and was an appropriate way of recognising long term service to radio.

A "Hall of Fame" plaque is commissioned for each inductee and these plaques hang in a gallery on the walls of the BAI offices. Each recipient of the "Hall of Fame" Award receives a personal framed certificate.

In its inaugural year, the seven existing recipients of the Outstanding Achievement Award were inducted into the "Hall of Fame", along with four new inductees.

The "Hall of Fame" gallery was opened at a promotional event at the BAI offices on 14th November 2012 with recipients, family members, friends and members of the press in attendance.





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|----------------------------|-------------------------|
| 1 Gay Byrne | 6 Mario Rosenstock |
| 2 Séan Ban Breathnach | 7 Jimmy Magee |
| 3 Candy Devine | 8 Morah and Lottie Ryan |
| 4 Des Whelan | 9 Group photo |
| 5 Michéal Ó Muircheartaigh | 10 Larry Gogan |

FINANCIAL STATEMENTS

For the year ended 31st December 2012

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Statement of Responsibilities

Pursuant to the terms of the Broadcasting Act 2009 (the Act), the Broadcasting Authority of Ireland (BAI) is responsible for preparing financial statements for the year 1st January 2012 to 31st December 2012, so as to give a true and fair view of the state of affairs of the Broadcasting Authority of Ireland as at 31st December 2012 and of its income and expenditure for the year then ended.

In preparing those financial statements, the Authority is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Authority will continue in operation;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Broadcasting Authority of Ireland is responsible for:

- Keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Authority and enable it to ensure that the financial statements comply with section 37(2) of the Schedule to the Broadcasting Act 2009 and are in a form approved by the Minister for Communications, Energy and Natural Resources after consultation with the Minister for Finance.
- Safeguarding the assets of the Broadcasting Authority of Ireland and taking reasonable steps for the prevention and detection of fraud and other irregularities.



Bob Collins
Chairperson

25/9/13



Michelle McShortall
Member of Authority

Statement on Internal Financial Control

Responsibility for System of Internal Financial Control

On behalf of the Broadcasting Authority of Ireland, I acknowledge the Authority's responsibility for ensuring that an effective system of internal financial control is maintained and operated as required under the Code of Practice for the Governance of State Bodies.

The system can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and material errors or irregularities are either prevented or would be detected in a timely period.

Key Control Procedures

The Authority has taken steps to ensure an appropriate control environment by:

- Clearly defining management responsibilities
- Establishing formal procedures for reporting significant control failures and ensuring corrective action.

The Authority has established processes to identify and evaluate business risks by:

- Identifying the nature, extent and financial implication of risks facing the body, including the extent and categories which it regards as acceptable
- Assessing the likelihood of identified risks occurring
- Assessing the Authority's ability to manage and mitigate the risks that do occur.

The system of internal financial control is based on a framework of regular management information, administrative procedures including segregation of duties, and a system of delegation and accountability. In particular it included:

- A comprehensive budgeting system with an annual budget which was reviewed and agreed by the Authority
- Regular reviews by the Authority of periodic and annual financial reports, which indicated financial performance against forecasts
- Setting targets to measure financial and other performance
- Clearly defined capital investment control guidelines.

Statement on Internal Financial Control

An internal audit function is operated, the work of which is informed by analysis of the risk to which the body is exposed. The annual audit plan is based on this analysis.

The Authority's monitoring and review of the effectiveness of the system of internal financial control was informed by the work of the internal auditor, the Finance, Audit & Risk Committee which oversaw the work of the internal auditor, the executive managers within the Broadcasting Authority of Ireland who had responsibility for the development and maintenance of the financial control framework, and comments made by the Comptroller and Auditor General in his management letter or other reports.

Annual Review of Controls

I confirm that for the year ended 31st December 2012, the Authority conducted a review of the effectiveness of the system of internal financial control.

Signed on behalf of the Broadcasting Authority of Ireland.



Bob Collins
Chairperson

25/9/13

Report of the Comptroller and Auditor General

Broadcasting Authority of Ireland

I have audited the financial statements of the Broadcasting Authority of Ireland for the year ended 31 December 2012 under the Broadcasting Act 2009. The financial statements, which have been prepared under the accounting policies set out therein, comprise the statement of accounting policies, the income and expenditure account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement and the related notes. The financial statements have been prepared in the form prescribed under Section 37 of the Act, and in accordance with generally accepted accounting practice in Ireland.

Responsibilities of the Authority

The Authority is responsible for the preparation of the financial statements, for ensuring that they give a true and fair view of the state of the Broadcasting Authority of Ireland affairs and of its income and expenditure, and for ensuring the regularity of transactions.

Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the financial statements and report on them in accordance with applicable law.

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation.

My audit is carried out in accordance with the International Standards on Auditing (UK and Ireland) and in compliance with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements, sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the Authority's circumstances, and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made in the preparation of the financial statements, and
- the overall presentation of the financial statements.

I also seek to obtain evidence about the regularity of financial transactions in the course of audit.

In addition, I read the Authority's annual report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the Financial Statements

In my opinion, the financial statements, which have been properly prepared in accordance with generally accepted accounting practice in Ireland, give a true and fair view of the state of the Authority's affairs at 31 December 2012 and of its income and expenditure for 2012.

In my opinion, proper books of account have been kept by the Authority. The financial statements are in agreement with the books of account.

Matters on which I Report by Exception

I report by exception if

- I have not received all the information and explanations I required for my audit, or
- my audit noted any material instance where money has not been applied for the purposes intended or where the transactions did not conform to the authorities governing them, or
- the information given in the Authority's annual report is not consistent with the related financial statements, or
- the Statement on Internal Financial Control does not reflect the Authority's compliance with the Code of Practice for the Governance of State Bodies, or
- I find there are other material matters relating to the manner in which public business has been conducted.

I have nothing to report in regard to those matters upon which reporting is by exception.

