



# Broadcasting Authority Malta

# **Annual Report 1998**

## **Broadcasting Authority Malta**



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MALTA

The Hon Dr Eddie Fenech Adami, BA, LL.D, M.P.  
Prime Minister  
Auberge de Castille  
Valletta

30 March, 1999  
Ref. 67/62/4

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 1998.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Joe M Pirota'.

Joseph M Pirota  
Chairman

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

Antoine J Ellul  
Chief Executive





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# A Broadcasting Chronology

## 1998

- January**
- Formal agreement between the Authority and PBS Ltd to regulate future operations on the Community Channel.
  - Authority renews efforts to improve advertising standards and practice on public service and commercial broadcasting stations.
  - First ever right of reply on a community radio service granted by the Authority following a broadcast on Radju Kottoner.
- February**
- Licensing of Amitex Garden TV - the first ad hoc TV station to operate on the Cable TV network.
  - Setting up of consultative committees to consider and report to the Authority on various aspects of broadcasting policy.
  - Management and operation of master antenna radio facilities offered to the Authority by Government.
  - Issue of Television Broadcasting Services (Antennae) Regulations.
- March**
- Licensing of NET TV, a broadcasting service owned and operated by the Nationalist Party.
  - BBC engineer advises the Authority on the potential of the Authority's studio facilities for training purposes.
- April**
- Claim for 6% increase in salaries and wages for the Authority's staff.
- May**
- Licensing of Capital Radio - a nationwide radio service wholly owned and operated by Alternattiva Demokratika.



- Norway meeting of European regulatory authorities in the broadcasting sector. Malta represented by the Authority's Chairman and the Chief Executive.
- Findings announced of 1998 independent audience survey of radio and television broadcasting services available in Malta.
- Authority represented at the biennial conference of the Commonwealth Broadcasting Association held in Gibraltar.
- Controversy breaks out over the Authority's authorisation of limited test transmissions by NET TV at the Gharghur transmitting tower.
- Rainbow Productions Ltd filed a warrant of prohibitory injunction against the Broadcasting Authority requesting the Civil Court, First Hall, to prohibit the Authority from permitting transmissions on UHF frequencies from the Gharghur transmitting station.

## **June**

- Nationalist Party granted the right to reply to statements made by the Prime Minister in a TV programme about the development of the Cottonera waterfront.

## **July**

- Broadcasting Authority delegates take an active part in two international conferences: the General Assembly of the European Broadcasting Union held in Slovenia and a legal and regulatory workshop on public service broadcasting organised by the International Telecommunications Union in St Petersburg.
- DeeJays Radio, a community radio service, fined for infringing the transmission signal strength limitation in its broadcasting licence.
- Authority organised seminar to review existing safeguards for maintaining fairness in broadcast news.

## **August**

- Parliament dissolved and commencement, on 3 August 1998, of electoral campaign for the general elections.



- Authority publicly draws the attention of those involved in broadcast journalism to their duty towards responsible reporting.
- Series of measures taken by the Authority aimed at ensuring impartiality during the pre-general election period.
- Launching of the first in a series of research grants. The 1999 study to concentrate mainly on the impact of violence in programming on young people under 14 years of age.

**September** • Authority disallows claim by the Department of Information for the right to reply to a political spot in the series of general election broadcasts. This was due to the fact that section 21 of the Press Act does not provide for a reply to any programme or spot transmitted under a scheme of broadcasts organised by the Authority.

**October** • Right of reply claimed by the Malta Labour Party and granted by the Authority to an anniversary message delivered by the Parliamentary Secretary responsible for the Elderly.

• The Authority's international relations - Participation in a Council of Europe seminar on self-regulation in broadcasting and familiarisation visit by the Authority to French Regulatory Authority and other broadcasting institutions.

**November** • Aachen conference of European regulatory authorities in the broadcasting sector. Malta represented by the Broadcasting Authority's Chairman and by the Chief Executive.

- First Collective Agreement for Broadcasting Authority employees signed with UHM.
- Super 1 Radio fined for infringing the Authority's instructions on phone-in programmes.

- Authority invited by European Union presidency to participate in Vienna conference for broadcasting regulators.

**December** • Programme Awards 1998 announced.

- Selection process for the appointment of the Authority's Chief Executive (Designate)





# Chairman's Message

The broadcasting revolution that resulted from the introduction of pluralism is nearly eight years old as far as radio is concerned and five in the case of television. During these years, a period without precedent in the history of Maltese broadcasting, the Broadcasting Authority has itself been going through a learning process. The Authority's constant objective has been to regulate with a light touch and, in so doing, to strike the right balance between upholding the public interest, which must remain supreme, and ensuring the consolidation of pluralism, based on a platform of fair competition.

The Authority's regulatory task was often rendered more difficult than it normally ought to be by certain broadcasting stations that persistently pushed against the limits of the permissible. Television stations tended to transgress mainly against the Third Schedule of the Broadcasting Act, which regulates advertising, as they competed robustly for revenue. Their attempts to maximise their income resulted in the screening of programmes that were often feeble excuses for foisting an inordinate amount of advertising on viewers. In the process such programmes catered for the lowest common denominator in audience taste. To make matters worse, producers of such offerings rarely had the good grace to adequately separate programme and advertising content from each other.

After repeated appeals, that were mostly ineffectual, and after concluding that all stations had had enough time to find their feet, the Authority acted decisively. During a meeting with the stations involved, the Authority made it clear that while it fully understood that advertising was the lifeblood of the broadcasting industry it could not abdicate its responsibilities towards the general public. Stations were informed that henceforward transgressions would no longer be tolerated. In this way the public interest would be safeguarded, while the stations would be assured of competing for advertising revenue on a level playing field. The stations involved reacted positively to the message and have so far been acting much more responsibly in this regard.

In the case of radio, an area of constant concern for the Broadcasting Authority has been phone-in programmes that deal with current issues. The Authority acknowledges the role that such programmes can play in





further stimulating public debate regarding issues of concern to various sectors of society. Indeed, properly handled, phone-in programmes ought to stimulate and even raise the level of national debate on a wide cross-section of topics. Unfortunately, however, three programmes often degenerate into vehicles for the propagation of intolerance, prejudice and extremes of partisanship that accentuate national divisions and strengthen polarisation. Callers are too often allowed, if not actually given veiled encouragement, to depart from the norms of decency and good taste. The fact that phone-ins of this type are often a reflection of the equally low levels of national political debate is, in this context, utterly irrelevant.

Having said this, it is equally pertinent to point out that when it comes to regulating the content of such programmes one cannot depart from the paramount need to uphold the right to freedom of speech. This is an obligation that the Broadcasting Authority is keenly aware of and will continue to honour. But freedom of speech, like all other freedoms, is not absolute. It can, and is often, abused and for this reason is regulated by both the Press Act and the Broadcasting Act.

The main culprits in this regard tend to be the political stations. The Authority has been involved in an on-going exercise to convince them of the need to raise the level of these programmes by fulfilling their legal obligation to filter out contributions which depart from the norms of decency and good taste. Yet again the Authority was constrained to make it clear that it is not prepared to tolerate any more abuses and will, as much as it is within its power to do so, enforce compliance with the relevant provisions of the Broadcasting Act. Such enforcement, however, does not mean that the Authority has the power to shield anyone from being slandered or libelled, and in such cases it is up to the individual concerned to seek redress under the terms of the Press Act. The foregoing demonstrates clearly that the concept of self-regulation is still alien to Malta.

Conscious of the fact that its primary role is that set out by Section 119 of the Constitution of Malta, the Authority has striven to improve its effectiveness in this regard. Studies were conducted with regard to the monitoring systems adopted abroad and their effectiveness. As a result the Authority is poised to implement a thorough overhaul of its monitoring methods through the introduction of computerised systems that should render the capture and evaluation of raw data quicker and more effective,





as well as facilitating the compilation of statistics. The introduction of this system will be accompanied by an appropriate staff training scheme.

During the past year the Authority analysed the experience so far gained from pluralism in broadcasting. It commissioned reports from sub-committees made of experts in their field to advise it on various aspects of Maltese broadcasting. This initial experiment has been quite successful and the Authority believes that it is important to set up permanent sub-committees on various aspects of broadcasting, to advise and to make recommendations to it, on a regular basis. These sub-committees should be in place during Spring.

The Authority has also responded to the need for qualitative research concerning the impact that broadcasting is having on Maltese society. It launched the first of a series of three research grants over a period of three years in order to finance what it is hoped will be seminal studies. The first study will examine the effect that violence, sex and advertising in the broadcasting media are having on children up to the age of fourteen. The report should be published early next year.

Studies have also been conducted with a view to evaluating the role and impact of community radio stations. The Authority is concerned to ensure that these stations should have a positive effect on local communities in the sense that they should help to foster a sense of unity and belonging. The problems that have been encountered so far have been analysed and the Authority is optimistic that a clear policy on the granting of community radio stations will be in place and functioning during the coming year.

The Authority is also preparing to assume the responsibility it was asked to undertake by Government for the smooth running of the Master Antenna system which incorporates all national FM radio stations. The Authority was originally approached by Government during the first half of the year and agreement was reached by late July. General elections, however, interrupted the putting into practice of the new scheme which is now about to become operative.

The process of equipping a teaching studio has been taken in hand as part of the Authority's efforts to set up a broadcasting academy. The experience of other countries in this regard has been tapped in an effort to ensure that the courses eventually on offer will not only satisfy the



demands of local broadcasters or would-be broadcasters, but will also reflect the high standards demanded by similar centres of excellence abroad.

The outgoing year has, all in all, been a very active one highlighted by the extra pressure of work that resulted from the holding of general elections. The coming year promises to be just as active and should see some of the Authority's plans reaching fruition. As always the Broadcasting Authority's objective will remain to honour its constitutional and legal obligations and thus play an active role in the national interest.



Professor Joseph M. Pirotta  
Chairman

23 March 1999

# **Review of the Year**

*by*

***the Chief Executive***

As broadcast regulation in Malta enters its thirty-eighth year of operation with the last seven years having been spent in an increasingly competitive broadcasting environment, there is substantial confirmation that public service broadcasting continues to play a vital part in local broadcasting.

As part of its statutory duties to ensure that the functions of the public broadcasting services are performed efficiently and to the maximum benefit of the people of Malta, the Broadcasting Authority has worked throughout 1998 to encourage quality programming in a difficult financial climate and in a period of technological innovation.

Highlights of the year 1998 include:

- broadcast regulation during the electoral campaign;
- the commissioning of the first major study on public attitudes to violence in programming on radio and television;
- the licensing of two new broadcasting services - NET Television and Capital Radio;
- the signing of the first Collective Agreement between the Authority and the Union representing staff interests;
- the setting up of consultative committees to advise the Authority in specialised areas of broadcasting;
- the Authority's relations with overseas broadcasting institutions;
- radio and television programme awards.

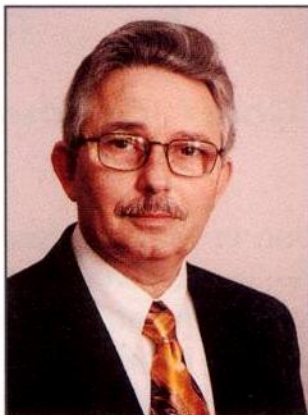
## **The Authority**

The Authority is made up of a Chairman and four Members who are appointed by the President of Malta. During the year under review, the Authority was composed as follows:





The Authority on  
31 December, 1998



*Chairman:*  
*Professor Joseph M Pirota B.A., Ph.D.*  
*(Reading)*



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



*Mr Alfred Mallia Milanese*  
*Member*



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



*Mr Charles Mizzi*  
*Member*



The Broadcasting Authority is established by the Constitution which guarantees its independence.

