

Annual Report 2017



ÚDARÁS
CRAOLACHÁIN
NA hÉIREANN | BROADCASTING
AUTHORITY
OF IRELAND

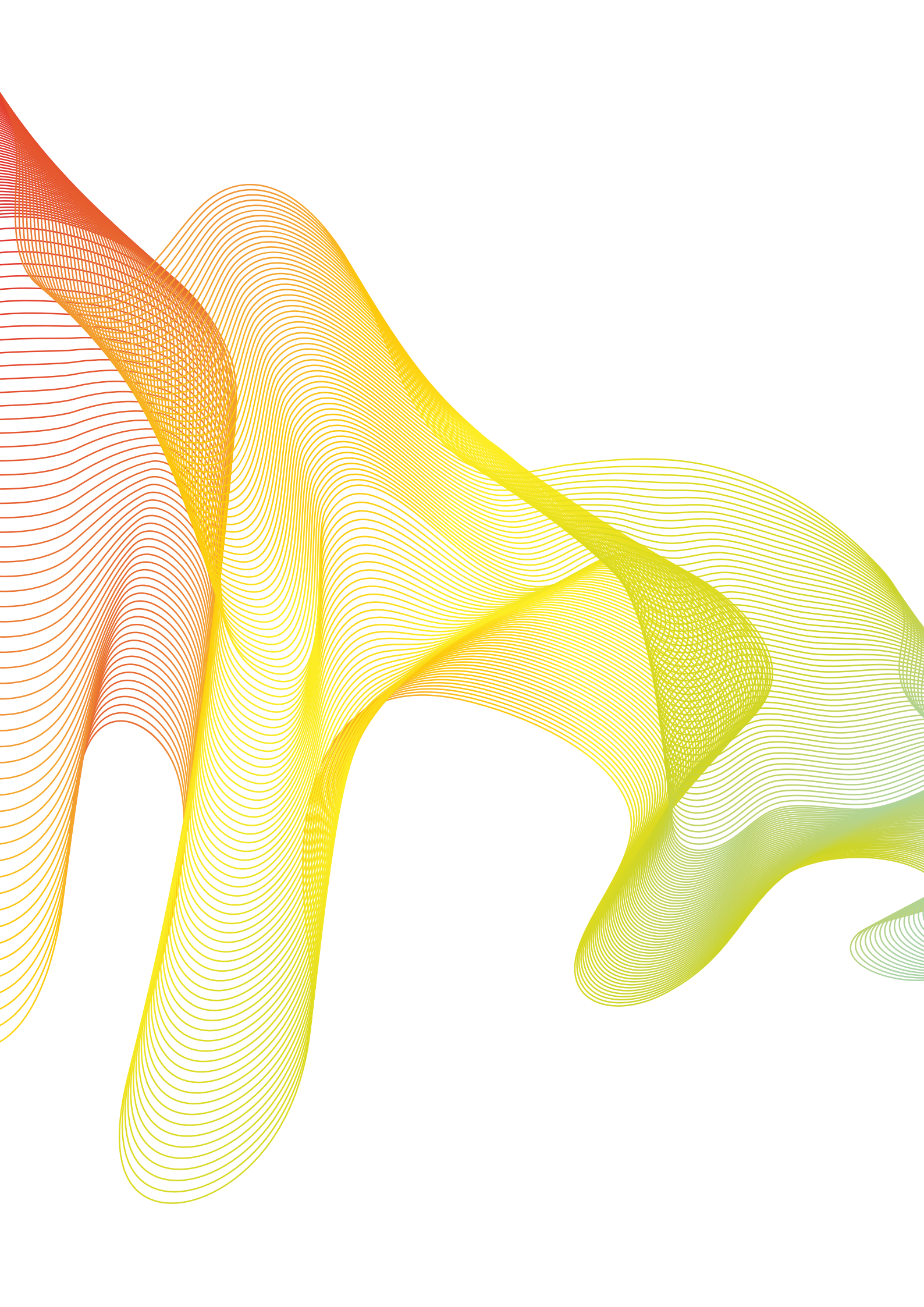
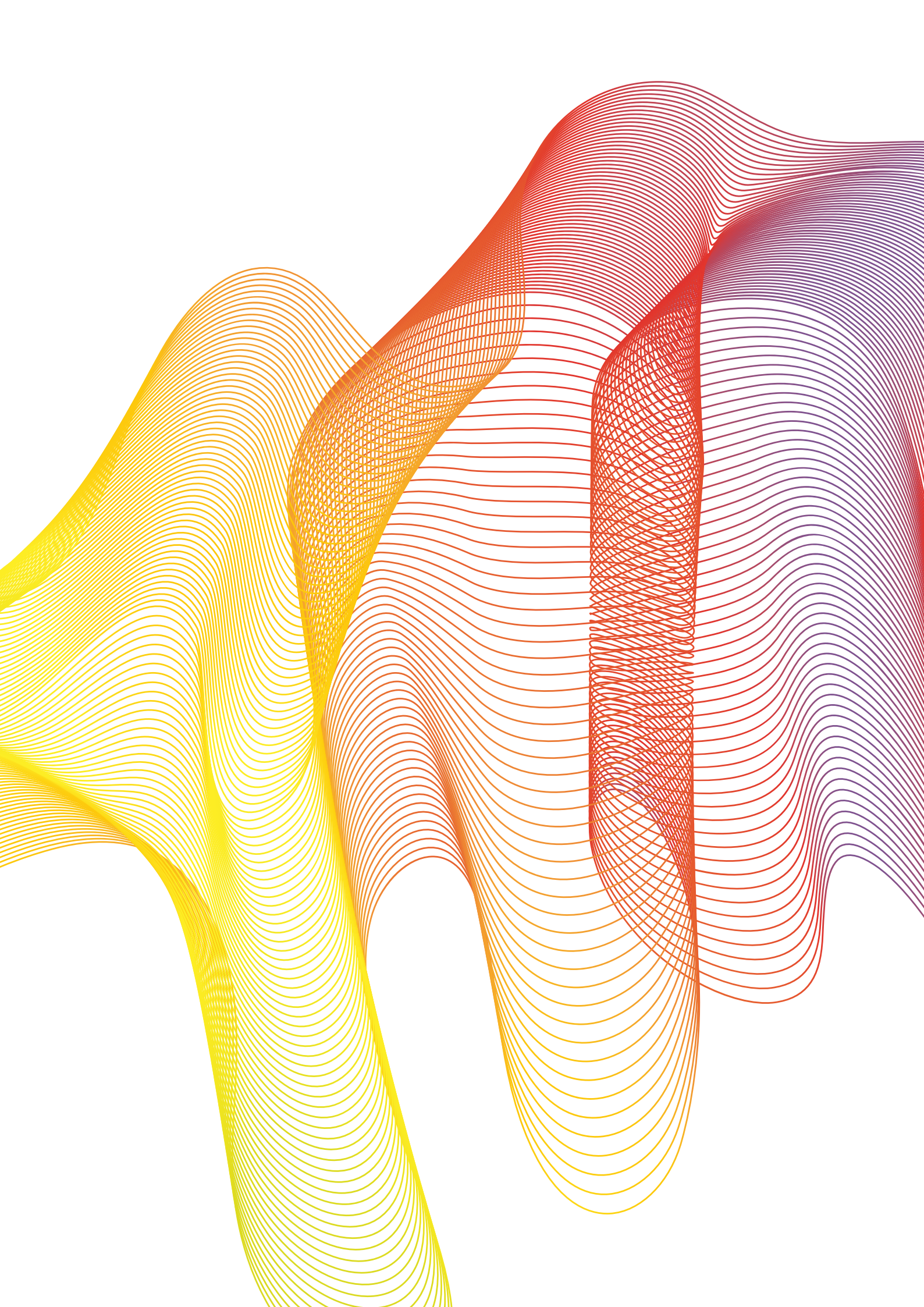


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ABOUT THE BAI

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 2017 Annual Report is structured on the strategic themes of the Strategy Statement 2017-2019 – Promoting Diversity and Plurality, Communicating and Influencing, Empowering Audiences, Enhancing Innovation and Sectoral Sustainability and Achieving Excellence and Accountability.

The BAI consists of the Board (“The Authority”) and two statutory committees – the Contract Awards Committee and the Compliance Committee. The Authority has appointed a standing committee (“The FAR Committee”) to oversee finance, audit and risk matters. The BAI Executive supports the work of the organisation.

CHAIRPERSON'S STATEMENT

I am honoured to present the Annual Report of the Broadcasting Authority of Ireland for 2017. The year began with the launch by the Minister for Communications, Climate Action and Environment, Denis Naughten TD, of our new Strategy Statement for 2017-19. This is the third strategic statement launched by BAI since its establishment in 2009 and the first by the new Authority appointed in 2015. The Strategy has been informed by an in-depth assessment of the current context.

That context includes changing patterns of media consumption, technological change, increased competition, particularly from abroad, and diminishing advertising revenue. We believe that while such challenges are serious, they also offer opportunities which, if grasped, will ensure that the Irish audio-visual sector prospers into the future. To this end, we produced a sharply focussed strategy statement which clearly identified where the BAI would concentrate its efforts over the period 2017-19.

As with our previous plan, our starting point was the conviction that plurality and diversity are the sine qua non of a healthy democracy. The BAI's vision is of an Irish media landscape that reflects and shapes who we are. The phrase 'who we are' is intended to affirm our distinctive linguistic and cultural heritage while embracing all the diverse and multiple strands which go to make up Irish identity or identities in a global world.

The BAI's objectives for 2017-19 are organised under five strategic themes: Promoting Diversity and Plurality; Achieving Excellence and Accountability; Communicating and Influencing; Empowering Audiences; and Enhancing Innovation and Sectoral Sustainability. To ensure a sustained and consistent focus on these themes and on the delivery of the related outcomes, the Authority has agreed that the agenda of all its meetings should be arranged under these headings and that this and future annual reports should also follow that structure.

The inclusion of a theme on innovation and sustainability reflects the ongoing conversations we have been having across the industry and an acknowledgement of the pressing challenges we face. These challenges and the need for concerted action have been well rehearsed in previous annual reports from the BAI, in other published documents and in public discussion. They were highlighted most recently in the *Mediatique* report on the Broadcasting Landscape in Ireland, commissioned by the BAI during the year as part of the process for drafting a new Broadcasting Services Strategy.

Commenting on the inertia which often afflicts social institutions, the English philosopher Francis MacDonald Cornford famously remarked that nothing is ever done until everyone is convinced that it ought to be done and has been convinced for so long that it is now time to do something else. Frustrated observers of the Irish media landscape may well feel that the remark is apposite in the case of broadcasting policy.

Quality public service broadcasting is essential for a vibrant democracy. It needs to be properly funded. The mixed funding model which has operated with some considerable success in Ireland has come under significant pressure with the stagnation of the TV licence income and the decline of advertising revenue. Addressing the high level of licence fee evasion will alleviate but not resolve the problem. Creative solutions are required which address the changing patterns of consumption, the issue of opt-out advertising and the flight of advertising revenue to the social media.

These problems are in part but not exclusively financial. The consumer appetite for content anytime, anyplace and anywhere has underlined yet again the critical importance of content. Ensuring the availability of high quality, culturally relevant content for Irish audiences is a priority for the BAI.

New distribution models challenge the existing regulatory structure which requires an overhaul. Television and radio are no longer autonomous industries. The boundaries between broadcast and print media have been blurred and the advent of new platforms such as Google, Amazon and Facebook has radically transformed the media landscape.

The annual report details considerable work on the part of the BAI across a range of areas and includes some positive signs and developments. The Reuters Institute Digital News Report confirms that in Ireland trust in the news remains high by international standards. Radio listenership also remains high. The Media Literacy Network launched as part of the BAI Media Literacy policy has attracted participation from across the media industry including social media platforms and from educational organisations. This reflects a widespread acceptance of the need for the systematic promotion of media literacy.

The adoption of a gender action plan by the BAI, based on the Council of Europe framework was another welcome development which begins to address the issue of gender inequality in Irish broadcasting. An important part of the plan is the monitoring of progress in the area. During the year, the BAI also conducted for the first time a full media merger examination at the request of the Minister under the Competition and Consumer Protection Act 2014. While the parties ultimately decided not to proceed with the merger, the process was an important one in the context of protecting media plurality.

In the meantime, the routine work of the BAI under the headings of licensing and regulation has continued. Eighteen services were included in the licensing process during the year. The Sound and Vision scheme has gone from strength to strength and continues to demonstrate that even modest funding harnessed to creative and technical skills can generate significant quality content. Two rounds were concluded in 2017 which resulted in funding of over €11 million being provided for more than 200 projects. Almost €3million was provided for 30 Irish language or bilingual projects.

In conclusion I would like to express thanks to my fellow members of the Authority and the members of the Compliance, Contract Awards and Finance, Audit and Risk committees for their active engagement during the year. I acknowledge and affirm also the efforts of the Executive and the staff and all the diverse agencies, organisations and individuals whose cooperation and collaboration is indispensable to the work of the BAI.

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Professor Pauric Travers
Cathaoirleach

CEO REVIEW

2017 marked the beginning of an exciting new phase in the life cycle of the BAI as we commenced the implementation of the new three year BAI Strategy Statement 2017-2019. The new Strategy had been approved by the board in December and was formally launched by the Minister for Communications, Climate Action and Environment, Denis Naughten, T.D. in February. However, at Executive level, much work had been undertaken in planning for the strategy in the final quarter of 2016 and we were therefore in a strong position to hit the ground running from the beginning of the year with a strong work plan approved by the Board in January.

As part of the planning process, the Executive put in place a team, led by the CEO, to support the delivery of the Strategy and the implementation of the work plan. Its purpose was to establish and develop the practice of managers and team members routinely discussing and reviewing performance towards the achievement of the agreed objectives. Communication updates were provided to staff in different forums throughout the year and this resulted in all staff remaining engaged with and informed on the implementation and performance of the Strategy at all times. Feedback on the process was very positive from all concerned.

The Strategy involved a new approach with five key strategic themes highlighted and a series of strategic objectives and outcomes by 2019 identified. The work plan was structured around the implementation of these strategic objectives. The main body of this report provides significant detail under each of the strategic themes. At the end of this first year, it is worthwhile reflecting on progress made to date while recognising that we are still at an early stage of the life cycle of the Strategy.

As is evident from the report, there has been a high level of activity under the theme of Promoting Diversity and Plurality which has left the BAI in a strong position to

deliver on the outcomes for this theme. In particular, I would reference the work on Media Plurality, the commencement of the development of a revised Broadcasting Services Strategy and the ongoing support for programming and archiving projects through the broadcasting funding schemes. In total, €11.3m was awarded to 63 television projects and 176 radio projects across two rounds of the scheme. Within this, 30 Irish language or bilingual projects received funding of €2.78m. The development of the first BAI Gender Action Plan in November was particularly noteworthy under this theme. We expect that initiatives in this Plan will lead to significant strides in gender equality in broadcasting over the next number of years.

Under the Communicating and Influencing theme, the BAI contributed extensively at national and international level to discussions on potentially significant changes to legislation which will occur over the next number of years. At a national level, BAI executives contributed to debates on the Broadcasting Bill, the future funding of public service broadcasting and the introduction of the Irish Sign language Act which was sponsored by the Department of Justice. At an international level, the key debates centred on the proposed revisions to the Audiovisual Media Services Directive, which will have major consequences for regulation of traditional broadcasting and new media services in the future. BAI representatives participated at plenary and working group level in these debates.

Media literacy is a central element of the Empowering Audiences theme. Following the development of a policy in 2016, the establishment of the Media Literacy Network with representatives from a wide range of stakeholder groups including media, education and online platforms was a noteworthy development in 2017. The network is planning a range of media literacy events across the remaining years of the Strategy. Codes, Rules and Complaints are also captured under this theme and the BAI finalised and launched two codes

in 2017 – the General Commercial Communications and Short News Reporting Codes – and also agreed the approach to the review of the Access Rules which will take place in 2018. Broadcasting Complaints is one of the main areas of interface with audiences and the Compliance Committee continued to adjudicate on complaints around broadcasting material, primarily concerning fairness, impartiality and objectivity in news and current affairs programming.

The term sectoral sustainability has become commonplace in the radio and television broadcasting sectors over the last number of years and the BAI has given priority to this issue, together with the concept of Innovation, in the new Strategy. We are at an early stage of development in the achievement of the desired outcomes by 2019 under this theme. The success of major projects initiated during 2017, such as the review of the Broadcasting Services Strategy which will examine sustainability issues for the commercial and community sectors and the five year review of funding for public service broadcasters, will have a significant bearing on the outcomes to be achieved. On the Innovation side, we continue to provide funding support under the Sectoral Learning and Development and Sponsorship programmes while a new partnership with the commercial and community sectors is designed to implement archiving systems within all radio stations by 2020.

Under the theme of Achieving Excellence and Accountability, we continue to strive for high standards of governance, both internally and among those we regulate. Activities under the compliance function include statutory reporting, monitoring and enforcement, reviews of performance and contractual variations. One important development in 2017 was the strong endorsement received from the European Commission in respect of the BAI's work in the area of the regulation of public service broadcasters.

Internally, we have devoted considerable energies to the development of more robust internal structures which will have both short and long term benefits in areas such as work planning and knowledge management. It would be remiss of me not to mention the ongoing resource challenges where the BAI continues to operate with less staff than our predecessor the BCI, which had many less responsibilities. Despite these resource challenges, the staff of the BAI continue to undertake and deliver their work to the very highest standards and for that I want to thank each and every one of them for such commitment.

Finally, I would like to thank the Chairpersons and members of the Authority, Compliance, Contract Awards and Finance Audit and Risk Committees who have all continued to operate effectively in support of the Strategy. Members have all made valuable contributions and supported and challenged in a positive way the work of the Executive throughout the 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 appointed by the Government following the undertaking of a selection process conducted by the Joint Oireachtas Committee with responsibility for broadcasting matters.

The table below reflects the membership of the Authority and meeting attendance for 2017.

	Meetings	Appointed
Professor Pauric Travers (Chairperson)	12/12	02/12/2014
Ms. Mary Curtis	10/11	31/01/2017
Mr. Alan McDonnell	12/12	02/12/2014
Ms. Grace Smith	11/12	02/12/2014
Mr. Séamus Martin*	9/11	17/02/2015
Mr. Seán Ó Mórdha	11/12	17/02/2015
Mr. Denis Wolinski	10/12	17/02/2015
Dr. Rosemary Day	10/12	17/02/2015
Professor Maeve McDonagh	10/12	17/02/2015

*Mr. Séamus Martin completed his term in December 2017

COMPLIANCE COMMITTEE

The Compliance Committee is responsible for monitoring and enforcement of compliance, investigation of complaints and a number of reporting functions. The Committee consists of 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 meeting attendance for 2017.

Member	Meetings	Appointed
Mr. Patrick Gageby* (former Chairperson)	1/11	20/01/2015
Professor Kevin Rafter** (Chairperson)	10/11	31/01/2017
Ms. Paula Mullooly	10/11	20/01/2015
Ms. Eileen Maher***	10/11	31/01/2017
Mr. Nigel Heneghan	9/11	17/02/2015
Dr. Rosemary Day	8/11	20/01/2015
Professor Maeve McDonagh	9/11	02/04/2015
Ms. Anne O'Brien	11/11	02/04/2015
Dr. Ciarán Kissane	7/9	02/04/2015
Mr. Neil O'Brien****	2/2	14/09/2017

*resigned January 2017

**appointed January 2017. First meeting March 2017

***appointed January 2017. First meeting March 2017

****Mr. Neil O'Brien replaced Dr. Ciarán Kissane. First meeting November 2017

CONTRACT AWARDS COMMITTEE

The Contract Awards Committee is responsible for the operation of licence application processes for broadcasting services. 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 2017.

Member	Meetings	Appointed
Mr. Ercus Stewart (Chairperson)	10/10	10/03/2015
Mr. John Hogan	9/10	10/03/2015
Ms. Eimer McGovern	10/10	10/03/2015
Ms. Clodagh O'Donnell	9/9	31/01/2017
Ms. Grace Smith	9/10	02/04/2015
Mr. Séamus Martin*	7/9	02/04/2015
Mr. Seán Ó Mordha**	1/1	19/10/2017
Mr. Neil O'Brien***	7/7	02/04/2015
Dr. Ciarán Kissane	3/3	14/09/2017
Ms. Celene Craig	10/10	02/04/2015

* term ended December 2017

**replaced Mr. Martin. First meeting December 2017

***replaced Dr. Ciarán Kissane

FINANCE AUDIT AND RISK COMMITTEE

The Finance, Audit and Risk (FAR) Committee is established as a standing committee of the Authority. Its duties and responsibilities encompass systems of internal control, external and internal audit, risk management and financial control. The Committee's membership comprises three members of the Authority and an independent, non-executive member.

The table below reflects the membership of the Committee and meeting attendance for 2017.

	Meetings
Mr. Alan McDonnell (Chairperson)	7/7
Mr. Seán Ó Mórdha*	5/6
Mr. Denis Wolinski	7/7
Mr. Robert Kelly (Independent Non-Executive)**	3/3
Mr. Dermot O'Riordan (Independent Non-Executive)***	2/2
Ms. Mary Curtis****	1/1

*To October 2017 inclusive

**To July 2017 inclusive

***From October 2017

****From December 2017

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 is 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.