Patricia Sheehan
For and on behalf of the
Comptroller and Auditor General
9 October 2013

Statement of Accounting Policies

Accounting Convention

The Financial Statements for the Authority, which are in the form approved by the Minister for Communications, Energy and Natural Resources with the consent of the Minister for Finance, have been prepared on an accruals basis, except as stated below, under the historical cost convention and in accordance with Generally Accepted Accounting Principles. Financial reporting standards recommended by the recognised accountancy bodies are adopted as they become applicable. The unit of currency in which the financial statements are denominated is the Euro.

Levy Income

The Authority's main source of income is generated from levies raised on public service broadcasters and broadcasting contractors as required under Section 33(1) of the Broadcasting Act 2009. The levy is used to fund the expenses of the operation of the Authority and the statutory committees and is based on budgeted expenditure for a given financial year.

Under Section 33(5) of the Broadcasting Act 2009, any surplus of levy income over the expenses incurred by the Authority in the discharge of its functions relevant to that levy in a particular financial year shall either be retained by the Authority to be offset against levy obligations for the subsequent year, or be refunded proportionately to the providers of broadcasting services on whom the levy is imposed.

The basis of the calculation of the levy is detailed in the Broadcasting Act 2009 (Section 33) Levy Order 2010.

Licensing Fee Income

Further to the provisions of the Broadcasting Act 2009, the Authority is responsible for the awarding of contracts for television and radio services on a variety of platforms. In general, the Authority enters into two kinds of contracts with broadcasting operators as follows:

- Broadcasting Contracts
- Content Provision Contracts

Licensing fees may be payable by applicants for contracts and by contractors to the BAI pursuant to the statutory provisions. Such fees may vary from time to time in line with the Authority's policies and strategies.

Other Income

Other Income is brought to account over the period to which it relates.

Leasing

Rental payments under operating leases are dealt with in the Income and Expenditure Account as incurred.

Statement of Accounting Policies

Fixed Assets & Depreciation

Depreciation is provided in respect of all tangible fixed assets and is calculated to write down the cost of each asset to its estimated residual value over its estimated useful life by equal annual instalments as follows:

- Computer Equipment	33%
- Office Equipment	20%
- Fixtures and Fittings	10%
- Leasehold Improvements	10%
- Audio/Technical Equipment	33%
- Motor Vehicles	25%

A rate of 10% has been provided for in respect of improvements carried out to the Authority's offices at 2-5 Warrington Place as it is envisaged that the Authority will retain its tenure on these offices without the need for significant improvement for at least 10 years. The lease on these premises expires in 2021.

Capital Account

The Capital Account represents the unamortised amount of income used to purchase fixed assets.

Pensions

The Broadcasting Authority of Ireland operates a defined benefit pension scheme. The Authority has an arrangement with the Department of Communications, Energy & Natural Resources (DCENR) under which the Authority will be reimbursed all monies required to settle the pension obligations when they fall due. In return, the Authority is required to pay DCENR an amount equal to employee contributions for the year plus an employer contribution at rates set by the Department of Finance.

Pension costs comprise the employer's contribution in respect of the year.

Pension liabilities represent the present value of future pension payments earned by staff to date. An asset, equal in amount to this liability and which represents the amounts to be reimbursed in future periods by DCENR for pensions as they fall due for payment, is recognised based on the pension funding arrangement in place.

Pension scheme liabilities represented by the present value of future pension payments earned by Authority staff to date are measured on an actuarial basis using the projected unit method. Pension costs reflect pension benefits earned by Authority staff in the period and are shown net of employee pension contributions, which are retained by Department of Communications, Energy and Natural Resources. The amount to be included in the financial statements for the Deferred Exchequer Pension Funding amount is estimated at an equal amount to the estimate of the obligation for the pension scheme liabilities.

Actuarial gains or losses arising from changes in actuarial assumptions and from experience surpluses and deficits are recognised in the Statement of Total Recognised Gains and Losses for the year in which they occur and a corresponding adjustment is recognised in the balance for Deferred Exchequer Pension Funding.

Taxation

The Authority is not liable for Corporation Tax. Income raised by the Authority is subject to VAT.

Income and Expenditure Account

For the year ended 31st December 2012

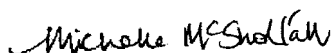
	Note	2012 €'000	2011 €'000
Income			
Levy	1	4,998	5,602
Licensing Fees	2	3	5
Other Income	3	952	506
Gross Income		5,953	6,113
Transfer from/(to) Capital Account	14	269	334
		6,222	6,447
Expenditure			
Staff Costs	4	2,123	1,571
Pension Costs	18(c)	266	208
BAI Members Fees	16	111	111
Consultancy Fees	5	559	545
Legal Expenses		259	83
Advertising		73	43
Administrative Expenses	6	354	423
Auditors' Remuneration		12	11
Grant & Development Payments	7	406	426
Premises & Related Expenses	8	884	923
Depreciation		272	373
		5,319	4,717
Surplus Income over Expenditure		903	1,730
Refund of Levy	1	(820)	(1,896)
Surplus/(Deficit) after Refund of Levy		83	(166)
Balance at the beginning of the year		576	742
Balance at the end of the year		659	576

The Statement of Accounting Policies and Notes 1–19 form part of these Financial Statements.

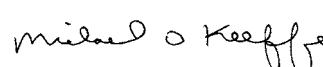
The Financial Statements were approved by the Authority on the 10th June 2013 and signed on its behalf by:



Bob Collins
Chairperson



Michelle McShortall
Member of Authority



Michael O'Keeffe
Chief Executive

25/9/13

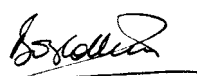
Statement of total Recognised Gains and Losses

For the year ended 31st December 2012

	2012 €'000	2011 €'000
Surplus/(Deficit) after Refund of Levy	83	(166)
Experience gains/(losses) on pension scheme liabilities	622	98
Changes in assumptions	(223)	(533)
Adjustment to deferred Exchequer pension funding	(399)	435
Total Recognised gain for the year	83	(166)

The Statement of Accounting Policies and Notes 1–19 form part of these Financial Statements.

