



PROGRESS & EVOLUTION

ANNUAL REPORT AND ACCOUNTS 2013



ÚDARÁS
CRAOLACHÁIN
NA hÉIREANN

BROADCASTING
AUTHORITY
OF IRELAND

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.

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.



ÚDARÁS
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BROADCASTING
AUTHORITY
OF IRELAND

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ABOUT THE BAI

The Broadcasting Authority of Ireland was established under the Broadcasting Act 2009 (“the 2009 Act”), which came into force on 1st October 2009. A considerable and significant piece of legislation, the Act overhauled Irish broadcasting law by updating and consolidating almost 50 years of content-related legislation.

The Act aims to increase transparency in the governance of broadcasting in Ireland, thereby promoting legitimacy, accountability and fair procedures in the provision of high-quality, diverse and innovative programming. Particular functions under the Act relate to the BAI’s oversight of public service broadcasters and the allocation of public funding.

The 2009 Act sets out a range of general and specific objectives for the BAI and specifies that, in performing its functions, the BAI “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 would be achieved by the organisation over a three-year period, to 2013. Over this time, the BAI has been guided by its mission to serve Irish society by regulating, shaping and supporting the broadcasting environment, so that broadcasting reflects Ireland's diverse and democratic nature. The organisation also set itself a number of strategic goals and objectives against which to measure its performance as a regulator over the three-year period.

In 2013, the BAI set out an ambitious programme of work, with the target of achieving, by year end, all of the goals and objectives it had set for itself in the final year of its first three-year strategy. The Annual Report 2013 uses the organisation's strategic themes and goals as the basis upon which to report on the organisation's achievements.

Chairperson's Statement

This is the last annual report that will be submitted in the current Authority's term of office; the final year of our work will be reflected in the next report. It will be appropriate on that account to reflect briefly on the work of the Authority since its appointment as well as on the year under review.

Part of the task of the Authority was to give practical expression to the measures provided for in the legislation establishing the Broadcasting Authority of Ireland and to reflect in practice the substantive changes in the role and responsibilities of the BAI relative to its predecessor bodies. That was a challenge in that it entailed a complex and detailed set of tasks that sometimes may have appeared to have greater focus on process than on outcome. But it was also an opportunity to look closely at and to build from the ground up the arrangements and approaches that will characterise the work of the BAI with broadcasters and with the public.

Much of that work will be enduring in its application as it has laid the foundation on which future Authorities can base their approach to their statutory duties. The primary focus throughout has been on the public interest, recognising the particular and valuable role that broadcasting can play in this community. As will be touched upon later, the current economic environment and the rapidly changing media environment were also abiding concerns.

One of the very significant tasks that the legislation confers on the Authority is the evaluation of the adequacy of the funding available to the public service broadcasters, RTÉ and TG4. This year, in addition to the annual review, it fell to us to undertake the first substantive review of such funding – a process which will be repeated in the future at five-yearly intervals. This was an opportunity to return to first principles and to consider some fundamental issues in preparing its report to the Minister.

The Authority took close account of the importance of broadcasting in the democratic life of Ireland; of the importance of there being a real choice available to viewers and listeners; of the significance of there being a fuller range of culturally relevant programmes; and, of the particular role of the publicly funded broadcasters in this regard. The pace and depth of the changes in technology and the associated evolution in the availability and patterns of consumption of all forms of content were also to the forefront of the Authority's mind.

In the event, a substantive report was submitted, amplified by the review conducted by independent consultants. The Government is due considerable credit for the speed of its response, for its broad approval of the report and for a number of actions it took to facilitate subsequent decision-making. It is to be hoped that the fundamental issues raised in the Authority's report will find their way into early consideration and decision by Government. Representatives of the BAI appeared before the appropriate Oireachtas Select Committee but the broad policy issues that the legislation requires the Authority to consider in such a report were scarcely touched on, being overtaken by questions of a wholly local preoccupation.

An important part of the legislation requires the public broadcasters to produce an Annual Statement of Performance Commitments against which is later reported on by the BAI. Much work has been done in recent years by the BAI, working with the broadcasters, to make the entire process more meaningful for the broadcasters themselves, for the BAI and for the public. Although the statutory mechanism is somewhat cumbersome, this is an important annual task whose benefits will be increased by the new approach and where the focus on key, and measurable, priorities will be of value. The requirement annually to review the adequacy of the funding is an important facility whose value should not be subsumed in the five-yearly review.

When it came to revise its Statement of Strategy, the Authority did not consider that any major change of direction was needed. Instead, it reaffirmed its broad approach and identified a greater focus on the strategic possibilities of the legislative provisions and on the greater understanding of the needs and interests of the Irish audience now and in the future. That greater centrality of the audience was also echoed in the Code of Fairness, Objectivity and Impartiality in News and Current Affairs, issued during the year and in the preparatory work begun on the Code of Programme Standards, which is now nearing completion as these words are written. The Authority considered the Code of Fairness, Objectivity and Impartiality to be a very important element of its work, a significant statement of the importance of reliable sources of information; of the value of investigative journalism; and, of the central importance of trust and confidence in the relationship between broadcasters and their audiences. It is cast in a way that supports rather than limits the freedom of expression that is the hallmark of broadcasting in a democratic society.



The Code of Programme Standards will also be an important contribution to the framework for broadcasting in Ireland. Its approval will have been one of the final tasks of the present Authority. At the beginning of the work in preparing the draft Code, the BAI organised a public "Conversation" on the broad issue of standards in broadcasting, which drew together a diverse group of interests to reflect and offer ideas on this theme. Quite separately from this particular context, the Authority hopes that such opportunities for public engagement in its work and in the important policy issues that are linked to the regulation of broadcasting will be a sustained element in the future.

Among the many other tasks undertaken during the year, the Authority completed the statutory review of the Sound & Vision Scheme. It was gratifying that the Scheme was universally well regarded and that its continuance was supported. It has been a source of excellent programmes that have enriched the schedules of very many broadcasters – public, commercial and community. A draft revised Scheme was completed for submission to the Minister and, eventually, to the European Commission for their respective approvals. The consideration of the potential for the development of commercial DTT was reviewed and a report prepared for the Minister. The Authority decided that it was not appropriate to recommend any attempt to initiate commercial DTT services at present. During the year, the BAI looked at aspects of the statute that might benefit from amendment and at matters that might be included in future amending legislation. Discussions took place with the Department and this process of active review will continue to be an important part of the work in each year.

Broadcasters continued to face the realities of difficult economic times reflected in sustained low levels of advertising revenue and occasional adverse governmental budgetary decisions. As I have noted in previous annual reports, it is a tribute to broadcasters, their staffs and their programme suppliers that schedules have been refreshed and renewed where possible, even if the aspirations of all could not always be realised.

The Compliance Committee and the Contracts Awards Committee are statutory committees of the Authority. Their work is central to the overall work of the BAI. The Compliance Committee represents a very important opportunity for democratic engagement with broadcasting and allows individuals and groups to

complain if they believe that a broadcast has infringed the law or any of the Authority's Codes. It is an important empowerment of viewers and listeners and the Committee takes very considerable care in its deliberations and decisions.

The Contract Awards Committee has the task of determining, in the majority of cases, who should obtain contracts to broadcast under Irish law. These are decisions with major consequences for broadcasters and for audiences. And they are given the appropriate care and attention by the Committee. The year under review saw the conduct of the renewal of most of the local radio franchises whose ten-year contracts were coming to an end. By the time the Authority's term ends all of the franchise areas will have been determined. It may be a reflection of the times that so few franchise areas were the subject of competitive applications. The statute provided for such eventualities by introducing a fast track facility. It will be a task for the next Authority to review the operation of this approach.

The decisions of these Committees, in the nature of things, will not always meet with unalloyed approval. Complaints about contentious issues and their broadcast coverage may divide those with an interest in the area concerned. A competition for a broadcast licence brings inescapable disappointment to the unsuccessful. Sometimes the response to a decision or a finding may focus on the surface, to the exclusion of the substance. But the existence of these Committees is a guarantor of detached and disinterested consideration.

The Finance, Audit and Risk Committee is the one standing non-statutory committee of the Authority and maintains a careful oversight of the public monies that are entrusted to the Authority; reviews the areas of risk for the BAI; and, exercises delegated responsibility in a number of areas. Contemporary governance requirements are onerous and that burden is borne to a great extent by this committee and the relevant executives.

In conclusion, I wish to thank all who served on the Authority and its committees, statutory and otherwise, for their committed, engaged and tireless work over the past five years. I wish to record appreciation of the interest of successive Ministers and officials. Finally, I wish to express the appreciation of the Authority for the work of the Chief Executive and all the staff.

Bob Collins
Cathaoirleach

CEO Review

2013 marked the completion of the BAI's first Statement of Strategy covering the 2011-2013 years. The year brought to a successful conclusion many of the projects and initiatives which had been in train since the establishment of the BAI in late 2009. As is evident from this report, the BAI has achieved much of what it set out to do and laid the groundwork for other initiatives to be activated in the coming years. These are given prominence in the BAI Statement of Strategy 2014-2016, which was developed during the year and was launched in early 2014. The new Strategy, which received the general endorsement of stakeholders in a public consultation, is designed to build on the work undertaken to date and, in particular, supports the principle that the BAI will place the audience at the centre of its decision-making processes.

As in previous years, the Authority agreed the annual workplan and prioritised a number of key deliverables at the outset. In 2013, the priorities included the completion of the first 5 year review of public funding for Public Service Broadcasters ("PSB's"); the statutory review of the Sound & Vision II Scheme; the continued implementation of the Licensing Plan for commercial radio services; the development of a new Compliance and Enforcement policy (including the processes for investigations, enforcement and sanctions under Sections 50 and 53 of the Act); and, the completion of the aforementioned BAI Statement of Strategy 2014-2016. However, given that the BAI was at the end of its first strategy period, a range of other projects were also brought to a conclusion during the year. These included the revision of the Children's Commercial Communications Code; the introduction of the Code of Fairness, Objectivity and Impartiality in News and Current Affairs; a review of the prospects for commercial digital terrestrial television ("DTT"); the implementation of the BAI Irish Language Scheme; and, the completion of a review of the potential for the sharing of some back-office functions with the electronic communications regulator, ComReg. While the main body of this report provides extensive details of all of the activities undertaken during the year, I comment briefly hereunder on some of the key highlights.

2013 was an important year in the context of the BAI's functions in relation to public service broadcasting. The first 5-year review of funding was completed and submitted to Government in June and many of the recommendations were immediately adopted. A number of further pieces of work have emerged from this process concerning efficiencies and the potential for greater use of the independent production sector by RTÉ and the BAI will support the Department of Communications, Energy and Natural Resources in their implementation. From the BAI's perspective, the 5-year review has been particularly helpful in the alignment of the other key elements of our PSB activity – the review of the Annual Statements of Performance Commitments and the Annual Reviews of Public Funding – the benefits of which should emerge over the next number of years.

The 2009 Act provided a new framework for licensing processes for commercial radio services allowing potential for both competitive and fast-track licensing processes. Of the 24 processes commenced in the current round, 19 of these utilised the new fast-track process and by year end most of these had been concluded. While these have resulted in a faster outcome in respect of each process, the nature of the statutory provisions is such that they remain quite resource intensive. The remainder of the processes, which are competitive in nature, will be completed in 2014.

Another resource intensive activity is the Broadcasting Fund's Sound & Vision II Scheme and this year was no exception with just under 900 applications received over three rounds. What made the administration of such a large number of applications manageable was the full implementation of the 'baionline' IT system which has been introduced to almost universal endorsement from stakeholders. The backlog of funding had largely been allocated by the end of 2012 and the Scheme was still in a position to offer funding of €11.5151m to 62 television applications and €1.833m to 280 radio programmes. 2013 also saw the completion of the statutory review of the current scheme and a consultation on proposals for the next scheme which it is planned to implement in January 2015. The review confirmed that the Sound & Vision Scheme has widespread industry support and



there is a great desire among all stakeholders that it will be continued in future years.

Staying with the theme of funding, 2013 also saw the first awards under the Broadcasting Fund's Archiving Scheme with 7 projects being awarded funding of €1.5 m. The BAI also continues to provide funding to the industry through our Sectoral Learning and Development Policy which had a budget of €340k in the current year, primarily to provide support to industry networks.

A number of codes were launched in 2013, some of which had been the subject of intense consultation and some controversy over the previous couple of years. These included the Children's Commercial Communications Code, where the provisions on diet and nutrition had been the subject of some lively debate between stakeholders. The Code was launched in May with an implementation date of September and to date no issues of compliance with the new provisions have arisen. Separately, the Code of Fairness, Objectivity and Impartiality in News and Current Affairs was also subject of some debate and the Authority made a number of modifications to the original draft to reflect a number of the concerns raised. Following the launch of the code in April, a workshop held with broadcasters appeared to dispel many of the concerns raised in respect of implementation.

Broadcasting codes and rules are subject to review every number of years to ensure that they remain relevant to all stakeholders. As we reached the conclusion of the reviews mentioned above, a number of others took priority. These included a review of the Code of Programme Standards and of the Access Rules, which govern obligations in respect of subtitling, audio description and sign language. Preliminary work was undertaken in this regard in 2013 with the main activity to be completed in 2014.

Following analogue switch-off and the establishment of the Saorview platform in 2012, the Authority considered it timely to undertake a review of the prospects for commercial DTT during the year. The independent report, commissioned by the BAI, concluded that the

prospects for success of a commercial DTT platform remained extremely limited and the Authority regrettably decided that it could not proceed with a further licensing process in these circumstances.

In addition to all of the activities mentioned above, the main body of the report provides extensive details on the other operational activities of the organisation including, governance and organisational development, compliance (including complaints) and contractual variations. Two activities are particularly noteworthy here. Firstly, the BAI complied with its commitments under the Official Languages Act and implemented an Irish Language Scheme, which came into effect in September. Secondly, the BAI was required to appear before the Committee of Public Accounts in April to respond to questioning on the Broadcast Fund and the BAI Financial Statements 2012. The Committee expressed satisfaction that the BAI had adhered fully to its duties and responsibilities in this regard.

In conclusion, it is evident from the above highlights and the main body of the report that huge progress was made in 2013 towards the achievement of all of the deliverables within the first Strategy Statement. I work with a tremendous group of staff who continue to provide total commitment and dedication to the achievement of our objectives and for this I thank them very much.

I would also like to thank the members of the Authority, the Contract Awards, Compliance and Finance Audit and Risk Committees for their commitment to the work of the BAI and the support that they provide for the executive.

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



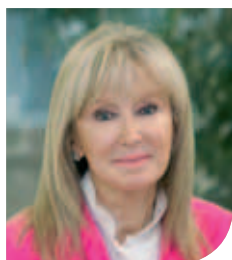
Paula Downey



Professor
Colum Kenny



Michelle Mc Shortall



Dr. Maria Moloney



Michael Moriarty



Siobhán Ní Ghadhra



John Waters

In 2013 the Authority met twelve times with the attendances as follows:

Mr. Bob Collins (Chairperson)	12/12
Mr. Larry Bass	8/12
Ms. Paula Downey	12/12
Professor Colum Kenny	11/12
Ms. Michelle Mc Shortall	12/12
Dr. Maria Moloney	10/12
Mr. Michael Moriarty	10/12
Ms. Siobhán Ní Ghadhra	5/12
Mr. John Waters	10/12

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 2013 was as follows:

Government Nominees

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

Authority Nominees

Mr. John Waters
Mr. Larry Bass

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 eleven times during 2013 with attendance as follows:

Ms. Siobhán Bourke	11/11
Mr. David Barniville	10/11
Mr. Neil Leyden	9/11
Ms. Eimer McGovern	11/11
Mr. Larry Bass	9/11
Ms. Celene Craig	11/11
Mr. Neil O'Brien	9/11
Mr. John Waters	6/11

In accordance with its functions, the main activities of the Contract Awards Committee in 2013 included the following:

- ▶ Continuation of the implementation of the re-licensing of 24 commercial radio services, as directed by the Authority, in accordance with the BAI Licensing Plan;
- ▶ 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 2013 was as follows:

Government Nominees

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

Authority Nominees

Ms. Paula Downey
Professor Colum Kenny

BAI Staff Nominees

Mr. Ciarán Kissane
Ms. Stephanie Comey



Professor Chris Morash
(Chairperson)

Aidine O'Reilly

Edel Hackett

Paula Mullooly

The Compliance Committee met 10 times during 2013 with attendance as follows:

Professor Chris Morash	9/10
Ms. Aidine O'Reilly	8/10
Ms. Edel Hackett	8/10
Ms. Paula Mullooly	10/10
Ms. Stephanie Comey	7/10
Ms. Paula Downey	6/10
Professor Colum Kenny	8/10
Mr. Ciarán Kissane	9/10

In accordance with its functions, the Compliance Committee undertook a number of activities in 2013, including the following:

- Completion of a Compliance Plan associated with the re-licensing of commercial radio services, as provided for in the BAI Licensing Plan;
- Determining the outcomes of 113 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.
- Review of the Complaints Handling Process;

- ▶ Provision of input into the finalisation of the Compliance and Enforcement Policy and Procedures;
- ▶ Provision of feedback into the review of the BAI General Commercial Communications Code and the BAI Children's Commercial Communications Code.

