
Public Service Broadcasting in Transition

A DOCUMENTARY READER

Editors:

Monroe E. Price and Marc Raboy

Kluwer Law International

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INTRODUCTION

This is a book of documents, comments, and cases. It was originally prepared for the use of government officials and citizens interested in strengthening public service broadcasting in transition societies. But it is useful for students in communications studies and related fields. We recognize the perils of this enterprise. First, the process of picking examples and models from one society and even parading them for another has its dangers. Too often, only the benefits of a proposed model are described without acknowledging the stresses they are under in their own homes. It is difficult to take a framework that has been shaped in one complicated organic context and adapt it in another.

Second, complex issues surround public service broadcasting all over the world. We discuss many of these in Chapter 5, but for the moment, a few opening comments are pertinent. Public service broadcasting finds itself in the uneasy perch between state broadcasting (where there is direct dominance) and commercial broadcasting, the seemingly inexorable consequence of widely-lauded 'market forces.' There are direct interests, direct lobbies, and direct instrumental consequences for each of these poles. Public service broadcasting is more of an ideal, more of a consummation of citizen desires and an element of a perfected democracy. Those who shape policy usually do so because of a specific output they desire. These actors may desire something other than a broadcaster that serves the public interest, blandly put. Instead they may hope to gain consolidation of political power, market strength, the ability to influence elections, or the ability of transnational companies to profit in the country. As a result, only if citizens and those who hold strongly to a set of public policy goals are deeply engaged in the process of establishing and running a public service broadcasting system can public service broadcasting obtain and hold a necessary constituency.

Third, it is essential to examine the specific utility and importance of public service broadcasting in transition societies as well as the special risks and dangers that architects of public service broadcasting will face. Over the last decade and more, patterns have become apparent in the post-communist transitions. Public service broadcasting is needed as a tool of pluralism and diversity, as an instrument of education, unification, and

building a constructive national identity. Public service broadcasting can sustain languages and cultures and help develop national talents in production and creativity. Public service broadcasting can act as an aid to reconciliation.

But public service broadcasting comes at a price; the state must be able to tolerate criticism and keep its hands off management and the financial and human resources needed to nurture an audience for public service broadcasting that is in competition with the persuasive and appealing channels of a newly opened global bazaar of entertainment (and information) are vast. In economies that must contend with balancing extraordinary claims on a struggling budget, public service broadcasting must be widely understood and its principles appreciated for expenditures to be justified. In many societies, the license fee will be the appropriate means to finance (or finance in part) the public service broadcasting sector, but this does not always go down well (as it can be seen as another tax) and does not always help limit state interference. In economies where there is an underdeveloped consumer economy, advertising as a measure of support can be weak, and the willingness of individuals to pay a supplemental fee is often absent. This is even more difficult at a time when state budgets are stretched.

As we try to show in Chapter 4, many transition societies have struggled with these questions. Governments have been loath to surrender control over boards of management, over the directorships of channels, or over the content of programming. Most transition societies have had financial difficulties and have found that the appeal of commercial television has weakened the hand of public broadcasting.

In light of all of this, building a sustainable, accepted public service broadcaster is a complex task. In this book we try to provide a small chest of tools and background information that will be of assistance. We start, in Chapter 1, with an overview of some of the general principles of public service broadcasting, and include pertinent comments on each of them. Here, as throughout the book, we concentrate on issues of governance and financing, with some attention as well to issues surrounding programming. In Chapter 2, we turn to current issues in the European-level debate, partly from the perspective of European expectations and standards that are employed in evaluation and accession processes. In Chapter 3, we look primarily at the United Kingdom and Germany, and also at Canada, presenting documents that might illuminate and help in the under-

standing of the respective models that these long-established systems represent. In Chapter 4, we provide documents on the experience with public service broadcasting in various transformations in transition societies in the last decades.

A more comprehensive study would include studies and materials from Latin America, from Africa, from the Middle East and elsewhere. To some extent the documents, questions and approaches here can be helpful in a global sense. It would also be important to gain an even greater sense of the adjustment of public service broadcasting to new technologies—as digital broadcasting and the Internet move closer to center stage.

Public service broadcasting is nearly 80 years old—if one were to date its birth from the founding of the BBC in 1926. The general principles which guide it have evolved somewhat with time, but remain essentially the same. The conditions in which public broadcasting operates and the challenges it faces are forever shifting, however. Public broadcasting is particularly sensitive to changes in the political, sociocultural, economic and technological environments in which it operates. It therefore makes sense to revisit its fundamental principles from time to time, and try to see how well public broadcasting is adapting to changing conditions.

The role and future of public broadcasting continues to occupy public debate in the “heartland” of Western Europe, Canada, Australia and Japan, where it has traditionally developed. The UK’s new Communications Bill, which completed its passage through the House of Commons in March 2003, for example, proposes amendments to the main agreement governing the BBC.