During 1998, the Authority met on 46 separate sessions of an average duration of four hours each. Business conducted during these sessions was wide ranging and covered programming, advertising, finance and other related matters involving both public sector as well as private sector broadcasting. Station licensing aspects as well as the enforcement of regulatory standards occupied an appreciable portion of the Authority's time. Further details about such matters are provided in later sections of this report.

## **Mission Statement**

The Broadcasting Authority:

- Ensures the preservation of due impartiality in respect of matters of political or industrial controversy or relating to current public policy.
- Fairly apportions broadcasting facilities and time between persons belonging to different political parties.
- Selects and appoints radio and television station licensees and contractors.
- Monitors these stations and regulates their performance in terms of their legal and licence obligations.
- Ensures that the system consists of public, private and community elements that offer various and comprehensive programming to cater for all interests and tastes.

The Authority's aim is to help the Maltese public better understand how its values and diversities shape our unique personality. It does so by regulating the broadcasting services in open flexible ways to foster creative and better programming.

*"Communication in the Public Interest"*

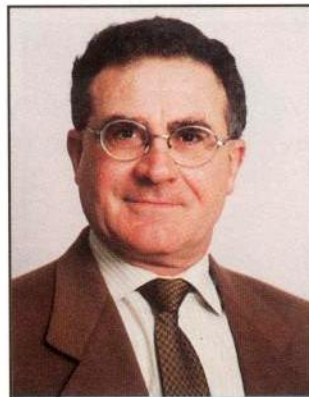




Mr Antoine J Ellul  
*Chief Executive*



Dr Kevin Aquilina MA,  
LL.D. LL.M, Ph.D (Lond)  
*Chief Executive Designate*



Mr Edgar P Cassar  
*Secretary to the Board*

The Authority has a staff of 22 persons consisting of managerial, administrative and financial, programme monitoring, secretarial and supporting grades. During the year, action was taken to appoint a Chief Executive Designate who will succeed to the post of Chief Executive on the retirement, at the end of 1999, of the present incumbent. Two senior Authority officials, Mr Harry Zammit Cordina (Director of Programmes) and Mr Michael Camilleri (Human Resources and Administration Executive) retired at the end of the year with a combined record of over 60 years of loyal service to the Authority. The Authority extends its gratitude and offers its best wishes to these two former employees.

Staff below management level were unionised with the Union Haddiema Maghqudin and a Collective Agreement was negotiated between the Authority and the Union. This agreement has some innovative features and provides for better conditions regarding sick leave and special paid leave entitlements. The agreement which caters for a salaries and wages increase dates back to 1st January 1997 and is operative for a three year period.

## **Supervision and Regulation**

The responsibilities of the Authority are essentially supervisory. These emerge mainly from the constitutional provisions on broadcasting which lay down that the principle purpose of the Authority is to ensure that, within the framework of the radio and television services, strict impartiality is maintained with regard to the subjects discussed in the political or industrial sphere, or which relate to public policy at the time. It must also ensure that airtime and broadcasting facilities are fairly apportioned



between the various political parties. This means that it is the Authority's responsibility to guarantee "as far as possible" the impartiality of the public service channel. In particular, it must schedule programmes of a political character in such a way as to ensure an equitable allocation of airtime between the various political parties represented in Parliament. The Authority is also required to take into account the position of parties not represented in Parliament. This applies to Alternattiva Demokratika which, since last year, obtained airtime commensurate with its public standing as established at the previous general election, in annual schemes of party political broadcasts.

Appearances by politicians are by no means limited to party political broadcasts. They are also regularly invited by various stations to take part in other discussion and current affairs programmes. The Authority encourages stations to ensure that when inviting participation by politicians, the aim over a period of time should be to give prominence to all the main views involved in any argument or controversy and to reflect all shades of political opinion. The following statistical summary will illustrate the extent of political participation on the main television stations during the evening sector of programming.

## **NUMBER OF APPEARANCES BY POLITICIANS IN TELEVISION PROGRAMMES**

**PERIOD: JANUARY - DECEMBER 1998**

	MLP	PN	AD	TOTAL
TVM	111	87	16	214
SUPER 1 TV	205	8	-	213
NET TV*	19	199	3	221
SMASH TV	36	37	7	80
<b>TOTAL</b>	<b>371</b>	<b>331</b>	<b>26</b>	

This information relates to transmissions on the above mentioned stations and covers the time segment between 18.00 to 23.00. The general election took place in September 1998.

\* Net TV was issued with a television broadcasting licence on 20 March 1998.

Supervision and monitoring are carried out regularly throughout the year by the Authority's team of Programme Monitors. The purpose of monitoring is two-fold: to detect, and report briefly and accurately, any breach of broadcasting legislation or of the licensing document; second to comment on any material from the standpoint of an intelligent viewer or listener.

Station monitoring statistics retained during 1998 show that a total of 12,794 hours were devoted to the monitoring of radio and television services. This figure includes 918 hours spent on the supervision and monitoring of programmes during the electoral campaign.

## **Advisory Committees**

The Authority took the initiative to appoint committees to advise it on such matters as it might determine. In view of the developing needs of broadcasting, several committees were set up and these examined such specialised areas as news and current affairs, advertising and the economics of broadcasting.

These reports and their recommendations are being considered.

## **The General Election**

A series of political developments took place during the first half of the year which led to several heated parliamentary exchanges. These, in turn, precipitated the calling of an early general election.

The heavily charged pre-electoral atmosphere could not but affect the level of broadcast journalism on the party owned stations where politically slanted news reports gave rise to serious misgivings particularly in the use of visual material and in the interpretation of news. In a strongly worded statement, the Authority warned stations that news must be factual and correct and that news interpretation should be a matter for individual public judgment. News broadcasts were also expected to include information about the activities of rival parties.

The Authority also organised a half-day seminar for journalists to review existing safeguards meant to ensure fairness in broadcast





news. Members of the Authority discussed this subject together with the Heads of News of television and radio organisations. It was generally agreed that both public service and private commercial broadcasters have a responsibility to ensure that the electorate - the viewers and listeners - can make as informed a decision as possible about how to exercise their votes within our democratic society. Upholding the democratic debate means ensuring that all significant political viewpoints are broadcast fairly during the course of the electoral campaign. The following table illustrates the number of appearances by politicians outside the general election broadcasts on the four main television services during the electoral campaign:

	MLP	PN	AD
TVM	5	1	0
SUPER 1 TV	141	1	0
NET TV*	3	146	0
SMASH TV	11	14	3
TOTAL	160	162	3

This information relates to transmissions on the above mentioned stations and covers the time segment 18.00 to 23.00 for TVM and Smash TV; 7.00 to 9.00 and 18.00 to 23.00 for Super 1 TV; 7.00 to 10.00 and 18.00 to 23.00 for NET TV during the period 3rd August to 3rd September 1998.

Reference was made during the seminar to the Authority's news guidelines but it was acknowledged that guidelines could only offer a framework - they cannot cover every eventuality. Station managers and Heads of News should be in a position to defend individual news items and programme decisions.

Unfortunately, it was noticed by the Authority that some stations were affected by the political tensions inevitably present during such pre-election periods and action was taken to stress the social responsibility of the media which meant that broadcasting services had an obligation to be fair, accurate, comprehensive and balanced in their presentation of information. It was emphasised during the seminar that any departure from such standards would affect the credibility of the station indulging in doubtful practices and would be a disservice to the public which such stations serve. The Authority, on its part, warned that it would be vigilant



against such practices and was determined to carry out its public obligation towards the maintenance of fairness in news reporting.

## Station Licensing

Pluralism was introduced in local broadcasting during the early 1990's. Regulating the media revolution was no easy task, particularly when one considers the motivation that led to the regulation of the media, namely, the need felt at the time to give a broadcasting voice to political parties by allowing them to own and operate broadcasting stations. This created an unprecedented and hitherto unparalleled situation which resulted in the local broadcasting landscape being divided not only in a public and private sector but with the latter being further sub-divided into the political and non-political stations.

This aspect of pluralism was taken a step further in 1998 with the issue by the Broadcasting Authority of a broadcasting licence for *NET Television*. The 8-year licence granted to Multi-Comm Ltd, a company wholly owned by the Nationalist Party, became effective in March though full operational status was still not reached by the end of the year under review.



Decisive action by government, which last year released four UHF channels and assigned them to the Authority for allocation to qualified private broadcasters, paved the way for this expansion in the local television spectrum. Successful test transmissions carried out by the



*On 20 March 1998, during a press conference, Prof Joseph M Pirota, Chairman of the Broadcasting Authority, handed over NET TV's licence for a nationwide television broadcasting service.*



Nationalist Party from Iklın coupled with approval by the Planning Authority for the selected transmission site and the allocation of adequate radiated power by the Wireless Telegraphy Department helped towards the authorisation of the licence. In its consideration of this matter, the Authority took account, amongst other things, of its obligations to ensure fair apportionment of broadcasting facilities among the different political parties.

*NET Television* operates terrestrially on UHF channel 50 and is carried simultaneously on channel 33 of the cable television service. The station's promised programme performance provides for a mixture of informative, entertaining and educational programmes including a strong element of news and current affairs.

Another political station - *Capital Radio* - commenced operations in May 1998.

Following lengthy negotiations, the Broadcasting Authority issued an eight-year licence to Alternattiva Demokratika, through its wholly owned company Altservices Ltd for the setting up and operation of a nationwide radio service. This station operates on fm frequency 88.7 and carries local and foreign news together with current affairs programmes and news analysis. Programming also focuses on various

topics which include politics as well as sports, culture and social issues.



*The Broadcasting Authority's Chairman Prof Joseph M Pirotta handing over the radio licence to Dr Wenzu Mintoff, the Chairman of Altservices Ltd., for a nationwide sound broadcasting licence - Capital Radio - on 6 May 1998.*

*Capital Radio* operates mainly with the help of part-timers and the station's target audience ranges from young adults to persons in older age brackets. The station planned to attract niche audiences



consisting of environmentalists, university students, social reform-minded groups and persons with a particular taste in music.

## Community Radio

During the first half of 1998, the Authority reviewed existing arrangements in connection with the licensing and operation of community radio services. These small, purely local stations developed as a result of the 1991 broadcasting legislation which recognised radio as a medium of power and versatility and encouraged its use to provide more choice for the listeners.

After a rather slow beginning, community radio revived and, to a certain extent, flourished when its potential for religious or charitable purposes was discovered and exploited. In fact, from a total of 35 community broadcasting licences issued by the Authority up to the end of 1998, 76% were granted to this category of licensee. With a service radius of 2.5 kilometres, light-touch regulation and a minimum of financial investment, such stations appeared to satisfy the "neighbourhood" concept expected from such licensees.

On the other hand, 4-year community radio licences were meant to meet the needs of those who are attracted by the "community of interest" concept, involving groups with a social or cultural interest. At the time, it seemed that the two concepts were not mutually exclusive.

The 4-year licences currently operative are the following:-

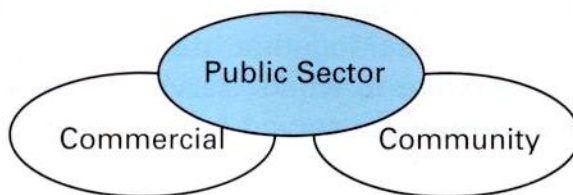
Station	Programme Service	Commencement	Expiry
1. Radio 106	Mainly Religious	May 1995	14 May 1999
2. Deejays Radio	Commercial	November 1995	28 November 1999
3. Radju Kottoner	Social	July 1996	28 July 2000
4. Lehen il-Qala	Religious	February 1997	16 February 2001
5. Radju XEB-ER-RAS	Religious with Social Aspects	July 1997	24 July 2001

A 4-year licence carries an annual fee of Lm150, light-touch regulation with advertising, subscriptions, grants, etc as the main sources of revenue.