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, which are reviewed on a yearly basis, the FAR Committee is required to brief the Authority not less than four times a year in respect of its various duties.

The FAR Committee met six times in 2013. Membership of the FAR Committee and meeting attendance in 2013 was as follows:

Siobhán Ní Ghadhra	3/6
Michelle McShortall	6/6
Dr. Maria Moloney	6/6
Michael Moriarty	4/6

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

Organisational Structure and Staff of the BAI

The BAI's work is guided by the Office of the Chief Executive (OCEO) and supported by a team of senior managers who, in conjunction with the OCEO, 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 2013 is outlined below:

Office of the CEO	<i>Chief Executive</i> Michael O'Keeffe <i>Deputy Chief Executive</i> 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, Andrew Robinson, Roger Woods.
Executive Officers/Engineering	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.



ENSURING DIVERSITY

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

Broadcasting Services Strategy (BSS)

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. The strategy, which was published in March 2012, has a number of objectives, key among which are:

- ▶ Ensuring that services licensed by the BAI serve the needs of Irish audiences and offer a variety of content to audiences in Ireland;
- ▶ Promoting the provision of high quality programming on services licensed in Ireland and fostering creativity and innovation in the Irish broadcasting sector;
- ▶ Achieving plurality in viewpoint, outlet and source within the Irish broadcasting sector.

The BSS formed the framework for the development of the BAI's licensing plan and was also one of the benchmarks against which any requests by broadcasters for variations to their contracts were measured during the course of the year.

Range of Services

The BAI is responsible for the licensing of broadcasting services additional to those provided by RTÉ, TG4, the Houses of the Oireachtas Channel and the Irish Film Channel. The range of services licensed by the BAI encompasses commercial and community television, commercial and community radio services, institutional radio services operating within hospitals around the country and a range of temporary radio services. The Broadcasting Act also gives the BAI responsibility for the licensing of programme content contracts for services which may be carried on multiplex, cable or satellite platforms such as Saorview, UPC and Sky.

The nature of the services and content that may be licensed by the BAI is guided by Part 6 of the 2009 Broadcasting Act. It sets out the range of broadcasting services and content provision contracts that the Authority may enter into. Full details of all services and content licensed by the BAI is contained on the organisation's website www.bai.ie.

Licensing Plan

The BAI's licensing activities aim to achieve the objectives of serving audience needs and offering a variety of content to viewers and listeners. The manner in which contracts are awarded is determined by the nature of the service and the provisions set out in legislation as to how such services might be licensed.

The fast-track licensing process, provided for under Section 67 of the Broadcasting Act 2009, can be invoked by the Contract Awards Committee when, following a call for expressions of interest, only one expression of interest from the existing holder of the licence, is received. A competitive licensing process is implemented where more than one expression of interest is received for the provision of a service.

A significant amount of the licensing activity in 2013 was informed by the BAI's Licensing Plan 2012 – 2013, with a primary focus on the re-licensing of 24 commercial radio services. The plan had been the focus of public and stakeholder consultation in 2012. Of the 24 commercial radio services, which were scheduled to be re-licensed as part of the Licensing Plan, 19 were subject to a fast-track licensing process while 5 were subject to a competitive licensing process. By year end, the fast-track processes for 12 services were completed and the relevant ten-year contracts had been signed.

Five services were the subject of a competitive process and a total of 9 applications were received for the 5 services advertised. By year-end, one of these processes was at the stage of awarding a contract in principle; two processes were at an initial assessment phase, while the remaining two had each received two applications for the licence by the December 3rd closing date. The Contract Awards Committee was scheduled to commence assessment of these applications at the start of 2014.

Details of the sound broadcasting services advertised in accordance with the plan are set out in the tables hereunder.

FAST-TRACK

Franchise Area	Station Type	Incumbent
Co. Mayo	Local Broad-format	Mid West Radio
Cos. Louth & Meath	Local Broad-format	LM FM
Galway City & County	Local Broad-format	Galway Bay FM
Co. Clare	Local Broad-format	Clare FM
Co. Tipperary	Local Broad-format	Tipp FM
Dublin City & County	Local Music-Driven, 15 – 34 year olds	FM104
Co. Wexford	Local Broad-format	South East Radio
Co. Wicklow	Local Broad-format	East Coast FM
Dublin City & County	Local Music-driven, 25 – 44 year olds	98 FM
Cos. Cavan & Monaghan	Local Broad-format	Northern Sound Radio
Cos. Longford, Roscommon & Sth. Leitrim	Local Broad-format	Shannonside 104FM
Co. Kildare	Local Broad-format	KFM
Dublin City & County	New Music-Driven, 15 – 34 year olds	Spin 103.8
Waterford City & County	Local Broad-format	WLR FM
Cork City & County	Music-driven, 15 – 34 year olds	Red FM
Cos. Carlow & Kildare	Local Broad-format	KCLR
Co. Kerry	Local Broad-format	Radio Kerry
Cork City & County	Local Broad-format	C103
Cork City & County	Music-driven, 25 – 44 year olds	96 FM

COMPETITIVE

Franchise Area	Station Type	Applicant/s
Cos. Laois, Offaly & Westmeath	Local Broad-format	1. Midland's Community Radio Services Ltd. t/a Midlands 103
Nth. Donegal	Local Broad-format	1. Donegal Highland Radio Ltd. t/a Highland Radio 2. Donegal Commercial Radio Broadcasting Ltd. t/a DLFM
Dublin City & County	Niche Music-driven	1. Star Broadcasting Ltd. trading as Sunshine 106.8 2. Easy FM Ltd. t/a Country FM 3. Uradio Dublin
South East	Regional – Music-Drive Youth	1. WKW FM t/a Beat FM
Sligo, Nth. Leitrim & Sth. Donegal	Local Broad-format	1. NW Coast FM Ltd. t/a Coast FM 2. North West Broadcasting Ltd. t/a Ocean FM



With regard to community radio, the licensing process for Life FM was completed and a contract extension signed while the process for the remaining service, Liffey FM was on-going at year end.

Three applications were received for content provision contracts, two for television; CSI Sports Networks PTE Limited ("Fight Sports") and Eircom Limited, and one for radio; Amazing Media Group Limited ("Amazing Radio"). Following assessment, the Contract Awards Committee recommended to the Authority that contracts should be awarded to the applicants concerned. Contracts for the three services were signed in 2013.

The Contract Awards Committee also evaluated applications for 25 temporary sound broadcasting services over the course of the year. Of these, 6 were for pilot community services (maximum 100 days) and 16 were for regular temporary services (maximum 30 days). In addition, applications for 2 institutional services were processed and contract negotiations concluded.

Digital Terrestrial Television (DTT)

Under the Broadcasting Act, the BAI has responsibility for the licensing of commercial multiplexes for DTT. Following an earlier, unsuccessful licensing process in 2008, the Authority committed to reviewing the future potential for the licensing of the commercial multiplexes and report to the Minister on the outcomes. Following a public procurement process, the contract to undertake the review was awarded to Oliver & Ohlbaum Associates (O&O).

The review considered a range of potential economic models for the operation of commercial DTT multiplexes and included consultation with 17 stakeholders including broadcasters, platform operators and policy makers.

The Authority concurred with the findings contained in the report, which suggested that the market conditions for launching commercial DTT services had not improved and remained very challenging since the last unsuccessful licensing process was undertaken in 2008. Another key consideration arising from the review was that, in the interim, consolidation of the TV market occurred at the time of digital switch over (DSO), a crucial time during which viewers made a choice with regard to the optimum digital offering for their home.

In submitting its views to the Minister in late 2013, the Authority stated that it did not believe any statutory purpose would be achieved by embarking on a course of action in respect of commercial DTT, the most likely outcome of which would be negative. The Authority was further of the view that whatever assistance regulatory intervention might offer, it would be unlikely that any intervention would sufficiently improve the revenue and costs associated with any of the business models examined to generate commercial interest in the DTT licences.

The findings of the report were scheduled for publication in January 2014.

Spectrum Management

The BAI continues to participate in national and international Spectrum Planning and Technology fora, as appropriate, to ensure a positive environment for the development of broadcasting services in Ireland. In this regard, negotiations continued on an updated IRL/UK Band 11 (FM) co-ordination agreement and considerable progress was made, particularly in relation to tropospheric coverage analysis.

Decisions taken at the World Radio Conference in 2012 (WRC12) continued to be monitored throughout 2013.



The BAI will also give consideration to the potential impact of studies being undertaken in advance of WRC15 and their possible impact on broadcasting bands.

As part of the FM radio re-licensing process, the BAI assessed the suitability of the current frequency plans and, in conjunction with ComReg, made changes to the frequency and power allocations of some contractors. These changes included the equalisation of transmitter power from the Three Rock site for commercial radio services in the Dublin area.

Licence modifications and enhancements included improved coverage for Newstalk in the Achill, Clifden and west Kerry areas, Ocean FM in Co. Sligo and Today FM in the Midlands. Work was also ongoing to identify suitable frequencies for Spirit Radio to improve urban coverage in several parts of the country. Initial work had commenced on the identification of frequencies and a suitable site to provide additional coverage for local FM stations in the Balbriggan/Skerries area.

The BAI worked with ComReg and in cooperation with 2rn to identify suitable frequencies for temporary, pilot community and community stations. The BAI also continued to monitor developments in relation to future technologies for radio, television, broadband, the internet and assistive services. As part of the compliance process, the inspection of FM transmitters continued, with a very high level of compliance among stations recorded.

FM planning with the UK continued throughout 2013 with five meetings taking place. These meetings discussed existing FM planning issues and worked on the revision of the FM Planning Methodology document to ensure that FM planning can be undertaken in a consistent and predictable manner. Co-ordination of additional FM stations in both administrations is ongoing.

An initial DTT planning meeting took place, which looked at how the planning for any proposed move of broadcasting services out of the 700MHz band could proceed.

Five DAB frequency planning meetings took place between the BAI, 2rn, ComReg and UK authorities to agree on the elements of the technical characteristics of local, regional and national DAB multiplexes in both administrations.

The BAI, together with television broadcasters, were part of a DCENR-led UHF spectrum policy review group, which looked at the future use of UHF spectrum for broadcasting in Ireland. This group plans to report on this issue in 2014.

Broadcasting Fund

The BAI has been responsible for the administration of the Broadcasting Fund since its establishment under statute in 2003. A number of schemes have been developed under the fund, in particular the Sound & Vision Scheme and the Funding Scheme for the Archiving of Programme Material (Broadcast Archiving Scheme). In addition to providing significant levels of funding through both schemes in 2013, the BAI also undertook a statutory review of the Sound & Vision II Scheme, in preparation for the development of a new scheme, to come into effect in 2015.

The Broadcast Fund's revenue is generated through 7% of the television licence fee, which is distributed to the Fund via the Exchequer. In 2013, the BAI received €14.399m from the Exchequer into the Fund, an increase of €215k on the 2012 figure of €14.184m.

Sound & Vision II

The Sound & Vision Scheme was established to provide funding in support of high quality programmes on Irish culture, heritage and experience; programmes to improve adult and media literacy; and, programmes dealing with global issues impacting on the state and other countries. Sound & Vision II was approved by the Minister and the EU in January 2010, for a period of five years. 2013 marked another very busy and successful year in the operation of the Scheme.

Having regard to the application process, demand for funding increased again with a record number of applications being submitted. The processing of the 897 applications received through the three funding rounds was a significant challenge for BAI staff. However, the capacity to process applications efficiently was greatly enhanced by the roll-out, in January 2013, of the BAI's new online application system, www.baionline.ie. While a significant number of applications continued to be rejected for funding by the assessment panels, the numbers rejected reflected a strengthening of the assessment process and an ongoing drive to ensure that quality, ready-to-go projects are awarded funding.

In each of the three funding rounds, the value of the applications which were recommended for funding by the assessment panels exceeded the funding available, requiring a further phase of strategic assessment. The strategic assessment phase assesses qualifying applications, having regard to five key criteria, and aims to ensure that a balanced package of recommendations, serving a diversity of audiences with a diversity of content, is compiled for recommendation and approval by the Authority.

A total of 66 applications were not successful at the strategic assessment phase; 63 TV (€10.274m) and 3 radio (€24k). It was a noteworthy feature that €8.3m of the television projects not recommended at this stage were documentaries. While this probability had been flagged to stakeholders at the end of 2012, given the significant number of documentary applications received, the reality was starker than anticipated. The allocation for television drama remained high in 2013, with some high-quality features and television productions. The allocation for animation and education remained disappointing. However, in approving a proposal for a targeted round for these genres in 2014, it was the Authority's hope that this would mark an improvement in the number of quality applications received and allocations made under these formats.

The increase in funding allocations (€19.3m) in 2012 had the knock-on effect of increasing the amount of additional contracting work undertaken and compliance payments made in 2013. Over the course of the year 354 contracts were signed, marking a 25% increase in this work area, when compared to 2012. In addition, there was a 21% increase in the number of compliance payments that were processed for projects at various stages of production, with a monthly average of 38.5 payments.

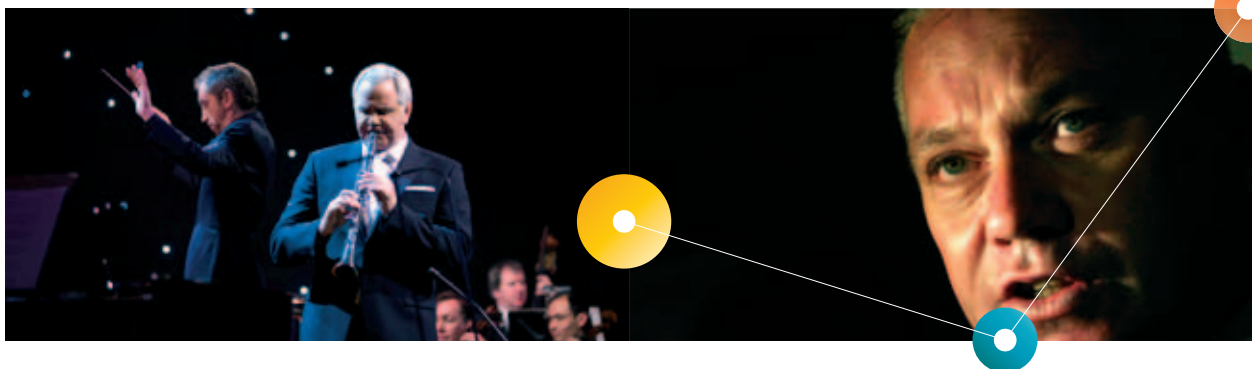
Radio

While the number of radio applications received had increased in 2013, the amount requested by applicants was lower when compared to 2012. Of the 648 applications received, requesting funding of approximately €5.8m, a total of 280 radio programmes were allocated funding through the rounds in 2013, to the value of €1.833m.

Funding and Broadcasting Highlights

As with previous years, the range of programmes in receipt of support through the Scheme continued to be extremely varied, across a wide variety of services. There were a number of notable funding, broadcasting and awards highlights over the course of 2013.