Public broadcasting is also becoming more of a factor in the growing internationalization, or globalization, of a range of activity from the exchange of ideas to trade in cultural products. In those countries where the state has traditionally been concerned with the social and cultural role of the media, public broadcasting is still considered the main instrument of public policy intervention. A 2002 Report on broadcasting regulation by the consulting firm McKinsey and Company concludes that, in most European countries, the prime mechanism for influencing broadcasting content is via the funding of one or more public service broadcasters, “mandated to deliver key aspects of quality and diversity to the national

audience and to selected audience segments”.¹ As national borders disappear in the face of trade liberalization, foreign investment and global communication, public broadcasting is likely to remain, for many, the last bastion of national media sovereignty.

We wish to acknowledge the very substantial encouragement of the European Institute of the Media and especially of its extraordinary and creative officer, Elena Chernyavska. Ms. Chernyavska not only originated this project and provided guidance throughout, but has seen to its use, through translations, in a variety of transitional settings. Wisely, on our part, we listened to most of her suggestions; but the missteps and limitations here are all down to our own decisions. We also acknowledge the assistance of Jessica Stalnaker, who was project coordinator and research associate in the development of the project. Bethany Davis Noll was her usual extraordinary self in coordinating the project, and Darcee Olson, of PCMLP and Jennifer Green at Covington and Burling, London, were instrumental in bringing the project to completion.

¹ McKinsey & Company, *Comparative Review of Content Regulation*. A McKinsey Report for the Independent Television Commission. London (UK): Independent Television Commission, 2002.

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CHAPTER I

PUBLIC SERVICE BROADCASTING: PRINCIPLES AND ISSUES

Public service broadcasting, in the spirit of serving the public interest, is driven by a small number of general principles. In this chapter, we present a number of texts that attempt to synthesize these principles. In 2000, the World Radio and Television Council, an international nongovernmental organization supported by UNESCO, produced a basic document, Public Broadcasting, Why? How, intended to define and outline the principles of public service broadcasting. This document introduces the reader to certain of the major debates that are faced in Europe, Canada, the US, and throughout the world. Using this document as the core, we have added other documents on the specific issues of financing, programming, and structure of public service broadcasting.

There is something fascinating about public service broadcasting at this very moment: in spite of its recognized importance, it is under attack and, in many states, in danger of serious decline. In spite of the proud rhetoric that surrounds it, despite all the effort to advocate the adoption of public broadcasting systems in transition societies, major problems in financing and purpose face these channels. There may be free speech questions, even in states that have the highest commitment to freedom to receive and impart information; more serious are the questions that challenge the place of public broadcasting in a multi-channel world where competition and private enterprise are so highly vaunted.

The main themes of this book are funding, programming, and structure. While subsequent chapters develop these themes, our goal here is to suggest some of the complexities with respect to each of them. On the critical question of funding, we present an extract from Public Service Broadcasters Around the World, a report prepared by McKinsey & Company at the request of the British Broadcasting Corporation in January 1999. This document highlights a number of controversial questions such as the appropriate mix of public and commercial revenues for public broadcasters, and the relative merits of various means of generating public funding. In this section, we also include an extract from a Canadian report that examined different models for the funding of public broadcast-

ing. Regarding programming, we include a document about Ireland that discusses the problem of objectivity and impartiality in broadcasting. And to illustrate a generic approach to the question of ensuring the independence of public service broadcasters, we present an extract from the Model Public Service Broadcasting Law prepared by Dr. Werner Rumphorst of the EBU.

Finally, this chapter closes with an overview by Marc Raboy that addresses in a general way the problems that have been presented. The brief article reproduced here was originally published in the winter 1999–2000 issue of Diffusion EBU, the official bulletin of the European Broadcasting Union.

1. GENERAL PRINCIPLES

The following excerpts represent the ideal of public service broadcasting. In looking at each point, consider the ways in which the principles are under fire, the particular rationales and techniques used to obstruct the goals, and possible strategies for structuring these institutions to render the goals achievable.

World Radio and Television Council, Public Broadcasting, Why? How?, 2000

Understanding Public Broadcasting

Public broadcasting rests on certain basic principles, defined in an era of general-interest media, long before the multiplication of channels and the era of specialization. These principles remain essential today and public broadcasting authorities must give them a meaning, reinterpret them in some way, in a world characterized by media fragmentation.

Principles

Universality, diversity and independence remain today, like yesterday, essential goals for public broadcasting. To these three principles must be added a fourth, particularly important when the public broadcaster exists side by side with commercial broadcasters: distinctiveness.

