



Broadcasting Authority  
Malta

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**Annual Report**

**1995**

**Broadcasting Authority**

**Malta**



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BROADCASTING AUTHORITY



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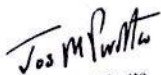
The Hon. Dr. E. Fenech Adami, B.A. LL.D., M.P.  
Prime Minister  
Auberge de Castille  
Valletta.

28 March, 1996  
Ref. 67/62/4

Dear Prime Minister,

In accordance with section 30 (1) of the Broadcasting Act, 1991 we have pleasure in forwarding the Broadcasting Authority's Annual Report for 1995.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'Joseph M. Pirotta'.

Joseph M. Pirotta  
Chairman

A handwritten signature in dark ink, appearing to read 'A.J. Ellul'.

A.J. Ellul  
Chief Executive

Mile End Road, Hamrun HMR 02, Malta. Tel: (356) 247908 Fax: (356) 240855





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*Professor Joseph M. Pirota,  
Chairman of the Broadcasting  
Authority*

## Message from the Chairman

The most important change that has taken place in the local broadcasting scene since 1991 has undoubtedly been the introduction and consolidation of pluralism. By 1995 the Maltese public had ten different national radio stations, two terrestrial and one cable television station to choose from. Moreover, the Broadcasting Authority also had before it three outstanding applications for terrestrial television stations which could not be satisfied because of the dearth of available frequencies.

During the past year the Government successfully concluded negotiations with interested foreign governments, particularly the Italian Government, with the result that Malta now has enough UHF frequencies internationally registered to satisfy her needs. Possible transmission sites which would create the least possible problems have also been identified and once planning permission has been obtained the last important hurdle to the granting of other terrestrial television licences will have been overcome. This should be one of the developments taking place in 1996.

The year should also see the Authority's community television station coming to life on the cable network. For the community station to become operative a number of requirements had first to be satisfied. The four most important ones were: recruitment of properly qualified staff; acquisition of equipment; stockpiling of programmes; and a functioning studio. The fulfilment of the first three requirements was totally within the control of the Authority and the targets set were met. But the Authority could not meet single-handedly the larger target of bringing the community channel into operation during 1995.

The Authority's plans envisaged the construction of a fully equipped studio on which work would begin in 1996. However, this would not hinder bringing the community station on-line since the Authority planned to utilise fully the Outside Broadcasting Unit that was to be donated by Melita Cable. Unfortunately a number of reasons delayed the handing over and commissioning of the O.B. Unit. This was a major factor in retarding the opening of the community channel although it is also fair to admit that the Authority's preoccupation to ensure the highest possible professional standards was also an important factor. The first test transmissions on the community channel will now begin in April 1996. Once the station is functioning the Authority's next project, the setting up of an Academy for Broadcasters, will be immediately tackled.





The move to new and more functional premises went according to plan. The initial teething problems have mostly been overcome and the Authority's personnel can work in an environment which is better suited to the wider tasks that they must necessarily carry out in the constantly developing and increasingly challenging broadcasting scene.

During 1995 *Alternattiva Demokratika* applied for a licence to operate a community radio station as no national frequency was available for allocation.

The Broadcasting Authority's policy is to keep community radio stations free from political controversy. At the same time the Authority is constitutionally bound to ensure fair apportionment of time and facilities to varying political opinions. The Authority therefore successfully approached the Government to release a national frequency for allocation to *Alternattiva Demokratika*. Certain technical difficulties in connection with the master antenna at Gharghur could not be ignored. They were immediately tackled but have not yet been completely eliminated. Once it became clear that a certain amount of time would necessarily have to pass before this could be achieved, the Authority decided to licence *Alternattiva Demokratika* to run a community radio. This licence will lapse once it becomes practical to issue a national radio broadcasting licence to the party.

For some time the Authority has watched the constant commercial struggle between the various radio and television stations for advertising revenue. This could not be otherwise since income so derived is their very lifeblood. However, one immediate result of these efforts is the constant infringement of the advertising code contained in the Third Schedule of the Broadcasting Act. The Authority will in the coming months further study this problem in a strenuous effort to find a solution which while being of benefit to the broadcasting stations will not be of detriment to the general public. On completion of this exercise the Authority will put forward recommendations it considers appropriate including, if such are required, amendments to the Broadcasting Act.

The first Broadcasting Awards ceremony was held last summer. The number of entries in the various categories was encouraging although the independent jury found it necessary not to make any awards in certain categories. It is sincerely hoped that the handsome prizes offered together with the prestige that will increasingly accrue to the winners and the stations responsible for the winning programmes' transmission will contribute towards the raising of all-round standards. Two fields which immediately spring to mind as calling out for greater development are drama and children's programmes. It is also hoped that future entries will be more representative of the programme schedules of a larger number of stations.

Some satisfaction has been derived from what appears to be a gradual growing general awareness of the Authority's functions and the rights of each and every citizen in respect of what is broadcast in Malta. While the Authority has no wish to be inquisitorial it has certain clear cut functions to carry out in the public interest. These burdens it will continue to shoulder willingly and scrupulously but it prefers not to exercise its authority

in a mandatory fashion if it meets, as it often does, the willing co-operation of the various station managements. However if such cooperation is not forthcoming, the Authority is equally prepared - as it has shown on a number of occasions in 1995 - to use the power with which the Constitution and the Broadcasting Act of 1991 vests it to ensure compliance with the law. Nor will the Authority fail to press constantly for an over-all improvement in programming levels as it strongly believes this to be in the public interest.



Professor Joseph M. Pirotta  
Chairman







# Profile of the Year

## by the Chief Executive



*Antoine Ellul, Chief Executive of the Broadcasting Authority*

The Broadcasting Authority is now in its 34th year of operation and as it reflects on its past role in Maltese broadcasting it looks forward with enthusiasm to the exciting developments that lie ahead, for the next few years will offer greater challenge and opportunities.

Now that the Authority has almost completed the infrastructure, both in human resources and building construction, prior to the launching of the Community Channel due to take place in 1996, it will concentrate on programming and transmission facilities for the new channel. Much work has already been done and quite a number of hours of locally originated programmes

of community interest have been produced. More are planned to ensure a good head start as television is a voracious medium which requires careful advance thought and preparation.

The licensing exercise for private commercial radio has been completed and ten radio stations now operate in the private sector. With regard to television, agreement was reached by the end of the year for the international registration of additional UHF channels for eventual allocation to the Authority and use by private television licensees. However, site problems in connection with antennas for these services still exist. The public broadcasting sector consists of two radio stations and one television service. Community radio stations have also acquired a degree of popularity and, by the end of the year, three 4-year community radio licences had been issued.\*

Although the creative content of programmes broadcast by stations in the public and private sectors is the concern of individual licensees, the Authority supervises the output and regulates in the public interest.

## The Broadcasting Authority

The Authority is appointed by the President of Malta acting on the advice of the Prime Minister after he has consulted the Leader of the Opposition. By the end of the year under review, the Authority was constituted as follows:

\* *Radju 99*, owned by Alternattiva Demokratika and operated by Altservices Ltd was licenced by the Authority on 2 October, 1995.



Chairman - Professor Joseph M. Pirotta B.A., Ph D. (Reading)

Members - Dr Dominic Fenech B.A. (Hons.), D.Phil. (Oxon.)

Professor Joe Friggieri D.Phil. (Oxon.), Ph D. (Milan), B.A.

Mr Lino Mintoff B.A. (Gen.), B.A. (Hons.), Soc.

Mr Charles Mizzi

The Members of the Board were first appointed on 22 July 1993 for a period of two years which was subsequently extended for a further period of six months which expired on 21 January 1996.\*

In accordance with the Broadcasting Act, the Authority selects and appoints radio and television licensees, supervises and controls programming including advertising. Major broadcasting developments are discussed and matters of policy decided at meetings of the Authority normally held on a weekly basis. The Chairman of the Authority keeps in close touch with the day-to-day activities of the system through regular meetings with the Authority's Chief Executive.

The Authority moved into its newly built office premises at Hamrun in September 1995. Although of modest proportions, this building provides adequate accommodation for the Authority's administrative, programme and technical staff. A television studio of 100 square metres, located mainly underground, is in the final stage of completion and provided acoustic works which are subject to tender proceed satisfactorily, the whole project would be fully operational by next year. Although the studio is an integral part of the project, any delay in its completion need not affect the launching of the Community Channel which can operate through an outside broadcast vehicle donated by Melita Cable Television Ltd in terms of an agreement with the Government.

The Authority employs 31 full-time and two part-time staff. It also makes use of the services of a number of programme contributors who receive payment according to the nature of their assignment. Over the years the Authority has built up a reputation for fair dealing and it aims within its resources to offer contributors terms and conditions which are fair and reasonable. With regard to the salaries of its permanent staff, the Authority is in the process of negotiating new salary scales.

The Authority fills the majority of its permanent staff vacancies by competitive selection. Whenever possible posts are filled by promotion or transfer from within the Authority itself, but when it is necessary to widen the field, competition is extended to outside candidates first drawn from the Employment and Training Corporation lists or, if necessary, by advertising in the press.

\* A further extension renewed the Chairman's and the Members' appointment initially up to 31 March 1996 and subsequently for a period of three years from this date.



## Regulation of broadcasting

The Authority has always regarded the observance of impartiality as one of its defining characteristics and its most important duty. Other activities such as licensing questions and the preparation and enforcement of programme standards are also important and compete for the Authority's time and attention. In order to fulfil its statutory obligations, the Authority has to be informed about radio and television programmes. Considering that by the end of the year Malta had 12 radio services, three television stations and an expanding cable television network, the monitoring of programmes was no easy task. This is attempted on a systematic basis and covers investigative monitoring to consider specific complaints; an annual two-week exercise to assess each licensee's programme performance and sporadic monitoring of sensitive areas such as news and current affairs programmes.

The Authority dealt with a number of complaints the majority of which continued to be politically inspired and took corrective action where necessary. Matters concerning fairness, balance, accuracy and good taste dominated the list of complaints, details of which are given in a subsequent section of this report.

### Impartiality

The amount of time devoted to news and current affairs and discussion programmes on TVM

during 1995 has more than doubled since 1975. During the year under review this sensitive area of programming accounted for 575 hours or 12.3% of the station's total broadcasting time (vide programme statistics in Appendices section).

### Extract from News Code

... ..

#### Impartiality

*In section 3 of broadcasting licences, the Authority accepts and in turn transfers its duty to ensure that all news given in the programmes (in whatever form) is presented with due impartiality and that due impartiality is preserved in respect of matters of political or industrial controversy or relating to current public policy, into a licence condition. The Authority also accepts the 'proposal' in the Broadcasting Act that it may consider impartiality over the output of all stations (except the Public Broadcasting Services) together as a whole.*

*Impartiality does not mean that broadcasting services are to observe a crude form of 'balance' in the sense of equal time or an equal number of lines in a script being devoted to divergent views, but rather that news bulletins and programmes should avoid giving biased treatment to any one point of view. The Authority interprets impartiality in the sense that news bulletins and other programmes should not be slanted by the concealment of relevant facts, or by misleading emphasis. Reporting should be dispassionate.*



The Authority regards this time as a most important source of information which may also have a bearing on the formation of public opinion. For these reasons, the impartiality requirement laid down in Section 13 of the Broadcasting Act, 1991 is particularly applicable to this sector of PBS programmes and the Authority ensures, as far as possible, that station facilities are available for the presentation of a balanced range of views on controversial issues. During the year, the Authority intervened on a number of occasions to ensure compliance with Constitutional and legal requirements ( for further details vide analysis of programme complaints given on pages 9 and 10 ).

The requirements of impartiality and non-editorialising are more rigidly applied to the public broadcasting services than to their counterparts in the private sector.

Broadcasting services may indirectly express their opinions by the way in which programme schedules are devised, through the selection of guests for interview programmes, or by the priority assigned to news items. The Authority's impartiality rules are designed to control any excesses on the stations' exercise of editorial discretion.

## Monitoring

As stated earlier in this section of the Report, programme content and station performance continued to be the prime concerns in the Authority's regulatory process. PBS and private broadcasting licensees must adhere to three programme codes (two codes dealing with news and current affairs programmes and a code on advertising practice and sponsorship) and private station operators must also observe their individual promise of performance. Following an extensive monitoring exercise carried out by the Authority early in 1995, the performance of several radio licensees was redirected on the grounds that their programming was unimaginative and contained too high a proportion of disc jockey type of programmes. All broadcasting services were also urged to increase

*It is often necessary to report statements put out by institutions and major participants in a controversial issue or dispute but good reporting should go beyond that. It should offer listeners and viewers an intelligent and informed account which enables them to form a view. The audience should not be able to gauge from a station's news bulletins or programmes the personal views of reporters and presenters. Good journalism should help members of the public of all persuasions better to make up their mind on issues of controversy. Although a slant is tolerated in the output of stations in the private sector, this should be within an overall programme framework of balance and impartiality.*

*It should be noted that the impartiality requirement in the Broadcasting Act refers to current public policy as well as to matters of political or industrial controversy. Due impartiality is therefore required in dealing with any matter of current public policy even though the matter may not be the subject of active controversy at the time.*

... ..



their output of locally originated music and programmes of Maltese origin and performance. This appeal received a positive response from most stations except those transmitting in the English language which erroneously assumed that the encouragement of Maltese talent, particularly in music, was not their concern.

