Annual Report
2016

BAI

ÚDARÁS CRAOLACHÁIN NA hÉIREANN

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") on 1st October 2009.

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

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

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

- stimulating the provision of high quality, diverse, and innovative programming;
- facilitating public service broadcasters in the fulfilment of their public service objects;
- promoting diversity of control in the commercial and community sectors;
- providing a regulatory environment that:
  - 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.

The 2016 Annual Report is structured on the strategic themes of the Strategy Statement 2014-2016 and details the BAI's activities toward the achievement of its strategic goals and objectives.

CHAIRPERSON'S STATEMENT

2016 was a busy and productive year for the Broadcasting Authority of Ireland. In presenting this annual report which reviews the diverse initiatives and activities undertaken during the year, I would like at the outset to express thanks to the members of the Board and its committees and to the management and staff for their wholehearted engagement and commitment. The BAI is a relatively small organisation with a wide portfolio of responsibilities: its effectiveness depends in the first instance on flexibility, cohesiveness and clarity of purpose. This report provides ample evidence that these traits were to the fore in 2016.

The effectiveness of the BAI also depends in large measure on its ability to work collaboratively with stakeholders across the broadcasting landscape including the Minister and officials in the Department of Communications, Climate Action and Environment, broadcasters, academics and a variety of cognate organisations and groups. Again, there are numerous examples of constructive collaboration in these pages. I am happy to acknowledge the contribution such groups make to the work of the BAI.

2016 marked the final year of the three-year strategic plan adopted by the Authority in 2014. The process of preparing a new draft for the period 2017-2019 began in February with an extensive review of the existing plan. This review included research by IPSOS/MRBI and consultation with stakeholders and the general public. The outcome was reassuring – the BAI is seen as a trusted and effective regulator – but there is a significant challenge, which we are cognisant of, to remain relevant in a rapidly changing media landscape.

The review helped shape the content, structure and focus of the new draft strategy statement which went out for public consultation in the Autumn. The strategy follows the main thrust of its predecessor but it is shorter and more sharply focussed. This was more than simply a stylistic preference: it reflects a desire on the part of the Board to come more closely to grips with some of the challenges in the media landscape.

One of the key challenges is trust. The Reuters Institute Digital Survey for 2016 contains a perceptive article by Ed Williams, the CEO of Edelman UK on 'Why Trust Matters': it matters for broadcasters and journalists and it matters for regulators. If anyone was unconvinced, the rise of the topsy turvy world of fake news has underlined how critical high quality news and journalism is for the health of a stable democracy. Lest we get too gloomy, there is some evidence that more and more people are beginning to understand that.

This was the second year that the BAI has funded the inclusion of Ireland in the wider Reuters Report and facilitated a more detailed study on the Irish results. The research shows an accelerating move to mobile devices and growing consumer resistance to on-line advertising and to payment for news. This poses significant challenges for existing business models and the maintenance of quality journalism. However, there are some encouraging signs. Concern about fake news and low standards has allowed quality news organisations to demonstrate their continued relevance. Like the reports of the demise of Mark Twain, the reports of the imminent death of newspapers and the end of quality journalism may well prove to be exaggerated.

The production of high-quality, culturally relevant content for Irish viewers and listeners is another key challenge. The Sound & Vision Scheme, which has been in operation since 2005, continues to make a significant contribution in this area. 2016 saw the conclusion of a two-year operational plan for the Scheme, during which €27m was allocated to support 586 projects. A welcome development this year was the provision of funding under ancillary measures to support Canadian-Irish co-production in collaboration with the Canada Media Fund. It is hoped that this may provide a model for other appropriate international collaborations.

The Broadcasting Fund's current Archiving Scheme, which aims to cultivate an archiving culture in the Irish broadcasting sector and thus facilitate preservation of our broadcasting heritage, expired in April. In the four years of its operation, more than €5m has been awarded for a range of archiving projects. The review of the Scheme, which has now been completed, has underlined its cultural value and a new scheme is being developed.

The BAI is well known as a regulator and as a supporter of quality programme making through the Sound & Vision Scheme. The Broadcasting Act 2009 imposes specific obligations on the BAI in relation to the area of media literacy. This year saw another key aspiration of the BAI come to fruition with the launch of a Media Literacy Policy in December. This policy aims to make a real contribution to empowering Irish people with the skills and knowledge to make informed choices about the media content and services that they consume, create and disseminate.

Our changing technological, media and social environments are providing new possibilities for engagement with broadcast, digital and other media content and services as well as more generally for active citizenship at all levels. This brave new world has the capacity to be liberating and a force for social enrichment, cohesion and diversity. It also has the capacity for the opposite – for isolation, regimentation and disenchantment.

In an age where the concept of 'post-truth' has become a frightening reality, media literacy has a key role to play. It equips listeners and viewers - citizens -with the capacity to access, understand, evaluate, interrogate, challenge, create and participate in ways which are indispensable to individual and collective well-being. If that seems like a tall order, at least it underlines the scale of the challenge and the possibilities.

The BAI is not alone in having responsibilities in the area of media literacy. We recognise and affirm the work which is being done by a range of agencies and organisations in media and communication, education and civil and public service. In developing our media literacy policy, we resolved at the outset that we should seek to complement rather than replicate existing initiatives. The policy benefitted from – indeed it has been largely shaped by - an extensive cross-sectoral consultation with stakeholders. It is intended that the partnership which has emerged will continue under the *aegis* of the proposed *Media Literacy Network* which will provide a vehicle for collaboration and knowledge sharing on media literacy matters.

In conclusion, it would be remiss in this decade of centenaries to conclude without mentioning the commemoration of 1916. The BAI was happy to support a range of commemorative radio and television programmes at local and national level across a range of genres including drama and documentary. Local and national broadcasters played an important part in setting the tone and quality of the commemorations and ensuring their success.

Professor Pauric Travers
Cathaoirleach

CEO REVIEW

2016 was a momentous year for the BAI as we reached the end of our second three year Statement of Strategy. The Chairperson has referred to the outcome of a review of the strategy in his statement. The positive response from stakeholders in respect of much of what we do is a source of immense satisfaction to all involved in the BAI – the Board, Statutory Committees and members of the executive team. Of course, while we have reached the end of one strategy period, our thoughts and activities turn immediately to the next one. After much deliberation and consultation with stakeholders, I believe the new Strategy Statement, which will cover the period 2017-2019, will set an appropriate agenda for the more challenging audiovisual media environment that we now inhabit.

Influencing and Communicating is an important dimension to the work of the BAI. Much of the broadcasting policy activity in 2016 was centred on the publication of the draft revised Audiovisual Media Services Directive ("AVMSD") in May. BAI representatives contributed extensively to consultations and participated as speakers in European conferences on this proposed new directive which will have significant implications for audiovisual policy over the coming years. At a national level, the BAI made a presentation to the Joint Oireachtas Committee on Communications, Climate Action and Environment as part of the Committee's consideration of the future funding of public service broadcasting. We anticipate that this will contribute to the debate on new broadcasting legislation which is likely to occur during 2017.

Engagement with the public and other stakeholders also remained central to our activities. Among the highlights in 2016 were the introduction of a new, more user-friendly BAI website and the operation of a number of public consultations, one of which used an innovative method of engaging with the public through the use of a deliberative forum during the consultation on the new strategy. The Board also continued its series of meetings with key stakeholder groups during the Autumn.

Under the data, information and knowledge heading, an audience research tracker on attitudes to public service broadcasting was completed while the Broadcaster Return project gathered a wide range of data from the commercial radio sector. The benefits of these pieces of work will become more apparent as we build on the initial research findings in future years.

The Statement of Strategy's Diversity theme encapsulates licensing plans and the operation of broadcasting funding schemes. The Contract Awards Committee had a busy year as it implemented the Licensing Plans for both 2015 and 2016. Three rounds of the Sound and Vision Scheme were completed and funding support of €16.5m was awarded. Separately a review was also undertaken of the current Archiving Scheme.

Plurality as a topic grew in prominence during the year through the delivery of the second Reuters report on news consumption. The BAI sponsored an analysis of the Irish results in collaboration with the FUJO Institute in DCU. Members of the executive also participated in a media conference in Dublin on the topic of plurality and journalism. It is noteworthy that respondents to the review of the current strategy suggested that this topic should be given greater prominence by the BAI over the next strategy period.

In the Compliance area, priority was given to the monitoring and performance reviews of services which were scheduled to be licensed in the 2016 Licensing Plan. Compliance also focussed on breaches of the General Commercial Communications Code, particularly as it related to sponsorship in radio and undue prominence and editorial separation in television. Balancing the requirement to comply with codes and rules and the broadcasters' need to generate funding remains one of the key challenges for the regulator

and those it regulates. Compliance activity was also significant with the community radio sector in the area of governance and a number of warning notices were issued under the Compliance and Enforcement Policy.

The main activity with public service broadcasters centred on the review of the annual statements of performance commitments and reviews of public funding in respect of both RTÉ and TG4. RTÉ also introduced its Code of Fair Trading Practice in 2016 following extensive engagement with the BAI in the previous year.

The Sectoral Learning and Development Plan was implemented across the year. In addition to the funding supports provided to the various networks, highlights in 2016 included further support for projects under the Innovation Scheme while three new projects received support covering Women in Film and TV, Animation and Irish Language. A skills training initiative in partnership with the Irish Film Board was also progressed.

Promoting responsible broadcasting and empowering audiences is generally addressed through the implementation of codes and rules, the operation of an effective complaints process and the development of measures and initiatives to support media literacy. One of the highlights of the year was the development and finalisation of a media literacy policy in December following a targeted consultation across the year. The launch was greeted very positively by relevant stakeholders which augurs well for the implementation of the policy in 2017.

The principle codes activity involved the development of a revised General Commercial Communications Code. Following extensive consultation and legal review, the revised Code was approved by the Authority in November and will be implemented in 2017. In addition the Complaints process continues to be operated effectively by the Compliance Committee. New procedures which are designed to simplify the complaints process for members of the public were agreed by the Committee and will be introduced during 2017. On the Governance and Organisational Development side, the key priority was the development of the new strategy which has been referenced earlier. However, the operational side of the organisation remained incredibly busy and successfully delivered all corporate governance obligations, including financial management and reporting, risk management and compliance with the code of governance, all of which were overseen effectively by the Finance Audit and Risk Committee. The HR and OD functions were managed efficiently while the IT strategy continued to be implemented through the year with migration to the cloud almost complete. Work also commenced on the development of a new CRM system to support the administration of the Sound and Vision Scheme.

I would like to thank all the members of the executive staff for their unswerving commitment to the delivery of such a comprehensive work programme.

I would also like to thank the Chairpersons and members of the Authority, Compliance, Contract Awards and Finance Audit and Risk Committees for the contributions that they have all made to the achievement of the Strategic Objectives of the BAI in the current year.

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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, five of whom are appointed by the Government on the nomination of the Minister for Communications, Climate Action and Environment. The four remaining members are nominated via a selection process conducted by the Joint Oireachtas Committee.

The table opposite reflects the membership of the Authority and attendance for 2016.

	Meetings	**Member Appointed**
Professor Pauric Travers (Chairperson)	11/11	02/12/2014
Ms. Clare Duignan (resigned in July 2016)	5/5	02/12/2014
Mr. Alan McDonnell	11/11	02/12/2014
Ms. Grace Smith	10/11	02/12/2014
Mr. Séamus Martin	10/11	17/02/2015
Mr. Seán Ó Mórdha	11/11	17/02/2015
Mr. Denis Wolinski	7/11	17/02/2015
Dr. Rosemary Day	10/11	17/02/2015
Professor Maeve McDonagh	10/11	17/02/2015

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 are appointed by the Government on the nomination of the Minister, while the remaining four are appointed by the Authority, comprising two members of the Authority and two members of the BAI Executive.

The table below reflects the membership of the Committee for 2016.

In accordance with its functions, the main activities of the Contract Awards Committee in 2016 included the following:

- Implementation of licensing processes, as directed by the Authority;
- Consideration of applications for temporary sound broadcasting contracts and institutional sound broadcasting services;
- Consideration of applications for content provision contracts.

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

Member	Meetings	Member Appointed	Nominee
Mr. Ercus Stewart (Chairperson)	11/12	10/03/2015	Minister
Mr. John Hogan	11/12	10/03/2015	Minister
Dr. Anne O'Brien (resigned on the 2nd September 2016)	6/8	10/03/2015	Minister
Ms. Eimer McGovern	10/12	10/03/2015	Minister
Ms. Grace Smith	11/12	02/04/2015	Authority
Mr. Séamus Martin	11/12	02/04/2015	Authority
Mr. Neil O'Brien	12/12	02/04/2015	BAI Staff
Ms. Celene Craig	12/12	02/04/2015	BAI Staff

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 are appointed by the Government on the nomination of the Minister, while the remaining four are appointed by the Authority, comprising two members of the Authority and two members of the BAI Executive.

The table below reflects the membership of the Committee and attendance for 2016.

In accordance with its functions, the Compliance Committee undertook a number of activities in 2016, including the following:

- Determining the outcomes of 132 complaints by members of the public against broadcasters in relation to their adherence to broadcasting codes and standards;
- Consideration of Annual Performance Reviews of Contractors, conducted by the Executive;
- Review of compliance by television broadcasters in 2016 with their obligations under the BAI Access Rules;
- Consideration of technical audits of Contractors carried out during the year;
- Informing the development of a revised General Commercial Communications Code;
- Contributing to the statutory review of the Right of Reply Scheme.

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

Member	Meetings	Member Appointed	Nominee
Mr. Patrick Gageby (Chairperson)	10/10	20/01/2015	Minister
Ms. Paula Mullooly	10/10	20/01/2015	Minister
Mr. Nigel Heneghan	9/10	17/02/2015	Minister
Dr. Rosemary Day	8/10	20/01/2015	Authority
Professor Maeve McDonagh	8/10	02/04/2015	Authority
Ms. Anne O'Brien	8/10	02/04/2015	BAI Staff
Mr. Ciarán Kissane	9/10	02/04/2015	BAI Staff

FINANCE, AUDIT AND RISK COMMITTEE

The Finance, Audit and Risk (FAR) Committee was established as a standing committee of the Authority in 2010. Its duties and responsibilities encompass systems of internal control, external and internal audit, risk management and financial control. The FAR Committee is required to brief the Authority not less than four times a year in respect of its various duties.

The Committee met six times in 2016. The Committee's membership comprises three members of the Authority and an independent, non-executive member. Attendance for 2016 is set out below.

Mr. Alan McDonnell (Chairperson)	5/6
Mr. Seán Ó Mórdha	6/6
Ms. Clare Duignan	2/2*
Mr. Robert Kelly (Independent Non–Executive)	5/6
Mr. Denis Wolinski	0/2**

**Clare Duignan tendered her resignation from the Authority in July 2016.*

***Denis Wolinski was appointed to replace Ms. Clare Duignan in September 2016.*

In accordance with its Terms of Reference, the Finance, Audit and Risk Committee, undertook a range of activities in 2016, including:

- Oversight of the system of internal control including BAI and Broadcast Fund financial statements, external audit and internal audit;
- Liaison with Comptroller and Auditor General and with Internal Auditors, Capita;
- Internal Audit Reports;
- Consideration and revision of the BAI Risk Management Framework and revisions to the Risk Register.

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

BAI EXECUTIVE STAFF

The Executive staff supports the work of the Authority, its standing Finance, Audit and Risk Committee and the statutory Compliance and Contract Awards Committees.

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

A list of all staff employed by the BAI on 31st December 2016 is outlined below:

MEMBERS OF THE EXECUTIVE

Office of the CEO:

Chief Executive	Michael O'Keeffe
Deputy Chief Executive	Celene Craig

Senior Managers:

Aoife Clabby, Stephanie Comey, Ciarán Kissane, Anne O'Brien, Neil O'Brien, Clare O'Sullivan

Managers:

Diarmaid Breathnach, Nuala Dormer, Elizabeth Farrelly, Brian Furey, Sarah Herron, Sally Kennedy, Declan McLoughlin, Louise McLoughlin, Anne Louise O'Donovan, Andrew Robinson, Roger Woods

Executive Officers:

Rachel Casey, Jill Caulfield, Gillian Collins, Philip Cooper, Jean Crampton, Teresa Kearns, Fionnuala Murphy, Martina Mimnagh, Deborah Molloy Bergin, Marie Murphy, Sinéad Owens, Annette Stone

Clerical Officers:

Lucy Browne, David Carrie, Andrea Leonard, Ellada Savcenko, Jessica Scott

Monitoring Staff:

Barry Casey, Jeanne Spillane.

Section 1

Ensuring Diversity

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

As the body responsible for the licensing of broadcasting services in Ireland, additional to those provided by RTÉ and TG4, currently a key strategic goal of the BAI is to ensure that viewers and listeners continue to have access to a diverse range of high quality programming, available on a mix of broadcasting services, that reflects their experience, concerns and the diversity of Irish society.

