

Allen Morrissey & Co.

Newsletter

Hillview House, Prosperous, Naas, Co. Kildare

Tel: +353 45 892434 - Fax: +353 45 892305 - info@allenmorrissey.com

Visit our website: www.allenmorrissey.com

Newsletter

2018

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Funding for businesses in Ireland

Your survival guide to planning to fund your business. Funding will rarely come from one source and many businesses will go through various levels of funding over the course of several years. Below are a few options you can consider.

Local Enterprise Offices (LEOs) provide a range of financial supports designed to assist with the establishment and/or growth of enterprises (limited company, individuals/sole trader, cooperatives and partnerships) employing up to ten people. There a great place to start and offer a variety of financial supports available through the 31 offices across the country.

Everything from feasibility grants to helping you research market demand and sustainability of your potential

product or service (up to €20,000), through to priming grants and business expansion grants. The only issue with the LEO grants is that the grants only cover approximately 50% of the costs which can be a challenge for many early-stage businesses.

Priming Grants

A Priming Grant is a business start-up grant, available to micro enterprises within the first 18 months of start-up. Priming grants may be available for sole traders, partnerships or limited companies that fulfil the criteria.

Business Expansion Grants

The Business Expansion Grant is designed to assist the business in its growth phase after the initial 18 month start-up period. Business Expansion grants may be awarded to sole traders, partnerships or limited companies that fulfil the criteria.

European Globalisation Fund EGF

The European Globalisation Adjustment Fund (EGF) was

established to support workers made redundant in EU member states as a result of the adverse effects of globalisation and, latterly, the effects of the global economic and financial crisis.

Technical assistance for Micro Exporters

Technical Assistance for Micro Exporter's Grant enables clients to explore and develop new market opportunities. This grants part-funds the costs that can be incurred in investigating and researching export markets, e.g. exhibiting at Trade Fairs, preparing marketing material and developing websites specifically targeting overseas markets. For more information on LEO support visit there website www.localenterprise.ie

Micro finance Ireland

Microfinance Ireland is a not-for-profit lender established by the government to provide additional lending to startups and SMEs with

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loans ranging from €2,000 up to €25,000 that can be used for working capital, marketing costs and to fund the set-up of business, the purchase of stock, equipment, machinery and business vehicles. For more information visit there website www.microfinanceireland.ie

Enterprise Ireland

Enterprise Ireland has several initiatives that are aimed at people who are just starting the process of setting up a business (e.g. the New Frontiers programme and the Competitive Feasibility Fund), but it also supports companies at the seed stage of investment through the Competitive Start Fund and the High Potential Startup Unit (HPSU). Innovation vouchers from Enterprise Ireland (worth €5,000) are available to assist a company to explore a business opportunity or problem with higher education institutes. For more information visit there webpage www.enterprise-ireland.com/en/

Startup Refunds for Entrepreneurs (SURE)

Startup Refunds for Entrepreneurs (SURE) is a tax relief that provides a refund of income tax that you paid in previous years. You can claim the

relief if you are an employee, an unemployed person or a person who has recently been made redundant and are starting your own business. This is a very important and not enough people who start a business consider this option. Conditions apply for each scheme and details can be found here www.sure.gov.ie

Accelerator programmes and incubators

Accelerator programmes and incubators offer entrepreneurs the time and space to explore their idea, challenge their assumptions and surround themselves with like-minded people. There are some exceptional accelerator programmes in Ireland these days, some of which are ranked among the best in the world and there are at least 20 programmes running throughout Ireland. Two examples are the NDRC LaunchPad (which invests up to €20,000 in digital companies for an equity stake and now have programmes in Dublin, Galway and Waterford) and YieldLab (€100,000 investment into early-stage agrifood technology companies). Most come with exceptional mentoring and free workspace. Some of the hottest startups in Ireland today (e.g. Plynk and Nuratis) started in accelerator

programmes. for more information visit there webpage www.enterprise-ireland.com/en/invest-in-emerging-companies/accelerator-development-scheme/

Competitions

And finally, don't forget about some free funding that comes disguised as competitions. InterTrade Ireland's Seedcorn competition has a cash prize fund of €280,000 and LEO's Ireland's Best Young Entrepreneur competition IBYE, is available for those under the age of 35 and has a prize fund pot of €2 million. (€2 million which is divided up between 32 LEOs and the over national prizes. These competitions make a business focus on every aspect of their business plan, www.ibye.ie

So as part of the funding cycle of your business, you might first seek local help through a LEO or endeavour to secure a place on one of the NDRC LaunchPad programmes. Just remember that the stage of development of your company will dictate the funding options available to you. Do your research and it's never too early to begin the funding process.