A list of all staff employed by the BAI on 31st December 2017 is outlined below:

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:

Liam Boyle, Diarmaid Breathnach*, Dave Butler, Philip Cooper, 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, Jean Crampton, Teresa Kearns, Martina Mimnagh, Deborah Molloy Bergin, Fionnuala Murphy, Marie Murphy, Sinéad Owens, Annette Stone

Clerical Officers:

Lucy Browne, David Carrie, Andrea Leonard, Kevin Morgan, Jessica Scott

Monitoring Staff:

Barry Casey, Jeanne Spillane.

*on secondment leave

**on career break

BAI STRATEGY STATEMENT 2017-2019

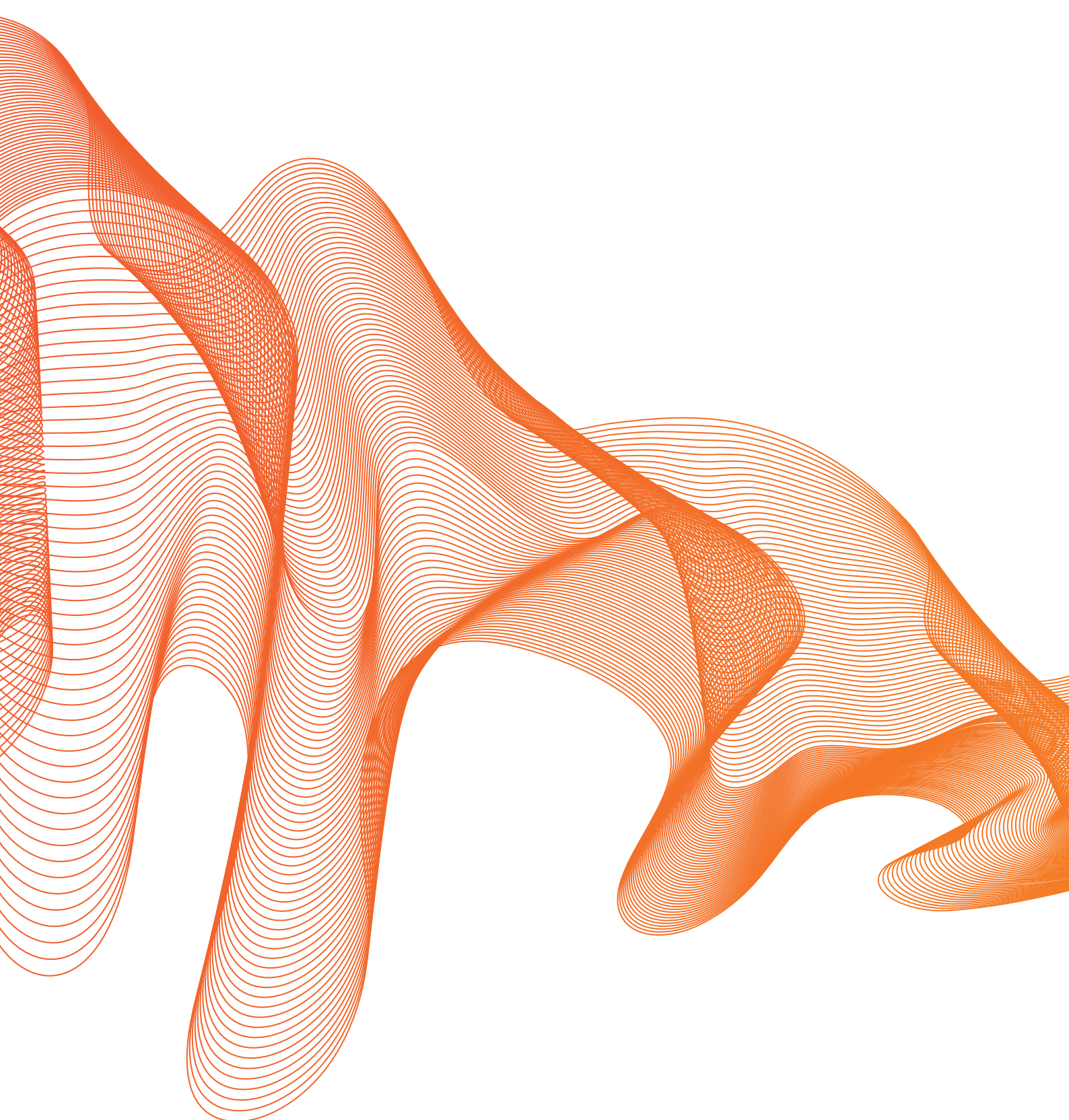
The BAI Strategy Statement 2017-2019 (“the Strategy”) was approved by the Authority at its meeting in December 2016 and was launched by the Minister for Communications, Climate Action and Environment, Denis Naughten, T.D. on 22nd February 2017. In January 2017 the Authority approved a three-year workplan which had been developed by the Executive. The workplan is published on the BAI website.

This report is structured under each of the five strategic themes and its related objectives.



Section 1

**Promoting Diversity
and Plurality**



Strategic Objectives

1. Facilitate a mix of voices, opinions and sources of news and current affairs in audio-visual media which enhances democratic debate and active citizenship in Ireland
2. Increase the production and availability of culturally relevant audio-visual content for Irish audiences
3. Foster a media landscape that is representative of, and accessible to, the diversity of Irish society
4. Foster and promote quality programming in the Irish Language

Outcomes by 2019

1. The mix of voices, opinions and sources of news and current affairs content available for audiences remains strong
2. The range and sources of quality culturally relevant audio-visual content, including in the Irish language, available to audiences has increased

3. Irish audio-visual media is more diverse in terms of its content and those involved in its production

There are four key deliverables within the workplan which principally support the achievement of these strategic objectives. These cover the areas of media plurality; broadcasting services; broadcasting funding schemes and the diversity of Irish society. These are elaborated on further hereunder.

Media Plurality

Over the course of the lifetime of the strategy, the BAI will continue to articulate an informed policy position on Media Plurality in Ireland that is supported by relevant research. The BAI will also provide advice to the Minister as required.

A key deliverable of this objective will be the development of a Plurality Policy. The work will encompass a review of the BAI's Ownership and Control Policy, which sets out the regulatory approach that the BAI will take and the rules that will be enforced



*Dr. Pauric Travers, Dr. Eileen Culloty and Michael O'Keeffe
at the launch of Reuters Digital News Report 2017*

regarding the ownership and control of broadcasting services. This policy is used by the BAI to assess applications for broadcasting contracts and when assessing requests for changes to the ownership and control structures of contract holders. In 2017, the BAI approved the approach to be taken to the development in 2018 of the Plurality Policy and the review of the Ownership and Control Policy. This will commence with a jurisdictional review and will also include research and consultation.

■ ***Reuters Digital News Report 2017***

2017 marked the sixth year for the inclusion of Ireland in the Reuters Institute Digital News Report which is co-ordinated by the Reuters Institute for the Study of Journalism in Oxford. The report is part of a growing body of research being supported by the BAI in the context of its commitment to ensure the mix of voices, opinions and sources of news available for Irish audiences remains strong.

The report highlighted the challenging environment for traditional media and the growth of digital offerings fuelled by new technology and the more digital literate society. The generational and demographic divides continue to be a concern for the effective operation of media pluralism in a democratic society. These are complex challenges that require imaginative solutions. On a positive note, trust in news in Ireland is higher than the international comparators. However, trust needs to be balanced by an ability to critically evaluate the information being provided. The BAI's work on media literacy takes on greater relevance in this regard.

■ ***Media Merger Examination***

Early in 2017, the BAI was requested by the Minister for Communications, Climate Action and Environment, to perform a full media merger examination under the Competition and Consumer Protection Act 2014 in respect of the proposed acquisition of Celtic Media Newspaper Group Ltd by Independent News & Media Holdings (Ireland) Limited. In a media merger examination, the BAI is required to carry out a detailed investigation into the proposed merger in order to come to a view on the likely effect on plurality of the media in the State. The proposed merger was cleared by the Consumer and Competition Commission in November 2016.

As required by legislation, the BAI published the Minister's request on www.bai.ie and simultaneously called for public submissions on the proposed media merger. 41 submissions were received by the deadline. In addition, the BAI invited a submission from the Joint Oireachtas Committee ("JOC") and, at their request, provided a briefing to the Members of the Committee in January. The JOC subsequently held a public session in February, attended by the undertakings, invited expert witnesses and relevant stakeholders. The JOC subsequently made a submission to the BAI on the proposed merger.

The Minister also appointed an Advisory Panel to provide a reasoned opinion to the BAI on the application of the relevant criteria to this media merger. The BAI also engaged Communications Chambers to prepare a report on the proposed merger in the context of the statutory framework taking into consideration all relevant documentation and submissions.

The Authority met on 16th and 23rd March to consider the material and formulate a draft report. This was submitted to the undertakings for comment and their response was considered by the BAI when finalising its Report. A final Report was submitted to the Minister in May and this included a recommendation that three conditions should be attached to any approval of the proposed transaction.

The parties decided not to proceed with the proposed merger before the final determination from the Minister was issued.

Broadcasting Services Strategy

As the body responsible for licensing of broadcasting services in Ireland, additional to those provided by RTE and TG4, the BAI aims to facilitate dynamic licensing policies and plans.

The Broadcasting Services Strategy (“BSS”) provides the framework for the formulation of licensing plans and associated licensing activities by the BAI. The first BSS, published in 2012, anticipated change and evolution in the media landscape. However, the degree and pace of the change has accelerated greatly and continues to do so. The broadcasting environment is now one of significant disruption and challenge due to the exponential rate of development in digital technologies. The Authority, cognisant of this constant change and challenge, agreed that a review of the BSS was appropriate and timely.

In order to support an informed and responsive revised BSS, the Authority commissioned an independent expert assessment of the broadcasting landscape. This was undertaken by consultants, Mediatique, over the course of the second half of the year. The research included consideration of current trends and likely drivers of change nationally and internationally; potential for new services and models; sustainability of revenues; the needs and preferences of the audience; consumer behaviour; platform and distribution developments; and the regulatory framework.

The assessment of the media landscape was also supported by audience research conducted to identify the main needs and preferences of broadcast viewers and listeners in Ireland and a public call for submissions from parties interested in the provision of new analogue sound broadcasting services. These were further interrogated in the course of the research project. A draft research report was presented to the Authority in mid-December 2017. This research informed the devising of a draft BSS for the consultation phase of the review of the strategy to take place in the first half of 2018.

■ **Licensing Activity 2017**

The Authority agreed its licensing plan for 2017 in April and this was subsequently implemented by the Contract Awards Committee. In recent years these licensing plans have been, in the main, determined by the approaching expiry dates of existing sound broadcasting contracts. During 2017, the Committee implemented processes for the licensing of 3 commercial radio services, 11 community and 4 community of interest radio services. These included processes commenced in previous years.

By year end, ten sound broadcasting contracts had been signed, the licensing processes for a further five radio services had entered the contract negotiation phase, and processes for the remaining three radio services were underway.



Licensing of Flirt FM: John Hannon, Bernadette O'Sullivan, Dr. Pauric Travers and Michael O'Keefe



Licensing of Limerick's Live 95FM: Jimmy Buckland, Joe Nash, Ronan McManamy, Dr. Pauric Travers and Michael O'Keefe

Commercial Radio

The licensing of three commercial radio services was completed by the Contract Awards Committee during 2017 and the contracts subsequently signed, as follows:

- Today FM, National broad-format radio service;
- Spin South West, Regional youth music-driven radio service for the Southwest of the country; and
- Limerick's Live 95FM, Local broad-format radio service for Limerick City and County.

Community Radio

During the year the Committee implemented licensing processes for 14 out of the 15 community and community of interest radio services included in the plan. By the end of 2017, four community and three community of interest services for students had signed contracts as follows:

- Community Radio Kilkenny City, (Kilkenny City and its Environs); Community Radio Castlebar, (Castlebar town and Environs); Connemara Community Radio, (North West Connemara); Phoenix FM, (North West Dublin)
- Flirt FM, (students Galway City); Wired FM, (students Limerick City); UCC FM, (students Cork City)

The licensing processes for the remaining services were on-going, with a significant number at advanced stage by the end of December. It was agreed that the community licensing process for Claremorris and its Environs would be initiated in 2018.

The 18 services included 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 and County	All adults
Commercial: National Broad-format	National	All Adults
Commercial: Regional Music-driven (Youth)	Regional: South West of Ireland	15 - 34 Year Olds
Community	Kilkenny City and Environs	Local Community
	Claremorris and Environs	
	Tramore and Environs	
	North East Dublin	
	Castlebar and Environs	
	North West Connemara	
	Dublin South	
	Dublin North West	
	Loop Head peninsula - West of Kilrush and Doonbeg	
	South West Tipperary - Tipperary and Cashel towns and their Environs	
Community of Interest	Youghal and its environs	Students
	Galway City	
	Limerick City	
	Cork City	
	Cork City	
	Cork City	Christian Community

Temporary Sound Broadcasting Applications

In addition to the implementation of annual licensing plans, applications to operate temporary radio services are processed throughout the year. Successful applicants generally fall into two categories; those who operate a temporary radio service for up to a maximum of 30 days in a 12 month period, and those who operate a pilot community temporary radio service for up to a maximum of 100 days in a 12 month period.

In 2017, the Contract Awards Committee recommended entering into 20 temporary sound broadcasting contracts. Eight of the applications received were from established pilot community groups and one was from a new aspirant community group. In these cases, the successful applicants began their community broadcasting services on a pilot basis in order to gain experience operating a radio service. Contract negotiations were completed during 2017 for the following groups which entered into contracts to broadcast for up to a maximum of 100 days in a 12-month period:

Pilot Community Radio Services	
Tramore Community Radio	Tramore and its Environs
Finn Valley FM	Finn Valley area in Donegal
Limerick City Community Radio	Limerick City
Rosses Community Radio	Rosses area in Donegal
Westport Community Radio	Westport town and its Environs
Cork City Community Radio	Cork City
Owenea FM	Ardara and Glenties area of Donegal

The successful applicants seeking to operate temporary radio services, broadcasting up to a maximum 30 days, operate for a range of reasons such as festivals, drive-in movies events, social/cultural initiatives, university campuses and seasonal services. Examples include the student services at Ballyfermot College and Blackrock College, the popular multi-city temporary radio service, Christmas FM and Walk in My Shoes Radio, operated by St. Patrick's Mental Health Services.

Content Provision Contracts

The award of content provision contracts for television and radio is provided for under Section 71 of the Act. Successful applicants are required to arrange carriage separately on an appropriate platform, be it cable, satellite, digital terrestrial or Internet Protocol. Two such

applications were received in 2017, with each applicant being awarded a contract: Eurasian Broadcasting Enterprises Limited, for Setanta Sports Eurasia and Setanta Sports Eurasia + for TV sports broadcasting into the Baltic and Eurasian regions.

■ Spectrum Management and Planning

The task in spectrum management and planning is to help ensure the most efficient use of the radio spectrum, in social, economic and technical terms. Throughout 2017, 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. International agreements are drawn up and the technical characteristics of broadcasting stations are agreed between neighbouring countries which helps to ensure that all countries have equitable access to radio spectrum.

It is often necessary to reuse frequencies to ensure the largest range of services. This can be achieved through appropriate site and frequency selection, directional transmitting antennae and a transmitted power that is adequate to serve the intended area while minimising interference to other areas. It is also important to analyse broadcast proposals from neighbouring countries to ensure that any changes would not unduly limit the coverage of current or future broadcasters in Ireland.

During 2017, the BAI assessed new transmission proposals and also identified modifications to transmission networks to improve and/or extend coverage for a number of radio services. Licences were also sought from ComReg for temporary or pilot community radio stations and for new services.

The exercise to plan for the release of a further part of the UHF television band for mobile use was completed in the first quarter of 2017. This will become reality when Saorview and UK Freeview transmitters change frequency in 2019/2020. The re-plan involved many months of work by ComReg, 2rn, the BAI and our UK counterparts. In parallel with the Digital Television re-plan, other UK proposals in relation to DAB, AM and FM radio services were also assessed to ensure that they would not unduly limit the coverage of current or future radio broadcasters in Ireland. Also as part of this process, transmission characteristics for potential digital radio services in Ireland were agreed with the UK.

Broadcasting Funding Schemes

The BAI continues to develop and implement the broadcasting funding schemes that support an increase in the production and availability of diverse, innovative and culturally relevant Irish audio-visual content. The goal is to increase public access to high-quality television and radio programmes in the English and Irish language. The BAI has been responsible for the administration of this 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. There are two schemes operating under the fund:

- **Sound & Vision 3**, which supports the funding of programming and ancillary measures;
- and,
- **The Archiving Scheme**, which funds the archiving of certain broadcast material.

■ **Sound & Vision 3**

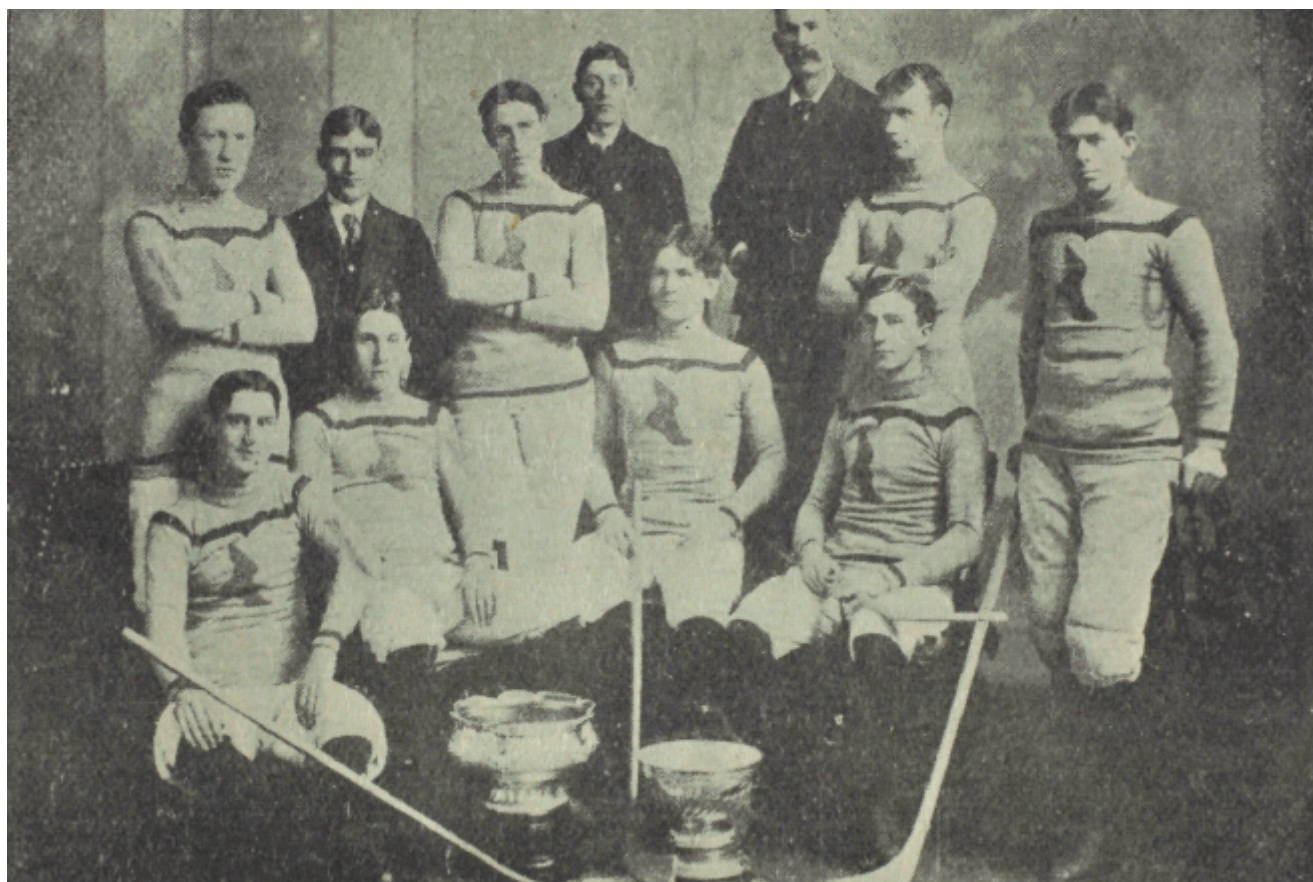
Two rounds of Sound and Vision 3 were completed during 2017. Across the year, 63 television projects were supported to the value of just under €10.2m

while 176 radio projects were supported to the value of €1.1m. In line with both the scheme requirement and the deliverable to “include content in the Irish language”, €2.78m or 25% of the total allocation was provided to support 30 Irish or bilingual projects.

Over the course of 2017, 288 funding contracts were executed and 295 funding contracts were completed. In total, approximately €12.1m in grant funding for Radio and TV programming was paid out over 664 individual payment transactions.

Radio

For radio, during 2017 the Scheme supported the production of 176 programmes to the value of €1.1million which were scheduled for broadcast across 39 services in the State. Funding was awarded to 77 projects to a value of €420k for broadcast on commercial channels; 78 projects to a value of €412k for broadcast on community services and 20 projects to a value of €265k for broadcast on public service channels. In addition, €5k was awarded to a drama set for broadcast on the institutional broadcasting service “St. Ita’s Hospital Radio”.



