



Broadcasting Authority  
Malta

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***Annual Report  
1997***

***Broadcasting Authority  
Malta***



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The Hon. Dr Alfred Sant, M.Sc., M.B.A., D.B.A. (Harvard), M.P.  
Prime Minister  
Auberge de Castille  
Valletta.

30th March, 1998

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 1997.

Yours sincerely,

Joseph M. Pirotta  
Chairman

A.J. Ellul  
Chief Executive





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# *A Broadcasting Chronology - 1997*

- February
- Commemoration by the Broadcasting Authority of the Fiftieth Anniversary of the radio programme *Siegħa tal-Morda* regularly produced by the Catholic Action Commission for sick and disabled persons.
  - Broadcasting Authority estimates of income and expenditure laid on the Table of House of Representatives.
  - Extension of combiner unit at the master antenna installation which is used by all nationwide radio services operating in the FM Band.
  - Financial sanctions imposed on Super One Radio and Smash Radio for disregarding the Authority's instructions in connection with the temporary suspension of transmissions for the master antenna.
  - Issue of a 4-year community radio licence to *Lehen il-Qala*, a religiously oriented service.
  - Recognition of UHM as the union representing the Broadcasting Authority's staff.
- March
- Prime Minister and Broadcasting Authority discuss Government's plans to rationalise resources in the public broadcasting sector.
  - Authority asks for changes to be made to advertising campaign related to the removal of the value added tax (VAT) in order to remove political element.
- April
- Appointment of Mr Edgar Cassar, the former head of the Authority's Programme Monitoring Services, as Secretary to the Authority.
  - A Broadcasting Authority delegation visits the UK to study broadcasting coverage of electoral campaign.
  - Prime Minister outlines in Parliament the Broadcasting Authority's role within a new framework for the regulation of broadcasting in Malta.





- European Regulatory Organisations in the broadcasting sector meet in Dublin. Authority represented by its Chairman and by the Chief Executive.
  - Alternattiva Demokratika closes down its community radio service in preparation for the future operation of a nationwide radio broadcasting service on VHF/FM 88.7 MHz.
- May
- Radio and television audience survey report for 1997 announced.
- June
- Publication of Government commissioned report regarding broadcasting in Malta. The author of this report was the former Chief Executive of Public Broadcasting Services Ltd.
  - Submission of Gharghur transmitting tower design appraisal by Francis & Lewis International Ltd.
  - Application by Nationalist Party for the issue of a television broadcasting licence.
  - Launching of the third edition of the Broadcasting Authority Programme Awards.
- July
- Half-day seminar for political party representatives to review airtime arrangements in connection with a scheme for party political broadcasts.
  - Malta represented by the Broadcasting Authority and PBS Ltd at the General Assembly of the European Broadcasting Union held in Edinburgh.
  - Civil Court judgment awarding the Nationalist Party the right to reply to a series of television coverages of public conferences given by the Prime Minister in connection with the new taxation system.
  - Authority directs PBS Ltd to broadcast a 45-minute programme by the Nationalist Party in reply to the television coverage of a series of talks by the Prime Minister on the new taxation system. PBS Ltd refuse to comply with this directive on the grounds of a pending appeal from this Court judgment.
  - Court of Appeal decides in favour of Nationalist Party, affirms



the Authority's right to order the broadcasting of remedial measures, and lays down new parameters for the observance of impartiality in matters relating to current public policy.

- Broadcasting Authority claims reimbursement of administrative, legal and other expenses incurred as a result of PBS's refusal to abide by instructions given by the Authority.
- Government assigns to the Authority four UHF television channels for use by private nationwide television broadcasters.
- Issue of 4-year community radio licence to *Radju XEB-ER-RAS*, a religious and socially oriented service.

August • Broadcasting Authority sues PBS for damages sustained in judicial and administrative expenses as a result of PBS non-compliance.

September • Meeting with radio station managers to review arrangements for use of delay mechanism in programmes using phone-ins. This followed legal action for libel taken by the Prime Minister against *Radio 101*.

- Issue of terrestrial television test transmission licences to NPTV and Smash television.

- Broadcasting licence issued to PBS Ltd for the operation of a cultural programme service on *FM Bronja* operating on VHF/FM 91.7.

October • Launching of 1997 - 98 series of party political broadcasts.

- Authority informed of reduced budgetary allocation for 1998.

- Exploratory meeting at Board level between the Authority and PBS Ltd in connection with the future of Channel 12 followed by a series of meetings between Authority and PBS officials.

November • Authority's Chairman and Chief Executive attend Lisbon conference of the European Institute for the Media.

- Government budget reveals reductions in provision for the Authority's finances during 1998. Authority declares that lack of funds will affect the continued operation of Channel 12.



- Interest shown by Melita Cable TV in concluding an operations agreement with the Authority in connection with the running of Channel 12. This was followed by a series of meetings between the Authority and the company.
- PBS rejects Authority's proposals in connection with the future management and operation of Channel 12.
- Authority concludes Channel 12 agreement with Melita Cable TV to operate the Community Channel on behalf of the Authority. Melita Cable TV Plc make agreement conditional on Government approval.
- Authority's Chief Executive invited to attend and deliver keynote speech at Council of Europe Strasbourg meeting of National Regulatory authorities for the broadcasting sector.
- Presentation of Broadcasting Authority Programme Awards for 1997.

- December
- Prime Minister declares that *Channel 12* agreement between the Authority and Melita Cable TV is not in the public interest.
  - Melita Cable TV withdraws from Channel 12 operations agreement with the Authority.
  - PBS offer the Authority terms similar to Melita Cable TV's and negotiations re-start on the future of *Channel 12*. These lead to final agreement on PBS takeover of the Channel.





# ***I MESSAGE FROM THE CHAIRMAN***



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

Three particular events stand out in 1997 as far as the Broadcasting Authority is concerned. The first, in chronological order, was the ruling handed down by the Court of Appeal in the Constitutional case instituted by the Nationalist Party against Public Broadcasting Services Ltd. and the Authority; the second was the Government's decision to assign four UHF television frequencies for use by private nationwide television broadcasters; and the third was the dismantlement of the Authority's programme production and technical departments.

The ruling by the Court of Appeal added a further dimension to the hitherto accepted method by which the Authority had carried out its constitutional obligations in respect of political and industrial controversies. In its judgement the Court of Appeal laid down that the same criteria had to be applied to all matters of public policy, irrespective of whether such matters were controversial. The ramifications and effects of this decision are extremely wide ranging.

The availability of a further four UHF television frequencies to the Authority for allocation has two important implications: pluralism in the television sector will be further strengthened; and the Authority was put in a better position to fulfil its constitutional obligation to ensure that broadcasting facilities are fairly apportioned between persons belonging to different political parties. In fact the Authority has just issued a licence to Multi Comm Ltd, which is wholly owned by the Nationalist Party, for a nationwide television service. This will also enable the Authority to extend the concept of balance overall, as it is entitled to do under the provisions of the Broadcasting Act, 1991, to the private television sector.

The reduction in the Authority's budget in line with the Government's policy of rationalising public broadcasting resources meant that the Authority could no longer continue to operate the Community Channel. Consequently the Authority addressed itself to the dual task of safeguarding the livelihood of Channel 12's employees and of ensuring that viewers would not be deprived





of the high level cultural programming to which they had become accustomed. The Authority also wanted to ensure that the broadcasting resources it owned would remain in the public domain.

It was natural that the Authority would initiate discussions with PBS but when the latter signified their disinterest in the package offered, the Authority concluded an agreement with Melita Cable Television Ltd. which fulfilled all the criteria sought by the Authority. Melita Cable later pulled out after the Prime Minister described the deal reached as not in the public interest. Subsequently PBS submitted an offer closely akin to the one they had previously rejected and negotiations between the Authority and the national broadcasting station were successfully concluded.

Thus the Community Channel which had originally become the responsibility of the Authority as a result of Government policy no longer remained so once that policy was changed.

The much awaited White Paper on broadcasting which was originally thought to be scheduled for 1997 was not published and is likely to be published this year. This is an important document which will indicate the way broadcasting is scheduled to develop in the coming years.

It will also show the direction that the country will be taking in the important field of regulation. It has been of some concern to the Authority that the year-long exercise that it initiated and concluded in 1996 regarding the updating of the Third Schedule of the Broadcasting Act which deals with advertising, has so far been stillborn. The Authority had no option but to withdraw the document once the requisite approval of the Minister responsible for broadcasting was not forthcoming.

The Authority's initiative, involved the drawing up of new draft regulations. This was done following the holding of a public seminar and discussions with all interested parties. The Authority was motivated by the need to afford better protection to the consumer in the face of increasingly sophisticated advertising techniques that successfully blur the important dividing line between programme content and advertising content. This would also bring Malta more in line with widely followed European consumer protection legislation. Unfortunately the fact that we are exposed to the often renegade Italian television advertising methods has conditioned many in Malta wrongly to accept them as the European norm. The consumer inevitably remains the loser since Maltese consumer protection associations have, so far, proved quite ineffective in this field.



Nor does the oft-touted self-regulation by stations seem likely to be of much practical use. The Authority has, during the past months, experimented with quietly allowing the stations a freer hand. The result has been disappointing to say the least with the consumers' interest being shunted aside as the various stations competed avidly for advertising revenue.

It would be naive not to acknowledge the importance that this source of income is for the stations but this is not an excuse to forget the legitimate interests of consumers. The Authority has been forced to conclude that the only answer is the application of the existing regulations even if these are inadequate.

In an effort to ensure that it can continue to operate as efficiently as possible in the public interest, the Authority has set up a number of sub-committees to act as think-tanks. Their findings and recommendations will be very closely assessed. Acceptance will be followed by appropriate action.

The Authority will soon be equipped with a teaching studio as part of the preparations already under way so that later this year it will be able to inaugurate its Broadcasting Academy. There is general awareness of the need for such an Academy which will help to provide the people involved in the industry with further professional training. A further important step in the Authority's endeavours to raise national broadcasting standards will have been taken.

Preparations are also well in hand for research to be conducted in relation to the effects that certain aspects of broadcasting are having on our society. This is an area that has often been surveyed abroad but about which practically nothing has so far been done locally in spite of its social importance.

Other challenges are in the offing and this should not in any way be surprising when one is dealing with as dynamic a medium as broadcasting. We have for some years been in the satellite era and with the switch to digital broadcasting immense new possibilities are available. It is time that we start seriously thinking about the possibility of turning Malta into a hub of international satellite broadcasting. However, before taking such an important step we should ensure that we fully understand what we will be getting into and adequate preparations are in place.

Closer to home it is becoming imperative that a thorough assessment of the effects of pluralism in broadcasting is made. This should take into account the possibility of offering consumers additional services that will also help to increase the income potential of our national stations. The Broadcasting Authority is also in the process of publishing a new policy with regard to



Community radio stations in order to ensure that such services will primarily be of benefit to the community concerned.

All in all 1998 promises to be another eventual year for the Authority and for broadcasting in Malta.



Professor Joseph M. Pirotta

## ***II Profile of the Year***

by the Chief Executive



*Antoine Ellul, Chief Executive of the Broadcasting Authority*

The Broadcasting Authority is in its 37th year of operation. During this period of time, it has undergone several changes. The main one was the transition of the local broadcasting system from a state monopoly to the introduction of pluralism and the ensuing competition between the media now organised in the public sector and the private sector of broadcasting.

Other changes are under way; they might be slower than originally predicted although, hopefully, not faster than the media can smoothly cope with the anticipated change.