- ▶ Issues of gender re-assignment were sensitively addressed by Spin 1038m in its radio documentary, *'Finding the Body that Fits'*, which focussed on the stories of three young adults and explored the difficulties they faced in transitioning from female to male;



- ▶ The regional youth service for the south-east, Beat FM, received grant support for 50, two-minute programme inserts, explaining economic terminology in a fun and accessible way to the station's 15-34 year old target audience;
- ▶ Raidió na Gaeltachta's '*An Cóipleabhar*', was also supported. The series of 20 programmes deals with the folklore collection '*Scéim na Scol*'. The scheme was set up in 1917 and involved schoolchildren asking their parents and grandparents to tell them their stories and those of their communities. Over half a million pages of folklore now make up the collection. Keeping with the theme of children, community station Tipperary Mid West Radio was allocated funding for its programme, '*School Voices*', produced by local school children, with assistance from the station's volunteers;
- ▶ Drama is becoming an established part of the schedule on commercial radio services, thanks to the availability of funding support from Sound & Vision and 2013 saw this trend continue, including the provision of funding support for a humorous 7-part series, '*The Daffodil*' to be broadcast on KCLR 96FM; a series of short dramas entitled 'Ten Minute Terrors' on West Dublin Access Radio; and, the stand-alone dramas '*Matches*' and '*Left Behind*', which were scheduled for broadcast on Newstalk 106 and Shannonside 104FM respectively;
- ▶ '*End of the Line*', produced by Daithí MacMahon and broadcast on Radio Kerry, won a PPI award in 2013. It told the history of the Tralee & Dingle Railway through a blend of dramatised narration, dramatic recreations and interviews with contributors who had first and second hand knowledge of the railway;
- ▶ '*Francisco*' Ocean FM's three-part radio drama won the prestigious Prix Europa in the radio drama category. Based on the writings of Spanish captain Don Francisco De Cuellar, who was shipwrecked in Ireland in 1588, the drama tells of his journey across the North West of Ireland. Ocean FM was also successful in winning a PPI Best Drama Award in 2013, for '*Mary Motorhead*', written by Mark O'Halloran.

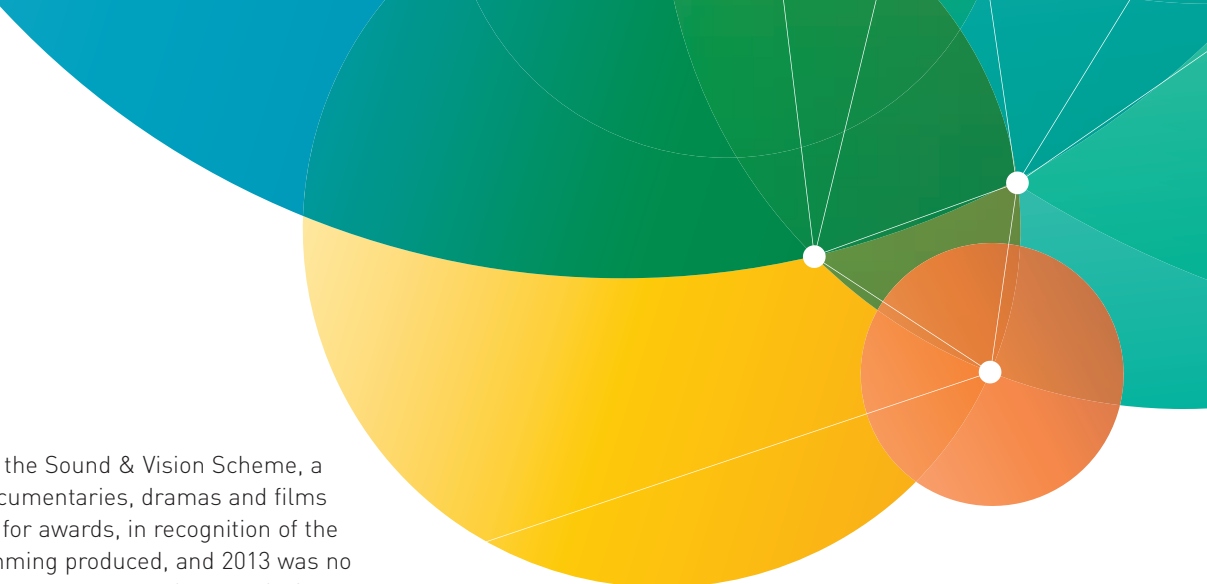
Television

Both the number of televisions applications received and the total amount funding requested increased in 2013, with the BAI receiving 249 applications for funding to the value of €44.7m. Of these, 62 applications were successful and the total funding allocation to TV was €11.515m.

Funding and Broadcasting Highlights

A feature of the Sound & Vision Scheme is ensuring that there is a good spread of funding allocations across various programme formats, in order to enhance the level of programme diversity for audiences. From a television perspective, funding was allocated across the formats of documentary, drama, entertainment, education and animation. There were a number of notable funding highlights in the year, which included:

- ▶ '*1916 Seachtar Dearmadta*': A follow-up to the hugely successful series '*Seachtar na Cásca*', this major 7-part major historical Irish language documentary series looked at the lives of the other 7 men executed in Kilmainham gaol in the aftermath of the 1916 Easter Rising;
- ▶ '*Lar Dar Saol*': a highly innovative media/literacy project where young people are trained to develop their own content through a series of workshops and the most promising content will be showcased in the programme. The programme is scheduled for broadcast on TG4 in 2014;
- ▶ A number of television drama projects received support including a project entitled '*The Guarantee*'. Scheduled to be broadcast on TV3 in 2014, and adapted from the theatrical production, this feature-length drama reconstructs real events to tell the story that culminated in the fateful decision by the Irish State to offer a blanket bank guarantee in September 2008;
- ▶ A significant funding allocation was made, through the Scheme, to the animated series '*Nelly and Nora*'. Scheduled for broadcast on RTÉ Junior, the series charts the adventures of a family on holiday in Ireland;
- ▶ 2013 also saw funding support provided to the community broadcaster DCTV for the production of a TV drama called '*The Inquiry*', based on the 1913 Lockout.



Since the inception of the Sound & Vision Scheme, a range of television documentaries, dramas and films have been nominated for awards, in recognition of the quality of the programming produced, and 2013 was no exception. The following were among the award winners and/or nominees:

- ▶ *'On a River in Ireland'*, the feature version of the two-part documentary *'The Secret Life of the Shannon'*, aired on RTÉ in May. Produced by Crossing the Line, the feature-length documentary received awards for Best Editing, Best Wildlife Habitat Programme and the overall Grand Teton Best of Festival Award, at the world's leading Wildlife Film Festival, Jackson Hole;
- ▶ The unconventional love story and authentic portrait of a happy-go-lucky Irish family, *'Run & Jump'*, produced by Samson Films, won best Irish feature at the Galway Film Fleadh;
- ▶ *'Instrumental'* was voted as one of the '7 Best Formats' in 2013 by public service broadcasters from the European Broadcasting Union. *'Instrumental'* aired in October 2012 for 6 weeks on RTÉ One. It sought to encourage the public to learn how to play instruments and featured well-known individuals such as Brent Pope, Manuela Spinelli and John Murray partnering with members of the public to learn to play a musical instrument over the course of four months;
- ▶ The 2013 **Irish Film and Television Awards** saw no fewer than 34 nominations for programmes that had received funding through Sound & Vision II. The winning programmes included *'Amber'*, *'Páidí Ó Sé – Rí an Pharóiste'* and *'1916-Seachtar Dearthadha'*. Nominated programmes included *'The Sea'*, *'Run and Jump'*, *'The Scholarship – Class of 2018'*, *'Blain in Árainn Mhór'*, *'The Estate'* and *'John Lonergan's Circus'*.

Awareness of the Sound & Vision Scheme

A key aspect of the BAI's ongoing work in relation to the Broadcasting Fund is to ensure that there is awareness among stakeholders of the Scheme and the funding support that can be availed of for programmes relating Irish culture, heritage and experience, adult and media literacy and global issues.

Stakeholder engagement focused on a number of different areas in 2013. At the start of the year, workshops were held in Dublin and Galway to support the roll-out of the new on-line system, www.baionline.ie.

These workshops also provided a valuable opportunity to address other operational issues with stakeholders, as they arose.

At the end of the year the BAI held an industry event in Croke Park to discuss the outcomes of the statutory review of the Scheme and to outline proposals for the development of the new Sound & Vision 3 Scheme.

Across the year the BAI was represented at a variety of industry events and fora where programme funding, in particular the Sound & Vision Scheme, were discussed. This included a dedicated IFTA breakfast, the Craol Training Féile, and 'The Digital Age and the Future', in Connemara. The BAI also participated in and supported events at the Jameson International Film Festival, the Galway Film Fleadh and the Guth Gafa documentary festival.

Governance

Matters of governance in respect of the Broadcast Fund were a further key feature of BAI activity in 2013.

Statutory Review of Sound & Vision II

The Broadcasting Act requires that the BAI undertakes a review of the impact, effectiveness and operation of the Scheme on a three-yearly basis. Having agreed the scope of the review and commenced initial work in late 2012, with the support of independent consultants, Crowe Horwath, the final report and outcomes were submitted to the Minister for Communications Energy and Natural Resources and published by him, in November 2013.

The review examined the impact of the Scheme from a number of perspectives: the economy, the production sector, the broadcasters, and the audience. Overall, the findings indicated that the Scheme's impact was positive from all of these standpoints.

Audience research, undertaken as part of the review, found that there was considerable positivity towards the concept of a scheme whereby a proportion of the licence fee supports independent programme-making.

Whilst a number of recommendations were made in relation to the development of future iterations of Sound & Vision, the findings indicated that incremental change rather than radical reform was required. Particular recommendations of note included strong support for the further continuation of the Scheme and a request that the existing process of stakeholder engagement should be strengthened, and ideally placed on a more structured basis. In addition, the future strategic priorities for each funding round should be made clear.

Informed by the outcomes of the statutory review, the BAI launched a public consultation on Sound & Vision 3, to replace the existing Scheme. The Authority was scheduled to consider the outcomes of the public consultation in early 2014, with a view to submitting, for approval, a revised Scheme to the Minister for Communications and the European Commission.

Broadcast Fund Audit by Comptroller and Auditor General (C&AG)

As part of its work in 2012, the C&AG undertook a detailed audit of the Broadcasting Fund. The purpose of the audit was two-fold:

- ▶ To review the administration and management of the fund;
- ▶ To review the outputs and performance of the fund and the extent to which it had been evaluated.

A number of recommendations emerged from the audit, which were accepted in whole or in part by the BAI. All of the recommendations made by the C&AG related to enhancing the administration and transparency of the Scheme. In April, representatives of the organisation made a presentation to the Committee of Public Accounts, outlining the manner in which issues arising from the audit were being addressed. The Committee expressed its satisfaction with the BAI's approach to the operation of the Scheme and the organisation's progress towards the implementation of the recommendations.

www.baionline.ie

The BAI has continued to take measures to strengthen the transparency of how it administers the Scheme. In this regard, the BAI had been working for some time on the development of a major new online system, covering all aspects of the Scheme's operation.

In January 2013 all aspects of the operation of the Sound & Vision II Scheme had moved online with the successful roll-out of the www.baionline.ie. The roll-out of the new system was successfully completed in June 2013 when all the Round 18 applications were submitted via the online grant management system.

The system was designed to reduce administrative burden on all stakeholders and to improve the efficiency and effectiveness of the process used to manage the Broadcast Fund. It has ensured that increased Sound & Vision activity in 2013 was managed within existing resources and with no corresponding delay in published timeframes.

Archiving Scheme

The establishment of the Archiving Scheme has been an important development for both the broadcasting industry and Irish audiences. The Scheme was developed through engagement with a wide range of broadcasters and expert groups and will contribute to the preservation of Ireland's broadcasting heritage and provide the public with additional access to the very rich history and culture of broadcasting in Ireland.

The Scheme is open to broadcasters, advertisers, persons/institutions in possession of relevant material, persons/institutions capable of carrying out work on archiving material considered to be of value to the State, and persons/institutions capable of furthering the Archiving Scheme's objectives.

The first round of the Archiving Scheme was opened in late January with a particular focus on historic programme material which is under threat, either through its fragile physical condition or its existence on a soon-to-be obsolete format. Following assessment of 26 applications received, funding of €1.5m was allocated to seven different projects.

The successful applicants included: the archiving of news and current affairs content on Today FM (2000 – 2009) and TV3 (1998 to date); the archiving of RTÉ Television News (1985 – 1999); the archiving of a collection of audio acetate discs by RTÉ (1937 – 1971) and other projects from UTV, the Radharc Trust and community broadcaster, Northern Visions Limited.

A further round of the Scheme was announced in December 2013 and it is intended that funding of €2.8m will be made available over two rounds in 2014.



ENSURING PLURALITY

One of the BAI's key goals is to ensure that, through its regulatory activity, a broadcasting environment is facilitated that promotes a mix of public service, commercial and community broadcasting. Another concern for the BAI is that plurality of viewpoint, outlet and source is supported through the establishment and implementation of policies, codes and procedures.

Fairness, Objectivity and Impartiality

Section 42 of the Broadcasting Act requires the Authority to prepare various codes governing standards and practice ("broadcasting code") to be observed by broadcasters. This includes the development of a Code on Fairness, Objectivity and Impartiality in News and Current Affairs.

Having undertaken comprehensive and extensive consultation on the development of a draft code during 2012, the final Code of Fairness, Objectivity and Impartiality was launched in April 2013, with an implementation date of July of that year.

In advance of implementation, the BAI held a workshop with broadcasters in late May in order to discuss and explore issues in relation to the practical implementation of the Code. While no issues of major concern arose at the workshop, the areas of particular focus for broadcasters, from an implementation perspective, related to:

- ▶ Vexatious/awkward/ungrounded complaints;
- ▶ How linked broadcasts are interpreted in the case of complaints;
- ▶ The continued validity of a moratorium in advance of a polling day;
- ▶ The challenge facing the community sector in the context of volunteer presenters;
- ▶ The expressed need for additional guidance from the BAI in relation to: social media and its management relative to the Code; the rule regarding presenters' own views; and, how potential conflicts of interests should be managed;
- ▶ Issues of parental consent in the context of live programming and the involvement of children.

Subsequent to the workshop and in response to queries raised, guidance on the Code was developed and issued to all broadcasters, at the time of the Code's effective date.

Monitoring Media Plurality

Executive staff availed of a number of opportunities to participate in relevant fora on media plurality with a view to tracking trends in monitoring, and measuring media plurality in other jurisdictions and assessing the suitability of other models for application in an Irish context. The BAI's Media Research Funding Scheme also identified monitoring of media plurality as a priority theme for research funding projects as part of its 2013 Scheme.

▶ EU Consultation on Media Freedom and Pluralism

In late summer, the BAI submitted its response to the EU 2013 Consultation on the Independent Report of the High Level Group on Media Freedom and Pluralism. The submission highlighted the BAI's view that a more extensive competence for the EU with respect to media freedom and pluralism could facilitate a greater degree of clarity regarding the objectives to be achieved, as well as a greater level of specificity in the expectations of, and accountability by, national governments in the achievement of media freedom and pluralism. It also highlighted the potential for the EU to nurture a robust, free and pluralist media environment with accession countries.



The BAI's submission supported the view that any new regulatory framework on media freedom and plurality should have regard to the new media environment, recognising the wide range of new and emerging sources of news and opinion available to citizens that have the ability to influence the formation of views and public opinion. Allied to any new regulatory framework, in the BAI's view, is the requirement to be able to measure the range of sources from which citizens access news, information and opinions in order to assess whether the objective of plurality is being achieved, as well as the desirability for education in media literacy in helping younger citizens in understanding and critically assessing the role that the media plays in a functioning democracy.

In respect of public funding for media organisations, the BAI expressed the view that media organisations should only be given public funding on an open and transparent basis, with such organisations being fully accountable for their use of public funding, while acknowledging the established principle of having dedicated streams of funding at the national level for public service broadcasting organisations. However, where funds are set aside for open competition, they should be available on a non-discriminatory, objective and transparent basis.