The above goal is articulated in the BAI's Broadcasting Services Strategy (BSS) which sets out the approach to the licensing of broadcasting services in Ireland. This approach incorporates either open or competitive licensing processes, depending on the nature of the service being licensed and, in this context, differing legislative requirements. The current BSS is due for review in 2017 following the publication of the Strategy Statement 2017-2019.

In 2016 the BAI undertook a number of key activities to further its diversity goal. These activities are outlined below.

Licensing Activity 2016

Licensing activities play a key role in the fulfilment of the BAI's strategic goal to "facilitate the provision of a diverse range of content on Irish broadcasting services". In recent years the BAI has undertaken a significant degree of licensing, driven primarily by the impending expiry dates of existing sound broadcasting contracts. The majority of this licensing activity has been directed by annual licensing plans approved by the Authority, and implemented by the Contract Awards Committee. These licensing plans provided for the licensing of 14 community / community of interest and 5 commercial radio services. By year end, four sound broadcasting contracts had been signed, the licensing processes for six other radio services were nearing completion, and the processes for a further six radio services underway.

The 19 services listed on the licensing plans over this period are detailed in the table below.

Station Type	Franchise Area	Target Audience
Commercial: Local Broad-format	Limerick City & County	All adults
Commercial: National Broad-format	National	All Adults
Commercial: Quasi-National Speech/News	National	All Adults
Commercial: Regional Music-driven (Youth)	Regional: South West of Ireland	15 - 34 Year Olds
Commercial: Specialist Music Driven (Alternative Rock)	Dublin City & County	15 - 34 Year Olds
Community	Lucan & Environs	Local Community
Community	Kilkenny City & Environs	Local Community
Community	Claremorris & Environs	Local Community
Community	Tramore & Environs	Local Community
Community	North East Dublin	Local Community
Community	Castlebar & Environs	Local Community
Community	North West Connemara	Local Community
Community	Dublin South	Local Community
Community	Dublin North West	Local Community
Community of Interest	Dublin City & County	Irish Language Community
Community of Interest	Galway City	Students
Community of Interest	Limerick City	Students
Community of Interest	Cork City	Students
Community: Special Interest	Dublin City	Dublin City Community

Community Radio

During the year the Committee implemented licensing processes for 13 of the 14 listed community / special interest services. By year end, the assessment of the applications for three licensing processes was completed by the Contract Awards Committee and recommendations for the award of contract made. The recommendations of the Committee were ratified by the Authority and the applicants successfully concluded contract negotiations and signed contracts with the BAI in December 2016. The following services signed 10 year contracts: Liffey Sound, a community radio service for Lucan and its Environs; Dublin City FM, a special interest community radio service for Dublin City; and, Raidió na Life, a community of interest community radio service (Irish language), also for Dublin City.

The licensing processes for ten of the listed community radio services were on-going, with a significant number at advanced stage by the end of December. The Committee agreed that the community licensing process for Claremorris and its Environs would be initiated in 2017.

Commercial Radio

The Contract Awards Committee implemented the licensing processes for the five listed commercial radio services over the year. The licensing process for the commercial quasi-national speech/news sound broadcasting service was completed, awarding the 10-year sound broadcasting contract to Newstalk 106 Limited. The decision was ratified by the Authority and the contract signing took place in December 2016.

The licensing process for the music-driven (alternative rock) sound broadcasting service for Dublin City and County closed in March 2016 due to the non-receipt of applications in response to the BAI's call for applications to provide the radio service. The Contract Awards Committee had initiated a competitive licensing process, having received two expressions of interest in the provision of the service on 1st December 2015. Arising from this development, the incumbent contractor – TX FM – ceased broadcasting when its contract expired at the end of October 2016.

The three remaining commercial radio services - a National Broad-format Service, a Regional Youth Music-driven Service for the Southwest of the country, and a Local Broad-format Service for Limerick City and County - were implemented under the fast-track licensing process, as only one expression of interest was received from the incumbent sound broadcasting contractor following a call for Expressions of Interest.

At the end of the year, the licensing processes for the services were advanced with the expectation that the full assessment would be completed and decisions made in the first quarter of 2017.

Temporary Sound Broadcasting Applications

In addition to progressing annual licensing plans approved by the Authority, each year the BAI receives applications to operate temporary radio services. The majority of successful applicants broadcast such services for a maximum of 30 days and operate for a range of reasons. For example, some temporary radio services are operated by colleges or universities, to cover campus life and provide students with valuable broadcasting experience. Others are licensed to broadcast during local festivals and social or cultural initiatives, while drive-in movie events are also facilitated.

Under the temporary licensing regime, aspirant community radio groups can also apply for temporary sound broadcasting contracts on a pilot community basis. These groups are afforded the opportunity to broadcast up to a maximum of 100 days during a 12-month period. This enables pilot groups to gain valuable experience in running a community station, and to develop mechanisms for ensuring their service is of social benefit to the community identified, and representative of, and accountable to the community they propose to serve.

During 2016, 25 temporary service applications were received, 7 of which were from aspirant pilot community groups. Following consideration, the Contract Awards Committee recommended entering into temporary sound broadcasting contracts with 22 applicants. As in previous years, the application and contracting process for some services carried over into 2017. Among the temporary services operated during 2016 were 'Walk In My Shoes Radio' operated by St. Patrick's Mental Health Services, the popular multi-city temporary service Christmas FM and the pilot community service for Kilkenny City and its environs.

Contract signing with Raidió Na Life: Susan Ní Dhubhlaoich; Raidió na Life; Michael O'Keeffe & Dr Pauric Travers, BAI; P.T. Mac Ruairí, Raidió na Life.

Content Provision Contracts

Section 71 of the Broadcasting Act 2009 makes provision for the award of content contracts for television and radio. These contracts are for content only, and successful applicants are required to arrange carriage separately on an appropriate platform, be it cable, satellite, digital terrestrial or Internet Protocol. Following consideration and recommendation by the Contract Awards Committee, successful applicants who enter into a contract with the BAI may broadcast in the State or other jurisdictions specified.

Four such applications were received in 2016, with each applicant being awarded a contract in principle. Two contracts were finalised and signed during the year, while contract negotiations with the remaining applicants were carried over into 2017. Separately a third contract was signed, following the completion of negotiations regarding an application received in 2015. The three content provision contracts signed were with Radio Maria Ireland Limited for a Christian radio service; Raidió X Teoranta, for the Irish language music service, Raidió Rí Rá; and, Virgin Media Ireland Limited, for the renewal of the customer service channel for Virgin Media subscribers. Reflective of a difficult trading environment, Section 71 contractor Irish TV went into liquidation and ceased broadcasting in late 2016.

Spectrum Management and Planning

Spectrum management refers to the overall process of identifying, regulating and administering access to, and use of, suitable frequency bands for radio. Spectrum management aims to ensure optimal use of the radio spectrum, in social, economic and technical terms.

Throughout 2016, the BAI continued to participate in national and international spectrum planning and broadcast technology fora to ensure a positive environment for the development of broadcasting services in Ireland.

The main focus of the BAI's work in this area related to the finalisation of a new frequency plan for Digital Terrestrial Television including Saorview in collaboration with the UK spectrum planning engineers and transmission operators from ComReg, 2rn and the UK regulator, Ofcom. It is anticipated that this new frequency plan will be completed in the first quarter of 2017 and will facilitate the use of spectrum, previously

used for broadcasting television signals, by mobile telecommunication networks by 2020.

Additional work in 2016 included analysis of UK proposals in relation to DAB, AM and FM radio services to ensure that frequencies used in the UK would not unduly limit the coverage of current or future radio broadcasters in Ireland. In some cases, it was noted that power restrictions or directional transmission antennae were required on UK sites.

Separately modifications, enhancements and changes to transmission frequencies and characteristics were undertaken to improve and / or extend coverage for a number of services. Examples of such work include Newstalk's introduction of a new transmitter covering the North East on 107.9MHz, improved coverage for local radio service Mid West Radio in Castlebar, and the extension of coverage for Spirit Radio to the Ennis and Killarney / Tralee area.

The BAI also continued to liaise with ComReg and 2rn to identify suitable frequencies for temporary and pilot community sound broadcasters. This work included extending coverage for the annual temporary radio service, Christmas FM, to include Kilkenny and south-east Wicklow.

Sanctuary Screening: Christian O'Reilly, Film Writer; Michael O'Keeffe, BAI; Jennifer Cox, Actor Blue Teapot Theatre Company; Len Collins, Film Director; Kieran Coppinger, Actor Blue Theatre Company; Dr. Pauric Travers, BAI

Broadcasting Fund

The BAI has been responsible for administering the Broadcasting Fund since its establishment under statute in 2003. The Fund's revenue is generated through 7% of the annual net receipts of the television licence fee. Two schemes operated under the Fund in 2016: Sound & Vision 3, which supports the funding of programming; and, the Archiving Scheme, which funds the archiving of certain broadcast material.

The administration of the Fund is one of a number of ways in which the BAI achieves its goal to increase public access to high-quality television and sound broadcasting programmes in English and Irish.

Sound & Vision 3

The Sound & Vision Scheme provides funding to support high quality programmes relating to Irish culture, heritage and experience, adult and media literacy, and programmes dealing with global issues impacting the State and other countries. The Scheme has been in operation continuously since 2005, and the third iteration, Sound & Vision 3, was launched in February 2015. The Scheme is competitive in nature, whereby all applicants apply for funding and if successful, sign a contract with the BAI to deliver the relevant radio or television programme.

2016 saw the conclusion of a 2-year operational plan for the Scheme, during which a total of €27m was allocated to support 586 projects.

In 2016, the Scheme received 727 applications, with approximately €16.6m awarded to 349 projects. This comprised 258 radio programmes to a value of €1.6m, and 91 TV programmes to a value of €15m. Contract negotiations are underway or completed with the majority of these applicants. Over the course of 2016 approximately €12m in grant funding was distributed to 196 successful contractors, with 554 separate payments processed.

Radio

BAI funding supported the broadcast of programmes on 42 different radio services across the State during 2016. This funding was distributed across service types with 44% of the funding (€700k) being allocated to projects supported by commercial channels, 34% (€540k) to projects for broadcast on community services, and the remaining 22% (€368k) benefiting public service channels. Some highlights of programmes funded and / or broadcast in 2016 are set out below.

- *Drama*

  The popularity of radio drama was again evident in the number of projects supported across all stations, particularly commercial and community stations. Those funded included *'Awesome Irish Women'*, a children's drama for RTÉjr/Chill; '*The Captain'* on Ocean FM, a comedy series following a rebellious sea captain; and '*Tell-tale Tweet'*, an educational dramedy for teen audiences on Community Radio Youghal. Sound & Vision-funded dramas also received recognition at the New York Festivals' World's Best Radio Programs 2016. *William Melville – Eve of War*, broadcast on Radio Kerry, received the Silver Award in the Best Drama Special category, while *Playboy of the Western World – A Musical for Radio*, was the winner of the Bronze Award. In the music category, *Vocal Chords: The Odyssey of the Voice*, produced by Athena Media and broadcast on RTÉ Lyric FM, scooped a Gold Award.

- *Documentary*

  Documentary projects continued to receive strong support through the Scheme. Applications supported including a six part nature series, '*Kildare's Wild Places'* on KFM which introduced listeners to the wildlife in Kildare today and is an example of the type of programming that could find a place in any local radio schedule. Community station Raidió Corca Baiscinn produced and broadcast a programme called '*Under the Periscope – JP Holland'* on the life of Clare man JP Holland who invented the submarine.

  Documentary projects funded under the Sound & Vision Scheme also received recognition in terms of awards. *'The Kinder Letters',* a documentary broadcast on Newstalk, is of particular note. This documentary centred around a 'dankebuch', compiled by a class of schoolgirls in Saarbrücken in 1946 to thank the Irish people for sending food and supplies to war torn Germany. This deeply personal story was awarded a Gold Medal in the History category at the *New York Festivals World's Best Radio Programs, 2016*. Other notable funded documentaries receiving recognition at the *New York Festivals' World's Best Radio Programs 2016* included '*Bright Sparks'* for RTÉ Radio 1, a finalist in the Climate Change category, and '*Father Hood: the Holy Man and the Heist'* for Newstalk, in the biography category.

- *Entertainment*

  2016 also saw the broadcast of RTÉ Radio One's "*Comedy Showhouse*," which was majority funded by the BAI. This half-hour series comprised comedy performances and panel shows recorded in front of a live audience in the Project Arts Centre Dublin. This was the largest radio award in the Scheme's history and highlights the potential of the Scheme to fund new, innovative radio programming.

- *1916 Centenary*

  In this centenary year of 2016, funding was allocated to a variety of projects dealing with 1916. The community of interest station, Life FM, broadcast a drama, '*Easter Rising 1916 Live'* covering the local and national events of 1916 in a news-style format. '*In 1916'* saw local service KCLR covering Carlow's 1916 re-enactments as the town travelled back in time to discover their families' lives around the Rising. NEAR FM in Dublin also broadcast a programme called '*The Women of 1916'* focusing on women in the era of the 1916 Rising, their roles in society, how they lived and worked, and how society treated them. The series was recorded at live events in Coolock Library.

- *Irish language*

  '*Teanga gan Ceol, Teanga Gan Anam'* was a four-part Irish language series funded for the community of interest service, Raidió na Life. The series focussed on Welsh language pop, punk and rock music and its Irish language music counterparts in Dublin. Funding was also awarded for the documentary 'The Forgotten Gaeltacht' to be broadcast on LMFM. The documentary tells the story of the forgotten Gaeltacht of Leinster in Omeath, Co. Louth, along with its former Irish language college, and its important links to revolutionaries Eoin MacNeill and Padraig Pearse.

- *Education*

  Included in the 2016 education package, for broadcast on West Limerick Community Radio, was the programme *Health Matters,* produced by and for the local travelling community, and a practical series to help 2nd level students prepare for the oral Irish leaving certificate examination.

  For RTÉ Jr/Chill, a second series of the successful bi-lingual programme *School Run,* where 1st -3rd class students are central to the generation and preparation of the content, was also supported.

Television

Mirroring the approach on radio, the Scheme continued to fund a wide variety of genres and formats on television in 2016. Support was provided to projects for broadcast on 14 different TV channels. In terms of distribution, this support saw €11m allocated to projects for broadcast on public service channels, €3.3m for projects to be carried by commercial broadcasters and €600k spread across the two community television channels. Examples of project highlights from the year are set out below.

- *Drama*

  2016 introduced a range of drama projects to Irish screens. The acclaimed comedy drama '*Can't Cope, Won't Cope*', following the ups and downs of friends Danielle and Aisling as they balance work, life and everything else in Dublin, was broadcast on RTÉ 2. Separately, '*Striking Out'* on RTÉ 1 followed the events in the life of solicitor Tara Kearns played by Amy Huberman. Support was also awarded to the feature film *'The Ranger'* for TV3. This film follows an Irish Ranger returning to Famine-struck Ireland seeking to reunite with his family.

  Sound & Vision drama projects also continued to receive recognition within the sector. At the 2016 *Galway Film Fleadh,* Best Irish First Feature was awarded to 'Sanctuary', a warm drama following the loves and lives of a group of people with intellectual disabilities during one day in Galway. Similarly, the funded feature, *A Date With Mad Mary,* won best Irish Feature at the festival. The film, set in post Celtic Tiger Drogheda, is a spiky romantic comedy about Mary, an acerbically witted ex-prisoner, who falls for her estranged best friend's wedding videographer.

  Separately, at the 2016 Irish Film and Television Awards (IFTA) the drama series 'Red Rock', broadcast on TV3, and the animation 'The Day Henry Met' for RTÉ Jr won awards.

Can't Cope Won't Cope series 1, Seána Kerslake, Amy Huberman, Laurence O'Fuarain

A Date For Mad Mary, Seána Kerslake

- *Irish Language*

  Support for Irish language drama was also evident during the year with TG4's second series of "An Klondike", following the adventures of the Connelly brothers in Dominion Creek. Funding was also awarded to an Irish language feature, 'Aithrí' ('Penance') which is set for release in 2017. The story follows a young priest, Fr. Eoin O' Donnell, as he travels from young firebrand in the aftermath of Easter 1916 to the streets of Derry in 1969.

- *Documentary*

  In common with radio, documentary programming remained popular among applicants and continues to be a highly competitive format. Examples of documentary highlights for television during the year include: *Deoch an Dorais* for TG4, winner of a sound award at the 2016 IFTA's and documentary '*Meetings with Ivor'*, an innovative feature documentary, funded in 2016 for broadcast on the community television channel DCTV and directed by acclaimed Irish director Alan Gilsenan. It details the life and work of Dr. Ivor Browne, a central figure in Irish mental health for decades. The project will also support the community TV sector by allowing volunteers an opportunity to gain work experience with a first class director and camera crew.