## Complaints

In addition to on going monitoring by its staff, the Broadcasting Authority acts upon complaints. During 1995, the Authority dealt with 65 complaints - a considerable increase on the previous year when 24 complaints were received. This increase is attributed partly to more public awareness of the Authority's role in consumer protection. A complaints bulletin is issued by the Authority every month and is published in the press on a quarterly basis.

Most of the complaints were directly related to the news services provided by PBS and concerned questions of bias, fairness, accuracy or non-reporting of statements and activities. Over 50% of complaints were submitted by political sources with the majority coming from the Malta Labour Party and Alternattiva Demokratika. Ten complaints were received during the year from individual viewers and listeners.

The following is an analysis of programme complaints during 1995:

**Table 1 - Source of Complaints**

Source	Number	Action
Alternattiva Demokratika	15	5 upheld
Malta Labour Party	13	4 upheld
Nationalist Party	4	1 partly upheld
Individuals	10	5 upheld
Trade Unions	5	2 upheld
Ministers	4	2 upheld
Local Councils	2	1 upheld
Forum Zghazagh Laburisti	2	1 partly upheld
Health Department	2	1 upheld
National Pensioners Association	2	1 upheld
Miscellaneous	6	-



**Table II - Nature of Complaints**

Category	Number	Action
Accuracy	9	3 upheld
Balance/Bias/Fairness	46	17 upheld
Taste/Decency	4	1 upheld
Other	6	2 upheld

**Table III - Broadcasting Services Concerned**

Service	Number	Action
BA Political Broadcasts	3	1 upheld
Radio 101	5	2 upheld
PBS	47	14 upheld
Live FM	3	1 upheld
Super One TV	4	2 upheld
RTK	2	1 upheld
Radju MAS	1	upheld

Complainants are required to send in their complaints to the station concerned which should reply within three days. If the station's reply does not satisfy complainant, the matter can be referred to the Authority for review. The final decision about findings on complaints and the sanctions, if any, which are applied are taken by the Authority meeting in formal session.

## Sanctions

Over the course of the year, the Authority imposed a Lm50 per week fine on the company responsible for the operation of Smash Radio. This sanction which remained in effect for two weeks was imposed following repeated requests for the station to comply with licence obligations.

During October 1995, a series of events led the Authority to believe that Radio Live FM's effective control had past into third party hands and the Authority suspended the station's broadcasting licence for a period of six months or until the original licensee



could prove to its satisfaction that he had regained effective control of the station. The matter was taken to court and at the end of the year it was still under consideration by the Court of Appeal.\*

## Programme Awards

Forty eight programme entries sent in by producers working for television and radio services competed for the First Radio and Television Programme Awards.

This encouraging response to the Authority's programme competition launched in May 1994 consisted of 16 entries in the television section and 32 entries in the radio section. All programmes were broadcast for the first time between October 1994 and March 1995. In its report, the panel of adjudicators commented upon the reasonable level achieved by some productions "...an evident indication of the dedicated efforts which some programme producers put into their work."

The adjudicating panel however, also felt that the level of a number of other productions was so low that some of the prizes were not awarded. A recommendation was submitted for an increase in the number of categories to cater for entries of a literary nature or for discussion programmes of which quite a number were entered.

Prizes consisting of Lm500 for the producer of each winning entry, diplomas and a suitably inscribed bronze and marble trophy for the station were handed out by the Broadcasting Authority Chairman during a ceremony held on 21st July 1995. The recipients of the First Programme Awards were six radio and television producers together with the managements of three broadcasting services.

### Programme Awards 1995

*The Award winning programmes were the following:*

#### Radio Section

*The programme **Macbeth** submitted in the drama category by John Suda as the representative of the production team and broadcast on University Radio.*

***Press Cuttings** produced by Charlo' Bonnici and broadcast on Radio Malta. The programme competed in the current affairs category.*

*Radio Malta also carried off the prize in the documentary/magazine programme category. The recipient of this award was the programme **Rimja** produced by Gorg Peresso.*

*Noel Mallia the producer of **Rock C.V** won the award in the light entertainment category. This programme was broadcast on Radio 101.*

#### Television Section

*The programme series **Bir-Rispett Kollu** transmitted by TVM over recent months won the Broadcasting Authority award in the television current affairs category. The production team was represented by Francis Lia.*

***Enigma**, another PBS programme also transmitted by TVM was judged the best entry in the Documentary/Magazine programme category. Mario Parascandolo headed the production team.*

\* Final judgement is expected to be delivered by the Court of Appeal on 29 April, 1996.







*Prize Winners at the first Broadcasting Authority Programme Awards.*

A special award for outstanding service to broadcasting was given to well known radio and television broadcaster, Charles Arrigo, who retired during the early part of 1995 after nearly half a century of meritorious service.

The Authority hopes that through the institution of these awards and the healthy competition which they stimulate, deserving talent will be publicly recognised and suitably rewarded. These inducements should contribute further towards an improvement in programme standards.

The Second Broadcasting Authority Programme Awards will be held in the Autumn of 1996.

## Broadcasting Finance

Radio is not cheap but television is an enormously expensive medium of communication as most of the local broadcasting services have come to realise. Whether the cost is paid directly out of public funds or indirectly out of the price of goods advertised, the public must pay for the service it gets.

The Authority has been repeatedly told, and there is ample evidence to support it, that some private stations have only recently been able to show a small profit after incurring substantial losses and others are still struggling to achieve a break even position.

The stiff competition for advertising revenue prevailed during the financial period under review which, in this case relates mainly to the year ended 31 December 1994. Statistics compiled from data supplied by broadcasting services showed that total advertising income generated by the private broadcasting sector registered approximately 2% increase over the previous year and indicated significant shifting of advertising income from one station to another. However, it is worth noting that in the majority of cases this shifting of income does not necessarily correspond to the popularity of the station.

Generation of other income by way of sundry activities such as the sale of programmes in cassette form, the publication of programme magazines and the raising of revenue through subscriptions was not sufficient to cover operation, administrative and selling costs. This resulted in most stations reporting a loss. The Authority observed that the general trend indicated that some stations had trimmed down their production and operation costs and had utilised the subsequent savings for the employment of better qualified personnel. On the other hand, other station managements chose to cut down on all costs including wages and salaries. This, in some cases, reflected a lowering of programme standards.

The lack of sufficient turnover and the resulting significant deficits have compelled most of the stations to obtain heavy finance from other sources i.e. from the banking sector, shareholders' loans, etc. This in turn resulted in the stations' incurring considerable finance charges.

The Authority's assessment of the financial performance of local radio and television services revealed that some stations are struggling for survival as they appear to have reached the limit of obtaining further finance to continue their operations.

## Advertising

Economic forces may also have a bearing on the need to regulate the broadcasting





media. In Malta as in most European countries, radio and television services are provided under two systems: public broadcasting services funded partly by revenue from licence fees and partly through advertising and private radio and television funded entirely from the sale of advertising time. The Authority acknowledges the legitimate and positive role that advertising plays in our broadcasting system but sounds a note of caution when commercial interests attempt to influence the programme content. There were several instances during the year when stations in the public and private sectors allowed commercial sponsors to influence their programme schedules in breach of the Advertising and Sponsorship Code. Some advertising demands for time, especially for the more popular hours of the broadcasting day, can result in a monotonous similarity of programmes of immediate appeal or in a total advertising content which is excessive and which in its insistence and blatancy becomes offensive. Against such advertising practices the public can, in the absence of regulation, have little defence. During the course of the year, meetings were held between Authority officials and representatives of public and private television stations when advertising practices were discussed in the light of prevailing legislation and the methods of advertising adopted in other countries whose broadcasts are received in Malta. However, despite a measure of understanding, continued breaches of the advertising and sponsorship code led the Authority to take sterner measures to control the situation.

## Conferences and Seminars

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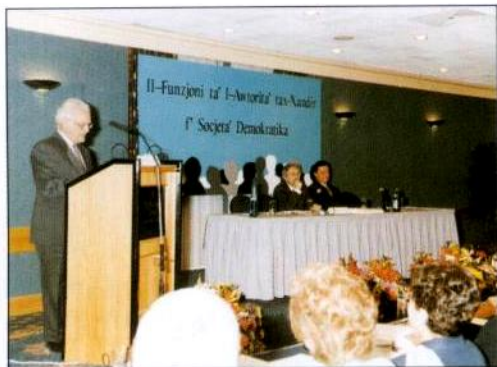
For the third successive year, the Authority organised a public seminar to focus attention on a particular aspect of the local broadcasting scene. The one-day seminar held in May 1995 examined the role of the Broadcasting Authority in a democratic society.

After 30 years of regulating radio and television services provided by the state, the Broadcasting Authority's role expanded over the last four years to include private commercial radio and television and a growing cable television network. This proliferation of broadcasting services gave practical expression and voice to the right to communicate but it also put to the test the legal framework under which the Authority functions.

The choice of the topic for this seminar was ambitious, because it covered at the same time the present situation and also looked ahead to the prospects for the future. The distinguished panel of speakers included the Prime Minister who spoke on the government's view of the developing role of the Authority. The Leader of the Opposition who also addressed the seminar



*The Working Group on regulatory broadcasting agencies which met in Malta during May 1995.*



*'The Function of the Broadcasting Authority in a Democratic Society' was the theme of the 1995 broadcasting seminar. Picture shows the seminar in progress.*



expanded on the Labour Party's policy regarding a new framework for Malta's broadcasting services. Dr Wenzu Mintoff tackled the topic for the seminar from an Alternattiva Demokratika perspective.

The 1995 foreign guest speaker for the seminar was Dr Michael Redley, Secretary to the U.K. Independent Television Commission who spoke about the British experience in the regulation of broadcasting. Since Malta's broadcasting legislation is modelled in part on British standards and practice in regulating the media, Dr Redley's contribution which is reproduced in the Appendices section of the report gains in significance.

The seminar was also addressed by the Minister responsible for broadcasting and by Mr Laurence Mizzi, a former chairman of the Authority, who assessed whether pluralism in broadcasting had fulfilled its promise. This well attended annual event was chaired by Professor J.M. Pirotta, the Authority's Chairman who traced the development of the Broadcasting Authority throughout its 34-year history.

During 1995 Malta hosted two international conferences. In April, the Working Group on Regulatory Broadcasting Agencies in Europe met to discuss national and European regulatory issues. The Group, of which the Authority is a member, reviewed the transfrontier television directive and the implication of new technology for the regulation and control of broadcasting. The Group is part of the supporting structure of the European Institute for the Media which is based in Dusseldorf. This conference was







*The Maltese Delegation at the General Assembly of the European Broadcasting Union meeting in Malta.*

attended by broadcasting regulators from the U.K., France, Germany, Italy, Portugal, Spain, Turkey, the Czech Republic, Ireland, Sweden, Poland, Belgium and Holland.

Another conference was convened in Malta in June 1995. PBS organised the 46th Ordinary Session of the General Assembly of the European Broadcasting Union which was held at the Mediterranean Conference Centre. 185 delegates from major

broadcasting organisations worldwide attended the three-day conference which discussed organisational and programme matters as well as relations with European institutions. During this session of the Assembly, a discussion was held on the theme of the future of public service broadcasting in the multimedia era. Three keynote speakers - the President of RAI, the President of France Television and the President of the North American Broadcasters Association - introduced and took part in the discussion.

The Authority and PBS are joint active members of the European Broadcasting Union and both organisations were represented at the conference.

## Overseas Contacts

During the year covered by this report useful contacts were established by the Authority through visits to broadcasting organisations and attendance at international conferences.



*The Authority's Chief Executive and Board Members visited BBC World Service TV Studios and private radio stations in the London area.*



The Authority's Chairman and the Chief Executive took an active part in the Seventh European Television and Film Forum which was held in Crete. The Forum explored the role of creativity in the age of multimedia, the free circulation of programmes, the cost of new technologies and other developments of interest to European broadcasters. The Authority's Chief Executive accepted an invitation to deliver a paper on **Television from Beyond the Borders: The Malta Experience**. This was followed by a meeting of the working group on audiovisual regulation and policy during which a vigorous and productive debate took place.

The lack of popularity of programme subtitling in Malta has limited the range of foreign programme supply to the English speaking market. Yet there are many excellent award winning programmes which cannot be shown locally because of language difficulties. Besides increasing programme supply, subtitled programmes retain the original effects and dialogue with all the nuances intended by the film director and realised by the actors. In an effort to explore these obvious advantages, the Chairman and the Chief Executive paid a visit to production studios in Copenhagen specializing in subtitling technique and equipment. Danish television has been using subtitling for many years with positive results. This service was extended to the news and the reaction from the deaf and hard of hearing was encouraging. The local cost implications of this language transfer method are being assessed particularly for use by the Authority in its Community Channel programming. As a result of this visit, the Authority is considering the possibility of entering into joint venture agreements with Danish subtitled programme producers.