Finally, the BAI's submission supported measures that would encourage quality journalism, open and non-discriminatory access to online information and the principle of pro-active assessment of media environments and markets in order to ensure media freedom and pluralism.

▶ Competition and Consumer Protection Bill

The BAI had significant engagement with the Department of Communications, Energy and Natural Resources on those aspects of the draft Consumer and Competition Bill that will impact the statutory functions and duties of the Authority in respect of media mergers. The Authority advised on relevant implementation and operational aspects of the legislation proposed and it was anticipated that work in this area would continue into the first half of 2014.



INFLUENCING & COMMUNICATING

As an organisation, the BAI commits to being a trusted and informed voice in the media environment –accessible and available to the public, policy makers, broadcasters and Government. The BAI achieves this through an active programme of engagement, participation and communication in national, European and wider international fora.

The themes of much of this engagement and communication in 2013 were linked to the BAI's enduring objectives of ensuring diversity in content for Irish audiences and sustaining plurality in the range of voices and sources of news and opinion available in the Irish broadcasting environment. Linked to these themes is the impact of convergence and new technologies on the Irish media landscape and the challenges presented in this regard in delivering on these key objectives. As is evident from many of the BAI's activities in national and international fora during 2013, the themes of diversity and plurality have added complexity in a world of converging technologies.

European Commission Green Paper- 'Preparing for a Fully Converged Audiovisual World'.

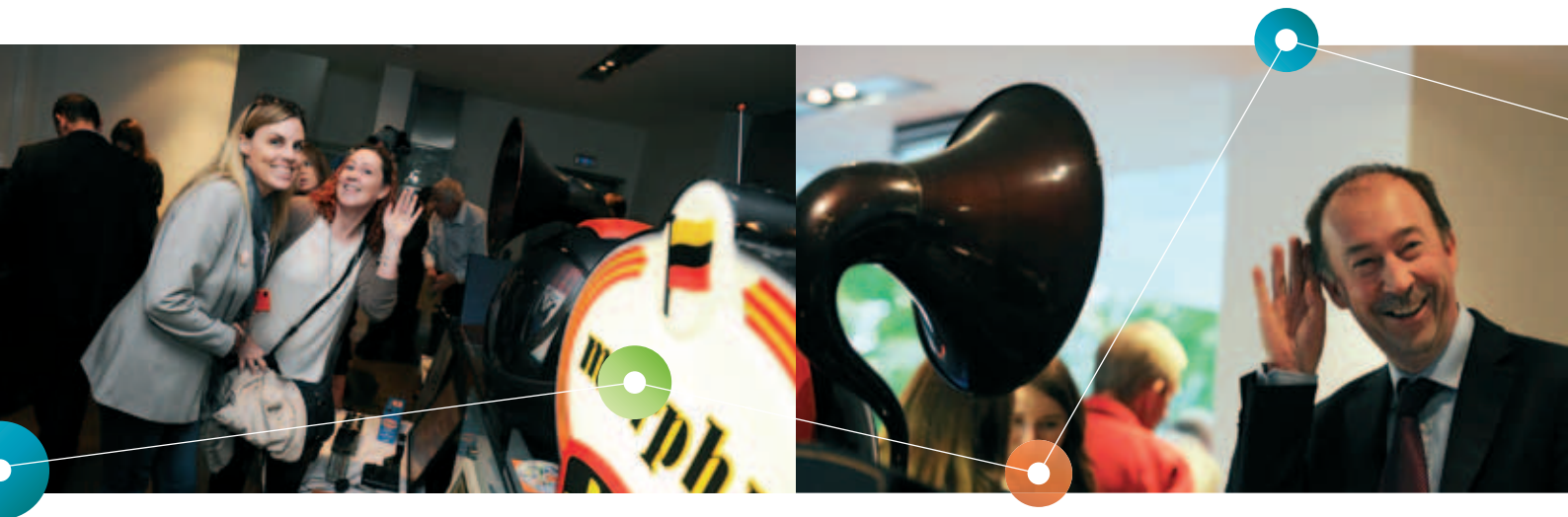
A particular focus of the BAI Strategy 2011-2013 was a commitment to identifying the impact of new technologies for the viewer and listener. In this context, the BAI welcomed the initiative on the part of the European Commission to stimulate, through its Green Paper, a broad public discussion on the implications of the ongoing transformation of the audiovisual landscape, in the context of convergence. In its response to the Green Paper, the BAI highlighted:

- ▶ The challenges presented to traditional revenue streams for indigenous broadcasters, arising from the evolving media environment and the resulting impact on the quality, diversity and relevance of the content which such broadcasters can offer;
- ▶ The importance of access to, and placement on, a range of delivery platforms as a key issue for indigenous channels;
- ▶ The impact which the country-of-origin principle of the Audio Visual Media Services Directive has on smaller EU Member States such as Ireland, particularly in respect of opt-out advertising;
- ▶ The view that effective action in media literacy requires strategic partnerships at a national and EU level and this will continue to underpin the BAI's approach.

The BAI re-iterated its belief that, as the media landscape evolves and becomes more complex and diverse, the need to balance the protection and empowerment of audiences is constantly evolving for regulatory bodies. Confidence and capacity in accessing and navigating diverse media sources are increasingly important skills that cannot be taken for granted.

European Regulators' Group for Audiovisual Media Services

In 2013, the BAI accepted an invitation to participate in a newly-established working group of broadcasting regulators in the Member States, convened by the European Commission. The purpose of the Group is to advise the Commission on the implementation of the current Audio-Visual Media Services Directive, as well as on a possible new framework for future regulation. Key features of the first Work Programme of the group included a focus on the converged environment and the regulation of non-linear services; the independence of broadcasting regulatory bodies; and, the protection of minors in the online world.



Analogue Switch Off and Digital Switchover

The BAI continued to participate in national and international fora in relation to analogue switch off and digital switchover. During 2013, the BAI chaired a meeting with key stakeholders from DCENR, RTÉ and 2RN, to discuss future prospects for the Saorview platform and related matters. It was agreed that a number of actions should be completed in advance of further meetings of the wider stakeholder group. These included the review of commercial DTT to be undertaken by the BAI and the outcome of the ComReg review of tariffs.

Legislation

Throughout 2013, the BAI had regular communication with officials in the Department of Communications, Energy and Natural Resources, providing feedback on implementation issues arising in current Irish broadcasting legislation. The organisation also advised on possible amendments which would clarify and/or enhance the current statutory framework for the regulation of Irish broadcasting.

International/National Presence

The BAI continued to actively participate in national and international fora in relation to broadcasting matters. During 2013, the BAI was represented at EPRA (European Platform of Regulatory Authorities in Broadcasting) meetings in Krakow and Vilnius.

The themes of Diversity and Convergence were a key focus of the BAI's presentation to delegates at the meeting in Kraków in May 2013. The presentation drew attention to the ongoing regulatory challenge of facilitating a high profile for, and consumption of, Irish public service content in the more complex audiovisual ecosystem in which Ireland finds itself. The particular challenges posed by the new media environment for

dual-funded PSBs were highlighted, including the trends in audience and revenue fragmentation and the intense competition from new platforms and content providers. The presentation also acknowledged the challenges facing broadcasters in striking an appropriate balance between traditional and new media services, in order to fulfil their core objectives, while at the same time, evolving to meet the needs of audiences

On a similar theme, the BAI shared its experiences in developing and implementing a model of public funding oversight which it had developed, as a regulation master-class in Brussels, organised by Cullen International.

The role of community media in Ireland as a key element in providing diversity and plurality in broadcasting services for the Irish public featured in a presentation by the BAI at an international seminar on Community Radio, organised by the Belgian broadcasting regulator, CSA, in conjunction with the Université Libre de Bruxelles.

The BAI also attended the IIC global regulators' conference in London which brought together regulators from both the audiovisual and telecommunications sectors to share and exchange information on matters such as the impact of convergence and new technologies on the media landscape.

The Executive continued to form part of the delegation at meetings of the EC Contact Committee and also met with representatives of EC Competition Secretariat in July to discuss PSB related issues.

National events attended included the IBI and Learning Waves conferences. The Chief Executive presented a paper at a seminar on the history of broadcasting held at the University of Limerick.



Engagement with stakeholders

An annual programme for proactive engagement with a range of stakeholders, linked to the BAI's objectives and work outcomes was delivered. The communications programme included engagement with broadcasters, journalists, industry representative bodies, access user groups, civil society and youth organisations.

A new, media-rich website, www.baifuture.ie, was also rolled out during 2013, providing an additional avenue for the BAI to engage with stakeholders on public consultations being operated during the year. The use of live streaming and recording of BAI events was also introduced this year and again adds additional information and communication opportunities for the organisation with the public and other stakeholders.

Media queries to the organisation increased steadily during 2013 and the BAI issued 48 media releases during the year, generating significant media coverage. Over 800 articles of relevance to the BAI appeared in national and local media throughout the year. At national level, the topics of most interest to the media included Sound & Vision funding awards, the development of Codes and complaints decisions, while at local media level, the work of the Contract Awards Committee in re-licensing commercial local radio services during the year generated good coverage.

The BAI's approach to social media was also strengthened during the year. All of the organisation's public consultations and events were accompanied by a plan for social media engagement, across a range of social media platforms. This approach has not alone facilitated greater interaction with relevant industry stakeholders, but has also encouraged increased interaction with members of the public, civil society and a variety of non-governmental organisations.

Sponsorship

The BAI's Sponsorship Scheme is undertaken annually within the context of the BAI's Communications Plan. Sponsorship is an important tool that enables the BAI to communicate to a range of stakeholder groups. It raises awareness of the organisation's strategic objectives and activities and also assists in positioning the organisation. By offering sponsorship support to events/activities, the BAI is contributing to the growth and continued development of the audiovisual industry in Ireland.

The Sponsorship Scheme, with a budget of €109,000, supported 20 relevant events/activities during the year. These included The Celtic Media Festival held in Wales, the Film Fair and Marketplace at the Galway Film Fleadh, the continued sponsorship of the Best Drama category at the Irish Film and Television Awards, partner sponsorship of the PPI Radio Awards, sponsorship of Seachtain Na Gaeilge and the support of a series of master class events at the Jameson Dublin International Film Festival.

2013 marked the first year of the BAI's support for the inaugural Digital Biscuit seminar. The organisation also continued its support of Irish language programme-making competitions for secondary schools, run by Glór na Gael and Gael Linn. In addition, the BAI Sponsorship Scheme offered support towards the operation of Cogar.ie (an Irish language website for broadcasters) and the hosting of the IAMCR 2013 Annual Conference at Dublin City University.

The BAI held its first event to coincide with Culture Night in 2013 and opened the BAI building to over 100 visitors who came to view a pop-up museum of radio and TV equipment and attend a Sounds Alive audio event on the subject of the archive of the Irish Folklore Commission. A radio programme featuring audio from the event was subsequently broadcast on RTÉ Lyric FM.



STRENGTHENING THE TRANSPARENCY AND ACCOUNTABILITY OF BROADCASTERS

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. The principles of transparency and accountability also extend 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 2013 in fulfilment of this strategic goal.

Five Year Review of Public Funding for Public Service Broadcasters

Under the Broadcasting Act 2009, the Authority is required to carry out a comprehensive review, every five years, to establish the adequacy of funding for RTÉ and TG4 to achieve its public service objects. The BAI concluded this major piece of work in 2013, and submitted the outcomes and a series of recommendations to the Minister for Communications, Energy and Natural Resources in June. Overall the report adequately conveyed the complexities surrounding issues of public funding and appropriately positioned the Authority's observations and recommendations within its statutory remit and the broader cultural, social and policy contexts.

In its findings, the Authority took the view that there should be no immediate increase in the licence fee.

However, it believed that additional public funds were likely to be required, particularly in the case of RTÉ, in the future, to ensure investment in programme output. The Authority recommended that any funding increase should be conditional on the achievement of further cost reductions and savings by RTÉ. It also proposed that such an increase should be channelled primarily through the independent production sector, with a clear indication by RTÉ as to what this will deliver in terms of additional programming. Furthermore, a new approach to the public funding of RTÉ was advocated by way of re-balancing between public and commercial monies received and generated by the broadcaster. In this regard, the Authority proposed that the Minister should determine a point above current licence fee revenue, where public funding would be matched by a reduction in commercial revenue for RTÉ.

In relation to TG4, the Authority recognised the particular circumstances and challenges faced by the broadcaster. It is accepted that further cost savings and efficiencies cannot be secured under TG4's current operational model. The proposal therefore, was for funding to be maintained at current levels. The Authority recommended that additional detailed consideration of future audience patterns should be contemplated and whether existing resources could be deployed differently. The Authority also recommended that TG4 would be requested to undertake a further exercise to consider what strategic options it might pursue in the event that further limited levels of public funding became available.

The BAI was pleased with both the speed of the Minister's response to the report and the endorsement and adoption by Government of the majority of findings and recommendations contained in the review. A series of further related projects were announced by the Minister at that time and work has been progressing since then among the various agencies: the Department of Communications, Energy and Natural Resources (DCENR), NewERA and the BAI. In this regard, the Minister requested that TG4 undertake the exercise to consider what strategic options it might pursue in the event that public funding became available. At the end of 2013, the Authority was in the process of considering a submission from the broadcaster, with a view to making observations to the Minister, as requested.



Annual Statements of Performance Commitments (ASPCs) 2013

Considerable work was undertaken during the year between the BAI and both PSBs in order to ensure that the framework for making annual commitments ("the ASPC framework") was aligned with the recommendations emanating from the five-year review process. In future years it is the BAI's intention that such alignment will facilitate regulatory oversight of the progress made by each PSB against its five-year plan.

As required by the Broadcasting Act 2009, RTÉ and TG4 submitted Annual Statement of Performance Commitments (ASPC) for setting out the 2013 targets and actions that they intend to deliver, having regard to their respective objects, statement of strategy and public service statements. TG4's ASPC was submitted in January and RTÉ's ASPC was reviewed by the Authority in June.

In the case of the commitments submitted by TG4, the Authority raised some concerns in relation to TG4's market share. However it was satisfied that efforts had been made to include specific measurable commitments in addition to a range of other commitments in respect of the station's overall profile on the web and on social media networks. It was also noted that the broader issue of the decreasing share of indigenous broadcasters in a digital, multi-platform environment was an important contextual factor when considering issues of market share. The Authority found TG4's submission was sufficient to meet the regulatory needs of the BAI.

With regard to RTÉ, it was noted that the number and nature of the commitments given by the PSB had been streamlined, reflecting the consistent feedback given to the station by the Authority. The inclusion, for the first time, of a prospective attribution of public funding across RTÉ's services and content was seen as a positive development. It was noted that further development of this model of attribution was required in order to afford a sense of the distribution of funding across the range and balance of content in the schedule.

In relation to the commitments, the Authority agreed that the setting of target ranges was not helpful in facilitating a review of the commitments given. This was especially pertinent in cases where the lower end of the range was below the levels currently being achieved. A specific target with accompanying rationale would in

these instances better facilitate the process of regulatory review. The Authority was of the view that additional detail was required in relation to pay-related operating costs.

While noting the relationship between the ASPC document and the RTÉ Five Year Plan as the context for many of the commitments, concern was expressed regarding the absence of detail in relation to commitments on digital developments. The Authority acknowledged the significant progress made in developing a document that increasingly aligned with the BAI's regulatory requirements. However, a degree of dissatisfaction was found with the level of progress achieved.

The Authority agreed that the information provided by the ASPC was sufficient in terms of its regulatory needs.

Annual Review of Public Funding

The Annual Review of Public Funding for both RTÉ and TG4 was undertaken in 2013 with the support of Indecon International Economic Consultants. Following the completion of the process, the relevant reports and the recommendations of the Authority were sent to the Minister for Communications, Energy and Natural Resources for consideration in November 2013.

RTÉ

The review of RTÉ found that the station met the majority of the targets it set for itself in 2013. Chief among these was the progress made in reducing operating costs. Although RTÉ experienced declines in advertising income, total commercial income and licence fee revenue, it continued to command the largest share of the television advertising market in the Republic of Ireland.