### **The Authority and its Staff**

During the course of 1997, the Authority met in formal sessions on 51 occasions and during this period the Board was composed as follows:

#### **The Authority on 31 December, 1997**

##### **Chairman**

Professor J M Pirotta B.A., Ph.D. (Reading)

##### **Members**

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

Mr Alfred Mallia Milanes

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

Mr Charles Mizzi







*The Authority in session, left to right: Mr Edgar Cassar (Board Secretary), Dr. Dominic Fenech and Mr Charles Mizzi (Members), Professor J. M. Pirotta (Chairman), Mr Lino Mintofo and Mr Alfred Mallia Milanes (Members), Mr Antoine Ellul (Chief Executive).*

Other meetings were held by the Authority as the occasion demanded. These were with representatives of the political parties, radio and television station managements and constituted bodies. Apart from these meetings and other encounters, the Authority was engaged for a considerable period of time on two main problems which emerged during the course of the year. The first concerned the question of regulation and enforcement of decisions in a

particular case which involved the Authority and PBS. The second issue centred around the continued functioning of the Community Channel which, during the year, was under the direct responsibility of the Authority. Both matters are fully dealt with in subsequent sections of this report.

The Chairman and Members of the Authority are assisted by a small permanent staff headed by the Chief Executive who attends board meetings and advises the Authority where necessary or when called upon to do so. During most of the year, the Authority's operations were conducted through four main departments: administrative; programme monitoring; programme production and technical. The last two sections referred to were responsible for the running of the Community Channel. By the end of the year under review, alternative arrangements came into effect and the administration of this Channel was taken over by PBS.

During the course of the year, the Authority's staff became unionised with the *Union Haddiema Maghqudin* (UHM). Negotiations for the introduction of the first Collective Agreement were still in progress during the period of this report.

## **The Authority's Finances**

The Authority's finances are derived, to a large extent, through Government contributions from TV licence fees. Gross income for 1997 maintained the same level of the previous year and revenue on the recurrent budget amounted to approximately Lm510,000 of which 22% were generated from the Authority's own resources. Apart from this income, the Authority also qualified for an

additional vote of Lm200,000 earmarked for expenditure of a capital nature particularly connected to the completion of the Authority's studio and technical area.

The Authority's financial strategy continued to centre around its plans for the future development of the studio and its other technical facilities for training purposes. This would be the main objective of a Broadcasting Academy which the Authority plans to set up during the course of next year.

A major financial change was encountered during the latter part of the year when it was announced that due to financial stringency, the Authority's budget for 1998 would be reduced to Lm250,000 - the bare minimum allowed by law. This measure was taken in consonance with Government policy which called for the rationalisation of programme production resources as a result of which the Community Channel would be hived off from the Authority's sphere of responsibility.

### Programme Awards

The third edition of the Broadcasting Authority Programme Awards was held on 29 November 1997. This programme competition is concerned with the raising of programme standards as its main objective and judging from the

number of programme entries - 140 programmes were entered for both radio and television - the effort to secure recognition was quite impressive. Ten programmes were of an exceptional standard and merited an award.



*The Broadcasting Authority Programme Awards.*



*The Awards Adjudicating Panels in session.*





The national station run by PBS Ltd, carried off the honours in the television section with five award winners covering current affairs, cultural/educational programmes, discussion programmes, children's programmes and investigative journalism. Super 1 TV won an Award in the sports section.

In so far as radio is concerned, Radju ta' l-Universita' had two winning entries - in the current affairs category and in the section devoted to discussion programmes. Radio Malta won the top prize in the cultural/educational section and Radio 101 carried off the Award in the light entertainment category. Full details of the 1997 programme awards together with programme attributes given to them by the adjudicating panels are provided in the appendices section to this report.



Special recognition was given by the Broadcasting Authority to veteran broadcaster Charles Clews who dominated the local light entertainment scene for over half a century.

### **Programme Complaints**

Viewers and listeners who wish to comment on or complain about something they have seen or heard on television or radio should first write to the station concerned. This procedure is adopted in the interest of fairness and to give stations an opportunity to provide timely corrections where errors are readily acknowledged. However, if complainants are not satisfied with the station's reply, they can present their case in writing to the Authority giving precise dates and times of broadcasts and providing copies of correspondence with the stations involved.

The Authority will then investigate the complaint after reviewing all available evidence and, when necessary, viewing or listening to the programme



in question. When the Authority decides that a complaint is justified, it will take action with the station concerned. During the year, the Authority dealt with 25 complaints (one of which was subsequently withdrawn) - far less than the previous year's figure when it had to consider 81 complaints. However, 1996 was an Election Year which accounts for the great difference in numbers.

The Broadcasting Authority upheld 12 complaints (3 partially). A breakdown of complaints is as follows:-

***Table I - Source of Complaints***

Source	Number	Upheld
Prime Minister	1	1
Individuals	3	0
Malta Labour Party	6	2 (1 partially)
Nationalist Party	15	9 (2 partially)

***Table II - Stations Concerned***

Station	Number	Upheld
Super 1 TV	1	0
Radio 101	1	1
RTK	4	0
TVM	19	11 (3 partialy)

## The Authority in Court

An important decision was delivered in July 1997 by the Court of Appeal in connection with a case instituted by the Nationalist Party against the Authority and PBS Ltd. This case dealt with the broadcast by PBS, of a series of talks delivered by the Prime Minister and Government experts in connection with the new taxation system which had replaced VAT.

At the time, the Nationalist Party had claimed that the programmes dealt with controversial and public policy issues and requested the right to reply. Before a definite decision was given by the Authority, the party took the Authority and PBS to Court. In its ruling the Court of first instance decided that the Authority should allocate sufficient time to the Nationalist Party to present its views on the matter. The Authority, taking this and other matters in consideration, instructed PBS to broadcast a 45-minute reply from the Nationalist Party.

PBS refused to comply on the grounds that the company had lodged an appeal from the Court sentence. This was an issue of principle and was not acceptable to the Authority which insisted that in matters relating to its constitutional obligation of preserving impartiality, it had every right to issue instructions which broadcasting services were bound to comply with.

In view of the seriousness of this incident and the manner in which PBS had publicly disregarded the Authority's instructions coupled with the fact that the Authority had incurred substantial legal and other expenses, the Authority decided to claim reimbursement of the sum involved from PBS. PBS refused the Authority's claim leaving no option to the Authority but to sue the company for the amount claimed. The case is still *sub judice*.

The Court of Appeal delivered judgement on 17 July 1997 and *inter alia* held that:

*"It should be immediately obvious that both Article 119 of the Constitution and the relevant provisions of Act XII of 1991 regarding broadcasting ... call for the observance of impartiality and balance both in matters dealing with controversial political issues and in matters of current public policy. It is also evident that in political matters, such issues have to be of a controversial nature in order to require the observance of balance and impartiality. On the other hand, matters relating to current public policy need not be of a controversial nature to require impartial and balanced treatment. It is also obvious that current public policy may or may not be of a*



*political nature. If it is of a political nature, but not controversial, it would still oblige the Authority to ensure the observance of balance and impartiality”.*

The implication is that the Authority has an obligation to see that matters affecting current public policy are adequately and properly treated on the broadcasting media. The Authority interprets this as an additional obligation laid down by law in respect of political and industrial controversies.

In its judgement, the Court of Appeal affirmed the important principle that in matters of current public policy the public had to have access to all available views even if the issue involved is not controversial.

### **The Regulatory Challenges of the Future**

The broadcasting services everywhere are in a state of flux. Some through technological change offered by the promise of digital broadcasting and others, like the Maltese broadcasting services, through an expected revision of current broadcasting legislation and a redefinition of the functions of the regulator.

Media growth in Malta over the last decade of this Century is expected to be considerable particularly in the context of the converging spheres of broadcasting, publishing and computing. This explosion of choice may lead to the conclusion that either no regulation is necessary where such a profusion of services are available or that any regulatory framework should be based solely on market - dictated developments.

Several pronouncements were made during the year indicating that Government was working on the publication of a White Paper dealing with the future of broadcasting. This is, therefore, an appropriate time to point out that broadcasting is a powerful tool when used wisely in the interest of conveying information and entertainment. It is also a considerable educative force. Broadcasting has a democratic and cultural importance. It is not just like publishing. The programme content in stations' output may be adversely affected unless the funding source of broadcasting is not reasonably regulated by an independent and competent body whose sole allegiance is to the public interest. Diversity and range of programming will be limited if stations concentrate unduly on market forces on which advertising support is heavily dependent.

The Authority recommends that any future changes should take into account the following basic factors. Regulation



- should be fair with consistent rules for all programme services whether in the public or private sector;
- should be transparent in its rulings and decisions;
- should be predictable and coherent in carrying out its obligations and in interpreting the stations' public responsibilities; and
- should be accountable and with sufficient access to technical and industrial expertise.

A handwritten signature in dark ink, appearing to read 'Antoine Ellul', with a stylized flourish underneath.

Antoine Ellul  
Chief Executive





### ***III The Community Channel***

The Community Channel on cable television began its brief span of activity under the direct control of the Broadcasting Authority on 29 September 1996. Responsibility for the Channel was passed on to PBS Ltd practically by the end of the year under review\*. During this period of time, the Channel broadcast a total of 1817 hours of programming of which 66.6% was locally originated.

The following table summarises the Channel's output and gives an indication of the type of programmes for which the Community Channel had established a reputation:

	%
<b>1. Documentaries (History and Folklore)</b>	<b>45.1</b>
<b>2. Arts and Drama</b>	<b>13.1</b>
<b>3. Discussion (Informative and Educational)</b>	<b>17.3</b>
<b>4. Personalities</b>	<b>7.9</b>
<b>5. Entertainment</b>	<b>10.0</b>
<b>6. Political</b>	<b>2.7</b>
<b>7. Religious</b>	<b>.8</b>
<b>8. Others</b>	<b>3.1</b>

#### **Production Costs**

Programme content is the most important ingredient in any broadcasting service but television is a voracious medium and programme production is expensive. Locally produced programmes of a reasonably good quality will invariably make considerable demands on funds allocated for programme

\* An Operations Agreement between the Broadcasting Authority and PBS Ltd about the future management of the Community Channel was signed on 16 January, 1998.



production. Moreover, television production is complicated, time-consuming, requires advance planning, adequate studio facilities, skilled direction and the co-operation of a number of persons with various skills. Any analysis of local programme output, particularly on a niche channel of the serious and informative type, must take into account size, productive resources and access to talent. Without being ambitious, the Authority considers that further progress could be made by PBS Ltd, the Channel's new administrator, to promote and enhance the image of programming on this Channel and attract more viewers.

The largest single item of cost in the Authority's operations during the year was for programme production. In fact, of the Authority's operating expenditure totalling approximately Lm600,000 in 1997, Lm302,000, or 50%, was represented by production and technical costs\*.

## Programming

Soon after its inauguration, the Community Channel concentrated on a particular aspect of its mission statement, i.e. *placing its human and technical resources at the disposal of those organisations with a commitment towards social and cultural progress.*

This meant that Local Councils and philanthropic societies featured prominently in the Channel's programme schedules. This objective was achieved either by the assignment of a small production team to cover the needs of these organisations or through the use of the outside broadcast unit. This proved to be an excellent means for the production of locally originated programmes. In fact, 18.6% of all programmes, or 337 hours, was produced through the use of the OB unit. A brief indication of programming on the Channel is given below:



*Channel 12 in the studio.*

**Special Outside Broadcasts** included an open day at the Manoel Theatre; fund raising activities in aid of the Community Chest Fund and *Dar il-Providenza*; the Christmas midnight mass from San Martin; Handel's Oratorio (The Messiah) from St. John's Co-Cathedral and a special New Year's Eve programme from the studio.