Poc na nGael: The Montreal Shamrocks after winning the Stanley Cup in 1899



*Singer Lorraine MacIntosh in BAI funded Irish-language documentary *Bus Ghlaschú**

Some information and highlights of programmes funded and/or broadcast on Irish Radio in 2017 are set out below:

■ **Drama**

As in previous years, the appetite for radio drama was evident across applications in 2017 and €179k was offered in funding to a total of 29 radio drama projects, the majority of which are set for broadcast on commercial and community broadcasters. Among the grants awarded, Life FM was funded €3.4k to produce their project “Visit Your Grandfather”, an hour-long drama dealing with neglect of the elderly and Phoenix FM broadcasted the humorous historical drama called “The A.R.T of Television” by independent producer Gareth Stack.

■ **Documentary**

Documentary applications continued to be the most popular format of application type submitted to the Scheme and continued to receive strong support. 122 of the 176 radio applications supported over 2017 were documentaries aimed at a variety of audiences. Projects are set for broadcast on a mix of service types. KCLR 96FM produced the historical

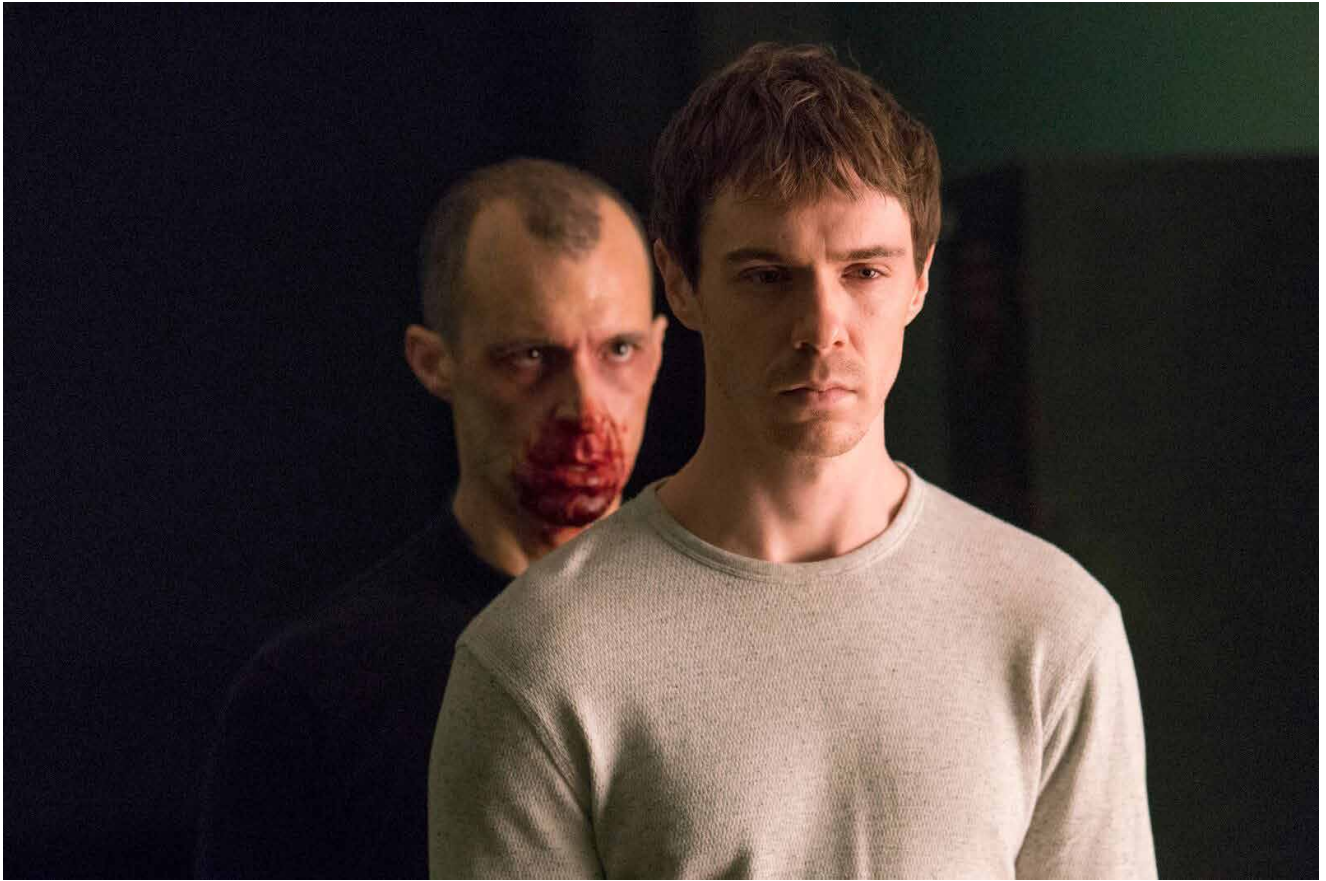
documentary “The Skinny on Schism”, having been awarded €10k for the project. Paul Wright also produced the historical documentary “Making A Difference – Stories of Irish Women Working in Faraway Lands”, broadcast on Dublin City FM.

■ **Entertainment**

In 2017, 14 entertainment projects received support. Significant awards included €80k to the independent production company Sideline Productions for a 3rd series of “Comedy Showhouse”. Connemara Community Radio received €25k to fund the return of its ‘Arts on Air’ series. RTÉ received €70k to assist funding its planned coverage of the RTÉ Radio 1 Folk Awards in 2018.

■ **Education**

Over €80k was awarded to a total of 11 education projects which covered a variety of genres and are arranged for broadcast across services. The majority of these projects were aimed at children and family audiences. Athlone Community Radio produced and broadcast the series “Take 5” based on health practices, having been awarded €3.6k for the project.



Sam Keeley and Tom Vaughan-Lawlor in The Cured



Building Ireland: Series presenter Susan Hegarty

■ *Irish language & bilingual*

Approximately €90k was provided to ten Irish and four bilingual radio projects. These are set for broadcast on RTÉ Raidió na Gaeltachta, and community broadcasters, Raidió na Life, Raidió Corca Baiscinn, Claremorris Community Radio, Dundalk FM and Dublin South FM. Independent producer Nuala Macklin produced the educational “Cleachtadh A Dhéanann Máistreacht Vol. 3” having been awarded €6.5k for the project.

Radio Awards

Several BAI funded radio projects were represented at the New York Festivals World’s Best Radio Programmes Awards. Gold award went to Grey Heron Media for the project “Ireland 2016: As it lives and breathes”, broadcast by RTÉ. Audio Portraits Limited was awarded silver for the project “No Roses around my Cottage”, broadcast by Newstalk. At the PPI Awards Cathal Funge picked up an award for his music documentary “1977”, broadcast on Today FM.

Television

In 2017, the scheme supported projects for broadcast on 12 different TV channels. Over €7m was allocated to projects for broadcast on public service channels, over €2m for projects on commercial broadcasters and €225k for programmes to be broadcast across the two community television channels.

Some information and highlights of programmes funded and/or broadcast on Irish Television in 2017 are set out below:

■ *Documentary*

108 documentary applications were received during the year and over €3m in funds awarded to independent producers and production companies for broadcast across PSB, commercial and community broadcasters. The projects funded cover a wide variety of subject matter, from the Ross Whitaker documentary “Katie”, set for broadcast on RTÉ 1, which follows Katie Taylor’s journey from amateur to professional boxing to the EMM Productions “A Woman’s Place” which documents artist Noel Murphy as he embarks on a journey to paint all female Oireachtas members on one canvas. This was broadcast on Oireachtas TV.

■ *Drama*

Fourteen independent production companies shared €3m in funding for television drama projects during 2017. Six awards were provided to feature length dramas for broadcast on RTÉ and TV3. Other productions funded included Deadpan Productions Ltd series “Can’t Cope, Won’t Cope” and the Blinder Films Ltd series “Striking Out” set for broadcast on RTÉ. An award of €500k in funding was made to Parallel Films Production Limited for the Irish crime drama series “Darklands” set amidst a gang war in Dublin’s inner-city and planned for broadcast on TV3. A contribution was also made to the budget of Vico Films production “The Young Offenders” broadcast on RTÉ.

■ *Animation*

Eight Animation projects, all aimed at children and/or family audiences and covering a variety of themes, were supported including “The Day Henry Met” set for broadcast on RTÉ 2 and the Igloo Productions series “Peek Zoo” which follows the adventures of a zookeeper and his two children. Funding was also awarded to Cartoon Saloon for the production of “Wolfwalkers”, a children’s animation adventure.

■ *Education*

A total of €840k was offered in funding to four education projects over the year including a fourth series of the Indiepics project “Doctor in the House”, set for broadcast on TV3 and Macalla Teoranta’s “Tír na nÓg” which is an Irish language learning series for pre-school children on RTÉ Jr.

■ *Entertainment*

Over €1.4m of funding was offered to eight independent production companies and one community broadcaster to produce entertainment projects set for broadcast across TG4, RTÉ, TV3 and DCTV. Projects funded included Big Mountain’s “Design Masters”, set for broadcast on RTÉ, the Near TV coverage of “More Than a Rose Festival 2017” from St. Anne’s Park in Dublin and “Cardboard Gangsters” produced by Stalker Films Ltd. which premiered in Irish cinemas in June 2017 and was broadcast by TV3 later in the year.

■ **Community television projects**

On DCTV, the Media literacy project “Edit Delete” was produced and broadcast with the aim of helping Leaving Certificate students and “Shakespeare Unwrapped” was also produced. On Cork Community Television, “The Limerick Brigadistas” and “Kickstart” were completed.

Television Awards

Sound and Vision funded projects which received awards included “Song in Granite” a celebration of the music and life story of sean-nós singer Joe Heaney which was shortlisted for an Oscar; Esras Films Ltd, “Building Ireland” which was winner of an Industrial Heritage Association of Ireland (IHA) Award; and the film “A Date for Mad Mary” and drama series “An Klondike”, “Acceptable Risk” and “Wrecking the Rising” each of which received IFTA awards.

Scheme Awareness

To spread awareness of the objectives of the Scheme and how it can be accessed within the industry, the BAI organises briefing sessions, participates in panel discussions with producers, engages with third

level media students and liaises with broadcasters. Throughout 2017, the BAI continued this awareness work and support for industry events including the Dublin International Film Festival, the Galway Film Fleadh and the Guth Gafa documentary festival.

Sound & Vision 3 - Ancillary Measures

The scheme also facilitates programme development, in the form of funding for ancillary measures. In 2017 these included:

Cine4 Development Scheme

The BAI, TG4 and the Irish Film Board have collaborated on the Cine4 Development Scheme, a new joint-funding initiative to support the development and production of feature films in the Irish language. The aim is to encourage strong storytelling, visual flair and high production values for the big screen. Four rounds of the scheme are planned between 2017 and 2020.

Following the launch of the Scheme at the Celtic Media Festival in May 2017, 30 applications from 21 companies were received and five awards of €25k each were announced in July. The successful projects went on to develop screenplays and production plans



Song Of Granite: Sean NÓS singer Joe Heaney

which were assessed at the end of 2017 and two productions, “Finky” and “Arracht”, were selected for production support. In December the outcomes of a second Round of the scheme were announced. Two projects will be chosen under this round for production support during 2018.

Canada Ireland Co-Development Incentive

To encourage producers from Canada and Ireland to co-develop television projects the Canada Media Fund (CMF) and the BAI continued to collaborate on this development fund. The incentive seeks to build on the success of recent Canada-Ireland co-productions, including the award-winning films “Brooklyn” and “Song of the Sea”, and television series “Rebellion” and “Vikings”. These productions highlight the value and strength of the close cultural connection between Canada and Ireland. The fund supports the developmental stages of successful projects which fulfil the themes of both the Sound & Vision Scheme and the objectives of the CMF. Four projects were awarded funding mid-year including “The Edge”, a co-production between Facet 4 Media (Canada) and Saffron Pictures (Ireland) and “The Week I Ruined my Life”, a co-production between Farpoint Films (Canada) and AMN

Productions (Ireland). In November a second phase of the scheme was announced which will run from 2017 to 2019.

■ Archiving Scheme 2

Through its Archiving Scheme, the BAI provides funding support for the development of an archiving culture in the Irish broadcasting sector which contributes to the preservation of Ireland’s broadcasting heritage. Projects funded with the support of the Scheme in 2017 included the Irish Film Archive’s Adverts Project, which saw the conservation and digitisation of a selection of television advertisements from the 1960s to the 1980s. This project has been made available on the Irish Film Institute’s Player and provides a fascinating look at Irish consumer society and culture over three decades.

Separately, the RTÉ News Collection Archive was launched in October 2017. With funding support from the Archiving Scheme, this project digitised a selection of videotape recordings of RTÉ News from 1985-1999. Accessible online via RTÉ Archives, the selection captures a range of footage, from historic news stories to those more light-hearted in nature.

A second scheme was drafted during 2017 informed by a 2016 statutory review of the first three rounds of the Scheme and a targeted consultation. Archiving Scheme 2, was submitted for Ministerial approval in 2017 with the expectation that it will be launched in 2018.

Diversity of Irish Society in the Broadcast Media

The BAI has a central role to play in promoting diversity in the Irish audio-visual sector. The 2017-19 Strategy Statement commits to develop an action plan that supports increased representation of the diversity of Irish society in the broadcast media with particular focus on gender and the Irish language.

■ Gender Action Plan

One of the key strategic objectives under the theme of Promoting Diversity and Plurality is that the BAI would ‘foster a landscape that is representative of, and accessible to, the diversity of Irish society.’ A stated outcome for the BAI by the end of 2019 is that ‘Irish audio-visual media is more diverse in terms of its content and those involved in its production’.

To this end, in 2017 the BAI developed a Gender Action Plan, which is positioned within the framework provided by the Council of Europe Recommendation of the Committee of Ministers to member states on gender equality in the audio-visual sector, and a timeframe was outlined for its launch and phased implementation in early 2018. The BAI Gender Action Plan developed in 2017 addresses four key areas in promoting greater gender equality. These are:

- **Data collection and publication:** Up-to-date and accurate data on the numbers of women involved in the audio-visual industry, the types of roles they occupy and the opportunities for funding they access is scarce and difficult to gather. To address this issue, the BAI has already undertaken a number of changes to its internal processes and procedures. Examples include:
 - The Sound and Vision (S&V) application process now enables the collection of gender data on the creative roles of Producer, Director and Writer and successful contractors must now also report on the gender of the key creatives to draw down the final payment. This will support data collection and ultimately lead to the

publication of robust data.

- Broadcaster Returns are used where information from licensed commercial stations require a gender breakdown of managerial and non-managerial roles within a station, along with salary brackets.
- Community broadcasters must adhere to a 60/40 gender breakdown within their boards.

Over time, the BAI will have gathered sufficient information to support the provision of transparent and accurate data on the number of women involved in the sector, what roles these women have, pay structures within the sector and whether there exists adequate gender balance in decision-making positions in the industry.

- **Supporting Research** to undertake and publish specific gender research in the audio-visual sector, preferably in partnerships with other bodies and particularly relating to equality of access for women to the industry including leadership roles, representation of women on-screen and on-air, obstacles to participation and general working conditions.
- **Gender initiatives for BAI activities and stakeholders** including the continuation of the BAI approach to sectoral development and the support of gender initiatives, for example:
 - commitment to continue working on delivering training and development initiatives which enable women to increase their representation in the media (e.g. Women on Air training, Women in Film and Television mentoring, etc.);
 - Focus on the creative opportunities from S&V including a special S&V round on Women's Stories.
- **Enhancing accountability processes** in all BAI initiatives and actions undertaken to promote gender equality in the sector.

■ *Irish Language*

The BAI undertakes a range of initiatives to support the achievement of the objective to foster and promote quality programming in the Irish language. These include programming and other initiatives under the Broadcasting Funding Scheme, the exploration of partnership opportunities, events, sectoral learning and development and sponsorship initiatives designed to support greater diversity in Irish language.

The Sound and Vision scheme requires that a minimum of 25% of the fund is allocated to programmes which have either Irish or bilingual language contained therein. In 2017, a total of €2.78m was allocated under the scheme to support the production of 30 Irish or bilingual projects. This continued a trend over many years where Irish language programming has been supported on public, commercial and community broadcasters. The scheme has also provided significant support to the Irish language independent production sector for both radio and television.

As outlined earlier under this theme, ancillary initiatives carried out during 2017 included the Cine4 project with TG4 and the Irish Film Board which has supported the production of new high quality Irish language feature length drama projects.

Sectoral Learning and Development and Sponsorship Programming

The BAI supports a series of initiatives with an Irish Language theme under the Sectoral Learning and Development and Sponsorship programmes. In 2017 these included:

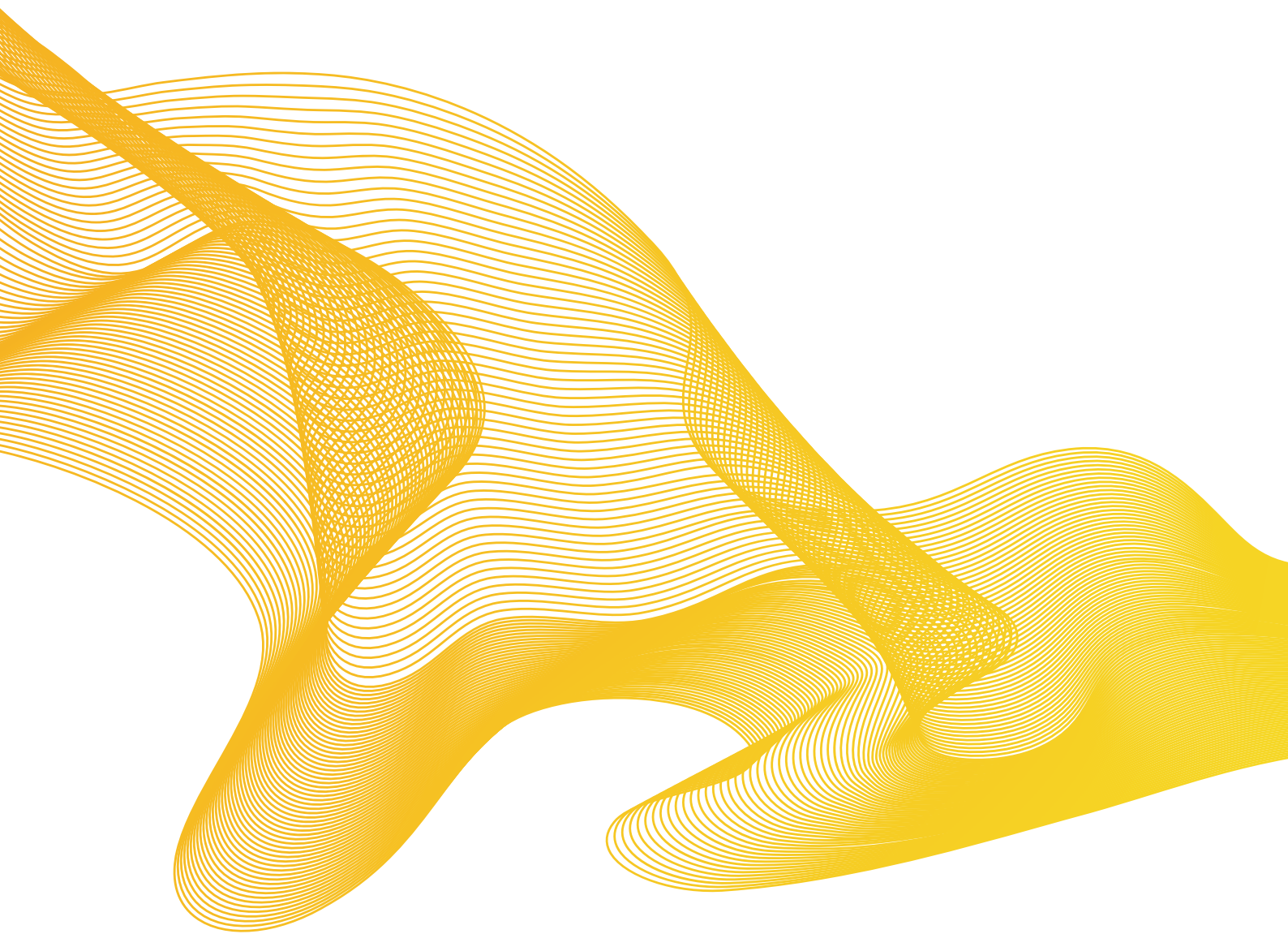
- The Celtic Media Festival which promotes the language and cultures;
- Seachtain na Gaeilge workshop – an annual Irish Language workshop for secondary school students;
- The Galway Film Centre which ran a regional screen producers' workshop with a special emphasis on working through the medium of Irish;
- Greasán na Meán, a Skillnet Network based in Spiddal, which ran a number of Irish language courses for Directors.



IFTA nominated animation *Angela's Christmas*

Section 2

**Communicating
and Influencing**



Strategic Objective

1. Promote public debate and inform policy to facilitate a vibrant, dynamic media landscape.

Outcome by 2019

1. BAI is viewed by stakeholders as an informative, authoritative and influential voice on media matters.

There are two key deliverables within the workplan which principally support the achievement of this strategic objective. These cover the areas of National and International fora and Communications. These are elaborated further on hereunder.

National and International Fora

The BAI aims to continue to enhance our expertise to advise, inform and influence National and European audio-visual media policy, law and practice particularly through participation in relevant National and European Fora.

■ **National Fora**

The BAI continued to engage with key stakeholders in 2017 in order to advise, inform and influence national and European audio-visual media policy, law and practice.

At a National level, the proposed introduction of the Broadcasting Bill 2017 was the main activity. BAI officials made a presentation to the **Joint Oireachtas Committee on Communications (JOC)** at the pre-legislative scrutiny phase of the Bill in July. At the meeting, the BAI provided its comments and observations in respect of the each of the Heads of the Bill.