The review also highlighted current levels of spending in respect of independent productions. While in line with statutory requirements, it was significantly below overall expenditure on independent commissions in 2011.

The view was expressed that there was a requirement for RTÉ to not only set 'stretch' targets but also to prioritise targets rather than submit significant quantities of commitments as part of the annual commitment setting process.

Having regard to any adjustment in public funding, the Authority concurred with Indecon's view that there is a continued urgent need for RTÉ to reduce its deficit and given this fact, a reduction in public funding was not recommended.

TG4

In relation to TG4, the review found that the station broadly achieved the commitments set for 2013. Targets were not achieved however, in a number of key areas including new Irish language programming content, funding secured for the independent production sector and audience-related measures. A significant development was the decline in the reach and market share of the service in 2013. Decreases were experienced in the cost per broadcast hour, while the cost per viewer hour was maintained. It was also noted that there were increases in the number of creative staff supported by TG4, in expenditure on commissioned programming, in operating costs and in commercial income.

It was proposed that consideration be given to the role of TG4 and the implications of the decline in its market share in a broader policy context. Further recommendations included that TG4 should address the scope, quantity and measurability of its commitments, in the context of future processes and that future commitment setting processes should involve setting targets for outcomes that are strategically important to TG4. Referring to any adjustment in public funding, the Authority concurred with Indecon's recommendation that there should be no decrease in public funding at this time.

Sectoral Impact Assessments

Under its remit the BAI provides advice to the Minister in relation to Public Service Broadcasting. In that regard, a Ministerial request to perform a sectoral impact assessment (SIA) under section 103 of the Act, was received in May 2013. The SIA related to a proposed change to the schedule of RTÉ 2. The Minister also requested the BAI to undertake an assessment of the public value of the proposed change. The SIA and Public Value Test were completed within the permitted three month timeframe, with the Authority responding to the Minister on July 25th on both matters.

Compliance

Compliance and Enforcement Policy

Significant work was undertaken during the course of the year to develop a new Compliance and Enforcement Policy.

A key concern of the Authority in the development of the policy was to ensure a consistent and transparent approach to the compliance activities of the BAI, which would hold broadcasters and contractors fairly to account in respect of their statutory and contractual obligations, having regard to the interests of viewers and listeners. Other concerns included:

- ▶ being able to facilitate the effective planning and operation of the compliance and enforcement activities of the BAI;
- ▶ ensuring that relevant and accurate compliance information is gathered and reported, in order to aid the BAI in its regulatory role;
- ▶ the introduction of a policy that would encourage and promote a compliance culture. In this regard, it was also important to the Authority that broadcasters and contractors would be assisted in understanding the BAI's approach to implementing its statutory functions in relation to compliance and enforcement;
- ▶ ensuring that the work undertaken in respect of enforcement and compliance would support other areas of activity of the BAI such as licensing and the development of codes and rules.

The Authority approved the completed policy, in addition to a range of procedures and processes regarding the enforcement provisions set out in the legislation. This work was scheduled for finalisation early in the New Year and the publication and dissemination of the Compliance and Enforcement Policy and related procedures to broadcasters and broadcasting contractors was expected in the first half of 2014. It is the Authority's intention that the Policy, once launched, will provide a framework for all broadcaster and contractor compliance activity and will clearly manage stakeholder expectations in respect of how the BAI proposes to operate in relation to compliance and enforcement matters.

Compliance Plan

In common with compliance activity in 2012, the compliance plan in 2013 continued to primarily support the work of the Contract Awards Committee in re-licensing 24 commercial local radio services.

The monitoring by the BAI staff of broadcast output for 38 radio and television services was undertaken in 2013 to assess the level of compliance with statutory codes and rules. Part of this process also included assessment of the content commitments, as set out by broadcasters, in their contracts.

The BAI also undertook broader performance reviews for 34 broadcasters. These performance reviews looked at all aspects of a broadcaster's contracts with the BAI including, ownership and control, management and staffing and financial performance, amongst other matters. In the case of those services subject to re-licensing, the outcomes of the monitoring and performance reviews informed the Compliance Track Record Reports, produced by the Compliance Committee and provided to the Contract Awards Committee, further to the requirements of the Broadcasting Act 2009.

One of the emerging trends arising from compliance activity in 2013 related to matters of compliance in respect of the General Commercial Communications Code, in particular, the number of instances of non-compliance by broadcasters with the provisions relating to sponsorship. This was a matter that the Compliance Committee agreed would require further focus, in the content of the BAI's three-year workplan for 2014-2016.

Access Rules 2013

The Broadcasting Act 2009 requires that broadcasters must take measures to ensure that people who are deaf, hard-of-hearing, partially sighted or blind have access to programmes transmitted on their service. The BAI's Access Rules require broadcasters to meet targets for subtitling, consult with user groups and promote their access services. RTÉ 1 and RTÉ 2 also have additional requirements to meet targets for Irish Sign Language and audio description and the subtitling of children's programming.

2013 was the first full year since the revision of the Access Rules in 2012. A BAI review of performance against targets found that, in general, there has been a significant increase in the level of subtitling provided on public service and commercial broadcasters, with most broadcasters meeting or exceeding their targets. However, there are still issues regarding the quality and reliability of subtitles, in particular live subtitles. These issues are being addressed through improvements in technology and changes in work practices to allow those subtitling more time to preview items for broadcast.

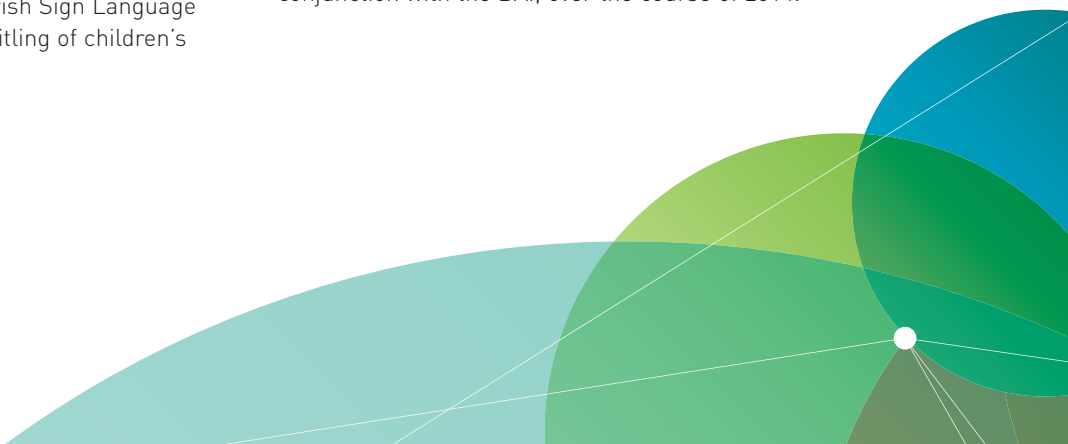
RTÉ has exceeded the targets set down in the Rules. While non-live subtitling is of a very good quality, issues still remain with regard to live subtitling. RTÉ met its target for Irish Sign Language in 2013, and while it did not meet its target for audio description, the review found that the broadcaster will be putting equipment in place to allow for the provision of audio description by mid-2014.

TV3 and 3e now provide live subtitling across a large portion of their daytime schedules, which has significantly increased their level of subtitling. Whilst User Groups welcomed the prioritisation of subtitling of programmes unique to TV3, feedback indicated there is still a significant amount of learning with regard to live subtitling. Setanta Ireland continues to meet its target range of subtitling provision.

Although TG4 only achieved the lower end of its target range, it continues to provide subtitling of live sports, which is a unique service amongst the Irish broadcasters.

All community television services; DCTV in Dublin, CCTV in Cork and P5tv in Navan; exceeded their sub-titling targets in 2013.

Although most broadcasters met with User Groups during the year, it proved difficult for some broadcasters to meet User Groups in their area. This issue will be considered by the User Consultative Panel, in conjunction with the BAI, over the course of 2014.



The Access Rules will be reviewed in 2014, with a view to having revised Rules in place in the latter half of 2014.

Broadcaster	2013 Subtitling Target	2013 Subtitling Actual
RTÉ 1	80 – 85%	87%
RTÉ 2	56 – 62%	63%
TV3	41 – 45%	45%
TG4	40 – 46%	40%
3e	13 – 17%	9%
Setanta Ireland	7 – 9%	8%
DCTV	2%	9%
CCTV	2%	6%
P5tv	2%	34%
Broadcaster	2013 Audio Description Target	2013 Actual
RTÉ	1.25%	0%
Broadcaster	2013 Irish Sign Language Target	2013 Actual
RTÉ	1.25%	1.8%

On-Site Visits and Inspections

According to conditions laid down in their contracts, all licensed broadcasters are obliged to adhere to technical requirements. During 2013, 134 on-site visits took place and all, apart from three contractors, meet required specifications. Of those who did not meet the required specifications, two contractors had exceeded their licence power while one had exceeded band-width and deviation limits.

Contractual Variations

Variations to Contracts

Broadcasters licensed by the BAI submit requests to the Authority throughout the year for modifications to their contracts. These vary from altering elements of the station programme policy statement to changes in staff and shareholder structure. In 2013 there were in excess of sixty requests for contract variations received. Most of these were for minor changes, as many of the contractors were participating in licence renewal processes. Among those considered and approved were:

- ▶ Beat FM – the transfer of shares held by Thomas Crosbie to Sappho Ltd.;
- ▶ FM104 & Spin South West – derogation from statutory news and current affairs requirements;
- ▶ Spin 1038/Spin South West – the sharing of the CEO resource across Spin1038 and Spin South West.

Contract Awards

In addition to the significant work undertaken by the Contract Awards Committee in respect of the implementation of the BAI licensing plan, 2012-2013, the Committee also had responsibility for the licensing of temporary sound broadcasting contracts and content provision contracts. Over the course of the year, the Committee recommended that the Authority enter into 17 temporary sound broadcasting contracts and the Authority ratified these recommendations. Among the services recommended were a number of secondary school and third-level radio services, Christmas FM and two pilot community radio services, each operating on a 100-day licence, as provided for by the Act.

The Committee also recommended that the Authority enter into one content provision contract, further to section 71 of the Act. This contract was granted to facilitate an operator participating in the RTÉ DAB trial.



FACILITATING LEARNING AND DEVELOPMENT IN THE BROADCASTING SECTOR

The BAI's strategic goal in respect of learning and development in the broadcasting sector is to work with the industry to enhance its capacity. Through strategic engagement with broadcasters and a partnership approach, the BAI has sought, over the lifetime of its current strategy, to assist in establishing development needs and adopting strategies to support the broadcasting sector in ensuring its enduring role within the wider media environment.

Funding and Development Activities

The BAI Sectoral Learning and Development Policy, which was launched in 2012, provides the framework to enable the BAI to plan, support, measure and evaluate, from a strategic perspective, the continued growth of the sector. The Policy is informed by the BAI Strategy Statement, 2011-2013 and Section 26(2)(e) of the Broadcasting Act 2009, which requires the BAI to *"co-operate with other bodies, including representative bodies within the broadcasting sector, to promote training activities in the areas of skills shortages in the broadcasting sector"*. Through its funding of industry networks, the BAI facilitates the delivery of specific training and development activities by the various networks to their members. In addition, the process by which grants are offered by the BAI to qualifying industry networks on an annual basis ensures that there is a high degree of accountability required from each network in respect of the manner in which funding provided has been utilised.

The budget allocation for sectoral development in 2013 was €342,000. It was allocated under the policy towards six core areas of delivery to the broadcasting sector in 2013. €270,000 of this was specifically allocated to support networks such as CRAOL (community broadcasters' network), Learning Waves, Community Television Association (CTA), the Association of Independent Radio Producers of Ireland (AIRPI), Media Desk Ireland and Screen Producers Ireland (SPI), among others.



CRAOL (Community Radio Forum)

Funding Allocation €129,000

Funding to CRAOL supported a wide range of activities in 2013 including:

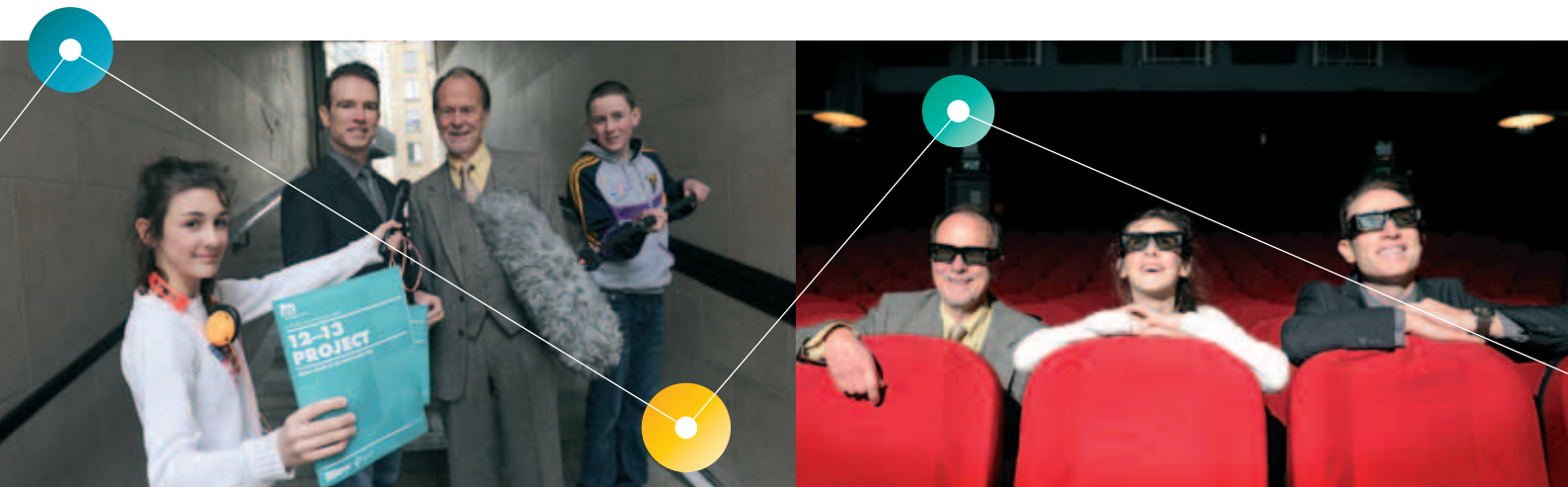
- ▶ The organisation of accredited courses, workshops and training sessions for managers, volunteers, trainers and board members, based on skills needs analysis;
- ▶ QQI/FETAC and Continuous Professional Development course delivery and manual/assessment development;
- ▶ The Annual Féile 2013 held in Dublin for all licensed community radio stations. Aspirant community groups also attended the event;
- ▶ The provision of supports for sectoral training and compliance initiatives, in particular the CRAOL Helpline which offers support to members and aspirant groups on issues such as quality and governance.

Learning Waves (training provider for the independent radio sector)

Funding Allocation: €42,420

Activities undertaken by Learning Waves, with the assistance of BAI funding support included:

- ▶ One-on-one coaching and mentoring sessions to presenters of various programmes within stations;
- ▶ Specific training on building management capacity in stations;
- ▶ The 'Production Engineers' workshop, which provided people with a forum to work on and share ideas, in addition to addressing some of the challenges facing production staff at present;
- ▶ On-site station visits with breakfast programming teams to review programme content, structure and future developments;
- ▶ Learning Waves Conference, held in October 2013;
- ▶ A Creative Programme Content workshop. Designed specifically for members' needs, this activity reviewed stations' programming, on-air presentation and station image.



Community Television Association (CTA)

Funding Allocation: €32,000

The monies allocated funded the following events and activities:

- ▶ The hosting of a festival for Community Television in Ireland;
- ▶ Attendance by CTA member organisations at a 3-day community television conference in the Czech Republic;
- ▶ Participation in a range of information exchange workshops / seminars dealing with youth in community television; platforms and technical issues; and, legislation and regulation across the EU;
- ▶ The provision of three technical workshops, addressing the needs of channels in the sharing of content for transmission on multiple community television channels.