\*These figures include depreciation.



**Born With The Music** A 45-minute international co-production about a young popular Belgian singer. A 5 minute music clip from the programme was shown all over Europe on MTV the music channel and enjoyed international acclaim.



*Channel 12 programme production in progress.*

**A Gentleman From Malta**

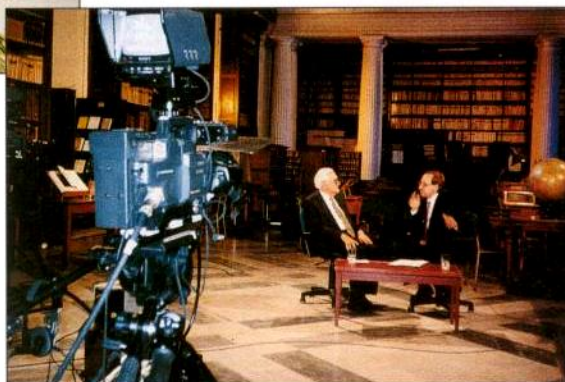
Another Maltese/German co-production which featured the late Maltese novelist and dramatist, Francis Ebejer. Although this programme received a mixed reaction, press comments described it as *almost the documentary of the year* due to its *outstanding photography* and *first class editing*.

**Dak Kien Żmien** A series of interview programmes with well known personalities who spoke about their experiences.

**Close Up** Following favourable comments, a second series of *Close Up* was shown during the year. This extended series featured well known personalities who were not over exposed in the media but who will be remembered for their career achievements.



*Channel 12 on location.*





**Taht L-Ahhar Saltna** A 13-part serial which dealt with various aspects of British rule in Malta.

**Maltese Pre-historic Art** A prestigious documentary dealing with Malta's prehistoric art. This programme was Malta's contribution to an international magazine programme which was distributed for transmission in commonwealth countries.

Imported foreign material from the BBC covered a variety of subjects including natural history, science and medicine, drama and documentaries. Worthy of mention is the series of programmes entitled *The Last Governor* which dealt with the British hand over of Hong Kong to Chinese administration. The Channel was the first in Europe, after the BBC, to transmit these programmes.

### **Developments Affecting The Future Of the Community Channel**

A series of developments took place during the year which engaged the Authority in intensive negotiations with Government, Public Broadcasting Services Limited and the Cable Operator. These developments emerged from Government policy to rationalise expenditure in the public broadcasting sector. This policy resulted from financial measures adopted by Government leading to cuts in the Authority's budget for 1998. After careful assessment of this situation, the Authority came to the conclusion that lack of funds would not make it possible for the Authority to continue the operation of the Community Channel.

Intensive discussions commenced, initially with PBS Ltd which occupied the foremost position in the public broadcasting sector, and later with the Cable Television Operator, to find the best solution which would safeguard the interests of the staff and the future of the Channel.

After discussions with PBS proved inconclusive, the Authority explored other means through which employment of Channel staff would be guaranteed and the viewers' interests in continued access to the increasingly popular mix of programming on the Channel would be safeguarded. With these goals in mind, the Authority commenced discussions with Melita Cable TV Plc and in November announced that agreement for the future management of the Community Channel had been reached with the Cable Television Operator.

Under the terms of this agreement, Melita Cable Television bound itself to operate the Channel on the Authority's behalf. The company assumed responsibility for all permanent employees involved in the running of the



Channel and agreed to retain these employees on the same conditions of work, positions and salaries. It was also agreed between the two parties that the operation of the Channel would be continued in conformity with its mission statement. On its part the Authority agreed to make available to the Cable Operator the use of its technical and production facilities for which the company bound itself to:

- pay the Authority an annual sum of Lm60,000,
- pass on to the Authority 50% of all surplus funds generated through the operation of the Channel,
- assist the Authority in the implementation of its plan to set up an Academy for Broadcasters, and
- provide the Authority with free access to facilities and airtime on the Channel in accordance with mutually agreed terms.

The cable television operator submitted this deal for Government's approval. However Government's reaction was unfavourable and the Prime Minister was quoted as saying that Government could not give its consent for the implementation of the agreement. The main objection was that, through this arrangement, the Community Channel would pass from the control of the public to the private sector of broadcasting.

A further approach made to the Authority by PBS produced the basis for renewal of negotiations. Discussions were resumed under the auspices of the Permanent Secretary at the Office of the Prime Minister and these led to final agreement between the two organisations.

Under this agreement, PBS was appointed the Authority's contractor to provide television broadcasting services on the Community Channel and to assume, in mid-January 1998, full responsibility for the operation of the Channel in accordance with the Channel's mission statement.

With effect from the same date it was also agreed that:

- PBS would take over the former employees of the Community Channel with their present salaries and in a grade compatible with their present work, and
- PBS would pay the Authority an annual sum of Lm60,000, half of which as part payment for the Channel's programme production equipment





and the other half as consideration for the engagement. However, this will be offset by the refund by the Authority to PBS of an equal sum which the Authority receives annually from the Cable Operator in terms of the latter's licence obligations.

No provision was made in the agreement for any sharing of profits since PBS would not be making use of the Authority's studio and premises.

This agreement, effective for a period of five years and renewable at the option of PBS for two further similar periods, was reached in accordance with Government policy for the strengthening of the public broadcasting sector through the rationalisation of resources between broadcasting services in this sector of broadcasting. These negotiations and their final conclusion generated a great deal of interest and were widely reported in the Press.



## ***IV The Political Content of Broadcasting***

It has always been the Authority's policy and practice to offer airtime for the purpose of political broadcasting. However, over recent years, this type of broadcasting has not been limited to the formal series of political broadcasts but has become more widespread and affects a variety of programmes. This position has been emerging gradually and is particularly evident on broadcasting services which are owned and controlled by political parties.

All three political parties in Malta will, by the end of 1998, own and operate nationwide radio services. The two major parties, the Malta Labour Party and the Nationalist Party will, during the same period, have their own radio and television services. This situation will undoubtedly influence the broadcasting spectrum and increase its political content.

On its part, the Authority is involved in such issues as party political broadcasting; political advertising; the political content of general programmes and the role of broadcasting in educating citizens in political responsibility. The last subject was dealt with directly by Channel 12 which, over its brief life span under the direct conduct of the Authority, was experimenting with regular reports on the activities of Local Councils.

One very important element in the political contest of general broadcasting is balance, which is often misinterpreted as balance within a particular programme or mathematical balance according to a rigid formula. It is the Authority's task, supported by Court decisions, to make sure that balance is preserved overall in broadcasting output, that broadcasting does not degenerate into being a mouthpiece for political, commercial or any other vested interests.

### **Party Political Broadcasts**

The allocation of time for party political broadcasts is the result of discussions between the Authority and those parties with representation in Parliament. At a seminar held in July, the Authority and party officials agreed to continue with the implementation of flexible measures in the scheduling and presentation of such programmes. This meant in effect that the political parties could choose the date and select the type of programme to be broadcast as well as decide on the form of party production which they wanted to adopt.



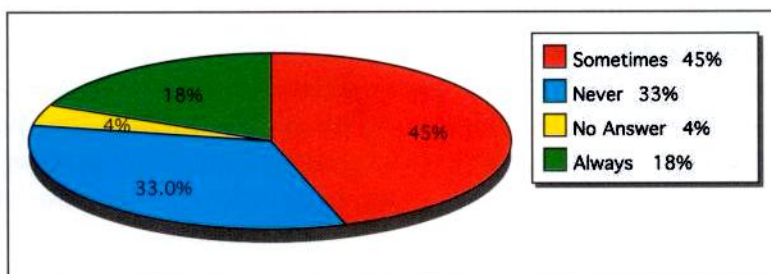
Alternattiva Demokratika which had not elected members to Parliament, were offered 15 minutes of party productions and political advertising. The decision to allow time to parties which did not have parliamentary representation was a break with tradition which had been operative for 36 years. The decision followed a judgement by the Constitutional Court in July where it was laid down that in preparing the schedule of political broadcasts, the Authority should consider the right of access to broadcasting of political parties that are not represented in Parliament.

A new scheme was launched in October when 1030 minutes in airtime and programmes for the 1997-98 series of party political broadcasts were allocated as shown hereunder:

Programmes	MLP	PN	AD
Press Conferences	3 x 55'	3 x 55'	
Debates	3 x 55'	3 x 55'	
Interviews	4 x 25'	3 x 25'	
Party Productions and Political Spots	90'	90'	15'

Party political broadcasts are normally transmitted on Thursdays on *TVM* and *Radio Malta 1* with a repeat on the following day on the *Community Channel*.

Political Parties make considerable use of the media. They do this to some extent through regular political broadcasts which may not be as unpopular as some might think. The following chart summarises the audience findings for 1997.



## Ministerial Broadcasts

In view of its responsibilities for the care of the nation, the Government should be able to broadcast from time to time. This allocation of time for use by Government Ministers is subject to the terms of an agreement entered into in 1963 between the Government and the Authority. Ministerial broadcasts should be factual, or explanatory of approved legislative or administrative policies or in the nature of appeals to the nation to co-operate in national politics which require the active participation of the public.

In delivering such broadcasts Ministers are required to be impartial and, normally, there should be no question of a reply. If however a reply is established to the satisfaction of the Authority, the total broadcasting time allocated to such reply or replies should not exceed the duration of the original broadcast.

Ministerial broadcasts do not and are not intended to exhaust the possibilities of Ministers taking part in radio or television programmes. Ministers also broadcast by invitation, in news interviews, balanced discussions, outside broadcasts, etc. Ministerial broadcasts come into a separate category because they constitute special time placed at the disposal of Ministers which is availed of at the choice and on the initiative of Ministers.

During the year under review there were two ministerial broadcasts - one delivered by the Minister responsible for foreign affairs and dealt with the Euro-Mediterranean Conference held in Malta in March and the other delivered by the Prime Minister on 28 October. This broadcast which coincided with the first anniversary of the new Labour Administration looked back on the implementation of Government policies during the previous year. The Nationalist Party in opposition claimed the right to reply to the Prime Minister's broadcast. After consideration by the Authority the request for a reply was not found to be justified.