Separately, BAI representatives also participated in a workshop organised by the JOC – Future Broadcast – a Forum on the Future of Public Service Broadcasting, which was established to consider the future funding of public service broadcasting. A report of the outcomes of the deliberations of the JOC was published in December and this made a series of recommendations to enhance funding of the broadcasting sector generally with particular emphasis on Public Service Broadcasting.

The BAI also contributed to the introduction of the Irish Sign Language Act of the Department of Justice and proposed several important amendments which were accepted into the final text of the legislation.

At an interdepartmental level, the BAI participated in a steering group convened to manage the preparation of a report on an Economic analysis of the Audio-visual sector in Ireland by Olsberg SPI. The report and recommendations were finalised in December and will be considered by Government in 2018.

■ **International Fora**

In 2017 the proposed revision of the **Audio-visual Media Services Directive (AVMSD)** required participation by BAI representatives at plenary and working group level in the **European Regulators Group for Audio-visual Media Services (ERGA)** and the **European Platform of Regulatory Authorities (EPRA)**. BAI Officials also participated with officials from the Department as Ireland's representatives at the EC Contact Committee. The BAI engaged in regular quarterly meetings with officials of the Department on the regulatory issues arising. In particular, discussions centred on proposed approaches to regulation of on-demand and video sharing platform services which will be required to come under some form of regulatory regime once the directive has been transposed into Irish law. The engagement is likely to continue over the course of the transposition period (2018-2020).

In addition to the AVMSD, the ERGA and EPRA groups also considered other relevant audio-visual regulatory matters over the course of the year. Of particular note was the BAI Media Literacy work programme which was given prominence at the Spring and Autumn meetings of EPRA. The BAI was also an active participant in a sub group of ERGA



Celene Craig (centre) BAI Deputy CEO and Chairperson of EPRA
Credit: Malcolm McCurrah 2017 | New Wave Images UK

which examined co and self-regulation practices. Celene Craig, BAI Deputy CEO, continued in her role as Chairperson of EPRA and represented that organisation at a number of international conferences and seminars.

Communications

The BAI continues regular and proactive engagement and consultation with a range of stakeholders, including government departments, other regulators, and representative bodies through the year.

The communications activities of the BAI play an important role in contributing to the achievement of the BAI Strategy overall. The BAI commits to an Annual Communications Programme which informs and engages stakeholders, especially the public in a relevant and timely manner. A critical first step in this programme in 2017 was the development of a communications strategy which was approved by the Authority in December. This strategy will inform the communications plan for the years 2018-2019.

In addition to the development of the Communications Strategy, the communications team was involved in a significant level of activity during the year and highlights included:

■ **Launch of the BAI Statement of Strategy**

Following extensive industry and public consultation, the BAI Statement of Strategy 2017-2019 ("Strategy Statement") was launched by Minister Denis Naughten T.D in February. The event was attended by key stakeholders including journalists, licensed broadcasters and other interested parties.

In July, the BAI also provided members of JOC with an introduction to the Strategy Statement. The presentation included an overview of the key challenges for both the regulator and the audio-visual sector in the coming years.

■ **Launch of the General Commercial Communications Code**

Following a statutory review of the current Code and a public consultation on the revised draft, the revised General Commercial Communications Code was launched in March. The Code sets out the rules that Irish radio and television stations must comply with when it comes to airing advertising, sponsorship, product placement and other forms



Launch of the BAI Strategy Statement 2017-2019: Dr. Pauric Travers, Minister Denis Naughten and Michael O'Keeffe

of commercial communications. The aim of the revised Code is to give the public the confidence that commercial communications on television and radio are legal, decent, honest, truthful and protect their interests. It is also intended to provide greater clarity and certainty for Irish broadcasters on the standards that they should apply.

■ **Publication of Reuters News research**

In June, the BAI facilitated the inclusion of Ireland in this international research project as part of its work on media plurality in Ireland. To maximise the use of the data, the BAI partnered with the Institute of Future Media and Journalism (FuJo) at DCU to produce a more detailed Irish specific report. This research generated considerable interest in the press in the days following its publication.

■ **Launch of Irish Media Literacy Network**

The first meeting of the media literacy network took place in July, following on from the launch of the BAI Media Literacy Policy in 2016. The network was established to work collaboratively in this area, involving all interested stakeholders and its work is critical to the success of the policy.

■ **Media relations**

Press activity also remained high during 2017, particularly around the above mentioned launches, complaints outcomes of the Compliance Committee and a series of Brexit-related articles in both the Irish and UK media.

Proactive engagement with the media and interested parties across 2017 Included 47 media releases published on the BAI website including matters of interest to the industry and the public alike such as Sound & Vision funding

announcements, updates on licensing activities and complaints decisions. Twitter and Facebook presence saw increasing engagement with a range of stakeholders. The BAI issued more than 350 social media posts supporting and promoting the Irish broadcasting sector and its activities.

■ **Information Provision**

The BAI is proactive in making information available as part of its normal business activities. During 2017, minutes from Authority meetings, broadcasting complaint decisions and financial reports were published on the BAI website, alongside the regular publication of a wide range of information and data outside the remit of the FOI process.

■ **Freedom of Information**

The BAI handled 29 Freedom of Information requests in 2017, an increase of 18 requests from the previous twelve months. Of these requests, information was provided to 21 of the

requesters either in full, partially or the data was already publicly available and was provided to the requester outside the FOI process. The majority of requests came from journalists who sought information on topics including legal services, broadcasting complaint decisions and broadcast licensing information.

■ **Sponsorship**

Sponsorship is an important communications tool that enables the BAI to raise wider awareness of and contributions to the organisation's strategic objectives. By offering sponsorship support to these events and activities, the BAI is contributing to the continued development of the audio-visual industry in Ireland. To receive support applicants are required to identify the specific strategic objective to which their event/activity is most closely aligned and demonstrate how the activity will contribute to its advancement.

Funding of €142,700 was allocated to 20 events



Between Land and Sea: A surfer is seen at Lahinch



The Breadwinner: Parvana and her family

and activities under the BAI's 2017 Sponsorship Scheme. Recipients included the All-Ireland Radio Awards; Celtic Media Festival; Choice Music Prize; Fresh Film Festival; Sounds Alive 2017 and the National Student Media Awards

■ **Industry Events and Conferences**

Collaboration, engagement with and participation at industry events nationally and internationally is also important for the organisation. BAI staff members were involved with and contributed to many events throughout 2017, including:

- The **Media Summits** conference on Brexit London, which addressed challenges facing UK-based broadcasters in light of Brexit;
- The **Radio Days Ireland** conference organised by Independent Broadcasters of Ireland and Learning Waves Skillnet;
- The meeting of **Small Nations Regulators' Forum** which was held in the Isle of Man;
- Oireachtas na Gaeilge the annual arts festival of Irish Culture which took place in Killarney;
- **Access Services Experts Meeting** in Copenhagen of European broadcasters and providers of subtitling, audio description and sign language.

■ **Public Screenings**

BAI Event collaboration also included screenings such as that of the BAI funded Bread & Circus "The 4th Act", by the IFI to celebrate World Day for Audiovisual Heritage and attendance at the launch event of the IFI Advertising Project, an Archiving initiative under the BAI's Archiving Scheme.

Public screenings of sound and vision programmes across 2017 included "The Breadwinner", which went on to be nominated for an Oscar in 2018, and the Canadian-Irish story "Poc na nGael" exploring the links between hurling and Canadian ice hockey. On Culture Night, the BAI organised a screening of "Between Land and Sea", the surfing documentary, in Ennistymon, Co. Clare.



Director Nora Twomey of Cartoon Saloon, at the The Breadwinner screening



IMRO Hall of Fame inductees for 2017 and their family members and Dr. Pauric Travers

■ **IMRO Radio Awards Hall of Fame**

A ceremony was held at the BAI to unveil the newest inductees to the IMRO Radio Awards Hall of Fame. Linda McAuley of BBC Radio Ulster, the late Séamus Mac Géidigh of RTÉ's Raidió na Gaeltachta, the late Billy McCarthy of WLR FM and Joe King founder of Broadcasting Technical Services (BTS) were the most recent faces to be added in recognition of their exceptional contribution to radio in Ireland.



Between Land and Sea: Dr Rosemary Day, Ollie O'Flaherty, Tom Doidge-Harrison and Dextor McCullough at the screening

■ **Audience Research**

The BAI regularly conducts audience research activities which play a role in informing it of the needs, concerns and expectations of viewers and listeners. In 2016, the BAI commissioned an annual tracker survey to run over the period 2016 – 2018 in order to provide statistical information on, and track, over time, public opinion/perception of public service broadcasting in Ireland in terms of public service value and importance, and the public opinion on how the public service broadcasters are delivering on their principal objects.

The results have been of great assistance in supporting the BAI's work across a number of areas, in particular the annual review of public funding and the five-year review of public funding which commenced in 2017.

It is expected that a report on the findings of the three-year review will be published during 2018.

Section 3

**Empowering
Audiences**



Strategic Objective

1. Develop the understanding, engagement and participation of the public in an evolving media landscape

Outcomes by 2019

1. Audiences in Ireland are more connected to, and engaged with, audio-visual content
2. Audiences in Ireland are supported to develop a greater understanding of, and participation in, the production and dissemination of audio-visual content

There are three key deliverables within the workplan which principally support the achievement of these strategic objectives. These cover the areas of Codes, Rules and Complaints; Media Literacy and Participation in Media. These are elaborated further on hereunder.

Codes, Rules and Complaints

The BAI aims to ensure that the BAI broadcasting codes and rules and the BAI broadcasting complaints process continue to support audience enjoyment, understanding, and interaction with audio-visual content. Codes finalised in 2017 included the revised General Commercial Communications Code and a new Short News Recording Code while a statutory review was undertaken of the existing Access Rules. The broadcasting complaints process continued to be a key mechanism for viewers and listeners who are not satisfied with broadcasting content, be it in relation to programming, advertising or sponsorship, or to make a complaint.

■ ***General Commercial Communications Code***

The General Communications Code sets out the rules that Irish radio and television stations must comply with when it comes to airing advertising, sponsorship, product placement and other forms of commercial communications. The Act requires the BAI to review the effect of a broadcasting code every four years. In that context, a revised General Commercial Communications Code came into effect on the 1st June 2017 following the completion of the required statutory review and the undertaking of a detailed public consultation.

The aim of the revised Code is to give the public the confidence that commercial communications on television and radio are legal, decent, honest, truthful and protect their interests. It is also intended to provide greater clarity and certainty for Irish broadcasters and audiences on the standards that should apply. Key changes to the Code related to the rules governing sponsorship, product placement and commercial communications for alcohol products. The code was also restructured for ease of use for both broadcasters and the public.



*Launch of the General Commercial Communications Code:
Michael O'Keeffe, Louise McLoughlin and Dr. Pauric Travers*

■ ***Short News Reporting Code of Practice***

As provided for under the AVMS Directive and Irish law, the BAI is required to develop a Code of Practice which sets out the requirements of Irish television broadcasters regarding the use and availability of short news extracts. Short news extracts involve coverage of an event that is of high interest to the public which is retransmitted by a television broadcaster that does not hold the rights to the broadcast of the event. The most common form of short news extracts are those that relate to highlights from sporting events that often appear in news bulletins on television.

In June the BAI introduced the Code of Practice and it came into effect in September. The Code largely reflected existing practices by broadcasters operating in Ireland and was welcomed by stakeholders. Under these new regulations, a television broadcaster that has acquired exclusive television broadcasting rights for an event of high interest to the public, must ensure that all other television broadcasters in the State, or in other EU member states, have access to short extracts for inclusion in general news programmes. The Code of Practice also provides that television broadcasters

must be allowed to freely choose the short extracts they use and that access to such extracts is provided free of charge. A key objective of the new regulations is to protect the right of the television audiences to be informed about events of high public interest.

■ **Access Rules – Statutory Review**

The BAI Access Rules sets down quantitative and qualitative requirements in respect of the provision of subtitling, Irish Sign Language and Audio Description which broadcasters are required to meet. The Act requires the BAI to review the effect of these rules every two years and to provide the Minister with a report on the outcomes. The report is then laid before both Houses of the Oireachtas.

In that context, in 2017 the BAI undertook the review of the Rules. The review entailed:

- An examination of practices, policies and legislation in other countries in respect of the regulation of access services;
- Interviews with broadcasters, access representative groups, those providers supplying access services and companies providing training in the provision of access services;
- Three workshops with broadcasters and access users examining potential policy options which could be considered in the context of any revision of the Rules;
- A review of the most recent technical developments in an Irish context and how this impacts on the way the Rules are implemented;
- An examination of recent trends in compliance by Irish broadcasters with the Rules and outcomes of enforcement actions by the BAI.

The Authority considered and approved a report on the review and the required statutory report was submitted to the Minister in December. In 2018 the BAI will undertake a consultation on revisions to the Rules which will draw on the findings of the statutory report.

■ **Complaints Process**

The BAI’s complaints process is a mechanism for viewers and listeners who are not satisfied with broadcasting content in relation to programming, advertising or sponsorship to make a complaint.

During 2017 the BAI considered a total of 109 complaints. In common with previous years, the majority of these complaints, 71, were in relation to fairness, objectivity and impartiality in news and current affairs content. A further 32 complaints related to programme standards, four complaints concerned commercial communications, two concerned privacy of an individual.

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. In 2017, 80 complaints were rejected by the BAI’s Executive Complaints Forum or the Compliance Committee. The Committee upheld three complaints in full and a further three in part. One complaint received was withdrawn, while the processing of the remaining 13 complaints was ongoing at the end of 2017.

One of the key developments during the year was the implementation of a revised complaints handling procedure which reduced the administrative burden for members of the public who wished to make a complaint. The procedures for the Executive Complaints Forum were also enhanced to support decision making on non-contentious matters at that level, thereby allowing the Compliance Committee to focus on complaints of a significant nature.

COMPLAINT CATEGORY	COMPLAINT TOTAL
CODE OF FAIRNESS, OBJECTIVITY & IMPARTIALITY IN NEWS AND CURRENT AFFAIRS	71
GENERAL COMMERCIAL COMMUNICATIONS CODE	4
PRIVACY OF AN INDIVIDUAL	2
CODE OF PROGRAMME STANDARDS	32
TOTAL	109

Media Literacy

The BAI is committed to develop, implement and review a set of media literacy activities which increases audiences' ability to engage with, evaluate and understand audio-visual content in an evolving media environment. Since the launch of the BAI Media Literacy Policy in December 2016, a significant amount of activity has taken place to support the establishment of an Irish Media Literacy Network. The first meeting of the Network in July gathered 35 people from various organisations with a remit and/or an interest in media literacy. An interim steering group for the network was convened with members drawn from across a range of sectors to bring together the relevant skills and knowledge to set the strategic direction for the Network and provide guidance and support for network activities.

Renamed by the members as Media Literacy Ireland, a constitution was drafted and a two-year workplan agreed along with some ambitious targets. To help achieve those targets, the BAI along with an external independent expert appointed to co-ordinate the network, have set up three working groups, made up of volunteer Network members. The first newsletter was published in December in both English and Irish. An interim online presence for the Network has been placed on the BAI website providing background to the Network and a membership application form. Social media presence for the Network has been established on Twitter.

An audit of existing media literacy research, projects and resources has been carried out with a view to creating a sustainable and manageable database of media literacy activities across Ireland and further afield. We hope this will help to identify gaps in provision and provide inspiration and, in some cases, support for the development of new media literacy research, projects and resources. This is an ambitious project and is likely to be a very valuable resource for all working in this area.



Media Literacy consultation event: Dr. Pauric Travers, Stephanie Comey, Martina Chapman, Michael O'Keefe and Professor Brian O'Neill

Participation in Media

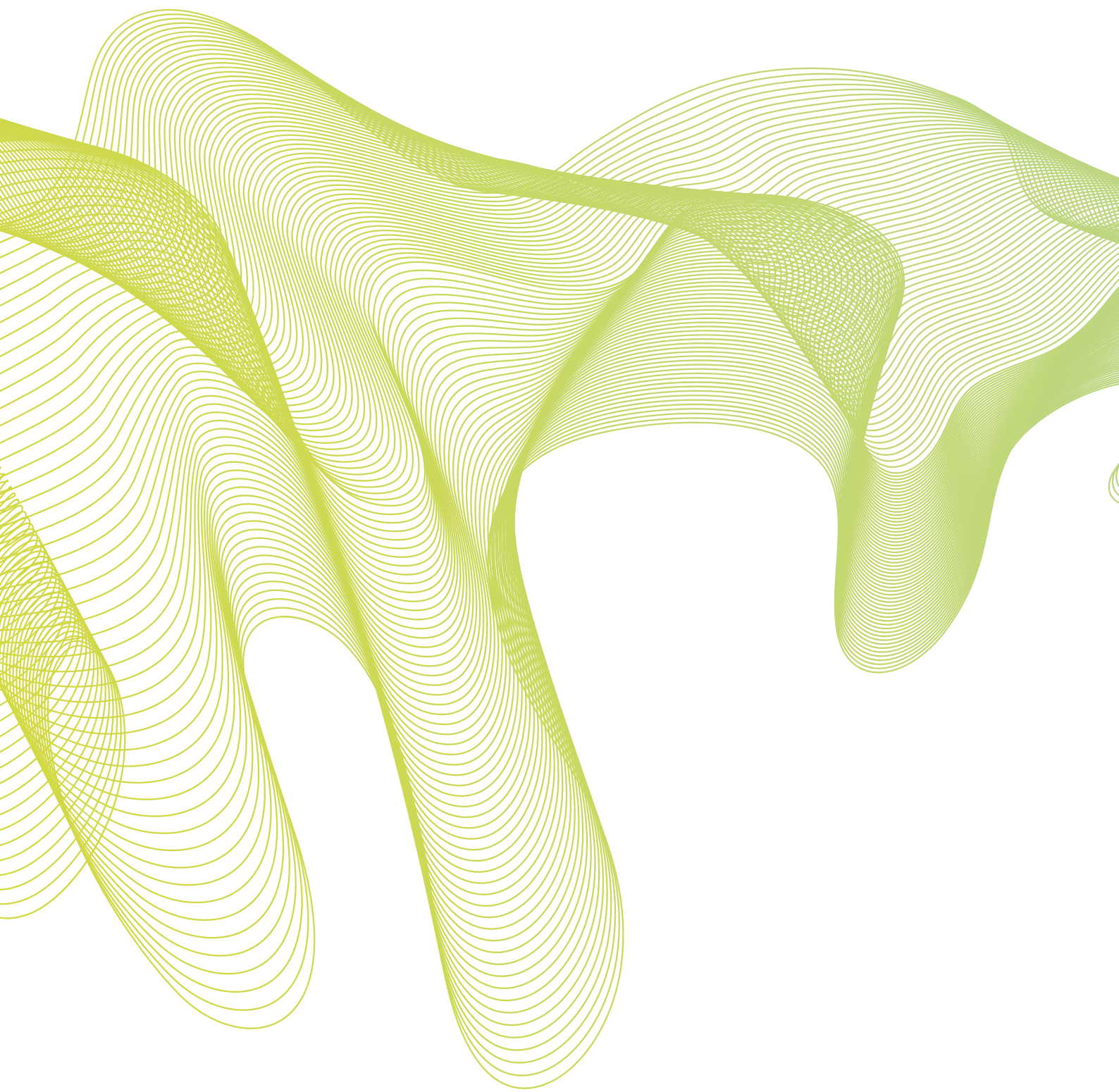
The BAI has committed to explore a number of mechanisms to increase the participation of members of the public in broadcast media, in particular with respect to community media services.

Participation is a central element of the community media sector, but it has been evident for a number of years, particularly as the BAI has gone through the community re-licensing processes, that there is a need for new participants to supplement the very committed members who have been involved in the sector since its inception. The community sector has also struggled in recent years with issues around governance and funding, the latter of which has impacted on their sustainability.

With this in mind, in 2017 the BAI decided to address this issue in parallel with separate activities being undertaken with the community media sector under the *Enhancing Innovation and Sectoral Sustainability* theme. A meeting has been arranged for early in 2018, to be jointly attended by representatives from both the community radio and television sectors, which will examine issues of participation and sustainability.

Section 4

**Enhancing Innovation and
Sectoral Sustainability**



Strategic Objective

1. Encourage creativity and innovation as distinctive features of the Irish audio-visual sector
2. Ensure an increased focus on creativity and innovation across all BAI activities
3. Work with stakeholders to support the achievement of greater sustainability for the Irish audio-visual sector

Outcomes by 2019

1. Creativity and innovation are recognised hallmarks of the Irish audio-visual sector and BAI activities
2. Sustainable funding models are developed for the Irish audio-visual sector

There are two key deliverables within the workplan which principally support the achievement of these strategic objectives. These cover the areas of creativity and innovation and sustainable sectoral funding models. These are elaborated further on hereunder.

Creativity and Innovation

This deliverable is concerned with the promotion and support of creativity and innovation in the Irish audio-visual sector and across all BAI activities. In 2017 this included the implementation of a wide range of sectoral learning and development initiatives, collaboration on strategy for the development of skills for the audio-visual industry in Ireland and the establishment of a partnership with the commercial and community radio sectors to advance the development of an archive scheme under Section 69 of the Act.

■ Sectoral Learning and Development

The sectoral learning and development programme provides supports for networks and for innovative projects covering gender representation, animation, support for directors, skills development in drama and a writers' academy.