  Other funding highlights included '*The Long Road Home'*, scheduled for broadcast on TV3, a portrait of sexual assault in Ireland and the harrowing journey taken by four women as they piece their broken lives back together, while '*John Hume in America'* chronicles John Hume's approach to politics in Northern Ireland in co-ordination with several senior political figures in the US such as Presidents Carter, Reagan and Clinton, Speaker Tip O'Neill and Senator Ted Kennedy.

- *Animation*

  RTÉjr continues to be a strong supporter of Irish animation projects and three Irish made animation series were awarded funding in 2016. Further funding was awarded to the already successful '*Kiva Can Do'*, which follows Kiva, a young inventor and her friend Saul as they invent, design and play – along with help from Kiva's grandmother Nanni.

- *Education*

  RTÉ was supported to produce a second series of both *Magical Sites* and *Makers*, both for broadcast on RTÉjr. The 2016 package also included a series on hurling which will be used as an educational resource in schools to support the general curriculum and to promote this uniquely Irish sport.

Kiva Can Do series 2, Kiva

- *Entertainment*

  Big Week on the Farm was new for 2016 and it brought farming life centre stage for Irish audiences for a week in May. €100k was allocated to support the project again for 2017. Support was also provided for a second series of *Lords and Ladles* and a new Irish language multi-platform series '*Blasta*' that will collect, preserve and rejuvenate traditional Irish recipes in an entertaining way.

Sound & Vision 3 - Ancillary Measures

Since 2015 the Sound & Vision Scheme has also facilitated programme development in the form of funding for ancillary measures. 2016 saw the award of funding for standalone development for a documentary project, supported by the BAI and the Canada Media Fund (CMF). Joint funding of €150,000 was made available for TV projects requiring development funding. This is the first time Sound & Vision funding has been awarded for the development of a TV project in this manner and it is the beginning of a partnership between the BAI and CMF. It is anticipated this support will continue to build and foster the already strong Canadian-Irish co-production relationship.

Scheme Governance

The BAI is committed to good and efficient governance of the Scheme for the benefit of all stakeholders, and places particular emphasis on compliance practices to ensure the delivery of projects by successful contractors. In this regard internal audits, including reviews of final cost statements and programme material, take place annually. 15 projects were selected for audit in 2016 and approved by the BAI's Finance Audit and Risk Committee.

The BAI liaised with various stakeholders throughout 2016 as part of its ongoing work to raise awareness of, and engagement with, the Sound & Vision Scheme. Industry briefing sessions were held throughout the year, as well as panel discussions with producers, media students and broadcasters. During the year, the BAI also participated in and supported events including the Dublin International Film Festival, the Galway Film Fleadh and the Guth Gafa documentary festival.

Building on the relationship with Canadian funders and producers, the BAI also participated in the Irish Film Board's two-day networking event between Irish and Canadian producers in late 2016.

Meetings With Ivor, Ivor Browne

Archiving Scheme

The Broadcast Fund's Archiving Scheme was designed to provide funding support for the development of an archiving culture in the Irish broadcasting sector that contributes to the preservation of Ireland's broadcasting heritage. Launched in 2012, approval for the current Archiving Scheme expired in April 2016. During its operation, the BAI ran three rounds of the Scheme and awarded funding totalling €5.12m to a range of successful applicants. These rounds were primarily concerned with programme material, including advertisements, broadcast in whole or in part, or recorded for broadcast, on radio and/or television.

While no new funding was awarded during 2016, the BAI continued to work with and support previously successful applicants to progress their projects and preserve programme material. Examples of previously funded projects that were completed in 2016 included a project undertaken by TG4 to digitise, catalogue and make accessible approximately 1,400 hours of music and documentary programming, and The Radharc Trust's project to preserve production material, documentation and photographs generated by the Radharc productions from 1964–1997.

Following the expiry of the Scheme in April 2016, the BAI undertook a review of its operation, effectiveness and impact. This review involved a targeted consultation with stakeholders in October and November 2016. The review's findings will be presented to the Authority in early 2017 at which stage the proposed development of a new Archiving Scheme will be considered.

Section 2

Ensuring Plurality

Facilitating informed, open debate, and a mix of viewpoints

A principal objective of the BAI in its role as a regulator is to support media plurality thereby ensuring availability and access to a wide variety of viewpoints and perspectives for audiences in Ireland. Media plurality facilitates and fosters open debate and is fundamental to maintaining public trust and confidence in Irish broadcast news and information sources.

Plurality considerations play a key role in certain operational areas such as licensing and the processing of requests to vary the ownership and control structures of contractors. The BAI's commitment to the principle of plurality is also evident in its continued participation in debate and research on plurality matters.

Reuters Digital News Report 2016

2016 marked the second year of the BAI's involvement with the international Digital News Report co-ordinated by the Reuters Institute for the Study of Journalism in Oxford. In addition, the BAI published an Irish-specific report, in conjunction with Dublin City University, and based on the Reuters data, on the online consumption of news by Irish audiences. Both reports were launched on 15th June 2016.

As with the 2015 report, this research is viewed as important in tracking key trends and compiling data to assist the BAI in its consideration of policy matters relating to plurality. Key findings noted in the Irish-specific report included:

- Daily news consumption continued to be high in Ireland across all demographics, at 84%. However, social media and mobile devices were found to be influencing new consumption patterns, with the report noting that among those who used smartphones in the morning, 50% accessed news via social media sites, while 30% went directly to a news app or news website.
- The increasing prevalence of social media in Ireland was further noted, with over half of consumers surveyed (52%) stating they got their news through social media sites. Facebook was noted as being Ireland's most popular social media site, with 71% using it regularly and 45% using it as a source for news.
- TV remained the most popular platform for accessing news in Ireland, at 73%, although this marked a 3% decline on the 2015 figure. Radio and print had also declined slightly at 47% and 45% respectively.
- 71% of Irish consumers would be unwilling to pay for online news, with the widespread availability of free news in the global English-language market a notable factor influencing payment rates.

Reuters Digital News Report: Michael O'Keeffe & Dr Pauric Travers, BAI; Dr. Jane Suiter, FuJo; Susan Daly, Journal.ie and Tim Collins, Newstalk

BAI Strategy Statement Consultation: Karen Hall, Ipsos MRBI; Michael O'Keeffe, Dr Pauric Travers and Dr Ciarán Kissane, BAI

- The popularity of ad blockers continued to present a significant challenge for publishers relying on digital advertising revenue. Ireland had the fifth highest level of ad blocker use, at 30%, with more than half of 18 to 24 year olds using some form of ad blocker.
- In terms of trust in news, it was noted that this was highest among over-55s, while over half of those surveyed stated they do not trust the news in general.

Media Pluralism Monitoring 2016

Two EU funded studies on media pluralism in Ireland were published in 2016. The first study, the *Eurobarometer Report* indicated that Irish media rates higher than the EU average in relation to the provision of diverse views, 71% versus 66%, that are free from political and commercial pressure, 47% versus 38%. The research also showed that Ireland's trust in the media at 61% also exceeds the EU average, 53%. Finally, the *Eurobarometer* found that while Irish people were more generally aware than other Europeans citizens of the BAI's role in regulating audiovisual content, 27% versus 21%, further work in terms of raising awareness is required.

The second EU funded study was the pilot implementation of the *CMPF Media Pluralism Monitor* in Ireland. The monitor is designed to identify risks to media pluralism across four key domains: basic protection, market plurality, political independence and social inclusiveness. BAI staff contributed to the pilot implementation and evaluation of the monitor. A report on the pilot implementation of the monitor in Ireland was produced by Dr. Roderick Flynn from Dublin City University, and a revised monitor is being implemented across all EU member states in 2016 and 2017. The BAI is again a participant in this process.

Section 3

Influencing and Communicating

A Trusted and Informed Voice in Broadcasting

In its goal to be a trusted and informed voice in media, the BAI adopts an evidence-based approach to decision making, with experience, knowledge and data acquired through research and stakeholder engagement informing its actions. Continued consultation and engagement with the public and other stakeholders is especially valued as a mechanism through which the BAI communicates, exchanges views and furthers its remit.

The BAI's commitment to proactive stakeholder engagement continued to be evident in 2016 at a national and international level. Different types and levels of engagement and consultation with a range of stakeholders, including government departments, other regulators, and representative bodies was a notable feature throughout the year. Examples of such engagement included meetings between the Chair of the Authority and the Minister for Communications, Climate Action and the Environment and formal review meetings between the BAI Executive and Departmental officials. The Authority also had a range of stakeholder engagements with the community radio network CRAOL, the Community Television Association and Independent Broadcasters of Ireland. Separately Executive staff attended and participated in various industry and stakeholder related events during the year. Such engagements are key in facilitating an exchange of views with stakeholders and in enabling the BAI to provide clarity on its positon on a range of matters.

Michael O'Keeffe, BAI with members of the public at the BAI's Deliberative Forum on the draft Strategy Statement

Event Participation

Engagement with, and participation at, industry events is a key area of activity both nationally and internationally for the organisation. BAI staff members were variously involved with, and contributed to:

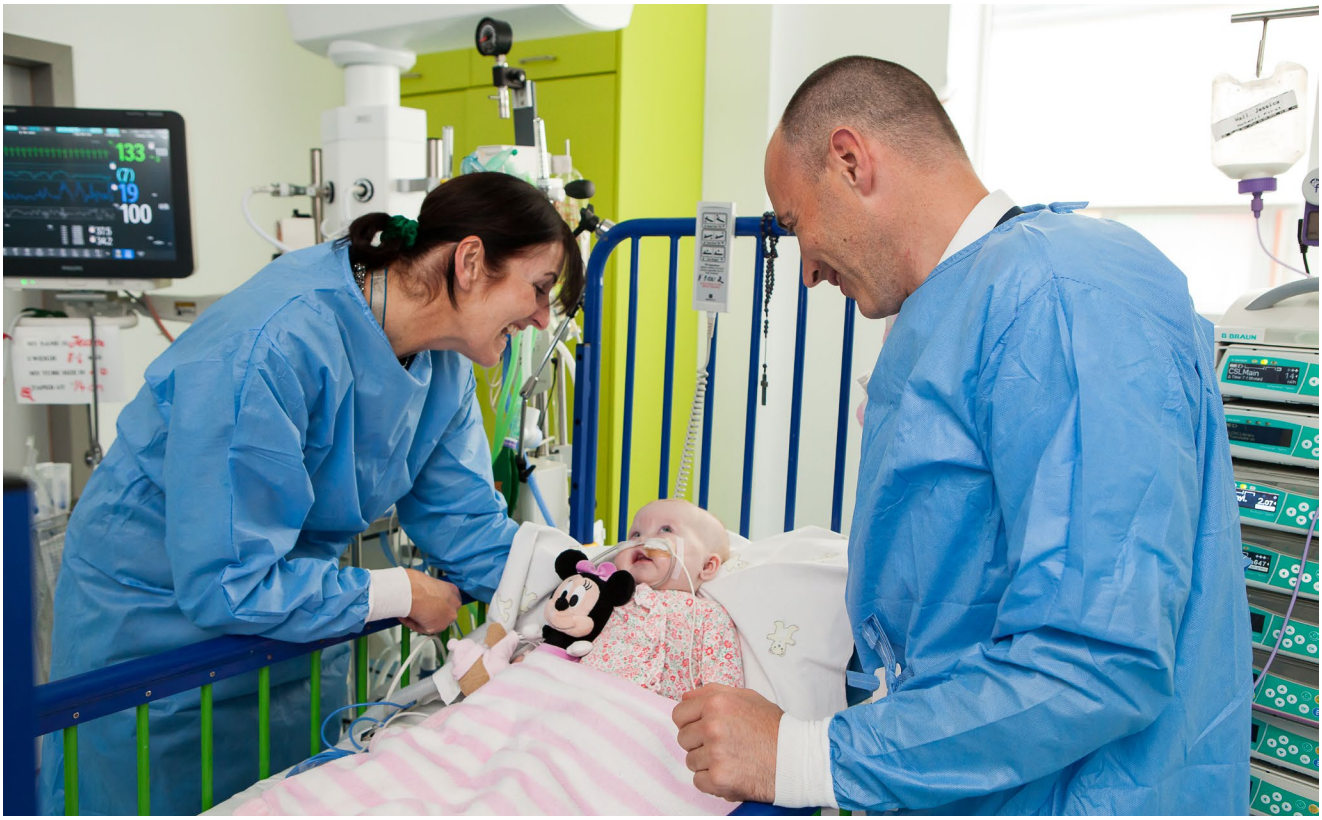
- A symposium concerning women in the Irish film industry. The BAI's contribution related to gender policy;
- A conference dealing with the theme of archives at risk, where the BAI contributed to a discussion on international approaches to funding and archiving models;
- The *MediaCon* global entertainment summit, held in Dublin;
- the *Radio Days Ireland* conference organised by Independent Broadcasters of Ireland and Learning Waves Skillnet;
- A European conference *Public Service Media & Democracy*, where the BAI contributed to a discussion on public service media;
- Participation in an Expert Working Group, established by the Council of Europe. This Working Group examined the issue of gender diversity in the audiovisual sector before drafting a recommendation for Members of the Council stating the importance of gender equality in this sector and offering monitoring guidelines and performance indicators for all stakeholders. It is anticipated that this recommendation will be considered by the Council in 2017.

Other specific examples of stakeholder engagement and consultation undertaken during 2016 are set out below.

European Regulators Group for Audiovisual Media Services (ERGA)

The BAI continued to be well represented at ERGA during 2016. As well as being an avenue for exchanging experience, this group advises the European Commission on regulatory matters relating to a range of audiovisual policy issues, and works to ensure consistent implementation of the Audiovisual Media Services Directive, ("AVMSD"), which is increasingly relevant in a converging media landscape.

As part of its work with ERGA, the BAI was involved with three sub-groups over the course of 2016. These included the chairmanship of the sub-group on the Protection of Minors and Accessibility; participation in a sub-group



Factual Series winner at the Celtic Media Festival Crumlin programme participants; Cathy, Jessica, Cormac

designed to provide the European Commission with feedback on proposed revisions to the AVMSD; and, participation in a sub-group seeking to establish a digital European toolkit, the purpose of which would be to facilitate access to key regulatory documents, policies and strategies across the various member states.

AVMSD

Significant work was ongoing at European Commission level, with proposals to amend the AVMSD circulated by the Commission for consultation and input from various member states. The main purpose of the Commission's proposal to amend the Directive is to develop a replacement framework, which will bring it up to date and attempt to deal with new and emerging developments and issues arising in the European audiovisual landscape. The proposed revisions also seek to provide a better balance to the rules that apply to traditional broadcasters, video on-demand and video-sharing platform providers.

The BAI engaged comprehensively with the Department of Communications, Climate Action and Environment over the course of the year, regarding the Commission's proposed amendments and their envisaged impact on the regulatory regime in Ireland and on the Irish media landscape more generally. In its responses to the Department, the BAI endorsed many of the revisions contained within the proposal and sought clarification regarding the meaning and scope of a number of the definitions contained therein. However, it also cautioned that there were a range of implications for the Department and the BAI in terms of resources, legislation and policy changes that would be required to support the implementation of the new revised Directive.

It is envisaged that 2017 will see further negotiations taking place, with a view to having a revised Directive in place by the start of 2018. It is then likely that the new provisions will require transposition into Irish law within a two-year period, following the Directive's ratification at European level.

European Platform for Regulatory Affairs (EPRA)

With a membership of 52 regulatory authorities from 46 countries, EPRA is an important network that facilitates co-operation between regulatory authorities and the exchange of information and viewpoints on a range of issues.

EPRA meetings in 2016 were held in Barcelona and Yerevan. The plenary sessions of both meetings focussed on the themes of the future of free-to-air TV and compliance and enforcement policy and practices, enabling a continuity of discussion among members across the year. The working group sessions addressed media in times of crisis, the protection of minors, editorial versus advertising content, a spotlight on audiovisual platforms and data protection, big data and its impact on media regulation.

The BAI continued to play a key role in the network over the course of 2016 with the BAI Deputy CEO, Celene Craig, in the role of Chairperson for a second year. In her capacity as Chair, Celene continued to represent the network at international conferences pertaining to audio visual media regulation and also chaired two plenary meetings.

Communication and Support

In order to be considered a trusted and informed voice in broadcasting the BAI understands the value to be gained from communicating its goals, and being supportive of the broadcasting sector at a national level. Through its attendance at, and organising of, events across the country, and also in an online capacity, the BAI sought to inform stakeholders of its activities, support the broadcasting sector and foster dialogue on matters related to its remit. Highlights from 2016 included:

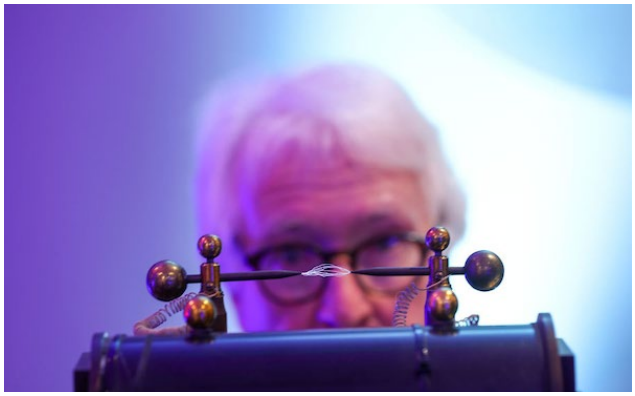
Celtic Media Festival

The Celtic Media Festival took place in Dungarvan, Co. Waterford in April 2016 and in addition to attendance at the event, the BAI provided sponsorship support for elements of the festival's programme.