The Chief Executive of the Authority, Mr Antoine Ellul and three Board Members, Dr Dominic Fenech, Professor Joe Friggieri and Mr Charles Mizzi visited Britain at the invitation of the U.K. Foreign and Commonwealth Office. The main emphasis of the visit was on regulatory aspects of broadcasting and included talks and discussions with officials from the BBC, Independent Television and Radio and the Ministry of National Heritage which is responsible for broadcasting policy and legislation.

The Maltese delegation was briefed on modern developments in digital, cable and satellite broadcasting and explored training possibilities and programme supply. Talks were also held at the Commonwealth Broadcasting Association which is represented in Malta by the Authority.

When everything is considered, 1995 was a year of consolidation for the broadcasting sector which with careful handling and judicious investment could regain its viability and thus continue to be of service to the community.



Antoine Ellul  
Chief Executive







# Political Broadcasting

For many years the Authority has been associated with political broadcasting. This is due, no doubt, to the long standing arrangements through which the political parties are offered direct access to the broadcasting media. Prior to 1991, the Authority was under no obligation to provide political parties with privileged access to airtime however, after the enactment, in 1991, of the Broadcasting Act this access became a matter of legal right.

Apart from party political broadcasting, there are two other sectors where politics and politicians play an important role. These are ministerial broadcasts and anniversary messages.

## Party Political Broadcasts

In accordance with the provisions of section 13(4) of the Broadcasting Act, the Authority makes annual arrangements for a series of party political broadcasts which are allocated in proportion to the parties' representation in Parliament. This method of allocation was challenged in Court by Alternattiva Demokratika which has no parliamentary representation. A decision by the Courts is expected in April 1996.

The Nationalist Party and the Malta Labour Party share 800 minutes of airtime through the introduction of a scheme covering the period from 20 November 1995 to 31 December 1996. The current arrangements allow more flexibility in the production and scheduling of party political broadcasts to suit party requirements. As the scheduling of these programmes is necessarily linked with political issues which arise from time to time, it was agreed between the Authority and the parties that political broadcasts would be used when the need arises rather than on pre-determined dates.

Flexibility was also extended to the number of participants in debates. The new arrangements provide for programmes with either two or four participants depending on the option exercised by either of the two political parties.

Since party productions seem to be gaining in popularity, the airtime for productions and political spots, previously allocated separately, has now been grouped together so that parties can use whichever method of communication suits them best.

The 1995/96 scheme of party political broadcasts which comes to an automatic end if Parliament is dissolved, apportions programmes and distributes airtime as follows:



Programmes	Allocation	
	PN	MLP
Press Conferences	2 x 60'	2 x 50'
Debates	3 x 60'	3 x 55'
Interview Programmes (Wegibni)	2 x 30'	2 x 25'
Party Productions and Spots	65'	60'

Party political broadcasts are transmitted on Television Malta and on Radio Malta 1 on Fridays (except for party productions and spots which can be broadcast on any working day) at 8:30 p.m.

Audience reaction to party political broadcasts varies from time to time and although these programmes are necessary in a democratic society they are not audience pullers as the following figures extracted from the Authority's annual surveys show:

#### Audience Averages

1990	1991	1992	1993	1994	1995
never: 37% sometimes: 43% always: 37%	never: 36% sometimes: 44.8% always: 21%	no TV statistics provided	25.2%	9.23%	never: 37% always: 13%

During the year under review, the Authority had to take the unusual but, in its opinion, warranted action of cancelling a debate in the party political broadcast series. This was due to a Nationalist Party decision not to participate in the programme after the Authority had rejected a claim that the programme title (chosen by the Malta Labour Party) was objectionable. This incident involved an exchange of legal protests between the Authority and the Nationalist Party.

Another development which affected party political broadcasts concerned the resignation, announced during the year, of Dr Joe Brincat MP from the ranks of the Labour Party. Since overall airtime allocation reflects parliamentary representation, a proportionate amount of airtime had to be deleted from the Labour Party's previous airtime entitlement. Dr Brincat's claim for a separate airtime concession was rejected by the Authority on the grounds that he did not constitute a political party in terms of the law.

### Anniversary Messages

One hundred and thirty minutes of airtime were taken during the year for the purpose of



delivering 17 Anniversary Messages. These broadcasts are meant to commemorate internationally recognised occasions. A full list of such broadcasts is given below:

Date 1995	Subject	Speaker	Duration
1. February 11	World Health Day	Parliamentary Secretary for Health	8'
2. March 16	Consumers' Day	Minister for Food, Agriculture & Fisheries	7'
3. April 12	World Polio Day	Parliamentary Secretary for Health	7'
4. April 19	Road Safety Week	Minister for Transport, Communications & Technology	8'
5. May 16	International Day of the Family	Parliamentary Secretary for Family Affairs	7'
6. May 26	World Children's Day	Minister responsible for Youth	2'
7. May 31	Anti-Smoking Day	Parliamentary Secretary for Health	7'
8. June 5	World Environment Day	Parliamentary Secretary for the Environment	8'
9. June 22	Europe Day against Aids	Parliamentary Secretary for Health	8'
10. July 12	Police Anniversary	Minister for Home Affairs	5'
11. September 27	Tourism Day	Parliamentary Secretary for Tourism	6'
12. October 1	World Day of the Elderly	Parliamentary Secretary for the Elderly	7'
13. October 5	European Heritage Day	Minister of Justice and the Arts	7'
14. October 10	Mental Health Day	Minister for Social Development	8'
15. October 16	World Food Day	Minister for Food, Agriculture and Fisheries	8'
16. December 1	World Aids Day	Parliamentary Secretary for Family Affairs	14'
17. December 3	World Day for the Disabled	Minister for Social Development	13'

## Ministerial Broadcasts

Another type of broadcast where the initiative is taken by Ministers and not by broadcasters is the Ministerial broadcast. These can be factual statements with no political content or politically controversial broadcasts. The former do not present problems but the latter are subject to the right of reply.



Ministerial broadcasts are regulated by the terms of a policy issued by the Authority. However, in recent years, such broadcasts have not been made use of and, in fact, there were no ministerial broadcasts during 1995.

# The Community Channel on Cable Television

It is an established fact that local and community broadcasting services are valued and appreciated by the public. It is probably true that the volume of community activities as reflected in our television programme schedules does not take up a significantly large percentage of the total PBS television programme output. Nor would these activities be adequately reflected in the programme logs of private commercial television stations.

Under these circumstances, a Community Channel would cater for a definite public need and would be expected to take an active part in the community it serves - assisting in its development, aiding the community's needs, giving expression to its economic, artistic and cultural life and aspirations.

The Community Channel was first provided for in the National Broadcasting Plan (Second Schedule to the Broadcasting Act, 1991) which states that "*As a first step the introduction of a Cable Television system will have a Community Channel operated by or for the Broadcasting Authority.*" Reference to this channel was also made earlier in the Government's public call for proposals to develop a Cable Television service for the Maltese Islands. In this document it was stated that:

*The Cable Operator shall distribute a Community Channel operated by the Broadcasting Authority. Studio facilities, equipment and training shall be provided free of charge to the Authority for interested and responsible groups who wish to partake on a voluntary basis, in local programming. Such programming would include parliamentary proceedings and time for political parties as well as other items of interest to the population of these islands.*

The Broadcasting Authority readily took up the challenge and despite a series of initial setbacks which delayed the start of operations, a building project which includes a 100 m<sup>2</sup> television studio for the Community Channel got under way. The Community Channel project will have four specific aspects:

1. Local programming will allow the channel to respond to local needs, interests and events as they arise with the channel retaining control over quantity and quality of the output.
2. Public access programming will enable voluntary groups, individuals and community organisations to produce and present their own programmes for transmission.





3. Subject to Parliament's approval, the Community Channel could relay parliamentary debates as they occur or in appropriately edited versions for use in news and current affairs programmes on other stations.
4. Enrichment programming will be provided through the transmission of serious and informative material acquired from overseas sources. This material will, when possible, be broadcast with a Maltese voice-over commentary.

The Community Channel also offers the Authority an effective means of contributing towards raising the standard of broadcasting in Malta. The Authority plans to set up a Broadcasting Academy which would be responsible for the organisation of training courses, seminars, conferences and programme competitions. Using the facilities of the Community Channel, these activities are expected to have a beneficial effect on the level of performance of radio and television station employees.

Another important function of this channel will be to make public access slots available for members of the community who, subject to certain legal restrictions, wish to express their views on television. Public access does not rely on professional programme makers to provide material. This will be done by a school or a local council or a drama group or a voluntary organisation who might want to show a selection of its activities.

Three ways are currently envisaged in which the Community Channel can be used. Firstly and most importantly it will broadcast television programmes made by volunteer producers who, in return for nominal payment, can use access equipment, attend training courses and make use of the channel's expertise and advice. A second way of making use of the access facility will be the submission of material that has been recorded on the producer's own equipment. This will be dependent on sound and picture quality being of a high enough standard. Independent programme production in Malta is gradually becoming an established and professional reality and voluntary organisations who wish to promote their aims could resort to this means of production and have their final efforts shown on the Community Channel. The only constraint on such programme transmissions is that programme makers may not be allowed to use the Community Channel's equipment for commercial gain and must fall in line with legal broadcasting requirements.

Naturally, this kind of programming will not provide sufficient material for a regular programme schedule and a reasonable element of supplementary programming will be produced by the staff of the Community Channel. Planning and actual production is well under way and a number of documentaries of local interest were produced during the last 12 months and are now stockpiled for eventual screening. This programming includes series of historical interest, i.e. *Bliet Fortifikati Maltin*, *Taht l-Ahhar Saltna*, *Wirtna*, *Djar Antiki Maltin* etc. Other programmes dealing with matters of a practical nature, i.e. (first aid, childbirth, social activity, youth affairs, etc.) are also available for eventual

transmission.

This programming of a cultural, civic or other public interest nature will be supplemented by prestigious imported programmes suitable for Maltese voice-over transmission.

The agreement entered into between the Government and the Cable Operator provides for technical assistance and following discussion, arrangements have been made for the donation to the Authority of a three-camera Outside Broadcast Van which should make Community Channel programming more versatile and effective. This O.B. Van has already been delivered and is awaiting final commissioning.

All programme production activities are under the charge of specialised staff headed by a Director of Programmes, assisted by a Head of Production, and a complement of five Programme Producers together with supporting technical personnel.

Because the Community Channel on Cable TV is still in its initial development phase, it is important that it develops in the community's interest. To this end the Authority plans to start shortly test transmissions to identify and evaluate, amongst other things, public needs and expectations. Later during the year market research will be conducted to gauge public interest and to take into account ideas for improvement. The access facility when used in other countries revealed a potential pool of talent and demonstrated that the making of television programmes need not be a highly technical and elitist activity. Malta, too, can experiment with and share such experiences.

### **The Community Channel Mission Statement**

*The main aim of the Community Channel is to offer access to this television medium to those sectors and groups within the community who, normally, do not have the opportunity to participate in programming on other broadcasting media.*

*The channel places its human and technical resources at the disposal of those organisations with a commitment towards social and cultural progress. The station will help these and other deserving minority groups to produce and present their own programmes.*

*The station's facilities will be available to Local Councils, consumer associations, cooperative bodies, philanthropic societies and other groups whose aim is to safeguard the interests of the society in which they operate.*

*Community Channel programming should not give rise to political, industrial and religious controversy.*







# Radio and Television Broadcasting Survey - 1995

The Broadcasting Authority's sixth annual survey of the broadcasting media was released for publication in May. This national survey carried out during the first quarter of the year by Applied Economics Consulting Ltd ascertained the state of listenership and viewership and the opinion of the public concerning programmes. The survey report presented its findings and conclusions on the following aspects:

- viewing and listening patterns
- preferred sources of news
- preferred radio and television programmes
- quality of radio and television
- preferred radio and television stations
- political balance on radio and television
- radio audience shares
- television audience shares
- tourists' listening and viewing patterns

## Demographic Profile

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The survey was based on a purely stratified random sample, where each person chosen by name was actually interviewed in his/her home. The advantage of this approach is the possibility of statistically calculating the confidence intervals (or margins of error) for the estimated values. Two localities were chosen from each electoral division, with each locality stratified according to age and sex. The sample therefore reflected the current Maltese population, including a number of foreign residents. A separate small sample of tourists was interviewed and the findings were reported independently of the main report's aggregate conclusions.

## Viewing and Listening Patterns

The survey revealed that 78% of the population listen to radio, while 92 percent reported watching television. Radio listening was higher among the young and the female population. Television viewing was more evenly spread between the sexes and across all age groups. Most of the listening was done at home. However a significant amount of listening was carried out at work and in the car. The pattern depends on the occupational distribution of the population. Television viewing too had its own different locations within the home.

Almost half of the television viewing was done in the living room while the rest was parcelled out between the kitchen and the bedroom. Again the different habits of



the various socio-economic classes accounted for these differences. A complete picture is given in Table 1.