(1) Universality

Public broadcasting must be accessible to every citizen throughout the country. This is a deeply egalitarian and democratic goal to the extent that it puts all citizens on the same footing, whatever their social status or income. It forces the public broadcaster to address the entire population and to seek to be used by the largest possible number. This does not mean that public broadcasting should try to optimize its ratings at all times, as commercial broadcasting does, but rather that it should endeavour to make the whole of its programming accessible to the whole population. This does not merely involve technical accessibility, but ensuring that everyone can understand and follow its programming. As well as democratic, public broadcasting programming must be 'popular', not in the pejorative sense that some give this term, but in the sense that the public forum it provides should not be restricted to a minority. Thus, public broadcasting, while it should promote culture, should not become a ghetto constantly frequented by the same group of initiates.

(2) Diversity

The service offered by public broadcasting should be diversified, in at least three ways: in terms of the genres of programs offered, the audiences targeted, and the subjects discussed. Public broadcasting must reflect the diversity of public interests by offering different types of programs, from newscasts to light programs.... Diversity and universality are complementary in that producing programs intended sometimes for youth, sometimes for older people, and sometimes for other groups ultimately means that public broadcasting appeals to all.

(3) Independence

Public broadcasting is a forum where ideas should be expressed freely, where information, opinions, and criticisms circulate. This is possible only if the independence—therefore, the freedom—of public broadcasting is maintained against commercial pressures or political influence. Later we will examine specific means for guaranteeing respect for this principle and ensuring the credibility of public broadcasting in the eyes of the public. Indeed, if the government influenced the information provided by the public broadcaster, people would no longer believe in it. Likewise, if the public broadcaster's programming were designed for commercial ends, people

would not understand why they are being asked to finance a service whose programs are not substantially different from the services provided by private broadcasting. This latter example, by the way, leads us to lay down another principle that is particularly important in countries where public broadcasting exists side by side with private commercial services.

(4) **Distinctiveness**

Distinctiveness requires that the service offered by public broadcasting distinguish itself from that of other broadcasting services. In public-service programming—in the quality and particular character of its programs—the public must be able to identify what distinguishes this service from other services. It is not merely a matter of producing the type of programs other services are not interested in, aiming at audiences neglected by others, or dealing with subjects ignored by others. It is a matter of doing things differently, without excluding any genre. This principle must lead public broadcasters to innovate, create new slots, new genres, set the pace in the audiovisual world and pull other broadcasting networks in their wake.

2. FINANCING

While financing is always a critical issue, in many of the most developed societies, there is the luxury of choice: a strong economy, corporate donors, a group of supportive viewers, and a legislature with ample funds to allocate. In reading the following section, two questions need to be asked: Which of the financing options are really available? What resources can be tapped in transition societies that would not be opportunities elsewhere?

The financing public service broadcasting is—quite obviously—key to its success and its pattern of performance in a society. Globally, there has been a search for a magic financial solution that has aspects that are almost always impossible, in combination, to achieve. The ideal financing has these qualities: (a) it is guaranteed for many years so that politicians cannot interfere; (b) it is sufficient to achieve the multiple tasks the public service broadcaster must perform; and (c) it allows some opportunity for accountability.

As we shall see, there are several standard sources for financing. These are the subscriber license fee, funds from the state budget, advertising, corporate sponsorship, and voluntary contributions from viewers and charities. From this and similar funds, money goes directly to the broadcaster and, from time to time, to the producer for specific funding for programmes. To these, in transition societies, must be added support from European institutions, foreign governments, and large scale NGOs.

World Radio and Television Council, *Public Broadcasting, Why? How?, 2000*

What type of financing should be favoured for public broadcasting? This question is important since the sources of financing may enhance or diminish the public broadcaster's ability to carry out its mandate and missions.

License fees—a tax linked to the ownership of receivers—have been the historical form of financing of public broadcasting. In principle, they create a direct relationship between the broadcaster and its public, the citizens. Consequently, license fees appear as the ideal form of financing. While license fees remain the most widespread form of financing in Europe, at least, they are far from being the only one; none are levied in many countries, where public funds are instead allotted as subsidies. License fees are less widespread outside of Europe. In Canada and Australia, for instance, public broadcasting is financed out of the State's general funds. Indeed, a cursory examination of the various national situations shows a wide variety of situations; few countries rely on a single source of financing. The BBC and Japan's NHK, financed solely through license fees, are exceptions. We see more and more a mix of public and commercial financing. Thus, these past few years, many public television broadcasters have opened up to advertising or resorted to it more, created new subscriber services or launched wholly commercial activities to finance their main service.