As the host nation, Ireland had 42 productions in the running for a prestigious Torc Award, including the BAI-funded '*Cumann na mBan - Mná na Réabhlóide*' in the 'Factual Single' category. The BAI-funded medical science series '*Crumlin*' won an award in the Factual Series category. Other BAI-funded documentaries nominated included '*One Million Dubliners*', the story of Dublin's city of the dead – Glasnevin Cemetery.

Culture Night 2016

Once again the BAI joined Ireland's Culture Night activities for 2016. As a participant in the annual event that celebrates culture, creativity and the arts, the BAI opened its doors to visitors for a celebration of 100 years of radio. On the night, the BAI building became a vintage museum of radio artefacts, paying homage



Culture Night 2016 in the BAI offices: Brendan Balfe

The Hurdy Gurdy Museum exhibit on display in the BAI offices – Culture Night 2016

to radio from years gone by, and displaying a range of exhibition items from the Hurdy Gurdy Museum of Vintage Radio. Also featured was a Listening Point, where visitors could listen to a variety of audio clips from stations across the country including commercial, community services and content from the RTÉ Radio archives.

In addition, radio personality and historian Brendan Balfe presented two talks focussing on the history of Irish radio and the important role it played in the social and historical development of Ireland, in addition to a light-hearted look at some of Irish radio's 'unintended' comedic moments.

PPI Hall of Fame

Before its 'Culture Night' transformation, the BAI also hosted a ceremony to welcome four new inductees into the PPI Radio Awards Hall of Fame at a ceremony. The 2016 inductees were Eamonn Buttle of South East Radio, Trevor Campbell of Downtown Radio Belfast, Ian Dempsey of Today FM and Dave Fanning of RTÉ 2fm. All were recognised for their exceptional contribution to radio in Ireland.

PPI Hall of Fame – Inductees for 2016 are Eamonn Buttle, South East Radio; Trevor Campbell, Downtown Radio Belfast; Ian Dempsey, Today FM; Dave Fanning, 2FM – Credit Iain White Photographer

Media relations and the BAI Website

The provision of regular updates regarding BAI activities and decisions is considered an important element of the BAI's communications strategy. In addition to national and local media outlets, the BAI website, in particular, plays a key role in informing the public and the media sector about the organisation's regulatory activities. The BAI launched a new bilingual website in 2016, designed to increase functionality on phones and other media devices, as well as accessibility more generally.

Over the course of 2016, the BAI published 61 press statements and updates via its website, covering a wide variety of topics such as Licensing, Broadcasting Complaints Decisions and BAI Codes and Policies. These updates garnered significant coverage in the media, resulting in the publication of over 1,000 related news articles.

Social Media

Another communication mechanism increasingly employed by the BAI in recent years is social media. During 2016 the BAI used social media to communicate key messages to its stakeholders, sharing photos, video and infographics to boost awareness of the organisation's work. Engagement with the BAI's social media channels continued to grow with an 11% increase in Twitter followers and 39% increase in 'likes' garnered via Facebook in 2016.

Freedom of Information

The development of the new BAI website has also aided the organisation in fulfilling its obligations under Section 8 of the Freedom of Information Act (FOI) 2014. This requirement ensures the BAI regularly publishes a wide range of information outside the remit of the FOI process, once the distribution of this data is not prohibited by law.

In support of this requirement, the BAI is committed to making information available as part of its normal business activities and during 2016 documentation such as minutes from Authority meetings, broadcasting complaint decisions and financial reports were regularly published in the 'About Us' and 'Publications' section of the new website.

In addition to the above, the BAI handled 11 Freedom of Information requests in 2016. This figure included one request carried over from 2015, and overall marked a reduction in the number of requests received in

2015. The majority of requests came from journalists who sought information on a range of topics including translation services, broadcaster compliance and the BAI's General Commercial Communications Code. Of the requests received, five were part-granted, one was refused, and one was handled outside the FOI process. The remaining requests were carried over into 2017.

Sponsorship

Sponsorship is a key facet of the organisation's overall communications and engagement strategy. Enabling the BAI to increase awareness of its strategic objectives, sponsorship also highlights the organisation's contribution to the growth and continued development of the audiovisual industry in Ireland.

Under its 2016 Sponsorship Scheme, the BAI provided sponsorship funding to 22 applicants to the value of approximately €130,000 in support of a wide variety of activities and events throughout the country. Examples of the events sponsored included:

- Gaze Film Festival
- Seachtain na Gaeilge
- Archives at Risk conference
- Galway Film Fleadh
- Sounds Alive 2016
- Guth Gafa International Documentary Festival
- PPI Radio Awards
- IFTA Television Awards

Audience Research

Following the development of an Audience Research Framework in 2014, the BAI commenced its first audience research initiative in 2016, a 3-year public service audience tracker survey. The aim of the tracker survey is to provide information on the views and opinions of the public, on public service broadcasting in Ireland. In particular, the survey aims to track public opinion on how the public service broadcasters are delivering on their principal objects as set out in legislation.

Over the three years of the tracker survey, the BAI will be able to track, record and respond to trends as they emerge. This will inform a number of BAI activities, including the upcoming 5-year review of public funding. The survey, which takes place in late Spring each year, comprises face-to-face interviews with over 1,500 adults. It covers the island of Ireland with 1,200 interviews conducted in the Republic and 300 in Northern Ireland. It is expected that the year two results will be finalised in Autumn 2017, at which time they will be made accessible via the BAI's various communications channels.

Section 4

Strengthening the Transparency and Accountability of Broadcasters

Increasing public trust through the provision of a transparent and accountable broadcasting sector

A key aspect of the BAI's regulatory agenda is to ensure that broadcasters are accountable to the Irish viewing and listening public they serve. Having transparency and accountability in the broadcasting sector is, in the BAI's view, central to building and sustaining public trust and confidence. This strategic goal is achieved in a number of ways by the BAI, including the pursuit of its public service broadcasting regulatory agenda, the implementation of a range of compliance functions and the consideration of contractual variations.

In seeking to achieve this strategic objective, the BAI is itself committed to operating in a transparent manner, applying clear and understandable rules and codes, and decisions that are fair, proportionate and cognisant of audience needs. A range of activities were undertaken under this theme in 2016.

Public Service Broadcasting Regulatory Agenda

The BAI is mindful of its regulatory role regarding Public Service Broadcasters (PSB) and, in particular its responsibility under the 2009 Act to ensure that RTÉ and TG4 demonstrate transparency and accountability in their use of public funds. Furthermore, broadcasting legislation envisages a key function for the BAI in acting as an independent source of advice to the Minister on a range of PSB matters.

Bearing these factors in mind, the BAI developed a more integrated approach to delivering its public service regulatory agenda during 2016 and established a PSB project team to progress its wide range of activities.

Annual Statements of Performance Commitments 2016

Public Service Broadcasters engage with the BAI on an annual basis to consult on their proposed performance commitments for the year. The Annual Statement of Performance Commitments (ASPCs) for RTÉ and TG4 prove valuable from a transparency perspective in particular as they set delivery objectives for each broadcaster, and as a consequence, set out what audiences can expect. Critically, from a regulatory perspective, ASPCs provide the basis for the subsequent deliberations regarding the adequacy of public funding to enable each PSB meet its objectives.

RTÉ's Annual Statement of Performance Commitments

RTÉ's commitments were considered by the Authority to be broadly satisfactory and in line with the objectives of the broadcaster's 5-year Strategic Plan. Acknowledging the challenging economic environment, reduction in public funding, and the broadcaster's modest expectation of growth in commercial revenue, the Authority welcomed RTÉ's concrete plans to progress key elements of its multi-year strategy during 2016.

TG4's Annual Statement of Performance Commitments

The Authority was likewise satisfied that the 2016 commitments set out by TG4 were sufficiently high level and aligned to the objectives of TG4's 5-year Strategic Plan. Furthermore, the Authority was of the view that the commitments were well correlated against TG4's statutory objectives, its Statement of Strategy and its Public Service Statement. Certain deviations from the broadcaster's 5-year Strategic Plan were also noted. In this regard the Authority acknowledged the significant challenges facing the broadcaster and agreed to discuss further with TG4 any revised targets for the remaining period of its strategy.

Annual Review of Public Funding

The annual reviews of public funding conducted by the BAI consider the degree to which the ASPCs made by RTÉ and TG4 in the previous year have been achieved. Additionally, the review process also considers the sufficiency of public funding available for each public service broadcaster to meet their objectives. In 2016, the review focussed on the areas that the Authority considered were central to the delivery of public service broadcasting, specifically: audience performance; level and nature of content output; value for money being delivered; and, Irish language and culture.

Overall, the Authority concurred with the review findings in respect of the performance by TG4 and RTÉ, against the commitments made in the previous year and

in the context of the broader parameters of the five-year review of public funding. Despite not meeting all the commitments set out in their ASPCs, on the whole, both RTÉ and TG4 were thought to have performed well against the commitments set. The ongoing challenge being experienced by both PSBs in reaching set targets for the remaining period of their respective strategies was also acknowledged. In this regard the Authority was cognisant of the range of issues affecting each PSB, including changes to the wider media environment. Such issues, it was noted, would be relevant to the five-year review of public funding, to be undertaken in 2017.

The Authority was of the view that both PSBs had operated efficiently while under financial constraints during 2015 and endorsed a series of recommendations in respect of funding modifications for both PSBs. In relation to the level of public funding for each PSB, the Authority recommended that there should be:

- An increase in funding for RTÉ of 0.7% in line with inflation, subject to the PSB implementing strict cost control mechanisms.
- An increase in funding for TG4 of €0.5m on the condition of management of staff costs and a commitment by the broadcaster to provide additional funds to the independent sector to achieve specified additional outputs.

A formal report, which included the recommendations arising from the annual reviews, was submitted to the Minister in September 2016.

Sectoral Impact Assessment & Public Value Review: Oireachtas TV

Public service broadcasters require the consent of the Minister for the launch of new services or variations to channel offerings on existing services. As part of his deliberations on any requests received, the Minister is required to consult with the BAI on the sectoral impact of the launch of a new service, or a variation to an existing channel. One such request was received from the Minister in 2016, regarding a proposal by RTÉ to launch a new channel, Oireachtas TV, on SAORVIEW, the Digital Terrestrial Television platform. The Minister's request also required the BAI to consider and give its opinion on the public value of the proposals submitted.

The sectoral impact assessment found that the impact of the proposal would be minimal on the existing services on the SAORVIEW platform. From a public value perspective, it was found that, while parliamentary channels are seen as niche, their public value is substantial in giving live coverage of parliamentary events. It was also found that the availability of Oireachtas TV on a free-to-air basis, would be a further step towards its universal availability, given that it was already available on other pay-TV platforms.

In submitting its report to the Minister, there were a number of other issues which the Authority highlighted, related to the shared nature of the service between RTÉ and the Houses of the Oireachtas. This sharing of responsibility for the operation of the service raised questions in relation to editorial decision-making, the related responsibility for ensuring compliance with statutory codes and rules, complaints handling, and matters related to platform carriage, all of which were brought to the Minister's attention.

Five-year Review of Public Funding

In addition to its annual review of public funding for public service broadcasters, the Authority is required under legislation to conduct a review every 5 years of the adequacy of public funding for RTÉ and TG4 to meet their public service objects.

The BAI plans to commence this 5-year review in 2017, and to this end undertook some preparatory work in 2016 which involved discussions on the scope and focus of the work to be carried out, and engagement with the Department of Communications, Climate Action and the Environment. In addition, the BAI conducted a public procurement process to engage external support for the review process and in this regard six submissions were received by the closing date in December 2016. A decision regarding the tender is due to be reached in early 2017, following which the finalisation and implementation of the project plan associated with the work will commence.

Compliance & Enforcement

The BAI's strategic aim is to support a culture of compliance within the broadcasting sector and to be consistent and transparent in our approach to carrying out specific compliance activities. An overview of the organisation's compliance work during the year is set out below.

Performance Reviews of Radio Services

Performance reviews typically address matters of

Dr Pauric Travers, Louise McLoughlin and Michael O'Keeffe, BAI at the launch of the Draft General Commercial Communications Code

ownership and control, including corporate governance, staffing, programming, including content monitoring, and financial and business performance. In the case of community services, reviews also seek to establish the extent to which community services are representative of, and accountable to, the respective communities that they serve. Importantly, performance reviews also enable the identification of trends across a sector, be it commercial or community, and help to inform where additional support or input on the part of the BAI may be required into the future.

In support of existing and future licensing plans, the performance reviews conducted in 2016 were primarily focussed on community radio stations. By year end, performance reviews for 16 community / community of interest radio services had been undertaken. These reviews incorporated visits by BAI staff to 14 of the stations scheduled for inclusion within the BAI Licensing Plan 2016. Performance reviews for a further 3 community radio services were underway by the end of 2016. In addition, performance reviews for 4 commercial radio services were carried out in 2016, with a further 2 still in process by year end.

The performance reviews highlighted some key trends and challenges for the community radio sector. While many services were found to be engaged with their local communities, the performance reviews identified challenges relating to funding and corporate governance practice. Such trends will inform the BAI's engagement with the community radio sector across various operational areas in 2017.

In the case of a very small number of services, the reviews highlighted more fundamental concerns, related to a service's operation and viability. In each of these cases, BAI staff have engaged closely with the contractors concerned on the identified issues in an effort to devise a plan and timeframe for resolution.

Content Monitoring

In addition to conducting performance reviews the BAI also undertook monitoring of broadcast content during 2016. This type of monitoring typically focusses on compliance with statutory codes, rules and contractual obligations.

Radio

A total of 23 community and commercial radio services were monitored for compliance with the General Commercial Communications Code, advertising

minutage, and the contractual commitments outlined in their respective Programme Policy Statement (PPS).

Community radio services were found to be broadly compliant with the contractual commitments set out in their respective Programme Policy Statements. In a small number of cases changes to programme schedules that had not been notified to the BAI and had the capacity to impact commitments set out in the relevant PPS were noted. Challenges in terms of compliance with the music : speech ratios set for some Contractors were also identified.

For both the community and commercial radio sectors, the main issue of non-compliance related to adherence to the General Commercial Communications Code. These compliance concerns related to presenter endorsements during editorial content and sponsorship announcements constituting advertising copy. The BAI will engage with Contractors to increase understanding and promote compliance with the revised General Commercial Communications Code, following its launch in 2017.

Television

Content monitoring conducted on both RTÉ and TV3 revealed instances of non-compliance in relation to product placement and sponsorship rules. On foot of these findings, the BAI issued a warning notice to each broadcaster. Warning notices highlight issues of relatively serious non-compliance while also providing time for the BAI and the broadcaster concerned to work together to resolve the issue without the need for the issue to be formally referred to the Compliance Committee.

Both broadcasters engaged comprehensively and constructively with the BAI, and set out how the instances of non-compliance would be addressed. It was agreed that further content monitoring would be undertaken in early 2017 to assess the extent of the success of the actions taken.

Technical Audits

Further to their contractual requirements and ComReg issued licences, all broadcasters are obliged to adhere to certain technical requirements. Accordingly, the BAI undertakes monitoring for compliance with these requirements. 77 radio transmitters were audited during 2016 for this purpose. Overall there was found to be a high level of contractual compliance, with only minor infringements noted in a small number of contractors.

Access Rules

The BAI Access Rules were developed further to requirements under the 2009 Act. The current rules have been in effect since the 1st March 2015 and necessitate that public service, commercial and community broadcasters meet targets for subtitling, consult with user groups, and promote access to their services for people who are deaf, hard of hearing, partially sighted or blind. Additionally, the public service broadcaster, RTÉ, is also required to provide Irish Sign Language and Audio Description.

In order to assess compliance with the Access Rules during 2016 the BAI carried out a number of activities including monitoring of broadcaster output, meetings with broadcasters and user consultative panels to elicit their views on the quality and reliability of subtitles, audio description and Irish Sign Language.

Access Rules Compliance Review 2016

Details of the 2016 performance review of broadcasters are set out in the table opposite.