The funding of independent networks promotes collaboration and building of strategic alliances that provide for a sustained approach to learning and development in the sector. In 2017, a total of €361,680 was awarded to 16 industry networks to support learning and development activities including workshops, conferences, reviews, and

the development of training materials, in addition to hosting or attending seminars. The networks represent community radio, commercial radio, animation, screen producers, women in film and others. Examples include:

- **CRAOL (Community Radio Forum)** which is a network for the community and community of interest radio sector in Ireland. In 2017, the BAI supported their annual Féile training event and provided support for an independent review of governance practices across community stations, as well as an internal review of the workings of CRAOL as a representative body;
- **Learning Waves Skillnet** which is a leading provider of training for the independent commercial radio sector. A mentoring programme in partnership with BBC Radio Ulster was further developed in 2017, along with a programme for continuous professional development within independent stations;
- **Animation Skillnet/Animation Ireland** presented a strong joint application in 2017 with Animation Ireland. Funding awarded by the BAI enabled, among other initiatives, the organising of a 'Creative Production Bootcamp' which was a two-month training programme on production for animation, games and VFX;
- **Community Television Association (CTA)** received funding in 2017 to support the upskilling of its members with a mixture of practical training and seminars;
- **Creative Europe Desk Galway** hosted a workshop for production companies based in the west of Ireland.

■ Supporting Industry 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, such as:

- **Big Stories on the Small Screen** - the second iteration of this Scheme was launched in November. This training programme focuses 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;

- **Community Broadcasting Support Scheme** - funding was provided to a number of community radio stations to engage in organisational development projects within their stations. Focus was primarily on issues highlighted through the BAI's compliance work with the community sector and aimed at developing business plans, or conducting research and evaluation of the served audience, as well as levels of community engagement and volunteers.

■ ***Training and Skills for Film, Television and Animation Sector***

A report was jointly commissioned by the BAI and the Irish Film Board during the year to examine the current policy context in relation to the audio-visual industry, and to support the development of a national strategy for the enhancement of skills and talent of those working within the sector. The research included extensive in-depth consultation with education and training providers, screen industry representatives and statutory bodies.

Key recommendations outlined in the report are:

- A national strategy for the audio-visual industry in Ireland to provide the strategic foundation for ongoing development of policies and plans in respect of audio-visual sector skills;
- A focused, well-resourced agency to drive skills and talent development;
- The development of baseline employment and course data;
- The alignment of quality course provision with industry needs;
- A cohesive approach to ensure a sustainable funding basis for skills and talent.

The BAI and the Irish Film Board see this report as complementary to the work of Creative Ireland in that it promotes coordination, vision and leadership with regard to skills development in the audio-visual industry.

■ ***Archiving Scheme Development (Section 69)***

Under the requirements of Section 69 of the Act, BAI licenced broadcasters are contractually required to archive certain categories of programme material. In 2016 a draft policy and guidelines for the implementation of archiving practices was developed and the BAI also established a partnership forum with the representative bodies for community and commercial broadcasters, CRAOL and the IBI (Independent Broadcasters of Ireland) respectively. This partnership forum is working with the sector to develop a draft policy and prepare for the implementation of Section 69. This forum held its first meeting in 2017 and is scheduled to meet over the course of 2018 to finalise the policy and commence the implementation phase.

Sustainable Sectoral Funding Models

■ ***Public Service Broadcasting Sector***

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

Communications Chambers Ltd were appointed as consultants on the review project in early 2017. The Executive also engaged directly during the year with senior management of both RTÉ and TG4 in respect of their five-year costed strategies which had been developed for the purposes of the review. Considerable progress on the five-year review had been made by the end of the year and it was anticipated that a report would be ready for Ministerial consideration by mid-2018.

■ ***New Services - PSBs***

Pursuant to Section 104 of the Act, PSBs require the consent of the Minister for Communication, Climate Action and Environment for the launch of new services. In that regard the Authority considered a report prepared by Communications Chambers consultants assessing a proposal made by RTÉ to create a commercial joint venture (GAAGO), between RTÉ Commercial Enterprises Designated Activity Company (a wholly-owned subsidiary of RTÉ) and the GAA. The Authority was satisfied that there were no compelling reasons for withholding consent for the formation of the joint venture and this advice was communicated to the Minister.

■ ***Commercial Sector***

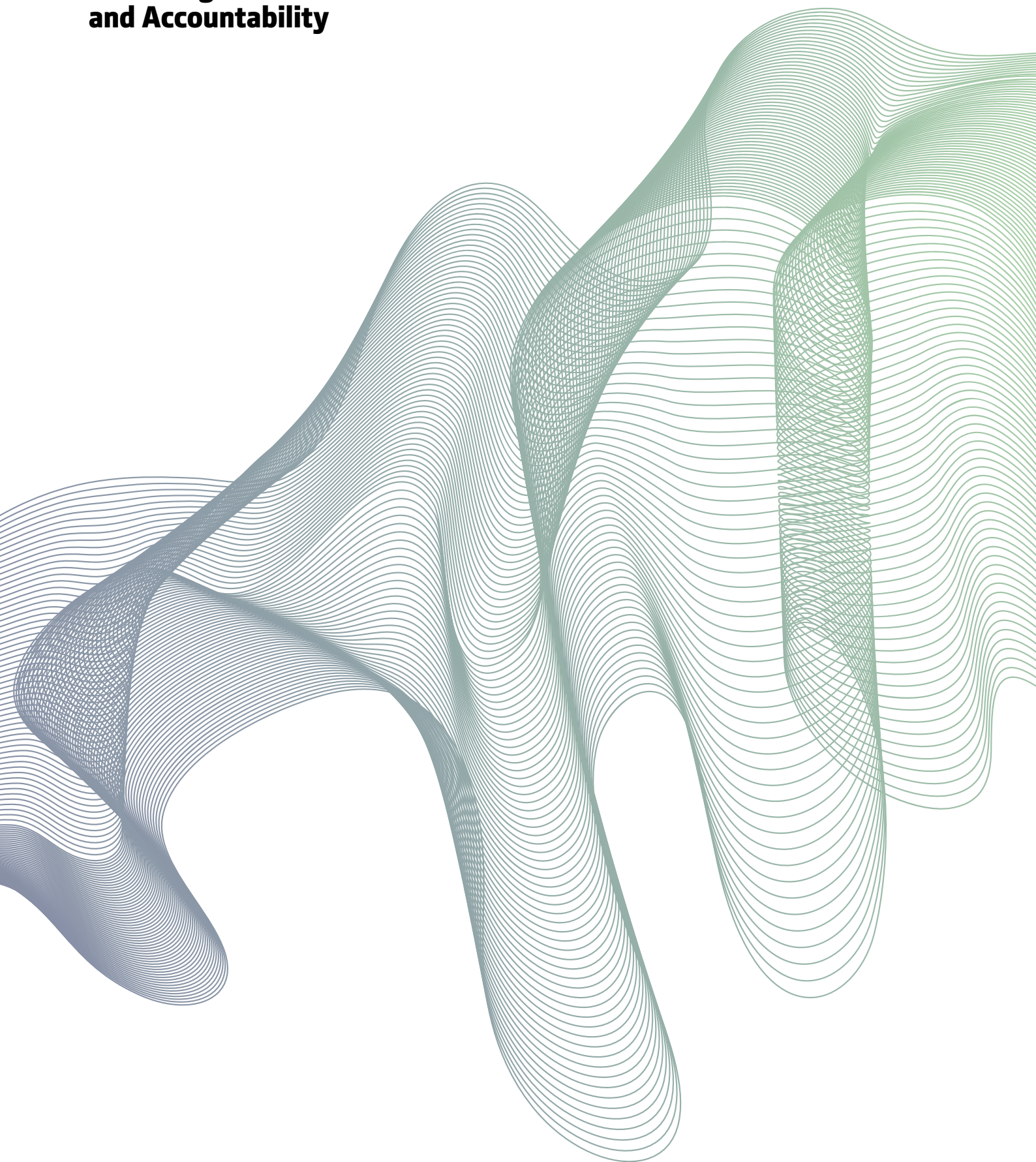
Several of the initiatives within the Broadcasting Bill 2017, such as the proposal to reduce the levy and the proposed bursary scheme for local journalism, should support the sustainability objective for the commercial sector. It is also anticipated that the outcomes of the review of the Broadcasting Services Strategy ("BSS") (see *Promoting Diversity and Plurality* theme) will address sustainability issues relating to the commercial radio sector.

■ ***Community Media Sector***

Work in this area in respect of the community media sector is being undertaken in parallel with the previously mentioned participation in media activities (under the *Empowering Audiences* theme). The BAI's focus has been on licensing, governance and funding issues, the enhancement of participation in the sector and the development of partnerships such as that concerning the implementation of the BAI's archiving policy under Section 69 of the Act.

Section 5

**Achieving Excellence
and Accountability**



Strategic Objectives

1. Regulate to achieve a responsible and accountable broadcasting sector
2. Show leadership in sustainable development by modelling and promoting high standards of environmental, social and governance practice
3. Promote an innovative working environment that motivates, challenges and develops the BAI

Outcomes by 2019

1. The BAI is a trusted regulator by all stakeholders
2. The BAI and the broadcasting sector are recognised as models of good governance and corporate responsibility
3. The BAI has a leadership and performance culture

There are three key deliverables within the workplan which principally support the achievement of these strategic objectives. These cover the areas of Compliance; Environmental, Social and Governance Practice and Organisational Structures and Culture. These are elaborated further on hereunder.

Compliance

In 2017, focus centred on the development of a compliance action plan that supports robust compliance and governance practices by all licensed broadcasters and funding contractors. There are three broad elements to this area – statutory reporting, monitoring and enforcement and reviews of performance. Much of the work arising is presented to the Compliance Committee although some of it is also considered by the Authority.

1. Statutory Reporting

Statutory reporting in 2017 included the annual reviews of the statements of performance commitments and public funding of PSBs, a report on Access Rules compliance and a report on compliance by non-Irish broadcasters with BAI broadcasting codes.

■ **Public Service Broadcasters**

Annual Statements of Performance Commitments 2017

Each year public service broadcasters engage with the BAI 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, 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 2017**

The Authority considered that the 2017 commitments RTÉ set out in the ASPC were sufficiently high-level and strategic in focus, in line with the objectives of its current Strategic Plan. The Authority took the view that the commitments were well correlated against RTÉ's statutory objects, its current Statement of Strategy, and its Public Service Statement, and would, therefore, facilitate an assessment of the broadcaster's performance for 2017 and assist the BAI in fulfilling its regulatory role.

— **TG4's Annual Statement of Performance Commitments 2017**

The Authority was satisfied that the 2017 commitments set out by TG4 were sufficiently high level and with a strategic focus in line with TG4's Strategic objectives. The revised approach to setting the Commitments reflected a responsiveness on TG4's part to changes in the Irish and International media market. The Authority took the view that the commitments have been well correlated against TG4's statutory objects, its Statement of Strategy and its Public Service Statement, and will, therefore, serve the BAI's needs in facilitating an assessment of the broadcaster's achievements for the year against which these targets are set.

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. The review process also considers the sufficiency of public funding available for each public service broadcaster to meet their objectives. In 2017, the review of 2016, undertaken with the support of Indecon International Consultants, 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 of Indecon in respect of the performance by TG4 and RTÉ, against the commitments made in the previous year and was satisfied to endorse the recommendations made for an increase in public funding for both RTÉ and TG4. It was agreed that the five-year review of funding would elaborate further on the current environment in which the PSBs operate and the funding required to ensure their continued relevance in serving audience needs, having regard to developments in both the broadcasting and the wider audio-visual media environment.

- In the case of TG4, the Authority was satisfied that the higher amount recommended in the report was more appropriate, having regard to a range of factors, including the broadcaster's objects and remit, the environment in which it operates, and the positive impact of an increase in funding in 2016 on the service's audience share.
- Regarding RTÉ, the Authority considered the amount of increase recommended to be the minimum amount necessary to enable the broadcaster to meet its public service objects.

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

Guidance to PSBs: Code of Fair Trading Practice

Under the Act, RTÉ and TG4 are required to prepare and publish a code of fair trading practice, setting out the principles that it shall apply when agreeing terms for the commissioning of programming material from independent producers. The BAI is required to prepare and issue guidance to PSBs on the format of a code of fair trading practice. In line with the requirements of the Act, the Compliance Committee shall, at the direction of the Minister, report to the Minister on compliance by a corporation with the code. There was no request for a report in 2017.

In 2017, the BAI revised this Guidance following extensive consultation with the relevant statutory stakeholders and having had regard to its statutory functions, the objects of the PSBs and the interests of independent producers, viewers and listeners. This revised guidance was published in November.

■ *Compliance by non-Irish broadcasters with BAI broadcasting codes*

Further to Sections 28(5) (6) & (7) of the Act, the BAI is required to review the extent to which television broadcasters, with broadcasts wholly or mainly directed at Irish audiences, comply with the BAI's broadcasting commercial codes. The BAI is required to present a report to the Minister on the findings of the review.

The BAI's review covering the 2015-2016 period found that opt-out advertising broadcast on non-Irish licensed TV services was broadly in compliance with the BAI's General and Children's Commercial Communications Codes and there were no issues arising in relation to the AMCMB's Code for alcohol advertising.

There was a total of 35 instances of commercial communications that infringed on the Codes; 7 of those in relation to the General Code, with 28 infringing on the Children's Code. A key issue emerging is commercial communications for products aimed at children under six years not stating the onscreen warnings orally as required by the Children's Code. For the General Code, the most common issue was commercial communications for betting services that included content deemed to be an encouragement to bet. The other two

areas of infringement pertained to (1) the inclusion of an exaggerated claim in relation to a medical treatment/service (laser eye surgery) and (2) not indicating when batteries are required in commercial communications for products aimed at children under 15 years.

In November, the report on the BAI's findings was provided to the Minister.

■ **Access Rules**

The BAI Access Rules require public service, commercial and community broadcasters to 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, RTÉ is also required to provide Irish Sign Language and Audio Description, while Oireachtas TV is also required to provide Irish Sign Language.

To assess compliance with the Access Rules during 2017, the BAI carried out a number of activities including monitoring of broadcaster output, meetings with broadcasters and with the BAI User consultative panels to elicit their views on the quality and reliability of subtitles, Audio Description and Irish Sign Language.

Most broadcasters met their targets with some surpassing them. However, certain broadcasters experienced difficulties and did not achieve the targets set. RTÉ was not able to provide Audio Description for RTÉjr due to the lack of technical equipment and provided additional Audio Described programmes on RTÉ One and RTÉ Two to make up for the shortfall. RTÉ has since resolved this issue and has committed to meeting the Audio Description target in 2018.

In 2017 a compliance notice was issued to RTÉ for failure to meet subtitling targets on RTÉ Two and RTÉjr in 2016. TG4 was also issued with a warning notice for a failure to meet its subtitling targets in 2016. The results for 2017 demonstrate that the broadcasters addressed these issues to the satisfaction of the BAI.

Feedback from users participating in the BAI user consultative panels has highlighted problems with subtitles on various channels, with issues being mostly of a technical nature. Broadcasters provided timely responses to these issues, are working to improve the quality and reliability of subtitles and continue to improve their level of engagement with users.

2. Monitoring and Enforcement

The BAI's approach to monitoring and enforcement has been developed over many years with the principle aim of monitoring broadcaster adherence to statutory codes and rules while also promoting a culture of compliance within the broadcasting sector.

Focus in 2017 was on monitoring of services contained in the BAI licensing plans. Monitoring typically focuses on compliance with statutory codes, rules and contractual commitments outlined in contractors' respective Programme Policy Statements. In the case of community services, performance reviews also seek to establish the extent to which community services are representative of, and accountable to, the respective communities that they serve.

In 2017, a statutory Section 50 investigation was initiated by the Compliance Committee in respect of the performance of a community service whereby the Compliance Committee conducted an investigation into the holder of a community content contract on the grounds that the contractor was not providing the service in accordance with the terms of their contract. This investigation continued into 2018.

■ **Technical Audits**

All broadcasters are required to adhere to certain technical requirements further to their contractual obligations and ComReg issued licences. The BAI undertakes monitoring for compliance with these requirements. During 2017, 136 radio transmitters were audited for this purpose. Overall there was a very high level of contractual compliance.

3. Performance Reviews

Performance reviews of stations address matters of ownership and control, including corporate governance, staffing, programming, financial and business performance and includes content monitoring. The latter is often proactively scheduled in line with performance reviews and aligned to upcoming licensing but is also carried out reactively where possible breaches have been identified or complaints have been received about a service.

Importantly, performance reviews also enable the identification of trends across a sector, both commercial and community, and help to inform where additional support or input on the part of the BAI may be required into the future.

The last number of years has seen a requirement to prioritise compliance and performance of contractors included in the licensing plan of a particular year and this continued to be the case during 2017. There was a particular focus on the community radio sector where significant governance and funding issues were emerging. Some of these issues continue although progress has been made on others.

Monitoring was carried out on a number of commercial contractors where breaches had been identified or complaints received.

■ *Contractual Variations*

During the year, licensed broadcasters may seek BAI approval to adjust certain elements of their contracts by submitting a contractual variation request. Such requests relate to proposed changes to a station's programming policy or to a station's ownership, management or operational structure. Requests are considered, having regard to the contractual commitments given by the broadcaster concerned and relevant BAI policies relating to ownership and control and licensing.

In 2017, the BAI received and processed 32 contractual variation requests. The majority of these variations were processed at Executive level, while three required the prior approval of the Authority. Some of the requests considered and approved included:

- A restructuring proposal seeking changes to the management structure of the radio services owned by the Communicorp Group. The Communicorp Group includes 98FM, Spin 103, Spin South West, Today FM and Newstalk;
- A restructuring proposal seeking changes to the management and operational structures of the radio services owned by the Wireless Group. The Wireless Group services include FM104, LMFM, Limerick's Live 95FM, Cork's 96FM, C103 and Q102;
- Bay Broadcasting Limited acquiring 100% of the shareholding of Classic Rock Broadcasting Limited, trading as Radio Nova.

Other approved contractual variations requests related to the expansion in broadcasting hours for some community radio services, senior management appointments within stations and revisions to the programming commitments for some other radio services.

Environmental, Social and Governance Practices

The BAI is committed to operating to a high standard in relation to environmental, social and governance practices and promoting this to the wider broadcasting sector. The BAI continues to place great emphasis on strengthening its governance standards and practices and internal capabilities. This sustained focus ensures that the organisation can effectively deliver its mandates with the highest level of professionalism, credibility and integrity. The observance and practice of good corporate governance is emphasised at all levels of the organisation. In addition to maintaining and promoting robust governance practices, the BAI strives to build on organisational structures and culture that support individual team learning and performance particularly through enhanced HR processes and improved knowledge management.

■ *2016 Code of Practice for the Governance of State Bodies*

The BAI continues to carry out its duties having regard to the requirements of the 2016 Code of Practice for the Governance of State Bodies (2016 Code). Work continued throughout 2017 towards implementing the additional requirements of the revised Code to ensure compliance with its provisions. At the end of the year, the vast majority of the code's requirements had been implemented with a small number scheduled for completion in the first half of 2018.

■ *Functioning of the Authority*

The Authority has overall responsibility for the operation and functioning of the BAI, which includes setting the strategic direction of the organisation. In June the Authority undertook a formal review of its performance in accordance with the requirements of the 2016 Code. Following consideration of the outcomes of the review the Authority agreed recommendations to be incorporated into its activities, the implementation of which will continue in 2018.

■ *Work of the Statutory Committees*

In accordance with its functions, the **Compliance Committee** undertook a number of activities in 2017 which included:

- Determining the outcomes of 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 2017 with their obligations under the BAI Access Rules;
- Consideration of technical audits of Contractors carried out during 2016;
- Initiation of an investigation further to the provisions of Section 50 of the Act;
- Consideration and approval of a report to the Minister on compliance by non-Irish broadcasters with the BAI's General Commercial Communications Code.

The main activities of the **Contract Awards Committee** in 2017 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.

■ *Work of the Finance, Audit and Risk Committee (FAR Committee)*

The FAR Committee 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 regularly briefs the Authority in respect of its various duties and its terms of reference are reviewed on an annual basis.

The FAR Committee undertook a range of activities in 2017, including:

- Oversight of the system of internal controls including BAI and Broadcast Fund financial statements, external audit and internal audit;
- Liaison with Comptroller and Auditor General and with Internal Auditors;
- Consideration of Internal Audit Reports;
- Risk Management activities including oversight of BAI's Corporate Risk Register.

■ *BAI Strategy Statement 2017-2019 and workplan*

The BAI Strategy Statement 2017-2019, as outlined in the introduction to this report, was prepared by the Authority and launched by the Minister in February 2017. It sets out the five strategic themes, objectives and desired outcomes expected by 2019.

Significant work was carried out in early 2017 to prepare from this Strategy a workplan for the organisation spanning the strategy's timeframe, together with operational and project plans. The approach to developing these workplans is outlined further in the Organisational Structures and Culture section below.

■ *Promotion of good governance practices to the broadcasting sector*

The BAI also continues to promote good governance practices to the wider broadcasting sector. As part of this remit, the BAI funded a report on the 'Governance Policy, Procedures and Practices of Community Radio Broadcasters in Ireland' which was carried out in conjunction with CRAOL, the Community Radio Forum of Ireland. This report made a number of recommendations for improvements and the BAI continues to engage with CRAOL in providing relevant support in this regard.

■ *Broadcasting Funding Scheme Governance*

In managing and awarding 7% of the Television Licence Fee collected by the Department of Communications, Climate Action and Environment, the BAI is required to oversee high standards governance of the Scheme for the benefit of all stakeholders. Accordingly, particular emphasis is placed on compliance practices to ensure the delivery of projects by successful contractors.

- Programme contracts are regularly monitored for compliance by BAI staff and through internal audits. Reviews of final cost statements and the programme materials take place annually and reports are brought before the BAI FAR Committee.
- All television projects funded, and a proportion of radio projects funded, are systematically and independently assessed, following completion, against programme delivery requirements to ensure compliance with programme specification and treatment requirements set down in the contract.

■ *Procurement*

In 2017 the BAI Procurement Policy was updated to reflect the requirements of the 2016 Code. Procurement processes undertaken during 2017 encompassed a diverse range of areas spanning research, records management consultancy, cloud hosting, CRM and IT support, translation services and investment advice. 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. A corporate procurement plan was drafted which was aligned with the BAI's Strategy Statement for 2017-2019.

■ *Section 42 Irish Human Rights and Equality Commission Act 2014*

The Authority is committed to ongoing review of its governance and procedures so as to maintain compliance with the principles of human rights and specifically the obligations under Section 42 of the 2014 Act.

■ *Energy Consumption*

The BAI received an increased score from the SEAI in its Annual Report on Public Sector Energy Efficiency Performance and is well on track to achieve targets set for 2020.

Organisational Structures and Culture

Following training across the organisation, all BAI staff participated in setting organisation objectives aligned to the Strategy. These objectives are incorporated into the BAI Performance Management and Development process which will enable the BAI to assess performance at an individual and an organisational level. This approach represents a comprehensive change to BAI's work planning process involving staff at all levels across the organisation. The delivery of the workplan is monitored by an internal strategy implementation working group and regular review occurs within and across each of the relevant grades in the organisation.

In looking to achieve an ambitious Strategy with scarce resources, staffing and resourcing for the BAI is an ongoing challenge. In 2017, two new staff members were hired, one for financial support and one as a temporary middle manager supporting the work of the BAI across a range of areas. While the securing of these positions is welcomed, the BAI notes that its 35 full time staff numbers remain low in the context of its additional statutory responsibilities following the introduction of the Act.

As mentioned earlier in the report, 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.

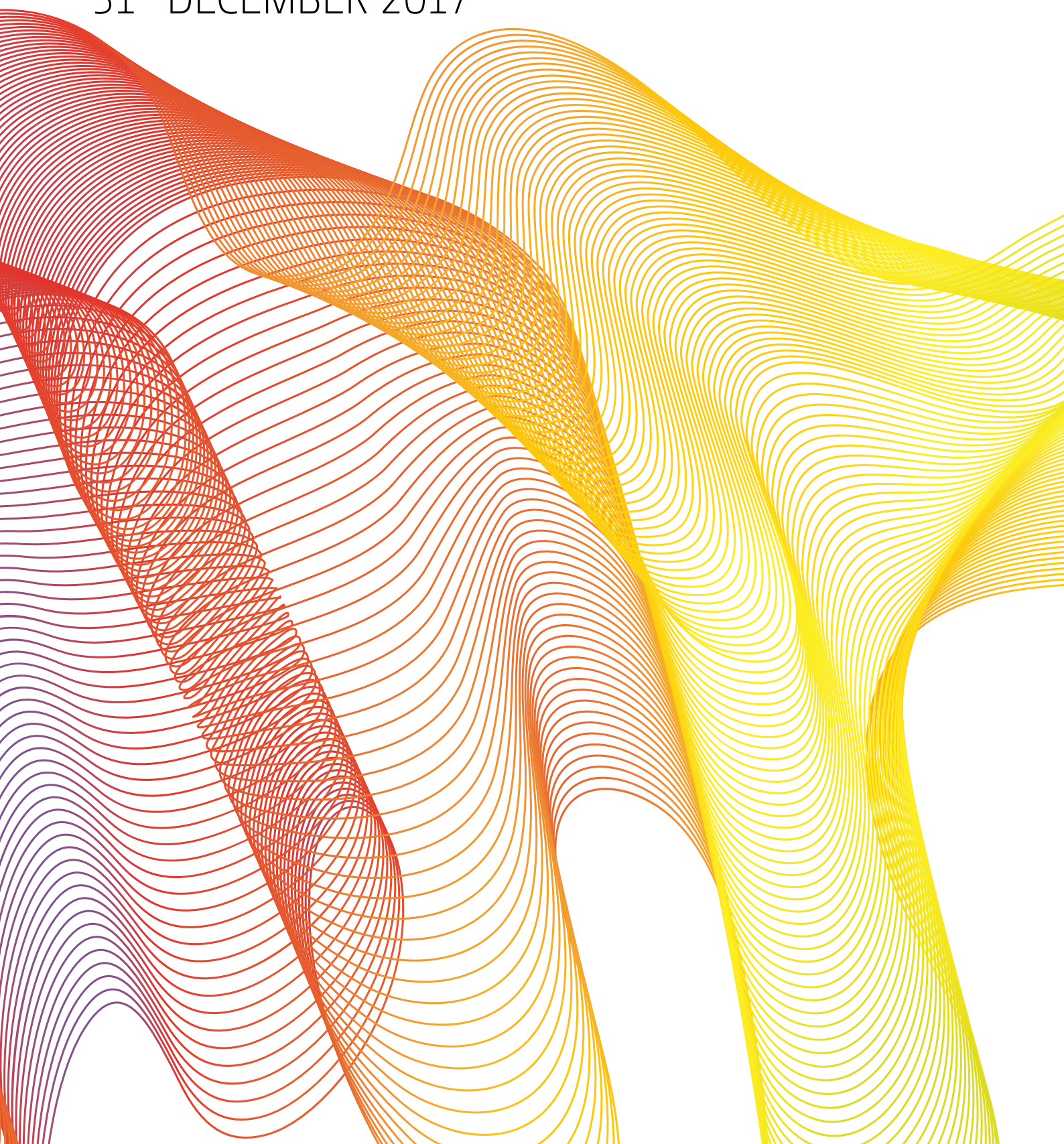
■ **Organisational Knowledge Strategy**

Significant IT developments have occurred in the organisation since the introduction of the integrated three-year strategy for organisational knowledge which covered IT, data and file management and strategic use of data, information and knowledge. These continued in 2017 with the migration of the BAI infrastructure and software to the cloud; the launch of an upgraded BAI website and the rebuild of the Sound and Vision (Service Now) CRM, BAI online. Following an extensive audit of the IT systems and business continuity management in 2016, the BAI developed an organisational Business Continuity Plan during 2017.

■ **Irish Language Scheme**

In accordance with the provisions of the Official Languages Act, the BAI is committed to providing Irish language services to its stakeholders through the implementation and operation of an Irish Language Scheme. The BAI has a targeted approach to improving the number and quality of Irish language services it provides over the three-year lifetime of the Scheme. All Irish Language Schemes are monitored by Oifig an Choimisinéara Teanga. During 2017, Oifig an Choimisinéara Teanga reviewed and highly commended the first BAI Irish Language Scheme: *‘Tá an Oifig seo den dtuairim go bhfuil dul chun cinn fíor mhaith á dhéanamh ag Údarás Craolacháin na hÉireann maidir le cur i bhfeidhm scéim teanga na heagraíochta.’* The BAI is currently in its second Scheme, which runs to October 2019. The Irish Scheme II builds incrementally on the commitments outlined in the first Scheme and includes additional commitments such as promoting Irish language capability as part of the recruitment process, developing internal Irish language resources and increasing the amount of Irish language documents and services made available to stakeholders online.

**BROADCASTING
AUTHORITY OF
IRELAND FINANCIAL
STATEMENTS**
FOR THE YEAR ENDED
31st DECEMBER 2017



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GOVERNANCE STATEMENT AND AUTHORITY MEMBERS' REPORT

Governance

The Broadcasting Authority of Ireland (“BAI”) was established under the Broadcasting Act 2009 (“the Act”). The functions of the Authority are set out in section 26 of this Act. The Authority is accountable to the Minister for Communications, Climate Action and Environment and is responsible for ensuring good governance. It performs this task by setting strategic objectives and targets and taking strategic decisions on all key business issues. Day-to-Day management of the BAI is the responsibility of the Chief Executive Officer (“CEO”) who is appointed pursuant to section 14 of the Act. He is accountable to the Authority for the functions delegated to him by the Authority and for the efficient and effective management of the administration of the Authority and the BAI’s two statutory committees, the Contract Awards Committee and the Compliance Committee. The CEO performs his functions subject to such policies as may be determined from time to time by the Authority and in line with the Authority’s Statement of Strategy, drawn up and adopted by the Authority pursuant to section 29 of the Act. The CEO may delegate his or her functions to a member of staff of the Authority, subject to such conditions he considers appropriate.

The BAI is also responsible for the administration of the Broadcasting Fund and the authorisation of transactions on the Fund. The governance arrangements and control procedures within the BAI apply to the Broadcasting Fund.

Authority Responsibilities

The functions and objectives of the Authority are set out in the Act. The specific and reserved decision-making responsibilities of the Authority and each statutory committee are set out in the BAI’s Schedule of Matters Reserved for Decision of the Authority and Statutory Committees. Standing items considered by the Authority include:

- Consideration and approval of the draft minutes of the previous meeting
- Declarations of Interest
- Matters concerning the functions and business of the BAI pursuant to the Act
- Matters relating to the achievement of the BAI’s strategic objectives
- Minutes of meetings of the Contract Awards Committee and the Compliance Committee

Section 37(2) of the Broadcasting Act 2009 (“the Act”) requires the CEO, under the direction of the Authority, to keep all proper books and records of account of all income and expenditure of the Authority and of the sources of such income and the subject matter of such expenditure, and of the property, assets and liabilities of the Authority. He is also required to keep and to account to the Authority for all such special accounts as required by part 10 of the Act, and as the Authority, with the consent of the Minister, or the Minister may from time to time direct should be kept.

In preparing these 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 Authority is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time, its financial position and enables it to ensure that the financial statements of the BAI and the Broadcast Fund comply with section 37(2) of the Act. The maintenance and integrity of the corporate and financial information on the BAI's website is the responsibility of the Authority.

The Authority is responsible for approving the Statement of Strategy (including its strategic objectives) and a three-year work plan and three-year budgetary estimates. An evaluation of the performance of the Broadcasting Authority of Ireland by reference to its Strategy, work-plan and budgets was carried out across several meetings during January and February 2018.

The Authority is also responsible for safeguarding the assets of the BAI and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Authority considers that the financial statements of the Broadcasting Authority of Ireland give a true and fair view of the financial performance and the financial position of the Broadcasting Authority of Ireland at 31st December 2017

Board Structure

The Authority consists of nine members, one of whom is appointed as Chairperson. The Authority members are appointed by Government on the nomination of the Minister for Communications, Climate Action and Environment pursuant to Section 8 of the Broadcasting Act 2009. Each member of the Authority holds office for such a term as the Minister specifies when making the appointment, subject to the provisions of section 9 of the Act. The table below details the appointment date for the eight current members of the Authority – there is currently one vacancy:

Board Member	Role	Date Appointed
Pauric Travers*	Chairperson	2 December 2017
Alan McDonnell	Ordinary Member	2 December 2014
Grace Smith	Ordinary Member	2 December 2014
Séamus Martin	Ordinary Member	17 February 2015
Denis Wolinski	Ordinary Member	17 February 2015
Seán Ó Mordha	Ordinary Member	17 February 2015
Rosemary Day	Ordinary Member	17 February 2015
Maeve McDonagh	Ordinary Member	17 February 2015
Mary Curtis	Ordinary Member	31 January 2017

* First appointed as Chairperson on 1 December 2014 for a period of three years. Reappointed for a further three-year term on 2 December 2017.

Mr. Séamus Martin acted as an Authority member from the beginning of 2017 until his term of appointment ended on 2 December 2017. The Minister for Communications, Climate Action and Environment appointed Ms. Vivien McKechnie as an Authority member on 20th March 2018.

The Authority carried out a self-assessment Board Effectiveness and Evaluation Review in respect of 2017 in April 2018.

Section 6 of the Act also established two statutory committees as follows:

- 1. Contract Awards Committee:** this Committee comprises eight members. Pursuant to section 8 of the Act, four of the members are appointed by Government on the nomination of the Minister for Communications, Climate Action and Environment and four members are appointed by the Authority; being two members of the Authority and two members of the staff of the Authority. The functions of the Contract Awards Committee are set out in Section 27 of the Act.
- 2. Compliance Committee:** this Committee comprises eight members. Pursuant to section 8 of the Act, four of the members are appointed by Government on the nomination of the Minister for Communications, Climate Action and Environment and four members are appointed by the Authority; being two members of the Authority and two members of the staff of the Authority. The functions of the Compliance Committee are set out in Section 28 of the Act.

The Authority has also established a **Finance, Audit and Risk Committee** which is comprised of three Authority members and one independent member with financial expertise. The role of the Finance, Audit and Risk Committee ("FAR") is set out in terms of reference approved by the Authority and its purpose is to assist the Authority in relation to its responsibilities pursuant to the 2009 Act and the Code of Practice for the Governance of State Bodies such as risk, internal control and associated assurance. The FAR Committee, which is independent of the CEO and management of the BAI, ensures that the BAI's internal control systems, including its risk and audit activities, are monitored actively and independently. The FAR reports to the Authority after each meeting, and formally in writing annually.

In 2017, the members of the Finance Audit and Risk Committee were: Alan McDonnell (Chairperson), Seán Ó Mordha (to 11th December 2017), Denis Wolinski and Mary Curtis (from 11th December 2017). Robert Kelly, independent member served from 1st January 2017 to 23rd July 2017. He was replaced by Dermot O'Riordan who was appointed on 1st September 2017 for a three-year term.

Schedule of Attendance, Fees and Expenses

A schedule of attendance at the Authority and Committee meetings for 2017 is set out below including the fees and expenses received by each member.

	Fees €	Expenses €	Attendance
Authority Members			
Pauric Travers	11,721	594	12/12
Alan McDonnell	7,553	-	12/12
Grace Smith	7,553	17	11/12
Seamus Martin	6,911	16	9/11
Denis Wolinski	7,553	2,198	10/12
Sean Ó Mordha	7,553	187	11/12
Rosemary Day	-	3,290	10/12
Maeve McDonagh	-	1,250	10/12
Mary Curtis	7,075	379	10/11

	Fees €	Expenses €	Attendance
Compliance Committee			
Patrick Gageby	748	-	1/1
Kevin Rafter	-	-	10/10
Nigel Heneghan	7,553	-	9/11
Paula Mullooly	7,553	-	10/11
Rosemary Day	-	2,675	8/11
Maeve McDonagh	-	1,116	9/11
Ciaran Kissane	-	-	7/9
Neil O'Brien	-	-	2/2
Anne O'Brien	-	-	11/11
Eileen Maher	7,075	-	10/10
Contracts Awards Committee			
Ercus Stewart	11,721	83	10/10
Eimer McGovern	7,553	-	10/10
John Hogan	7,553	936	9/10
Clodagh O'Donnell	7,075	-	9/9
Grace Smith	-	-	9/10
Seamus Martin	-	-	7/9
Sean Ó Mordha	-	-	1/1
Celene Craig	-	-	10/10
Neil O'Brien	-	-	7/7
Ciarán Kissane	-	-	3/3
Finance, Audit and Risk Committee			
Alan McDonnell	-	-	7/7
Mary Curtis	-	-	1/1
Sean Ó Mordha	-	-	5/6
Dermot O'Riordan	-	-	2/2
Robert Kelly	-	-	3/3
Denis Wolinski	-	-	7/7
Total	112,750	12,741	

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 (OPOS) requirements. On the basis of these submissions, the BAI has been instructed not to pay two members of the current Authority (Rosemary Day and Maeve McDonagh) and one member of the Compliance Committee (Kevin Rafter) any remuneration in relation to their membership of the Authority or the Statutory Committees of the BAI, as appropriate.

Conflict of Interest

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.

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.

Key Personnel Changes

Authority: Mary Curtis was appointed to a vacancy on the Authority on 31st January 2017. The terms of two members of the Authority expired during 2017: Pauric Travers, Chairperson, and Séamus Martin. In accordance with the provisions of the Act, the Government reappointed Pauric Travers, as Chairperson, for a second term of three years.

Compliance Committee: Committee Chairperson, Patrick Gageby, resigned from his position in January 2017 and was replaced by Kevin Rafter in January 2017. Ms. Eileen Maher was appointed in January 2017 to a vacancy on the Committee. Neil O'Brien replaced Ciarán Kissane on the Compliance Committee, as the appointee of the Authority from the Executive, with effect from 14th September 2017.

Contract Awards Committee: Clodagh O'Donnell was appointed by Government to the Contract Awards Committee on 31st January 2017. Séamus Martin's term on the Committee ended with the expiry of his appointment to the Authority and the Authority approved the appointment of Seán Ó Mordha, Authority Member, to the Committee to replace Mr. Martin. Ciarán Kissane replaced Neil O'Brien on the Committee, as the appointee of the Authority from the Executive, with effect from 14th September 2017.

Disclosures Required by Code of Practice for the Governance of State Bodies (2016)

The Board is responsible for ensuring that the BAI has complied with the requirements of the Code of Practice for the Governance of State Bodies ("the Code"), as published by the Department of Public Expenditure and Reform in August 2016. The following disclosures are required by the Code:

Employee Short-Term Benefits Breakdown

Employees' short-term benefits in excess of €60,000 are categorised into the following bands:

Range of total employee benefits

From To	2017	2016
€60,000 - €69,999	6	4
€70,000 - €79,999	4	3
€80,000 - €89,999	-	-
€90,000 - €99,999	1	1
€100,000 - €109,999	-	-
€110,000 - €119,999	1	1

Consultancy costs

Consultancy costs include the cost of external advice to management and exclude outsourced 'business-as-usual' functions totalling €64K for services to the BAI Finance Function (€55K in 2016).

	2017 € '000	2016 € '000
Auditing & Monitoring	39	56
Policy, Codes and Rules	516	295
General Consultancy	207	227
Total Consultancy	762	578

	€ '000	€ '000
Legal advice	96	69
	96	69

Travel and Subsistence Expenditure

Travel and subsistence expenditure is categorised as follows:

	2017 € '000	2016 € '000
Domestic		
– Authority/Committee Members	12	15
– Employees	20	19
International		
– Authority/Committee Members	1	-
– Employees	27	34
	60	68

Note that in the Financial Statements Employees travel and subsistence expenditure is recorded as an Administrative Cost (€47K) and Board Members travel and subsistence expenditure is recorded as an BAI Members Fees and Expense (€13K).

Hospitality Expenditure

The Income and Expenditure Account includes the following hospitality expenditure:

	2017 € '000	2016 € '000
Staff hospitality*	21	24
Client hospitality	1	1
	22	25

*The Code of Practice for the Governance of State Bodies requires costs relating to the Employee Wellbeing Programme to be included under this category.

Statement of Compliance

During 2017, the Broadcasting Authority of Ireland put in place a programme of work to ensure the organisation would be fully compliant with the 2016 Code of Practice for the Governance of State Bodies by the required date. While much of this was completed by December 2017, work was ongoing on some outstanding items during early 2018 which included the updating of the Code of Business Conduct and revision of the Customer Service Charter and Action Plan. These items have now been completed and were approved by the Authority on the 28th June 2018.

While the BAI acknowledges that it was not fully compliant with the Code for 2017, at the date of signing of the accounts all work had been completed to ensure full compliance with the Code



Professor Pauric Travers
Chairperson
28th June 2018



Alan McDonnell
Member of Authority
28th June 2018

STATEMENT ON INTERNAL CONTROL

Scope of Responsibility

On behalf of the Broadcasting Authority of Ireland, I acknowledge the Authority's responsibility for ensuring that an effective system of internal control is maintained and operated in respect of the Broadcasting Authority of Ireland and the Broadcasting Fund. This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies (2016).

Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a tolerable level rather than to eliminate it. The system can therefore only provide reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded and that material errors or irregularities are either prevented or would be detected in a timely way.

The system of internal control, which accords with guidance issued by the Department of Public Expenditure and Reform has been in place in the Broadcasting Authority of Ireland for the year ended 31 December 2017 and up to the date of approval of the financial statements.

Capacity to Handle Risk

The Broadcasting Authority of Ireland has a Finance Audit and Risk Committee ("FAR") comprising three Authority members and one external member with financial and audit expertise. The FAR met seven times in 2017.

The Broadcasting Authority of Ireland has outsourced its internal audit function which is adequately resourced and conducts a risk-based programme of work agreed with the FAR.

The BAI Authority has approved a Risk Management Framework ("Framework") for the BAI which:-

- Links risk to the organisation's strategic objectives
- Provides a clear and explicit risk policy statement with appropriate risk management objectives
- Articulates the Authority's risk appetite, i.e. the amount of risk that it is willing to accept
- Articulates the manner in which risk will be identified and classified
- Requires that risk assessment is completed by identifying, describing and estimating the various risks that will impact on the Authority and sets out the tools, processes and structures that will give this practical effect
- Requires that risks must be reported to ensure full visibility of the risk and the actions planned to deal with the risk
- Sets out an implementation and monitoring plan that ensures that BAI staff are made aware of their role and their responsibilities regarding risk and the agreed actions
- Sets out what supports are in place (e.g. training)

In its Terms of Reference, the FAR Committee commits to a review of the Framework on an annual basis and the Framework is submitted to the Authority for approval.