**TABLE 1: Who listens to Radio and who watches Television**

Date 1995	Radio Listenership			TV Viewing		
	Yes	No	No Reply	Yes	No	No Reply
Overall (Percent)	77.9	21.6	0.5	91.1	8.2	0.6
14-17	87.5	12.5	0.0	94.3	5.7	0.0
18-30	82.7	16.9	0.4	94.4	4.4	1.2
31-50	77.7	22.3	0.0	90.9	8.6	0.5
51-65	72.1	26.8	1.1	94.0	5.5	0.5
65+	71.8	26.8	1.4	80.3	19.0	0.7
Male	73.8	25.5	0.7	91.2	7.9	0.9
Female	81.9	17.9	0.2	91.0	8.6	0.4
Professional/ Managerial	61.4	35.2	3.4	95.5	4.5	0.0
White Collar	76.3	23.8	0.0	93.8	6.3	0.0
Salesperson	81.0	19.0	0.0	96.6	3.4	0.0
Skilled Worker	80.7	18.7	0.5	93.0	5.3	1.6
Unskilled	83.3	16.7	0.0	91.7	8.3	0.0
Armed Forces/ Police	76.2	23.8	0.0	100.0	0.0	0.0
Retired	69.7	29.5	0.8	79.5	19.7	0.8
Unemployed	72.0	28.0	0.0	84.0	16.0	0.0
Student	86.1	13.9	0.0	92.6	5.6	1.9
Housewife	0.7	19.3	0.0	91.3	8.4	0.3

Cable television is making various inroads in the Maltese household. According to the sample 23 percent \* of respondents reported having this service. Naturally, the intensity of ownership of this service varies with the economic background of the household.

Within the family, respondents felt that the husband has the final say, as regards the TV channel switch, half of the time, with the other half split between the wife and the children.

## Preferred Sources of News

Many of the respondents claimed to make use of the three available media: television, radio and newspapers as sources of local and foreign news. However, when pressed to give an opinion as to which they would mostly likely turn to for local news, the answer showed 63 percent would give television first preference. Radio was given first preference by 20 percent of the population while only 12 percent opted first for newspapers. In the case of foreign news the percentage resorting to television was higher, of course at the cost of lower preference for radio and newspapers.

\* Actual subscriber penetration at the end of the year was 27.6 %



The most listened to stations for local news were Super 1, Radio Malta 1 and Radio 101. For foreign news the ranking stayed the same, though with RTK tying with Radio 101 for third place, and Super 1 losing some of its rating.

The preferred TV channel for local news was TVM with two thirds of the respondents reporting preference for this channel. Super 1 TV came second with 16 percent showing preference for it. For foreign news the foreign RAI channels took top place followed by TVM and Super 1.

## Preferred Radio and Television Programmes

The top favourite radio programmes in Malta during 1995 were music, local news, foreign news, discussion programmes, (including phone-ins), and religious programmes. Other programmes which appealed to certain sections of the population follow.

For television programmes first preferences went to the foreign news, followed by the local news and the weather forecast. Feature films and shows/games came next. Again programmes which did not appeal to all sections of the population feature further down the preference ladder.

## The Quality of Radio and Television

The majority (61 percent) of the Maltese public perceived an improvement in the radio stations taken together during the current year. A tiny minority of 4 percent felt that standards worsened, while an appreciable number (14 percent) reserved their judgement.

When asked which stations or channels they would prefer for certain types of programmes, various stations and channels were mentioned. The aggregate preferences were however highest for Super 1 Radio for most of the types of programmes, with the exception of music taken by Smash Radio and religious programmes taken by RTK. In second and third place we find also radios 101, RM1, Island Sound and Live FM according to the type of programmes considered.

As for television, the highest rankings for the various types of TV programmes were shared almost equally by TVM on one side, and the foreign channels especially of the Berlusconi group on the other. Satellite television featured significantly for music clips, current affairs, and money programmes.

## Preferred Radio and Television Stations

The 1995 Audience Survey placed Super 1 Radio in top place with a 20 percent share. Second and third place were given to Smash Radio (15 percent) and RTK (14 percent). Next came Radio 101 (9 percent), with both Radio Malta 1 (8 percent) and Island Sound



(7 percent) following close behind. The other rankings in descending order were Bay Radio (5 percent), and Live FM, Calypso Radio, Radio Malta 2, (all in the 5 percent range), with University Radio and MAS (both with just under 1 percent). Thirteen percent of the respondents did not express a preference. An interesting factor was the appeal of each station to different age groups and socio-economic background. In fact the aggregate popularity was not shared equally among these groups. Some stations, however, managed to please most groups more than other stations.

As for television the most preferred television channels belonged to the Berlusconi group with 32 percent share of the first preferences. TVM comes second with 22 percent of all viewers. Third and fourth places were given to the RAI group and the extraterrestrial stations, which almost tie at 12 percent. Super 1 television comes next with 9 percent. The other Italian channels and Smash cable channel got just under 1 percent each. Twelve percent of the respondents did not express a preference. The foreign channels, as expected, tended to appeal more to the professional people and students.

## Political Balance on Radio and Television

As radio and television become an increasing source of political influence, the subject of fairness and political balance is of concern to politicians, broadcasters and the Authority alike. When asked to reply to questions in this regard a significant proportion declined to comment. Those who did, in the main reflected their previous preferences for a particular station.

With respect to fairness and balance on TVM, almost half the respondents who watched television reported an improvement over last year. The young generally were more forgiving than the older age groups.

As for the Broadcasting Authority's own intended balanced political programmes, 13 percent said that they follow them regularly, the rest follow them occasionally or in 37 percent of the cases claim not interested in watching them.

## Radio Audience Shares

The adult Maltese population, defined 14 years upwards listen to radio stations an average of 2.23 hours per day. This varies from a high of 2.1 hours on a Monday and also on a Tuesday to a low of 2 hours on a Saturday and a lower still figure of 1.4 hours on a Sunday.

The station which accumulated the highest number of listening hours was Super 1 Radio with an average hourly audience share of 2.43 percent. Second place went to Smash Radio, with an average audience share of 1.63 percent. Third place went to RTK with an average audience share of 1.19 percent. Close behind in fourth place is Radio 101 with 0.94 percent average audience share. The next four were Radio

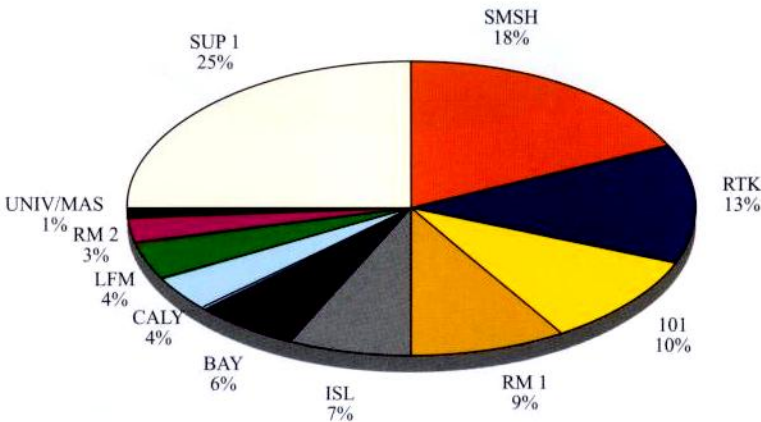


Malta 1 (0.86 percent), Island Sound (0.60 percent), Bay Radio (0.57 percent), and Radio Calypso (0.39 percent). The last four radio stations were Live FM (0.34 percent), Radio Malta 2 (0.24 percent), and University Radio (0.05 percent), and Radio MAS (0.04 percent). The following Table 2 and Chart 1 show the daily average audience share and the share of the radio listenership audience.

TABLE 2: Radio: Daily average audience share

	SUP 1	SMSH	RTK	101	RM 1	ISL	BAY	CALY	LFM	RM2	UNIV	MAS
MON	3.60	1.64	1.41	1.14	1.02	0.60	0.58	0.66	0.23	0.40	0.01	0.03
TUE	3.38	1.92	1.46	1.21	0.67	0.74	0.45	0.79	0.30	0.30	0.10	0.01
WED	2.68	1.94	1.60	1.20	0.68	0.73	0.46	0.26	0.38	0.03	0.06	0.05
THU	1.48	1.89	1.10	0.88	0.92	0.71	0.59	0.23	0.45	0.18	0.08	0.03
FRI	2.34	1.90	1.15	0.94	0.58	0.78	0.77	0.35	0.44	0.13	0.02	0.05
SAT	1.71	1.45	0.96	0.65	1.17	0.49	0.77	0.33	0.32	0.32	0.02	0.00
SUN	1.80	0.66	0.62	0.54	1.01	0.18	0.37	0.11	0.24	0.32	0.04	0.10
											0.05	0.04
DAILY AVERAGE	2.43	1.63	1.19	0.94	0.86	0.60	0.57	0.39	0.34	0.24	0.09	

CHART 1: Share of Radio Listenership Audience



## Television Audience Shares

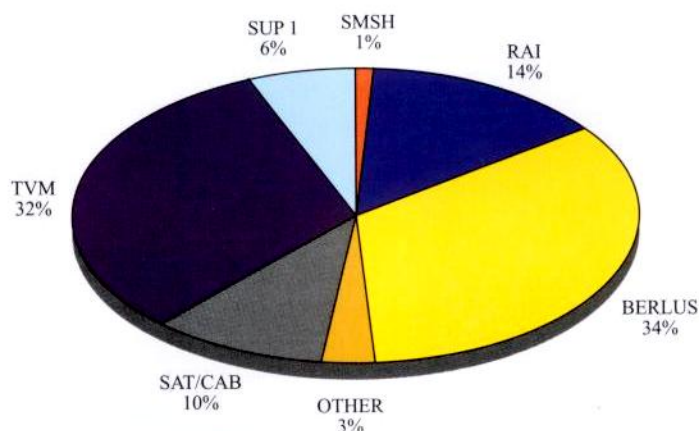
The adult Maltese population, watched television an average of 2.2 hours per day. For the viewing population, which is 9 percent smaller than the whole population, the average works out at 2.4 hours a day. The overall average taken over the whole population varies from a high of 2.2 hours on a Tuesday to a lower 1.8 hours a day on a Thursday and Friday.

The Berlusconi Group of television stations attracted the highest number of viewing hours. The three stations in the group attracted on average 2.9 percent of the potential daily viewing hours. The second highest segment of the viewing hours which was devoted to TVM was close behind at 2.7 percent. (As an individual channel it attracted



the highest number of viewing hours). Third came the RAI group of channels with an aggregate percentage of 1.1. Close behind (0.8 percent) were all the satellite stations received by dish or cable, which were available then to a segment of the population. Super One channel came next with 0.5 percent of the available hours. This percentage may have been affected marginally by the fact that in Gozo and some other places reception was still not adequate. TVM too was reported by some respondents to have similar problems in certain areas. Vide Chart 2 which shows the sharing of the television audience.

CHART 2: Share of Television Audience



## The Tourists' Listening and Viewing Patterns

The average tourist's listening and viewing hours are shorter. Where the radio and television service is available, it is used modestly, and selectivity for certain types of programmes following a pattern which is no different from those of local residents. As expected, foreign stations (especially the satellite stations) where these are available took first preference. However, any service given by our local stations to our visitors were shown to be most welcome and appreciated. The top radio stations popular with tourists are Island Sound Radio, Bay Radio, Radio Calypso and Radio 101.

## Conclusion

This survey showed in some respect a continuation of certain past trends, but also significant developments in others. These changes come from demographic developments, changing tastes, improved educational background of the population and technological breakthroughs such as the incursion of cable and satellite dishes. Definitely broadcasting is not standing still, least of all in Malta.

## Appendices





Public Broadcasting Services Ltd.  
Television Programme Statistics

Comparative figures 1995/199 4

Programme Category	Average Weekly Hours 1995	Percentage of Total Broadcasting Time	
		1995	1994
Total	89.94	100	100
News & Current Affairs			
News	6.10	6.79	7.89
Current Affairs	1.44	1.60	0.78
Discussions	3.51	3.91	3.30
Information			
Documentaries	4.39	4.88	4.01
Religious Programmes	2.66	2.96	2.94
Magazine Programmes	3.94	4.38	4.47
Sports	6.95	7.73	9.03
Health	0.52	0.58	0.00
Cultural			
Arts and Literature	0.96	1.07	1.39
Children's Programmes			
Cartoons	7.41	8.24	5.75
Informative and Educational Series	3.53	3.93	9.91
	1.39	1.54	0.00
Entertainment			
Drama	0.90	0.99	0.37
Series	14.43	16.05	20.13
Comedies	2.15	2.39	1.80
Serious Music	1.51	1.69	2.62
Pop Music	1.73	1.93	3.26
Folk Music	1.34	1.49	0.54
Variety Shows, Quizzes, Games	2.40	2.66	0.23
Feature Films/TV Movies	7.66	8.52	9.25
Others			
Political Broadcasts	0.30	0.33	0.22
Parliamentary Reports	0.12	0.13	0.28
Parliamentary Debates	0.04	0.04	0.19
Ministerial Talks	0.00	0.00	0.00
Anniversary Messages	0.04	0.05	0.07
Advertising	3.22	3.57	4.11
Miscellaneous	10.71	11.91	4.80
Public Service Campaign	0.59	0.65	0.57

	Average Weekly Hours		Percentage	
	1995	1994	1995	1994
Satellite	25.58	30.31		
Local	51.03	30.54	57.05%	41.15%
Foreign	38.91	41.74	42.95%	58.85%

# **Broadcasting Seminar**

Holiday Inn Crowne Plaza

5 May 1995

Key-note address  
delivered by foreign guest speaker  
Dr Michael Redley Ph.D.  
Secretary to the U.K. Independent Television  
Commission

## **The Regulation of Broadcasting: The British Experience**

I am greatly honoured to be invited to address the conference here in Malta this afternoon, and I hope to give you value for money. As a regulator you may think me beyond such petty concerns, a public servant who is concerned with "the public good" and "the public interest" as absolute values regardless of cost. Well, let me tell you that times are hard in the United Kingdom these days. Regulators, certainly in the sphere of broadcasting, are given often overlapping jurisdictions and are effectively made to compete with one another. We have in the UK a Broadcasting Complaints Commission, a Broadcasting Standards Council, a Radio Authority, a Board of Governors for the BBC, and Office of Telecommunications, an Office of Fair Trading, a Video Classification Board and a Board of Film Classification, to say nothing of the Independent Television Commission which I represent here today. This is a regular pack (or kennel) of "watchdogs", and value for money in regulation is therefore naturally one of our preoccupations. Whether the viewer gets value for money from all this regulation which is supposed to operate in his interest in the UK is another matter. I have already heard from listening to the preceding speakers that you order matters differently here in Malta. I would certainly very much hope that you do.