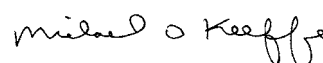
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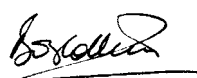
Balance Sheet

As at 31st December 2012

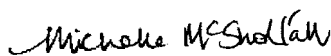
	Note	2012 €'000	2011 €'000
Fixed Assets			
Tangible Fixed Assets	9	141	410
Current Assets			
Debtors	10	1,803	1,374
Cash at Bank and on Hand		324	1,573
Short Term Deposits	11	276	1,508
		2,403	4,455
Current Liabilities			
Creditors (amounts falling due within one year)	12	1,444	3,879
Loan Facility	13	300	0
		1,744	3,879
Net Current Assets		659	576
Deferred Pension Asset	18	5,306	5,165
Pension Liabilities	18	(5,306)	(5,165)
Net Assets		800	986
Represented by:			
Income and Expenditure Account		659	576
Capital Account	14	141	410
		800	986

The Statement of Accounting Policies and Notes 1–19 form part of these Financial Statements.

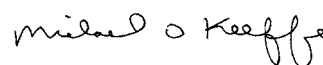
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25/9/13

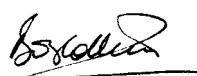
Cashflow Statement

For the year ended 31st December 2012

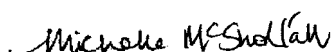
	2012 €'000	2011 €'000
Reconciliation of Operating Surplus/(Deficit) to Net Cash flow from Operating Activities		
Surplus/(Deficit) for the Year	83	(166)
Returns on Investments	(18)	(10)
Depreciation Charge	272	373
Transfer (from)/to Capital Account	(269)	(334)
(Increase)/Decrease in Debtors	(429)	(212)
Increase/(Decrease) in Creditors	(2,435)	1,409
Net Cash (Outflow)/Inflow from Operating Activities	(2,796)	1,060
Cashflow Statement		
Net Cash (Outflow)/Inflow from Operating Activities	(2,796)	1,060
Return on Investments		
Interest Received	18	8
Capital Expenditure		
Payments to Acquire Tangible Fixed Assets	(3)	(39)
Management of Liquid Resources		
Loan Drawdown/(Repayment)	300	(500)
Withdrawn/(Invested) in Short-term Deposits	1,232	(1,508)
(Decrease)/Increase in Cash Balances	(1,249)	(979)

The Statement of Accounting Policies and Notes 1–19 form part of these Financial Statements.

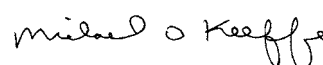
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Bob Collins
Chairperson



Michelle McShortall
Member of Authority



Michael O'Keeffe
Chief Executive

25/9/13

Notes to the Financial Statements

For the year ended 31st December 2012

1. Levy

Section 33 of the Broadcasting Act 2009 requires the Authority to recoup the expenses properly incurred by the Authority and the statutory committees in the performance of their functions through the imposition of a levy or charge on public service broadcasters and broadcasting contractors. The terms of this Levy, including method of calculation, are set out in Statutory Instrument No.7 of 2010, Broadcasting Act 2009 (Section 33) Levy Order 2010 (the 'Levy Order').

On 22nd January 2010, in exercise of the powers conferred on it by Section 33 of the Broadcasting Act 2009, the Authority published the Levy Order. The Levy Order came into operation on the 17th January 2010.

The amount levied on broadcasters in 2012 was €4,998,000. This amount was based on the Authority's budgeted expenditure for levy purposes for 2012 and broadcasters' qualifying income for 2011. Each year the Authority conducts a levy reconciliation to compare the amount levied on broadcasters against the actual levy charge. This reconciliation is carried out when the 2012 Authority expenditure for levy purposes has been approved and broadcasters have provided their actual qualifying income for 2011. Broadcasters are subsequently issued with an invoice or a credit note for this adjustment.

The levy reconciliation processes for 2010 and 2011 were carried out during 2012; the total levy refunded to broadcasters was €1,896,000. This amount was recognised in the 2011 Financial Statements. A refund of €820,000 is due to broadcasters in respect of the 2012 levy year.

2. Licensing Fees

	2012	2011
	€'000	€'000
Commercial Radio	0	0
Other Radio	0	0
Television	3	4
Other	0	1
	3	5

3. Other Income

	2012	2011
	€'000	€'000
Deposit Interest Income	16	10
Rental Income	39	51
Other Income	897	445
	952	506

Other income in 2012 includes €488,000 relating to staff costs which is recharged to the Broadcasting Fund. In 2011, staff costs expenditure was shown net of amounts recharged, and as a result there is no corresponding figure in other income.

Notes to the Financial Statements

For the year ended 31st December 2012

4. Staff Costs

	2012	2011
	€'000	€'000
Wages and Salaries	2,000	1,481
Social Welfare Costs	123	90
	2,123	1,571

Pension related deductions (PRD) of €98,163 were made from staff salaries during the year and were submitted to the Department of Communications, Energy and Natural Resources (DCENR).

In 2012 staff costs include €488,000 which is recharged to the Broadcasting Fund and is recognised in Other Income. In 2011 Staff costs are net of the staff costs recharged to the Broadcasting Fund of €489,000.

A number of persons (7) working in the BAI are employed by agencies. The gross cost to the BAI in respect of the agency personnel in 2012 was €410,000.