Broadcaster	2016 Subtitling Target	2016 Subtitling Actual
RTÉ 1	85–90%	88%
RTÉ 2	67–73%	65%
TV3	47–51%	48%
TG4	51–57%	46%
3e	22–26%	32%
Setanta Ireland (now Eir Sport)	10-12%	10%
RTÉ Plus One	85-90%	93%
RTÉ News Now	18-21%	No information available
RTÉjr	40-44%	36%
UTV Ireland (now Be3)	46-52%	69%
Oireachtas TV	5-6%	2.7%
DCTV	7%	14%
CCTV	7%	14%

Broadcaster	2016 Audio Description Target	2016 Audio Description Actual
RTÉ	2%	4.5%
RTÉjr	3%	No information available

Broadcaster	2016 Irish Sign Language Target	2016 Irish Sign Language Actual
RTÉ	2%	2%
RTÉjr	1%	1.1%
Oireachtas TV	1%	6.5%

In general, there was a satisfactory level of compliance from broadcasters in 2016, with the majority of broadcasters meeting their targets and some surpassing them.

However, certain broadcasters experienced difficulties and did not achieve the targets set. In addition, RTÉ was not able to provide Audio Description for RTÉ Jnr, due to the lack of technical equipment, an issue that it plans to remedy in 2017.

Other issues identified included Setanta Ireland (now Eir Sport) and DCTV's failure to consult with user groups and / or to promote their subtitling services. Compliance notices were issued to each broadcaster regarding the above. However, Setanta Ireland (now Eir Sport), and DCTV have since addressed these issues to the satisfaction of the Compliance Committee.

In conjunction with compliance assessment, feedback from the user consultative panels highlighted difficulties with access provision including the quality and reliability of subtitles and reception due to technical issues such as different set-top boxes and platform providers. The BAI remains committed to engaging with broadcasters and platform providers in its efforts to address these issues during 2017.

Contractual Variations

Throughout the year, broadcasters licensed by the BAI may submit requests seeking approval to adjust certain elements of their contracts. These contractual variation requests form a key part of the BAI's operational work and vary greatly in their level of complexity. Requests can range from altering elements of a station's programme policy to ownership and management shareholding and/or structural changes. In all cases, requests are considered, having regard to the BAI ownership and control and licensing policies, as well as contractual commitments given by the broadcaster concerned.

In 2016 the BAI received and processed 43 contractual variation requests. The majority of these were processed at Executive level, while 5 were considered and approved by the Authority. Some of the requests considered and approved included:

- The acquisition of Setanta Sports Channel Ireland Limited by eircom Limited;
- The acquisition of UTV Ireland by Virgin Media Limited, a subsidiary of Liberty Global Plc, to operate as part of the TV3 Group under the channel name be3;
- The acquisition of Wireless Group Plc by News Corp UK and Ireland Limited. The Wireless Group services include FM104, LMFM, Limerick's Live 95FM, Cork's 96FM, C103 and Q102.

Other approved contractual variations requests related to staffing appointments and revisions to the programming commitments for some community radio stations.

Section 5

Facilitating Learning and Development in the Broadcasting Sector

Working with people and organisations to enhance their capacity to meet Irish audience needs.

To facilitate learning and development in the broadcasting sector, the BAI engages strategically and works in partnership with broadcasters and related representative groups to support their development. The provision of such support enhances the sector's ability to serve the listening and viewing public. The BAI understands the strategic value of such ongoing collaboration so that it may consider evolving needs and how such needs can be met. During 2016 the BAI undertook a range of activities to further its objectives in this area.

Sectoral Learning and Development

Through the implementation of its Sectoral Learning and Development Policy the BAI offers support to the industry in a variety of ways, including support for training in areas of skills shortage and research promotion, and through the collection and distribution of information on skills requirements. In 2016 the BAI significantly increased its funding to support learning and development initiatives, allocating a budget of €436,500.

Through its funding of independent networks, the BAI aims to maximise the impact of the support it provides, promoting collaboration and building strategic alliances that provide for a sustained approach to learning and development. A total of €295,000 was awarded to 12 industry networks in 2016 to support activities including workshops, conferences, reviews, and the development of training materials, in addition to hosting or attending seminars. A sample of the networks and initiatives funded during the year is as follows:

- **CRAOL (Community Radio Forum)**

  CRAOL is the established network for the community radio sector in Ireland, representing community and community of interest radio services under contract with the BAI. In 2016 the BAI supported the network's annual *Féile* and *Achievement Awards,* which were attended by over 100 people in the community radio sector.

- **Learning Waves Skillnet**

  Part funded by the BAI, Learning Waves Skillnet is a leading provider of training for the independent commercial radio sector. A new mentoring programme in partnership with BBC Radio Ulster was one of several initiatives supported by the BAI during the year.

- **The Community Television Association (CTA)**

  Funding was also provided to the Community Television Association in 2016 for the provision of technical training in live broadcasting to its members.

- **Screen Producers Ireland (SPI)**

  SPI is the representative body for the indigenous TV, film and animation sector in Ireland and promotes the growth of the independent production sector. Funding support provided by the BAI in 2016 assisted the organisation in hosting a pitching event for female writers and directors in the industry.

- **Creative Europe Desk Ireland**

  Funding support from the BAI helped Creative Europe Desk Ireland to host a media literacy industry breakfast and also aided the organisation's Galway office to support training in pitching Irish language content to an international market.

Supporting Developmental Needs

In addition to its support of industry networks, the BAI also sought to address industry developmental needs through the provision of funding support to new and established schemes. A sample of schemes which received funded during 2016 included:

- **Big Stories on the Small Screen**

  Established in 2015, Big Stories on the Small Screen is a training programme focussed on developing skills in quality, long-form, screen drama and is jointly funded by the BAI and Screen Training Ireland. It brings together experienced screen storytellers from across the world to work with Irish professionals to develop skills in collaborative storytelling, story analysis and script development, with the aim of learning how to craft a successful drama series for the international market.

  Following on from its successful conference in 2015, Big Stories on the Small Screen held an intensive week-long workshop in May 2016 for a selected number of Irish-resident screenwriters, followed by a teaching session on pitching ideas and a masterclass with Richard Brown *(True Detective)*.

James Hickey, Irish Film Board/Bord Scannán na hÉireann; Proinsias Ní Ghráinne, TG4; Paddy Hayes, Magamedia; Ciarán Kissane, BAI; Colm O'Callaghan, RTÉ attend the 'Business of Documentary Seminar held at the Galway Film Centre, supported by the BAI.

- **Red Rock Scheme - Television Production Training**

  Launched in 2015, this scheme involved a partnership between the BAI, Screen Training Ireland and Element Pictures (producers of TV3 drama series *Red Rock)*, to deliver a work placement programme. This programme continued in 2016, offering a select number of people new to the television industry a 6-week placement on the set of *Red Rock*. The programme afforded its participants the opportunity to be introduced to essential skills in a number of key production departments.

- **Writer's Academy**

  Another initiative delivered in partnership with Element Pictures and Screen Training Ireland; *The Writer's Academy* project provided eight emerging Irish screenwriters with in-depth experience in writing for continuing drama/soap. The project comprised an intensive training week, followed by a 7-week script writing period, and finished with a final session and course review. Participants gained valuable experience through being introduced to the realities of writing for a long-running series with fast turn-over times.

- **Media Research Funding Scheme**

  In support of the broadcasting regulatory environment in which the BAI operates, this scheme funds quality research initiatives. It is a key method by which the BAI develops and maintains links between third-level institutions and the broadcasting sector. During 2016 research projects were offered a collective total of €50,000 in grant funding.

  Examples of projects funded include: *Netflix and binge? Exploring new cultures of consumption for non-linear television and online video streaming* for Dublin City University, and *Broadcasting Irish Emigration in the Era of Global Mobility* for University College Dublin and the Institute of Technology Carlow.

- **Research on media coverage of the General Election 2016**

  In addition to research funded through the scheme, the BAI also funded research on media coverage of the General Election 2016. This research, undertaken by Dublin City University and supported by the Department of Communications, Climate Action and Environment is due for completion in 2017.

Media Literacy

The development of the BAI's Media Literacy Policy was a central focus for the organisation during the year. Having regard to the increasing range of platforms through which the public can access, engage with and create content, the BAI aimed to set out a range of skills to help people navigate the new and rapidly changing media environment. The launch of the Media Literacy Policy in December 2016 was a significant milestone in this regard and was the culmination of a development process that saw engagement and consultation with a range of stakeholders from media, education and regulatory fields.

In its aim to nurture research and compliment existing educational initiatives, the policy ultimately aspires to be of practical benefit to media users. Its intent is to provide media users across various platforms with the necessary skills to be able to discern accurate or inaccurate information, challenge views, engage with debate and to essentially be informed in their listening and viewing choices. The policy's ambitions are framed around three core competencies which address:

- Recognising different content types;
- Making informed choices in relation to valuing and protecting personal data;
- Creating media content for private and public use and engaging in online learning opportunities.

Collaboration between stakeholders will be, in the BAI's view, critical for the policy's success. To aid the collaborative process, the BAI will facilitate the development of an Irish Media Literacy Network in 2017. Membership of this network will comprise a range of stakeholders, including educators, broadcasters and public bodies. Through cross sector communication and knowledge sharing, this network will work to put into practical effect the policy's objectives.

Skills Strategy for the Audiovisual Sector

In late 2015, the BAI and Bord Scannán na hÉireann/ Irish Film Board ('the IFB') commissioned the production of a report on the strategic requirements for skills in the audiovisual sector. Extensive sectoral consultation took place in the early part of 2016, involving broadcasters and commissioners, educational bodies, representative networks, and agencies and others.

A draft report was presented to the IFB and the BAI in the autumn of 2016 and the document has contributed to highlighting important issues pertaining to the audiovisual sector in the areas of skills development. It is anticipated that the report will be published jointly by the BAI and the IFB in 2017.

Archiving Scheme Development

Section 69 of the Broadcasting Act 2009 requires every sound broadcasting contract to contain a term or condition requiring the contractor to archive certain categories of programme material.

The Act also gives the BAI responsibility for prescribing the format for archiving, and categories of programmes to be archived.

In early 2016, the BAI contracted with a company with archiving expertise to assist in the development of an appropriate policy, including guidelines on the implementation of archiving practices to be undertaken by sound broadcasters in line with the legislative requirements. Subsequently, a draft archiving policy and guidelines were approved by the BAI in late 2016. The BAI will consult with key stakeholders on the draft policy and guidelines over the course of 2017 with a view to finalising and implementing the policy in 2018.

Section 6

Promoting Responsible Broadcasting and Empowering Audiences

Implementing effective broadcasting codes and standards to support listener and viewer needs

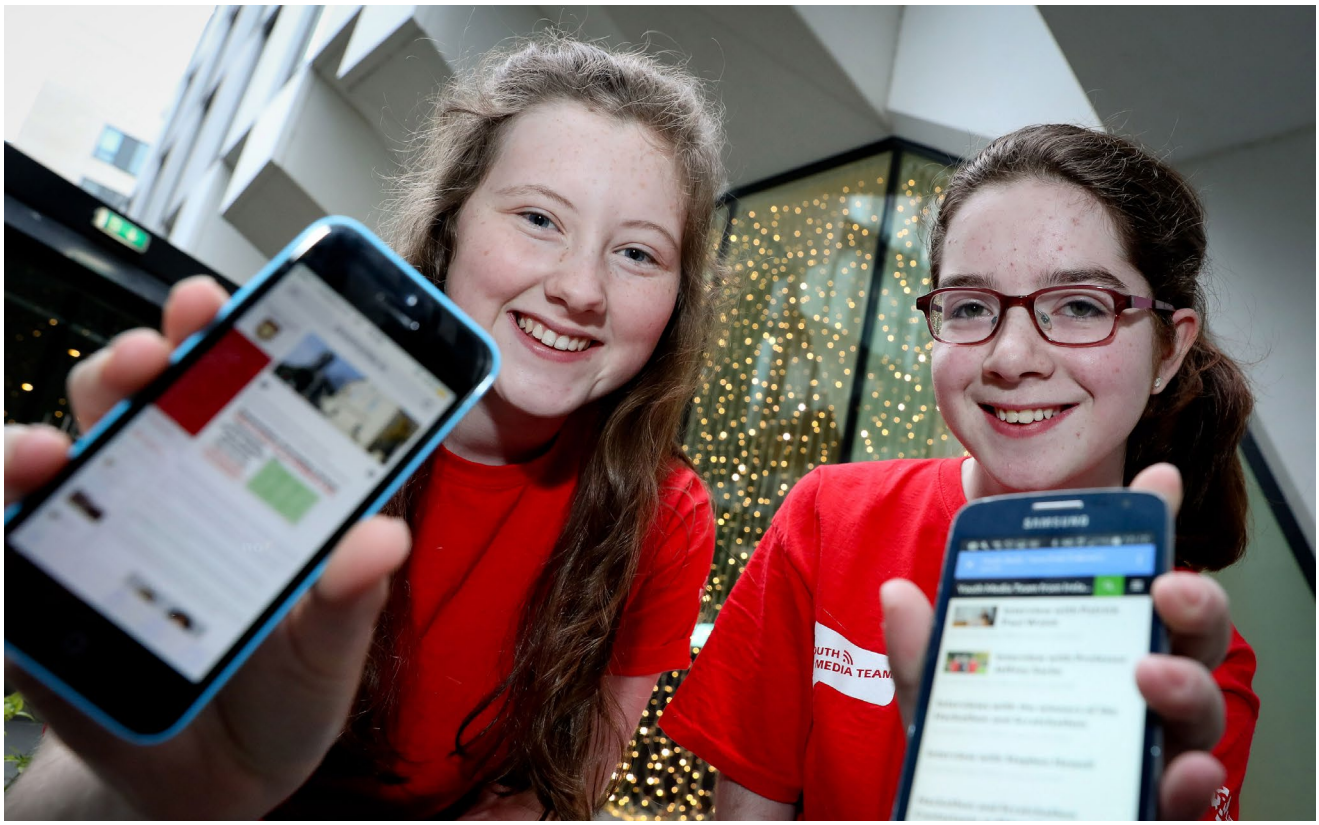
A key aspect of the BAI's regulatory work is to ensure and promote responsible broadcasting in the interests of the listening and viewing public. The various codes, standards and rules developed by the BAI act as accountability mechanisms for the industry. The BAI is committed to keeping such codes and standards under review to ensure their effectiveness in meeting evolving audience needs. During 2016, the BAI processed the revisions of the General Commercial Communication Code, the development of a Short News Reporting Code and the completion of a review of the Right of Reply Scheme. In addition, the BAI continued its consideration and determination of complaints relating to programming, advertising or sponsorship. An overview of the work undertaken is set out below.

General Commercial Communications Code

The General Commercial Communications Code provides a set of principles and rules that govern advertising, sponsorship, product placement and other forms of commercial promotion on Irish television and radio. Informed by the findings of a statutory review, in December 2015 the BAI carried out a public consultation on the draft code. This consultation afforded stakeholders the opportunity to inform the BAI of their views and opinions regarding the proposed draft, and provide feedback on issues such as the practicality and relevance of the rules and principles of the Code, and its overall application.

There was broad support for the Code's revised provisions. The issues raised during the course of the consultation related variously to the need for clarity in respect of definitions used within the Code; the application of exclusions from the Code to all broadcasters; feedback on the specific rules relating to sponsorship and product placement; and, views in support of further restrictions on alcohol advertising.

Following consideration of the submissions received from stakeholders during this process, the BAI finalised the Code in late 2016. It is anticipated that the revised Code will be launched in early 2017.



Roisín Donnelly and Amy Lombard, Youth Media Team, who attended the launch of the BAI Media Literacy Policy

Minister of State Sean Kyne, Teresa Hanratty, Learning Waves and John Purcell, IBI attend the Radio Days conference which was supported by the BAI

Short News Reporting Code

This Code provides for applicable standards in the use by broadcasters of programme extracts in news programming, in cases where the rights to the content may be held by another broadcaster, for example sports rights. In developing the Code, the BAI consulted key stakeholders to assess current practice and challenges in the area. Informed by broadcasters' experiences, a draft Code was approved by the Authority in late 2016. It is intended that targeted consultation with television broadcasters on the draft Code will be carried out in 2017 prior to its finalisation and publication.

The Right of Reply Scheme

The Right of Reply Scheme has been in effect since 2011 and provides for the correction of incorrect facts or information which have been broadcast about a person, where the assertions of such incorrect facts or information have impugned that person's honour or reputation. A statutory review of the Scheme was conducted in 2015 and a report regarding this review was submitted to the Minister in June 2016 and subsequently laid before the Houses of the Oireachtas. No requests for a Right of Reply were received in 2016.

Complaints Process

In parallel with its work to develop and implement broadcasting codes and standards, the BAI's complaints process is a mechanism for viewers and listeners who are not satisfied with broadcasting content, be it in relation to programming, advertising or sponsorship, to make a complaint.

During 2016 the BAI considered a total of 132 complaints. In common with previous years, the majority of these complaints, 105, were in relation to fairness, objectivity and impartiality in news and current affairs content. A further 18 complaints were related to programme standards, while the remaining nine complaints concerned commercial communications.

Of the total complaints received and processed, nine were dealt with by way of an adequate response from the broadcaster. The remaining complaints were processed in line with established procedure, with decisions being published on the BAI website. As illustrated in the table, 61 complaints were rejected by the Executive Complaints Forum or the Compliance Committee. The Committee upheld a further eight complaints in full. One complaint received was deemed invalid, while the processing of the remaining 53 complaints was ongoing at the end of 2016.

Complaint category	Complaint total
Code of Fairness, objectivity & impartiality in news and current affairs	105
General Commercial Communications Code	9
Privacy of an Individual	0
Code of Programme Standards	18
Total	132

Complaints Processed in 2016 by Resolution	Complaint total
Upheld by Compliance Committee	8
Rejected by Compliance Committee	17
Rejected by Executive Complaints Forum	44
Resolved (prior to consideration by ECF/CC)	9
Invalid complaints	1
Ongoing	53

Section 7

Governance and Organisational Development

To be a credible, effective and accountable public service organisation.

The BAI is committed to the highest standards of corporate governance and sustained organisational development. Both are considered essential qualities for the operation of an efficient and effective regulator. In addition to maintaining a robust governance framework, the BAI strives to optimise its processes through an increased use of IT and flexible ways of working. In so doing, the BAI aims to sustain its ability to anticipate and respond to change, and be an effective regulator for the sector. Work undertaken with respect to governance and organisational development in 2016 is outlined below.

Governance

The BAI continues to comply with its statutory and governance reporting obligations, including Haddington Road Agreement reporting and Data Protection requirements during the year. Likewise, the BAI continues to carry out its duties having regard to the requirements of the *Code of Practice for the Governance of State Bodies*, a framework for commercial and non-commercial State Bodies to apply best practice and standards in governance.

Functioning of the Authority and Statutory Committees

In April and May 2016 the Authority undertook a formal review of its performance in accordance with the requirements of the Code of Practice for the Governance of State Bodies. Following consideration of the outcomes of the review the Authority agreed recommendations to be incorporated into its activities. Implementation of these recommendations will continue in 2017.

Revised Code of Practice for the Governance of State Bodies

The BAI welcomed the publication of a revised *Code of Practice for the Governance of State Bodies* in August 2016 which took into account developments with respect to oversight, reporting requirements and the appointment of board members. The BAI undertook to review its governance practices and ensure compliance with the revised Code by the 1st September 2017, as required. Preliminary work was undertaken towards year end to assess the BAI's levels of compliance with the revised provisions and identify required changes, update and/or carry out revisions to governance practice. This work will continue in 2017 to ensure the organisation meets its obligation to be fully aligned with the provisions of the revised Code.

Finance, Audit and Risk Committee (FAR)

Established in 2010, the work of the Finance, Audit and Risk Committee (FAR) monitors and reviews the effectiveness of the BAI's system of internal control, its financial practices and controls, its external audit functions, and its risk management practices. The Committee briefs the Authority in respect of its various duties and its terms of reference are reviewed on a yearly basis.

The Committee met 6 times during 2016. Work focused on a range of activities which are outlined below.

- *Liaison with External Auditors: Comptroller and Auditor General*

  In December, 2016 the FAR Committee met with the office of the Comptroller and Auditor General to review audit management issues relating to the previous year. It was noted that no issues of concern were raised in respect of the 2015 audit.

- *Liaison with Internal Auditors and Internal Audit Reports*

  The organisation's internal Auditors, Capita, conducted three internal operational audits in 2016; a data protection review, and a review on internal financial controls and management of the levy process.

  At its meeting in November, the Committee considered internal audit reports on Sound and Vision 3, (the 2016 Audit); Sectoral Development, (the 2016 Audit); and, a BAI operational audit on internal communications. No significant issues were identified.

- *Risk Management*

  As a standing item on the Committee's agenda, updates regarding new and on-going higher levels of risk in the organisation are regularly provided by an appointed Risk Officer to the Committee. The BAI's Risk Register was reviewed in 2016. Capita also conducted a review of the BAI's Risk Management Framework and risk management methodologies.

Its recommendations with regard to risk reporting procedures, and presentation of the BAI's risk register, are scheduled for implementation in 2017. In

addition, Risk Workshops for FAR members and the senior management team were also facilitated in April and May of 2016.

Procurement

A series of procurement processes were undertaken during 2016, encompassing a diverse range of areas spanning staffing, insurance and external consultancy support for a range of initiatives in the areas of public service broadcasting, strategy, archiving and data and file management.

In line with good governance practice, a register of supplier spend, procurement activity, and contracts issued continued to be maintained and monitored during the year. Work on a corporate procurement plan was progressed and it is intended that this plan will be aligned with the BAI's Strategy Statement for 2017-2019.

Organisational Development

Strategy Statement 2017-2019

The development of a new Strategy Statement 2017–2019 was a significant area of work for the BAI in 2016. The process of its development involved extensive engagement with BAI stakeholders and included a formal consultation on the draft Strategy Statement. The BAI also held a deliberative forum with a representative sample of members of the public to gather their views. The new Strategy Statement was finalised in December 2016 and is due to be launched in Quarter 1 of 2017.

The new Strategy Statement will be the third such statement since the establishment of the BAI in 2009. It will be set out under five strategic themes, along with strategic objectives and desired outcomes expected by 2019. The themes are as follows:

1. Promoting diversity and plurality;
2. Achieving excellence and accountability;
3. Communicating and influencing;
4. Empowering audiences;
5. Enhancing innovation and sectoral sustainability.

It is envisaged that significant work will be undertaken in the first half of 2017 to develop a three-year workplan, together with associated project and operational plans, spanning the strategy's three-year timeframe.

Organisational Knowledge Strategy

The integrated 3-year strategy for organisational knowledge, which covered IT, data and file management and strategic use of data, information and knowledge continued in 2016. Key areas of activity included migration to an enterprise cloud solution, connection to the Government WAN and the transition to the Office 365 system. The BAI also commenced work on the development of a new, improved Customer Relationship Management (CRM) system to support the Sound & Vision Scheme.

2016 also saw the BAI carry out a detailed review of its records management practices and procedures. Arising from the review, a new records management policy was developed and presented to staff. New guidelines and procedures arising from the policy will be implemented in 2017.

The final objective under the organisational knowledge strategy relates to data, information and knowledge. The first audience research tracker on attitudes to public service broadcasting was completed and the Broadcaster Return project (an annual self-assessment report) was extended to all commercial radio broadcasters.

Human Resources

Staffing and resourcing for the BAI continues to be a challenge. Positively during 2016, four staff were hired for clerical and administrative roles to support the work of the BAI across a range of areas. While the securing of these positions is welcomed, the BAI notes that its staff numbers remain low in the context of its additional statutory responsibilities following the introduction of the Broadcasting Act 2009.

During 2016, the BAI undertook a comprehensive review of its organisational structures, involving staff at all levels across the organisation. The outcomes of this review will feed into a range of organisational development initiatives relating to communications and resource utilisation, among other things.

Performance Management and Development

The organisation continued to monitor the implementation of its Performance Management Development Policy (PMD). In this regard, staff induction was a key focus during the year, with the organisation arranging various training sessions for staff to assist their development. Training undertaken included financial skills training and a tailored programme for Higher Executive Officers.

Energy Consumption

The SEAI Annual Report 2015 on Public Sector Energy Efficiency Performance listed the status of the BAI as more efficient than baseline and on track for the 2020 target of improving energy efficiency by 20% in the public sector. In addition, the Building Energy Rating for the BAI premises improved from D2 to D1 between 2015 and 2016.

Irish Language Scheme

Through its Irish Language Scheme, and in accordance with the provision of the Official Languages Act, the BAI is committed to providing Irish language services to its stakeholders. The organisation aims to achieve this by taking a strong, proactive approach and ensuring visibility for the language at all levels.

2016 marked the third year of the BAI's Irish Language Scheme and with it, the requirement to review the effectiveness of its operation. To inform the development of a new 3-year scheme, the organisation invited submissions to feed into a review process during the year. Further to the review, preparation of a new draft language scheme was published in early June 2016, for the purposes of consultation, and the final scheme was published by the BAI in December. The changes to the new scheme include the availability of the on-line system for the Broadcast Fund's Sound & Vision and Archiving Schemes through the medium of Irish; an incremental increase in the percentage of bi-lingual press releases over the period of the Scheme; and the development of Irish language resources internally. It is intended that the BAI's second Irish Language Scheme will continue in its aim to deliver high-quality Irish language services to the public.

BROADCASTING AUTHORITY OF IRELAND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2016

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STATEMENT OF RESPONSIBILITIES

Pursuant to the provisions of the Broadcasting Act 2009 ("the Act"), the Broadcasting Authority of Ireland ("BAI") is responsible for preparing financial statements for the year 1 January 2016 to 31 December 2016, so as to give a true and fair view of the state of affairs of the Broadcasting Authority of Ireland as at 31 December 2016 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; and
- 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 adequate accounting records 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 Broadcasting Act 2009 and are in a form approved by the Minister for Communications, Climate Action and Environment after consultation with the Minister for Public Expenditure and Reform.
- Safeguarding the assets of the Broadcasting Authority of Ireland and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Professor Pauric Travers
Chairperson
30th June 2017

Alan McDonnell
Member of Authority
30th June 2017

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; and
- 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; and
- 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; and
- 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 2016, the Authority conducted a review of the effectiveness of the system of internal financial control.

Signed on behalf of the Broadcasting Authority of Ireland.

Professor Pauric Travers
Chairperson
30th June 2017

Alan McDonnell
Member of Authority
30th June 2017

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Broadcasting Authority of Ireland

I have audited the financial statements of the Broadcasting Authority of Ireland for the year ended 31 December 2016 under the Broadcasting Act 2009. The financial statements comprise the statement of income and expenditure and retained revenue reserves, the statement of comprehensive income, the statement of financial position, the statement of cash flows, 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.

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 and for ensuring the regularity of transactions.

Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the financial statements and to 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. 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:

- give a true and fair view of the assets, liabilities and financial position of the Authority as at 31 December 2016 and of its income and expenditure for 2016; and
- have been properly prepared in accordance with generally accepted accounting practice.

In my opinion, the accounting records of the Authority were sufficient to permit the financial statements to be readily and properly audited. The financial statements are in agreement with the accounting records.

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 if I find

- 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 with the knowledge acquired by me in the course of performing the audit, 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
- 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

Patricia Sheehan
For and on behalf of the
Comptroller and Auditor General
30 June 2017

STATEMENT OF INCOME AND EXPENDITURE AND RETAINED REVENUE RESERVES

FOR THE YEAR ENDED 31st DECEMBER 2016

	Note	2016	2015
Income		**€ '000**	**€ '000**
Levy	**2**	4,871	4,748
Licensing Fees	**3**	29	28
Other Income	**4**	757	830
Gross Income		**5,657**	**5,606**
Transfer from Capital Account	**16**	23	(3)
		5,680	**5,603**
Expenditure			
Staff Costs	**5**	2,035	1,841
Retirement Benefit Costs	**20(c)**	254	264
BAI Members' Fees and Expenses	**18**	105	106
Consultancy Fees	**6**	632	569
Legal Expenses		69	65
Advertising		44	30
Administrative Expenses	**7**	490	480
Auditors' Remuneration		13	11
Grant & Development Payments	**8**	491	385
Premises & Related Expenses	**9**	763	1,160
Depreciation		38	44
Bad Debts		7	1
		4,941	**4,956**
Surplus Income over Expenditure		**739**	**647**
Refund of Levy	**2**	(704)	(609)
Surplus after refund of Levy		**35**	**38**
Retained Revenue Reserve			
Balance at the beginning of the year		**584**	**546**
Surplus after refund of Levy		35	38
Balance at the end of the year		**619**	**584**

The Statement of Cash Flows and Notes 1–22 form part of these Financial Statements.

The Financial Statements were approved by the Authority on the 22nd June 2017 and signed on its behalf by:

Professor Pauric Travers
Chairperson
30th June 2017

Alan McDonnell
Member of Authority
30th June 2017

Michael O'Keeffe
Chief Executive
30th June 2017

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31st DECEMBER 2016

	2016	2015
	€ '000	€ '000
Surplus after Refund of Levy	**35**	**38**
Experience gains/(loss) on retirement benefit scheme liabilities	(59)	178
Changes in assumptions underlying the present value of retirement benefit scheme obligations	(2,190)	(87)
Total actuarial gain/(loss) in the year	(2,249)	91
Adjustment to deferred Exchequer Retirement Benefit funding	2,249	(91)
Other Comprehensive Income for the year	**35**	**38**

The Statement of Cash Flows and Notes 1–22 form part of these Financial Statements.

The Financial Statements were approved by the Authority on 22nd June 2017 and signed on its behalf by:

Professor Pauric Travers
Chairperson
30th June 2017

Alan McDonnell
Member of Authority
30th June 2017

Michael O'Keeffe
Chief Executive
30th June 2017

STATEMENT OF FINANCIAL POSITION

AS AT 31st DECEMBER 2016

	Note	2016 € '000	2015 € '000
Fixed Assets			
Property, Plant and Equipment	**10**	50	73
Current Assets			
Receivables	**11**	1,076	782
Cash at Bank and on Hand		859	1,196
Short Term Deposits	**12**	278	278
		2,213	2,256
Current Liabilities			
Payables (amounts falling due within one year)	**13**	1,519	1,522
		1,519	1,522
Net Current Assets		694	734
Total Assets less Current Liabilities		744	807
Provision for Liabilities	**15**	75	150
Total Assets less Liabilities before Retirement Benefits		669	657
Deferred retirement benefit asset	**20**	10,476	7,575
Retirement benefit liabilities	**20**	(10,476)	(7,575)
Net Assets		**669**	**657**
Representing			
Statement of Income and Expenditure		619	584
Capital Account	**16**	50	73
		669	**657**

The Statement of Cash Flows and Notes 1–22 form part of these Financial Statements.

The Financial Statements were approved by the Authority on the 22nd June 2017 and signed on its behalf by:

Professor Pauric Travers
Chairperson
30th June 2017

Alan McDonnell
Member of Authority
30th June 2017

Michael O'Keeffe
Chief Executive
30th June 2017

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31st DECEMBER 2016

	2016 € '000	2015 € '000
Reconciliation of Operating Surplus to Net Cash Flows from Operating Activities		
Surplus for the Year	35	38
Depreciation Charge	38	44
Transfer from Capital Account	(23)	3
Decrease/(Increase) in Receivables	(294)	483
(Decrease)/Increase in Payables	(79)	(75)
Net Cash Inflow from Operating Activities	**(323)**	**493**
Cash Flows from Financing Activities		
Loan (Repayment)/Drawdown	–	(300)
Cash Flows from Investing Activities		
Payments to Acquire Property, Plant and Equipment	(14)	(47)
(Decrease)/Increase in Cash and Cash Equivalents	**(337)**	**146**
Cash and Cash equivalents at end of year	1,474	1,328
Cash and Cash equivalents at end of year	**1,137**	**1,474**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2016

1 Accounting Policies

The basis of accounting and significant accounting policies adopted by the Broadcasting Authority of Ireland are set out below. They have all been applied consistently throughout the year and for the preceding year.

(a) General Information

The Broadcasting Authority of Ireland was established under the Broadcasting Act 2009, with a head office at 2-5 Warrington Place, Dublin 2. The Broadcasting Authority of Ireland's primary objectives, as set out in Section 25 of the Broadcasting Act 2009, are as follows:

(1) The Authority and the statutory committees, in performing their functions, shall endeavour to ensure –

- (a) that the number and categories of broadcasting services made available in the State by virtue of this Act 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;
- (b) that the democratic values enshrined in the Constitution, especially those relating to rightful liberty of expression, are upheld, and
- (c) the provision of open and pluralistic broadcasting services.

(2) Without prejudice to the generality of subsection (1), the Authority, and the statutory committees, shall –

- (a) stimulate the provision of high quality, diverse and innovative programming by commercial, community and public service broadcasters and independent producers;
- (b) facilitate public service broadcasters in the fulfilment of their public service objects as set out in this Act;
- (c) promote diversity in control of the more influential commercial and community broadcasting services;
- (d) provide a regulatory environment that will sustain independent and impartial journalism;
- (e) provide a regulatory environment that will sustain compliance with applicable employment law;
- (f) protect the interests of children taking into account the vulnerability of children and childhood to undue commercial exploitation;
- (g) provide a regulatory environment that will facilitate the development of a broadcasting sector in Ireland that is responsive to audience needs and in particular is accessible to people with disabilities; and
- (h) promote and stimulate the development of Irish language programming and broadcasting services.

(3) The Authority and the statutory committees, in performing their functions, shall seek to ensure that measures taken –

- (a) are proportionate having regard to the objectives set out in this section;
- (b) are applied across the range of broadcasting services taking account of the degree of influence that the different types of broadcasting services are able to exert in shaping audience views in the State;
- (c) are mindful of the objects, functions and duties set for public service broadcasters in Parts 7 and 8;
- (d) will produce regulatory arrangements that are stable and predictable; and

(e) will readily accommodate and encourage technological development, and its application, by the broadcasting sector.

The Broadcasting Authority of Ireland is a Public Benefit Entity (PBE).

(b) Statement of Compliance

The financial statements of the Broadcasting Authority of Ireland for the year ended 31st December 2016 have been prepared in accordance with FRS102, the financial reporting standard applicable in the UK and Ireland issued by the Financial Reporting Council (FRC), as promulgated by Chartered Accountants Ireland.

(c) Basis of Preparation

The Financial Statements are prepared under the accruals method of accounting and under the historical cost convention in the form approved by the Minister for Communications, Climate, Action and Environment with the concurrence of the Minister for Public Expenditure and Reform pursuant to section 37(4) of the Broadcasting Act 2009.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Broadcasting Authority of Ireland's financial statements.

(d) Income

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 and is accounted for on an accruals basis

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; and
- 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 recognised on an accruals basis.

Interest Income

Interest Income is recognised on an accruals basis using the effective interest method.

(e) Property Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation, adjusted for any provision for impairment. Depreciation is provided on all property, plant and equipment, at rates estimated to write off the cost less the estimated residual value of each asset on a straight line basis over their estimated useful lives, as follows:

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

Residual value represents the estimated amount which would currently be obtained from disposal of an asset,

after deducting estimated costs of disposal, if the asset were already of an age and in the condition expected at the end of its useful life. If there is objective evidence of impairment of the value of an asset, an impairment loss is recognised in the Statement of Income and Expenditure and Retained Revenue Reserves in the year.

(f) Receivables

Receivables are recognised at fair value, less a provision for doubtful debts. The provision for doubtful debts is a specific provision, and is established when there is objective evidence that the Authority will not be able to collect all amounts owed to it. All movements in the provision for doubtful debts are recognised in the Statement of Income and Expenditure and Retained Revenue Reserves.

(g) Operating Leases

Rental expenditure under operating leases is recognised in the Statement of Income and Expenditure and Retained Revenue Reserves over the life of the lease. Expenditure is recognised on a straight line basis over the lease period, except where there are rental increases linked to the expected rate of inflation, in which case these increases are recognised when incurred. Any lease incentives received are recognised over the life of the lease.

(h) Employee Benefits

i) Short-term Benefits

Short term benefits such as holiday pay are recognised as an expense in the year, and benefits that are accrued at year-end are included in the payables figure in the Statement of Financial Position.

ii) Retirement Benefits

The Broadcasting Authority of Ireland operates a defined retirement benefits scheme. The Authority has an arrangement with the Department of Communications, Climate Action and Environment ('the DCCAE') under which the Authority will be reimbursed all monies required to settle retirement benefit obligations when they fall due. In return, the Authority is required to pay the DCCAE an amount equal to employee contributions for the year, plus an employer contribution at rates set by the Department of Finance.

Retirement benefit costs are charged to the Statement of Income and Expenditure and Retained Revenue Reserves and comprise the employer's contribution in respect of the year.

Retirement benefit liabilities represent the present value of future retirement benefit 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 DCCAE for pensions as they fall due for payment, is recognised based on the retirement benefit funding arrangement in place.

Retirement benefit 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. Retirement benefit costs reflect retirement benefits earned by Authority staff in the period and are shown net of employee retirement benefit contributions, which are retained by the DCCAE. The amount to be included in the financial statements for the Deferred Exchequer Retirement Benefit Funding amount is estimated at an equal amount to the estimate of the obligation for the retirement benefit scheme liabilities.

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

The Public Service Pensions (Single Scheme and Other Provisions) Act 2012 became law on 28th July 2012 and introduced the new Single Public Service Pension Scheme ('Single Scheme') which commenced with effect from 1st January 2013. All new employees to the Broadcasting Authority of Ireland, who are new entrants to the Public Sector on or after 1st January 2013, are members of the Single Scheme.

(i) Capital Account

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

(j) Foreign Currencies

Transactions denominated in foreign currencies are translated into euro and recorded at the rate of exchange ruling at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into euro at rates of exchange ruling at the balance sheet date.

(k) Taxation

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

(l) Critical Accounting Judgements and Estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements.

Going Concern

There is no material uncertainty regarding the Broadcasting Authority of Ireland's ability to meet its liabilities as they fall due, and to continue as a going concern. On this basis, the Broadcasting Authority of Ireland considers it appropriate to prepare financial statements on a going concern basis. Accordingly, these financial statements do not include any adjustments to the carrying amounts and classification of assets and liabilities that may arise if the Broadcasting Authority of Ireland was unable to continue as a going concern.

Impairment of Property, Plant and Equipment

Tangible Fixed Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Depreciation and Residual Values

The Authority has reviewed the asset lives and associated residual values of all fixed asset classes, and, in particular, the useful economic life and residual values of fixtures and fittings, and have concluded that asset lives and residual values are appropriate.

Provision for Doubtful Debts

The Authority makes an estimate of the recoverable value of debtors and other receivables. The Authority uses estimates based on historical experience in determining the level of debts which may not be collected. These estimates include such factors as the current rating of the debtor, the ageing profile of debtors and historical experience. The level of provision required is reviewed on an on-going basis. The fair value of debtors in the financial statements approximate to their carrying amounts.

Provisions

The Authority makes provisions for legal and constructive obligations, which it knows to be outstanding at the period end date. These provisions are generally made based on historical or other pertinent information, adjusted for recent trends where relevant. However, they are estimates of the financial costs of events that may not occur for some years. As a result of this and the level of uncertainty attaching to the final outcomes, the actual out-turn may differ significantly from that estimated.

Retirement Benefit Obligation

The assumptions underlying the actuarial valuations for which the amounts recognised in the financial statements are determined (including discount rates, rates of increase in future compensation levels, mortality rates and healthcare cost trend rates) are updated annually based on current economic conditions, and for any relevant changes to the terms and conditions of the pension and post-retirement plans.

The assumptions can be affected by:

(i) the discount rate, changes in the rate of return on high-quality corporate bonds

(ii) future compensation levels, future labour market conditions; and

(iii) health care cost trend rates, the rate of medical cost inflation in the relevant regions.

Deferred pension funding

The Authority recognises amounts owing from the State for the unfunded deferred liability for pensions on the basis of a number of past events. These events include the statutory backing for the superannuation scheme, and the policy and practice in relation to funding public service pensions including the annual estimates process. While there is no formal agreement and therefore no guarantee regarding these specific amounts with the Department of Communications, Climate, Action and Environment, the Authority has no evidence that this funding policy will not continue to progressively meet this amount in accordance with current practice.

2 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 the 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 2016 was €4,870,834 which included interest of €4,659. The net amount was based on the Authority's budgeted expenditure for levy purposes for 2016 and broadcasters' qualifying income for 2015. 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 2016 Authority expenditure for levy purposes has been approved and broadcasters have provided their actual qualifying income for 2015. Broadcasters are subsequently issued with an invoice or a credit note for this adjustment.

The levy reconciliation processes for 2015 was carried out during 2016; the total levy refunded to broadcasters was €609,000. This amount was recognised in the 2015 Financial Statements. A refund of €704,000 is due to broadcasters in respect of the 2016 levy year and has been recognised in the 2016 Statement of Income and Expenditure and Retained Revenue Reserves.

3 Licensing Fees

	2016 € '000	2015 € '000
Television	29	28
	29	**28**

4 Other Income

	2016 € '000	2015 € '000
Rental Income	-	80
Other Income	757	750
	757	**830**

Other income of €757,399 relates to expenditure incurred by the Broadcasting Authority of Ireland and which is recharged to the Broadcasting Fund, This includes salaries of €439,140 (2015: €440,504), general overheads of €181,169 (2015: €174,211), BFS sponsorship contribution of €70,610 (2015: €57,150), IT licence fees and IT support fees of €53,480 (2015: €66,049) and investment advice €13,000 (2015: €.12,223).

5 Staff Costs

(a) Wages and Salaries

	2016	2015
	€ '000	€ '000
Wages and Salaries	1,893	1,713
Social Welfare Costs	142	128
	2,035	**1,841**

Pension-related deductions (PRD) of €82,458 (2015: €97,877) were made from staff salaries during the year and were submitted to the Department of Communications, Climate Action and Environment (DCCAE). In 2016, Staff costs include €439,140 (2015: €440,504) which is recharged to the Broadcasting Fund and is recognised in Other Income.

4 people (2015: 5) working in the BAI during 2016 were employed by agencies. During the year, three of these applied for full-time positions in the organisation and were successful. At the end of the year, there was one part-time agency staff member employed in the BAI. The gross cost to the BAI in respect of agency personnel in 2016 was €95,880 (2015: €171,895).

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

	2016	2015
Senior Management	7.50	7.40
Other Staff	26.81	22.97
Actual Full Time Equivalent	**34.31**	**30.37**
Employment Control Framework (ECF) at 31st December 2016	**35**	**35**

(b) Employee Benefits Breakdown

Range of total employee benefits	2016	2015
From To		
€60,000 – €69,999	4	5
€70,000 – €79,999	3	3
€80,000 – €89,999	–	–
€90,000 – €99,999	1	1
€100,000 – €109,999	–	–
€110,000 – €119,999	1	1

6 Consultancy Fees

	2016	2015
	€ '000	€ '000
Auditing & Monitoring	56	27
Policy, Codes and Rules	295	292
General Consultancy	227	165
Services to BAI Finance Function	55	85
	632	**569**

7 Administrative Expenses

	2016	2015
	€ '000	€ '000
Travel & Subsistence	53	46
Human Resources	103	68
Telephone & Postage	35	30
Office Expenses	175	153
Professional Affiliations & Subscriptions	20	21
Information Technology	104	162
	490	**480**

In 2016, foreign travel of €33,657 (2015: €25,880) is included in Travel & Subsistence costs. Staff-related costs of €9,208 (2015: €15,705), relating mainly to catering costs for staff, are included in Office Expenses.

8 Grant & Development Payments

	2016	2015
	€ '000	€ '000
Network Funding	292	248
Broadcasting Innovation Scheme	58	23
Sponsorship	141	114
	491	**385**

9 Premises & Related Expenses

	2016	2015
	€ '000	€ '000
Rent, Rates, Service Charges & Building Maintenance	666	771
Disposal of Marine House Lease (see note 19)	–	286
Security & Cleaning	79	82
Light & Heat	18	21
	763	**1,160**

10 Property, Plant and Equipment

	Total	Computer Equipment	Office Equipment	Fixtures & Fittings	Leasehold Improvements	Technical Equipment	Motor Vehicle
Cost	**€ '000**	**€ '000**	**€ '000**	**€ '000**	**€ '000**	**€ '000**	**€ '000**
At 31.12.2015	**4,005**	**367**	**94**	**683**	**2,628**	**173**	**60**
Additions	15	13	–	–	2	–	–
Disposals	(30)	(30)	–	–	–	–	–
At 31.12.2016	**3,990**	**350**	**94**	**683**	**2,630**	**173**	**60**
Depreciation							
At 31.12.2015	**3,932**	**347**	**90**	**672**	**2,597**	**166**	**60**
Charge for Year	38	16	2	6	8	6	–
Disposals	(30)	(30)	–	–	–	–	–
At 31.12.2016	**3,940**	**333**	**92**	**678**	**2,605**	**172**	**60**
Net Book Value							
At 31.12.2016	**50**	**17**	**2**	**5**	**25**	**1**	**–**
At 31.12.2015	**73**	**20**	**4**	**11**	**31**	**7**	**–**

11 Receivables

	2016	2015
	€ '000	€ '000
Debtors	892	494
Prepayments	174	164
Broadcasting Fund	10	107
Others	–	17
	1,076	**782**

The fair values of debtors and prepayments approximate to their carrying amounts. All debtors are due within one year. Debtors are shown net of impairment in respect of doubtful debts.

12 Short Term Deposits

	2016	2015
	€ '000	€ '000
Balance at 1st January	278	278
Additions	–	–
Withdrawals	–	–
Balance as at 31st December	**278**	**278**

13 Payables (amounts falling due within one year)

	2016	2015
	€ '000	€ '000
Trade Creditors	28	50
Levy Refundable to Broadcasters	704	609
Superannuation Contributions payable to DCCAE	74	93
Accruals	343	328
Revenue Commissioners	267	306
Others	103	136
	1,519	**1,522**

Tax and social insurance are subject to the normal terms of the relevant legislation. Interest accrues on late payment. No interest was due at the financial year-end date. The terms of accruals are based on underlying contracts. Other amounts included within creditors not covered by specific note disclosures are unsecured, interest-free and repayable on demand.

14 Loan Facility

In 2016, 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. No drawdowns were made from this facility during the year. (2015: nil).

15 Provision for Liabilities

	2016	2015
	€ '000	€ '000
Surrender of Marine House Lease	75	150

At its meeting on 10th September 2015, the Authority agreed to a proposal from the landlord to buy back the lease on Marine House, Clanwilliam Court. The terms of the surrender of the lease by BAI included the payment of €286,024 to the landlord over a period of three years. The instalments agreed were €136,204 by 31st December 2015, €75,000 by 30th June 2016 and €75,000 by 31st April 2017. The Authority has provided for the 2016 and 2017 instalments in 2015 financial statements.

16 Capital Account

	2016	2015
	€ '000	€ '000
Balance as at 1st January	73	70
Transfer (to)/from Income and Expenditure Account:		
Funding of Asset Additions	15	47
Amortisation in line with Asset Depreciation	(38)	(43)
Transfer (to)/from Income and Expenditure Account	**(23)**	**3**
Balance as at 31st December	**50**	**73**

17 Chief Executive's Remuneration

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

By letter dated 30th September 2010, the Minister for Communications, Energy and Natural Resources approved in principle the appointment of the Interim Chief Executive to the position of Chief Executive with the Broadcasting Authority of Ireland, pursuant to Section 14(12) of the Broadcasting Act 2009. The approval in principle was for a period of 2.5 years, commencing on 1st October 2010. The approval was subject to the Minister's approval of the terms and conditions of a new contract of employment for Mr. O'Keeffe, which approval would also be subject to the consent of the Minister for Finance, pursuant to Section 14(5) of the 2009 Act.

The matter of a contract of employment between the Chief Executive and the Broadcasting Authority of Ireland has not, as yet, been concluded. The BAI incurred legal fees of €1,710 in relation to this matter in 2016. Total fees incurred to the end of 2016 by the BAI were €11,506.

The Chief Executive was employed at a rate of €113,510 per annum (2015: €113,510). The total value of remuneration of the Chief Executive in the year ended 31st December 2016 was €.113,119 (2015:€113,119) and an employer's superannuation contribution was made of €18,854 (2015: €18,854). 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 total travel and subsistence costs paid to or on behalf of the Chief Executive in the year ended 31st December 2016 was €7,807 (2015: €5,190).

18 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.

The Members of the Authority are appointed by Government on the nomination of the Minister for Communications, Climate Action and Environment 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, Climate Action and Environment for good corporate governance.

BAI Members

The Authority paid fees and expenses to, or on behalf of, its Authority Members and to Members of the Compliance Committee and the 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, or on behalf of, the Authority Members, Members of the Compliance Committee, Members of the Contracts Awards Committee and to Members of the Finance, Audit and Risk Committee. In addition, Members'attendance at meetings is set out below.

	Fees	Expenses	Attendance
Authority Members	**€**	**€**	
Pauric Travers	8,978	299	11/11
Alan McDonnell	5,985	83	11/11
Clare Duignan*	3,298	10	5/5
Grace Smith	5,985	–	10/11
Seamus Martin	5,985	–	10/11
Denis Wolinski	5,985	3,358	7/11
Sean Ó Mordha	5,985	–	11/11
Rosemary Day	–	4,439	10/11
Maeve McDonagh	–	2,201	10/11

Compliance Committee	Fees €	Expenses €	Attendance
Patrick Gageby	8,978	–	10/10
Nigel Heneghan	5,985	–	9/10
Paula Mullooly	5,985	–	10/10
Rosemary Day	–	2,638	8/10
Maeve McDonagh	–	522	8/10
Ciarán Kissane	–	–	9/10
Anne O'Brien	–	–	8/10

Contracts Awards Committee	Fees €	Expenses €	Attendance
Ercus Stewart	8,978	306	11/12
Eimer McGovern	5,985	–	10/12
John Hogan	5,985	1,361	11/12
Anne O'Brien*	4,023	–	6/8
Grace Smith	–	–	11/12
Seamus Martin	–	–	11/12
Celene Craig	–	–	12/12
Neil O'Brien	–	–	12/12

Finance, Audit and Risk Committee	Fees €	Expenses €	Attendance
Alan McDonnell	–	–	5/6
Clare Duignan*	–	–	2/2
Sean Ó Mordha	–	–	6/6
Robert Kelly	–	–	5/6
Denis Wolinski**	–	–	0/2
Total	**88,120**	**15,217**	

*Resigned during year

** Denis Wolinski was appointed to replace Clare Duignan prior to the last two meetings of the Committee in 2016

Total expenses, including the above, relating to the functioning of the Authority and Statutory Committees in 2016 were €38,249 (2015:€18,362).