Association of Independent Radio Producers of Ireland (AIRPI)

Funding Allocation: €20,000

- ▶ AIRPI hosted a course provided by international radio producer (Jens Jarisch) which addressed various technical skills, examined different storytelling styles and explored methods to structure pieces to enhance listener engagement;
- ▶ Additional training events were held for AIRPI members that covered topics such as technological advancements in the industry, radio production and voice training.

Media Desk Ireland

Funding Allocation: €12,000

Media Desk Ireland hosted the following activities and events:

- ▶ Media Desk Ireland partnered with Dingle Film Festival, which focused on the animation industry;
- ▶ Produced the Drama Directory - a Guide to European TV Drama Commissioners and Buyers in 2011 with continuing updates in 2012 and 2013.

Screen Producers Ireland (SPI)

Funding Allocated €15,000

A number of seminars were delivered by SPI to its membership. These included peer-to-peer workshops on selected topics including, documentary film-making, entry level information for novice producers and work practices in relation to the Child Protection Policy.

Media Research Funding Scheme 2013

The BAI recognises the importance of research in guiding and planning all aspects of its work. Through the research it undertakes, the BAI aims to inform debate on broadcasting-related matters, with a view to facilitating informed, evidence-based decision-making. The objectives of the Scheme include the development and maintenance of links between the BAI, third-level institutions and the broadcasting sector; driving quality research initiatives to provide a strong evidence base to the regulatory environment of the BAI's work and providing research that will facilitate the BAI in meeting the needs of viewers and listeners in Ireland.



In January 2013, Authority Members indicated the importance of strengthening the connection between education institutions and other bodies through the BAI's Media Research Funding Scheme (MRFS).

Members approved funding of €25,000 for the operation of the Scheme which was launched on 30th July 2013. The executive received a total of 15 applications by the September closing date, with a requested funding total of €210,423. Two projects, submitted by the National Women's Council of Ireland and Dublin City University, had presented complementary proposals regarding women in broadcasting. Both applicants were approached by the BAI to explore the possibility of merging the two proposals into one project. The outcomes of these discussions were positive and a contract for the research had been drawn up by year end, with a view to the research being conducted over the course of 2014.

Media Literacy

A number of media literacy activities were supported by the BAI in 2013, notably a seminar organised by the Community Television Association (CTA) for community media participants and an event organised by Media Desk Ireland on the growth of the viewer and listener as a programme participant, through social media. The BAI also provided funding support in 2012 to the Irish Film Institute to produce a report on the media consumption habits of Irish 12 and 13 year-olds nationwide. This report was launched in early December 2013.





PROMOTING RESPONSIBLE BROADCASTING AND EMPOWERING AUDIENCES

The BAI shares responsibility with Irish broadcasters for ensuring that they can balance creativity and innovation with the need to protect audiences from inappropriate and offensive content. This is a core component of the BAI's work and to this end, the BAI keeps under review broadcasting codes and rules and seeks, through such review processes, to anticipate and provide for evolving audience needs and changes in the broadcasting environment.


Guidelines on Elections & Referenda

During 2013, Guidelines were issued to broadcasters in advance of the Seanad and Court of Appeals referenda. The Guidelines are provided for under rule 27 of the BAI Code of Fairness, Objectivity and Impartiality in News and Current Affairs and contain advice on the approach to be taken to coverage of the referenda. They also include a number of requirements that broadcasters must meet, further to the provisions of the Code.

The Guidelines address considerations such as the role and responsibility of broadcasting personnel; audience participation; opinion polls; and, the allocation of airtime. More generally, the Guidelines encourage broadcasters to cover referendum campaigns as comprehensively as possible and to seek out the widest range of opinions from the beginning of the public debate. The Guidelines also require compliance with a moratorium on coverage of the referenda.

General Commercial & Children's Communication Codes

Following extensive public consultation, including the input of various experts, the Children's and General Commercial Communications Codes were revised and published in June 2013. The revisions of the Codes took place in order to introduce new rules applying to the promotion to children, on radio and television, of foods that are high in fat, salt and sugar (HFSS foods).



In particular, the new Codes prohibit the promotion of these foods in children's programming and introduce restrictions on the content of adverts for these foods outside of children's programming. For example, in certain circumstances such adverts cannot include health and nutrition claims for HFSS foods or use celebrities to promote them. The new rules use a Nutrient Profiling Model to determine which foods are more healthy and can be promoted to children and which foods are less healthy and are prohibited or restricted by the new Codes.

The Right of Reply Scheme

The Right of Reply Scheme was developed, under statute, by the BAI in 2011 to provide for the correction of incorrect facts or information that have been broadcast about a person, where the assertion of such incorrect facts or information have impugned that person's honour or reputation.

A Right of Reply is solely about the correction of incorrect facts or information; it does not provide for the broadcast of an alternative or contrary opinion. In other words, a person may not be satisfied with the manner in which a broadcaster has relayed information about him/her, but a Right of Reply will not be granted unless the facts or information are factually incorrect to such a degree that the person's honour or reputation have been impugned.

No request for a right of reply was received under this scheme during 2013. A statutory review of the Scheme is scheduled for 2014.

Code of Programme Standards: Statutory Review

"Ireland is changing; broadcasting standards are not black and white; and respect for the individual and groups in society matters most to viewers and listeners". These were the key findings of new research into public attitudes regarding programme standards in the broadcast media. The research, undertaken by IpsosMRBI on behalf of the BAI, supported the statutory review of the Code of Programme Standards. The Code addresses the concepts of taste, decency, harm and offence, with regard to radio and television broadcasting.

The Authority agreed a phased approach to the review of the Code in July 2013 and by year end, two of the five phases proposed had been completed. These consisted of a legal review of regulatory approaches to harm and offence in other jurisdictions, and a national attitudinal survey, which sought to establish attitudes among members of the public in relation to matters of harm and offence. It was anticipated that the outcomes of these two phases, together with proposals for revisions to the Code, would be presented to the Authority in early 2014.

On-Demand Audio-Visual Services

On-demand audio visual services include services such as the RTÉ Player, TV3's Catch-up service, TG4's Beo service, as well as certain types of content provided by mobile and other telecommunications services. In Ireland, these services are self-regulated by the On-Demand Audiovisual Services (ODAS) Group. The Group's membership comprises broadcasters, telecommunications companies, representative bodies of the advertising industry and other on-demand service providers. Irish legislation requires that the Group's Code of Conduct is approved by the BAI and this was done in 2010. The Code of Conduct sets out the minimum standards required of ODAS providers; provides for a complaints mechanism for citizens; and, complies with European directives.

As part of the self-regulatory Code of Conduct applying to commercial communications and editorial content featured on these services, the BAI Compliance Committee signed a Memorandum of Agreement such the Committee would serve as a back-stop referral body for complaints concerning editorial content. The Memorandum was renewed in 2013 with the recommendation from the Committee that the Code of Conduct be updated to ensure that citizens can complain about editorial content that they consider to lack fairness, objectivity and impartiality or which infringes privacy. On foot of this recommendation, the ODAS Group updated their Code of Conduct, which was presented for approval by the BAI in the second half of 2013.

Complaints Handling Process Review

The complaints handling process was reviewed by the Compliance Committee and changes to the process will be considered and introduced in 2014.

Complaints Process

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.

During 2013, a total of 113 complaints were considered. The majority concerned matters under the Code of

Fairness, Objectivity and Impartiality (86), with 22 complaints considered under the Code of Programme Standards. Of the 113 complaints received, 30 were still in process at the end of the year; 16 had been dealt with through the provision of an adequate response from the broadcaster and 56 were resolved at either Compliance Committee or Executive Complaints Forum (ECF) level.

Complaints registered in 2013	113
Complaints carried over from 2012 which were finalised in 2013 (not included in totals below)	
Invalid	4
Rejected by CC	14
Resolved	9
Resolved at ECF	6
Upheld by CC	7
Upheld in Part by CC	4
Total	44

Complaint by category

Fairness, objectivity & Impartiality in News & Current affairs	86
GCCC	3
Law & Order	1
COPS	23
Total	113

Complaint by Outcomes

Invalid broadcast dates	1
Rejected by CC	55
Resolved	20
Resolved by CC	1
Resolved at ECF	22
Upheld	6
Upheld in Part	4
Withdrawn (anonymity)	2
Withdrawn by complainant	1
Ongoing	1
Total	113
Complaints considered by Compliance Committee	66



GOVERNANCE & ORGANISATIONAL DEVELOPMENT

The structure of the BAI requires that the organisation works efficiently and effectively in order to ensure cohesion and the ability to deliver on the strategic goals relating to agility, effectiveness, professionalism and learning.

Functioning of Authority and Statutory Committees

A number of meetings of the Chairpersons of the Authority, Contract Awards Committee and Compliance Committee were held during the year to discuss the progress on the BAI strategic objectives and workplan; the functioning of the Authority and Committees; and, other corporate governance matters. Of particular note in 2013 was the interrelationship between the Authority and Committees in relation to the implementation of the Licensing Plan, given the different statutory responsibilities held by each, in relation to licensing matters.

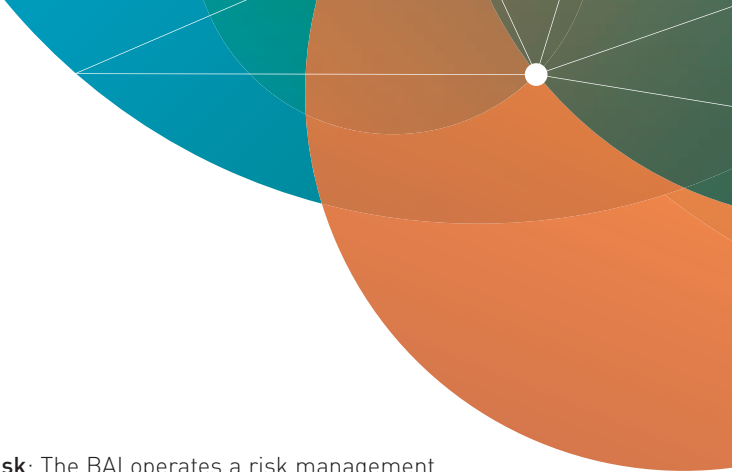
The BAI also ensured that all statutory and Code of Practice governance obligations, including financial reporting and submission of three year estimates, were submitted as required in September, 2013.

Finance, Audit and Risk Committee (FAR)

The FAR committee was established by the Authority in 2010. The committee has a range of responsibilities and duties, as outlined in its Terms of Reference. These duties relate to: systems of internal control, external audit and internal audit; responsibilities in respect of risk management; and, responsibilities with regard to financial control. No proposals for changes to the Terms of Reference were made in the year under review.

The FAR committee is required to brief the Authority not less than four times a year in respect of its various duties and its terms of reference are reviewed on a yearly basis to ensure that they remain current and relevant. The FAR Committee met 6 times during 2013 and considered a range of matters, an overview of which is provided below:

- **Finance and Audit Functions:** The Committee plays a role in relation to the review of the organisation's monthly management accounts and general oversight of the financial affairs of the organisation. It considers the unaudited and audited financial statements and the half-yearly statements of the Broadcasting Authority of Ireland and the Broadcasting Fund and presents and recommends their adoption to the Authority in each year. The FAR's role also extends to consideration of the organisation's three-year estimates, which are approved by the Committee for recommendation to the Authority.



In 2013 the Committee considered the BAI and BF Financial Statements 2012 at its February meeting and recommended them to the Authority for approval. The Comptroller and Auditor General (C&AG) issued unqualified audit certificates in respect of both sets of financial statements in October 2013. Unaudited half-year accounts were also considered by the Committee and submitted to the Department of Communications, Energy and Natural Resources, in accordance with section 13.2 of the Code of Practice for the Governance of State Bodies.

The Committee also oversees internal audit processes on behalf of the organisation. At the start of the year, the Committee considered the outcomes of the audit on Sound & Vision, which had been completed in late 2012. No significant issues were identified in the audit outcomes. A further three internal audits were conducted in 2013 by Baker Tilly Ryan Glennon. These were: the review of the implementation of previous Internal Audit recommendations; Internal Financial Controls; and, Human Resources. Two of the audits had been completed and considered by the Committee at the end of the year, while the outcomes of the audit on Human Resources was scheduled to be considered in early 2014.

The report relating to the review of the implementation of previous internal audit recommendations spanned a total of thirteen previous internal audits. Of the 58 recommendations arising from these audits, a small number remained outstanding and are scheduled to be addressed in 2014. In relation to audit of Internal Financial Controls, one recommendation arose which had been implemented by year end.

- **Treasury Management:** The FAR Committee oversees the implementation of the BAI's Investment Policy and receives independent financial advice on the investment of funds, in line with the Policy. In particular, broadcasting funds not yet allocated, in addition to funds allocated but not yet drawn down, are invested in a range of accounts;

- **Risk:** The BAI operates a risk management framework, which functions as a key tool in work planning, resource allocation, stakeholder management and good governance. Following a significant review of the risk register in late 2012, the revised risk register was reviewed on an on-going basis by the Committee during 2013, in addition to a fortnightly operational review of risk by the Office of the Chief Executive. The register was formally updated again and approved by the FAR Committee for recommendation to the Authority in November 2013;

- **Policies and Procedures:** The Committee considered and approved a revised Code of Business Conduct for Authority and Committee Members and Staff, which incorporated the BAI's Whistleblowers Policy and Anti-Bribery Policy. The revised Code and new policies were approved by the Authority in November 2013 and published on the BAI web-site in December of that year;

- **Levy Review:** Following review of the BAI Levy, the majority of recommendations arising have been implemented. A recommendation to establish a Levy Liaison Group will be implemented during 2014;

- **Committee on Public Accounts:** In his capacity as the organisation's Accounting Officer, the BAI Chief Executive attended the Oireachtas Committee on Public Accounts to respond to questioning on the Broadcast Fund and the BAI's Financial Statements 2012. The Oireachtas Committee was satisfied that the BAI had adhered fully to its duties and responsibilities with regard to the management of the fund and the organisation's finances generally.

Strategy Statement and Work Planning

Workplan 2013

A key feature of the review of the 2013 workplan, which was considered by the Authority at year end, was the number of projects which were successfully brought to a conclusion. These included four of the priorities for the year - the 5 year review of public funding for PSB's; the statutory review of the Sound & Vision II Scheme; the development of the Compliance and Enforcement Policy (including the processes for investigations, enforcement and sanctions under Sections 50 and 53 of the Act) and the completion of the BAI Statement of Strategy 2014-2016. A number of other projects, specifically the IT



Strategy and Strategic Methods and Models of gathering and using Data and Information, were noted by the Authority to be longer-term in nature and these projects will be the subject of renewed focus in 2014.

Operational areas were particularly resource intensive in the current year, in particular in the area of licensing. The degree to which the 2013 workplan was largely achieved related to the realism of work planning, greater productivity and support from staff, the retention of the outsourced positions in the BAI and the continuing flexibility of the matrix organisational structure, where resources are deployed to areas of greatest need.

Strategy Statement 2014-2016

The BAI is required to devise a strategy statement on a three-yearly basis, together with an associated workplan. In February 2013 the Authority agreed to an approach to the development of a new organisational strategy for the 2014 -2016 period, which included a review of the media landscape and developments in technology. A draft strategy was considered and approved by the Authority in June and subsequently endorsed by the Contracts Awards Committee and the Compliance Committee. A public consultation was launched in August and responses were received and considered by the Authority in November. The Authority welcomed the general endorsement of the draft strategy among respondents, in particular the support articulated for the BAI's proposals that it would:

- ▶ Place the audience at the centre of its decision making processes;
- ▶ Position the BAI and its strategy clearly within the evolving media environment;
- ▶ Better equip audiences to engage with the complaints process;
- ▶ Make further efforts to reduce regulatory burden.

Following approval of the final strategy at year end, the organisation proceeded to develop a detailed three-year workplan to align with the new strategy. It was anticipated that both documents would be published in the first quarter of 2014.

Official Languages Act

In 2013 the BAI was required to prepare its first Irish Language Scheme, further to section 11 of the Official Languages Act 2003.

In devising the Scheme, the organisation has aimed to go beyond the terms of the Official Languages Act and to provide language services to its stakeholders over the 3-year timeframe of the Scheme. In order to achieve its aim, the BAI had committed itself to taking a strong proactive approach and ensuring visibility for the language at all levels.

The BAI's Irish language commitments allow stakeholders to engage with the organisation through the medium of Irish, if they so wish. An increased number of services will have been provided either through Irish or bilingually and initiatives reflected in future corporate plans. Progress will be reviewed on a regular basis with a view to developing the Scheme further, during subsequent timeframes.

This Scheme was been confirmed by the Minister for Arts, Heritage and the Gaeltacht and had effect from **16th September 2013**. It will remain in force for a period of 3 years from this date or until a new Scheme has been confirmed by the Minister, further to section 15 of the Official Languages Act, whichever is the later.

Public Service Agreement 2010-2014

Under the terms of both the Croke Park and Haddington Road Agreements, the BAI 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 made 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 against commitments in its Annual Reports.

eGovernment / ICTs

The BAI committed to introducing a major IT initiative over a three year period. The IT Strategy was updated in 2013 to reflect the priorities for the organisation. The Strategy focuses on developing efficiencies, quality of service and value for money for the BAI and its stakeholders. Progress in the period under review included the development of the IT Service Management system on a pilot basis; the provision of in-house Excel

training to all staff; the development of a number of electronic tools to facilitate self-reporting of key data by the broadcasting industry, with a view to reducing regulatory burden and facilitating easier access to such data; and, the development of a new, media-rich website, baifuture.ie facilitating enhanced interactivity. This site was used for two public consultations in 2013.

Customer Service

BAI is committed to the constant development of its points of access to information for the citizen and regulated entities. A key element for the BAI is the provision of information in multiple formats, including through the BAI website. In the period under review, the organisation has adopted a more strategic approach to the use of social media, which has seen a significant increase in the organisation's social media presence over the past eighteen months.

The BAI held its first 'Conversation' event in December 2013 on the subject of standards in broadcasting. The event was streamed live and was attended by a wide range of representative groups.

Consultation material generated by the BAI was available in an increased number of formats.

Being mindful of digital literacy, the BAI built up its contacts through the library network in order to disseminate consultation information.

Business Process Improvement

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. Arising out of this, a number of initiatives have been developed in order to streamline access to data, to create certainty at industry level as to the BAI's data requirement and to ensure the efficient retention and disposal of data necessary to the BAI's functions. The initiatives include the development of a broadcaster data template, and the development and implementation of a retention and disposal policy for effective records management.

Property Management

BAI has made a commitment to address savings in energy costs and to identify areas of energy loss on the BAI's premises. The organisation also worked with the staff to augment the organisation's efforts and encourage behavioural changes in order to contribute to increased energy savings. An energy audit was completed, including an analysis of gas and electricity consumption. A range of recommendations were considered and were agreed and budgeted for in 2014.

Additional Working Hours

In line with the Haddington Road Agreement, the BAI has adjusted its core working hours from 9.30-5.30 to 9.00-5.30, Monday to Thursday and 9.00-5.00 on Fridays. All staff have notified the organisation as to how additional hours are to be worked, as appropriate and this information has been recorded by the organisation. It is anticipated that the additional hours will result in a reduction in the level of time-in-lieu worked by staff.

Better Human Resource Management: Performance Management

Under both the Croke Park and Haddington Road Agreements, the BAI has given commitments to strengthen its performance management and development (PMD) process, specifically the manner in which performance is addressed, rewarded and challenged. In addition, the BAI has sought to ensure that the approach adopted is aligned with the organisation's new matrix structure. This will involve the incorporation of a competency framework for the BAI and the development of role profiles for all grades as a tailored basis for the assessment of performance. By the end of the year, HR had monitored the quality and consistency of the delivery of PMD and was satisfied with the degree to which staff were engaging with the PMD process.

Sector Specific Measures

Overtime rates in the BAI have been adjusted, in accordance with the Haddington Road Agreement reforms. The Agreement provisions in respect of increments have been notified individually to all BAI staff and all staff have responded notifying the organisation as to how they wish the provisions of this aspect of the Agreement to be applied to them. Pay cuts, as provided for in the Agreement, have been applied to the relevant BAI staff members.

Hall of Fame

In 2012, the organising committee of the PPI Radio Awards announced the establishment of a Hall of Fame. This prestigious honour aims to award those who have made an exceptional contribution to radio in Ireland and nominations can be made by the various broadcasters. Nominees can be well-known voices or those who work behind the scenes.

2013 saw the induction of three new members to the Hall of Fame. These “legends” of Irish Radio were formally inducted at a ceremony that took place in the offices of the BAI on the 30th September 2013. The three individuals were also guests of honour at the annual PPI Radio Awards ceremony which took place on Friday 4th October 2013.

The three inductees in 2013 were:

1 Joe Duffy Broadcaster

2 Bill Golding Actor

3 Liam O'Shea Chief Executive, Clare FM and Tipp FM



BROADCASTING AUTHORITY OF IRELAND

FINANCIAL STATEMENTS

For the year ended 31st December 2013

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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 2013 to 31st December 2013, so as to give a true and fair view of the state of affairs of the Broadcasting Authority of Ireland as at 31st December 2013 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 enabling 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

27/6/14



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 2013, 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

27/6/14

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 2013 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 2013 and of its income and expenditure for 2013.

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
30 June 2014

Statement of Accounting Policies

Accounting Convention

The Financial Statements of 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 a levy 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 (the 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 the 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 the 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 the DCENR. 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.

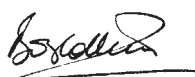
Income and Expenditure Account

For the year ended 31st December 2013

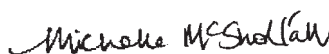
	Note	2013 €'000	2012 €'000
Income			
Levy	1	4,885	4,998
Licensing Fees	2	22	3
Other Income	3	872	952
Gross Income		5,779	5,953
Transfer from Capital Account	14	54	269
		5,833	6,222
Expenditure			
Staff Costs	4	2,248	2,123
Pension Costs	18(c)	284	266
BAI Members Fees	16	111	111
Consultancy Fees	5	595	559
Legal Expenses		145	259
Advertising		115	73
Administrative Expenses	6	398	354
Auditors' Remuneration		12	12
Grant & Development Payments	7	386	406
Premises & Related Expenses	8	892	884
Depreciation		69	272
		5,255	5,319
Surplus Income over Expenditure		578	903
Refund of Levy	1	(542)	(820)
Surplus after refund of Levy		36	83
Balance at the beginning of the year		659	576
Balance at the end of the year		695	659

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 23rd June 2014 and signed on its behalf by:



Bob Collins
Chairperson



Michelle McShortall
Member of Authority



Michael O'Keeffe
Chief Executive

27/6/14

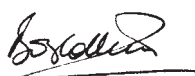
Statement of total Recognised Gains and Losses

For the year ended 31st December 2013

	2013 €'000	2012 €'000
Surplus after Refund of Levy	36	83
Experience gains on pension scheme liabilities	147	622
Changes in assumptions	(830)	(223)
Adjustment to deferred Exchequer pension funding	683	(399)
Total Recognised gain for the year	36	83


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

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27/6/14



Michelle McShortall
Member of Authority



Michael O'Keeffe
Chief Executive

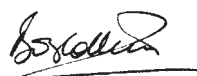
Balance Sheet

As at 31st December 2013

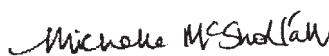
	Note	2013 €'000	2012 €'000
Fixed Assets			
Tangible Fixed Assets	9	87	141
Current Assets			
Debtors	10	859	1,803
Cash at Bank and on Hand		596	324
Short Term Deposits	11	277	276
		1,732	2,403
Current Liabilities			
Creditors (amounts falling due within one year)	12	1,037	1,444
Loan Facility	13	-	300
		1,037	1,744
Net Current Assets		695	659
Deferred Pension Asset	18	6,566	5,306
Pension Liabilities	18	(6,566)	(5,306)
Net Assets		782	800
Represented by:			
Income and Expenditure Account		695	659
Capital Account	14	87	141
		782	800

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 23rd June 2014 and signed on its behalf by:



Bob Collins
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Michael O'Keeffe
Chief Executive

27/6/14

Cashflow Statement

For the year ended 31st December 2013

	2013 €'000	2012 €'000
Reconciliation of Operating Surplus to Net Cash flow from Operating Activities		
Surplus for the Year	36	83
Returns on Investments	(1)	(18)
Depreciation Charge	69	272
Transfer from Capital Account	(54)	(269)
Decrease/(Increase) in Debtors	944	(429)
Decrease in Creditors	(407)	(2,435)
Net Cash Inflow/(Outflow) from Operating Activities	587	(2,796)
Cashflow Statement		
Net Cash Inflow/(Outflow) from Operating Activities	587	(2,796)
Return on Investments		
Interest Received	1	18
Capital Expenditure		
Payments to Acquire Tangible Fixed Assets	(15)	(3)
Management of Liquid Resources		
Loan (Repayment)/Drawdown	(300)	300
(Invested)/withdrawn in Short-term Deposits	(1)	1,232
Decrease in Cash Balances	(272)	(1,249)

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 23rd June 2014 and signed on its behalf by:



Bob Collins
Chairperson



Michelle McShortall
Member of Authority



Michael O'Keeffe
Chief Executive

27/6/14

Notes to the Financial Statements

For the year ended 31st December 2013

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 2013 was €4,896,309 which included interest of €11,231. The net amount was based on the Authority's budgeted expenditure for levy purposes for 2013 and broadcasters' qualifying income for 2012. 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 2013 Authority expenditure for levy purposes has been approved and broadcasters have provided their actual qualifying income for 2012. Broadcasters are subsequently issued with an invoice or a credit note for this adjustment.

The levy reconciliation processes for 2012 was carried out during 2013; the total levy refunded to broadcasters was €820,000. This amount was recognised in the 2012 Financial Statements. A refund of €542,000 is due to broadcasters in respect of the 2013 levy year and has been recognised in the 2013 financial statements.

2. Licensing Fees

	2013	2012
	€'000	€'000
Commercial Radio	0	-
Other Radio	0	-
Television	21	3
Other	1	-
	22	3

3. Other Income

	2013	2012
	€'000	€'000
Deposit Interest Income	1	16
Rental Income	79	39
Other Income	792	897
	872	952

Other income of €792k includes a total of €781k which relates to expenditure incurred by Broadcasting Authority of Ireland and which is recharged to the Broadcasting Fund. This includes salaries of €495k, general overheads of €219k, BFS sponsorship contribution of €53k and investment advice of €14k.

Notes to the Financial Statements

For the year ended 31st December 2013

4. Staff Costs

	2013 €'000	2012 €'000
Wages and Salaries	2,117	2,000
Social Welfare Costs	131	123
	2,248	2,123

Pension related deductions (PRD) of €107,788 (2012: €98,163) were made from staff salaries during the year and were submitted to the Department of Communications, Energy and Natural Resources (DCENR).

In 2013 Staff costs include €494,905 (2012: €488,000) which is recharged to the Broadcasting Fund and is recognised in Other Income.

Seven persons (2012: 7) working in the BAI are employed by agencies. The gross cost to the BAI in respect of the agency personnel in 2013 was €464,476.

The average number of persons employed by the Authority (excluding 7 Agency personnel) during the year was as follows:

	2013	2012
Senior Management	7	7
Other Staff	29	30
	36	37
Actual Full Time Equivalent	30.19	30.86
Employment Control Framework (ECF)	34	36

5. Consultancy Fees

	2013 €'000	2012 €'000
Auditing & Monitoring	52	45
Policy, Codes and Rules	400	321
General Consultancy	143	193
	595	559

Notes to the Financial Statements

For the year ended 31st December 2013

6. Administrative Expenses

	2013 €'000	2012 €'000
Travel & Subsistence	48	44
Human Resources	52	37
Telephone & Postage	38	49
Office Expenses	160	121
Professional Affiliations & Subscriptions	14	26
Bad Debt write off	7	-
Information Technology	79	77
	398	354

In 2013, foreign travel of €21,803 (2012: €11,622) is included in travel & subsistence costs. Staff-related costs of €12,536 (2012: €16,953) relating mainly to catering costs for staff are included in Office Expenses. The Authority wrote off bad debt amounts in relation to the Levy due by Broadcasters but not recoverable from them.

7. Grant & Development Payments

	2013 €'000	2012 €'000
Network Funding	279	289
Sponsorship	107	117
	386	406

8. Premises & Related Expenses

	2013 €'000	2012 €'000
Rent, Rates, Service Charges & Building Maintenance	781	775
Security & Cleaning	86	85
Light & Heat	25	24
	892	884

Rental expenditure included above relates to lease payments on two buildings. Details are set out in Note 17.

Notes to the Financial Statements

For the year ended 31st December 2013

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 31.12.2012	3,969	378	85	681	2,597	168	60
Additions	15	5	7	-	-	3	-
Disposals	(9)	-	-	-	-	(9)	-
At 31.12.2013	3,975	383	92	681	2,597	162	60
Depreciation							
At 31.12.2012	3,828	367	74	620	2,541	166	60
Charge for Year	69	11	6	26	24	2	-
Disposals	(9)	-	-	-	-	(9)	-
At 31.12.2013	3,888	378	80	646	2,565	159	60
Net Book Value							
At 31.12.2013	87	5	12	35	32	3	-
At 31.12.2012	141	11	11	61	56	2	-

10. Debtors

	2013 €'000	2012 €'000
Debtors	380	1,386
Prepayments	207	196
Broadcasting Fund	256	183
Others	16	38
	859	1,803

11. Short Term Deposits

	2013 €'000	2012 €'000
Balance at 1st January	276	1,508
Additions	1	-
Withdrawals	-	(1,232)
Balance as at 31st December	277	276

Notes to the Financial Statements

For the year ended 31st December 2013

12. Creditors (amounts falling due within one year)

	2013 €'000	2012 €'000
Trade Creditors	79	75
Levy Refundable to Broadcasters	542	820
Superannuation Contributions repayable to DCENR	100	-
Accruals	210	229
Revenue Commissioners	85	301
Others	21	19
	1,037	1,444

13. Loan Facility

In November 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 in order to allow the Authority to manage its cash flow requirements arising as a result of differences in the timing of receipt of levy income (which is invoiced quarterly in arrears) and its costs which fall due for payment throughout the year. An amount of €300,000 which was outstanding on 31st December 2012, was repaid to the National Treasury Management Agency on 22nd January 2013. A further amount of €250,000 was drawn down on 11th March 2013 and was repaid on 15th April 2013.

14. Capital Account

	2013 €'000	2012 €'000
Balance as at 1st January	141	410
Transfer to/(from) Income and Expenditure Account:		
Funding of Asset Additions	15	3
Amortisation in line with Asset Depreciation	(69)	(272)
Transfer from Income and Expenditure Account	(54)	(269)
Balance as at 31st December	87	141

Notes to the Financial Statements

For the year ended 31st December 2013

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.

Legal fees paid on behalf of the Chief Executive regarding his contract were €8,975 (2012: nil). BIK on these costs is included in the staff costs. The BAI incurred legal fees of €9,127 in relation to this matter in 2013. Total fees incurred to the end of 2013 by the BAI were €9,796.

The Chief Executive was employed at a rate of €121,208 per annum (2012: €121,208). This rate was reduced to €113,511 following the Haddington Road Agreement.

The total value of remuneration of the Chief Executive in the year ended 31st December 2013 was €116,955 (2012: €120,790) and an employer's superannuation contribution was made of €19,493 (2012: €20,132). The Chief Executive's pension entitlements do not extend beyond those standard entitlements of the Public Sector Model Scheme. No bonus was paid to the Chief Executive this year.

The Chief Executive's travel and subsistence costs in the year ended 31st December 2013 were €3,042 (2012: €3,247).

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 the power to sue and be sued in its corporate name and to acquire hold and dispose of land and other property.

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 2013

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 sub Committee. In addition, Members' attendances at meetings are set out below.