Maltese radio broadcasting has developed into three strands with community broadcasting distinct and separate from public service and independent commercial broadcasting. The relationship between these three broadcasting strands is illustrated in the following diagram:-



The diagram shows the inevitably common programme areas of the three broadcasting strands while each sector retains its own character and mode of operation.

The Authority feels that, community radio should provide one of the few alternatives which are truly independent and accessible to their audience and which hold out the possibility of people from all sections of society being the producers of information as well as the recipients. The Authority, after due consideration, adopted the following revised definition for community radio services:-

*"A community radio station is characterised by its ownership and programming and the community it seeks to serve. The station should be owned and controlled by a non-profit making organisation whose statute provides for membership, management, operation and programming primarily by members of the community in which the station is located. The station's programming should be based on community access and should reflect the special interests and needs of the listenership it is licensed to serve."*

Apart from defining the purpose of community radio in the local context, the Authority also considered funding aspects of such services.

Experience had shown that friction between community and nationwide broadcasters may be caused by intentional or unintentional competition in the radio advertising market. Complaints of unfair competition levelled against community radio stations are often justified on the grounds that community services have far less onerous obligations



than national broadcasters.

Although support through diverse fund-raising sources, such as membership fees, sale of service and general fund-raising may still be available, advertising remains an essential funding source for community broadcasters. However, in order to preserve the character of these local stations, the Authority decided that stations may only broadcast advertisements which relate to works, services or any form of activity connected with the community served by the respective radio station. Thus advertising falling within the following categories will be allowed:

- work opportunities which exist in the licensed transmission area;
- events which are to occur in the specified area;
- business carried out in the specified area; and
- services which are delivered in the specified area

Experience over recent years suggests that development of a viable community broadcasting system depends on stations providing a uniquely local forum of communication between individuals and groups within the community served. Community broadcasters are also encouraged to understand that they are likely to be most successful when they endeavour to provide new services which will add to the diversity of programming available, rather than duplicating the format and content of existing services. The Authority firmly believes that the new type of community stations will serve the public interest better. This development will be launched and fully explained by the Authority during the course of the coming year.

## **Phone-In Programmes**

Phone-in programmes on radio have opened broadcasting to a wider range of contributors and, at best, they have enabled people to put incisive comments and questions. However, when these programmes are not used as they should be, they do not justify the cost of the phone call let alone the use of the airtime. Such a situation developed in the aftermath of the general elections when the Authority had to express serious concern at the poor taste and low level of discussion which became evident during some of these programmes.

In a strongly worded public statement, the Authority affirmed its belief in the right to freedom of expression; however it warned that this right





could not be exercised to the detriment of individuals or sectors of society particularly if the phone-ins resorted to incitement. The Authority later also stated that sanctions would be imposed on any station which disregarded its instructions. This eventually led to a Lm50 fine being imposed on Super One Radio for non-observance of the Authority's directives and the naming of the offending programme Tajjeb li Tkun Taf. In this connection, stations were also reminded of their obligation to install and use a delay mechanism if phone-ins were included in their programme output.

Super One Radio filed a judicial protest against the imposition of the fine.

## **Radio and Television Transmitting Facilities**

At the end of December 1998 there were 25 transmitters in operation broadcasting radio and television programmes. Of these, 15 were located at the Gharghur transmitting site which is also used by Maltacom plc, Vodafone, the Central Bank of Malta and Melita Cable plc.

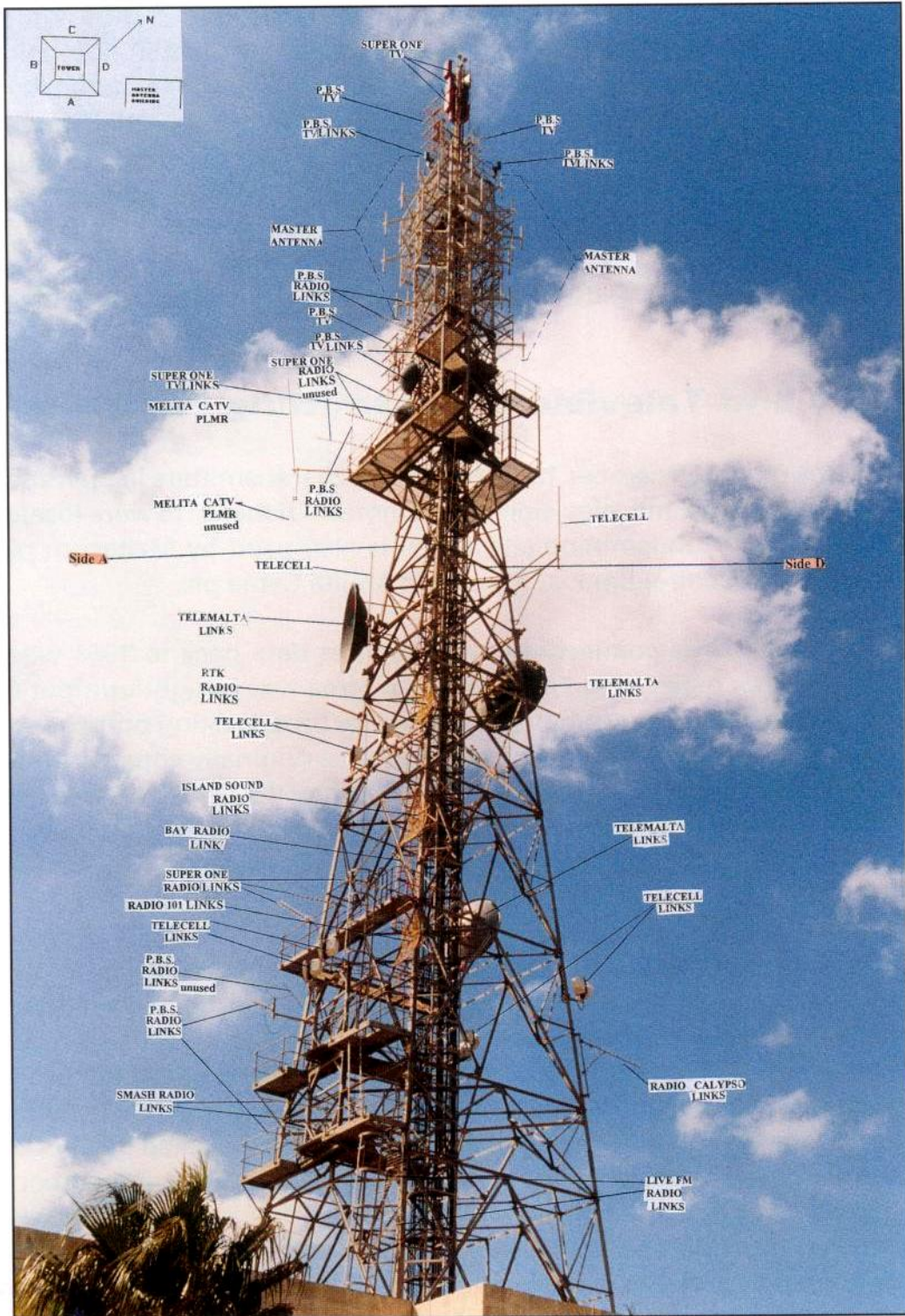
The Authority's connections with this site date back to 1961 when the whole area measuring 2,829 square metres was bought outright by the Authority from Government to be used for broadcasting purposes. A transmitting tower located on the property was originally constructed by the British Forces, then stationed in Malta. When the British services left Malta in 1979, the tower was handed over to Government who, in turn, passed it over to the Authority as the owner of the land on which it was sited.

During the first half of 1998, these transmitting facilities were the subject of controversy which involved the Authority, its technical consultants, the Wireless Telegraphy Department, and the two major political parties. Technical difficulties had hitherto prevented the use of the tower for TV transmission by new users. This was due to a technical report by the Wireless Telegraphy Department which indicated that further UHF transmissions could lead to interference problems and another report commissioned by the Authority which indicated that it would be unwise to further burden the tower without first strengthening it. This notwithstanding, the existence of technical difficulties was disputed by the company responsible for NET TV which claimed it was being discriminated against by the Authority who, in an effort to resolve the





# The Gharghur Transmitting Tower





issue, authorised limited and controlled test transmissions to prove in a conclusive manner whether additional UHF transmissions from Gharghur would result in television interference. The Wireless Telegraphy Department had accepted to carry out these tests.

This action led to a series of court cases initiated by Rainbow Productions Ltd, the company responsible for Super One TV, which claimed that additional transmissions, both of a temporary or permanent nature, from Gharghur would be prejudicial to the company's interests and would hinder the Labour Party's right to freedom of expression. The company applied to the civil court for the issue of a warrant of prohibitory injunction to stop the tests. The court acceded to this request. The Authority asked for a revocation of this injunction. Meanwhile, Rainbow Productions Ltd and the Malta Labour Party asked the court to have the injunction permanently upheld. All court cases were still pending by the end of the year under review.

## **Broadcasting Finance**

Broadcasting licensees are required by the terms of their licence to provide the Authority with their audited accounts for each financial year. This enables the Authority to carry out an annual assessment of the financial performance of all nationwide radio and television broadcasting services. This task involves the examination in detail of the latest available financial statements as submitted by the stations.

Gross revenue generated from advertising by local broadcasters reported a significant improvement (12%) over the previous year to stand at Lm 2.8 million for 1997\*. With minor exceptions these additional funds were relatively shared by the stations in proportion to their respective listenership ranging as indicated in the latest audience survey commissioned by the Authority. Other sources of income also registered substantial gains to give a total of Lm 2.5 million, of which however, Lm 2.4 million are attributed to the state broadcasting service, representing net licence fees collected and miscellaneous income. Total turnover by all broadcasting stations amounted to Lm 5.3 million. The consolidated position for the public and private broadcasting sectors for the year ended 1997 was as follows:

**Table 1- Costs and Revenues**

	Public Sector Lm (Millions)	Private Sector Lm (Millions)
Operating Costs	3.3	1.7
Advertising & Other Revenue	3.7	1.6
Operating Profit/ (Loss)	0.4**	(0.1)

\*Source: audited accounts provided by radio and television broadcasting stations.

\*\*This position was reversed in 1998 when a loss of Lm300,000 was registered in this sector.

By far the largest single item which contributed to high operating costs was the salaries and wages element:

Public Sector ... Lm 1.464 million

Private Sector ... 0.632 million

Despite improved income, most stations are still reporting heavy losses after deducting payroll, production, operating, administrative, selling, finance and depreciation costs. Audited reports indicate that the directors of the various entities are launching strategies designed to improve efficiency and effectiveness to the respective company's operations. Signs of ongoing cost curtailment in the case of some stations are evident but such efforts can only be applied to a certain limit since over-economising on costs can have serious adverse effects on the station's performance vis-à-vis programme quality. To strike a balance between commercial viability and programme requirements which satisfy audience tastes within a competitive environment is not an easy task.

With few exceptions, all stations have a significant accumulated loss position and from the collective review of the financial reports submitted, it is clearly evident that most stations are still going through serious financial difficulties. Indeed some private stations are struggling hard for survival as they appear to have reached the limit of obtaining further finance to continue their operations. Unlike stations financed and supported by the political parties, the government (by way of licence fees), and the Church, other private stations are potential victims of a stiff, competitive and rather over-crowded broadcasting market.



Most stations have maintained their operations with the help and strong support of shareholders who channel funds into the company coupled with substantial funding from banks by way of loans and overdrafts and through extended credit terms from the stations' suppliers. This factor puts additional strain on company liquidity by way of heavy interest costs. Particularly noticeable in this respect is the capitalisation of shareholders' loans to reduce finance charges due to cash repayment problems.

On a positive note however, some stations seem to be heading for economic stability through channelling more energy towards providing a mix of programmes attracting higher audiences and thus capturing a larger share of the advertising market.

The Broadcasting Authority's finances were also affected by the general decrease in government allocations to the parastatal sector. In the Authority's case, this decrease in funding was partly due to the transfer, as a result of government policy, of Channel 12 to PBS. This brought about a considerably lower government allocation than normally applied to the services provided by the Authority.

The Authority's 1998 share of licence revenue was reduced from Lm400,000 (1997) to Lm250,000. Capital expenditure was also affected by the total deletion of the previous year's Lm200,000 grant. Thus the Authority's finances suffered a total decrease of 58% during the period under review. The Broadcasting Authority's report and financial statements for the year ended 31 December 1998 form part of the appendices section to this report.

## **Advertising Restrictions**

During the course of 1998, the Authority continued with its awareness campaign for the observance of the statutory rules concerning advertising. Regulations laid down by the Third Schedule to the Broadcasting Act, such as the requirement that programme content must be separate and distinct from advertising, limitations on commercial interruption of programmes and other restrictions on advertising time, were regularly brought to the attention of station managements.

This need for regulation to restrain commercial forces from certain



excesses was brought about by the indirect influence on the programme schedules of the demands for time by commercial sponsors. This, at times, resulted in a monotonous similarity of programmes of immediate popular appeal or in a total advertising content which was excessive or in a form of advertising which in its insistence and blatancy was offensive.

The advertising rules applied by the Authority restricted broadcasters but also helped station competition by providing a level playing field. However, their main goal was to protect broadcasting consumers from misleading, harmful or excessive advertising practices. The unofficial estimate for 1996 indicates that Lm 9 million worth of advertising was sold in Malta. The broadcasting sector's share of this revenue for that year was Lm 2.5 million, while the unofficial estimate for 1998 was Lm 3.5 million; the rest was taken up by the press, magazines, poster and other forms of advertising.

## **Programme Complaints**

In terms of section 34 of the Broadcasting Act, 1991 the Authority has the power and the duty to consider complaints about programmes or advertisements. Apart from dealing with specific complaints, the Authority monitors radio and television programmes and provides redress, in justified cases, for persons who believe they have been unjustly or unfairly treated or subjected to unwarranted infringement of privacy.

As 1998 was an election year, complaints were mainly of a political nature and to a great extent centered around PBS news bulletins. This seems to indicate that although all political parties have their own stations, yet much attention is still being given to PBS news broadcasts and importance is attached to the persuasive influence of an independent medium.

During the electoral campaign, the Authority received 57 individual (not separate) complaints of which 15 were upheld and 6 partly upheld. The rest were rejected. The nature of these complaints ranged from alleged unfair or unjust treatment, to station comment, and the right to reply to political statements. The following tables analyse these complaints by source and station.



**Table 1 - Complaints analysed by source**

Source	Number	Adjudication
Nationalist Party	39	10 upheld 6 partly upheld 23 not upheld
Labour Party	9	2 upheld 7 not upheld
Alternattiva Demokratika	8	3 upheld 4 not upheld 1 withdrawn
Dept. of Information	1	1 not upheld

**Table 2 - Complaints analysed by station**

Source	No. of Complaints	Adjudication Upheld	Not upheld
TVM	47	8 2 partly	37
Super 1 TV	6	1 4 partly	1
NET TV	2	1	1
Bay Radio	1	1	-

A number of complaints submitted by the Nationalist Party alleged unfair treatment due to the consistently higher priority given to news items presented under the "ministerial" label. The Authority rejected such complaints on the grounds that similar treatment was given during the 1996 electoral campaign conducted under a different administration.

During the rest of the year, the Authority dealt with another six complaints which are summarised in the following table:



Source	Station Concerned	Nature of Complaint	Adjudication	
			Upheld	Not-Upheld
Individual	Radio Kottoner	Fairness	•	
Alternattiva	TVM	Fairness	•	
Demokratika				
Health Dept.	Radio 101	Fairness	•	
Alternattiva	TVM/Super 1/	Balance	•	
Demokratika	Net TV			
Individual	TVM	Balance		•
Nationalist Party	TVM	Fairness	•	

When examining a complaint, the Broadcasting Authority asks for written statements from the parties concerned and views or listens to the programme or advertisement involved in the complaint. During the course of the forthcoming year, the Authority plans to introduce the system of holding hearings where both complainant and a representative of the station concerned will present evidence.

After each adjudication, the Authority issues a press release and publishes a quarterly complaints bulletin with details of any action taken as a result.

## International Relations

The Authority's expanding role in international broadcasting activities brought it into closer contact with overseas broadcasting institutions and increased the need for it to develop a closer working relationship with other European regulatory authorities. A number of international contacts were made during the course of the year.

The Authority has been a member of the European Broadcasting Union and the Commonwealth Broadcasting Association for many years. The former held its 49th General Assembly in Slovenia whilst the latter convened its biennial conference in Gibraltar. The Authority's Chairman, Professor J M Pirotta and the Chief Executive, Mr Antoine Ellul chaired separate sessions which dealt with the handling of sensitive issues and the internet for broadcasters respectively.





The Authority is also a founder member of EPRA, the European Platform of Regulatory Authorities which was set up during a conference held in Malta in 1995. EPRA meets twice a year and discusses issues of great relevance and interest to regulatory authorities in the broadcasting field. The Authority was represented at these conferences by its Chairman and by the Chief Executive during the spring session held in Fredrikstad, Norway and at the autumn session held in Aachen, Germany. During these conferences, issues such as violence on television, programme rating systems and parental control devices as well as European media policies were reviewed.

Invitations were received during the year for the Authority to participate in various broadcasting activities. These involved a Council of Europe seminar on self-regulation by the media, a European Union conference in Vienna for broadcasting regulators and a workshop on public service broadcasting organised by the International Telecommunications Union and UNESCO in St.Petersburg.

Many useful contacts were also made during a one week familiarisation visit by the Authority to French broadcasting institutions when discussions were held with the President and members of the Conseil Supérieur de l'Audiovisuel (CSA). The visit to Paris included working sessions with French radio and television organisations in the public and private sectors as well as with UNESCO officials, with whom an assistance project involving the Authority's plans to set up a broadcasting academy is being explored.



*Familiarisation visit by the Chairman and members of the Broadcasting Authority to the French Broadcasting Regulatory Authority, the Conseil Supérieur de l'Audiovisuel, Paris, France in October 1998.*

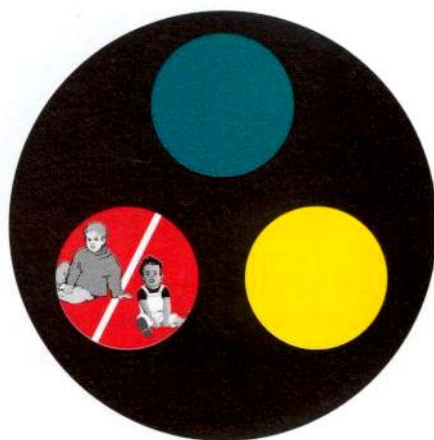


## Qualitative Research

The Authority has embarked on an ambitious 3-year plan to carry out, on a national basis, a project to assess the effects of broadcasting on various sectors of Maltese society.

The first survey will examine and evaluate the effects that violence in programming may have on the attitudes or behaviour of young people under 14 years of age.

The Authority has reserved a Lm 5,000 grant to be given to the person\* who will qualify for this research grant which should be carried out within a period of 12 months. The Authority has also undertaken to publish a report when this project is completed.



### **Violence on Television What the Viewers Think**

\* Early in January 1999 and following a call for applications, the Authority awarded this research grant to Dr Joseph Gixti BA (Hons), MA (Oxon), Ph.D (Bristol). Dr Gixti has published extensively on various aspects of media studies.



# Radio and Television Awards

The Broadcasting Authority Programme Awards - now in their fourth year - were devised to award innovation, creativity and excellence in programme making.

Judging by the report of the Chairman of the adjudicating panels and by the range and quality of the 1998 entries, those core values are still alive and well, despite the shadow cast by some of the radio programme entries which were not quite up to the required standard.

Owing to the unexpected general elections, the 1998 Awards were launched in mid-October, rather late in the year. However, by the closing date on 2 November, a total of 115 entries was submitted - 71 in the television section and 44 for radio. The latter figure was rather disappointing considering that it was practically 50% less than the previous year's number of entries and taking into account the substantial number of radio stations operating in Malta. The Authority is examining the possible reasons which could have contributed to this setback.



## Nominations and Winners

The selection process calls for nominations - should the competition's required high standard be achieved - in each of the 20 radio and television programme categories. The exacting duty of choosing the winners fell to the 11-member judging panel to whom the Authority is deeply grateful for the dedicated efforts and professionalism shown throughout the process of selection.



Nineteen nominations in six programme categories were submitted to the finals of the contest held on 12 December 1998. The following nineteen programmes were nominated:

## Television

- A Gentleman From Malta • Fruntieri • Kuluri • Meander
- Skolaxpres • Minn Taht l-Ilsien • Super Sailing Special • Meridjan - Razzizmu?
- Serq fuq 4 Roti • Trasparenza u Kontabilità.

## Radio

- Contact France Europe Express • Il-Hames Misteri tat-Tbatija u Tlett Abbuzati
- Pjazza Taljana • Irrid Nghid Tieghi • Naf Wiehed • Bla Direzzjoni
- Il-Karnival L-lehor • Is-Snin tar-Rock 'N Roll • Inkjesta

The final Awards were as follows:

## Radio Section

### Cultural/Educational Programmes

Pjazza Taljana  
Station: FM Bronja

Producer: Patricia Sansone

An original programme with suitable music which provides the setting to an Italian piazza. Production and presentation were of a high standard.

### Discussion Programmes

Irrid Nghid Tieghi  
Station: RTK

Producer: Tonio Bonello

An interesting and informative programme about the legal system in our country. There was a good response from listeners by way of phone-ins.



## **Entertainment**

Is-Snin tar-Rock 'N Roll  
Station: Radio 101

Producer: Noel Mallia

An excellent programme taking listeners back to that era with voice montage of J F Kennedy, Neil Armstrong, Martin Luther King and others. High technical standards reflected the nature of work performed by the production team.

## **Investigative Journalism**

Inkjestà  
Station: Radju ta' l-Università

Producer: Lara Mallia

A balanced programme which examines the causes of divorce and drug taking by means of interviews and meticulous preparation.

## **Television Section**

### **Cultural/Educational Programmes**

Meander  
Station: TVM

Producer: Mariella Pisani Bencini

A high level of production was attained, with great attention being paid to detail.

### **Discussion Programmes**

Minn taht l-Ilsien  
Station: TVM

Producer: Gloria Mizzi/Moira Felice

The programme dealt with taboo subjects in a sensitive and serious manner. Gloria Mizzi leads the discussion in her usual calm and confident style.





## **Documentary Programmes**

A Gentleman from Malta  
Station: Channel 12

Producer: Malcolm Scerri Ferrante

A documentary about the dramatist Francis Ebejer. The jury was unanimous in its praise of this excellent programme.

## **Sport**

Super Sailing Special  
Station: Super 1 TV

Producer: Teddy Borg

Super Sailing has all the ingredients that go to make a good production- a thorough knowledge of the subject, good filming and editing.