The Framework has been issued to all staff who are expected to work with BAI's risk management policies, to alert management on emerging risks and control weaknesses and assume responsibility for risks and controls within their own area of work.

Risk and Control Framework

The Broadcasting Authority of Ireland has implemented a risk management system which identifies, assesses and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

The BAI's Risk Management Framework identifies a risk register as a risk management and tracker tool that, through a review and updating process, identifies, assesses and manages risks down to acceptable levels. A Corporate Risk Register is in place which identifies the principal corporate and strategic risks and uncertainties facing the Broadcasting Authority of Ireland and these have been identified, evaluated and graded according to their significance. In addition, operational risk registers and accompanying risk management plans are prepared for each of the BAI's project and operational areas.

The Corporate Risk Register is reviewed by FAR on a quarterly basis and the Chief Risk Officer provides a risk update (including an update on significant operational risks) at each Committee meeting. The Operational Risk Registers are reviewed and reported on at all senior management team meetings and monthly operational meetings between the Chief Risk Officer and the Office of the CEO. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed at an acceptable level.

The risk register details the controls and actions needed to mitigate risks and responsibility for operation of controls assigned to specific staff. I confirm that a control environment containing the following elements is in place:

- Procedures for all key business processes have been documented,
- Financial responsibilities have been assigned at management level with corresponding accountability,
- There is an appropriate budgeting system with an annual budget which is kept under review by senior management,
- There are systems aimed at ensuring the security of the information and communication technology systems
- There are systems in place to safeguard the assets, and

- Control procedures over grant funding to outside agencies ensure adequate control over approval of grants and monitoring and review of grantees to ensure grant funding has been applied for the purpose intended.

Ongoing Monitoring and Review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Authority, where relevant, in a timely way. I confirm that the following ongoing monitoring systems are in place:

- Key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies,
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned, and
- There are regular reviews by senior management of periodic and annual performance and financial reports which indicate performance against budgets/forecasts.

Procurement

I confirm that the Broadcasting Authority of Ireland has procedures in place to ensure compliance with current procurement rules and guidelines and that during 2017 the BAI complied with those procedures.

Review of Effectiveness

I confirm that the BAI has procedures to monitor the effectiveness of its risk management and control procedures. The BAI's monitoring and review of the effectiveness of the system of internal control is informed by the work of the internal and external auditors, the Finance Audit and Risk Committee which oversees their work, the senior management within the BAI responsible for the development and maintenance of the internal financial control framework.

I confirm that the Authority conducted an annual review of the effectiveness of the internal controls for 2017 during April and May of 2018.

Internal Control Issues

A comprehensive review of internal controls within the organisation was carried out by BAI's internal auditors. This review noted the findings of a comprehensive self-review of tax compliance which had been completed with external specialist tax assistance. This review identified that while BAI generally had good compliance with tax regulations and laws, two areas were identified where BAI was not in compliance with regulations on the recoupment of VAT on certain purchases. BAI has now put controls in place to ensure compliance in this area.

An unprompted voluntary disclosure was made to Revenue totalling €99,367 which related to an over-claim of VAT during the period 2014-2017. Of this, €95,016 relates to the Broadcasting Fund which includes €17,098 in interest and penalties. This is accounted for in the Financial Statements of the Broadcasting Fund.

The balance of €4,351 relates to an over-claim of VAT made by the BAI on certain non-deductible items. This includes €555 in interest and penalties. This is accounted for in the Financial Statements of the Broadcasting Authority of Ireland.



Professor Pauric Travers
Chairperson
28th June 2018



Alan McDonnell
Member of Authority
28th June 2018

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL



Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Broadcasting Authority of Ireland

Opinion on financial statements

I have audited the financial statements of the Broadcasting Authority of Ireland for the year ending 31 December 2017 as required under the provisions of section 37 of 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, including a summary of significant accounting policies.

In my opinion, the financial statements give a true and fair view of the assets, liabilities and financial position of the Broadcasting Authority of Ireland at 31 December 2017 and of its income and expenditure for 2017 in accordance with Financial Reporting Standard (FRS) 102 — *The Financial Reporting Standard applicable in the UK and the Republic of Ireland*.

Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the Broadcasting Authority of Ireland and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on information other than the financial statements, and on other matters

The Broadcasting Authority of Ireland has presented certain other information together with the financial statements. This comprises the annual report including the governance statement and Authority members' report and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

Chief Executive's contract

I draw attention to note 6 to the financial statements which sets out that the Broadcasting Authority has not had a formal contract of employment in place with the Chief Executive since October 2010. The appointment of the interim Chief Executive to the position of Chief Executive was approved in principle by the Minister for Communications, Climate Action and Environment for a period of 2.5 years commencing on 1 October 2010. The appointment by the Authority was subject to the terms and conditions being approved by the Minister, with the consent of the Minister for Public Expenditure and Reform, as required under section 14 (5) of the Broadcasting Act 2009. This approval has not been received to date. There is no sanction for the appointment post April 2013.

Seamus McCarthy
Comptroller and Auditor General

29 June 2018

Appendix to the report

Responsibilities of Authority members

The governance statement and Authority members' report sets out the Board members' responsibilities. The Board members are responsible for

- the preparation of financial statements in the form prescribed under section 37 of the Broadcasting Act 2009.
- ensuring that the financial statements give a true and fair view in accordance with FRS102
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Comptroller and Auditor General

I am required under section 37 of the Broadcasting Act 2009 to audit the financial statements of the Broadcasting Authority of Ireland and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Broadcasting Authority of Ireland's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Broadcasting

Authority of Ireland to cease to continue as a going concern.

- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if there are material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if there is any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

STATEMENT OF INCOME AND EXPENDITURE AND RETAINED REVENUE RESERVES

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 € '000	2016 € '000
Income			
Levy	2	4,683	4,871
Licensing Fees	3	23	29
Other Income	4	729	757
Gross Income		5,435	5,657
Transfer (from)/to Capital Account	17	(3)	23
		5,432	5,680
Expenditure			
Staff Costs	5	1,988	2,035
Retirement Benefit Costs	19(c)	309	254
BAI Members' Fees and Expenses		126	105
Consultancy Fees	7	826	632
Legal Expenses		96	69
Advertising		24	44
Administrative Expenses	8	428	486
Auditors' Remuneration		12	13
Grant & Development Payments	9	599	491
Premises & Related Expenses	10	769	763
Depreciation		24	38
Bad Debts		(3)	7
Bank interest and charges		10	4
		5,208	4,941
Surplus Income over Expenditure		224	739
Refund of Levy	2	(200)	(704)
Surplus after refund of Levy		24	35
Retained Revenue Reserve			
Balance at the beginning of the year		619	584
Surplus after refund of Levy		24	35
Balance at the end of the year		643	619

The Statement of Cash Flows and Notes 1–21 form part of these Financial Statements.

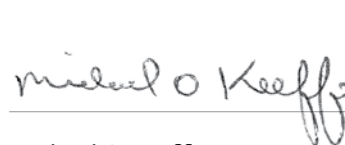
The Financial Statements were approved by the Authority on 28th June 2018 and signed on its behalf by:



Professor Pauric Travers
Chairperson
28th June 2018



Alan McDonnell
Member of Authority
28th June 2018



Michael O'Keeffe
Chief Executive
28th June 2018

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	€'000	€'000
Surplus after Refund of Levy	24	35
Experience gain/(loss) on retirement benefit scheme liabilities	(358)	(59)
Changes in assumptions underlying the present value of retirement benefit scheme obligations	133	(2,190)
Total actuarial (loss)/gain in the year	(225)	(2,249)
Adjustment to deferred Exchequer Retirement Benefit funding	225	2,249
Other Comprehensive Income for the year	24	35

The Statement of Cash Flows and Notes 1–21 form part of these Financial Statements.

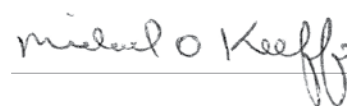
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Professor Pauric Travers
Chairperson
28th June 2018



Alan McDonnell
Member of Authority
28th June 2018



Michael O'Keeffe
Chief Executive
28th June 2018

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	2017 € '000	2016 € '000
Fixed Assets			
Property, Plant and Equipment	11	53	50
Current Assets			
Receivables	12	1,196	1,076
Cash and cash equivalents	13	1,645	1,137
		<u>2,841</u>	<u>2,213</u>
Current Liabilities			
Payables (amounts falling due within one year)	14	(1,698)	(1,519)
Loan Facility		<u>(500)</u>	<u>-</u>
		<u>(2,198)</u>	<u>(1,519)</u>
Net Current Assets		643	694
Total Assets less Current Liabilities		696	744
Provision for Liabilities	16	<u>-</u>	<u>75</u>
Total Assets less Liabilities before Retirement Benefits		696	669
Deferred retirement benefit asset	19	11,491	10,476
Retirement benefit liabilities	19	(11,491)	(10,476)
Net Assets		<u><u>696</u></u>	<u><u>669</u></u>
Representing			
Statement of Income and Expenditure		643	619
Capital Account	17	53	50
		<u><u>696</u></u>	<u><u>669</u></u>

The Statement of Cash Flows and Notes 1–21 form part of these Financial Statements.

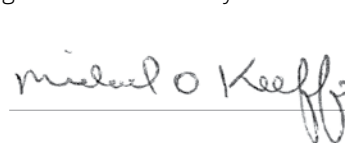
The Financial Statements were approved by the Authority on 28th June 2018 and signed on its behalf by:



Professor Pauric Travers
Chairperson
28th June 2018



Alan McDonnell
Member of Authority
28th June 2018



Michael O'Keeffe
Chief Executive
28th June 2018

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	€ '000	€ '000
Reconciliation of Operating Surplus to Net Cash Flows from Operating Activities		
Surplus for the Year	24	35
Depreciation Charge	24	38
Transfer from Capital Account	3	(23)
Decrease/(Increase) in Receivables	(120)	(294)
Increase/(Decrease) in Payables	104	(79)
Net Cash (Outflow)/Inflow from Operating Activities	35	(323)
Cash Flows from Financing Activities		
Loan (Repayment)/Drawdown	500	-
Cash Flows from Investing Activities		
Payments to acquire Property, Plant and Equipment	(27)	(14)
(Decrease)/Increase in Cash and Cash Equivalents	508	(337)
Cash and Cash equivalents at beginning of year	1,137	1,474
Cash and Cash equivalents at end of year	1,645	1,137

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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 2017 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 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 (S.I. no. 7/2010) 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 Software & 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 28 July 2012 and introduced the new Single Public Service Pension Scheme ("Single Scheme") which commenced with effect from 1 January 2013. All new employees to the Broadcasting Authority of Ireland, who are new entrants to the Public Sector on or after 1 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 reporting 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 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 22 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 2017 was €4.683m which included interest of €2,838. The net amount was based on the Authority's budgeted expenditure for levy purposes for 2017 and broadcasters' qualifying income for 2016. 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 2017 Authority expenditure for levy purposes has been approved and broadcasters have provided their actual qualifying income for 2016. Broadcasters are subsequently issued with an invoice or a credit note for this adjustment.

The levy reconciliation processes for 2016 was carried out during 2017; the total levy refunded to broadcasters was €704,000. This amount was recognised in the 2016 Financial Statements. A refund of €200,073 is due to broadcasters in respect of the 2017 levy year and has been recognised in the 2017 Statement of Income and Expenditure and Retained Revenue Reserves.

3 Licensing Fees

	2017	2016
	€'000	€'000
Television	23	29
	23	29

4 Other Income

	2017	2016
	€'000	€'000
Other Income	729	757
	729	757

Other income relates to expenditure incurred by the Broadcasting Authority of Ireland and which is recharged to the Broadcasting Fund. This includes salaries of €444,382 (2016: €439,140), general overheads of €181,568 (2016: €181,169), BFS sponsorship contribution of €72,862 (2016: €70,160), IT licence fees and IT support fees of €17,018 (2016: €53,480) and investment advice €13,000 (2016: €13,000).

5 Remuneration

(a) Aggregate Employee Benefits

	2017	2016
	€ '000	€ '000
Staff short-term benefits	1,842	1,893
Employer's contribution to social welfare	146	142
	1,988	2,035

Pension-related deductions (PRD) of €81,180 (2016: €82,458) were made from staff salaries during the year and were submitted to the Department of Communications, Climate Action and Environment (DCCAE). In 2017, Staff Costs include €444,382 (2016: €439,140) which is recharged to the Broadcasting Fund and is recognised in Other Income.

One part-time person (2016: 4) working in the BAI during 2017 was employed by an agency. The gross cost to the BAI in respect of agency personnel in 2017 was €82,824 (2016: €95,880).

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

	2017	2016
	€ '000	€ '000
Senior Management	8	7.50
Other Staff	25.91	26.81
Actual Full-time Equivalent	33.91	34.31
Employment Control Framework (ECF) at 31 December 2017	38	35

(b) Staff Short-Term Benefits

	2017	2016
	€ '000	€ '000
Basic pay	1,842	1,893
Overtime	-	-
	1,842	1,893

(c) Key Management Personnel

Key management personnel in the Broadcasting Authority of Ireland consists of the Chief Executive Officer, the Deputy Chief Executive Officer and the six members of the Senior Management Team. The total value of employee benefits for key management personnel is set out below:

	2017	2016
	€ '000	€ '000
Salary	638,101	637,457
	638,101	637,457

This does not include the value of retirement benefits earned in the period. The key management personnel are members of the Broadcasting Authority of Ireland pension scheme and their entitlements in that regard do not extend beyond the terms of the model public service pension scheme.

6 Chief Executive's Remuneration

By letter of 13th October 2009, the Minister for Communication, Climate Action and Environment 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 Communication, Climate Action and Environment 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 Public Expenditure and Reform, 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 €2,000 in relation to this matter in 2017. Total fees incurred to the end of 2017 by the BAI were €13,506.

The Chief Executive was employed at a rate of €116,078 per annum at 31st December 2017 (2016: €113,510). The total value of remuneration of the Chief Executive in the year ended 31st December 2017 was €114,989 (2016: €113,119) and an employer's superannuation contribution was made of €19,165 (2016: €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 2017 was €6,443 (2016: €7,807).

7 Consultancy Fees

	2017	2016
	€ '000	€ '000
Auditing & Monitoring	39	56
Policy, Codes and Rules	516	295
General Consultancy	207	227
Services to BAI Finance Function	64	55
	826	632

8 Administrative Expenses

	2017	2016
	€ '000	€ '000
Travel & Subsistence	51	53
Human Resources	66	103
Telephone & Postage	42	35
Office Expenses	158	170
Professional Affiliations & Subscriptions	23	20
Information Technology	88	104
	428	486

In 2017, foreign travel of €26,823 (2016: €33,657) and domestic travel of €19,715 (2016:€19,343) is included in Travel & Subsistence costs. Staff-related costs of €17,642 (2016:€12,320), relating mainly to catering costs for staff, are included in Office Expenses.

9 Grant & Development Payments

	2017	2016
	€ '000	€ '000
Network Funding	373	292
Broadcasting Innovation Scheme	81	58
Sponsorship	145	141
	599	491

10 Premises & Related Expenses

	2017	2016
	€ '000	€ '000
Rent, Rates, Service Charges & Building Maintenance	674	666
Security & Cleaning	79	79
Light & Heat	16	18
	769	763

11 Property, Plant and Equipment

	Total	Computer Software & Equipment	Office Equipment	Fixtures & Fittings	Leasehold Improvements	Technical Equipment	Motor Vehicle
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Cost							
At 31.12.2016	3,990	350	94	683	2,630	173	60
Additions	27	9	18	-	-	-	-
Disposals	(30)	(2)	(28)	-	-	-	-
At 31.12.2017	3,987	357	84	683	2,630	173	60
Depreciation							
At 31.12.2016	3,940	333	92	678	2,605	172	60
Charge for Year	24	14	5	2	3	-	-
Disposals	(30)	(2)	(28)	-	-	-	-
At 31.12.2017	3,934	345	69	680	2,608	172	60
Net Book Value							
At 31.12.2017	53	12	15	3	22	1	-
At 31.12.2016	50	17	2	5	25	1	-

12 Receivables

	2017	2016
	€ '000	€ '000
Debtors	622	892
Prepayments	201	174
Broadcasting Fund	353	10
Others	20	-
	1,196	1,076

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.

13 Cash and cash equivalents

	2017	2016
	€ '000	€ '000
Short Term Deposits Balance at 1 January	278	278
Short Term Deposits Additions	-	-
Short Term Deposits Withdrawals	-	-
Cash at bank and on Hand at 31 December	1,367	859
Balance as at 31 December	1,645	1,137

14 Payables (amounts falling due within one year)

	2017	2016
	€ '000	€ '000
Trade Creditors	124	28
Levy Refundable to Broadcasters	200	704
Superannuation Contributions payable to DCCAE	163	74
Accruals	649	343
Revenue Commissioners	422	267
Others	140	103
	1,698	1,519

Tax and social insurance are subject to the normal terms of the relevant legislation. An unprompted voluntary disclosure of €99,367 was made to Tax Revenue regarding an overclaim of VAT from 2014 to 2017 (this comprises €81,714 relating to the overclaim of VAT and €17,653 in interest and penalties). Of this, €95,016 relates to the Broadcasting Fund due to the claiming of input VAT credits in activities outside the scope of VAT (€77,91.8 is the understated VAT liability and €17,098 in interest and penalties). The remainder of €4,351 relates to the BAI making an over-claim of VAT on non-deductible items such as catering VAT (€3,796 is the understated VAT liability and €555 in interest and penalties).

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.

15 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. An amount of €500,000, drawn down in December 2017 which was outstanding on 31 December 2017 (2016: nil), was repaid to the National Treasury Management Agency in January 2018.

16 Provision for Liabilities

	2017	2016
	€ '000	€ '000
Surrender of Marine House Lease	-	75

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 provided for the 2016 and 2017 instalments in the 2015 financial statements. All instalments have been paid.

17 Capital Account

	2017	2016
	€ '000	€ '000
Balance as at 1 January	50	73
Transfer (to)/from Income and Expenditure Account:		
Funding of Asset Additions	27	15
Amortisation in line with Asset Depreciation	(24)	(38)
Transfer (to)/from Income and Expenditure Account	3	(23)
Balance as at 31 December	53	50

18 Operating Leases

The Authority occupies premises at 2-5 Warrington Place, Dublin 2, on which it holds a lease entered into in 2001 for 20 years. A five-year rent review was carried out in 2006 for the period commencing 8th December 2006. Under this lease, rent payments amounting to €477,000 were made in 2017 (2016: €477,000). The BAI was notified in early 2017 that the landlord wished to initiate a rent review which would be effective 7th December 2016. Negotiations commenced in 2017 in relation to this rent review but as at the date of signature of the financial statements, no further progress has been made by the landlord in relation to this review.

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 €527,000 (2015: €477,000). This includes a provision of €50,000 for a potential increase in rent following the conclusion of the rent review.

	2017	2016
Lease Commitments	€ '000	€ '000
Under 1 Year	477,000	477,000
Between 2-5 Years	1,431,000	1,908,000
Over 5 Years	-	-
	<u>1,908,000</u>	<u>2,385,000</u>

19 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 Single Public Service Pension Scheme (Single Scheme) is the defined benefit pension scheme for pensionable public servants appointed on or after 1 January 2013 in accordance with the Public Service Pension (Single Scheme and Other Provisions) Act 2012. The scheme provides for a pension and retirement lump sum based on career-average pensionable remuneration, and spouse's and children's pensions. The minimum pension age is 66 years (rising in line with State pension age changes). It includes an actuarially-reduced early retirement facility from age 55. Pensions in payment increase in line with the consumer price index.

The pension liability at 31 December 2017 is €11.491m. 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 2017. This valuation was carried out by a qualified independent actuary.

(b) Principal Actuarial Assumptions

The principal actuarial assumptions were as follows:	2017	2016
Rate of increase in salaries	2.95%	2.81%
Rate of increase in pensions in payment	2.45%	2.31%
Discount Rate	2.01%	1.83%
Inflation Rate	1.95%	1.81%

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 2017 and 2037.