Anyway, to stick with the canine analogy for just a bit longer, I am delighted to have "slipped the leash" to be with you here this afternoon. Antoine Ellul has suggested that I should concentrate on the regulator's contribution to the quality of services for which he is responsible. I thought I should try to address this topic drawing on experience in the UK under three headings. First, what are some of the possible objectives and limitations of broadcasting regulation? Secondly, what are the means by which regulation can be imposed and what means are necessary to achieve these ends; and thirdly - most difficult topic but also the most interesting - what should broadcasting regulation concentrate on? What should be its main preoccupations?





Perhaps I can begin by briefly describing the ITC, and then enter a cautionary note. As those of you who have visited us know, the ITC is a body established by law to license and regulate commercial (ie: non licence-fee funded) television programme services provided in and from the United Kingdom, whether terrestrially, by cable or satellite. We do not regulate the public service broadcaster, except, for the future, in so far as he may engage in commercially funded broadcasting; not do we regulate commercial radio. However we do license cable delivery services, separately from the channels which are carried on them, which we also regulate.

The ITC is a body of up to 12 part-time Members who are individually appointed for a term of years by the Government. How can a body be independent when it is appointed by the Government? This has been a discussion that has taken place this morning. The answer for the UK is I think a concept called "the Great and the Good", and I would have just to explain what this means. When people reach a certain stage in their careers in Britain, successful and experienced people generally, they may be proposed to be eligible for public service on Government-appointed boards, and it is from the list of such people that the members of the ITC (and incidentally a number of the bodies operating in the UK broadcasting scene) are appointed.

The concept is, in a way, similar to that of a jury, I suppose, that you choose twelve ordinary citizens and you give them the job of deciding on a legal question subject to specialist advice, but the concept is that out of the average of those voices on that group you will get a statement of the public position at least as good in its content as you would get from any one individual and probably better. Part of this concept is that you have a professionally qualified staff which proposes and volunteers advice to the body. Another aspect of this is that those members who are appointed are only part-time, they are not full-time members, far from it. Infact they meet only one half day a month. Behind all this there lies the Law. The Law states what this body has to do, and if it is acting somehow in a biased manner or a manner which does not take account of the legal position as established by Parliament, then the actions of the body are challengeable to the Courts, to the Judiciary. That is roughly how the system works.

Coming back to the question of how it is possible to be both independent and appointed by the Government I have to say to you, the system in the UK is not without its controversy. There has been a very large expansion in the UK of the quasi-Government sector of activities because of privatisations and because of the political trend of events in the UK over the past fifteen years. I think if you were to ask the public whether they thought the ITC was biased or had a particular political colouring they would be hard put to it to say that it was or they might say that it is too old, that it does not reflect society in its age composition, they might say the same thing about its sex composition, its gender composition, but I think they would not say it about its political composition.

The commission is advised by a professional staff of about 170, including specialists in engineering, finance, economics, public relations and audience research, as well as



programme and advertising regulation. Advice drawing on other specialisations such as law and financial analysis is purchased on contract from outside. We also have small offices in a number of regional centres in the United Kingdom. The ITC is financed by fees levied on its licensees and by fees paid by applicants for licences. It receives no income from government or from the licence fee which is levied on all viewers who operate a television set. That is another aspect, I suppose you could say, of its independence.

Now for my cautionary note. I would not want to promote the ITC's approach to broadcasting regulation as in any way an "ideal" method suited to any or all circumstances. To begin with, its origins lie in some fairly radical right-wing political and economic thinking in the 1980's. Despite this there are still in it many features of the tradition which distinguishes English-speaking and Commonwealth countries from, say, the traditions of the United States, France and much of Southern and now Eastern Europe. The starting assumption in these countries, borne of revolutions against authoritarian regimes, is that the citizen has an absolute constitutional right of access to free communications and the communicator has an inalienable right to meet the demand which results, whatever it may be, in his own way.

The Anglo-Saxon tradition is not of course without its own cherished beliefs in freedom. But it acknowledges that regulation, under the authority of the State, has a real role to play in securing, facilitating, and, where necessary, creating the conditions which make for that freedom, among which is an economically healthy and pluralist media system which is responsive to the needs of viewers and listeners, is capable of enriching culture and making a mature contribution to the political and social life of the nation.

By that admittedly high standard, there are some aspects of the British system for regulating broadcasting which I would not recommend to my dearest enemy. I have already mentioned the competition among regulators, which creates confusion in the mind of the citizen as to whether *anyone* is actually in charge, and also encourages the regulated to play off one regulator against another to the detriment of standards.

I think that aspects of the competitive tendering system by which major terrestrial broadcasting licences are allocated in the UK leaves something to be desired, but that is another story. I want to focus instead more on the universal issues faced by regulators which arise out of the nature of the medium, and which apply in one form or another whatever the size of the population and the area served by the broadcaster and regardless of the geographical position of the territory he serves.

So let me now turn to the possible objectives of broadcasting regulation. The first, and perhaps the least contentious, is that there should be a common regime which all broadcasters must observe for the protection of the viewer and citizen. We call this 'consumer protection regulation'. It comprises a regime with a wide variety of aspects, which deals among other matters, with the protection of children, with respect for





racial and religious sensibilities, with due impartiality in the treatment of politics generally and of issues of current political controversy, and with areas where there may be offence to public feeling, such as the portrayal of sex and violence. With commercial television, the regime also needs to address the issue of fairness and accuracy in the claims of advertisers and sponsors, and the proper separation of commercial messages from the editorial content of programmes. Managing these matters successfully will add enormously to the quality of the services provided and will increase the trust vested in them by the public.

It sounds easy, but of course it isn't and controversy is bound to arise in the best managed of systems, not least about the issue of who is to decide on fairness and offence, and how the system is to be operated. It is said in sociology that one man's priest is another man's cousin. Well in broadcasting, one man's pornography may be another man's recreation. Clearly this is an issue facing all regulators, and may be in principle be solved in a number of different ways. There is also now a growth industry in setting common standards of regulation for trans-national services which are regulated under one jurisdiction but are received by viewers in another. This makes the pornography problem even harder to solve. The key point here about consumer protection regulation is that with a regime in place which applies to all broadcasters, there is the prospect of isolating the main issues as proper matters for public concern and debate, leading to the proper setting of standards which will not then be devalued by competitive pressures.

I would assert from the UK experience in this area of consumer protection regulation no quarter should be given to offenders or defaulters. The principles of the system are being directly attacked when, for example, services which are obliged to distinguish editorial matters from commercial messages do not in fact do so. The public has been encouraged to believe that commercial persuasion will take one form for which people are prepared and in fact it takes another for which they are not prepared. The ITC has recently fined Granada Television, which is a major broadcaster, £500,000 for a persistent offence of this kind, an offence which in our law is known as product placement, where commercial objects are repeatedly displayed in drama programmes. Let us say a lager can appears persistently on top of a table as if it were casually and the cameras pan past it. That is an illustration of the way the UK system addresses this sort of consumer protection issue and attempts to deal with it.

The second area, the encouragement of certain types of programmes, is far harder. In the UK, the major terrestrial broadcasters are required to provide a service of national and international news, current affairs, religious and children's programmes, and to include programmes of high quality as part of a diverse service. Now these are commercial broadcasters, this is not the public service broadcaster of the BBC, these are commercial terrestrial television broadcasters. Some of these commercial broadcasters are also required to provide regional programmes and programmes in minority languages.



The fourth channel in the UK is specifically required to innovate in the form and content of its service and to provide programming not available on the other main commercial service, Channel 3. We call these 'positive programme requirement', and they are a particular feature of the UK system which you tend not to find elsewhere. They cover areas of programming more often associated with public services than with commercially-funded broadcasting. We even have a commercially-funded service, Channel 4 again, which is required by law to supply information, education and entertainment - the well known trinity of the public service broadcasting creed as a 'a public service'. So you can see there is a direct link between the public service side and the commercial side.

The limitations here are very clear. While public services funded publicly may be able to take risks and to provide programming which attracts small audiences and plays only to minorities, the instinct of commercial broadcasters leads them in the contrary direction. The key issue is one of resources. While the audiences for commercial television are substantial and are concentrated among a few channels, then it is possible to regulate for this sort of quality. This is why the development of technology which will allow more choice and a proliferation of channels is often assumed to spell the end of this 'positive programme regulation'. Let me leave that point for the moment and let me return to it later as it is a very interesting general question about regulation.

Other possible objectives of broadcasting regulation include what is sometimes called 'market management', the use of regulatory instruments to encourage and facilitate the entry of new broadcasting voices and to ensure that competition between economic agents in the market place is at the same time fair. A particular issue in this area arises from the way technological development creates new opportunities for monopoly in key areas with inbuilt economies of scale, such as addressable subscription systems and customer management services. At such 'bottlenecks' the monopolist is able to siphon off monopoly profits, which may lead to less diverse choice of less well resource services being available to viewers.

On the other hand in strategic areas it may be appropriate to encourage concentration to maximise the use of resources, and to enable the costs of expensive overhead services to be carried. Let me give you an illustration of this from the UK. Channel 3 or ITV is required to provide its own news and current affairs programmes of high quality, but to discharge this responsibility its national and international news bulletins must be taken from a news provider nominated by the ITC. The nominee now is the service ITN. The logic of this is that competition would make it impossible to carry the overhead cost of foreign bureaux, news gathering and the distribution systems that are required. The overall quality of news would be diminished, and pluralism would be diminished by the encouragement of competition in that instance. And so the view has been taken that to create a force at least as capable as that provided by the public service broadcaster, the BBC, the commercial side should be organised to have its resources concentrated in such a way that it can offer an equal and opposite view of the news.





The ITC may nominate a second news provider, but only if it is satisfied that the overall quality of news would not thereby be undermined.

Another aspect of 'market management' is to ensure that the viewer's voice is heard, and that the broadcaster is made aware of the needs and wants of his customer. Of course the fundamental issue in market management is what ownership regime applies to broadcasting. In the UK, and I know that this is not the case here in Malta, persons with political objectives may not own television stations. This may be justified on consumer protection grounds, but it is also, as the Americans say "good box office". The public is quick to detect bias and dullness which is often inescapably associated with political dogma, and will tend to search for impartiality, fairness and accuracy where it can be found. In the UK there is a very high dependence on television and radio as the source of national, international and local news, relative to the press. This increases the revenue of broadcasting which feeds back into the quality of programmes and you get a vicious circle established whereby the depoliticisation of television pays for itself and has its own financial and economic consequences.

In matters of market management the broadcasting regulator may find himself in territory more often occupied by other regulatory specialists, indeed other elements of society. The analysis of complex monopolies, for example, to identify where the public interest truly lies in any instance is not a simple matter and the issues involved go well beyond the realm of broadcasting. But they remain central to the quality of broadcasting from the perspective of the viewer and therefore of broadcasting regulation, because they go to the heart of diversity, choice and resources which are central to the achievement of quality.

Finally, among possible objectives, I should refer to technological research. Commercial broadcasters will naturally want to pursue for themselves new developments which will crucially affect the future of their businesses. However by conducting its own research or managing research on behalf of the industry, the regulator can help to set a framework consistent with the wider objectives of broadcasting regulation and serving its purposes on matters of detail. In situations of rapid technology change, broadcasting regulations have another function in providing certainties that the commercial operators can operate to. And it may be that only the regulator is in a position to do that because Parliaments tend to take longer to legislate than regulators take to issue directions and issue notices and give guidance to the industry. It is certainly a feature of the view taken by broadcasters themselves of regulation in the UK and they value it for its ability to set parameters in a period of rapid technical change. Funds will limit what can be achieved in this area, although an increasing proportion of resources are derived these days from international collaboration and from funds managed by the European Union.

Competing broadcasters will not always agree among themselves about what the priorities should be. But at least the prospect exists of pushing forward in a direction which takes account of wider public interests.