## **Investigative Journalism**

Pregudizzju jew Razzizmu  
Station: TVM

Producer: Ivan Camilleri

A delicate subject which was carefully investigated

## **Future Pattern**

Every year, the Authority has implemented some modification of the Awards format to ensure that all aspects of a rapidly changing broadcasting scenario achieve recognition. Over the last four years, the extent and variety of programmes were acknowledged in an increase in the number of categories. The introduction of the nominations system has also helped to recognise deserving talent and to heighten interest in the programme awards.

Further improvements are planned for next year. These mainly consist of a radical change in the nomination system. Programmes will no longer be submitted for consideration by producers but an Authority-appointed adjudicating board will have the onerous task of selecting, adjudicating and awarding deserving Maltese programme production talent.



# Election and Political Broadcasting

This chapter deals with three types of political broadcasting. The first section explores the regulation of political broadcasting in the interests of overall fairness and balance. The second section is concerned with election broadcasts, while the third section deals with other types of broadcasts of a political nature, more commonly known as ministerial or government statements. The common characteristic of all these broadcasts is that they provide access to airtime largely under the control of a political party.

## Party Political Broadcasts

The 1997-98 series of party political broadcasts organised by the Authority provided 1030 minutes of airtime for allocation to the three political parties, two of which were represented in Parliament while the third was not, since it did not have sufficient popular support at the previous elections. However, following a court ruling which urged the Authority to take into account the position of all political parties, irrespective of whether they are represented in Parliament, in deciding on airtime allocation, the Authority assigned airtime and programmes as follows:-

Programmes	Malta Labour Party	Nationalist Party	Alternattiva Demokratika
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'

This scheme came to an automatic end on 3 August 1998 when Parliament was dissolved before the holding of the general election. The allocation and regulation of party political broadcasts is, at times, a contentious issue in a multi-party democracy. From one perspective, political broadcasts can be seen as a type of access programme. However, it is difficult to formulate access rights to political parties when these conflict with the interests of other parties. On several occasions, Alternattiva Demokratika insisted with the Authority that their airtime





allocation should be used in debates with the other parties. This raised the question of how far parties not represented in Parliament should be entitled to participate in a televised debate together with the leaders of much bigger parties in Government or in Opposition. This line of thinking which is also held in other countries, explains why the Authority's airtime allocation to Alternattiva Demokratika is limited to the party productions category of broadcasts where the parties have very flexible facilities in the use of airtime.

Section 13(4) of the Broadcasting Act 1991, makes it incumbent on the Authority " ... to organise from time to time schemes of party political broadcasts (including political spots) which fairly apportion facilities and time between the different political parties represented in Parliament ...". The fulfilment of this obligation by the Authority requires the provision of studio and other production and transmission facilities. For the discharge of this duty, the Authority has always relied on the services of the public broadcasting sector although, in terms of the Act, private broadcasters may also be called upon to provide such services.

The audience for party political broadcasts varies from year to year although an appreciable minority of listeners and viewers regularly follow these programmes. The following statistics taken from audience surveys over the last four years illustrate the position:

Audience Pattern	1995	1996	1997	1998
Sometimes	46%	38%	45%	43%
Never	37	46	33	37
Always	13	13	18	18
No Answer	4	3	4	2

## Election Broadcasting

The early general elections called in August 1998 had been anticipated by the Authority which had made preliminary arrangements for the observance of impartiality and balance during this delicate period. In the light of its constitutional obligations to ensure fair apportionment of time and facilities to persons belonging to different political parties, the Authority issued the following specific directives to all broadcasting services:-



- Detailed programme schedules for the duration of the electoral campaign were to be submitted to the Authority for approval. When approved, the schedule could not be changed except with the Authority's consent.
- All programmes which included reference to political controversy or to matters relating to current public policy had to be given balanced and impartial treatment within the terms laid down by section 13 of the Broadcasting Act.
- No prospective candidate was allowed access to the broadcasting media during the electoral campaign except for normal news coverage, participation in balanced discussion programmes or in schemes of electoral broadcasts organised or approved by the Authority.
- All programme complaints during this period were to be sent directly to the Authority. Clarifying comments were to be provided by stations concerned as expeditiously as possible but not later than noon on the day following the request for information.



Apart from these arrangements which applied to all stations, the Authority, after consultation with the parties, decided to implement a scheme of general election broadcasts which apportioned airtime and broadcasts during the 30-day electoral campaign. The Authority's offer



consisted of 1180 minutes of airtime allocated in the following manner:-

Programmes	Malta Labour Party	Nationalist Party	Alternattiva Demokratika
Press Conferences	3 x 60'	3 x 60'	1 x 60'
Debates	3 x 60'	3 x 60'	2 x 45'
	1 x 60'		
Party Productions and time allocated for political spots	1 x 10' 87'	1 x 10' 87'	1 x 10' 45'

All programmes were transmitted on public service radio and television stations. None of the private sector stations opted to take these broadcasts.

## Ministerial Broadcasts

Another type of broadcast is the ministerial or government announcement. Sometimes it could be made on a wholly non-controversial subject or to seek public cooperation on matters of national interest. These broadcasts should not have any political content and normally do not present problems.

Only 17 minutes of airtime (out of a possible annual entitlement of 240 minutes) were used by government for this type of broadcast during the year under review.

The two broadcasts concerned were:

- 1) 26 June - a 10-minute broadcast on housing projects was delivered by former Minister Alfred Portelli.
- 2) 7 September - The newly elected Prime Minister, Dr Eddie Fenech Adami, delivered a 7-minute message to the nation following the general election.

## The Right of Reply

One of the Authority's obligations is to preserve impartiality in matters of political or industrial controversy or relating to current public policy. It

is, therefore, quite logical that the Authority is empowered to authorise a reply to any kind of broadcast which contravenes the legal impartiality requirements.

There were three occasions during the year when the right to reply was requested from the Authority:

- 1) 12 June - The Nationalist Party claimed the right to reply to an interview given by the Prime Minister, Dr Alfred Sant, in the programme "*Palomba*" on TVM - The broadcast dealt with the Cottonera waterfront project.

**The Authority granted a 5-minute** reply to enable the Opposition to explain why it had voted in Parliament against the project. The reply was broadcast on 13 June.

- 2) 3 September - The Director of Information, on behalf of the Ministry of Health, requested the right to reply to a political spot broadcast during the election campaign by the Nationalist Party.

**This request was rejected by the Authority** on the grounds that section 21 of the Press Act did not contemplate the right of reply to anything broadcast in the party political series.

- 3) 5 October - The Labour Party claimed the right of reply in respect of an anniversary message delivered by the Parliamentary Secretary responsible for the aged on the occasion of World Day of the Elderly.

**The Authority granted a 5-minute reply** to enable the Labour Party to explain its policy on the subject. The reply was broadcast on 14 October.



## Anniversary Messages

Ten messages linked to events of international significance were broadcast during the year on the public broadcasting services by Ministers and Parliamentary Secretaries. Broadcasts of this nature are transmitted in off-peak time. The following is a list of such broadcasts:

	Date	Anniversary	Speaker	Duration
1	May 1	Workers' Day	Minister for Social Security	5'
2	May 5	World Environment Day	Minister responsible for the Environment	13'
3	June 26	World Anti-Drugs Day	Minister for Social Security	5'
4	July 3	World Co-Operatives Day	Minister for Social Security	9'
5	September 27	World Tourism Day	Minister for Tourism	6'
6	September 30	World Day of the Elderly	Parliamentary Secretary Responsible for the Elderly	8'
7	October 9	World Mental Health Day	Minister of Health	7'
8	October 16	World Food Day	Minister for Agriculture and Fisheries	7'
9	December 3	World Handicapped Day	Minister for Social Policy	8'
10	December 10	50th Anniversary of the Universal Declaration Human Rights	Deputy Prime Minister and Minister of Foreign Affairs	7'

# Audience Survey 1998

Every year since 1990, the Authority has commissioned a large scale national survey to assess the state of listenership and viewership of broadcasting services provided in Malta. This research also covers public attitudes towards certain sectors of broadcasting. The 1998 Broadcasting Authority survey was carried out by Malta University Services Ltd during the period 24 - 29 March 1998.

## Method

The study commissioned by the Authority was based on a representative national sample of 1,001 persons aged 12 years and over. The standard random sampling procedure was used to identify respondents.

Audience levels audited in this project incorporated, as part of the total population currently resident in Malta, any foreigner who at the time of the survey was residing on these Islands. The sample was based on the electoral register for Local Councils. The study took the form of personal interviews conducted in private homes by a team of experienced interviewers. The majority of the fieldwork was conducted in Maltese except for foreign residents, in which case English was used.

## General Trends

This year's audience research exercise identified a number of very important shifts in the radio listening and television viewing patterns of the Maltese population. A most interesting finding was that, over the last year, the number of listeners for radio increased for practically all stations. The increase registered is not however proportional for all stations. This results in a modification of the popularity list for individual radio stations.

The four radio stations in the top league remain Super One Radio, Radio 101, Radio Malta 1 and RTK. Super One Radio had an average of 7300 persons listening to this station at any point in time throughout the week; Radio 101 and Radio Malta 1 each have 5250 and RTK had 4530. Obviously at particular times audiences could be much higher than the average; at other times they were much lower.





Similar shifts were registered in the relative strength of TV channels: TVM gained 19%, Super One lost 7%, Mediaset lost 12%. Other Italian stations lost 3%, Smash TV lost 1% whilst satellite stations gained 4%. Only the relative strength of Channel 12, Channel 22 and the RAI stations group taken together did not change.

Interesting contrasts emerged between the expressed preferences of the audience in respect of television stations. Actual audience levels show that the Maltese continue to be avid consumers of news on local television stations. What emerged from the 1998 survey was that the peaks usually established for the main public service station news slot at 8.00 p.m. have been superseded by the new programmes introduced on TVM.

## **Radio Audience Share**

The average daily audience (6.00 a.m. to midnight) for the top stations had been established at 3.21%, 2.21%, 2.16% and 1.93% of the total population aged 12 and over respectively. Given the nature of these four radio stations, the split was extremely interesting.

Peak times for different radio stations was a good indicator of their popularity. This was worked out as the percentage of audience share of the total number of persons surveyed on a particular day of the week. In 1998, the highest peak was again obtained by Super One Radio, this time on a Saturday, with 9.09%.

## **TV Audience Share**

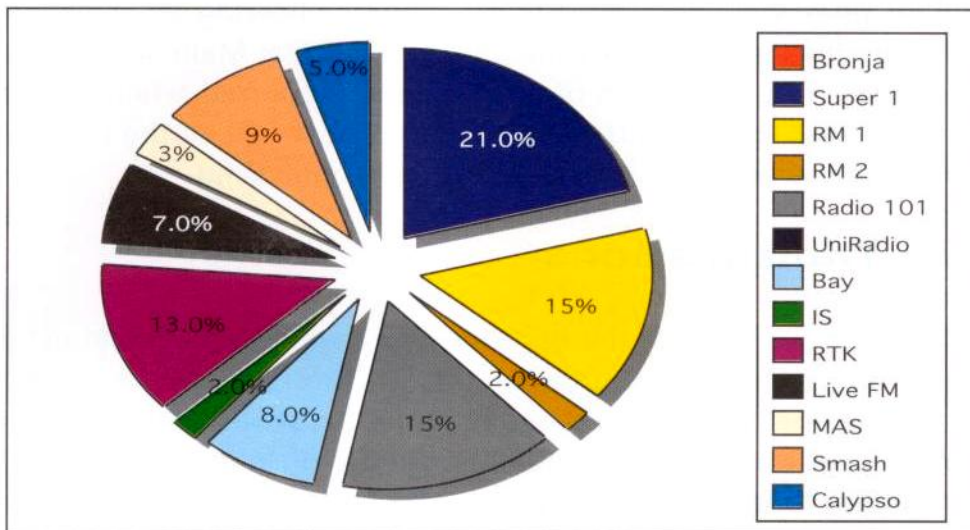
The highest mean for the daily average of the surveyed TV services was registered by the Mediaset group followed by TVM. It must be remembered that the Mediaset group comprises three channels whilst TVM broadcast on only one channel. TVM is followed by Super One TV and not by RAI group of stations as in previous years. These in turn were followed by the Satellite stations group, the group of other all Italian stations and Smash TV. It needs to be noted that Smash TV used to broadcast mainly on cable and this implies a limitation on its potential to reach all Maltese viewers.

Chart 1 and Chart 2 below show the daily average audience levels



for radio and television as registered during the 1998 survey. In the case of radio, these levels were computed on the basis of audiences between 6.00 a.m. and midnight. With regard to television, the basis for the audience levels are the available time slots for each station.

**Chart 1: Daily Average Audience Radio Levels - 1998**



**Chart 2: Daily Average TV levels - 1998**

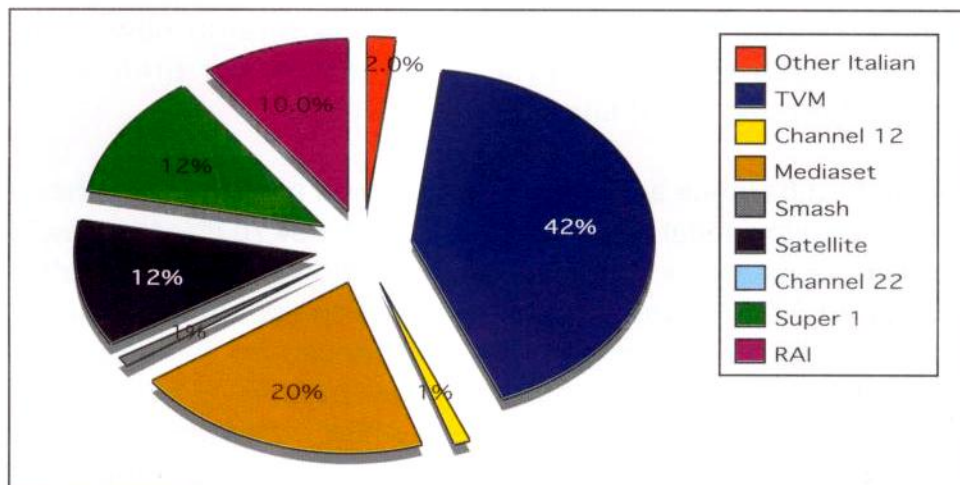


Chart 1 shows that Radio Malta 2 registered no change over the previous year's figure but the following changes were registered: Radio 101 (+2%), Island Sound (+1%), Live FM (+1%), Smash Radio (-2%), Radio



Malta 1 (+2%), RTK (-6%), Bay Radio (+5%), Calypso Radio (+2%) and Super One (-4%).

Very significant changes have taken place in TV viewing in Malta. The most noteworthy change occurred in respect of TVM which increased its audiences considerably. The station managed to build an afternoon audience following from Mondays to Fridays. The station has also extended peak viewing time into the hours following the main news bulletin, particularly on the evenings when the first Maltese soap-opera was shown. This extension of interest also occurred when *Xarabank* and, to a lesser extent, *Pjazza 3*, were broadcast. Of all the continuing programmes, *Xhieda* retained an extremely high rating.

## News Transmissions

As in previous years, the Broadcasting Authority was interested in researching which media source for local and foreign news was preferred by the Maltese. The survey demonstrated that the Maltese continued to be avid consumers of local and increasingly of foreign news. Of the three media, television is the most important source for local news commanding as much as 70.9% first preferences. This is followed by 13.4% who prefer radio whilst 10.8% prefer newspapers and the remaining 2.4% express no special preference.

The preferred source of the Maltese for foreign news was also television which registered 74.9%. A much lower preference was expressed for radio (10%) and newspapers (8.6%).

A slight difference across the genders was noted among those who preferred to follow local news on television (males 70.6%; females 71.2%) but females registered a higher percentage among those who prefer radio (15.5% vs. 11.2%). Newspapers were more popular among males (12.4% vs. 9.2%). In so far as foreign news was concerned, females showed a relatively higher preference than males for both TV (75.3% vs. 74.5 % males) and radio (11.5% vs. 8.4% males) whilst males prefer newspapers more than females. The figures registered were 9.8% males vs. 7.4 females.

## Programme Preferences

Music and local news continued to be the two most preferred types of radio programmes followed by foreign news and discussion programmes. Interesting shifts were noted showing increased interest in programmes dealing with religion, sports and novels and particularly in drama.

As far as television was concerned, local news continued to be of major interest with 94.6% general preference followed by foreign news with 88.9%. These were then followed by feature films (77.5%) and quizzes/game shows/variety programmes (70.1%).

Tables 1 and 2 provide full and comparative details for general preferences for radio and television programme sectors:

**Table 1: General Preferences for Radio Programme Sectors**

Programme Sector	% 1996	% 1997	% 1998
Music	82.5	78.9	87.2
Local News	74.7	70.6	84.5
Foreign News	68.1	63.9	77.1
Discussions	61.2	58.1	67.6
Religion	50.6	34.7	53.3
Health/Beauty/Home/Law	46.7	31.6	54.5
Current Affairs	42.2	31.2	56.8
Culture	36.4	29.1	45.8
Sports	37.5	29.0	48.2
Novels/Plays	35.6	27.9	49.5
Money/Business	19.0	16.7	31.7
Children	20.3	15.9	30.2



**Table 2: General Preferences for  
TV Programme Sectors**

Programme Sector	% 1996	% 1997	% 1998
Local News	89.3	84.2	94.6
Foreign News	85.3	79.8	88.9
Feature Films	72.0	60.5	77.5
Quizzes/Game	60.4	51.6	70.1
Shows/Variety Prog.			
Weather	78.2	50.5	81.2
Documentaries	63.1	50.3	66.3
Sports	55.3	45.1	63.0
Discussions	56.1	43.8	72.1
Plays	35.0	31.4	54.4
Music Video-Clips	33.7	24.7	45.5
Current Affairs	36.3	23.4	44.8
Religion	39.3	22.4	44.3
Serials/Soap Operas	32.5	22.9	61.4
Art & Culture	33.5	22.1	44.8
Women's Programmes	36.8	20.9	47.4
Children's Programmes	29.0	18.3	47.0
Business & Finance	18.1	11.9	27.0

## Viewing and Listening Patterns

This section of the audience survey examines the extent of television and radio viewing and listening, where radio was actually listened to and who decides, within a family setting, what TV channel is chosen for viewing.

Participants in this study were requested to indicate whether they listen to the radio regularly and where. Of all respondents 81.3% (as opposed to 75.8% and 77.7% in 1996 and 1997 respectively) stated that they listen to the radio regularly whilst the remaining 18.7% stated that they do not. This statistic suggests that there has been a slight increase in the popularity of radio since the last study was conducted for the Authority in 1997. As many as 26.8% or around 84,000 of Maltese aged 12 and over listen to the radio for at least one hour every day.

Of those who listen to the radio on a regular basis, as many as 77.9%

stated that they listen to the radio at home, 16.8% listen to it at work whilst 22.6% listen to the radio in the car.

Television viewing was also on the increase. Of all the respondents 98.3%, or around 308,000 Maltese aged 12 and over, (in contrast to 93.5% in 1996 and 94.8% in 1997) stated that they watch TV regularly, whilst the remaining 1.7% stated that they do not. This pointed to an increase in popularity of television over the last year. Females registered a slightly higher incidence of TV viewing than males (males 97.8% vs. females 98.8%).

With regard to the average number of hours of television viewing in Malta, the most common incidence reported in this study was of 2 hours per day. Of those who watched TV on a regular basis, as many as 46.1% of all respondents stated that they watched TV in the sitting room. Twenty nine point four percent watched TV in the bedroom and 17.5% did so in the kitchen. The remaining 5.5% watched TV in the dining room whilst 1.5% did so in another part of the house.

Traditionally, the Maltese family was popularly perceived to be patriarchal and the authority of the father in most decision making was frequently assumed to constitute the last word. As Maltese society gradually becomes more egalitarian it is interesting to see who decides, and how decisions are reached, when it comes to a choice on how to spend an evening's viewing. In fact, in 32% of cases it was clearly stated that the problem does not arise either because there is more than one tv set at home or because there is no conflict of interest. In 29.3% of the cases the husband is reported to be the decision maker; in 20.1 % it is the wife who decides whilst in 18.7% of cases it is the children's wishes that are respected.

## **Cable Television**

Of all respondents taking part in this study, around half stated that they are connected to cable TV. Of those connected, 13.2% are served by the Reception level; 11.4% stated that they had opted for the Basic level; 14.7% are served by the TV Plus whilst 7.7% opted for the additional Premiere Cable TV Services. Connection to cable TV is, not surprisingly, related to economic status and as many as 63.4% of the AB\* respondents are served by cable as against 39.9% of those in the DE\* socio-economic





category. It is also natural that the more expensive levels of cable TV viewing are more common among AB respondents.

The survey also revealed that families with younger members are more attracted to the services offered by cable TV with as many as 46.4% of respondents aged 12 - 17 stating that they are connected to cable TV as opposed to 38.5% among those aged 65 and over.

## Conclusion

This year's study revealed a number of very important shifts in listening and viewing patterns. There has been an increase in audiences for both radio and TV over the past year although audiences continued to be selective. The study continues to document, as it did in previous years, that micro decisions affecting individual choice are also influenced by macro processes at play in wider society. In many ways what goes on in the behaviour of radio listeners and TV viewers is a microcosm of wider society. It is well known that programme directors react to this reality when evaluating the survey. One hopes that this evaluation will enable programme producers to fulfil audience demand by means of programmes that show a distinct improvement in quality.

Further facts and figures which emerged from the 1998 audience survey are given as an appendix to this Report.

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\* AB denotes persons in the professional, managerial and administrative grades whilst the DE group of the socio-economic categories is made up of semi-skilled, unskilled, labourers, casual workers and those whose income is provided by the State.