	Fees €	Expenses €	Attendance
Authority Members			
Bob Collins	8,978	1,298	12/12
John Waters	5,985	236	10/12
Paula Downey	5,985	Nil	12/12
Dr. Maria Moloney	5,985	3,372	10/12
Michelle McShortall	5,985	Nil	12/12
Michael Moriarty	5,985	933	10/12
Siobhán Ní Ghadhra	5,985	1,291	5/12
Prof. Colum Kenny	5,985	Nil	11/12
Larry Bass	5,985	Nil	8/12

Notes to the Financial Statements

For the year ended 31st December 2013

16. Corporate Governance cont'd

	Fees €	Expenses €	Attendance
Compliance Committee			
Prof. Chris Morash	8,978	255	9/10
Aidine O'Reilly	5,985	Nil	8/10
Edel Hackett	5,985	Nil	8/10
Paula Mullooly	5,985	Nil	10/10
Paula Downey	Nil	Nil	6/10
Prof. Colum Kenny	Nil	Nil	8/10
Ciarán Kissane	Nil	Nil	9/10
Stephanie Comey	Nil	Nil	7/10
Contracts Awards Committee			
Siobhán Bourke	8,978	Nil	11/11
David Barniville SC	5,985	Nil	10/11
Eimear McGovern	5,985	Nil	11/11
Neil Leyden	5,985	Nil	9/11
Larry Bass	Nil	Nil	9/11
John Waters	Nil	Nil	6/11
Celene Craig	Nil	Nil	11/11
Neil O'Brien	Nil	Nil	9/11
Finance, Audit and Risk Committee			
Siobhán Ní Ghadhra	Nil	Nil	3/6
Michelle McShortall	Nil	Nil	6/6
Dr. Maria Moloney	Nil	Nil	6/6
Michael Moriarty	Nil	Nil	4/6
Total	110,724	€7,385	

Total expenses relating to the functioning of the Authority and Statutory Committees in 2013 was €18,733.

Notes to the Financial Statements

For the year ended 31st December 2013

16. Corporate Governance cont'd

One Person One Salary

In October 2011, the BAI was informed of changes by the Department of Public Expenditure and Reform to the "One Person One Salary" arrangements. At that time, it was considered that the revised arrangements might have an impact on a number of members of the Authority and the Statutory Committees. The BAI sought guidance and clarification from the Department of Communications, Energy and Natural Resources, in relation to implementation of the revised arrangements. A response was received in September 2013, which stated that the Authority should ensure that the revised arrangements are implemented as soon as possible. Subsequently, the Authority referred a number of queries in relation to the implementation of the provisions for legal advice.

At its meeting in March 2014, having had regard to legal advice received and the provisions of the Broadcasting Act 2009, the Authority decided that it had no power pursuant to that statute to determine the remuneration of the Members of the Authority and the Statutory Committees and, accordingly, is not in a position to implement the One Person One Salary arrangements, as requested by the Department of Communications, Energy and Natural Resources. The Authority's decision was formally conveyed to the Department on 10th April 2014 and the Department's response in the matter is awaited.

During 2014, legal costs of circa €3,000 (ex. VAT) were incurred in this matter.

Disclosure of Transactions

In the normal course of business, the BAI may approve the award of contracts and grants to undertakings in which Authority and/or 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 and/or Committee Members and those procedures were adhered to by the Authority during the year.

In the year ended 31st December 2013, the following Authority members declared conflicts of interests in the following entities which were the subject of grant awards:

- ▶ Siobhán Ní Ghadhra: Cul a 'Tigh Teoranta – Barney Bunion – grant offer of €530,000 (Sound and Vision Round 17);
- ▶ Larry Bass: Screentime ShinAwil – Teenage Kicks – grant offer of €220,000 (Sound and Vision, Round 18);
- ▶ Professor Colum Kenny: Dublin City University, School of Communications, application for funding for research project on role of women in the media. Sponsorship award of €1,559.

Notes to the Financial Statements

For the year ended 31st December 2013

16. Corporate Governance cont'd

In 2013, the following Authority and/or Committee members declared conflicts of interest in the following matters:

- ▶ Bob Collins, Chairperson, Authority:
Peace Process Layers of Meaning Project: Applicant for funding to the BAI Archiving Scheme.
- ▶ Siobhán Bourke, Chairperson, Contracts Awards Committee:
 - ▶ Kilkenny Community Communications Co-operative Society Limited – application for a temporary sound broadcasting contract;
 - ▶ CK Broadcasting Company Limited (t/a KCLR) – expression of interest in the provision of a local sound broadcasting service for Counties Kilkenny and Carlow;
 - ▶ CK Broadcasting Company Limited (t/a KCLR) – assessment of fast-track proposal for a local sound broadcasting contract for Counties Kilkenny and Carlow.
- ▶ Neil Leyden, Member, Contract Awards Committee:
Blackrock College – application for a temporary sound broadcasting contract.
- ▶ Larry Bass, Member, Authority, and Member, Contract Awards Committee:
Easy FM Limited – Applicant for a sound broadcasting contract for the provision of a niche, music-driven format service in Dublin City and County.
- ▶ Neil O'Brien, Member, Contract Awards Committee:
Easy FM Limited – Applicant for a sound broadcasting contract for the provision of a niche, music-driven format service in Dublin City and County.

The BAI 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, once the Member became aware of a conflict and/or had declared an interest in the matter.

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 €477,000 were made in 2013.

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 and associated costs amounting to €163,175 were made in 2013.

The premises in Marine House were not occupied by the Authority during 2013. A new sub-let agreement was completed in 2012 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 tenant is responsible for a proportion of the rent and service charges and the full cost of rates and operational costs. The annual sub-let rent per month is €61,288 per annum. The net cost to the Authority in 2013 was €101,947.

Notes to the Financial Statements

For the year ended 31st December 2013

17. Operating Leases cont'd

The total amount charged in respect of the operating leases and associated costs in the Income and Expenditure Account is €716,808. The income from the sub rent and service charges amount to €79,671 and is shown in other income.

	2013	2012
	€	€
Lease Commitments		
Under 1 Year	614,250	614,250
Between 2-5 Years	2,457,000	2,457,000
Over 5 Years	2,085,886	2,700,136
	5,157,136	5,771,386

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 makes 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 2013 is €6,566,000. 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 2013. This valuation was carried out by a qualified independent actuary for the purposes of FRS17.

Notes to the Financial Statements

For the year ended 31st December 2013

18. Superannuation cont'd

(b) Financial Assumptions

The principal actuarial assumptions were as follows:	2013	2012
Rate of increase in salaries	3.3%	3.3%
Rate of increase in pensions in payment	3.3%	3.3%
Discount Rate	4.0%	4.5%
Inflation Rate	2.0%	2.0%

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.

	2013	2012
Male Member age 60 (current life expectancy)	28.4	28.2
Male Member age 40 (life expectancy at age 60)	30.9	30.8
Female Member age 60 (current life expectancy)	29.8	29.7
Female Member age 40 (life expectancy at age 60)	32.0	31.9

(c) Pension Costs

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

	2013 €'000	2012 €'000
Employer Contribution paid to DCENR	284	266
Current Service Cost	322	246
Interest on Pension Scheme Liabilities	255	294
Adjustment to Deferred Pension Funding	(577)	(540)
	284	266

The charge of €284,000 in 2013 is net of a recharge of €64,000 in respect of the Broadcasting Fund.

(d) Movement in Pension Liability

	2013 €'000	2012 €'000
Opening Balance	5,306	5,165
Current Service Cost	322	246
Interest on Pension Scheme Liabilities	255	294
Actuarial Loss/(Gain)	683	(399)
	6,566	5,306

Notes to the Financial Statements

For the year ended 31st December 2013

18. Superannuation cont'd

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

	Financial year ending in				31 December
	2013	2012	2011	2010	2009*
	€'000	€'000	€'000	€'000	€'000
Defined benefit obligation	6,566	5,306	5,165	4,251	3,236
Deficit	6,566	5,306	5,165	4,251	3,236
Experience gains on plan liabilities	(147)	(622)	(98)	(233)	(147)
Experience gains as percentage of plan liabilities	(2.2%)	(11.7%)	(1.89%)	(5.49%)	(4.5%)

* For 3 months ending 31 December 2009

19. Cashflow Statement

(a) Analysis of Changes in Net Funds

	At 01/01/2013	Cash Flows	At 31/12/2013
	€'000	€'000	€'000
Cash at Bank and at Hand	324	272	596
Short Term Deposits	276	1	277
	600	273	873

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

	2013	2012
	€'000	€'000
Increase/(decrease) in cash during the year	272	(1,249)
Cash lodged to/(withdrawn from) deposits	1	(1,232)
Change in Net Funds	273	(2,481)
Opening Net Funds	600	3,081
Closing Net Funds	873	600

THE BROADCASTING FUND

FINANCIAL STATEMENTS

For the year ended 31st December 2013

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Statement of Responsibilities

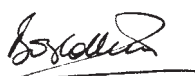
Pursuant to the terms of the Broadcasting Act 2009, the Broadcasting Authority of Ireland (BAI) is responsible for the management and control of the Fund. It is also responsible for preparing financial statements of the Fund for the year 1st January 2013 to 31st December 2013, so as to give a true and fair view of the state of affairs of the Fund as at 31st December 2013 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 enabling 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



Michelle McShortall
Member of Authority

27/6/14

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 2013 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 its 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.

In addition, I read the Broadcasting Authority of Ireland'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 transactions of the Fund for the year ended 31 December 2013 and of the state of its 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
- the information given in the Broadcasting Authority of Ireland's annual report is not consistent with the related financial statements, 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

30 June 2014

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.

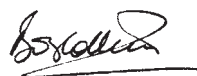
Income and Expenditure Account

For the year ended 31st December 2013


	Note	2013 €'000	2012 €'000
Income			
Oireachtas Grant		14,399	14,184
Interest Receivable		283	512
Total		14,682	14,696
Expenditure			
Grants and Awards	1	16,429	14,394
Staff Costs	2	500	493
Legal Fees		19	26
Administrative Costs	3	379	335
Audit Fee		5	5
Assessment Costs		90	58
Consultancy Costs		116	109
Total		17,538	15,420
Deficit of Income over Expenditure		(2,856)	(724)
Balance at beginning of year		21,419	22,143
Balance at end of year		18,563	21,419

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 23rd June 2014 and signed on its behalf by:



Bob Collins
Chairperson



Michelle McShortall
Member of Authority



Michael O'Keeffe
Chief Executive

27/6/14

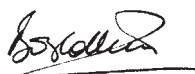
Balance Sheet

As at 31st December 2013


	Note	2013 €'000	2012 €'000
Current Assets			
Debtors	4	97	214
Cash at Bank and on Hand		742	621
Short Term Deposits	5	18,067	20,789
		18,906	21,624
Current Liabilities			
Creditors (amounts due within one year)	6	(343)	(205)
Net Assets		18,563	21,419
Represented by			
Broadcasting Fund		18,563	21,419
		18,563	21,419

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 23rd June 2014 and signed on its behalf by:



Bob Collins
Chairperson



Michelle McShortall
Member of Authority



Michael O'Keeffe
Chief Executive

27/6/14

Cashflow Statement

For the year ended 31st December 2013

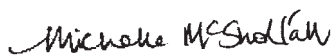
	2013 €'000	2012 €'000
Reconciliation of Operating Surplus to Net Cash Outflow from Operating Activities		
Deficit for Year	(2,856)	(724)
Returns on Investments	(283)	(522)
Decrease in Debtors	117	11
Increase/(decrease) in Creditors	138	(276)
Net Cash Outflow from Operating Activities	(2,884)	(1,511)
Cashflow Statement		
Net Cash Outflow from Operating Activities	(2,884)	(1,511)
Return on Investments		
Interest Received	283	522
Management of Liquid Resources		
Invested in Short-term Deposits	2,722	(866)
Increase/(Decrease) in Cash Balances	121	(1,855)

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 23rd June 2014 and signed on its behalf by:



Bob Collins
Chairperson



Michelle McShortall
Member of Authority



Michael O'Keeffe
Chief Executive

27/6/14

Notes to the Financial Statements

For the year ended 31st December 2013

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, inter alia, certain television and radio programmes and the development of archiving of programme material produced in the State. These grants are funded out of an amount of 7% of net receipts of television licence fees.
- (b) The BAI currently operates two approved Schemes.

The first of these 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 EFEU (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 five-year period ending on 31st December 2014.

Section 158 of the Broadcasting Act 2009 requires the Authority to review the operation, effectiveness and impact of a 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 Sound & Vision II Scheme commenced in 2012 and a report was presented to the Minister for Communications, Energy and Natural Resources in August 2013. The report was laid before the Houses of the Oireachtas on 18th November 2013 and was published subsequently on the website of the Department of Communications, Energy and Natural Resources, in line with the statutory provisions.

The second scheme operated by the BAI is the **Funding Scheme for the Archiving of Programme Material** ("the Archiving Scheme"). It is designed to provide funding support for the development of an archiving culture in the Irish broadcasting sector which contributes to the preservation of Ireland's broadcasting heritage. It is concerned only with television and radio programme material. In 2013, the BAI opened its first round of funding.

Notes to the Financial Statements

For the year ended 31st December 2013

1. Broadcasting Funding Scheme cont'd

(c) Broadcasting Fund Commitments

Sound and Vision Scheme

	2013	2012
	€'000	€'000
Opening Commitment Figure	16,123	12,346
Awards made	13,348	19,283
Grants paid *	(16,410)	(14,394)
Grants repaid *	37	-
Grants to be paid at year end *	(56)	-
Grants de-committed	(226)	(1,112)
Closing Commitment Figure	12,816	16,123

* Grant paid €16.410m - Grants repaid €37k + Grants to be paid €56k = Grants and Awards €16.429m

Archiving Awards Scheme

	2013	2012
	€'000	€'000
Opening Commitment Figure	-	-
Awards made	1,512	-
Grants paid	-	-
Closing Commitment Figure	1,512	-
Total Closing Commitment Figure	14,328	16,123

2. Staff Costs

	2013	2012
	€'000	€'000
Wages and Salaries	399	394
Social Welfare Costs	35	34
Pension Costs	66	65
	500	493

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 2013, this equates to 23.19% of full-time equivalents.

Notes to the Financial Statements

For the year ended 31st December 2013

3. Administration Costs

	2013 €'000	2012 €'000
Overheads:		
Rent & Rates	124	120
Premises costs	45	37
Office expenses	36	30
Staff training	12	8
<i>Subtotal overhead costs</i>	217	195
Sponsorship	53	59
Direct costs:		
Sound and Vision Scheme Archiving	38	30
IT Costs	-	37
Professional fees	14	12
Public Awareness	39	-
Translation	12	1
Other	5	-
Bank charges	1	1
<i>Subtotal direct costs</i>	109	81
Total Administration Costs	379	335

The overhead costs charged to the Fund are based on the full-time equivalent of staff numbers working on the Fund as a percentage (in 2013, 23.19%; in 2012, 22.44%) of the total staff complement of the BAI in the period. Sponsorship costs of €106,500 are shared equally between the BAI and the Fund.

4. Debtors

	2013 €'000	2012 €'000
Accrued Interest	97	214
	97	214

Notes to the Financial Statements

For the year ended 31st December 2013

5. Short-term Deposits

	2013 €'000	2012 €'000
Balance as at 1st January	20,789	19,923
Additions	-	866
Withdrawals	(2,722)	-
Balance as at 31st December	18,067	20,789

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.

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 deposit with commercial banks.

6. Creditors

	2013 €'000	2012 €'000
<i>(Amounts falling due within one year)</i>		
Broadcasting Authority of Ireland	256	183
DIRT Payable	31	22
Grants payable	56	-
	343	205

7. Cashflow Statement

(a) Cash and Cash Equivalents

	Balance as at 31/12/2013 €'000	Balance as at 01/01/2013 €'000	Cash Flows €'000
Cash at Bank and on Hand	742	621	121
Deposits	18,067	20,789	(2,722)
Total	18,809	21,410	(2,601)

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

	2013 €'000	2012 €'000
Increase/(decrease) in cash during the year	121	(1,855)
Cash (withdrawn from)/lodged to deposits	(2,722)	866
Change in Net Funds	(2,601)	(989)
Opening Net Funds	21,410	22,399
Closing Net Funds	18,809	21,410



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