Now I would like to say a brief word about the means of regulating for quality. The first of these, I believe, is a clear division of labour between broadcasting and regulation. It must be clear that the broadcaster is left to do his job and the regulator to do his; the broadcaster to address his audience, taking responsibility for all aspects of what appears on screens, and the authority to judge whether or not it is being done in line with the legislation and the rules which are devised in the light of the public interest. Otherwise if this division of labour does not exist the market operator will not know where he stands. He will not internalise public values because he will rely on the regulator to do it for him. Nor will the regulator be able to do his job. One issue here is whether regulation should apply before the event or only afterwards. Can the regulator intervene only on the basis of what has appeared on the screen or what he knows may or will appear on the screen. In the UK our answer to that is definitely an after-the-event regulation. This is a break with the traditional system in the UK where previously there has been a broadcasting authority that has had the right in the commercial area to examine the schedules of broadcasters and to, if necessary, to call in any programme or any programme idea or script and examine it and question and, if necessary, veto it. This is no longer the case in the UK, the regulation is ex-post and this is part of a new system where the regulator and the broadcaster have their respective spheres and know where they stand.

It follows from that, I think, the second of the means that I would like to refer to is a clear statement of what the required minimum standards in all areas actually are. This may appear trivially obvious. But it is often forgotten. The ITC spends significant amounts of its time on drafting and amending codes of practice for broadcasters and testing them with industry and the public. We have codes derived in this way for programmes, advertising, sponsorship, teletext services and engineering quality. They are fascinating documents, reminding me sometimes of what a young girl is supposed once to have remarked about the biblical Ten Commandments, are of course public documents which are made available to any inquirer - I hasten to add in a more handy form than the original.

Our codes are mixtures of injunction and guidance. It is not possible to draft a definite rule of the form "Thou Shalt Not..." for all circumstances. The impact of any episode on the screen will depend on the context in which it is set. The rules must take account of broadcasters to address their audiences. But the codes supporting 'consumer protection regulation' are a guarantee to viewers that broadcasters will be mindful of areas of public concern, and at the same time to broadcasters that public concerns will be articulated in ways to which they can respond. The regulator must ensure that both these are true at the same time.

Clear requirements to set against actual performance make it more likely that requirements will be met. The ITC specifies 'positive programme requirements' for strands of programming in hours per week averaged over a calendar year, and they are written into the licence. We also use the proposals made by the licensee when he





applied for the licence as the basis for setting these requirements. But of course this will only work as part of a regulatory system if the regulator is known to be watching and his threat to take enforcement action is credible.

On the first point, monitoring, it is impossible to watch every minute of broadcasting provided by each licensee, particularly as the number of cable and satellite services grow. At the CSA the Conseil Supérieur de l'Audio Visuel in Paris, they have a room full of tape-recorders recording everything that is broadcast in France and it whirls continuously - it is like a sort of science fiction nightmare. It is certainly not the way that we try to do this in the UK. What we do is to sample the output, we call 'dipstick monitoring' and complaints from viewers about programmes and comments by panels of ordinary viewers appointed by us for the purpose can be used to prompt more detailed investigation. Our licensees are required to keep tapes of their output for a period of months and to produce them on demand. They are also required to appoint compliance officials who must answer initially for any failure to meet the requirements. The licensee must train his staff in the content of the ITC's codes, the compliance function must have direct access to the board of the company so that it has influence at the level of strategic decision-making within the licensee and is notified at the level of which decisions are made about money.

The ITC asks for regular data returns from its terrestrial licensees to establish whether or not their 'positive programme requirements' are being met, and in this area an annual audit is done for the terrestrial services. The audit for 1994 has in fact just been published of how each licensee has performed. The publication of this document which is the size of a small paperback book gives the ITC an opportunity to comment also not just on the performance of each licensee, but on trends within the broadcasting scene generally, and it helps to develop public debate and to inform public criticism of the licensees. We also do our own audience research to identify what viewers think about various aspects of the services which are provided - which gives us an independent view, we are not dependent on what the licensees tell us, but we can do our own accounting.

Coming then on to the second aspect which I suppose is that the regulator has some credible response. The ITC also has available sanctions which can be applied if necessary where licensees fail to meet any requirements. These include requiring a broadcaster to apologise on screen (which can be quite a powerful sanction because broadcasters do not like to apologise), fines of up to three per cent of revenue for a first offence and five per cent for a second and subsequent offence, shortening the term of a licence by up to two years, and then renewing it for good behaviour, declining to renew it, and finally, the ultimate weapon of revocation. However promoting the ethos of a penal colony is probably not, in the end, the best way to encourage quality on the screen, which is after all the end purpose of regulation.

Among the means of regulation, I would set some value, finally, on an atmosphere in



which broadcasters are impelled, as far as possible, to pursue quality in its various forms for themselves. This is not an easy matter, and requires, as well as regulation based as far as possible on consent, an informed and critical public, and industry within which there is a sense of competition among programme makers and broadcasters, and, as I mentioned earlier, adequate revenues to support experimentation and innovation, and to address the needs of the specific audiences rather than simply filling up time at the lowest possible cost.

I come finally to the issue of what regulation should aim for. Here I will refer simply to a few key points. The first is indigenous production. Nothing else, it seems to me, is more likely to support quality in the way I have tried to define it. Production which is close to its audiences is far more likely to be able to reflect their needs and interests. Contrary to what many commentators thought would happen, it is now clear that audiences for commercial television in a deregulated market tend to prefer drama, entertainment or factual programming, provided its production values are good enough, which has been made locally over material acquired on the international market, no matter how fashionable. The ITC requires from its terrestrial broadcasters and of Channel 3 in particular, that not less than 65 per cent of the material broadcast on these channels (including repeats) should have been produced originally for the channel.

This is actually quite a powerful mechanism. It slaloms its way through a number of quite difficult problems one of which is discrimination against suppliers in other countries. It in no way discriminates against supplies from abroad, it merely says that programmes broadcast on a channel should originally have been made for that channel, and that I think is a very valuable principle, because the freshness of the material is likely itself to commend it to the audience. The general trends are almost bound to be true for the UK. But the same general trend is now apparent, I think certainly across northern Europe where commercial television is a far newer creation and where the same sort of regulation does not apply.

In the UK there have been notable examples of demand for programmes breeding its own supply of independent producers, often on a very small scale as businesses but extremely effective as suppliers. The conditions for this are established where broadcasters operate within an appropriate framework set by regulation, and finance and rights are settled between the broadcaster and the producer on an orderly basis. This has proved to be a more effective way of putting quality on the screen than either the import of programming originally made for other markets or the maintenance of large local production factories with a monopoly of supply, much of it inferior quality and made to the order of the producer rather than the audience.

A second objective should be to seize the new opportunities offered by technology. Nothing will discredit regulation or store up problems for the future more quickly than failing to do so. The variety of new channels and the means to provide them in the format of multi-channel television often seems a fearsome challenge, likely to fragment





audiences without adding effectively, except in a purely numerical sense, the choice of viewing of the diversity of available programmes.

The new technology also brings with it new means of paying programmes and services and therefore the opportunity to draw new resources into broadcasting without displacing what is already there. I would not like to suggest that there is no scope for taking a strategic immediate view, for example, about news supply which I mentioned earlier on in this new rapidly changing world. It may be that that is part of the plan, part of the scheme of legislators and regulators. The public services may well suffer most when a previously rigid structure of which they were the centre-piece begins to change quickly. Established players are less likely to be affected adversely where they have the inbred capability to respond positively to competition.

Nor is it by any means clear that the audience for the old-style generalist channels will indefinitely erode in the face of specialist and niche services. The evidence from the United States where specialised programme channels have been in existence for nearly 20 years suggest the contrary. The networks in the US still have a very substantial proportion of the audience, and are making profits at least as satisfactory as they were 20 years ago. It is perfectly possible that the new technology can bring with it, within the right regulatory framework, an enhancement of quality. The points to work on are the competition in broadcasting, even if it operates only at the margin, is likely to encourage quality; and the people value quality, will respond positively to its provision, and as in other markets, given an opportunity will pay proportionately more for it.

My third and final point concerns viewers. I have mentioned them frequently in this talk, and I would like to emphasise their importance for regulation. Many other interests, including the broadcaster, the producer, the investor, the politician, the advertiser and sponsor, the equipment manufacturer and other media, such as the magazine and broadsheet press, are crucially involved. But quality on the screen which concerns the regulator is the end result of the actions of all these other interests for, and on behalf of, the viewer.

Regulation must go with the grain of commercial reality because it is most unlikely to meet its most minimal objectives unless it does. But it must ultimately steer by the star of viewers' concerns and interests. This means communication and consultation with the public generally and with bodies representing specialised interest. Economic interest within the industry will do this too, but their concern is not, ultimately, the public interest, but, quite properly, their own interest. This is what sets broadcasting regulation apart, and from which it surely derives whatever authority and influence it has.

That concludes my presentation. I am only too aware that you have concentrated on the UK perspective, but that is what, under the commitment to 'value for money', I was asked to do. I wonder, Mr Chairman, if I may be permitted a brief reflection on your closeness to Italy which I was struck forcibly by as I flew over Sicily and almost

immediately landed at Malta.

The patron saint of television as you know is Saint Claire. The story is that living at Assisi in Tuscany, Saint Claire had a vision in which she saw Saint Francis, who was at a distance of 20 miles, as though he was right in front of her. The story does not reveal whether the picture she saw was in black and white or in colour, whether it was owned by Rupert Murdoch or whether it was interrupted by advertisements or sponsored by Coca Cola or perhaps Opus Dei. Ladies and gentlemen there is no indication that the signal Saint Claire saw was regulated. Perhaps this is not surprising given the country from which the story arises. I suspect that it should have been regulated, I think Saint Claire would have been glad if it had - a new job for the Authority perhaps.





The Political Content of the News  
of the Public Broadcasting Services  
General Picture  
1995

MONTH	GOVERNMENT ACTIVITIES	PARTY POLITICAL			UNIONS			TOTAL	% OF ALL LOCAL ITEMS
		NP	MLP	AD	CMTU	GWU	GRTU		
JANUARY	107	25	40	10	21	24	7	234	51.3
FEBRUARY	146	10	43	7	24	43	6	279	62.2
MARCH	175	25	76	14	23	37	6	356	68.5
APRIL	161	13	52	10	22	26	4	288	59.0
MAY	184	8	61	7	34	30	2	326	59.6
JUNE	173	11	57	16	13	32	4	306	56.9
JULY	82	3	52	12	24	32	4	209	45.3
AUGUST	112	7	55	21	25	36	7	263	50.6
SEPTEMBER	108	24	48	26	18	28	5	257	54.4
OCTOBER	178	28	68	20	9	17	6	326	64.0
NOVEMBER	184	14	61	17	11	23	5	315	66.0
DECEMBER	134	9	33	17	17	16	1	227	51.8
	1744	177	646	177	241	344	57	3386	57.6

Ministerial Activities  
1995

Month	Number of Local News Items	Reports of Ministerial Activities	%
January	456	107	23.5
February	448	146	32.6
March	520	175	33.7
April	488	161	33.0
May	547	184	33.6
June	538	173	32.2
July	461	82	17.8
August	520	112	21.5
September	472	108	22.9
October	509	178	35.0
November	477	184	38.6
December	438	134	30.6
	5874	1744	29.7

## Party Political Activities 1995

Month	Number of Local News Items	Party Political NP   MLP   AD			TOTAL	%
January	456	25	40	10	75	16.4
February	448	10	43	7	60	13.4
March	520	25	76	14	115	22.1
April	488	13	52	10	75	15.4
May	547	8	61	7	76	13.9
June	538	11	57	16	84	15.6
July	461	3	52	12	67	14.5
August	520	7	55	21	83	16.0
September	472	24	48	26	98	20.8
October	509	28	68	20	116	22.8
November	477	14	61	17	92	19.3
December	438	9	33	17	59	13.5
	5874	177	646	177	1000	17.0

## Trade Union Activities 1995

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Month	Number of Local News Items	Unions CMTU   GWU   GRTU			TOTAL	%
January	456	21	24	7	52	11.4
February	448	24	43	6	73	16.3
March	520	23	37	6	66	12.7
April	488	22	26	4	52	10.7
May	547	34	30	2	66	12.1
June	538	13	32	4	49	9.11
July	461	24	32	4	60	13.0
August	520	25	36	7	68	13.1
September	472	18	28	5	51	10.8
October	509	9	17	6	32	6.29
November	477	11	23	5	39	8.18
December	438	17	16	1	34	7.76
	5874	241	344	57	642	10.9







# **Report and Financial Statements**





**Revenue and Expenditure Estimates  
For the year ending 31 December 1996  
In terms of Section 27 of the  
Broadcasting Act, 1991  
and  
Report and Financial Statements  
For the year ended 31 December 1995**

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## Revenue and Expenditure Estimates

for the year ending 31 December 1996

In terms of Section 27 of the Broadcasting Act 1991

	Page	Actual 1994 Lm	Actual 1995 Lm	Estimates 1996 Lm
INCOME	53	402,004	542,659	504,900
EXPENSES	53	(237,591)	(285,299)	(499,756)
DEPRECIATION		(26,824)	(39,669)	(57,598)
		264,415	324,968	557,354
SURPLUS OF INCOME OVER EXPENDITURE		137,589	217,691	(52,454)
Additional contribution for capital expenditure		-	197,000	200,000
		137,589	414,691	147,546
TRANSFER TO CAPITAL RESERVE		(137,589)	(414,691)	(147,546)
SURPLUS FOR THE YEAR		-	-	-
ACCUMULATED DEFICIT BROUGHT FORWARD		(159,358)	(159,358)	(159,358)
ACCUMULATED DEFICIT CARRIED FORWARD		(159,358)	(159,358)	(159,358)



## Projected Funds Flow Statement

for the year ending 31 December 1996

	Actual 1994 Lm	Actual 1995 Lm	Estimates 1996 Lm
<b>SOURCE OF FUNDS</b>			
Surplus/ (Deficit) for year	137,589	217,691	(52,454)
Add back:			
Items not involving the movement of funds:			
Depreciation of tangible fixed assets	26,824	39,669	57,598
Profit on disposal of tangible fixed assets	-	(3,615)	-
<b>FUNDS GENERATED FROM OPERATIONS</b>	<b>164,413</b>	<b>253,745</b>	<b>5,144</b>
<b>OTHER SOURCES OF FUNDS</b>			
Additional government contribution for capital expenditure	-	197,000	200,000
	<b>164,413</b>	<b>450,745</b>	<b>205,144</b>
<b>APPLICATION OF FUNDS</b>			
Capital expenditure	(277,491)	(509,461)	(200,000)
<b>NET SOURCES/(APPLICATION) OF FUNDS</b>	<b>(113,078)</b>	<b>(58,716)</b>	<b>5,144</b>



## Schedule of Estimates

for the year ending 31 December 1996

### 1 INCOME

	Notes	Actual 1994 Lm	Actual 1995 Lm	Estimates 1996 Lm
Government contribution	1(a)	300,000	300,000	400,000
Radio Licence Fees*	1(b)	31,134	36,760	40,700
T.V. Licence Fees*	1(c)	9,600	9,600	19,200
Cable TV - Franchise Fees	1(d)	30,000	30,000	30,000
Rental fees receivable	1(e)	-	1,375	10,000
Bank interest	1(f)	10,585	5,606	5,000
Other income	1(g)	20,685	155,703	-
Gain on disposal of fixed assets		-	3,615	-
		<u>402,004</u>	<u>542,659</u>	<u>504,900</u>

\*Radio and TV licence and application fees are shown net of technical assistance charge of 20% of gross fees received. Technical assistance is payable to the Ministry for Wireless Telegraphy in terms of Section 18(5) of the Broadcasting Act 1991.

### 2 EXPENDITURE

	Page	Actual 1994 Lm	Actual 1995 Lm	Estimates 1996 Lm
Operating Expenses:				
Administration department	54	141,987	162,420	206,493
Production department	54	51,341	53,990	193,856
Monitoring department	55	42,013	46,613	55,429
Technical department	55	2,250	22,276	43,978
- to page 51		<u>237,591</u>	<u>285,299</u>	<u>499,756</u>



### 3 ADMINISTRATION DEPARTMENT EXPENSES

	Notes	Actual 1994 Lm	Actual 1995 Lm	Estimates 1996 Lm
Duty visits abroad	2(a)	9,148	6,369	7,000
Rent	2(b)	3,500	2,456	-
Wages and salaries	2(c)	55,603	60,762	77,767
Member's honoraria	2(d)	20,054	20,088	20,054
Audience research study	2(e)	4,545	4,827	4,800
Staff recruitment and training	2(f)	-	375	3,000
Seminar and visiting lecturers	2(h)	3,076	5,599	7,500
International Conferences	2(h)	-	7,855	-
Legal and Professional fees	2(n)	3,106	2,174	5,000
Auditors' remuneration	2(n)	518	518	572
Public relations	2(n)	3,156	3,873	4,500
Repairs and Maintenance	2(i)	4,681	2,745	6,000
International organisations membership fees	2(n)	5,056	6,432	7,000
Subscriptions and publications	2(n)	1,047	1,395	1,700
Telecommunications	2(n)	3,303	4,124	4,500
Stationery	2(n)	2,408	3,751	3,600
Sundry expenses	2(m)	841	3,667	5,000
Insurance	2(j)	1,104	2,552	4,000
Transport	2(n)	1,608	3,015	2,800
Water and electricity	2(n)	1,350	1,752	3,300
B.A. annual reports & publications	2(o)	7,073	5,417	7,500
Advertising	2(g)	6,904	5,921	6,000
Programme of the Year Awards	2(k)	1,712	5,992	8,900
Academy for Broadcasters	2(l)	-	-	15,000
Bank Finance charges	2(n)	-	-	1,000
Rentals of radio & TV sets		2,194	731	-
		<u>141,987</u>	<u>162,420</u>	<u>206,493</u>

### 4 PRODUCTION DEPARTMENT EXPENSES

	Notes	Actual 1994 Lm	Actual 1995 Lm	Estimates 1996 Lm
Wages and salaries	3(a)	19,138	38,371	56,356
Staff training	3(b)	-	-	10,000
Programme production expenses	3(c)	26,335	11,819	117,000
TV political broadcasts		5,862	1,286	3,000
Radio and T.V. tapes		-	-	3,500
Sundry	3(d)	6	2,514	4,000
		<u>51,341</u>	<u>53,990</u>	<u>193,856</u>

## 5 MONITORING DEPARTMENT EXPENSES

	Notes	Actual 1994 Lm	Actual 1995 Lm	Estimates 1996 Lm
Wages and salaries	4(a)	38,712	46,147	52,429
Monitoring and supervision of programmes	4(b)	1,771	347	2,000
Staff Training		1,500	-	1,000
Sundry		30	119	-
		<u>42,013</u>	<u>46,613</u>	<u>55,429</u>

## 6 TECHNICAL DEPARTMENT EXPENSES

	Notes	Actual 1994 Lm	Actual 1995 Lm	Estimates 1996 Lm
Wages and salaries	5(a)	2,202	20,869	40,978
Sundry	5(b)	18	1,407	3,000
Staff Training		30	-	-
		<u>2,250</u>	<u>22,276</u>	<u>43,978</u>

## Notes to the estimates

For the year ending 31 December 1996

### 1 INCOME

- (a) In terms of Section 24 of the Broadcasting Act 1991, the Authority's revenue from Government sources, shall consist of 30%, or a percentage not being less than 15% and not more than 50% of the revenue accruing to the Government from wireless and television licence fees. In view of additional commitments taken up by the Authority, in particular the operation of the Community Channel, it is anticipated that an additional Lm 100,000 would be required over the current approved Government contribution of Lm 300,000 in order to finance the Authority's recurrent expenditure budget. These requirements are over and above further financing to meet the Authority's capital budget.
- (b) At present, nine enterprises have been granted a licence to operate nation-wide radio services. For 1996, it is being projected that an additional sound broadcasting licence will be granted. The annual licence fee is of Lm5,000 less 20% which the Authority is obliged in terms of Section 18(5) of the Broadcasting Act 1991 to pass on to the Ministry responsible for wireless and telegraphy in connection with the technical servicing of the licences. Licence fees, which include sundry community one-off events' broadcast fees, are shown in these estimates net of technical assistance fees.





- (c) The Authority granted two TV licences for an annual fees of Lm 6,000 each. It is anticipated that an additional two licences will be issued in 1996. As in the case of nationwide radio services 20% of the licence fee is payable by the Authority to the Ministry responsible for wireless and telegraphy in connection with the technical servicing for the licences. Income from this sector is being projected in the estimates on a net basis.
- (d) Melita Cable Television Ltd. pays the Authority Lm30,000 annually in respect of its obligations to provide the Authority with funds to operate a Community Channel.
- (e) The Authority reserves the right to charge rental fees to Master Antenna Limited, Public Broadcasting Services Limited, Central Bank of Malta, Telemalta Corporation, Telecell Limited and Melita Cable Television Limited for ground rent and facilities in respect of the Gharghur transmitting site.
- (f) Any temporary surplus funds are deposited in savings/fixed bank accounts. It is expected that approximately Lm 5,000 will be generated by way of interest.
- (g) Sundry income as indicated for 1994 and 1995 represents donations in kind by Melita Cable Television Limited and include a donation from Melita Cable of an outside broadcasting unit. No similar income is expected to be generated from these sources during 1996.

## 2 ADMINISTRATIVE EXPENSES

- (a) During 1996 the Broadcasting Authority will be represented at international conferences of the European Broadcasting Union, and the European Institute for the Media. The Authority will also participate in the biannual Commonwealth Broadcasting Association conference. However the provision budgeted for may be reduced if request for assistance from overseas funding sources are successful.
- (b) The Authority moved into its wholly owned new premises in September 1995. No provision has therefore been made for any rental charges for 1996.
- (c) Salaries are shown with the implementation of an increase in staff complement especially in the secretarial sector.
- (d) The Board is composed of a chairman and four members. During 1996 the chairman's remuneration will be Lm5,414 and that of the members Lm3,660 each.
- (e) The Authority carries out one major study annually to assess and monitor the local audience's preferences for television and radio programmes.

- (f) Staff recruitment and training costs include extensive advertising which will be implemented to attract candidates for the vacant posts in the technical and production sectors. Staff training is envisaged in the technical and secretarial sector.
- (g) The provision includes publishing costs of a full page advert on all local media papers listing complaints received and examined by the Authority. This list is being published on a quarterly basis and forms part of an awareness campaign embarked upon by the Authority.
- (h) Seminars and conferences include the annual seminar organised by the Authority on media topics and sundry incidental charges in connection with visiting lecturers.
- (i) Higher costs are projected for 1996 on repairs and maintenance due to servicing of additional high-tech equipment acquired by the Authority in connection with the operation of the Community Channel.
- (j) This figure includes the provision for increased insurance cover charge on the new office building which is now occupied by the Authority and all risks policies covering high-tech electronic production and broadcasting equipment.
- (k) The Authority has launched a 'Programme of the Year Award', an annual activity aimed to boost programme standards. The costs of this activity are expected to reach Lm 8,900.
- (l) In its efforts to raise programme standards, the Authority intends to set up a permanent training school which would be known as the Academy for Broadcasters. This Academy should provide a solid basis for existing and future broadcasters to qualify in their profession. The provision covers charges expected to be incurred in connection with professional services rendered by local and foreign experts.
- (m) Sundry expenses include rentals and licences of TV sets, health scheme for all staff and sundry incidental charges throughout the year.
- (n) Other administrative expenses are estimated after taking into consideration past's year's performance and the planned level of activity of the Authority in 1996.
- (o) These include printing charges for the Authority's annual report and seminar publications which are widely distributed locally and overseas.

### 3 PRODUCTION DEPARTMENT EXPENSES

- (a) Salaries are shown with the implementation of an increase in staff complement



required in connection with the operation of the Community Channel on Cable TV.

- (b) During 1996, the Authority is proposing to provide extensive training both locally and overseas to its production personnel.
- (c) Production expenses are to be incurred in connection with the running of the Community Channel on Cable T.V. The production of locally produced programmes is expected to boost costs significantly during 1996 with additional expenditure projected to be incurred with the utilisation of the Outside Broadcasting Unit. In addition, provision has been taken for the purchase of foreign film material of an educational and informative interest.
- (d) Sundry expenses include the provision of transport facilities for the production department in connection with outside filming.

#### 4 MONITORING DEPARTMENT EXPENSES

- (a) Salaries are shown with the implementation of an increase in staff complement. Allowances to staff for monitoring duties outside normal office hours are included as part of the wages and salaries cost.
- (b) Monitoring expenses include the purchase of cassette, videos and other special cassettes for the logging machine in connection with the supervision of programmes.

#### 5 TECHNICAL DEPARTMENT EXPENSES

- (a) Wages and salaries include the provision of additional costs expected to be incurred with the recruitment of personnel who would be responsible for the operation of the outside broadcasting unit and other duties within the technical department.
- (b) These include the purchase of loose technical items of a consumable nature required to maintain and service equipment of a technical nature.



## Proposed Capital Expenditure

for the year ending 31 December 1996

### BUILDING PROJECT

The Authority moved into its new premises in September 1995. Estimated costs in 1996 with respect to the completion and furnishing of the premises are the following:

	Lm	Lm
Additional civil works in connection with studio construction	19,000	
Mechanical, electrical and air-conditioning works	20,000	
		39,000

### STUDIO SET-UP

It is envisaged that the studio set-up including the equipping of the studio, control room and technical areas will be spread over a period of two years. Projected capital expenditure for 1996 is outlined below:

	Lm	Lm
Studio acoustics treatment	100,000	
Upgrading equipment for editing machine suites	32,600	
Transmission and location equipment	3,340	
Maintenance workshop set-up equipment	6,900	
		142,840

### OTHER

	Lm	Lm
Gharghur transmitting site - Phase II upgrading works	17,000	
Upgrade of computerisation equipment /sundry	1,160	
		18,160
		200,000



## Auditors' Report to the Members

We have audited the financial statements on pages 62 to 68 which have been prepared under the accounting policies set out on page 65.

### RESPECTIVE RESPONSIBILITIES OF THE AUTHORITY AND AUDITORS

The Broadcasting Act 1991 requires the Authority to prepare financial statements for each financial year which give a true and fair view of its state of affairs as at the end of the financial year, and of its surplus or of its deficit for that year. 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;
- state whether International Accounting Standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that it will continue in business.

The Authority is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time its financial position and to enable it to ensure that the financial statements comply with the relevant legislation. The Authority is also responsible for safeguarding its assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

It is our responsibility to form an independent opinion based on our audit, of those statements and to report our opinion to you. We are also required to report:

- whether we have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit;
- whether, in our opinion, proper books of account have been kept, and
- whether the financial statements are in agreement with the books of account.

### BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing. Our audit includes examination, on a test basis, of evidence relevant to the amounts and disclosure in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### OPINION

We obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. In our opinion proper books of account have been kept and the financial statements are in agreement therewith.

In our opinion the financial statements give a true and fair view of the state of the Authority's affairs at 31 December 1995 and of its surplus and cash flows for the year then ended and have been properly prepared in accordance with the Broadcasting Act 1991.

*Grant Thornton Malta*

Certified Public Accountants and Auditors

Ta' Xbiex  
Malta

27 March 1996





## Income and Expenditure Account

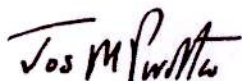
For the year ended 31 December 1995

	Notes	1995 Lm	1994 Lm
INCOME	2	554,249	412,156
EXPENDITURE		<u>(336,558)</u>	<u>(274,567)</u>
SURPLUS OF INCOME OVER EXPENDITURE		217,691	137,589
Additional contribution for capital expenditure		<u>197,000</u>	<u>-</u>
		414,691	137,589
TRANSFER TO CAPITAL RESERVE	8	<u>(414,691)</u>	<u>(137,589)</u>
SURPLUS FOR THE YEAR		-	-
ACCUMULATED DEFICIT BROUGHT FORWARD		<u>(159,358)</u>	<u>(159,358)</u>
ACCUMULATED DEFICIT CARRIED FORWARD		<u>Lm(159,358)</u>	<u>Lm(159,358)</u>

## Balance Sheet

at 31 December 1995

	Notes	1995 Lm	1994 Lm
<b>FIXED ASSETS</b>			
Tangible	3	906,844	439,436
Investment	4	<u>1</u>	<u>1</u>
		906,845	439,437
<b>CURRENT ASSETS</b>			
Debtors	5	90,056	13,138
Cash at bank and in hand		<u>122,367</u>	<u>234,283</u>
		212,423	247,421
<b>CURRENT LIABILITIES</b>			
Creditors falling due within one year	6	<u>(135,442)</u>	<u>(117,723)</u>
<b>NET CURRENT ASSETS</b>		<u>76,981</u>	<u>129,698</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		983,826	569,135
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	7	<u>(339,723)</u>	<u>(339,723)</u>
<b>NET ASSETS</b>		<u>Lm644,103</u>	<u>Lm229,412</u>
<b>CAPITAL AND RESERVES</b>			
Capital fund	8	661,376	246,685
Reserves	9	142,085	142,085
Accumulated deficit		<u>(159,358)</u>	<u>(159,358)</u>
		<u>Lm644,103</u>	<u>Lm229,412</u>



Prof J Pirota  
Chairman



A J Ellul  
Chief Executive



## Cash Flow Statement

for the year ended 31 December 1995

	Notes	1995 Lm	1994 Lm
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus for the year		414,691	137,589
Adjustments for:			
Interest receivable		(5,606)	(10,584)
Depreciation		39,668	26,824
Profit on disposal of tangible fixed assets		(3,615)	-
Increase in creditors and other payables		2,967	7,473
Increase in debtors and other receivables		(76,918)	(3,683)
		<u>371,187</u>	<u>157,619</u>
<b>INVESTING ACTIVITIES</b>			
Proceeds from disposals of tangible fixed assets		6,000	-
Payments to acquire tangible fixed assets	A	<u>(470,456)</u>	<u>(249,576)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<u>(464,456)</u>	<u>(249,576)</u>
<b>FINANCING ACTIVITIES</b>			
Interest received		<u>5,606</u>	<u>9,483</u>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>		<u>(87,663)</u>	<u>(82,474)</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	B	<u>179,562</u>	<u>262,036</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	B	<u>Lm 91,899</u>	<u>Lm 179,562</u>



## Notes to the Cash Flow Statement

for the year ended 31 December 1995

### A TANGIBLE FIXED ASSETS

During the year, the Authority acquired fixed assets with an aggregate cost of Lm509,461 of which Lm470,456 were paid for during the year.

### B ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	31.12.95 Lm	31.12.94 Lm	Change in year Lm
Bank balance overdrawn	(30,468)	(54,721)	24,253
Cash at bank and in hand	122,367	234,283	(111,916)
	<u>Lm 91,899</u>	<u>Lm179,562</u>	<u>Lm 87,663</u>

## Notes to the financial statements

for the year ended 31 December 1995

### 1 ACCOUNTING POLICIES

#### BASIS OF ACCOUNTING

The financial statements are prepared on the historical cost basis of accounting except as adjusted for the revaluation of land, buildings and antenna equipment.

#### TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost/valuation less accumulated depreciation. Depreciation is provided for on the straight line method at rates intended to write off the cost of fixed assets over their expected useful lives. The annual rates used, which are consistent with those applied in the previous year, are:

	%
Buildings	1
Studio equipment	20
Technical equipment	25
Motor vehicle	20
Furniture, fittings and office equipment	10 - 20
Transmitting antenna	4

No depreciation is provided for on freehold land.



## 2 INCOME

Income is made up as follows:

	1995 Lm	1994 Lm
Government contributions	300,000	300,000
Bank interest	5,606	10,585
Application fees for sound broadcasting licences (i)	350	120
Licence fees for nationwide sound broadcasting services (i)	57,600	50,766
Franchise fees	30,000	30,000
Other income (ii)	155,703	20,685
Gain on disposal of fixed assets	3,615	-
Rental fees receivable	1,375	-
	<u>Lm554,249</u>	<u>Lm412,156</u>

### (i) TECHNICAL ASSISTANCE

Twenty per cent of radio application fees and radio and TV station licence fees received by the Authority are automatically paid to the Minister responsible for Wireless and Telegraphy in terms of section 18(5) of the Broadcasting Act 1991.

### (ii) OTHER INCOME

Other income mainly represents equipment donated to the Authority by Melita Cable Television Company Limited in terms of the agreement between the said company and the government. This includes the donation of an "Outside Broadcasting Van" in the year under review under the same agreement.

## 3 TANGIBLE FIXED ASSETS

	Freehold Land	Buildings & Improvements	Fixtures, Fittings & Equipment	Technical Equipment	Studio Equipment	Motor Vehicle	Transmitter Antenna	Total
	Lm	Lm	Lm	Lm	Lm	Lm	Lm	Lm
Cost								
At 1 Jan 1995	68,804	207,021	43,787	26,796	51,727	3,947	110,590	512,672
Additions	-	302,990	16,759	2,687	179,169	4,625	3,231	509,461
Disposals	-	-	(11,345)	-	-	-	-	(11,345)
At 31 Dec 1995	68,804	510,011	49,201	29,483	230,896	8,572	113,821	1,010,788
Depreciation								
At 1 Jan 1995	-	1,696	28,449	18,148	10,531	3,947	10,465	73,236
Charge for the year	-	5,100	6,002	6,482	16,607	925	4,552	39,668
Released on disposal	-	-	(8,960)	-	-	-	-	(8,960)
At 31 Dec 1995	-	6,796	25,491	24,630	27,138	4,872	15,017	103,944
Net Book Value								
At 31 Dec 1995	68,804	503,215	23,710	4,853	203,758	3,700	98,804	906,844
At 31 Dec 1994	68,804	205,325	15,338	8,648	41,196	-	100,125	439,436

### 3 TANGIBLE FIXED ASSETS (CONTINUED)

Land and buildings were revalued on the basis of an open market valuation for existing use on 25 March 1991 by Mangion & Mangion Partners, Architects Civil Engineers & Consultants.

The transmitting antenna was revalued on the basis of an open market valuation for existing use on 28 August 1991 by C. Busuttil, Architect and Civil Engineer.

If the above assets had not been revalued they would have been included at the following amounts:

	1995 Lm 655	1994 Lm 655
Cost		
Aggregate depreciation on cost	<u>Lm -</u>	<u>Lm -</u>

The cost of fully depreciated assets still in use at the year end amounted to Lm23,623 on which depreciation otherwise chargeable would have amounted to Lm3,362.

### 4 INVESTMENTS

	1995 Lm 1	1994 Lm 1
1 ordinary share of Lm1 in Master Antenna Limited		

### 5 DEBTORS

	1995	1994
Amounts falling due within one year:		
Prepayments and accrued income	4,800	8,138
Licences receivable	15,000	5,000
Government contribution	70,000	-
Other debtors	256	-
	<u>90,056</u>	<u>13,138</u>

### 6 CREDITORS FALLING DUE WITHIN ONE YEAR

	1995 Lm	1994 Lm
Bank balance overdrawn	30,468	54,721
Capital creditors	66,920	27,915
Accruals and deferred income	38,054	35,087
	<u>135,442</u>	<u>117,723</u>

### 7 PROVISION FOR LIABILITIES AND CHARGES

The Authority was contractually obliged to spend Lm35,000 annually for the prescription and improvement of programmes on radio and television. The income of the Authority was not always sufficient to enable it to meet this commitment. Consequently, the Authority has accumulated the following shortfall:

	1995 Lm339,723	1994 Lm339,723
Balance at 1 January/31 December		

The agreement expired on 28 September 1991.





## 8 CAPITAL FUND

	1995 Lm	1994 Lm
Balance at 1 January	246,685	109,096
Surplus for year	414,691	137,589
Balance at 31 December	<u>661,376</u>	<u>246,685</u>

## 9 RESERVES

	Revaluation Reserve	Reserve fund	Total
At 1 January and 31 December 1995	<u>Lm126,085</u>	<u>Lm16,000</u>	<u>Lm142,085</u>

The revaluation reserve has arisen out of a valuation carried out on fixed assets in 1991.

The reserve fund has been set up in accordance with Section 26 of the Broadcasting Act 1991.

## 10 CAPITAL COMMITMENTS

	1995	1994
Capital expenditure that has been authorised by the Authority but has not yet been contracted for	Lm7,855	Lm230,959
Capital expenditure that has been contracted for but has not been provided for in the financial statements	<u>Lm39,827</u>	<u>Lm-</u>

## Income and Expenditure Account for the year ended 31 December 1995

	Page	1995 Lm	1994 Lm
<b>INCOME</b>			
Government contributions		300,000	300,000
Bank interest		5,606	10,585
Application fees		350	120
Licences		57,600	50,766
Franchise fees		30,000	30,000
Other income		155,703	20,685
Gain on disposal of fixed assets		3,615	-
Rental fees receivable		1,375	-
		<hr/> 554,249	<hr/> 412,156
<b>EXPENDITURE</b>			
Technical assistance		11,590	10,152
Administrative	70	178,075	152,363
Production	71	72,918	63,224
Monitoring	71	50,926	46,065
Technical	71	23,049	2,763
		<hr/> 336,558	<hr/> 274,567
<b>SURPLUS OF INCOME OVER EXPENDITURE</b>			
Additional contribution for capital expenditure		217,691	137,589
		<hr/> 197,000	<hr/> -
		414,691	137,589
<b>TRANSFER TO CAPITAL RESERVE</b>			
		<hr/> (414,691)	<hr/> (137,589)
<b>SURPLUS FOR THE YEAR</b>			
		<hr/> Lm -	<hr/> Lm-



**ADMINISTRATIVE EXPENSES**  
for the year ended 31 December 1995

	Notes	1995 Lm	1994 Lm
Members' honoraria		20,088	20,054
Salaries		60,762	55,603
Staff training		375	-
Telecommunications		4,124	3,303
Water and electricity		1,752	1,350
Insurance		2,552	1,104
Rent		2,456	3,500
Stationery		3,751	2,408
Subscriptions and publications		1,395	1,047
International organisations membership fees		6,432	5,056
Repairs and maintenance		2,745	4,681
Public relations		3,873	3,156
Duty visits abroad		6,369	9,148
Programme Awards		5,992	1,712
Transport	1	3,015	1,608
BA annual reports		5,417	7,073
Audience research study		4,827	4,545
Advertising		5,921	6,904
Rentals of radio and T.V. sets		731	2,194
Sundry expenses		3,667	841
Auditor's remuneration		518	518
Legal and professional fees		2,174	3,106
Depreciation		15,665	10,376
Seminar and visiting of lecturers		5,599	3,076
International conferences	2	7,885	-
		<u>178,075</u>	<u>152,363</u>

Notes:

1. The sum of Lm1,323 was incurred by the Authority in connection with the transfer of furniture, office and other equipment, to its new premises in Hamrun.
2. Expenditure covers the hosting by the Authority of a group meeting of the European Institute for the Media as well as hospitality offered by the Authority during a session of the European Broadcasting Union which met in Malta in July 1995.





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