# Appendices





**Public Broadcasting Services Ltd.**  
**Television Programme Statistics**  
**Figures from January 1st to 31st December 1998**

	Average Weekly Hours	Percentage of Average Weekly Broadcasting Time
<b>Total</b>	168.00	100.00
<b>Satellite</b>	60.91	36.26
News & Current Affairs		
News	6.83	4.07
Current Affairs	1.29	0.77
<b>Information</b>		
Discussions	2.83	1.68
Informative	11.93	7.10
Documentaries	4.65	2.77
Religious Programmes	1.76	1.05
Magazine Programmes	4.40	2.62
Women's Programmes	7.23	4.30
Family	4.80	2.86
Sports	5.11	3.04
<b>Cultural</b>		
Arts & Literature	2.08	1.24
<b>Children's</b>		
Children's Programmes	2.54	1.51
Cartoons	2.63	1.57
Information & Education	10.53	6.27
Series	0.86	0.51
Youth	1.30	0.77
<b>Entertainment</b>		
Drama	3.08	1.83
Series	4.34	2.58
Soaps	5.23	3.11
Comedies	2.21	1.32
Show, Quiz, Games	5.81	3.46
Feature Films/Movies	5.30	3.15
Serious Music	0.34	0.20
<b>Others</b>		
Political Broadcasts	0.46	0.27
Parliamentary Debates	0.12	0.07
Ministerial Talks	0.00	0.00
Anniversary Messages	0.04	0.02
Advertising	6.46	3.86
Miscellaneous	1.23	0.73
Public Service Campaign	0.56	0.33
Occasional Broadcast	1.14	0.68
Average Weekly Hours Jan - Dec 1998		Percentage of Average Weekly Jan - Dec 1998
Satellite 60.91		Satellite 36.26
Local 75.41		Local 44.88
Foreign 31.68		Foreign 18.86



## Cable and Satellite Television Key Facts

### \* Number of TV households in Malta

as on 1/01/98 - 123,900

as on 01/01/99 - 124,000

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

as on 01/01/98 - 153,917

as on 01/01/99 - 162,996

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

as on 01/01/98 - 58,003

as on 01/01/99 - 70,363

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

as on 01/01/98 - 649

as on 01/01/99 - 1,361

#### Sources:

\* PBS

\*\* Melita Cable

\*\*\* Dept. of Wireless Telegraphy





The Political Content of the News* on PBS - January-December							1998	1997
Total Number of Local Items:							5517	5887
Total Number of Coverages:							7867	8348
Ministerial Coverages:				Total	%			
Press Releases:				98	4.76		2057	2192
Activities:				1959	95.24		26.15	% 26.26**
Party Political Coverages:	N.P.	%	MLP	%	AD	%		
Press Releases:	177		109		28		314	
		50.54		39.80		9.66		
Activities:	388		336		80		804	1118
	565		445		108		14.21	% 10.57**
Trade Union Coverages:	GWU	%	CMTU/UHM	%	GRTU	%		
Press Releases:	40		55		32		127	
		33.53		37.92		15.97		
Activities:	128		135		48		311	501*
	168		190		80		6.37	% 6.00**
* Other union items = 63								
Total Political Content:		(cov.)=	3676	%=	46.73		(items)=	2944 % = 53.36
Other Local Coverages:				Total	%			
Press Releases:				410	9.78		4191	4773
Activities:				3781	90.22		53.27	% 57.18**
Form of Presentation of Local Items:				Total	%			
Announcer in Vision:				1145	20.75			
Items supported by:	Slide			581	10.53			
	Film			3791	68.71		5517	5887
Investigative Items:				54	0.98			

Total number of Coverages include multiple news items.

\* Based on Statistics Relating to the 8p.m. and late News Bulletins on TVM.

\*\* Percentage of total number of coverages

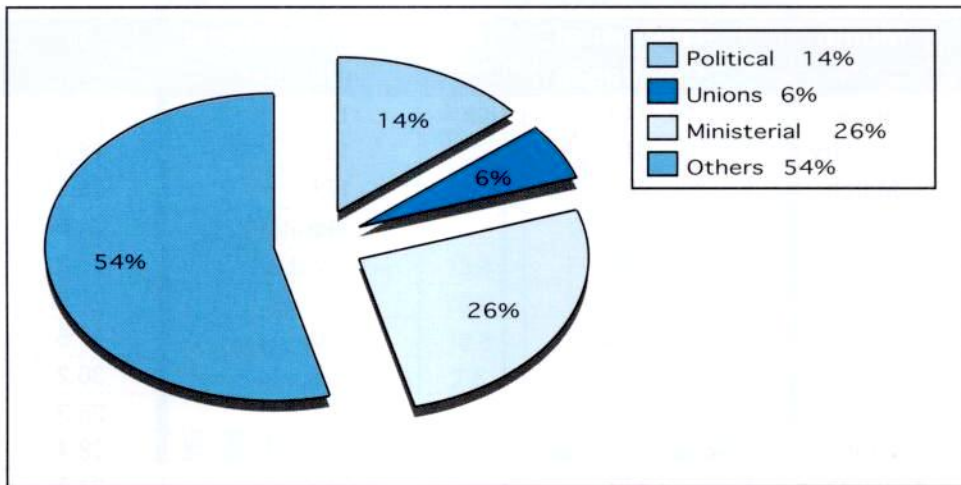




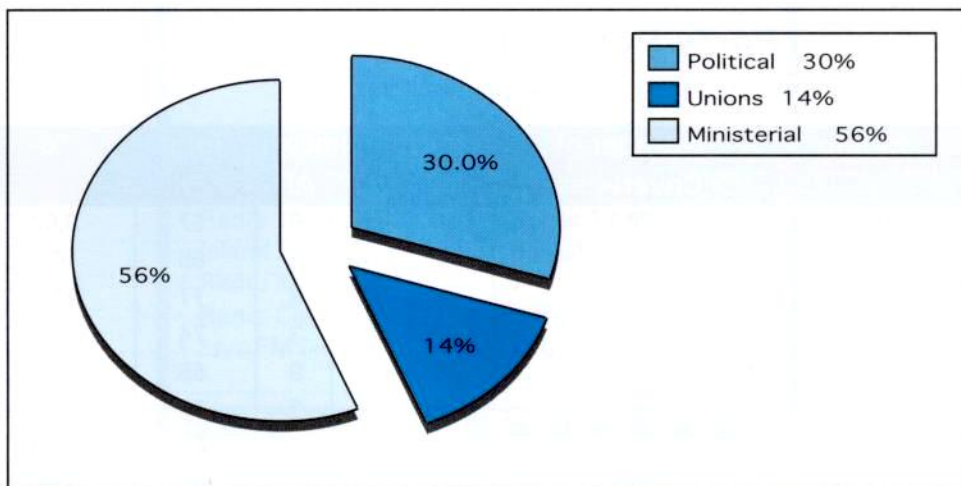
### The Political Content of the News of the Public Broadcasting Services General Picture 1998

Month	Govt. Act.	NP	Party Political		CMTU	Unions		OTHERS	Total	% of all Coverages
			MLP	AD		GWU	GRTU			
January	171	46	16	5	45	23	6	3	315	42.4
February	153	46	16	3	9	11	6	9	253	41.4
March	179	59	12	6	14	7	6	4	287	40.9
April	146	49	22	3	19	22	1	5	267	43.8
May	182	38	18	9	15	15	5	8	290	41.8
June	114	38	18	2	13	17	11	0	213	38.4
July	160	55	25	7	12	6	11	5	281	48.3
August	260	139	112	47	6	13	10	5	592	68.7
September	158	44	47	12	15	5	5	3	289	51.8
October	191	16	56	4	14	17	5	6	309	45.9
November	212	28	56	6	18	15	5	5	345	50.8
December	131	7	47	4	10	17	9	10	235	39.1
	2057	565	445	108	190	168	80	63	3676	46.7

## General Picture 1998



## Political Content 1998





## Ministerial Activities 1998

Month	Number of Coverages	Reports of Ministerial Activities	%
January	743	171	23.0
February	611	153	25.0
March	701	179	25.5
April	609	146	24.0
May	394	182	26.2
June	554	114	20.6
July	582	160	27.5
August	862	260	30.2
September	558	158	28.3
October	673	191	28.4
November	679	212	31.2
December	601	131	21.8
Total	7867	2057	26.1

## Party Political Activities 1998

Month	Number of Coverages	Party Political			Total	%
		NP	MLP	AD		
January	743	46	16	5	67	9.02
February	611	46	16	3	65	10.6
March	701	59	12	6	77	11.0
April	609	49	22	3	74	12.2
May	694	38	18	9	65	9.37
June	554	38	18	2	58	10.5
July	582	55	25	7	87	14.9
August	862	139	112	47	298	34.6
September	558	44	47	12	103	18.5
October	673	16	56	4	76	11.3
November	679	28	56	6	90	13.3
December	601	7	47	4	58	9.65
Total	7867	565	445	108	1118	14.2



## Trade Union Activities 1998

Month	Number of Coverages	Party Political				Total	%
		CMTU	GWU	GRTU	OTHERS		
January	743	45	23	6	3	77	10.4
February	611	9	11	6	9	35	5.73
March	701	14	7	6	4	31	4.42
April	609	19	22	1	5	47	7.72
May	694	15	15	5	8	43	6.20
June	554	13	17	11	0	41	7.40
July	582	12	6	11	5	34	5.84
August	862	6	13	10	5	34	3.94
September	558	15	5	5	3	28	5.02
October	673	14	17	5	6	42	6.24
November	679	18	15	5	5	43	6.33
December	601	10	17	9	10	46	7.65
TOTAL	7867	190	168	80	63	501	6.37



## TV & Radio Audiences in Malta Facts & Figures

MUS-BA Audience Audit 1998			
Sample Profile: Gender			
Age Group	Total	Male	Female
12-17	11.2	11.4	11.0
18-30	21.0	21.4	20.5
31-50	37.1	37.1	37.0
51-65	18.2	18.6	17.8
over 65	12.6	11.4	13.7
TOTAL	100.0	100.0	100.0
N=	1001	490	511
	100	49.0	51.0

MUS-BA Audience Audit 1998					
Sample Profile: Socio-Economic					
Socio-Economic Group	Total	AB	C1	C2	DE
N=	1001	131	326	291	253
	%	%	%	%	%
12-17	11.2	14.5	10.4	12.0	9.5
18-30	21.0	17.6	26.7	20.3	16.2
30-51	37.1	36.6	37.1	35.7	38.7
51-65	18.2	16.0	15.6	17.2	23.7
over 65	12.6	15.3	10.1	14.8	11.9
TOTAL	100.0	100.0	100.0	100.0	100.0



MUS-BA Audience Audit 1998

Who Watches TV

N=	Total 1001 %	Male 490 %	Female 511 %
Watch TV	98.3	97.8	98.8
Do Not Watch TV	1.7	2.2	1.2

MUS-BA Audience Audit 1998

Who Listens to Radio

N=	Total 1001 %	Male 490 %	Female 511 %
Listen to the Radio	81.3	79.6	83.0
Do Not Listen to the Radio	18.7	20.4	17.0



MUS-BA Audience Audit 1998			
Average No. of Hours TV is Watched			
N=	Total 984 %	Male 479 %	Female 505 %
Varies Considerably	1.0	1.0	1.0
1 Hour	14.8	14.0	15.6
2 Hours	32.4	35.1	29.9
3 Hours	26.6	27.8	25.5
More than 3 Hours	25.0	22.1	28.0

MUS-BA Audience Audit 1998			
Preferred Source for Foreign News			
N=	Total 1001 %	Male 490 %	Female 511 %
No Preference	4.3	5.3	3.3
Radio	10.0	8.4	11.5
TV	74.9	74.5	75.3
Newspaper	8.6	9.8	7.4
From Other Persons	2.2	2.0	2.3



MUS-BA Audience Audit 1998

### Preferred Source for Local News

N=	Total 1001 %	Male 490 %	Female 511 %
No Preference	2.4	3.5	1.4
Radio	13.4	11.2	15.5
TV	70.9	70.6	71.2
Newspaper	10.8	12.4	9.2
From Other Persons	2.5	2.2	2.7

MUS-BA Audience Audit 1998

### Trends in Radio Audience Share

#### Increases

- Bay Radio (+5%)
- Radio 101 (+2%)
- Island Sound (+1%)
- Radio Malta 1 (+1%)
- Radio Calypso (+2%)
- Live FM (+1%)

#### Decreases

- RTK (-6%)
- Super 1 (-4%)
- Smash Radio (-2%)

#### No change

- Radio Malta 2





### Trends in TV Audience Share

#### Increases

- TVM (+19%)
- Satellite (+4%)

#### Decreases

- Mediaset (-12%)
- Super 1 (-7%)
- Other Italian (-3%)
- Smash (-1%)

RAI, Channel 12 and Channel 22 Satellite Stations  
did not register any change.

# **Report and Financial Statements**



**Broadcasting Authority**  
**Report & Financial Statements**  
**For the year ended 31 December 1998**

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Balance sheet	66
Cash flow statement	67
Notes to the financial statements	68-74





## AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 65 to 74 which have been prepared under the accounting policies set on page 68.