How to stay on top of your capital income

One of the biggest problems faced by Irish SME's is not getting paid on time.

Ensuring you have a successful credit and invoice management practice in place can ensure you increase cash flow into your business and minimise the risks of not getting paid on time.

Starting with legislation

SMEs in Ireland are supposed to be paid in 30 days. While large firms can contract out chasing invoices, smaller businesses can be left sitting on the fence, dealing with 60, 90, 120-day waits and sometimes longer. This has a very bad effect on their relationship with their customers and with their creditors. It's also bad for their relationship with their bank.

To avoid this

- Establish a written payment terms for sales and supply contracts with your customers and suppliers. Ensure there fair and realistic, eg 14-30 days. Also, when you sign a contract with a new client make sure they know that you will be sending them an invoice on (for example) the last day of the month, every month. That way there will be no surprises.
- Keep on top of your invoicing, be efficient and prompt. Don't let invoicing slide. Remembering who owes you what can be over whelming and confusing.
- Having a cash safety net is vital for your business. In stable business sectors, a cash reserve of a couple

of months' worth of your monthly outgoings (payment obligations) may be enough. However, if you operate in a volatile sector, access to cash representing six months or more of your outgoings is recommended.

- Implement a late fee - Don't be scared to do this. The best way to ensure prompt payment is to institute a late fee 'penalty'. Have the details of your invoice and the client's contract clear when you both sign it. Don't apologies for being 'tough' with late payers. Be open, be fair and be honest with your clients and expect the same from your suppliers.

The Eurozone Market Strategy 2017-2020

Enterprise Ireland is undertaking a new strategy which will result in one of the largest strategic shifts in its client company exports into the Eurozone.

They will achieve this by inspiring and supporting ambitious business leaders to increase the reach of their businesses into the Eurozone and build the scale of their business within Eurozone markets. Strategy 2017-2020. Enterprise Ireland's Corporate Strategy 2017-2020 'Building Scale, Expanding Reach & Delivering Global Ambition' is about inspiring and driving the scale of Irish enterprises globally. They have set strategic ambitions to increase client exports by €5bn to €26bn per annum by 2020 and to support clients in the creation of 60,000 new jobs, as well as sustaining the existing 200,000 record level of jobs. They will achieve these ambitious objectives by: - **Innovation:** Driving the innovation in Irish enterprise to record levels through new supports to reach the target of €1.25bn in R&D expenditure per annum by 2020 - **Competitiveness:** Improving the competitiveness of client companies through Lean programmes - **Diversification:** Increasing the levels of diversification by client companies into new export markets with two thirds going beyond the UK - **Ambition:** Inspiring more companies to have Global Ambition.

The vision for 2020 - Irish companies powering the economy through strong positions in the eurozone export markets. Strategic ambitions in place for the eurozone 2017 - 2020

- + 50% increase in exports to Eurozone
- + €2bn increase in exports
- Shift in the global footprint of Irish exports from UK to Eurozone

The Eurozone sector priorities include Construction, Engineering, Life Sciences / Med Tech & Food. With the development of new sector opportunities including Talent

Management & Skills, Internet of Things (IoT), Data Centre Construction, Housing & infrastructure & A.I. Artificial Intelligence.

Expanding reach in the Eurozone
Expansion of reach of a significant number of 'Eurozone Start' companies to help them enter the Eurozone market and develop exports in key markets.

This will be done by 5 STRATEGIC AMBITIONS ACTIONS

Building the awareness of Eurozone opportunities

Increase awareness of Eurozone opportunities for Eurozone start companies & Increase the number of client companies starting to export to the Eurozone, particularly those who are highly reliant on the UK. A New Eurozone #GlobalAmbition campaign will raise awareness of opportunities in the Eurozone. A New GlobalAmbition website will contain a range of case studies, market guides, articles and information on how to export to the Eurozone International Markets Week. Late last year. Enterprise Ireland Eurozone advisors came back to Ireland to develop business plans with clients. Eurozone sectoral workshops will provide key information on a range of sectoral opportunities across the Eurozone.