The average number of persons employed by the Authority during the year was as follows:

	2012	2011
Management	17	17
Administration	20	21
	37	38
Actual Full Time Equivalent	30.86	32.10
Employment Control Framework (ECF)	36	36

5. Consultancy Fees

	2012	2011
	€'000	€'000
Auditing & Monitoring	45	36
Policy, Codes and Rules	321	175
General Consultancy	193	334
	559	545

Notes to the Financial Statements

For the year ended 31st December 2012

6. Administrative Expenses

	2012	2011
	€'000	€'000
Travel & Subsistence	44	45
Human Resources	37	23
Telephone & Postage	49	49
Office Expenses	121	185
Professional Affiliations & Subscriptions	26	29
Information Technology	77	92
	354	423

In 2012, foreign travel of €11,622 is included in Travel & Subsistence costs. Staff-related costs of €16,953 are included in Office Expenses.

7. Grant & Development Payments

	2012	2011
	€'000	€'000
Network Funding	289	322
Sponsorship	117	104
	406	426

8. Premises & Related Expenses

	2012	2011
	€'000	€'000
Rent, Rates, Service Charges & Building Maintenance	775	818
Security & Cleaning	85	84
Light & Heat	24	21
	884	923

Rental expenditure included above relates to lease payments on two buildings. Details are set out in Note 17. One of these buildings was vacant for five months during 2012 resulting in non-effective expenditure of €78,500.

Notes to the Financial Statements

For the year ended 31st December 2012

9. Tangible Fixed Assets

	Total €'000	Computer Equipment €'000	Office Equipment €'000	Fixtures & Fittings €'000	Leasehold Improvements €'000	Technical Equipment €'000	Motor Vehicle €'000
Cost							
At 31.12.2011	4,142	516	111	681	2,597	177	60
Additions	3	3	0	0	0	0	0
Disposals	(176)	(141)	(26)	0	0	(9)	0
At 31.12.2012	3,969	378	85	681	2,597	168	60
Depreciation							
At 31.12.2011	3,732	492	94	553	2,359	174	60
Charge for Year	272	16	6	67	182	1	0
Disposals	(176)	(141)	(26)	0	0	(9)	0
At 31.12.2012	3,828	367	74	620	2,541	166	60
Net Book Value							
At 31.12.2012	141	11	11	61	56	2	0
At 31.12.2011	410	24	17	128	238	3	0

Following a reconciliation of the assets recorded in the Fixed Asset Register to the physical assets on site, assets which were not identified were recorded as disposed. These assets had a net book value of nil.

10. Debtors

	2012 €'000	2011 €'000
Debtors	1,386	676
Prepayments	196	202
Broadcasting Fund	183	481
Others	38	15
	1,803	1,374

11. Short Term Deposits

	2012 €'000	2011 €'000
Balance at 1st January	1,508	0
Additions	0	1,508
Withdrawals	(1,232)	0
Balance as at 31st December	276	1,508

Notes to the Financial Statements

For the year ended 31st December 2012

12. Creditors (amounts falling due within one year)

	2012	2011
	€'000	€'000
Trade Creditors	75	57
Levy Refundable to Broadcasters	820	2,893
Superannuation Contributions repayable to DCENR	0	343
Accruals	229	238
Revenue Commissioners	301	326
Others	19	22
	1,444	3,879

13. Loan Facility

During 2012 pursuant to Section 35 of the Broadcasting Act 2009, the Authority obtained sanction for a loan facility of €1 million with the National Treasury Management Agency. This facility was required to allow the Authority to manage its cashflow requirements arising as a result of differences in the timing of receipt of levy income (which is invoiced quarterly) and its costs which are due for payment throughout the year. An amount of €300,000 was drawn down on 20th December 2012.

14. Capital Account

	2012	2011
	€'000	€'000
Balance as at 1st January	410	744
Transfer to/(from) Income and Expenditure Account:		
Funding of Asset Additions	3	39
Amortisation in line with Asset Depreciation	(272)	(373)
Transfer to/(from) Income and Expenditure Account	(269)	(334)
Balance as at 31st December	141	410

Notes to the Financial Statements

For the year ended 31st December 2012

15. Chief Executive's Remuneration

By letter of 13th October 2009, the Minister for Communications, Energy and Natural Resources appointed the Chief Executive of the BCI, Mr. Michael O'Keeffe, to the position of Interim Chief Executive of the Broadcasting Authority of Ireland, pursuant to Section 14(7) of the Broadcasting Act 2009. The appointment was for a period of one year, commencing on 1st October 2009 and ending on 30th September 2010. A contract of employment covering this period was entered into by the Interim Chief Executive and the Broadcasting Authority of Ireland on 15th February 2010.

By letter dated 30th September 2010, the Minister for Communications, Energy and Natural Resources, approved in principle the appointment of the Interim Chief Executive to the position of Chief Executive with the Broadcasting Authority of Ireland, pursuant to Section 14(12) of the Broadcasting Act 2009. The approval in principle was for a period of 2.5 years, commencing on 1st October 2010. The approval was subject to the Minister's approval of the terms and conditions of a new contract of employment for Mr. O'Keeffe, which approval would also be subject to the consent of the Minister for Finance, pursuant to Section 14(5) of the 2009 Act. The matter of a contract of employment between the Chief Executive and the Broadcasting Authority of Ireland has not, as yet, been concluded.

The Chief Executive was employed at a rate of €121,208 per annum (€121,208; 2011).

The total value of remuneration of the Chief Executive in the year ended 31st December 2012 was €120,790 (2011; €120,790) and an employer's superannuation contribution was made of €20,132 (2011; €20,132). The Chief Executive's pension entitlements do not extend beyond those standard entitlements of the Public Sector Model Scheme. No perquisites/benefits or bonus was paid to the Chief Executive this year.

The Chief Executive's travel and subsistence costs in the year ended 31st December 2012 were €3,247 (2011; €2,427).

16. Corporate Governance

The Authority was established pursuant to the provisions of the Broadcasting Act 2009. It is a body corporate with perpetual succession and a seal and power to sue and be sued in its corporate name and to acquire hold and dispose of land.

The Authority is a non-commercial semi-state body.

The Members of the Authority are committed to the highest standards of corporate governance. The Authority has developed a corporate governance policy referred to as the 'BAI Code of Business Conduct', which is based on the 2009 Code of Practice for the Governance of State Bodies published by the Department of Finance.

Notes to the Financial Statements

For the year ended 31st December 2012

16. Corporate Governance cont'd

The Members of the Authority are appointed by Government on the nomination of the Minister for Communications, Energy and Natural Resources under Section 8 of the Broadcasting Act 2009, and hold office for such terms as the Minister specifies when making the appointment. The Minister determines the level of remuneration for the Authority Members. Such remuneration is not linked to performance and is disclosed in this note.

The Authority is accountable to the Minister for Communications, Energy and Natural Resources for good corporate governance.

BAI Members

The Authority paid fees and expenses to its Authority Members and to Members of the Compliance Committee and Contracts Awards Committee in accordance with Department of Finance regulations and circulars. The Authority applied the decision of the Government of 20th June 2006 in respect of fees for members of State bodies. The following are the fees and expenses paid to the Authority Members, Members of the Compliance Committee, Members of the Contracts Awards Committee and to the Members of the Finance Audit & Risk Committee. In addition, Members' attendances at meetings is provided.

	Fees €	Expenses €	Attendance
Authority Members			
Bob Collins	8,978	1,067	14/14
John Waters	5,985	650	11/14
Paula Downey	5,985	48	10/14
Dr. Maria Moloney	5,985	3,145	11/14
Michelle McShortall	5,985	Nil	11/14
Michael Moriarty	5,985	1,023	14/14
Siobhán Ní Ghadhra	5,985	2,441	10/14
Prof. Colum Kenny	5,985	Nil	13/14
Larry Bass	5,985	Nil	12/14

Notes to the Financial Statements

For the year ended 31st December 2012

16. Corporate Governance cont'd

	Fees €	Expenses €	Attendance
Compliance Committee			
Prof. Chris Morash	8,978	170	9/9
Aidine O'Reilly	5,985	Nil	4/9
Edel Hackett	5,985	Nil	8/9
Paula Mullooly	5,985	Nil	9/9
Paula Downey	Nil	Nil	6/9
John Waters (<i>Finished April 2012</i>)	Nil	Nil	3/3
Prof. Colum Kenny (<i>Started April 2012</i>)	Nil	Nil	4/6
Ciarán Kissane	Nil	Nil	9/9
Stephanie Comey	Nil	Nil	9/9
Contracts Awards Committee			
Siobhán Bourke	8,978	Nil	8/8
David Barniville SC	5,985	Nil	6/8
Eimear McGovern	5,985	Nil	8/8
Neil Leyden	5,985	Nil	6/8
Prof. Colum Kenny (<i>Finished April 2012</i>)	Nil	Nil	0/2
Michael Moriarty (<i>Finished April 2012</i>)	Nil	Nil	2/2
Larry Bass (<i>Started April 2012</i>)	Nil	Nil	6/6
John Waters (<i>Started April 2012</i>)	Nil	Nil	5/6
Celene Craig	Nil	Nil	8/8
Neil O'Brien	Nil	Nil	7/8
Finance, Audit and Risk Committee			
Siobhán Ní Ghadhra	Nil	Nil	7/8
Michelle McShortall	Nil	Nil	6/8
Dr. Maria Moloney	Nil	Nil	6/8
Michael Moriarty	Nil	Nil	5/8
Larry Bass (<i>Finished April 2012</i>)	Nil	Nil	1/3
Total	110,724	€8,544	

Total expenses relating to the functioning of the Authority and Statutory Committees in 2012 was €21,006.

Notes to the Financial Statements

For the year ended 31st December 2012

16. Corporate Governance cont'd

One Person One Salary

In October 2011, the BAI were informed of changes by the Department of Public Expenditure and Reform to the "One Person One Salary" arrangements. The revised arrangements would have an impact on a number of members of the Authority and the Statutory Committees. Since then, the BAI has sought guidance and clarification from the Department of Communications, Energy and Natural Resources, in relation to implementation of the revised arrangements, and a response was received in September 2013, which stated that the Authority should ensure that the revised arrangements are implemented as soon as possible. This will be brought to the Authority members at their next meeting.

Disclosure of Transactions

In the normal course of business, the BAI may approve the award of contracts and grants to undertakings in which Authority & Committee Members are employed or otherwise interested.

The Authority has adopted procedures in accordance with the provisions of the Broadcasting Act 2009 and the guidelines issued by the Department of Finance in relation to the disclosure of interests by Authority & Committee Members and those procedures were adhered to by the Authority during the year.

In the year ended 31st December 2012, a final payment of €18,000 was made to Zoogon Limited. Siobhán Ní Ghadhra (Authority) is a Director of Zoogon Limited. Zoogon Limited is a 100% subsidiary of Telegael Teoranta, of which Siobhán Ní Ghadhra is a Director and Shareholder (3.45%).

The Authority complied with the provisions of the Broadcasting Act 2009 and the Department of Finance guidelines covering situations where interests are declared. In each case, the Member did not receive documentation on a proposed transaction or licence application, nor did the Member participate in or attend decisions on the matter when the Member became aware of and declared an interest.

17. Operating Leases

The Authority occupies premises at 2-5 Warrington Place, Dublin 2, on which it holds a lease entered into in 2001 for 20 years. A five-year rent review was carried out in 2006 for the period commencing 8th December 2006. Under this lease, rent payments amounting to €477,349 were made in 2012.

The Authority also holds a lease on 2nd Floor, Marine House, Clanwilliam Court, Dublin 2. This lease was entered into in 1989 for 35 years. A five-year rent review was carried out in May 2010 for the period commencing 1st November 2009. Under this lease, rent payments amounting to €137,250 were made in 2012.

The premises in Marine House were not occupied by the Authority during 2012. An existing sub-let agreement expired on 31st March 2012. The premises were vacant until a new sub-let agreement was completed and the premises were occupied from 4th September 2012. The sub-let agreement is for a period of five years, with a break option after year three. The cost of the non-effective expenditure relating to the period during which the premises was vacant was €78,500. The tenant is responsible for a proportion of the rent and service charges; full rates and operational costs. The annual sub-let rent is €61,228 per annum.

Notes to the Financial Statements

For the year ended 31st December 2012

17. Operating Leases cont'd

The total amount charged in respect of the operating leases in the Income and Expenditure Account is €614,599.

	2012	2011
	€	€
Lease Commitments		
Under 1 Year	614,250	614,250
Between 2-5 Years	2,457,000	2,457,000
Over 5 Years	2,700,136	3,314,386
	5,771,386	6,385,636

18. Superannuation

(a) Pension Scheme

The Broadcasting Authority of Ireland is a statutory body, established under the Broadcasting Act 2009. Section 16 of the Act provides that the Authority shall make a scheme or schemes for granting of superannuation benefits to and in respect of its staff members subject to Ministerial approval. The Broadcasting Authority of Ireland's Superannuation Scheme and Spouses & Children's Pension Scheme (compulsory with membership of the main scheme) are being operated on an administrative basis pending formal sanction by the Minister for Communications, Energy & Natural Resources with the consent of the Minister for Finance. The former scheme provides retirement benefits (lump sum and pension) to staff members, and death gratuity benefits in respect of death in service. The latter scheme provides pension benefits for the surviving spouses and dependent children of deceased members. Both schemes are unfunded defined benefit superannuation schemes.

As described in the accounting policy, the Broadcasting Authority of Ireland make an annual contribution to DCENR which has undertaken to provide funding to the Authority to pay pensions as they fall due. The Authority has adapted the treatment and disclosures required by the accounting standard, Financial Reporting Standard 17 (Retirement Benefits) to reflect the arrangements in operation.

The FRS17 pension liability at 31st December 2012 is €5,306,000. Under the arrangement in place, DCENR will reimburse in full the pension liability of the Authority as and when those liabilities fall due for payment. The Authority recognises its right to the reimbursement as a separate asset.

The results are set out below on an actuarial valuation of the pension liabilities in respect of Authority staff as at 31st December 2012. This valuation was carried out by a qualified independent actuary for the purposes of FRS17.

(b) Financial Assumptions

The principal actuarial assumptions were as follows:	2012	2011
Rate of increase in salaries	3.3%	4.0%
Rate of increase in pensions in payment	3.3%	4.0%
Discount Rate	4.5%	5.4%
Inflation Rate	2.0%	2.0%

Notes to the Financial Statements

For the year ended 31st December 2012

18. Superannuation cont'd

The mortality basis adopted allows for improvements in life expectancy over time, so that life expectancy at retirement will depend on the year in which a member attains retirement age (age 60). The table below shows the weighted average life expectancy for members used to determine benefit obligations.

	2012	2011
Male Member age 60 (current life expectancy)	28.2	22.7
Male Member age 40 (life expectancy at age 60)	30.8	25.0
Female Member age 60 (current life expectancy)	29.7	24.4
Female Member age 40 (life expectancy at age 60)	31.9	26.9

(c) Pension Costs

Charges to the Income and Expenditure Account in respect of pension costs consists of the following:

	2012	2011
	€'000	€'000
Employer Contribution paid to DCENR	266	208
Current Service Cost	246	215
Interest on Pension Scheme Liabilities	294	264
Adjustment to Deferred Pension Funding	(540)	(479)
	266	208

The charge of €266,000 in 2012 is net of a recharge of €65,000 in respect of the Broadcasting Fund.

(d) Movement in Pension Liability

	2012	2011
	€'000	€'000
Opening Balance	5,165	4,251
Current Service Cost	246	215
Interest on Pension Scheme Liabilities	294	264
Actuarial (Gain)/Loss	(399)	435
	5,306	5,165

Notes to the Financial Statements

For the year ended 31st December 2012

18. Superannuation cont'd

(e) History of scheme liabilities and experience (gains)/losses

	Financial year-ending in				
	2012	2011	2010	31 December 2009*	30 September 2009
	€'000	€'000	€'000	€'000	€'000
Defined benefit obligation	5,306	5,165	4,251	3,236	4,395
Deficit	5,306	5,165	4,251	3,236	4,395
Experience (gains)/losses on plan liabilities	(622)	(98)	(233)	(147)	145
Experience (gains)/losses as percentage of plan liabilities	(11.7%)	(1.89%)	(5.49%)	(4.5%)	3.3%

* For 3 months ending 31 December 2009

19. Cashflow Statement

(a) Analysis of Changes in Net Funds

	At 01/01/2012	Cash Flows	At 31/12/2012
	€'000	€'000	€'000
Cash at Bank and at Hand	1,573	(1,249)	324
Short Term Deposits	1,508	(1,232)	276
	3,081	(2,481)	600

(b) Reconciliation of Net Cash Flow to Movement in Net Funds

	2012	2011
	€'000	€'000
(Decrease)/Increase in cash during the year	(1,249)	(979)
Cash (withdrawn)/lodged to deposits	(1,232)	1,508
Change in Net Funds	(2,481)	529
Opening Net Funds	3,081	2,552
Closing Net Funds	600	3,081

THE BROADCASTING FUND FINANCIAL STATEMENTS

For the year ended 31st December 2012

CONTENTS

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Statement of Responsibilities

Pursuant to the terms of the Broadcasting Act 2009, the Broadcasting Authority of Ireland (BAI) is responsible for the management and control of the Fund. It is also responsible for preparing financial statements of the Fund for the year 1st January 2012 to 31st December 2012, so as to give a true and fair view of the state of affairs of the Fund as at 31st December 2012 and of its income and expenditure for the year then ended.

In preparing those financial statements, the Authority is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in operation;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

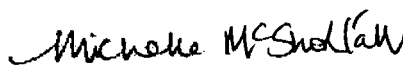
The Broadcasting Authority of Ireland is responsible for:

- Keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Fund and enable it to ensure that the financial statements comply with section 157(8) of the Schedule to the Broadcasting Act 2009 and are in a form approved by the Minister for Communications, Energy and Natural Resources after consultation with the Minister for Finance.
- Safeguarding the assets of the Fund and taking reasonable steps for the prevention and detection of fraud and other irregularities.



Bob Collins
Chairperson

25/9/13



Michelle McShortall
Member of Authority

Report of the Comptroller and Auditor General

Broadcasting Fund

I have audited the financial statements of the Broadcasting Fund for the year ended 31 December 2012 under the Broadcasting Act 2009. The financial statements, which have been prepared under the accounting policies set out therein, comprise the statement of accounting policies, the income and expenditure account, the balance sheet, the cash flow statement and the related notes. The financial reporting statements have been prepared in the form prescribed under Section 157 of the Act, and in accordance with generally accepted accounting practice in Ireland.

Responsibilities of the Broadcasting Authority of Ireland

The Broadcasting Authority of Ireland is responsible for the preparation of the financial statements, for ensuring that they give a true and fair view of the transactions of the Fund and of the state of affairs and for ensuring the regularity of transactions.

Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the financial statements and report on them in accordance with applicable law.

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation.

My audit is carried out in accordance with the International Standards on Auditing (UK and Ireland) and in compliance with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements, sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made in the preparation of the financial statements, and
- the overall presentation of the financial statements.

I also seek to obtain evidence about the regularity of financial transactions in the course of audit.

Opinion on the Financial Statements

In my opinion, the financial statements, which have been properly prepared in accordance with generally accepted accounting practice in Ireland, give a true and fair view of the transactions of the Fund for the year ended 31 December 2012 and of the state of affairs at that date.

In my opinion, proper books of account have been kept by the Authority. The financial statements are in agreement with the books of account.

Matters on which I Report by Exception

I report by exception if

- I have not received all the information and explanations I required for my audit, or
- my audit noted any material instance where money has not been applied for the purposes intended or where the transactions did not conform to the authorities governing them, or
- I find there are other material matters relating to the manner in which public business has been conducted.

I have nothing to report in regard to those matters upon which reporting is by exception.

Patricia Sheehan
For and on behalf of the
Comptroller and Auditor General
October 2013

Statement of Accounting Policies

Accounting Convention

The Financial Statements for the Broadcasting Fund, which are in the form approved by the Minister for Communications, Energy and Natural Resources with the consent of the Minister for Finance, have been prepared on an accruals basis, except as stated below, under the historical cost convention and in accordance with Generally Accepted Accounting Practice. Financial reporting standards recommended by the recognised accountancy bodies are adopted as they become applicable. The unit of currency in which the financial statements are denominated is the Euro.

Income

Pursuant to Section 156 of the Broadcasting Act 2009, the Minister for Communications, Energy and Natural Resources, with the approval of the Minister for Finance, may pay to the Authority out of monies provided by the Oireachtas for the purposes of grants under a scheme and any administration of or reasonable expenses relating to a scheme, in respect of each financial year, an amount being equal to 7 per cent of net receipts in that year in respect of television licence fees.

Net receipts in relation to the receipt of television licence fees, means the total receipts less any expenses in respect of those receipts certified by the Minister as having been incurred by him or her in that year in relation to the collection of the fees.

This income is accounted for on a cash receipts basis.

Grants

Grants under the Broadcasting Funding Scheme are charged to the Broadcasting Fund Account when the grantee fulfils all conditions attached to the grant. Grant commitments represent funding approvals where the grantee has yet to fulfil the conditions attached to the grant.

Previous Arrangements

The Broadcasting Fund was originally established under the Broadcasting Funding Act 2003 and was managed by the Broadcasting Commission of Ireland. The Broadcasting Act 2009 transferred the management of the Fund to the Broadcasting Authority of Ireland.

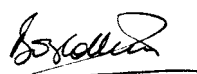
Income and Expenditure Account

For the year ended 31st December 2012

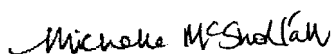
	Note	2012 €'000	2011 €'000
Income			
Oireachtas Grant		14,184	14,420
Interest Receivable		512	477
Total		14,696	14,897
Expenditure			
Grants and Awards	1	14,394	11,812
Staff Costs	2	493	489
Legal Fees		26	0
Administrative Costs	3	335	407
Audit Fee		5	5
Assessment Costs		58	47
Consultancy Costs		109	0
Total		15,420	12,760
(Deficit)/Surplus of Income over Expenditure		(724)	2,137
Balance at beginning of year		22,143	20,006
Balance at end of year		21,419	22,143

The Statement of Accounting Policies and Notes 1–7 form part of these Financial Statements

The Financial Statements were approved by the Authority on the 10th June 2013 and signed on its behalf by:



Bob Collins
Chairperson



Michelle McShortall
Member of Authority



Michael O'Keeffe
Chief Executive

25/9/13

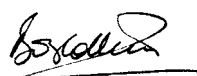
Balance Sheet

As at 31st December 2012


	Note	2012 €'000	2011 €'000
Current Assets			
Debtors	4	214	225
Cash at Bank and on Hand		621	2,476
Short Term Deposits	5	20,789	19,923
		21,624	22,624
Current Liabilities			
Creditors (amounts due within one year)	6	(205)	(481)
Net Assets		21,419	22,143
Represented by			
Broadcasting Fund		21,419	22,143
		21,419	22,143

The Statement of Accounting Policies and Notes 1–7 form part of these Financial Statements

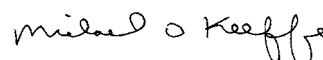
The Financial Statements were approved by the Authority on the 10th June 2013 and signed on its behalf by:



Bob Collins
Chairperson



Michelle McShortall
Member of Authority



Michael O'Keeffe
Chief Executive

25/9/13

Cashflow Statement

For the year ended 31st December 2012

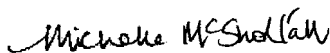
	2012 €'000	2011 €'000
Reconciliation of Operating Surplus to Net Cash (Outflow)/Inflow from Operating Activities		
(Deficit)/Surplus for Year	(724)	2,137
Returns on Investments	(522)	(365)
(Increase)/Decrease in Debtors	11	(112)
(Decrease)/Increase in Creditors	(276)	429
Net Cash (Outflow)/Inflow from Operating Activities	(1,511)	2,089
Cashflow Statement		
Net Cash (Outflow)/Inflow from Operating Activities	(1,511)	2,089
Return on Investments		
Interest Received	522	365
Management of Liquid Resources		
Invested in Short-term Deposits	(866)	(2,410)
(Decrease)/Increase in Cash Balances	(1,855)	44

The Statement of Accounting Policies and Notes 1–7 form part of these Financial Statements

The Financial Statements were approved by the Authority on the 10th June 2013 and signed on its behalf by:



Bob Collins
Chairperson



Michelle McShortall
Member of Authority



Michael O'Keeffe
Chief Executive

25/9/13

Notes to the Financial Statements

For the year ended 31st December 2012

1. Broadcasting Funding Scheme

- (a) Under the Broadcasting Act 2009, the Authority is required to prepare a scheme or schemes for the payment of grants to support certain television and radio programmes and projects out of an amount of 7% of the net proceeds of the television licence fee income.

The current scheme in operation is the Sound & Vision II Scheme. The European Commission originally approved the Sound & Vision Scheme in 2005 until the end of 2009 under the Broadcasting Commission of Ireland. The European Commission has approved Sound & Vision II under Article 107(3)(d) of the TFEU (Treaty on the Functioning of the European Union) until the end of 2014, having considered that it constitutes State Aid compatible with the internal market for a 5-year period ending 31st December 2014.

- (b) Section 158 of the Broadcasting Act 2009 sets out that the Authority shall review the operation, effectiveness and impact of the scheme not later than 3 years from the passing of the Act and every three years thereafter or at such other times as may be requested by the Minister. A review of the current scheme commenced in 2012, in line with the Act and a report was presented to the Minister for Communications Energy and Natural Resources in August 2013. The Minister is required to lay the report before the Houses of the Oireachtas and to subsequently publish the report.

(c) Broadcasting Fund Commitments

	2012	2011
	€'000	€'000
Opening Commitment Figure	12,346	8,612
Awards made	19,283	16,220
Grants paid	(14,394)	(11,812)
Grants de-committed	(1,112)	(674)
Closing Commitment Figure	16,123	12,346

2. Staff Costs

	2012	2011
	€'000	€'000
Wages and Salaries	394	390
Social Welfare Costs	34	34
Pension Costs	65	65
	493	489

There are no employees directly employed by the Broadcasting Fund. A number of employees employed by the Broadcasting Authority of Ireland do however spend a proportion of their time working on Fund related matters. In 2012, this equates to 22.44% of full time equivalents.

Notes to the Financial Statements

For the year ended 31st December 2012

3. Administration Costs

	2012 €'000	2011 €'000
Overheads:		
Rent & Rates	120	115
Premises costs	37	44
Office expenses	30	28
Staff training	8	5
<i>Subtotal overhead costs</i>	195	192
Sponsorship	59	52
Direct costs:		
Archiving	30	10
IT Costs	37	152
Professional fees	12	0
Translation	1	0
Bank charges	1	1
	335	407

The overhead costs charged to the Fund are based on the full time equivalent of staff numbers working on the Fund as a percentage (2012 22.44%, 2011 21.48%) of the total staff complement of the BAI. Sponsorship costs of €117,167 are shared equally between the BAI and the Fund.

4. Debtors

	2012 €'000	2011 €'000
Accrued Interest	214	225
	214	225

5. Short Term Deposits

	2012 €'000	2011 €'000
Balance as at 1st January	19,923	17,513
Additions	866	2,410
Withdrawals	-	-
Balance as at 31st December	20,789	19,923

As required under Section 157(4) and (6) of the Broadcasting Act 2009, monies standing to the credit of the current account and not required to meet current liabilities shall be paid into the investment account of the Fund.

Notes to the Financial Statements

For the year ended 31st December 2012

5. Short Term Deposits (continued)

Monies in the investment account of the Fund that are not required to meet current and prospective liabilities of that account shall be invested and the investments shall be realised or varied from time to time as occasion requires and the proceeds of any such realisation, and any income received in respect of monies invested shall be paid into the investment account of the Fund.

In the period of account, the Authority retained the surplus funds on deposits with commercial banks.

6. Creditors

	2012 €'000	2011 €'000
<i>(Amounts falling due within one year)</i>		
Broadcasting Authority of Ireland	183	481
DIRT Payable	22	-
	205	481


7. Cashflow Statement

(a) Cash and Cash equivalents



	Balance as at 31/12/2012 €'000	Balance as at 01/01//2012 €'000	Cash Flows €'000
Cash at Bank and on Hand	621	2,476	(1,855)
Deposits	20,789	19,923	866
Total	21,410	22,399	(989)

(b) Reconciliation of Net Cash Flow to Movement in Net Funds

	2012 €'000	2011 €'000
Increase/(Decrease) in cash during the year	(1,855)	44
Cash lodged in Deposits	866	2,410
Change in Net Funds	(989)	2,454
Opening Net Funds	22,399	19,945
Closing Net Funds	21,410	22,399



BROADCASTING AUTHORITY OF IRELAND
2-5 WARRINGTON PLACE, DUBLIN 2, IRELAND
T: + 353 (0)1 644 1200
F: + 353 (0)1 644 1299

 www.bai.ie  BAltweets  BAireland