Year of attaining age 65	2017	2037
Life expectancy – male	21.2	23.7
Life expectancy – female	23.7	25.8

(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:

	2017	2016
	€'000	€'000
Employer contribution paid to DCCAE	250	254
Current service cost	663	481
Interest on retirement benefit scheme liabilities	191	193
Adjustment to deferred retirement benefit funding	(795)	(674)
	309	254

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

	2017	2016
	€'000	€'000
Opening balance	10,476	7,575
Current service cost	604	481
Interest on retirement benefit scheme liabilities	191	193
Actuarial Loss/(Gain)	225	2,249
Benefits paid	(5)	(22)
Net retirement benefit obligation at 31st December	11,491	10,476

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

	Financial year ending in				
	2017	2016	2015	2014	2013
	€'000	€'000	€'000	€'000	€'000
Defined benefit obligation	10,491	10,476	7,575	7,020	6,566
Deficit	(10,491)	(10,476)	(7,575)	(7,020)	(6,566)
Experience loss/(gains) on plan liabilities	-	59	(178)	(786)	(147)
Experience gains as percentage of plan liabilities	-	(0.6%)	(2.3%)	(11.2%)	(2.2%)

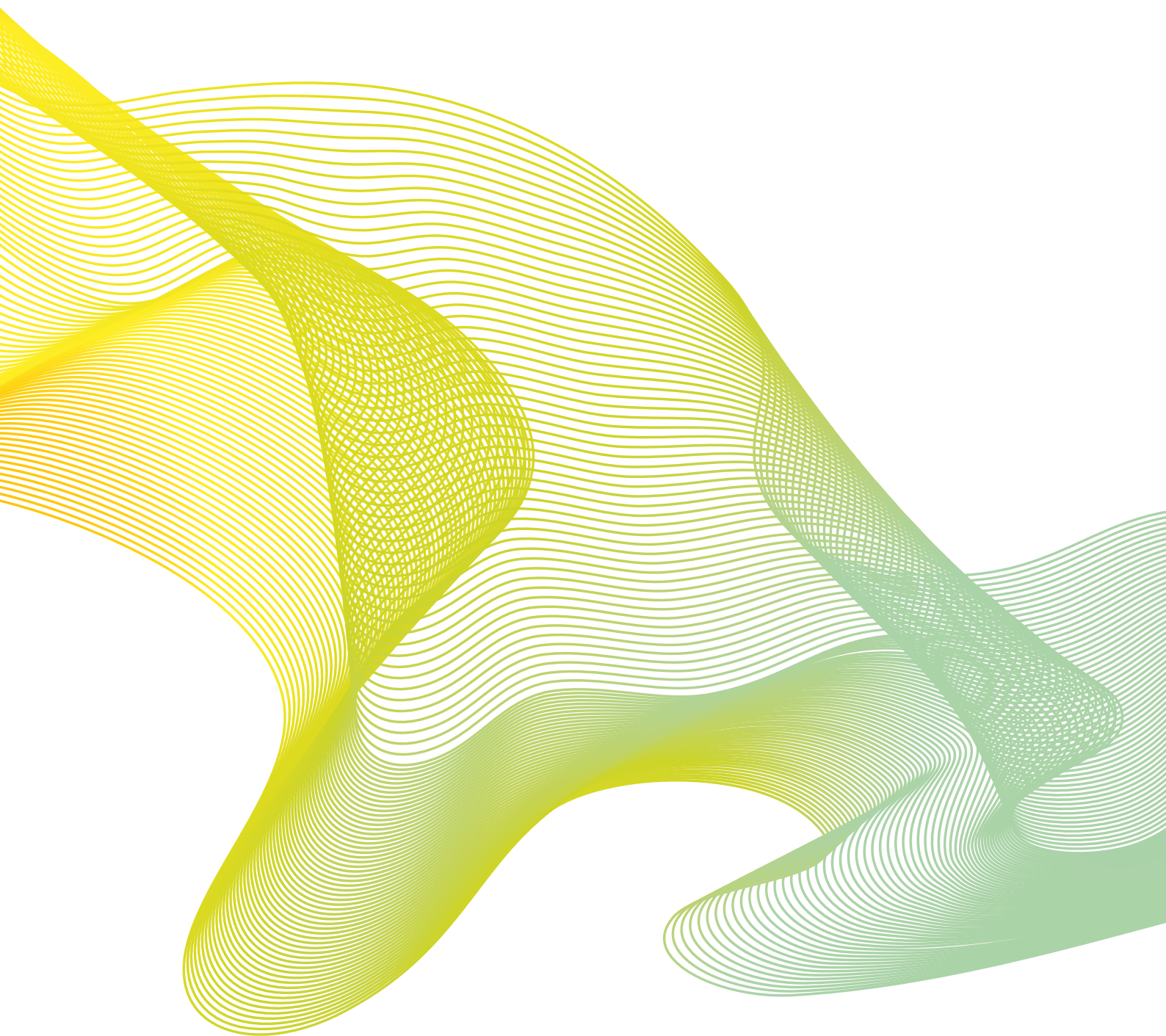
20. Capital Commitments

There were no capital commitments at 31 December 2017.

21. Approval of Financial Statements

The financial statements were approved by the Authority at its meeting on 28th June 2018.

**THE BROADCASTING
FUND FINANCIAL
STATEMENTS**
FOR THE YEAR ENDED
31st DECEMBER 2017



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STATEMENT OF RESPONSIBILITIES

Pursuant to the terms of the Broadcasting Act 2009, the Broadcasting Authority of Ireland is responsible for the control and management of the Broadcasting Fund. The Authority manages and controls a current account and an investment account as per Section 157 (2) of the Act. The Authority manages the current account for the day to day running of the Broadcasting Fund, including the receipt of income under Section 156 (2)/(3) of the 2009 Act, payment of Grants and Awards under schemes of the Broadcasting Fund and any expenditure incurred by the Authority for the operation of the Broadcasting Fund.

Monies not required to meet the current liabilities of the Broadcasting Fund are paid into the investment account. These monies are invested in line with the Authority's Investment Policy.

The Broadcasting Authority of Ireland is also responsible for preparing financial statements of the Fund for the year 1st January to 31st December 2017, so as to give a true and fair view of the state of affairs.

Details of the Broadcasting Authority's governance and control systems and procedures are set out in the Broadcasting authority's statement on internal control and governance statement.

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
28th June 2018



Alan McDonnell
Member of Authority
28th June 2018

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL



Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Broadcasting Fund

Opinion on financial statements

I have audited the financial statements of the Broadcasting Fund for the year ending 31 December 2017 as required under the provisions of section 157 of 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, including a summary of significant accounting policies.

In my opinion, the financial statements give a true and fair view of the assets, liabilities and financial position of the Broadcasting Fund at 31 December 2017 and of its income and expenditure for 2017 in accordance with Financial Reporting Standard (FRS) 102 — *The Financial Reporting Standard applicable in the UK and the Republic of Ireland*.

Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the Broadcasting Authority of Ireland and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on information other than the financial statements, and on other matters

The Broadcasting Authority of Ireland has presented certain other information together with the financial statements of the Broadcasting Fund. This comprises the annual report including the governance statement and the Authority members' report and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.

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

29 June 2018

Appendix to the report

Responsibilities of Authority members

The statement of responsibilities sets out the Authority members' responsibilities. The Board members are responsible for

- the preparation of financial statements in the form prescribed under section 157 of the Broadcasting Act 2009
- ensuring that the financial statements give a true and fair view in accordance with FRS 102
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Comptroller and Auditor General

I am required under 157 of the Broadcasting Act 2009 to audit the financial statements of the Broadcasting Fund and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast

significant doubt on the Broadcasting Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Broadcasting Fund to cease to continue as a going concern.

- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if there are material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if there is any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

STATEMENT OF INCOME AND EXPENDITURE AND RETAINED REVENUE RESERVES

FOR THE YEAR ENDED 31st DECEMBER 2017

		2017	2016
	Note	€ '000	€ '000
Income			
Oireachtas Grant	3(a)	14,073	13,657
Recoupment of Income from Funded Projects	2	23	1
Interest Receivable		12	42
Total		14,108	13,700
Expenditure			
Grants and Awards	3(c)	12,891	13,460
Staff Costs	4	451	439
Legal Fees		8	2
Administrative Costs	5	796	421
Audit Fee		6	6
Assessment Costs		55	49
Consultancy Costs		20	31
Total		14,227	14,408
(Deficit) / Surplus of Income over Expenditure		(119)	(708)
Balance at beginning of year		20,343	21,051
Balance at end of year		20,224	20,343

The Statement of Cash Flows and Notes 1–10 form part of these Financial Statements.

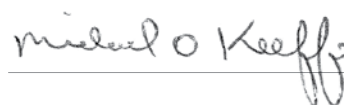
The Financial Statements were approved by the Authority on the 28th June 2018 and signed on its behalf by:



Professor Pauric Travers
Chairperson
28th June 2018



Alan McDonnell
Member of Authority
28th June 2018



Michael O'Keeffe
Chief Executive
28th June 2018

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31st DECEMBER 2017

		2017	2016
	Note	€ '000	€ '000
Current Assets			
Receivables	7	5	11
Cash and cash equivalents	6	15,267	11,691
Other short term deposits	6	5,300	8,650
		20,572	20,352
Current Liabilities			
Payables (amounts due within one year)	8	(348)	(9)
Net Assets		20,224	20,343
Representing			
Broadcasting Fund		20,224	20,343
		20,224	20,343

The Statement of Cash Flows and Notes 1–10 form part of these Financial Statements.

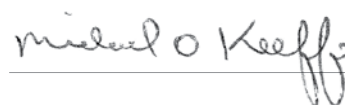
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Professor Pauric Travers
Chairperson
28th June 2018



Alan McDonnell
Member of Authority
28th June 2018



Michael O'Keeffe
Chief Executive
28th June 2018

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31st DECEMBER 2017

	2017	2016
	€ '000	€ '000
Net Cash inflow/)(Outflow) from Operating Activates		
(Deficit)/Surplus for Year	(119)	(708)
Returns on Investments	(12)	(42)
Decrease in Receivables	6	17
Increase in Payables	339	(99)
Net Cash Inflow /(Outflow) from Operating Activities	214	(832)
Statement of Cash flows		
Net Cash (Outflow)/Inflow from Operating Activities	214	(832)
Cash Flows from Investing Activities		
Interest Received	12	42
Invested in Short-term Deposits	3,350	445
Increase in Cash and Cash Equivalents	3,576	(345)
Cash/Cash Equivalents at 1 January	11,691	12,036
Cash/Cash Equivalents at 31 December	15,267	11,691

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2017

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.

The BAI is responsible for the administration of the Broadcasting Fund and the authorisation of transactions on the Fund. The governance arrangements and control procedures within the BAI apply to the Fund.

(b) Statement of Compliance

The financial statements of the Broadcasting Fund for the year ended 31 December 2017 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

	2017	2016
	€ '000	€ '000
Recoupment of Income from Funded Projects	23	1

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 productions 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. The 2017 Oireachtas Grant was included in section B6 of Vote 29 for the Department of Communications, Climate Action and Environment.

- (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 and expired in April 2016. Three funding rounds were run under this first scheme between 2013 and 2015, and funds were awarded to 23 archiving projects across a range of applicants. A review of the operation, effectiveness and impact of this first scheme was conducted in 2016 and the subsequent report was completed over the course of 2017 and submitted to the Minister of Communications, Climate Action and Environment in September 2017.

This review also informed the development of a draft second scheme, which included a targeted consultation in September/October 2017, the responses to which highlighted general satisfaction with the approach proposed by the Authority. In 2018 the Archiving Scheme 2 was approved by the Minister and launched on 7th June 2018.

(c) Broadcasting Fund Commitments

Sound and Vision Scheme	2017	2016
	€ '000	€ '000
Opening Commitment Figure	14,462	10,538
Awards made	11,274	16,653
Grants paid	(12,070)	(12,331)
Grants repaid	54	8
Grants de-committed	(68)	(406)
Closing Commitment Figure	13,652	14,462

Archiving Awards Scheme	2017	2016
	€ '000	€ '000
Opening Commitment Figure	2,689	3,902
Awards made	-	-
Grants paid	(787)	(1,118)
Grants de-committed	(1)	(95)
Closing Commitment Figure	1,901	2,689
Total Closing Commitments	15,553	17,151

4 Staff Costs

	2017	2016
	€ '000	€ '000
Wages and Salaries	363	353
Social Welfare Costs	28	27
Pension Costs	60	59
	451	439

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 2017, this equates to 6.75 (2016: 6.75) of full-time equivalents. During 2017, €444,382 (2016: €439,140) was recharged by the Broadcasting Authority of Ireland to the Broadcasting Fund for salary expenditure relating to the Broadcasting Fund.

5 Administration Costs

	2017	2016
	€ '000	€ '000
Overheads:		
Rent & Rates	117	105
Premises costs	54	44
Office expenses	27	18
Staff training	11	14
Subtotal overhead costs	209	181
Sponsorship	92	71
Direct costs:		
Sound&VisionScheme Archiving	214	92
Professional fees	13	13
Public Awareness	15	3
IT licence and support costs	223	55
Translation	5	1
Other	24	4
Bank charges	1	1
Subtotal direct costs	495	170
Total Administration Costs	796	421

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 2017, 19.91%; in 2016, 19.67%) of the total staff complement of the BAI in the period. During 2017, €211,586 (2016: €247,649) was recharged by the Broadcasting Authority of Ireland to the Broadcasting Fund for administrative expenditure relating to the Broadcasting Fund.

Sponsorship costs of €145,724 (2016: €141,219) are shared equally between the BAI and the Broadcasting Fund. In 2017 the sponsorship cost incurred by the Broadcasting Fund totalled €92,398 (€72,862 is the amount shared between BAI and the Fund and €19,536 relates to the VAT provision identified below).

An unprompted voluntary disclosure was made to Revenue totalling €99,367 which related to an over-claim of VAT during the period 2014-2017. Of this, €95,016 relates to the Broadcasting Fund which includes €17,098 in interest and penalties. This is accounted for in the Financial Statements of the Broadcasting Fund.

6 Deposits and Cash/cash equivalents

	2017	2016
	€ '000	€ '000
(a) Short Term (maturity less than 3 months)	14,108	10,505
Other (maturity between 3 and 12 months)	5,300	8,650
Cash at bank and on hand	1,159	1,186
	20,567	20,341
Cash/cash equivalents		
Movement in Short Term Deposits		
Balance at 1 January	10,505	10,597
Additions	8,191	1,058
Withdrawals	(4,588)	(1,150)
Cash at bank and on hand at 31 December	1,159	1,186
Cash and cash equivalents at 31 December	15,267	11,691
(b) Movement in Other Short Term Deposits		
Balance at 1 January	8,650	9,095
Additions	1,550	3,355
Withdrawals	(4,900)	(3,800)
Balance at 31 December	5,300	8,650

- (c) 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.

7 Deposits and Cash/cash equivalents

	2017	2016
	€ '000	€ '000
Accrued Interest	5	11
	<u>5</u>	<u>11</u>

8 Payables

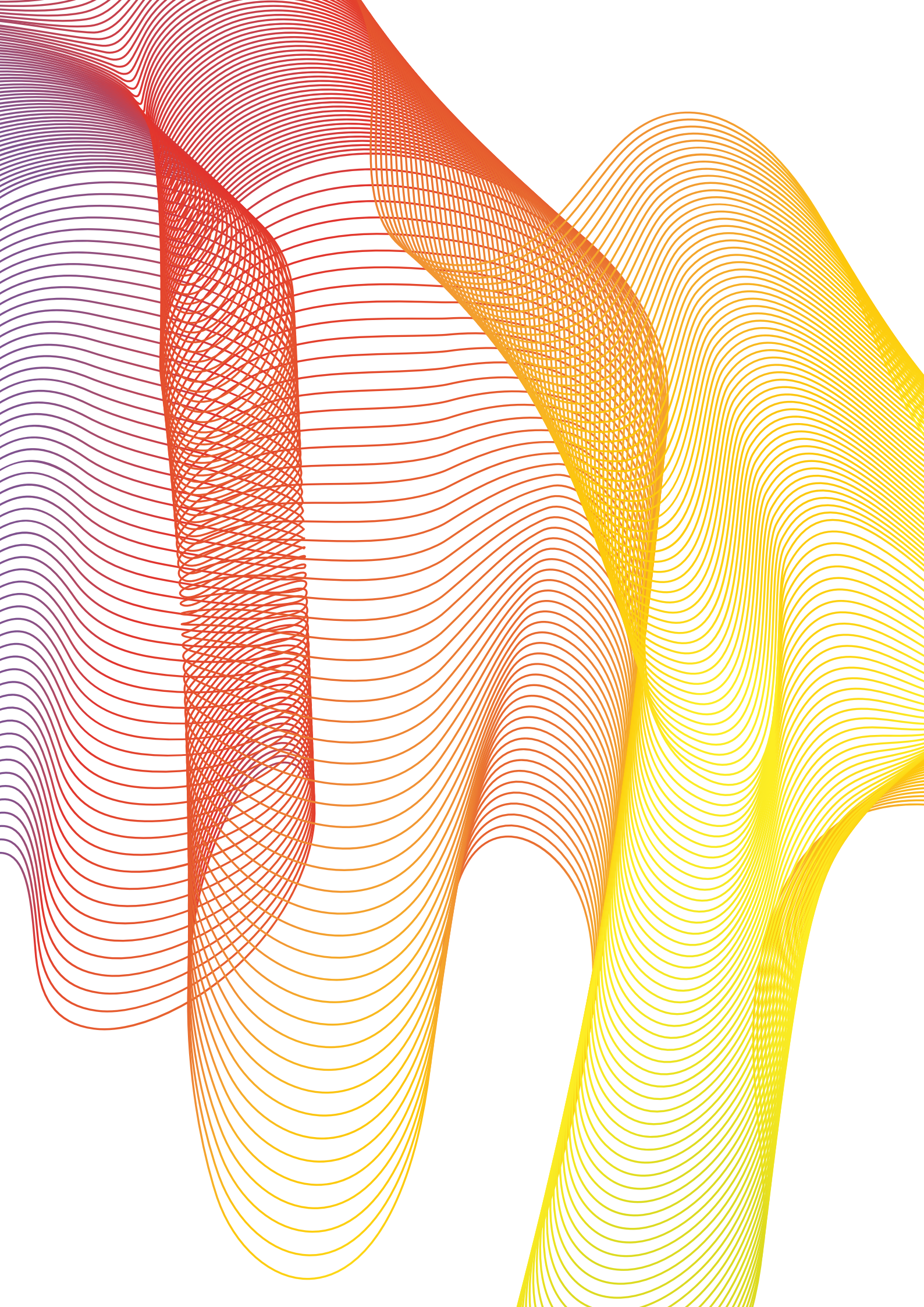
	2017	2016
	€ '000	€ '000
(Amounts falling due within one year)		
Broadcasting Authority of Ireland	353	10
DIRT (Receivable)/Payable	(5)	(1)
	<u>348</u>	<u>9</u>

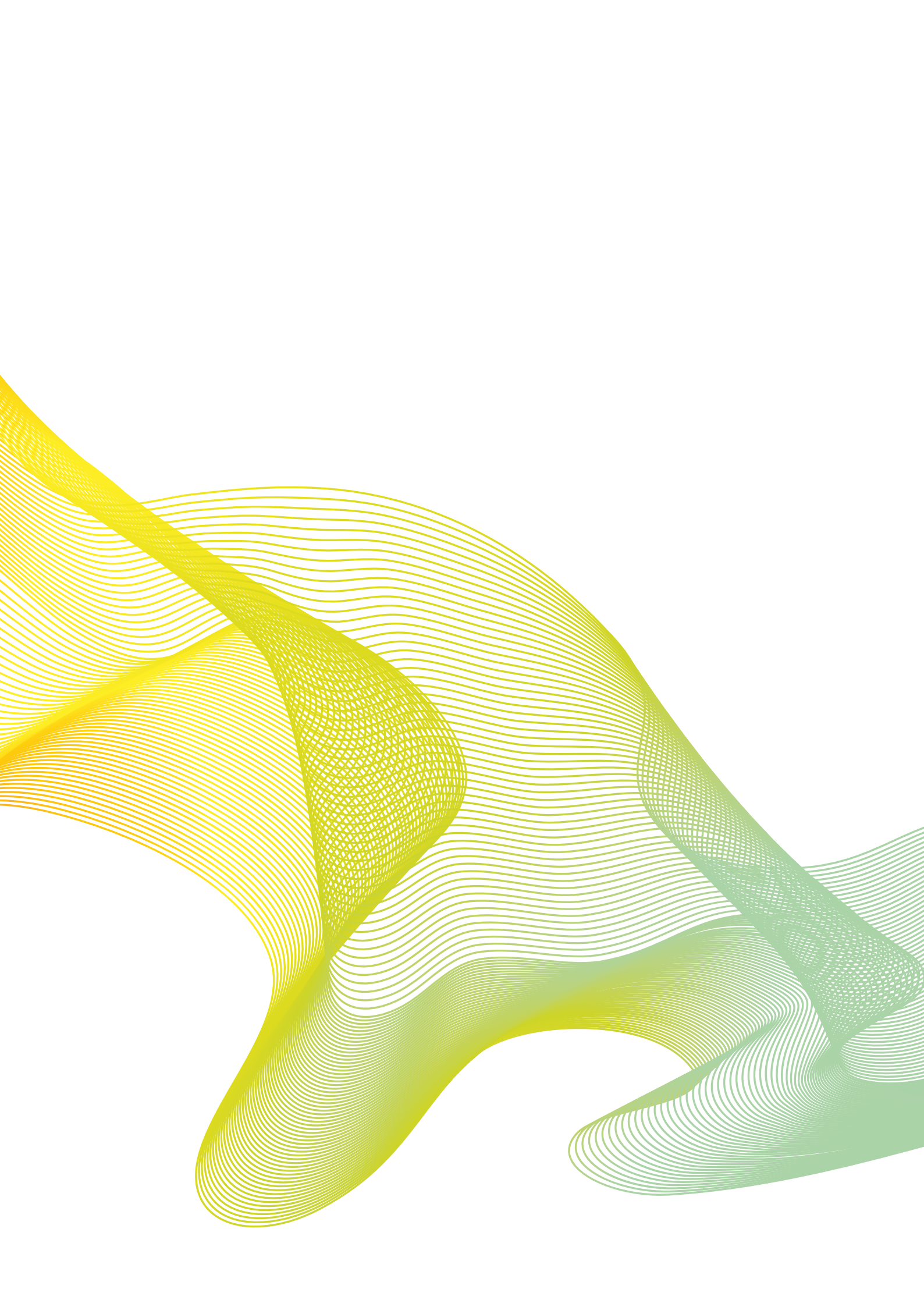
9 Capital Commitments

There were no capital commitments at 31 December 2017.

10 Approval of financial statements

The financial statements were approved by the Authority at its meeting on the 28th June 2018.







Broadcasting Authority of Ireland

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