Enhancing market research access and capability development

Increase the level of market research and validation of Eurozone market opportunities and Increase client capability to enter the Eurozone. Increase support from Enterprise Ireland Market Research Centre. Increase Market Study Visits (MSVs) and exploratory visits to the Eurozone, New client engagement diagnostic to assess client product/service fit for the Eurozone and identify areas for Enterprise Ireland supports. New Strategic Market Review (SMR) to support client market development. Graduates 4 International Growth Programme with language skills available to clients.

Increasing Eurozone research supports

Significant increase in clients starting to export to Eurozone, particularly in sectors which are UK reliant. Increase trade missions and trade events to Eurozone countries. Mentors to support client Eurozone business plan implementation. Management development training for senior management to grow their business into new markets. Peer-2-Peer introductions and networks for intelligence and buying opportunities. Increase in inward buyer visits to Ireland and One-to-one engagement with Enterprise Ireland's six offices in the Eurozone region.

Increasing funding for Eurozone market scaling

Increase the level of funding available to Eurozone Start clients who are already exporting to the Eurozone to scale in their sectors and into new markets within the Eurozone • Increase in Market Access Grants (MAG) to support companies funding new market expansion programmes in key sectors/markets • Funding support for attending key sectoral trade shows and in-market events • Internationalisation grant to support market feasibility studies • Key Eurozone manager (Ireland-based) funding support to recruit key staff to support Eurozone market entry and development.

Identifying new market and sector opportunities for Everyone Start clients

Maximise opportunities for clients to win new business in key sectors in priority markets • Funding for product/service innovation and localisation, New Market Opportunity Review for clients to identify new markets. In-market sector opportunity identification via Enterprise Ireland Everyone offices. Enhanced market intelligence and information for clients on key procurement opportunities in priority sectors including data centres, IoT, housing, infrastructure.

Health Expenses

You can claim relief on the cost of health expenses. These can be your own health expenses, those of a family member or any individual's, as long as you paid for them.



You receive tax relief for health expenses at your standard rate of tax, 20%. Nursing home expenses are given at your highest rate of tax, up to 40%. The four year rule applies for claiming refunds.

Qualifying expenses

Qualifying expenses are the expenses you pay to receive health care. Health care is defined as the prevention, diagnosis, alleviation or treatment of: an ailment, an injury, an infirmity, a defect, a disability. Health care also includes routine and maternity care for women during pregnancy.

Definition of practitioner

To qualify for relief your health care must be carried out or advised by a registered practitioner. A practitioner must be on either: The register established under section 43 of the Medical Practitioners Act 2007. The register established under section 26 of the Dentists' Act 1985. You can check if a practitioner is registered by checking their registration number through the Irish Medical Council.

Health care received abroad

You may claim expenses for health care received outside of Ireland. To qualify for relief, the medical practitioner must be registered under that country's laws to practice medicine or dentistry there. You may travel abroad to receive health care

that is not available in Ireland. If so, you can claim relief on reasonable accommodation and travel costs, as well as your health care costs. Revenue also allows relief on the accommodation and travel costs of a person who accompanies you, if your condition requires it.

List of qualifying health expenses

This list gives examples of some of the costs that you can claim relief for:

- doctors and consultants fees
- diagnostic procedures carried out on the advice of a practitioner
- drugs and medicines supplied by a pharmacist and prescribed by a doctor, dentist, or consultant
- maintenance or treatment in a hospital in connection with the services of a practitioner
- supply, maintenance or repair of any medical, surgical, dental or nursing appliance used on the advice of a practitioner
- orthoptic or similar treatment prescribed by a practitioner
- transport by ambulance
- 'in vitro' fertilization (IVF).

You can claim physiotherapy costs as a health expense if:

- you are referred for physiotherapy by a practitioner
- the treatment is carried out by a chiropractor, osteopath or bonesetter.

Acupuncture qualifies for relief if it is carried out by a practitioner, such as your GP. It does not qualify otherwise.

Relief on dental expenses is restricted to non-routine procedures.