## 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.

## 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**

In our opinion the financial statements give a true and fair view of the state of the Authority's affairs at 31 December 1998 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

29 March 1999



## INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 December 1998

	Notes	1998 Lm	1997 Lm
INCOME	3	384,884	509,981
EXPENDITURE		(351,694)	(596,565)
		<hr/>	<hr/>
SURPLUS/(DEFICIT) OF INCOME OVER EXPENDITURE		33,190	(86,584)
Additional contribution for capital expenditure		-	200,000
		<hr/>	<hr/>
TRANSFER TO CAPITAL FUND	10	33,190 (33,190)	113,416 (113,416)
		<hr/>	<hr/>
SURPLUS FOR THE YEAR		-	-
ACCUMULATED DEFICIT BROUGHT FORWARD		(159,358)	(159,358)
		<hr/>	<hr/>
ACCUMULATED DEFICIT CARRIED FORWARD		Lm (159,358)	Lm (159,358)
		<hr/>	<hr/>





## BALANCE SHEET

At 31 December 1998

	Notes	1998 Lm	1997 Lm
<b>FIXED ASSETS</b>			
Tangible Assets	4	923,535	1,062,689
Investment	5	1	1
		<hr/> 923,536	<hr/> 1,062,690
<b>CURRENT ASSETS</b>			
Debtors	6	144,994	19,923
Cash at bank and in hand	7	389,769	372,956
		<hr/> 534,763	<hr/> 392,879
<b>CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	8	(84,287)	(114,747)
<b>NET CURRENT ASSETS</b>		<hr/> 450,476	<hr/> 278,132
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<hr/> 1,374,012	<hr/> 1,340,822
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	9	(339,723)	(339,723)
<b>NET ASSETS</b>		<hr/> 1,034,289	<hr/> 1,001,099
<b>CAPITAL AND RESERVES</b>			
Capital Fund	10	1,051,562	1,018,372
Reserves	11	142,085	142,085
Accumulated deficit		(159,358)	(159,358)
		<hr/> 1,034,289	<hr/> 1,001,099

Prof. J. Pirotta  
Chairman

A.J. Ellul  
Chief Executive



## CASH FLOW STATEMENT

For the year ended 31 December 1998

	Notes	1998 Lm	1997 Lm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	13(a)	42,912	198,095
CASH FLOWS USED IN INVESTING ACTIVITIES			
Proceeds from disposal of tangible fixed assets		20,349	-
Payments to acquire tangible fixed assets	13(b)	(49,229)	(179,340)
NET CASH USED IN INVESTING ACTIVITIES		(28,880)	(179,340)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest received		15,284	11,301
NET INCREASE IN CASH AND CASH EQUIVALENTS		29,316	30,056
Cash and cash equivalents at beginning of year	13(c)	335,202	305,146
Cash and cash equivalents at end of year	13(c)	364,518	335,202



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1998

## 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.





### 3 INCOME

Income is made up as follows :

	1998	1997
	Lm	Lm
Government contributions	250,000	400,000
Bank interest	15,271	11,911
Application fees for sound broadcasting licences (note)	500	8,000
Licence fees for nation-wide sound broadcasting services (note)	71,233	59,350
Franchise fees	30,000	30,000
Other income	10,005	220
Gain on disposal of fixed assets	7,375	-
Rental fees receivable	500	500
	<hr/> Lm 384,884	<hr/> Lm 509,981

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.



**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 1 January 1998	68,804	711,800	79,033	36,942	287,038	13,196	126,642	1,323,455
Additions	-	13,056	3,831	3,876	795	4,930	544	27,032
Disposals	-	-	(3,205)	(2,241)	(259,550)	(4,625)	-	(269,621)
At 31 December 1998	68,804	724,856	79,659	38,577	28,283	13,501	127,186	1,080,866
<b>Depreciation</b>								
At 1 January 1998	-	19,257	38,509	30,645	141,003	6,203	25,149	260,766
Charge for the year	-	7,249	9,073	3,592	5,511	2,700	5,087	33,212
Released on disposal	-	-	(3,205)	(1,264)	(129,403)	(2,775)	-	(136,647)
At 31 December 1998	-	26,506	44,377	32,973	17,111	6,128	30,236	157,331
<b>Net book value</b>								
At 31 December 1998	68,804	698,350	35,282	5,604	11,172	7,373	96,950	923,535
At 31 December 1997	68,804	692,543	40,524	6,297	146,035	6,993	101,493	1,062,689

## 4 TANGIBLE FIXED ASSETS (cont.)

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 :

	1998	1997
Cost	Lm 655	Lm 655
Aggregate depreciation on cost	<u>Lm -</u>	<u>Lm -</u>

The cost of fully depreciated assets still in use at the year end amounted to Lm43,474 on which depreciation otherwise chargeable would have amounted to Lm8,491.

## 5 INVESTMENTS

	1998	1997
1 ordinary share of Lm1 in Master Antenna Limited	<u>Lm 1</u>	<u>Lm 1</u>

## 6 DEBTORS

	1998	1997
	Lm	Lm
Amounts falling due within one year:		
Licences receivable	11,000	10,000
Other debtors	125,630	1,875
Prepayments and accrued income	8,364	8,048
	<u>Lm 144,994</u>	<u>Lm 19,923</u>





## 7 CASH AT BANK AND IN HAND

	1998	1997
	Lm	Lm
Cash at bank	389,433	356,399
Cash in hand	336	16,557
	<hr/>	<hr/>
	Lm 389,769	Lm 372,956
	<hr/>	<hr/>

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 195,000 will be required to complete this project, of which Lm 45,000 has already been authorised by the Authority (vide note 12).

## 8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1998	1997
	Lm	Lm
Bank balance overdrawn	25,251	37,754
Trade creditors	-	34
Capital creditors	3,481	25,678
Accruals and deferred income	55,555	51,281
	<hr/>	<hr/>
	Lm 84,287	Lm 114,747
	<hr/>	<hr/>

## 9 PROVISION FOR LIABILITIES AND CHARGES

The Authority was contractually obliged to spend Lm 35,000 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:

	1998	1997
Balance at 1 January/31 December	Lm 339,723	Lm 339,723
	<hr/>	<hr/>

The agreement expired on 28 September 1991.



## 10 CAPITAL FUND

	1998	1997
	Lm	Lm
Balance at 1 January	1,018,372	904,956
Surplus for year	33,190	113,416
Balance at 31 December	<u>1,051,562</u>	<u>1,018,372</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 1998	Lm 126,085	Lm 16,000	Lm 142,085
	<u>                    </u>	<u>                    </u>	<u>                    </u>

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

## 12 CAPITAL COMMITMENTS

	1998	1997
Capital expenditure that has been authorised by the Authority but has not yet been contracted for (note)	Lm 117,000	Lm 17,000
	<u>                    </u>	<u>                    </u>
Capital expenditure that has been contracted for but has not been provided for in the financial statements	Lm 4,361	Lm 34,597
	<u>                    </u>	<u>                    </u>

Note : This amount includes Lm 45,000 in relation to the completion of the studio (vide note 7).



### 13 NOTES TO THE CASH FLOW STATEMENT

#### (a) Cash generated from operations

	1998	1997
	Lm	Lm
Surplus for the year	33,190	113,416
Adjustments for :Interest receivable	(15,271)	(11,911)
Depreciation	33,212	85,253
Profit on disposal of tangible fixed assets	(7,375)	-
	<hr/>	<hr/>
Operating surplus before working capital changes	43,756	186,758
(Increase)/decrease in debtors	(5,084)	3,894
Increase in creditors	4,240	7,443
	<hr/>	<hr/>
Cash generated from operations	Lm 42,912	Lm 198,095
	<hr/>	<hr/>

#### (b) Tangible fixed assets

During the year, the Authority acquired fixed assets with an aggregate cost of Lm27,032. Total payments of Lm49,229 were made to acquire tangible fixed assets.

#### (c) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts :

	1998	1997
	Lm	Lm
Cash in hand and balances with banks	389,769	372,956
Bank balance overdrawn	(25,251)	(37,754)
	<hr/>	<hr/>
	364,518	335,202
	<hr/>	<hr/>





## INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 December 1998

	Page	1998 Lm	1997 Lm
<b>INCOME</b>			
Government contributions		250,000	400,000
Bank interest		15,271	11,911
Application fees		500	8,000
Licences		71,233	59,350
Franchise fees		30,000	30,000
Other income		10,005	220
Gain on disposal of fixed assets		7,375	-
Rental fees receivable		500	500
		<hr/> 384,884	<hr/> 509,981
<b>EXPENDITURE</b>			
Technical assistance		14,276	13,470
Administrative	76	236,495	209,644
Annual events	76	18,873	21,065
Production	77	17,542	244,147
Monitoring	77	59,245	50,724
Technical	77	5,263	57,515
		<hr/> 351,694	<hr/> 596,565
<b>SURPLUS/(DEFICIT) OF INCOME OVER EXPENDITURE</b>			
Additional contribution for capital expenditure		-	200,000
		<hr/> 33,190	<hr/> 113,416
<b>TRANSFER TO CAPITAL RESERVE</b>		(33,190)	(113,416)
<b>SURPLUS FOR THE YEAR</b>		<hr/> Lm -	<hr/> Lm -



## PROFIT AND LOSS ACCOUNT SCHEDULES

For the year ended 31 December 1998

	1998 Lm	1997 Lm
<b>ADMINISTRATIVE EXPENSES</b>		
Members' honoraria	20,236	20,107
Legal adviser's honoraria	2,500	2,500
Salaries	97,191	75,535
Staff training	7,727	228
Telecommunications	5,395	10,117
Water and electricity	11,733	8,366
Insurance	3,240	3,532
Ground rent	6	6
Stationery	3,952	3,961
Subscriptions and publications	1,504	1,785
International organisations membership fees	15,060	9,177
Repairs and maintenance	8,447	3,038
Public relations	3,852	3,973
Duty visits abroad	12,891	9,741
Transport	1,798	1,068
MBA annual reports	2,031	4,725
Advertising	7,632	6,855
Rentals of radio & T.V. sets	1,372	1,659
Broadcasting academy	1,735	-
Security services	476	4,213
Sundry expenses	3,844	3,722
Auditors' remuneration	518	472
Legal and professional fees	1,946	13,360
Depreciation	21,409	21,504
- to page 75	Lm 236,495	Lm 209,644
<b>ANNUAL EVENTS</b>		
Programme Awards	9,236	16,624
Audience research study	9,637	4,268
International conferences and seminars	-	173
- to page 75	Lm 18,873	Lm 21,065



	1998 Lm	1997 Lm
<b>PRODUCTION DEPARTMENT</b>		
Wages and salaries	5,830	64,872
Production of documentaries	656	67,319
TV Political and general election broadcasts	3,364	240
Sundry	5	629
Depreciation	7,451	59,538
Hire and purchase of films	-	46,773
Transport expenses	236	3,186
Staff training	-	1,590
	<hr/>	<hr/>
- to page 75	Lm 17,542	Lm 244,147
	<hr/>	<hr/>
<b>MONITORING DEPARTMENT</b>		
Wages and salaries	55,297	46,494
Purchase of audio tapes	163	708
Depreciation	3,705	3,489
Sundry	80	33
	<hr/>	<hr/>
- to page 75	Lm 59,245	Lm 50,724
	<hr/>	<hr/>
<b>TECHNICAL DEPARTMENT</b>		
Wages and salaries	4,616	48,143
Repairs and maintenance	-	3,975
Depreciation	647	722
Sundry	-	3,235
Staff training	-	1,440
	<hr/>	<hr/>
- to page 75	Lm 5,263	Lm 57,515
	<hr/>	<hr/>







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