One Person One Salary

For all members appointed to the current Authority, the Department of Communications, Climate Action and Environment asked incoming members to self-declare if they were subject to the One Person One Salary requirements. On the basis of these submissions, the BAI has been instructed not to pay two members of the current Authority any remuneration in relation to their membership of the Authority or the Statutory Committees of the BAI.

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 2016, the following Authority and/or Committee members declared a conflict of interest in the following matters:

- Dr Anne O'Brien, Contract Awards Committee
  - Community sound broadcasting contract: application of Liffey Sound Communications Cooperative Society Limited
- Maeve McDonagh, Compliance Committee
  - Performance Review – UCC 98.3 (Community of interest radio service targeting student in Cork City)
- Nigel Heneghan, Compliance Committee
  - Complaint by the Green Party in respect of RTÉ General Election Debates
  - Complaint by the Independent Alliance in respect of RTÉ General Election Debate and Party Political Broadcasts; and
  - Complaint Reference Number 62/16 - Newstalk 106-108: Lunchtime: 10th May 2016
- Rosemary Day, Compliance Committee
  - Performance Review - Wired FM (Community of interest radio service targeting students in Limerick City)
- Paula Mullooly, Compliance Committee
  - Complaint Reference Number 62/16 - Newstalk 106-108: Lunchtime: 10th May 2016
- Rosemary Day, Authority
  - Licensing Plan 2016 (presented at the meeting of the Authority on the 21st January 2016) Rosemary Day declared an interest in the Community of Interest service for Limerick City and recused herself from the discussion and decision in relation to this service.

Members of the Authority who also serve as the Authority's nominees on the statutory Contract Awards Committee recuse themselves as a matter of course from all deliberations and decisions relating to recommendations for the award of contract, made by the Contract Awards Committee to the Authority.

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 licence application, complaint or issue arising, 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.

19 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 8 December 2006. Under this lease, rent payments amounting to €477,000 were made in 2016 (2015: €477,000).

The Authority also held 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 1 November 2009. At its meeting on 10th September 2015, the Authority agreed to a proposal from the landlord to buy back the lease. The terms of the surrender of the lease by the BAI included the payment of €286,024 to the landlord over a period of three years, The instalments agreed were €136,204 by 31 December 2015, €75,000 on 1 June 2016 and €75,000 on 1 April 2017. The sub-lease was terminated on disposal of the head lease on 31 December 2015 and the total surrender cost payable to the landlord was included in the accounts at that date.

The total amount charged in respect of the operating leases and associated costs in the Income and Expenditure Account is €477,000 (2015: €720,847).

Lease Commitments	2016 €	2015 €
Under 1 Year	477,000	477,000
Between 2-5 Years	1,908,000	1,908,000
Over 5 Years	–	477,000
	2,385,000	**2,862,000**

20 Retirement Benefit Costs

(a) Retirement Benefits

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 its 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, Climate Action and Environment with the consent of the Minister for Public Expenditure and Reform. 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 the DCCAE, which has undertaken to provide funding to the Authority to pay retirement benefits as they fall due. The Authority has adapted the treatment and disclosures required by FRS 102 to reflect the arrangements in operation.

The pension liability at 31 December 2016 is €10,476,000. Under the arrangement in place, the DCCAE 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 31 December 2016. This valuation was carried out by a qualified independent actuary.

(b) Principal Actuarial Assumptions

The principal actuarial assumptions were as follows:	2016	2015
Rate of increase in salaries	2.81%	2.65%
Rate of increase in pensions in payment	2.31%	2.15%
Discount Rate	1.83%	2.25%
Inflation Rate	1.81%	1.65%

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 65). The table below shows the life expectancy for members attaining 65 in 2016 and 2036.

Year of attaining age 65	2016	2036
Life expectancy – male	21.1	23.6
Life expectancy – female	23.6	25.7

(c) Analysis of Total Retirement Benefit Costs

Total retirement benefit costs charged to the Statement of Income and Expenditure and Retained Revenue Reserves in respect of retirement benefit costs consist of the following:

	2016	2015
	€ '000	€ '000
Employer contribution paid to DCCAE	254	264
Current service cost	481	492
Interest on retirement benefit scheme liabilities	193	154
Adjustment to deferred retirement benefit funding	(674)	(646)
	254	**264**

(d) Movement in net retirement benefit obligations during the financial year

	2016	2015
	€ '000	€ '000
Opening balance	7,575	7,020
Current service cost	481	492
Interest on retirement benefit scheme liabilities	193	154
Actuarial Loss/(Gain)	2,249	(91)
Benefits paid	(22)	—
Net retirement benefit obligation at 31st December	**10,476**	**7,575**

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

	Financial year ending in				
	2016	2015	2014	2013	2012
	€ '000	€ '000	€ '000	€ '000	€ '000
Defined benefit obligation	10,476	7,575	7,020	6,566	5,306
Deficit	(10,476)	(7,575)	(7,020)	(6,566)	(5,306)
Experience loss/(gains) on plan liabilities	59	(178)	(786)	(147)	(622)
Experience gains as percentage of plan liabilities	(0.6%)	(2.3%)	(11.2%)	(2.2%)	(11.7%)

21 Capital Commitments

There were no capital commitments at 31st December 2016.

22 Approval of Financial Statements

The financial statements were approved by the Authority at its meeting on 22nd June 2017.

THE BROADCASTING FUND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2016

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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 1 January 2016 to 31 December 2016, so as to give a true and fair view of the state of affairs of the Fund as at 31 December 2016 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; and
- 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 adequate accounting records 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, Climate Action and Environment after consultation with the Minister for Public Expenditure and Reform.
- Safeguarding the assets of the Fund and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Professor Pauric Travers
Chairperson
23rd June 2016

Alan McDonnell
Member of Authority
23rd June 2016

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Broadcasting Fund

I have audited the financial statements of the Broadcasting Fund for the year ended 31 December 2016 under the Broadcasting Act 2009. The financial statements comprise the statement of income and expenditure and retained revenue reserves, the statement of financial position, the statement of cash flows and the related notes. The financial statements have been prepared in the form prescribed under Section 157 of the Broadcasting Act 2009, and in accordance with generally accepted accounting practice.

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 and for ensuring the regularity of transactions.

Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the financial statements and to 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 Broadcasting Fund'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 Broadcasting Authority of Ireland's annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. 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:

- give a true and fair view of the assets, liabilities and financial position of the Broadcasting Fund as at 31 December 2016 and of its income and expenditure for 2016; and
- have been properly prepared in accordance with generally accepted accounting practice.

In my opinion, the accounting records of the Broadcasting Fund were sufficient to permit the financial statements to be readily and properly audited. The financial statements are in agreement with the accounting records.

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 if I find

- 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 with the knowledge acquired by me in the course of performing the audit, or
- 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

Patricia Sheehan
For and on behalf of the
Comptroller and Auditor General
30 June 2017

STATEMENT OF INCOME AND EXPENDITURE AND RETAINED REVENUE RESERVES

FOR THE YEAR ENDED 31st DECEMBER 2016

	Note	2016	2015
Income		**€ '000**	**€ '000**
Oireachtas Grant	**3(a)**	13,657	14,665
Recoupment of Income from Funded Projects	**2**	1	78
Interest Receivable		42	90
Total		**13,700**	**14,833**
Expenditure			
Grants and Awards	**3(c)**	13,460	10,795
Staff Costs	**4**	439	441
Legal Fees		2	4
Administrative Costs	**5**	421	425
Audit Fee		6	6
Assessment Costs		49	93
Consultancy Costs		31	23
Total		**14,408**	**11,787**
(Deficit)/Surplus of Income over Expenditure		**(708)**	**3,046**
Balance at beginning of year		**21,051**	**18,005**
Balance at end of year		**20,343**	**21,051**

The Statement of Cash Flows and Notes 1–11 form part of these Financial Statements.

The Financial Statements were approved by the Authority on the 22nd June 2017 and signed on its behalf by:

Professor Pauric Travers
Chairperson
30th June 2017

Alan McDonnell
Member of Authority
30th June 2017

Michael O'Keeffe
Chief Executive
30th June 2017

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31st DECEMBER 2016

	Note	2016	2015
		€ '000	€ '000
Current Assets			
Receivables	**8**	11	28
Cash at Bank and on Hand		1,186	1,439
Deposit Accounts	**7**	19,155	19,692
		20,352	21,159
Current Liabilities			
Payables (amounts due within one year)	**9**	(9)	(108)
Net Assets		**20,343**	**21,051**
Represented by:			
Broadcasting Fund		20,343	21,051
		20,343	**21,051**

The Statement of Cash Flows and Notes 1–11 form part of these Financial Statements.

The Financial Statements were approved by the Authority on the 22nd June 2017 and signed on its behalf by:

Professor Pauric Travers
Chairperson
30th June 2017

Alan McDonnell
Member of Authority
30th June 2017

Michael O'Keeffe
Chief Executive
30th June 2017

STATEMENT OF CASH FLOWS

	2016	2015
	€ '000	€ '000
Reconciliation of Operating Deficit to Net Cash Outflow from Operating Activities		
(Deficit)/Surplus for Year	(708)	3,046
Returns on Investments	(42)	(90)
Decrease in Receivables	17	11
(Decrease) in Payables	(99)	(68)
Net Cash Inflow /(Outflow) from Operating Activities	**(832)**	**2,899**
Statement of Cash Flows		
Net Cash (Outflow)/Inflow from Operating Activities	(832)	2,899
Cash Flows from Investing Activities		
Interest Received	42	90
Invested in Short-term Deposits	445	(295)
Increase in Cash and Cash Equivalents	**(345)**	**2,694**
Cash/Cash Equivalents at 1 January	**12,036**	**9,342**
Cash/Cash Equivalents at 31 December	**11,691**	**12,036**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2016

1 Accounting Policies

The basis of accounting and significant accounting policies adopted by the Broadcasting Authority of Ireland in respect of the Broadcasting Fund are set out below. They have all been applied consistently throughout the year and for the preceding year.

a) General Information

The Broadcasting Fund was set up under the Broadcasting Funding Act 2003, and it was previously managed by the Broadcasting Commission of Ireland. Under the Broadcasting Act 2009, management of the Fund transferred to the Broadcasting Authority of Ireland.

b) Statement of Compliance

The financial statements of the Broadcasting Fund for the year ended 31 December 2016 have been prepared in accordance with FRS 102, the financial reporting standard applicable in the UK and Ireland issued by the Financial Reporting Council (FRC), as promulgated by Chartered Accountants Ireland.

c) Basis of Preparation

The Financial Statements are prepared under the accruals method of accounting and under the historical cost convention in the form approved by the Minister for Communications, Climate Action and Environment with the concurrence of the Minister for Public Expenditure and Reform, in accordance with Section 157 of the Broadcasting Act 2009.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Broadcasting Fund's financial statements.

d) Income

Pursuant to Section 156 of the Broadcasting Act 2009, the Minister for Communications, Climate Action and Environment, with the approval of the Minister for Public Expenditure and Reform, 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.

e) Grants

Grants under the Broadcasting Funding Scheme impose specific future performance-related conditions on the recipients. These are recognised as an expense only when the grantee has fulfilled all performance-related conditions attaching to the award of the grant. Grant commitments represent funding approvals where the grantee has yet to fulfil the conditions attached to the grant.

In certain circumstances, grant amounts paid in previous years are repaid by the grantee as the grantee is unable to fulfil the grant conditions. The grant expenditure recognised in the Statement of Income and Expenditure and Retained Revenue Reserves is net of grant amounts repaid in the year.

f) Critical Accounting Judgements and Estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements.

Going concern

There is no material uncertainty regarding the Broadcasting Fund's ability to meet its liabilities as they fall due, and to continue as a going concern. On this basis, the Broadcasting Fund considers it appropriate to prepare financial statements on a going concern basis. Accordingly, these financial statements do not include any adjustments to the carrying amounts and classification of assets and liabilities that may arise if the Broadcasting Fund was unable to continue as a going concern.

2 Recoupment of Income from Funded Projects

	2016	2015
	€ '000	€ '000
Recoupment of Income from Funded Projects	1	78

A recoupment clause is included in Sound and Vision contracts to allow for the grant to be repaid if the project is a commercial success. The above monies reflect a portion of grants repaid in relation to one funded production during the year.

3 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 and Vision 3 Scheme** ("the Scheme"). The Scheme was originally approved by the European Commission, first from 2005-2009 and then from 2009-2012. The current Scheme falls under section 54 of the General Block Exemption Regulation (GBER) and does not require European Commission approval. The Regulation covers aid to schemes for audio-visual works below the threshold of €50m per scheme per year. In January 2015 the Minister of Communications, Energy and Natural Resources approved the Scheme to the end of 2019.

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 with programme material only broadcast in whole or in part, or recorded for broadcast, on radio and/or television, and includes programmes and advertisements. The Archiving Scheme came into effect in 2012. Three rounds of the Scheme have been run to date, one in 2013, one in 2014 and one in 2015. The Scheme expired on the 30th April 2016. Further to section 158(1) of the Broadcasting Act 2009, the BAI undertook a review of the operation, effectiveness and impact of the Scheme. A report on this review will inform the Authority's approach to the development of a new Archiving Scheme in 2017.

(c) Broadcasting Fund Commitments

Sound & Vision 3 Scheme	**2016**	**2015**
	€ '000	**€ '000**
Opening Commitment Figure	10,538	9,319
Awards made	16,653	11,732
Grants paid	(12,331)	(9,954)
Grants repaid	8	1
Grants de-committed	(406)	(560)
Closing Commitment Figure	**14,462**	**10,538**

Archiving Awards Scheme	**2016**	**2015**
	€ '000	**€ '000**
Opening Commitment Figure	3,902	3,376
Awards made	–	1,361
Grants paid*	(1,118)	(835)
Grants de-committed	(95)	–
Closing Commitment Figure	**2,689**	**3,902**
Total Closing Commitments	**17,151**	**14,440**

4 Staff Costs

	2016	**2015**
	€ '000	**€ '000**
Wages and Salaries	353	351
Social Welfare Costs	27	31
Pension Costs	59	59
	439	**441**

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 2016, this equates to 6.75 (2015: 6.75) full-time equivalents.

5 Administration Costs

	2016	2015
	€ '000	**€ '000**
Overheads:		
Rent & Rates	*105*	*112*
Premises costs	*44*	*32*
Office expenses	*18*	*20*
Staff training	*14*	*10*
Subtotal overhead costs	181	174
Sponsorship	71	57
Direct costs:		
Sound & Vision Scheme Archiving	*92*	*90*
Professional fees	*13*	*12*
Public Awareness	*3*	*17*
IT licence and support costs	*55*	*66*
Translation	*1*	*3*
Other	*4*	*5*
Bank charges	*1*	*1*
Subtotal direct costs	170	194
Total Administration Costs	**421**	**425**

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 2016, 19.67%; in 2015, 21.04%) of the total staff complement of the BAI in the period. Sponsorship costs of €141,219 (2015: €112,100) are shared equally between the BAI and the Fund.

6 Statement of Cash Flows

Reconciliation of Net Cash Flow to Movement in Net Funds	**2016**	**2015**
	€ '000	**€ '000**
Increase in cash/cash equivalents during the year	(345)	2,694
Cash lodged to/(withdrawn from) other deposits (7)	(445)	295
Change in Net Funds	(790)	2,989
Opening Net Funds	21,131	18,142
Closing Net Funds	**20,341**	**21,131**

7 Deposit Accounts

		2016	2015
		€ '000	€ '000
a)	Short Term (maturity less than 3 months)	10,505	10,597
	Other (maturity between 3 and 12 months)	8,650	9,095
		19,155	**19,692**

b)	Short term deposits form part of cash equivalents		
	Movement in Short Term Deposits		
	Balance at 1 January	10,597	8,276
	Additions	1,058	4,729
	Withdrawals	(1,150)	(2,408)
	Balance at 31 December	**10,505**	**10,597**

c)	Movement in Other Deposits		
	Balance at 1 January	9,095	8,800
	Additions	3,355	4,395
	Withdrawals	(3,800)	(4,100)
	Balance at 31 December	**8,650**	**9,095**

d) 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.

8 Receivables

	2016	2015
	€ '000	€ '000
Accrued Interest	11	28
	11	**28**

9 Payables

(Amounts falling due within one year)	**2016**	**2015**
	€ '000	**€ '000**
Broadcasting Authority of Ireland Accrued Interest	10	107
DIRT (Receivable)/Payable	(1)	1
	9	**108**

10 Capital Commitments

There were no capital commitments at 31 December 2016.

11 Approval of financial statements

The financial statements were approved by the Authority at its meeting on the 22 June 2017.