Treatment from a psychologist or psychotherapist only qualifies for relief if either:

- the psychologist or psychotherapist is a practitioner
- you are referred for a diagnostic procedure by a psychiatrist.

If you are blind, you are entitled to the Blind Tax Credit. You cannot claim guide dog costs as health expenses, but you can claim the Guide Dog Allowance.

You can claim certain extra health care expenses if the patient is your child. These are explained in Health care for children.

Expenses that do not qualify

You cannot claim relief for cosmetic surgery or procedures, such as rhinoplasty, breast augmentation or Botox treatment. If you have cosmetic surgery to correct a health issue, such as breathing difficulties, relief may be available. You should contact your Revenue Office about such expenses.

You cannot claim relief for:

- expenses that will be repaid by insurance companies, the Health Service Executive (HSE) or any other body
- expenses that you receive compensation for
- routine dental or ophthalmic (eye) care, such as eye tests.

The significant pay gap between public and private sector



With recent figures (Feb. 2018) released from the CSO and Labour Cost, the Irish SME Association called on the government to put in a strategy to decrease business costs and improve our national competitiveness.

- Inequality between public and private sector pay continues
- Unions must show solidarity with all workers, not just public servants

- 35% of SMEs will not increase pay

The study taken out by CSO took into account the differences between the two contingents of employees, gross weekly earnings in the public sector were 9.2% higher than in the private sector in 2011. This figure narrowed to just 5% by 2014.

With the comparison of Average weekly earnings in Q4 2017 (€734.60) an increase of 2.5% from one year earlier according to preliminary estimates of the Earnings and Labour Costs Quarterly release. The differential in weekly pay between the public (€946.55) and the private (€674.94) sector now stands at €271.61 (40%). This is consistent with the public-private sector gap in previous earnings figures.

However, the earnings gap between public and private sector wages was more noticeable among women than men.

In 2014, gross weekly earnings for women in the private sector were over 12% higher than in the public sector. For men, public sector earnings were slightly lower than the private sector for the same year.

As it stands The ISME association has called out for;

- Investment in affordable housing and infrastructure.
- Improved efficiencies within the public sector increase value for money.
- Removal of restrictive rules on outsourcing in the public sector.

The ISME CEO Neil McDonnell said "Continued increases will put additional pressures on the private sector. In our most recent business trends research, 38% of businesses will not increase pay this year. The reason for this is, quite simply, business can't afford such increases."

Diversity - Do business owners do enough to employ people with disabilities?

Diversity and disability employment stigma are hot topics at the moment. With research showing People with disabilities are only half as likely to be in employment as others of working age.

However companies and employers are increasing their attractability and competitive edge by increasing focus on diverse hiring. In particular recruiting employees with disabilities. With more initiatives to assess and

take responsibility for the company's effects on social well being and promote a positive public image.

Investment in inclusion initiatives and supports from the EDI 'Employer Disability Information' service; a government funded support for Irish employers, are now backing companies more than ever.

The EDI offers free advice and information for employers who need support on the recruitment, management and retention of employees with a disability. With the recent launch of the Employer Peer

Network, the EDI aims to promote the increase of supports and aides available to employees with disabilities. The Association highlights the benefits of diversity and inclusion.

Commenting on this, EDI Project Manager Seónaid Ó Murchadha said "Employers are missing out on an untapped pool of skilled talent. People with a disability are often creative thinkers and innovative problem solvers. The EDI service is aimed at employers to let them know about the supports and resources that are available when hiring someone with a disability"

Quickly Master Social Media

One thing that often gets overlooked in all of the detail is a more general approach to social media for businesses.

Make a commitment to social media

The first thing that businesses and entrepreneurs can do to find success is make a commitment to social media.

Like any other form of marketing, social media for businesses can be a real challenge. It's hard to grow an audience, create great content, and increase engagement. All too often we see brands giving up on social media after just a few months.

It takes eight months to one year to really get the hang of social. Not only to get a consistent content stream going, but to figure out what your audience resonates with and what they don't.

It all starts with planning. Create a social media strategy and write it down in order to hold your business accountable. Your strategy should include a basic company mission statement, content plan and goals. And most importantly, a powerful statement on "why" people would follow you on social media, what kind of content you plan on creating and posting, and what you hope to achieve.

Show off your personality

The second social media tip for businesses and entrepreneurs is to always (authentically) be you on social media.

Take a second to think about the brands that you follow on social media.... What makes them special? What makes you follow them?

Chances are that there is something special about the content they post or the way in which they post it. We're guessing they have a personality and aren't just brand robots pushing out content.

Creating a great social media presence isn't only about showing the value of your product or service to your audience. It's about connection and experiences. The best brands out there share a common point of view with their fans.



Success on social isn't about showing off your product. It's about connection and experiences.

Listen to customers rather than promote

The way we like to think about it is that social media offers an incredible, open-ended platform that businesses can use to communicate and engage with customers.

Social media is becoming a customer service platform and people are coming to expect it. The tricky part is, the better you get at social the more engagement you'll get, and in turn, the more comments.

The other side is that your customers are the best source of inspiration for content. Lots of businesses are sitting on a never-ending gold mine of content ideas by simply looking at their frequently asked questions, or what people are asking on social media. If you're stuck on what to post, look to your customers first for ideas before anything else.

Great social media programs are built around listening to customers, not promoting to them.

Focus your efforts on a select networks

Social media networks are like shiny new objects. We want to be everywhere at once and try everything because we're sure that this network will be the one for us. But the fact is we're all strapped for resources. So if you try to focus on lots of social networks then you're setting yourself up for a long road ahead.

It may seem counterintuitive, but focusing all your efforts on the two to three platforms which give you the best return on investment. Crafting content unique to each platform is critical.

For example, let's say we write a blog post. Writing the copy that will get attention and clicks on LinkedIn is much different than what works on Facebook, which is dramatically different than what works on Instagram, Snapchat, or Twitter.

It's an obsession-like focus on a particular platform that allows you to hone in on successful tactics.

Experiment with video marketing

Video marketing is one of the most talked about topics in social media right now.

The best solution is to start with what works. Sort your blog content in order of most traffic and create videos around those topics. Use Facebook Pages to Watch to figure out what kinds of videos your competitors are making and generate topic ideas based off of that.

In terms of video best-practices, there are some scientific factors that people are more likely to interact with. One is video length. On Facebook, for example, the highest engaging videos are between 60-90 seconds. The second highest are between 30-60 seconds. Same holds true for Twitter. So keep your videos short and to the point.

Irish Government launches a €300m loan scheme for SMEs to offset the impacts of Brexit

Finance Minister Paschal Donohoe says the risks Brexit will bring are becoming more prevalent & SMEs in Ireland should act and prepare.



The loan scheme, he says: “[It] is designed to assist SMEs with their short-term working capital needs, supporting them in preparing for the challenges that may lie ahead. It will give SMEs time and the financial support to make the necessary changes to help ensure that their businesses remain competitive so that they can continue to grow into the future.”

Many SMEs are forced to adapt and innovate as they face Brexit. The Brexit Loan Scheme makes a fund of up to €300 million available to eligible Irish businesses. Finance provided under the scheme is easier to access, more

competitively priced, and offered at more favourable terms than other lending for such businesses. Launched on the 28th of March 2018 and delivered by the Strategic Banking Corporation of Ireland (SBCI) through participating finance providers.

Am I eligible to apply?

The scheme is open to both state agency/non-state agency clients.

Independent businesses that are established and operating in the ROI, with fewer than 250 employees and

with a turnover of €50 million or less can apply.

Eligible business can now apply by:

1. Completing the eligibility form and returning to the SBCI
2. If SBCI assess a business as eligible, an eligibility reference number is given which is then provided to the participating finance provider (currently Bank of Ireland and Ulster Bank, with AIB to follow in June).

However

- [i] Due to state aid rules, the scheme is not available to farmers and

fishermen. An alternative scheme for primary producers in the agriculture sector and fishermen is currently under consideration by the Department of Agriculture, Food and the Marine.

[ii] Department of Agriculture, Food and the Marine share of funding ensures that at least 40% of the fund will be available to food businesses

Is the lending rate good?

Yes. It's the most affordable rate there is. For example, an SBCI loan of €50,000 at 4.00% over a two-year term will require 24-monthly repayments of €2,170.95. The total cost of this credit is just €2,102.80.

Loan Terms

- 4% maximum interest rate (participating lenders may compete below this level)
- Terms and conditions have been designed to ensure the loans are accessible
- The loans are for up to three years
- The scheme will run for two years (March 2018 – March 2020)
- Loans range from €25,000 to €1.5 million per eligible enterprise
- Unsecured loans up to €500,000

For more information please visit <https://dbei.gov.ie/en/What-We-Do/Supports-for-SMEs/Access-to-Finance/Brexit-Loan-Scheme/Brexit-Loan-Scheme-Information-Pack.pdf>

Revenue to scrap P60 and P45 forms

Revenue has announced it plans to scrap the P60 and P45 forms. They outlined their new modernised approach to the Pay As You Earn (PAYE) tax system.

For employers, the new system changes current end-of-year reporting

practices and employers will, from 1 January 2019, be required to report payroll data to Revenue each pay period.

Employees will be able to view all the data employers report to Revenue on their behalf.

The start of real-time PAYE reporting

from 1 January 2019 will also eliminate the need for the P30, P45 and P60 forms, along with end-of-year returns.

Revenue says it will ensure that ongoing employee tax deductions and contributions are correct. Revenue collected €50.76 billion in taxes, duties and levies this year, the annual report outlined.

Returning back to work after a holiday

Post holiday blues are very real, waking up in the morning wondering 'why on earth is my alarm going off in the middle of night?'



Reality hits, holidays are over and it's time to go back to work. Returning to our normal routine of early nights and even earlier mornings has been dubbed social jet lag. Symptoms of this might include, struggling to sleep, loss of appetite, memory problems, feeling sluggish, clumsiness, lack of energy and fatigue.

We find ourselves super enthusiastic pre-holidays, it can often end up being our most busiest week of the year. We become productive in finishing through to do lists in an attempt to organize

any loose ends before we leave. Double and treble checking emails and informing clients of our annual leave. Great bring on the holiday fun!

Before you know it you're back and facing more work than you left off. Expected to be refreshed and

recharged after your break, you find yourself quiet the opposite, jet lagged and demotivated. So what can you do to help combat this?

- Prepare a return schedule - planning a realistic work plan for your return can help ease your mind and organise the chaos. prepare notes for upcoming meetings and projects. Make a bullet point list for reports and make a basic draft plan for the priority things to tackle that first week back

- Set aside some time to tackling your email inbox. You've been on holidays which hopefully means you've switched off and avoided going on a work-ation. The hybrid of work and vacation. On return being realistic and devoting time to responding to emails can feel like a daunting task, but don't put it off. Trawling through what can seem like an endless inbox will give you an idea of where you are with work and a sense of accomplishment.
- Look after your diet. We all like to indulge on holidays, pool side cocktails. Wine and cheese boards in the evening, 'La Belle Vie!' We have to be realistic on our return, if we're up at 6.00am to catch a train for work, most likely having a bottle of wine or 6 beers won't benefit us in the morning. If you're feeling the jetlag try some natural energy boosters and indulge in some green tea. Getting out in fresh air for some gentle exercise can help our bodies regulate a normal sleeping routine and within a few days you'll be feeling yourself.

Radio Advertising Evolving

Minister of Communications Denis Naughten TD has shed light on the commercial radio sector recently when he promised to lift the upper hourly limit of ten minutes of advertising.

At the official launch of 'Radio Days' a two day conference in Dublin hosted by the IBI, Independent broadcaster of Ireland. Denis Naughten announced his intention to amend section 41(2) of the Broadcasting Act 2009. Section 41(2) of the Act sets an upper hourly

limit of 10 minutes of advertising on commercial radio stations.

With advertising spend ever increasing in the likes of Google and Facebook, investment in commercial radio is a crucial benefit for commercial broadcasters, ensuring greater flexibility and awareness particularly during live broadcasting.

"Since being appointed Minister for Communications I have become acutely aware of the difficulties being faced by all broadcasters as a result of falling advertising revenues. Last year I brought forward legislative

amendments which would reduce the burden of the BAI levy by up to 50% on all broadcasters and to introduce a financial bursary to promote quality journalism in local, commercial and community radio stations. I believe some of the restrictions faced by commercial radio stations are outdated and in need of reform. As a result, I am today announcing my intention to seek Cabinet approval to amend section 41(2) of the Broadcasting Act 2009 to remove the hourly limit on advertising for commercial radio stations which would give commercial stations greater flexibility."