## Anniversary Messages

Ministers also broadcast on internationally significant dates such as World Food Day, World Environment Day, etc. During 1997, the duration of such broadcasts totalled 54 minutes and were transmitted on TVM outside peak viewing time. A list of the six anniversary messages delivered between March and December 1997 is given overleaf:





## *Anniversary Messages*

<b>Date</b>	<b>Duration</b>	<b>Anniversary</b>	<b>Message By</b>
5 June	15 minutes	Environment Day	Minister responsible for the Environment
16 September	7 minutes	Int. Ozone Day	Minister responsible for the Environment
27 September	8 minutes	World Tourism Day	Minister for Tourism
16 October	7 minutes	World Food Day	Minister for Agriculture and Fisheries
1 December	7 minutes	World Aids Day	Minister for Health
3 December	10 minutes	International Day Dedicated to Disabled Persons	Minister for Social Security

### **The News and Politics**

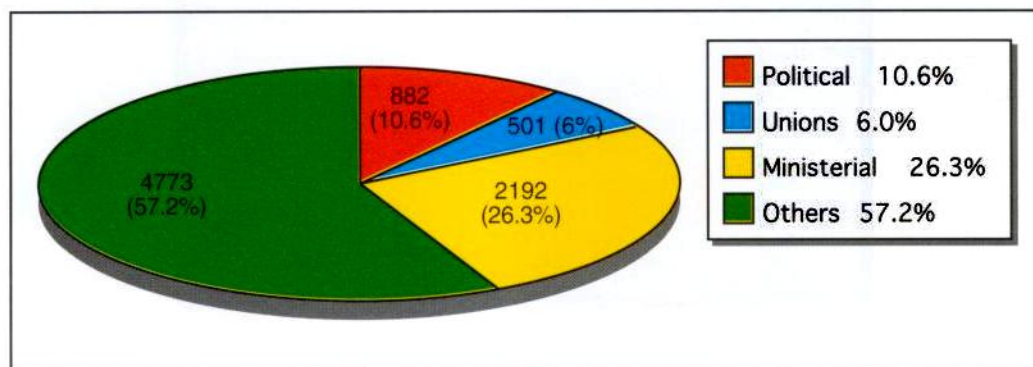
The Authority's programme monitoring section is regularly engaged in a variety of tasks ranging from news vetting for statistical purposes to data gathering exercises aimed at examining stations' performance vis-a-vis their licence obligations. Within this context, the news has always been given close attention by the Authority particularly on PBS which, as the national station, has a special role in the structure of Maltese broadcasting. PBS, as the leading station in the public broadcasting sector, carries the responsibility of providing news which respects the Constitutional requisites of adequate impartiality. It is also required to be in line with journalistic principles aimed at ensuring a comprehensive and accurate news service in the interests of a democratic and pluralistic society. For these onerous reasons, PBS news bulletins are recorded and analysed daily by the Authority with a view, amongst other things, of determining their political content.

In analysing the dependence of PBS local news bulletins on the political

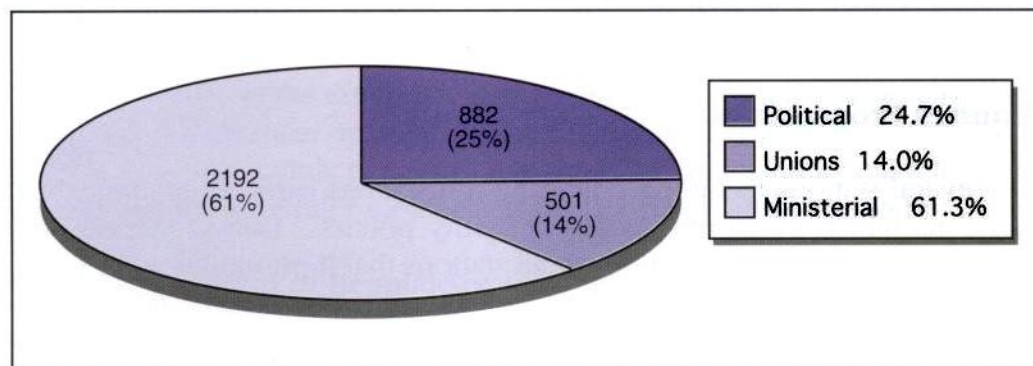


element, account is taken of the number of news items based on ministerial, party political and trade union activities or declarations. The following charts indicate results which were observed from data compiled from TVM news bulletins transmitted throughout 1997.

### *General Picture*



### *Political Content*



A total of 8348 local coverages were broadcast on TVM during the course of 1997. Approximately 43% of these coverages were politically based. Since the Authority has been engaged in this limited research for a number of years, it is possible to compare the 1997 performance in this aspect to that of previous years.

The following picture emerges:

	1993	1994	1995	1996	1997
Total local coverages	4832	5145	5874	5739	8348
Politically based coverages	2319	2148	3386	4032	3575
%	48	41.7	57.6	70.3	42.8

Although there appears to be an erratic but gradual decline (1996 excluded as this was an election year) in politically oriented news coverage, the figures are still high enough to provide evidence of distortion in the news presentation of public reality. This indicates the need for change in *PBS* policies on news sources and news analysis and presentation.

### Phone-In Programmes

Several stations including politically run stations carry programmes with phone-ins which frequently indulge in party politics. During the year, the Authority issued strict instructions to all stations that if phone-ins were part of the station's programming, a delay mechanism had to be installed and directions had to be given for its use where necessary. This followed an incident that took place during a phone-in programme on *Radio 101* which resulted in the Prime Minister instituting libel proceedings against the station. This court case is still *sub judice*.



## V The Growth of the Media

The Maltese broadcasting system, like others throughout the world, has grown with extraordinary speed. In 1990, the public sector of broadcasting operated one terrestrial TV station and three radio services. Since then the state monopoly in broadcasting was abandoned and, as a consequence, the spectrum expanded to 13 nationwide radio stations and 5 television services which altogether provide listeners and viewers with approximately 300 programme hours daily. Apart from these services, Malta has 50 cable television channels and a limited number of community radio stations.

The Broadcasting Authority began its station licensing exercise during the latter part of 1991. With licences issued for a period of eight years, most of the stations have already passed the half-way mark in their licence period while some will be facing licence renewal procedures during the course of 1999.

### Radio Services

Further growth in both radio and television media was made possible by the Prime Minister acceding to the Authority's request, based on specific demand, for additional VHF-FM frequencies and UHF channels. In February 1997 Government assigned two VHF - FM frequencies for use by the Public Broadcasting Services Ltd and by Alternattiva Demokratika\*. Both applied for nationwide radio services however, by the end of the year only the PBS station *FM Bronja* qualified for a licence. This is the third radio service to be provided by PBS. Its programme output is of a cultural, informative and educative nature and the station has filled a gap in programming which has long been felt. The other applicant was Alternattiva Demokratika which had to give up its community radio licence when it applied for the nationwide service. The promoters of *Capital Radio* - as this station will be known - have political interests and the service is therefore bound to be politically oriented. Programming will also include informative and entertainment elements.



*Commemoration by the Broadcasting Authority of the 50th Anniversary of the radio programme "Is-Siegha tal-Morda".*

\* A broadcast licence was issued to Altservices Ltd., a company wholly owned by Alternattiva Demokratika on 6th May 1998.



Considerable interest was expressed during the course of the year in the further development and expansion of community radio. These stations, limited in reception to an area covered by a radius of 2.5 Km from point of origin, are loosely regulated in terms of current broadcasting legislation. Whether stations flourish or not depends in the main on their own efforts, their own programming choices and judgements and the support of the audiences they serve. The Authority insists that evidence of audience support must be produced before 4-year licences of the community type are issued.

The Authority is planning to review policy aspects related to community radio services particularly in so far as the commercial and programming approach is concerned. The Authority is also studying ways and means through which these services might provide a focus for the development of a sense of community in the areas in which they operate.

The table shown overleaf indicates the nine community radio licences which were issued by the Authority during 1997:-

Station	Frequency	Transmission Power	Nature of Service
*Lehen il-Qala	106.5 §	2 Watts	Religious
*Radju XEBERRAS	90.8	3 Watts	Religious & Social Purpose
Love for Life	93.3	3 Watts	Social Purpose
Radju Prekursur	99.3 §	2 Watts	Religious
Luminarja	106.9	2 Watts	Religious
Radju Maratona	106.5 §	3.3 Watts	Charitable
**Radju Bambina	99.3 §	1.8 Watts	Religious
Radju għall-Providenza	90.3	1.6 Watts	Charitable

\* 4 - year licences

\*\* Two separate licences issued for different periods

§ Stations operative during different periods





## Television Services

In July 1997, Government assigned UHF television channels 42, 44, 50 and 53 to the Broadcasting Authority for use by licensed private nationwide television broadcasters. This assignment of channels was accompanied by a directive that, in effect, meant the amendment of the Broadcasting Act which required the co-siting of transmission antennae with the master antenna installation at Gharghur. This arrangement was no longer possible for two reasons: a Government study had found that over-saturation of boosters will result from any increase in transmission power from Gharghur; an Authority - commissioned report revealed that, except at basic levels, the Gharghur transmission tower was over loaded. In order to rectify this situation, Government promised the issue of a Legal Notice\* which would make it legally possible for television broadcasting services to make use of antenna systems and sites as the Broadcasting Authority, with the approval of the Government, may decide. It was also made clear at the time that such approval would involve the consent of the Planning Authority and the Department of Wireless Telegraphy.

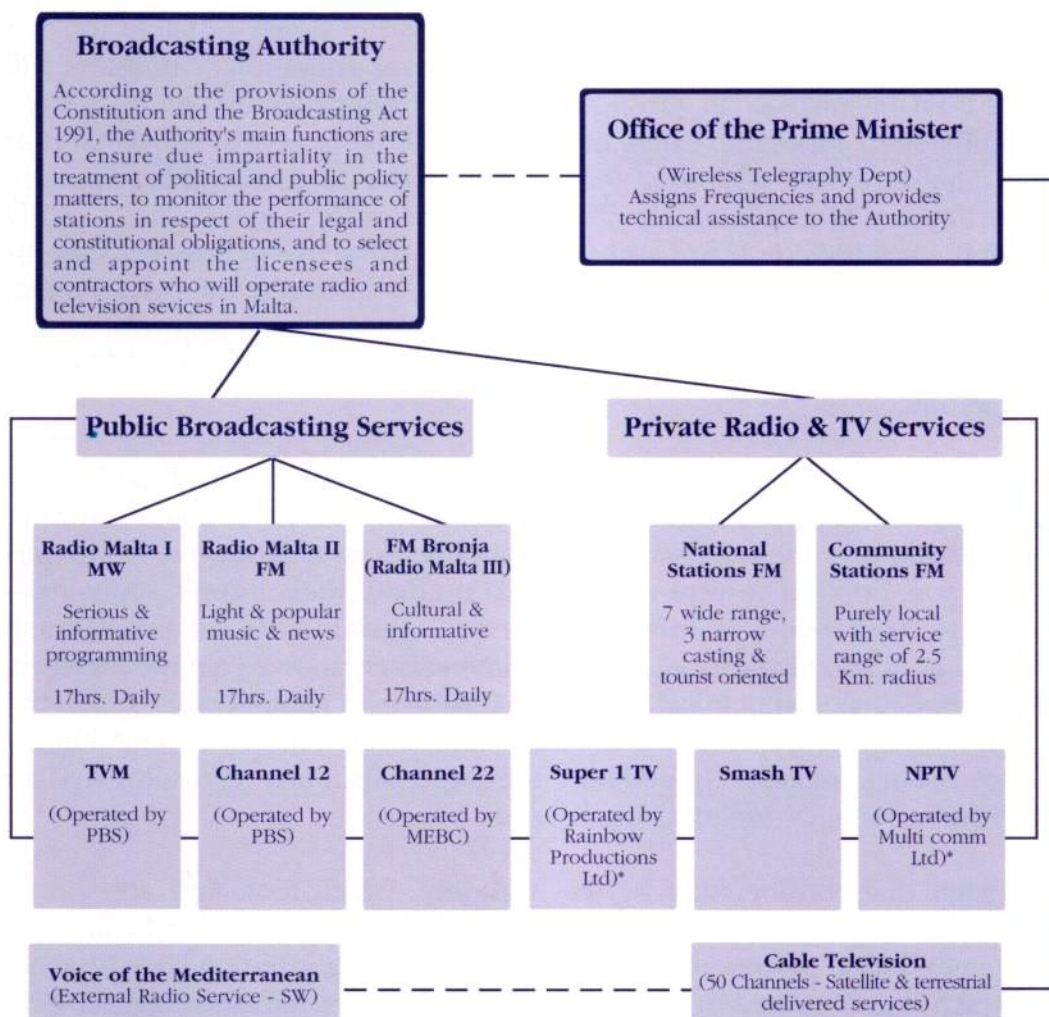
All pending applicants were immediately informed by the Broadcasting Authority that as the means of transmission were now available, further consideration to their outstanding applications would be given. In this connection, applicants were requested to up-date their applications from the various aspects involved. Grima Communications Ltd, Smash Communications Ltd and TeleCastello Ltd immediately showed renewed interest. However Grima Communications\*\* and TeleCastello Limited were still in the process of providing further data and other information required by the Authority before issuing licences. In addition, the Nationalist Party also submitted an application for a TV broadcasting licence.

After due consideration by the Authority, which took into account its constitutional obligations for fair apportionment of broadcasting facilities to different political parties, test transmissions were authorised on UHF Channel 50 which was allocated to the Nationalist Party. Test transmissions on UHF Channel 42 were also allowed in respect of applicant company, Smash Communications Ltd, which was already operating a television service on cable.

\*Legal Notice No 71 - Television Broadcasting Services (antennae) Regulation, 1998 - was published in the Government's Gazette on 24 February 1998.

\*\*Grima Communications Ltd later altered its plans and requested a licence for a mainly home shopping channel on the cable television service.





\* Rainbow Productions Ltd is wholly owned by the Malta Labour Party and Multi Comm Ltd is wholly owned by the Nationalist Party. NP TV started operating as NET Television in March 1998.





## **VI Audience Size and Reactions**

1997

Under the terms of the 1991 Broadcasting Act, the Broadcasting Authority is required to make arrangements to ascertain the state of listenership or viewership of its licensed broadcasting services. In addition, there are requirements to explore public opinion concerning the programme services and the types of programmes that members of the public would like included in local broadcasting services.

In fulfilment of these requirements, the Authority annually commissions a survey concerning a wide range of broadcasting-related topics. These surveys have been carried out regularly since 1990.

Following a public call for tenders, Malta University Services Ltd. was again selected to carry out this study using the standard random sampling procedure. A sample of the adult population (defined as 12 years and over) was interviewed at home during the period 6 - 12 March 1997 with respondents being selected in accordance with the same sampling method to correctly reflect the known population profile in terms of age, sex and employment status. Fieldwork was conducted mainly in Maltese except in the case of non-nationals when the English version of the questionnaire was used. Interviews were effectively carried out in *Mdina, Cospicua, Qormi, Zebbug, Zabbar, Zejtun, Rabat (Gozo), Birkirkara (2), Birzebbugia, Fgura, Gzira, Ghaxaq, Hamrun, Lija, Marsascale, Mellieha, Mosta, Msida, Naxxar, Paola, Qrendi, Rabat (Malta), San Gwann, St. Paul's Bay, Santa Venera, Sliema, Ta' Xbiex, Xewkija and Zurrieq.*

### **Amount of Listenership and Viewership**

Participants in this study were requested to indicate whether they listen to the radio regularly, and where. Of all respondents 75.8% (as opposed to 77.7% in 1996) stated that they listen to the radio regularly whilst the remaining 24.2% stated that they do not. This statistic suggests that there has been a slight decline in the popularity of radio since the last study conducted for the Authority in 1996. A mere 4.9% of those who stated that they listen to radio actually revealed that the amount of time they dedicate to radio varies considerably, but as many as 27.8% stated that they listen to the radio for at least one hour every day. The range of time the Maltese listen to radio is quite extensive, extending to as much as 18 hours per day in the case of 0.1% of the respondents, but figures start going down beyond four hours. The respective





figures for 1 - 4 hours are: 1 hour: 27.8%, 2 hours: 16.9%, 3 hours: 14.4%, 4 hours: 11.3%. Females tend to follow radio for longer hours than males. Of those who listen to radio on a regular basis, as many as 84.3% (in contrast to 76.5% in 1996) of all respondents stated that they listen to radio at home, 11.5% (1996: 16.5%) listen to it at work, whilst 19.5% (1996: 23.9%) listen to the radio in the car.

Similarly, participants in this study were requested to indicate whether they watch TV regularly, and where. Of all the respondents 94.8% (in contrast to 93.5% in 1996) stated that they do watch TV regularly, whilst the remaining 5.2% stated that they do not. This points to a slight increase in the popularity of TV over the last year. Very slight differences were noted when these figures were broken down by gender except that females registered a slightly lower incidence than males (males: 96.5% vs. females: 93.3%), in contrast to the situation obtaining in 1996 when the position was the reverse. The most common incidence of TV viewing reported in this study is of 2 hours per day, obtained by 32.3%. As many as 0.5% stated that they view TV for up to nine hours daily, but most viewers do not exceed four hours of daily viewing: 1 hour 15.7%; 2 hours: 32.3%; 3 hours: 27%; and 4 hours: 11.9%. The difference across genders is not extensive except that in general females do tend to view TV for a longer time. Of those who watch TV on a regular basis, as many as 44.2% (1996: 51.4%) of all respondents stated that they watch TV in the sitting room. 31.9% (1996: 27.7%) watch TV in the bedroom, and 14.8% (1996: 14.7%) do so in the kitchen. The remaining 7.6% (1996: 6.7%) watch TV in the dining room, whilst 1.6% (1996: 1.4%) do so in another part of the house.

### **Cable TV**

Of all respondents taking part in this study, 48.5% stated that they were connected to Cable TV. Of those connected, 18% stated that they were served by the Basic Level; 14.1% were served by the Reception Level; 9.6% were serviced by the TV Plus tier whilst 6.8% opted for the Premiere service. Not surprisingly, connection to Cable TV was related to economic status: as many as 53% of the AB\* class were served by Cable, as against 42.5% of those in the DE\* socio-economic category. It is natural that the more expensive levels were more common among AB respondents. It is also interesting to note that families with younger members were more attracted to the services offered by

- AB professional, managerial, administrative
- C1 higher clerical, clerical, supervisor, skilled craftsmen and technicians, owner/manager of small business
- C2 skilled manual workers and foremen
- DE semi - skilled, unskilled, labourers, casual workers and those whose income is provided by the state.





the Cable TV.

## Sources of News

Research into why people listen to radio and watch television has repeatedly found that the audience perceive these media as valuable sources of information about what is happening locally and overseas. One of the core questions included in the Authority's annual survey for some years, asked people where they got most of their news about local and foreign events.

In 1997, television emerged once again as the most often mentioned source for local news. Of all respondents, 68% (1996: 65.1%) preferred to follow the news on TV; 15.2% (1996: 19.9%) preferred the radio as their source for news; 8.4% (1996: 10.9%) preferred to read about news events in a newspaper whilst 2.9% (1996: 1.8%) stated that they have no special preference.

In so far as foreign news is concerned, the same pattern repeated itself with 70.4% of all respondents (1996: 67.4%) expressing preference for television whilst 12.5% and 7.2% (1996: 15.5% and 9.2%) stated that they preferred to pick foreign news from other persons, whilst the remaining 4.6% (1996: 5.9%) stated that they had no special preference for any of the media.

## Programme Preference

The success or failure of a broadcasting service depends ultimately on its ability to deliver to its audience the mix and types of programmes it wants. Establishing an effective measure of what listeners and viewers want is not an easy task. Nevertheless asking the survey respondents for their opinions about general programming can provide a broad indication of their likes and dislikes.

The following table indicates that there have been relatively very few changes since the 1996 study was conducted. It shows that Music continued to be the sector most liked by Maltese radio listeners, at 78.9%. This was followed by Local News and Foreign News. The programme sector with the greatest loss in popularity was Religion, which went down from 50.6% in 1996 to 34.7% in 1997. The programme sector arousing least interest in 1997 was children's programming, for which only 15.9% cared to express a preference.

**Table 1 - Interest in different types of radio programmes**

PROGRAMME SECTOR	%	%
	1996	1997
Music	82.5	78.9
Local News	74.7	70.6
Foreign News	68.1	63.9
Discussions	61.2	58.1
Religion	50.6	34.7
Health/Beauty/Home/Law	46.7	31.6
Current Affairs	42.2	31.2
Culture	36.4	29.1
Sports	37.5	29.0
Novels/Plays	35.6	27.9
Money/Business	19.3	16.7
Children	20.3	15.9

In television, local and foreign news continued to attract the highest degree of interest at 84.2% and 79.8% respectively. The weather forecast lost considerable ground since 1996. Again, the programme sector with the least interest among television viewers continued to be the one that covered Money and Business, for which only 11.9% cared to express a preference, and this was 6.2% less than in 1996. But as in the case of radio, the programme sector that lost most ground by receiving less mention was Religion, which declined from 39.3% in 1996 to 22.4% in 1997. It was interesting to note that music continued to feature relatively low among the preferences of TV viewers, whilst it featured extensively among radio listeners. On the other hand, the position of feature films retained its ranking position as third, at (60.5%) but this was significantly lower than the comparable 1996 statistic at 72%. The overall impression obtainable from Table 2 is that Maltese viewers are not



being impressed very much by the programme quality of the different stations available, and that certain programme sectors are losing popularity.

***Table 2 - Interest in different types of television programmes***

PROGRAMME SECTOR	%	%
	1996	1997
Local News	89.3	84.2
Foreign news	85.3	79.8
Feature Films	72.0	60.5
Quizzes/Game Shows/Variety Prog.	60.4	51.6
Weather	78.2	50.5
Documentaries	63.1	50.3
Sports	55.3	45.1
Discussions	56.1	43.8
Plays	35.0	31.4
Music Video-Clips	33.7	24.7
Current Affairs	36.3	23.4
Religion	39.3	22.4
Serial/Soap Operas	32.5	22.9
Art & Culture	33.5	22.1
Women's Programmes	36.8	20.9
Children's Programmes	29.0	18.3
Business & Finance	18.1	11.9



Since the Broadcasting Authority is directly responsible for the production of party political broadcasts, it has a special interest to know by whom and to what extent such broadcasts are followed. Table 3 summarises the details for 1996 and 1997.

***Table 3 - Party Political Broadcasts***

<b>Extent of Interest</b>	<b>%</b>	<b>%</b>
	<b>1996</b>	<b>1997</b>
No answer	3	4
Always	13	18
Sometimes	38	45
Never	46	33

A detailed analysis of the available data revealed, perhaps not surprisingly, that there was a higher interest among males to follow political broadcasts regularly (20.1% vs. 16.6% females in 1997 as against 16.8% vs. 13.4% females in 1996). Those aged 51-65 have the highest interest to follow these broadcasts because 27.1% always view them. Persons in the C2 socio-economic group registered the highest percentage (19.9%) for 'always' following these broadcasts. More females than males 'never' follow these broadcasts (36.8% vs. 29.9% males); in proportion, a higher number of those who never follow them come from among those aged 12-17 (60.5%). When the data regarding those who 'never' follow such broadcasts is broken down into the various socio-economic groups it was noticed that those in the C1 socio-economic category register the highest percentage: C1: 36.3%; followed by AB 34.6%; C2: 29.8% and DE 34.34%.

### **Average Audience Levels**

Respondents taking part in the Broadcasting Authority's 1997 audience survey were asked to indicate which radio and television programmes they had followed on the two consecutive days prior to the interview. They were also asked when they had listened to the radio or watched television for every half hour of listening or viewing for the full 24 hours of the day. The respective

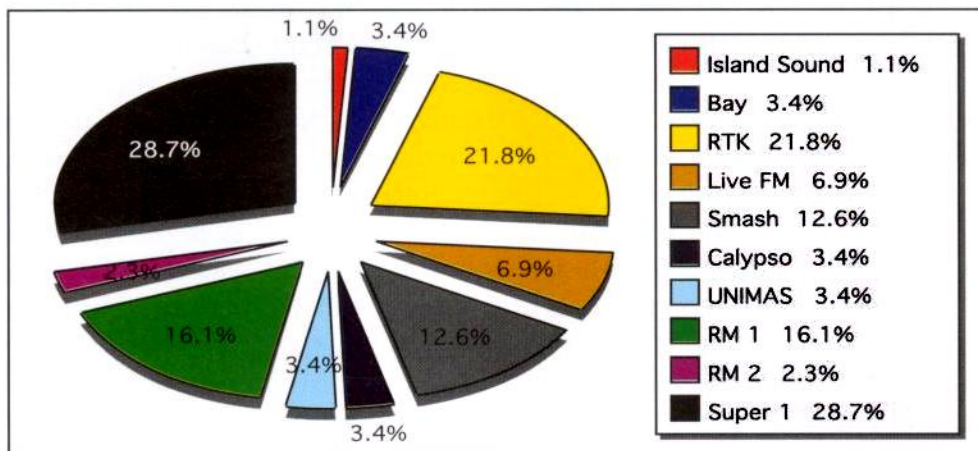


shares of the various radio stations and TV channels result from the aggregated data. For purposes of comparison with previous surveys, audience share was calculated as *“the number of hours accumulated by the station (through the number of person-listening hours) during a given time interval (half hour slot) divided by the number of hours which the population potentially has at its disposal during that same interval”* the only variation from previous studies introduced in 1997 was in respect of University Radio and Radju MAS which share the same frequency but do not transmit for 24 hours each. The figures for 1997 for UNI/MAS were aggregated. In addition the chart represents audience audit for 18 hours of broadcasting, i.e. from 6.00 a.m. to midnight.

As for TV, the *“total potential number of hours available by the population”* was matched with the respective station’s opening and closing times, and the average worked out accordingly since a division by a number of hours in excess of what the station is actually transmitting obviously results in a distortion of facts.

Chart 1 gives the daily average radio audience levels which emerged from the 1997 survey. The figures for all stations showed that the trend was for a loss of audience in absolute terms. The only exceptions where gain was registered were in respect of Radio 101 and Live FM. As regards the relative strength of each individual station, except for those grouped under the UNI/MAS banner, the data collected showed that RTK registered no change. But the following changes were registered: Radio 101 (+7%), Island Sound (-2%), Live FM (+4%), Smash Radio (+2%), Radio Malta 1 (+1%), Radio Malta 2 (-2%), Bay Radio (-4%), Radio Calypso (-2%) and Super 1 (-1%).

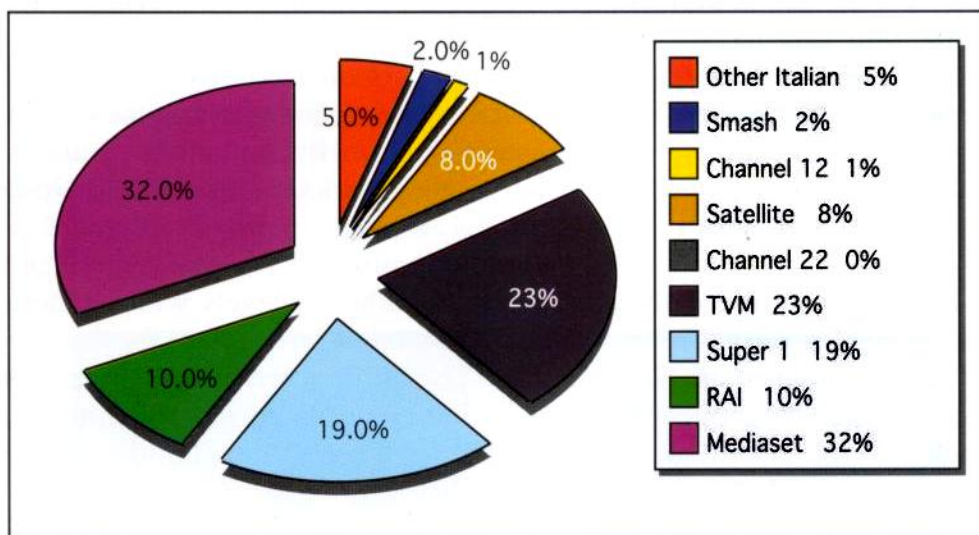
**Chart 1 - Daily Average Radio Audience Levels**



\* Smash TV transmits on Cable TV only.

Chart 2 shows the daily average TV audience levels for this year's survey again computed on the basis of available time-slots for each station. The resultant figures when compared to last year's, point to shifts in the relative strengths of the stations: TVM lost 7%, Super 1 gained 8%, Mediaset gained 1%, RAI lost 7%, other Italian stations gained 3% and Smash TV\* gained 1%. Only the relative strength of the Satellite stations did not change.

**Chart 2 - Daily Average TV Audience Levels**



## Conclusion

The overall findings of this study consolidate those of previous ones in many respects. On the one hand the demand for media products remains quite strong. On the other hand a number of important shifts has been noted. There has been a decline in radio listenership as a whole, and a loss of audience for Malta's public TV service except for its News Bulletin. Customers are obviously being more selective, and the media reflect this selection process very quickly. This study does not enter into the mechanics of this choice process, although some patterns, which it documents, such as the relative increase in the audience share registered for Radio 101, clearly reflect wider processes at play at the macro level in Maltese society. Besides these macro level processes, the media sector is certainly wide open to micro level decisions, taken by each individual with the radio knob or the TV remote control in hand. It is up to the individual suppliers to evaluate this process, and to tune their policies accordingly.



## **VII International Relations**

The Broadcasting Authority belongs to three international organisations through which it has gained much expertise and experience. Contacts have been maintained and at times intensified with the European Broadcasting Union, the Commonwealth Broadcasting Association and the European Institute for the Media. A related but separate organisation from the European Institute is the European Platform of Regulatory Authorities (EPRA) which brings together most of the regulatory agencies operating in Europe. EPRA was set-up during a broadcasting conference held in Malta in April 1995.

### **European Television and Film Forum**

The 9th European Television and Film Forum took place in Lisbon in November and the Authority was represented by its Chairman and Chief Executive. There were 380 participants and the main theme of the discussions was *New Media Strategies: Convergence or Competition?*

The Forum provided opportunities for new contacts and Maltese delegates took part in discussions particularly when new technologies and matters of consumer interest were reviewed.

The activities of the European Institute include research and development projects intended to bear on public policy in Europe. The institute was founded in 1993 and works mainly in the fields of the print media, radio and television. The Authority is a founder member of the Television and Film Forum.

### **European Platform of Regulatory Authorities**

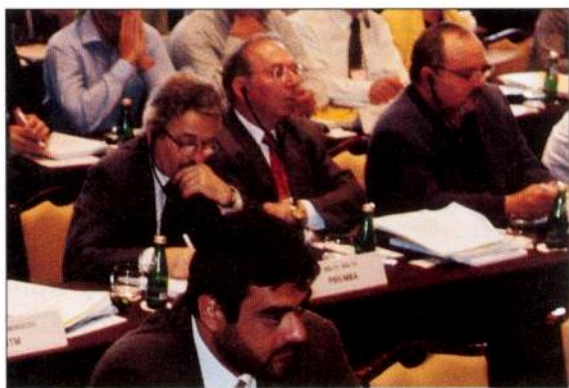
This autonomous body aims to respond to the need for the informal exchange of ideas between regulatory authorities which act independently from Government. During 1997 EPRA met twice: in Dublin and Lisbon and on both occasions the Authority took an active part through the involvement of its Chairman and the Chief Executive. At these meetings issues of common interest were discussed including questions relating to the regulation of advertising and sponsorship, access to cable and satellite, European media policy and national experiences when delegates compare notes on common aspects of broadcasting regulation.

### **European Broadcasting Union**

The Authority together with PBS Ltd is an active member of the European







*Representatives of the Broadcasting Authority and the Public Broadcasting Services Ltd. attending the 1997 General Assembly of the European Broadcasting Union held in Edinburgh.*

Broadcasting Union. It has represented Malta's interests in the broadcasting field for many years and was responsible for Malta's first participation in the Eurovision Song Contest.

The 48th Ordinary Session of the EBU General Assembly was held in Edinburgh in July when both the Authority and PBS took part. Apart from formal sessions when matters of an operational nature were reviewed, the

Assembly discussed relations with European institutions, matters relating to finance as well as legal and technical issues. A professional discussion on the strategy for public service broadcasters in the digital age was one of the highlights of this Assembly. During the course of this discussion the possibility of establishing a development fund to help poorer members make the transition to digital technology was explored. This led to a commitment by the Union to find alternative ways to pursue the same aims. Further developments on this subject are expected.

## **Council of Europe**

The Media Section of the Directorate of Human Rights of the Council of Europe invited the Authority's Chief Executive to make a short presentation - vide Appendix - on the subject of guidelines to broadcasters on the coverage of elections, violent programmes and advertising / sponsorship. This presentation took place in Strasbourg at a one-day session in November during a contact meeting with National Regulatory Authorities for the Broadcasting Sector.

This meeting was an interesting experience with broadcasting specialists introducing specific subject areas followed by question and answer sessions among all participants.

An exchange of views on the issue of virtual images, namely the replacement of advertising messages on hoarding at sports events, followed the Maltese speaker's intervention. Most participants agreed that there were still important ethical and legal questions involved in respect of the use of virtual images. On the topic of violence, it was noted that the term "*protection of minors*" was preferable because on the basis of freedom of expression,



adult persons were entitled to receive images of a violent content. Finally, measures which could be adopted in the future to control violence on television, such as the incorporation of a technical device called the “*V-Chip*” into television sets were also mentioned.

### **Commonwealth Broadcasting Association**

The Commonwealth Broadcasting Association is a loose gathering of broadcasting professionals from commonwealth countries. The association which was set up in Malta in 1974 meets biennially and the next meeting is due to be held in Gibraltar in 1998. The Association provides training opportunities, a system of awards for achievement and professional meeting opportunities for its members. The Authority regularly supports the Commonwealth Short Story Competition which is organised by the Commonwealth Secretariat with the help of the association. Maltese participants have, on two occasions, won top prizes in the regional areas of this competition.



# *Appendices*





## Appendix I

### *Public Broadcasting Services Ltd. Television Programme Statistics - 1997*

	Average Weekly Hours	Percentage of Total Broadcasting Time
<b>Total</b>	89.81	
<b>News &amp; Current Affairs</b>		
News	8.75	7.68
Current Affairs	1.59	1.40
Interviews	.45	.40
Discussions	1.79	1.57
<b>Information</b>		
Informative	3.84	3.37
Documentaries	3.76	3.30
Religious Programmes	1.95	1.71
Magazine Programmes	14.00	12.28
Sports	7.32	6.43
Health	.12	.11
Youth	.14	.13
<b>Cultural</b>		
Arts & Literature	1.63	1.43
<b>Children's Programmes</b>		
Cartoons	3.75	3.25
Information & Education	7.29	6.40
Series	1.33	1.17
<b>Entertainment</b>		
Drama	1.98	1.74
Series	11.53	10.12
Comedies	1.62	1.42
Show, Quizz, Games	3.57	3.14
Feature Films/Movies	5.58	4.90
Serious Music	.74	.65
<b>Others</b>		
Political Broadcasts	.02	.02
Parliamentary Debates	.24	.21
Ministerial talks	.05	.04
Anniversary Messages	.02	.02
Advertising	3.60	3.18
Miscellaneous	1.73	1.52
Public Service Campaign	.62	.54
Special Occasions	.80	.70

Average Weekly Hours January - December 1997		Percentage January - December 1997	
Satellite	25.15	Local	63.22
Local	56.78	Foreign	36.77
Foreign	33.03		



## **Cable and Satellite Television Key Facts**

### **\* Number of TV households in Malta**

as on 1/01/97 - 123,890

as on 1/01/98 - 123,900

### **\*\* Number of households passed with cable**

as on 1/01/97 - 145,731

as on 1/01/98 - 153,917

### **\*\* Number of households connected to cable**

as on 1/01/97 - 50,060

as on 1/01/98 - 58,033

### **\*\*\* Number of households with DTH dishes**

as on 1/01/97 - 391

as on 1/01/98 - 649

**Source:**

\* PBS

\*\* Melita Cable

\*\*\* Dept. of Wireless Telegraphy





## **Programme Award Winners 1997**

### **Television Section**

#### **• Current Affairs •**

*Bejn San Luqa u San Raffaele*

Producer: Reno Bugeja

Station: TVM

*This programme was commended for good content, camera work, technical quality, good balance of talking heads and film, clever editing and for being well scripted.*

#### **• Cultural/Educational Programmes •**

*Meander*

Producer: Mariella Pisani Bencini

Station: TVM

*The artistic contributions by producer Mariella Pisani Bencini and the careful planning made this programme a consistent excellent production. A special commendation goes to the feature that was shot on location in Sicily. The adjudicators commented that it is not often that a film crew goes overseas in an effort to bring something new to our screens.*

#### **• Discussion Programmes •**

*Xarabank*

Producer: Mark Vassallo

Station: TVM

*This programme is unquestionably the most original and innovative discussion format on Maltese TV so far. The adjudicating panel found the Children's issue brilliant. Certainly a ground breaking series for TVM.*

#### **• Children's Programmes •**

*Owkej*

Producer: Therese Ellul

Station: TVM

*The top honour should go to this programme. It presented a spectrum of interesting features that successfully fused entertainment with knowledge and learning without being didactic. The features were also backed by good research and excellent presentation. One of the high points was the children who asked intelligent questions and kept the programme going. A professional and balanced programme that reflected the great deal of work and dedication that went into this production.*



• Sport •  
*Super Sailing*

Producer: Teddie Borg

Station: Super 1

*This programme was commended for its class camera work and editing.*

• Investigative Journalism •  
*Loghob bin-Nar*

Producer: Reno Bugeja

Station: TVM

*A well constructed look at the fireworks industry. Reno Bugeja talked to the right people and in locating the programme in a fireworks factory, he could not have got closer to his subject. The footage of accidents was well edited in. A very competent piece of work.*





# **Programme Awards Winners 1997**

## **Radio Section**

### **• Current Affairs •**

#### *Eurospecial*

Producer: Ivan Said

Station: Radju ta' l-Università

*This programme was commended for being imaginative, using a good mix of vox pops, clips from speeches, press conferences and interviews.*

### **• Cultural/Educational Programmes •**

#### *Wahdi, Intom u Jien*

Producer: Gorg Peresso

Station: Radio Malta

*A technically polished production ably presented by Gorg Peresso. An outright winner that brings a fresh approach to radio by use of archive material which has sat idly in the PBS library for decades.*

### **• Discussion Programmes •**

#### *Le!*

Producer: David Bezzina

Station: Radju ta' l-Università

*This programme on child abuse kept a high consistency all round, was very well researched and informative, and gave an in-depth picture of the subject.*

### **• Light Entertainment •**

#### *Is-Snin tar-Rock 'n Roll*

Producer: Noel Mallia

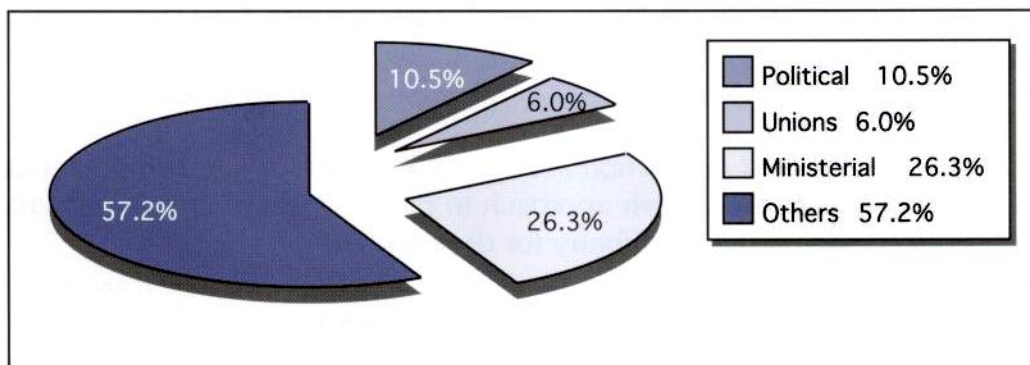
Station: Radio 101

*The programme was commended for its clear, clips and imaginative presentation which combined musical history with relevant current affairs. The research, presentation, content, effects, technical quality, use of language and impact made this entry a winner.*



## Political Content of the News on Public Broadcasting Services

*General Picture 1997*

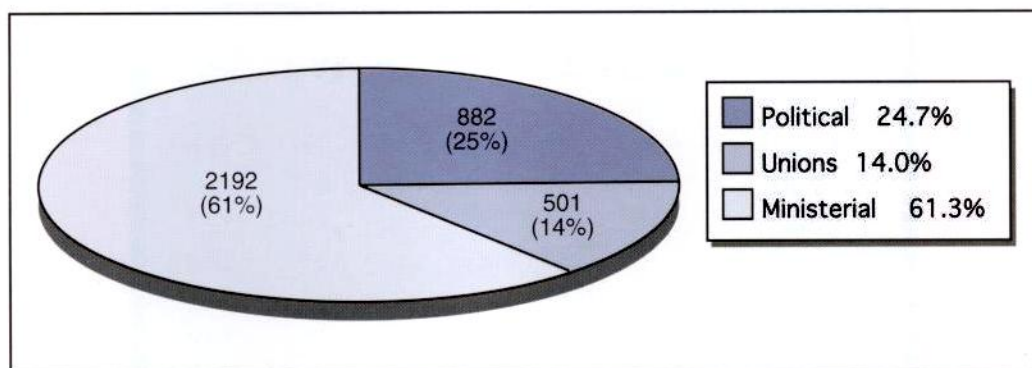


Month	Govt. Act.	Party Political			Unions				TOTAL	% OF ALL COVERAGES
		NP	MLP	AD	CMTU	GWU	GRU	Others		
January	146	47	24	11	16	18	7	5	274	39.3
February	174	47	12	13	17	11	9	2	285	43.7
March	179	55	21	8	13	20	9	5	310	44.0
April	197	45	33	6	23	14	2	2	322	46.7
May	177	58	11	6	17	21	3	3	296	40.9
June	209	43	18	4	13	13	5	5	310	42.5
July	170	59	12	5	9	19	11	4	289	40.3
August	136	25	14	0	15	19	6	2	217	36.0
September	183	55	14	3	12	12	6	3	288	43.6
October	255	52	29	5	13	15	3	4	376	49.9
November	190	52	34	5	14	15	3	4	317	44.8
December	176	40	14	2	24	25	6	4	291	41.0
	2192	578	236	68	186	202	70	43	3575	42.8





## *Political Content 1997*



## *Trade Union Activities 1997*

Month	No. of Coverages	Unions				TOTAL	%
		CMTU	GWU	GRIU	Others		
January	698	16	18	7	5	46	6.59
February	652	17	11	9	2	39	5.98
March	704	13	20	9	5	47	6.68
April	690	23	14	2	2	41	5.94
May	724	17	21	3	3	44	6.08
June	729	13	13	5	5	36	4.94
July	717	9	19	11	4	43	6.00
August	603	15	19	6	2	42	6.97
September	661	12	12	6	3	33	4.99
October	753	13	15	3	4	35	4.65
November	707	14	15	3	4	36	5.09
December	710	24	25	6	4	59	8.31
	8348	186	202	70	43	501	6.00



## *Party Political Activities 1997*

Month	No. of Coverages	Party Political			TOTAL	%
		NP	MLP	AD		
January	698	47	24	11	82	11.7
February	652	47	12	13	72	11.0
March	704	55	21	8	84	11.9
April	690	45	33	6	84	12.2
May	724	58	11	6	75	10.4
June	729	43	18	4	65	8.92
July	717	59	12	5	76	10.6
August	603	25	14	0	39	6.47
September	661	55	14	3	72	10.9
October	753	52	29	5	86	11.4
November	707	52	34	5	91	12.9
December	710	40	14	2	56	7.89
	8348	578	236	68	882	10.57

## *Ministerial Activities 1997*

Month	No. of Coverages	Reports of Ministerial Activities	%
January	698	146	20.9
February	652	174	26.7
March	704	179	25.4
April	690	197	28.6
May	724	177	24.4
June	729	209	28.7
July	717	170	23.7
August	603	136	22.6
September	661	183	27.7
October	753	255	33.9
November	707	190	26.9
December	710	176	24.8
	8348	2192	26.3





***Report  
and  
Financial Statements***

# ***BROADCASTING AUTHORITY***

## **REPORT AND FINANCIAL STATEMENTS For the year ended 31 December 1997**

CONTENTS	Page
Auditors' report.....	54
Income and expenditure account .....	56
Balance sheet.....	57
Cash flow statement .....	58
Notes to the cash flow statement .....	59
Notes to the financial statements .....	60





## AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 57 to 66 which have been prepared under the accounting policies set on page 61.

## 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 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 accounting records have been kept, and
- whether the financial statements are in agreement with the accounting records.

## **BASIS OF OPINION**

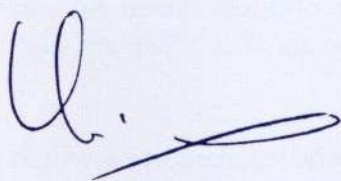
We conducted our audit in accordance with International Standards on Auditing. Our audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board 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 accounting records 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 1997 and of its surplus and cash flows for the year then ended and have been properly prepared in accordance with the Broadcasting Act 1991.



Mark A. Bugeja  
f/Grant Thornton  
Certified Public Accountants and Auditors

Ta' Xbiex  
Malta

25 March 1998



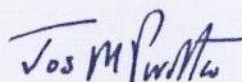
**INCOME AND EXPENDITURE ACCOUNT**  
**For the year ended 31 December 1997**

	Notes	1997 Lm	1996 Lm
INCOME	3	509,981	509,892
EXPENDITURE		(596,565)	(466,312)
(DEFICIT)/SURPLUS OF INCOME OVER EXPENDITURE		(86,584)	43,580
Additional contribution for capital expenditure		200,000	200,000
		113,416	243,580
TRANSFER TO CAPITAL FUND	10	(113,416)	(243,580)
SURPLUS FOR THE YEAR		-	-
ACCUMULATED DEFICIT BROUGHT FORWARD		(159,358)	(159,358)
ACCUMULATED DEFICIT CARRIED FORWARD	Lm	(159,358)	Lm (159,358)



**BALANCE SHEET**  
**At 31 December 1997**

	Notes	1997 Lm	1996 Lm
<b>FIXED ASSETS</b>			
Tangible Assets	4	1,062,689	948,290
Investment	5	1	1
		<u>1,062,690</u>	<u>948,291</u>
<b>CURRENT ASSETS</b>			
Debtors	6	19,923	40,207
Cash at bank and in hand	7	372,956	341,180
		<u>392,879</u>	<u>381,387</u>
CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR	8	(114,747)	(102,272)
		<u></u>	<u></u>
NET CURRENT ASSETS		278,132	279,115
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,340,822</u>	<u>1,227,406</u>
<b>PROVISION FOR LIABILITIES AND CHARGES</b>			
	9	(339,723)	(339,723)
		<u></u>	<u></u>
NET ASSETS		Lm 1,001,099	Lm 887,683
		<u></u>	<u></u>
<b>CAPITAL AND RESERVES</b>			
Capital Fund	10	1,018,372	904,956
Reserves	11	142,085	142,085
Accumulated deficit		(159,358)	(159,358)
		<u>Lm 1,001,099</u>	<u>Lm 887,683</u>



Prof. J. Pirotta  
Chairman

25 March 1998



A.J. Ellul  
Chief Executive





## CASH FLOW STATEMENT

### For the year ended 31 December 1997

	Notes	1997 Lm	1996 Lm
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus for the year		113,416	243,580
Adjustments for :			
Interest receivable		(11,911)	(7,412)
Depreciation		85,253	81,508
Profit on disposal of tangible fixed assets		-	(859)
Increase in creditors and other payables		7,443	5,818
Decrease in debtors and other receivables		3,894	49,849
		<hr/>	<hr/>
		198,095	372,484
		<hr/>	<hr/>
<b>INVESTING ACTIVITIES</b>			
Proceeds from disposals of tangible fixed assets		-	1,020
Payments to acquire tangible fixed assets	A	(179,340)	(167,669)
		<hr/>	<hr/>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(179,340)</b>	<b>(166,649)</b>
		<hr/>	<hr/>
<b>FINANCING ACTIVITIES</b>			
Interest received		11,301	7,412
		<hr/>	<hr/>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>30,056</b>	<b>213,247</b>
<b>CASH AND CASH EQUIVALENTS</b>			
<b>AT BEGINNING OF YEAR</b>	B	<b>305,146</b>	<b>91,899</b>
		<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS</b>			
<b>AT END OF YEAR</b>	B Lm	<b>335,202</b>	<b>Lm 305,146</b>
		<hr/>	<hr/>



**NOTES TO THE CASH FLOW STATEMENT**  
**For the year ended 31 December 1997**

**A TANGIBLE FIXED ASSETS**

During the year, the Authority acquired fixed assets with an aggregate cost of Lm199,652 of which Lm179,340 were paid for in cash.

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

	31.12.97 Lm	31.12.96 Lm	Change in year Lm
Bank balance overdrawn	(37,754)	(36,034)	(1,720)
Cash at bank and in hand	372,956	341,180	31,776
	<u>Lm 335,202</u>	<u>Lm 305,146</u>	<u>Lm 30,056</u>





## **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 1997**

### **1 GENERAL**

On 15 January 1998, the Authority signed an agreement with Public Broadcasting Services Limited for the latter to operate the Community Channel known as Channel 12. By virtue of this contract, the Authority sold studio and technical equipment for the price of Lm150,000 to Public Broadcasting Services Limited.

### **2 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 vehicles	20
Furniture, fittings and office equipment	10 - 20
Transmitting antenna	4

No depreciation is provided for on freehold land.



## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 December 1997

#### 3 INCOME

Income is made up as follows :

	1997	1996
	Lm	Lm
Government contributions	400,000	400,000
Bank interest	11,911	7,412
Application fees for sound broadcasting licences (note)	8,000	350
Licence fees for nation-wide sound broadcasting services (note)	59,350	57,550
Franchise fees	30,000	30,000
Other income	220	12,721
Gain on disposal of fixed assets	-	859
Rental fees receivable	500	1,000
	<hr/>	<hr/>
	Lm 509,981	Lm 509,892
	<hr/>	<hr/>

Note -

#### TECHNICAL ASSISTANCE

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





## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 4 TANGIBLE FIXED ASSETS

	Freehold Land Lm	Buildings & Improvements Lm	Fixtures Fittings & Equipment Lm	Technical Equipment Lm	Studio Equipment Lm	Motor Vehicles Lm	Transmitting Antenna Lm	Total Lm
<b>Cost</b>								
At 01/01/97	68,804	534,286	67,995	36,097	282,448	13,196	126,642	1,129,468
Additions	-	177,514	14,779	2,769	4,590	-	-	199,652
Disposals	-	-	(3,741)	(1,924)	-	-	-	(5,665)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31/12/97	68,804	711,800	79,033	36,942	287,038	13,196	126,642	1,323,455
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>								
At 01/01/97	-	12,139	32,931	28,834	83,628	3,564	20,082	181,178
Charge for the year	-	7,118	9,319	3,735	57,375	2,639	5,067	85,253
Released on disposal	-	-	(3,741)	(1,924)	-	-	-	(5,665)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31/12/97	-	19,257	38,509	30,645	141,003	6,203	25,149	260,766
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net Book Value</b>								
At 31/12/97	68,804	692,543	40,524	6,297	146,035	6,993	101,493	1,062,689
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31/12/96	68,804	522,147	35,064	7,263	198,820	9,632	106,560	948,290
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>



## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 4 TANGIBLE FIXED ASSETS (continued)

Land and buildings at Gharghur 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 at Gharghur 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 :

	1997	1996
Cost	Lm 655	Lm 655
Aggregate depreciation on cost	Lm -	Lm -

The cost of fully depreciated assets still in use at the year end amounted to Lm45,958 on which depreciation otherwise chargeable would have amounted to Lm8,105.

### 5 INVESTMENTS

	1997	1996
1 ordinary share of Lm1 in Master Antenna Limited	Lm 1	Lm 1

### 6 DEBTORS

	1997	1996
	Lm	Lm
Amounts falling due within one year:		
Licences receivable	10,000	16,000
Advance payments	-	17,000
Other debtors	1,875	1,457
Prepayments and accrued income	8,048	5,750
	Lm 19,923	Lm 40,207





## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 7 CASH AT BANK AND IN HAND

	1997	1996
	Lm	Lm
Cash at bank	356,399	335,775
Cash in hand	16,557	5,405
	<u>Lm 372,956</u>	<u>Lm 341,180</u>

In line with the Authority's decision to set up a Broadcasting Academy the Authority is projecting to complete works on the studio in order to have better facilities to reach its aim. An estimated Lm 200,000 will be required to complete phase one of this project.

### 8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

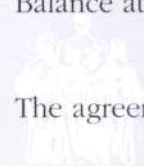
	1997	1996
	Lm	Lm
Bank balance overdrawn	37,754	36,034
Trade creditors	34	3,189
Capital creditors	25,678	22,366
Accruals and deferred income	51,281	40,683
	<u>Lm 114,747</u>	<u>Lm 102,272</u>

### 9 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:

	1997	1996
Balance at 1 January/31 December	<u>Lm 339,723</u>	<u>Lm 339,723</u>

The agreement expired on 28 September 1991.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 10 CAPITAL FUND

	1997 Lm	1996 Lm
Balance at 1 January	904,956	661,376
Surplus for year	113,416	243,580
Balance at 31 December	<u>Lm 1,018,372</u>	<u>Lm 904,956</u>

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

### 11 RESERVES

	Revaluation reserve	Reserve fund	Total
At 1 January and 31 December 1997	Lm 126,085	Lm 16,000	Lm 142,085

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

### 12 CAPITAL COMMITMENTS

	1997	1996
Capital expenditure that has been authorised by the Authority but has not yet been contracted for	<u>Lm 17,000</u>	<u>Lm 119,609</u>
Capital expenditure that has been contracted for but has not been provided for in the financial statements	<u>Lm 34,597</u>	<u>Lm 177,577</u>





**INCOME AND EXPENDITURE ACCOUNT**  
**For the year ended 31 December 1997**

		1997	1996
	Page	Lm	Lm
<b>INCOME</b>			
Government contributions		400,000	400,000
Bank interest		11,911	7,412
Application fees		8,000	350
Licences		59,350	57,550
Franchise fees		30,000	30,000
Other income		220	12,721
Gain on disposal of fixed assets		-	859
Rental fees receivable		500	1,000
		<hr/> 509,981	<hr/> 509,892
<b>EXPENDITURE</b>			
Technical assistance		13,470	11,580
Administrative	68	209,644	176,670
Annual events	68	21,065	24,784
Production	69	244,147	164,840
Monitoring	69	50,724	51,421
Technical	69	57,515	37,017
		<hr/> 596,565	<hr/> 466,312
<b>(DEFICIT)/SURPLUS OF INCOME</b>			
OVER EXPENDITURE		(86,584)	43,580
Additional contribution for capital expenditure		200,000	200,000
		<hr/> 113,416	<hr/> 243,580
TRANSFER TO CAPITAL RESERVE		(113,416)	(243,580)
SURPLUS FOR THE YEAR		<hr/> Lm -	<hr/> Lm -



## ADMINISTRATIVE EXPENSES

For the year ended 31 December 1997

	1997 Lm	1996 Lm
Members' honoraria	20,107	20,140
Legal adviser's honoraria	2,500	3,250
Salaries	75,535	73,308
Staff training	228	-
Telecommunications	10,117	5,899
Water and electricity	8,366	6,329
Insurance	3,532	3,605
Ground rent	6	6
Stationery	3,961	4,715
Subscriptions and publications	1,785	1,793
International organisations membership fees	9,177	6,846
Repairs and maintenance	3,038	3,106
Public relations	3,973	4,194
Duty visits abroad	9,741	7,351
Transport	1,068	1,224
MBA annual reports	4,725	3,019
Advertising	6,855	5,798
Rentals of radio & T.V. sets	1,659	2,215
Security services	4,213	1,064
Sundry expenses	3,722	3,905
Auditors' remuneration	472	518
Legal and professional fees	13,360	537
Depreciation	21,504	17,848
- to page 67	<u>Lm 209,644</u>	<u>Lm 176,670</u>

## ANNUAL EVENTS

Programme Awards	16,624	14,217
Audience research study	4,268	4,156
International conferences and seminars	173	6,411
- to page 67	<u>Lm 21,065</u>	<u>Lm 24,784</u>





**EXPENDITURE SCHEDULES**  
**For the year ended 31 December 1997**

	1997 Lm	1996 Lm
<b>PRODUCTION DEPARTMENT</b>		
Wages and salaries	64,872	44,740
Production of documentaries	67,319	23,571
Channel 12 promotional expense	-	9,589
TV Political and general election broadcasts	240	7,382
Sundry	629	1,150
Depreciation	59,538	60,524
Hire and purchase of films	46,773	15,428
Transport expenses	3,186	2,176
Staff training	1,590	280
- to page 67	Lm 244,147	Lm 164,840
<b>MONITORING DEPARTMENT</b>		
Wages and salaries	46,494	49,139
Purchase of audio tapes	708	308
Depreciation	3,489	1,791
Sundry	33	183
- to page 67	Lm 50,724	Lm 51,421
<b>TECHNICAL DEPARTMENT</b>		
Wages & Salaries	48,143	29,694
Repairs and maintenance	3,975	2,016
Depreciation	722	1,345
Sundry	3,235	3,962
Staff training	1,440	-
- to page 67	Lm 57,515	Lm 37,017





Broadcasting Authority  
Mile End Road  
Hamrun HMR 02 - Malta