Is reliance on commercial sources of financing acceptable for public broadcasting, considering it owes its existence to the desire to shelter this cultural sector from commercial pressures? The easiest answer perhaps, and also the most realistic, particularly as regards advertising income, is to say that it may be acceptable provided it does not interfere

with the public-service obligations incumbent upon public broadcasting. But beyond a certain level, if the need for commercial financing becomes a dominant concern for the public broadcaster and changes the nature of the programming, we should obviously be concerned. Others, to the contrary, warn against advertising phobia. A French Senate report points out that to the younger generation, the absence of advertising would seem suspicious, a sign of something elitist, therefore boring, even square. The report considers that advertising, used in moderation, prevents public networks from cutting themselves off from the rest of the audiovisual landscape, while showing their difference.

On the other hand, what may be harmful to public broadcasting is to be forced into a very competitive position and have to hustle for advertising revenue to ensure its survival. The temptation then is very strong to stray from public-service obligations and produce the same type of programming as private competitors.

Public Service Broadcasters around the World: McKinsey & Company, 'Public Service Broadcasters around the World: A McKinsey Report for the BBC', 1999*

We found clear evidence that a PSB's funding model has profound implications for its ability to pursue successfully [its] new strategies. Many PSBs are funded, at least partly, through advertising. Our survey shows clearly the potential dangers of this approach. We have found evidence that the higher the advertising figure as a proportion of total revenues, the less distinctive a public service broadcaster is likely to be.

Pressures on funding are increasing as governments seek to reduce the overall tax burden and as increased competition reduces available advertising revenues (Exhibit 6). As a result of these challenges, and particularly the significant loss of share (and therefore influence) to the new commercial broadcasters, many observers over the past several years considered the PSB an outdated concept. The future, they argued, would bring a multiplicity of channels, as in the United States, with seemingly enormous variety. Many PSBs were considered inefficient relics of an earlier,

* Online [September 2001] Available: <http://www.bbc.co.uk/info/bbc/pdf/McKinsey.pdf>

state-dominated age. The PSBs did tend to carry much higher overheads as they contained large production units, education departments, and many other commitments, which the more streamlined commercial broadcasters did not; the absence of competition had made many of them complacent and overstaffed. Furthermore, commercial broadcasters were often more sophisticated in their use of marketing techniques. The new commercial broadcasters were seen as more progressive and exciting than the staid, familiar PSBs.

Exhibit 6: Pressure on Funding is Increasing

Government Funding: Government spending is highly scrutinised, and funding a public service broadcaster from tax revenue is not always popular.

- Other uses for tax revenue (e.g., health, education)
- Overall lower government spending for political reasons (e.g., to meet Maastricht criteria)

Advertising Funding: Advertisers are becoming more sophisticated, and have many more options in how they reach their defined segments.

- Competition from new terrestrial channels
- Competition from new cable/satellite channels
- Competition from other media (e.g., magazines, Internet, digital TV)

Monopolies Evolving into Ecologies

However, the landscape has fundamentally changed. With the introduction of competition, broadcasting has been transformed from a simple, predictable monopoly into a complex, more volatile ecology, where the PSB is just one of a number of players fighting for survival. Each broadcasting market now has a number of key groups with varying degrees of power—audiences, government/regulators, infrastructure and equipment providers, advertisers, programme providers, and the public service and commercial broadcasters—that interact to reinforce or diminish the overall health of

the market. Each of these groups has their own objectives or aspirations, which interact in complex ways.

Sweden provides a good example of how the different elements of the ecology—particularly the regulator and the PSB—can work together to improve the quality of the broadcasting market as a whole. Commercial terrestrial competition began in 1991, and new competitors like TV3 and TV4 gained significant share fairly quickly. However, as SVT is funded by a licence fee, this loss of share did not immediately affect SVT's revenue. SVT adopted more sophisticated scheduling tactics (for example, scheduling its entertainment shows at the beginning of peak time) but maintained its overall broad-ranging schedule, and kept the appetite for high-quality programming alive in the market. Consequently, the overall programming standards of the Swedish market are quite high and SVT currently has a prime time share of over 50%.

Conversely, in **Portugal**, the elements of the ecology have interacted in a negative fashion and a spiral of decline has ensued, leading to a loss of overall distinctiveness for the market. Terrestrial competition began in 1992, and, as in Sweden, the commercial channels (SIC and TVI) quickly gained a significant share of viewing. However, as RTP is primarily funded by advertising, its loss of share prompted a significant reduction in revenues. Although the government eased the burden somewhat by increasing grant income (with restrictions on how it could be spent, e.g., orchestras, educational programmes), RTP was forced to adopt a much more commercial schedule in an effort to increase advertising revenues. As a result, the overall distinctiveness of the Portuguese market is now relatively low. RTP has lately been adjusting its programme mix to become more distinctive and has halted its slide in share.

Determining the Appropriate Funding Model for Public Service Broadcasters

While there are many areas, which are critical to the long-term success of a PSB, perhaps the most important is the right funding model. Throughout this survey, we found examples of broadcasters whose funding model either acted as a key element of its success or as a burden. The ideal funding model is one, which is: