



REVIEW OF PUBLIC SERVICE BROADCASTING

Statement of Results to the Public Consultation

ECS 13/2011

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1. INTRODUCTION

- 1.1 The Utilities Regulation and Competition Authority (URCA) issued a public consultation on 31 December 2010 on a Review of Public Service Broadcasting in the Bahamas. The deadline for submission of responses was the 25 February 2011.
- 1.2 URCA would like to thank all respondents for their contribution to this consultation process. The persons and companies who responded are listed below as follows:
1. George Harris of Coast 106 FM;
 2. Erik J. Russell of Keen i Media Ltd.;
 3. The Broadcasting Corporation of The Bahamas (“BCB” or “ZNS”); and
 4. Cable Bahamas Limited and Caribbean Crossings Ltd. (jointly referred to as “CBL/CCL”).
- 1.3 This document sets out a summary of the responses to each of the questions in the Consultation Document, and URCA’s decisions having considered the responses. The full text of the submissions can be found at URCA’s website (www.urcabahamas.bs).
- 1.4 URCA has not sought to respond in this document to every comment made by the respondents throughout this process. URCA has tried to address the substantive concerns raised by respondents in their comments. Where URCA has made revisions to its Recommendations, it has set out its reasons for doing so in its decisions.
- 1.5 Based on the comments received, URCA has made minor modifications to Recommendations 1 and 2 in the Consultation Document. The other Recommendations remain in the form that was presented in the Consultation Document.
- 1.6 The Consultation Document and all responses thereto can be downloaded online from URCA’s website in the “Publications” section.

2. STRUCTURE OF THIS DOCUMENT

The remainder of this document contains the following sections:

Section 3: Provides an overview of URCA's analysis that preceded and formed the backdrop to the public consultation.

Section 4: Provides the questions contained in URCA's consultation document, a summary of the responses received, and URCA's comments and decisions in respect of the questions.

Section 5: Provides URCA's conclusions and Recommendations to the Minister on public service broadcasting in The Bahamas and the next steps now that the consultation has concluded.

3. OVERVIEW

- 3.1 In a detailed and wide-ranging consultation document, URCA set out its findings and preliminary recommendations from its review of Public Service Broadcasting (PSB) in The Bahamas. The audience research conducted by URCA made clear that Bahamian programming – both on television and radio – plays an important role in society. Television is the main source of news for most people, and ZNS TV-13’s evening news programme draws impressive weekday audience levels of around 75%. But it is necessary for the Broadcasting Corporation of The Bahamas (the BCB) to meet audience expectations by making the transition to become a public service broadcaster whose editorial and operational independence is protected in legislation. The BCB also needs to increase the professionalism of its news journalists.
- 3.2 Beyond news, Bahamian public and private TV channels and radio stations can play wider cultural, social and educational roles. In some programme areas, URCA has identified gaps between what audiences want and what they are offered. Bahamian TV should be entertaining and accessible as well as informative and educational – there is a desire for Bahamian dramas and comedies, especially ones featuring new young talent, more documentaries on life in The Bahamas, more educational programming, and programmes for children.
- 3.3 The PSB remit for the BCB proposed by URCA, and its recommendation that ZNS TV and radio should take a more proactive approach to scheduling and commissioning programmes from independent suppliers, reflect audiences’ desire for a wider range of Bahamian programming. But the BCB needs to be sufficiently well funded to be able to do this. In addition to ongoing costs, funding to support a one-off capital infrastructure upgrade to install modern digital technologies is also desirable. URCA had proposed that the Government should provide adequate levels of public funding for the BCB, which remain low by international standards, through multi-year funding settlements that provide greater security and minimise the scope for political interference. URCA found no compelling reason why ZNS TV and radio should not continue to generate income from advertising and sponsorship, though ZNS should avoid distorting market prices. URCA also reviewed additional potential sources of funding for PSB, such as cable subscription levies, but none of these options comes without potential disadvantages.
- 3.4 URCA proposed that broadcasters other than ZNS TV and radio also play a valuable role in providing Bahamian programming. Private radio stations already provide significant choice on the largest islands while, in the case of television, some of the programmes on private channels are appreciated by audiences for being fresh and original. URCA

welcomes these contributions and believes there would be merit in making some public funds available for private broadcasters to invest more in Bahamian programming, should greater levels of funding become available in the future.

- 3.5 URCA sought views on all of its recommendations in the consultation document. For viewers and listeners, broadcasters and producers, and other stakeholders and interest groups, this was a vital opportunity to help shape the future of broadcasting in The Bahamas. URCA's goal is to stimulate a more modern and vibrant broadcasting sector, focused on creativity and professionalism. The prize for audiences is more and better Bahamian programming. For broadcasters, it is higher audience penetration and greater revenues. For all Bahamians, there is a lot at stake.

4. SUMMARY OF RESPONSES RECEIVED

Chapter 2 Role of PSB in The Bahamas

Recommendation 1: Definition of PSB

The role of public service broadcasting in The Bahamas is the provision of domestically-produced content (including, but not limited to, radio and television programmes) that is intended to serve Bahamian audiences by reflecting, reporting on and portraying life in The Bahamas.

Public service content in The Bahamas should, in particular, seek to fulfil the following purposes:

- **Cultural:** Promoting Bahamian arts and music, other forms of culture and sports, and events taking place in The Bahamas or featuring Bahamian participants
- **Social:** Showing and giving voice to the diverse lifestyles of people living all over The Bahamas
- **Democratic:** Reporting on local and national Bahamian news and current affairs
- **Educational:** Offering entertaining, engaging and accessible programmes and services with educational value to Bahamians of all ages.

Q 1. Do you agree that URCA’s definition of PSB – focusing on local content with cultural, social, political and educational value – provides a reasonable description of the desired role of public service broadcasting in The Bahamas? Are there any components of PSB that you would seek to add (or remove)?

The following comments were received in response to this Question.

BCB

4.1 The BCB indicated that they were in agreement with URCA’s definition, and further stated that including local content with cultural, social, political and educational values completed the description of the role of a PSB. In addition, the BCB is of the view that the PSB should set the bar for programming that demonstrates concern for our national identity and community. However, the BCB is aware of the need to expose citizens to quality programming from around the globe.

4.2 The BCB is of the opinion that the definition as proposed by URCA should include a component that speaks to the promotion of a “diversity of views”, while providing its audience access to a wide range of opinions in furtherance of ensuring a vital space for

free expression and open debate in a developing society.

CBL/CCL

- 4.3 As a preliminary point, CBL/CCL fully supported the view that local broadcasting should be streamlined to offer more local content covering all aspects of Bahamian life and culture. However, CBL/CCL believes that achieving a PSB designation today is a challenge in markets advanced by technological entertainment. CBL/CCL contended that competition is no longer local but global with channels accessible through broadband internet and other technological advancements, such that audience appeal (which translates into funding) for PSB models has now dwindled in many countries and in particular the Caribbean region, citing the privatisation of public service models in Jamaica; Dominica; St. Kitts and Nevis; and Trinidad and Tobago in the late 1990's, and the sizeable downsizing of the Caribbean Broadcasting Corporation in Barbados.
- 4.4 CBL/CCL is concerned that in a small island state such as The Bahamas it might be unfeasible to create a PSB model with little or no governmental involvement in the running and functioning of the broadcasting network. CBL/CCL proposes a model where the Government partners with the people of The Bahamas with a mandate to meet the public's cultural, educational, informational and economic needs based on public interest, not profit, through a quasi-PSB model, and government appropriations are initially set at a maximum level around a ten (10) year plan that gradually reduces public funding to minimum levels before ultimately being replaced with other sources of funding.
- 4.5 CBL/CCL agreed with URCA's concept of the role of PSB in The Bahamas as providing domestically produced content (including but not limited to radio and television programmes) intended to serve Bahamian audiences by reflecting, reporting on and portraying life in The Bahamas, but believe that, due to funding and financial constraints, more emphasis should be placed on covering/televising local activities in the cultural, social, democratic and educational genres. CBL/CCL also believes that there is room/appeal in a PSB line-up for viable regional content.
- 4.6 CBL/CCL also sought recognition for the contributions of local private broadcasters to local programming through large and appreciative audience viewership.

George Harris of Coast 106 FM

- 4.7 Mr. Harris supported the proposed definition of PSB in The Bahamas.

URCA's Proposed Further Action/Comments

- 4.8 URCA notes the general agreement by the stakeholders with its proposed position, and also notes that some of the respondents proposed inclusion of diversity of views and cultural diversity. URCA agrees that diversity is important. It believes that its original Recommendation 1 already captured the importance of diversity but has made revisions to bring it out more explicitly.
- 4.9 URCA notes CBL/CCL's comments regarding the decrease of PSB audience appeal (i.e., funding) in several Commonwealth Caribbean countries and the privatisation or downsizing of PSB models in at least five of them. URCA's research reveals that the PSB models in each of the countries cited by CBL/CCL was afflicted with the same or similar problems to those identified by URCA in the consultation document as impacting PSB in The Bahamas. Each of the countries cited by CBL/CCL has endeavoured to find the PSB model that best suits local circumstances while pursuing similar mandates for PSB as identified for The Bahamas (namely, meeting the cultural, social, democratic and educational needs of the public) as they compete against extraneous programming accessible by satellite television, cable television, broadband internet and direct import.
- 4.10 URCA believes that its main recommendations above and following cover most of the issues raised by CBL/CCL. However, URCA wishes to restate that it believes that a PSB model is viable in The Bahamas, but certainty of funding is required and that funding needs to be set at an appropriate level. The designated Public Service Broadcaster will need commercial revenue streams, given the limits on available public funds. Unfortunately, CBL/CCL did not expand on what it meant in proposing a PSB model where "Government partners with the people of The Bahamas", although the implication seems to be a quasi-PSB model of equal Government and public participation geared towards public interest rather than profit. Regarding CBL/CCL's proposals on government appropriations, URCA's mandate under the Comms Act is to conduct a single PSB review. In an effort to assist and inform future funding amongst other areas of PSB, URCA will propose to the Minister that URCA's powers be amended to conduct PSB reviews periodically, either for fixed intervals (e.g. every 5 years) or when instructed to do so by the Minister.
- 4.11 URCA also acknowledges the contributions of local private broadcasters, on both radio and television, to local programming content and the large and appreciative audiences that they have built up in The Bahamas over the past 17 years.

Revised Recommendation 1: Definition of PSB

The role of public service broadcasting in The Bahamas is the provision of domestically-produced content (including, but not limited to, radio and television programmes) that is intended to serve Bahamian audiences by reflecting, reporting on and portraying life in The Bahamas.

Public service content in The Bahamas should, in particular, seek to fulfil the following purposes:

- **Cultural:** Promoting Bahamian arts and music, other forms of culture and sports, and events taking place in The Bahamas and elsewhere, or featuring Bahamian participants
- **Social:** Showing and giving voice to the diverse lifestyles and culture of people living all over The Bahamas
- **Democratic:** Reporting on regional (i.e., Caribbean), international, local (i.e., New Providence) and national Bahamian news and current affairs, holding elected officials and public institutions to account, and providing platforms for a wide range of views and perspectives
- **Educational:** Offering entertaining, engaging and accessible programmes and services with educational value to Bahamians of all ages.

Chapter 3 PSB provision in The Bahamas

Q 2. Does the overview of PSB provision presented in Chapter 2 represent an accurate view of local output in The Bahamas?

The following comments were received in response to this Question.

BCB

4.12 BCB referred to URCA's overview for 2009 as accurate but suggested that in 2010 local programming increased to 100% Bahamian music content on ZNS 1 (formerly designated as Radio 1540 AM) and they subsequently increased local content on television.

CBL/CCL

4.13 CBL/CCL agreed generally with URCA's approach.

URCA's Proposed Further Action/Comments

4.14 URCA notes the agreement by the stakeholders with its proposed position. It welcomes the fact that in 2010 the BCB increased local content on its radio and television station. This is consistent with the proposed new PSB remit.

Q 3. Do you agree that it is too soon to focus in any detail on the use of public service digital media (internet, mobile, etc.) in The Bahamas, given how little content is currently available?

The following comments were received in response to this Question.

BCB

4.15 BCB suggested that the usage of digital media lags behind traditional media, but thought it prudent to prepare now for the usage of digital media in The Bahamas. BCB further suggested that this may prove an ideal time to lay the ground rules for digital media for all broadcasters.

CBL/CCL

4.16 CBL/CCL disagreed with URCA's proposal and suggested that, as the technology is available now, it should be included in any short-term plan.

URCA's Proposed Further Action/Comments

4.17 URCA notes the comments by stakeholders on its proposed position, and also notes the views of the respondents that The Bahamas should make preparations now and establish rules for the usage of digital media. URCA encourages the provision of digital media content that fulfils the PSB definition set out above. As take-up of broadband internet and converged devices such as smartphones and tablets increases, the BCB and other Bahamian broadcasters should take advantage of these new platforms to offer new kinds of public service content to Bahamians.

Chapter 4 The audience perspective

Recommendation 2: TV and radio consumption

ZNS and private broadcasters, with co-ordination by URCA, should explore the logistics of jointly undertaking annual research into TV viewing and radio listening levels, to allow overall levels of consumption to be assessed and the most popular programmes identified. If all broadcasters were to share the costs of an independently-conducted audience survey, the benefits resulting from higher audiences and advertising revenues could outweigh their share of the research costs.

Q 4. Do you agree that an audience measurement system would provide benefits to Bahamian broadcasters and audiences? What are the advantages, and logistical challenges, of doing this?

The following comments were received in response to this Question.

BCB

4.18 BCB expressed the view that they agreed with URCA's approach and suggested that the process must be impartial and independent with no perceived interest in the outcome. BCB further suggested that a way to minimize the cost of producing an audience measurement system might be to limit the number of measurements waves initially to one per year.

CBL/CCL

4.19 CBL/CCL agreed that the use of audience surveys, would provide invaluable information for the industry and allow broadcasters to provide content specific to the public's needs, but opined that broadcasters are unlikely to willingly take part in such a survey in the hopes of unspecified long-term benefits. CBL/CCL proposed that a government agency, such as the Department of Statistics, be utilised for the surveys, thereby circumventing the need to find an organization both capable and independent enough to conduct such surveys, while avoiding the administrative challenges involved in overseeing such an initiative.

URCA's Proposed Further Action/Comments

4.20 URCA notes that both respondents agreed that an audience measurement system would provide benefits to Bahamian broadcasters and audiences, while noting that the process should be impartial and independent. URCA also recognizes that it will be

challenging to fund and administer but believes that these challenges are unavoidable in an undertaking of this kind. In response to the suggestion that it may be best handled by a Government agency such as the Department of Statistics, URCA notes that any proposals utilising the services of a Government agency is outside of URCA's jurisdiction and believes such an approach to be impractical.

- 4.21 Accordingly, URCA is satisfied that the concerns expressed by respondents have been provisionally addressed in Recommendation 2 on TV and radio consumption. URCA believes that the benefits of a regular but infrequent audience measurement system conducted at least once a year would be beneficial to Bahamian audiences and broadcasters alike. The broadcasting industry is therefore encouraged to conduct its own audience research and share the cost of the research. URCA, while willing to assist the broadcasting industry in conducting such research, does not have a remit to continue its involvement in PSB reviews. As previously noted in paragraph 4.10 above, URCA will propose to the Minister the extent of any future involvement of URCA in PSB reviews, which would include audience research.

Revised Recommendation 2: TV and radio consumption

ZNS and private broadcasters, with co-ordination by URCA, will collectively explore the logistics of jointly undertaking annual research into TV viewing and radio listening levels, to allow overall levels of consumption to be assessed and the most popular programmes identified. If all broadcasters were to share the costs of an independently-conducted audience survey, the long-term benefits resulting from higher audiences and advertising revenues could outweigh their share of the research costs.

Q 5. Do you have any comments on URCA's analysis (in Section 4.1) of the levels of TV and radio consumption in The Bahamas?

The following comments were received in response to this Question.

BCB

- 4.22 BCB agreed with URCA's analysis of TV and radio consumption patterns and expressed a need to review the radio programming offerings in the evenings.

CBL/CCL

- 4.23 CBL/CCL suggested that there is a limited availability of Bahamian content because of the high costs involved with producing local content and the scarcity of funding.

CBL/CCL suggested the local arts and culture community should be encouraged to host events more frequently and local broadcasters should be encouraged to televise these local events to fill the gaps of local productions as an immediate way to provide greater local content.

URCA's Proposed Further Action/Comments

- 4.24 URCA notes the general agreement by the stakeholders with its analysis, and also notes that CBL/CCL proposed engagement with the local arts and culture community to televise local events as an interim measure.
- 4.25 URCA agrees that cost-effective forms of local programming such as this could be a pragmatic way to help achieve greater PSB output, and encourages broadcasters to act on this suggestion.

<p>Q 6. Do you have any comments on URCA's research findings on overall satisfaction levels with Bahamian content?</p>
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The following comments were received in response to this Question.

BCB

- 4.26 BCB's view is that there is a need to produce more local television programmes and recognises that news represents a central part of ZNS' programming. BCB also recognises that news represents a central part of ZNS' programming. Also, BCB expressed concern with the criticisms of ZNS news production and indicated that steps have been taken to upgrade to a digital television format.

CBL/CCL

- 4.27 CBL/CCL queried the level of diversity on the focus group and suggested to URCA that for further events such as this, steps be taken to cover a wider audience.

URCA's Proposed Further Action/Comments

- 4.28 URCA notes the views expressed by the stakeholders regarding its research findings, and welcomes BCB's agreement with URCA about the need for more local programming.
- 4.29 URCA agrees that focus groups and any audience research should reflect the diversity of the Bahamian population. URCA sought to ensure diversity according to gender and age groups and across different islands in all strands of its research. URCA will strive to

ensure that the widest range of views is sought in any future audience research that it conducts.

Q 7. Do you have any comments on URCA's research findings (in Section 4.2) regarding the importance of television and radio for the provision of Bahamian news?

The following comments were received in response to this Question.

BCB

4.30 BCB agreed with URCA's research, emphasising that News serves to unite the people.

CBL/CCL

4.31 CBL/CCL agreed with URCA's research findings.

URCA's Proposed Further Action/Comments

4.32 URCA is pleased to note the general agreement by the stakeholders with its research findings regarding the importance of television and radio for the provision of Bahamian news.

Q 8. Do you have any comments on URCA's research findings (in Section 4.2) regarding the kinds of TV and radio programmes that provide social value? Do you agree with the wide range of programme genres that people regard as being important?

The following comments were received in response to this Question.

BCB

4.33 BCB agreed with URCA's research finding, and stated that more can be done to increase the diversity of local programmes. In particular, BCB believes that programming attractive to a younger audience, plus more engaging and appealing offerings for adults, are areas that require a great deal more attention. However, BCB warned that funding is a significant factor that impedes the commissioning of quality Bahamian action series.

CBL/CCL

4.34 CBL/CCL stated that The Bahamas has a history rich in oral tradition, and agreed that programmes of this nature will be more attractive to the population.

URCA's Proposed Further Action/Comments

4.35 URCA notes the general agreement by the stakeholders with its research findings regarding the kinds of TV and radio programmes that provide social value. URCA also agrees with BCB that more can be done to increase the diversity of local programmes depending on the level of available funding. It recognizes that it will be difficult to provide content in some genres where production costs are high. In such areas, the BCB should explore whether it would be fruitful to work with other Caribbean broadcasters on co-productions.

Q 9. Do you have any comments on URCA's research findings (in Section 4.2) regarding the editorial values and independence from the government of ZNS?

The following comments were received in response to this Question.

BCB

4.36 BCB agrees with URCA's research, stating that the public's perspective on the independence of the corporation is alarming. It argues that to overcome this obstacle, BCB have full independence with respect to content, funding, and staffing.

CBL/CCL

4.37 CBL/CCL suggested that public service broadcasters should be free from outside interference, that legislation should be created to reflect this, and that public service broadcasters should exercise fairness, objectivity and independence.

URCA's Proposed Further Action/Comments

4.38 URCA notes the BCB's agreement with its research findings regarding editorial values and the agreement of both the BCB and CBL/CCL regarding the independence of the BCB from the government. The independence of the BCB is covered in more detail below.

Q 10. Do you have any comments on URCA's research findings (in Section 4.2) regarding the availability of ZNS TV and radio throughout The Bahamas, and the desirability of Bahamian programming being offered by broadcasters other than just ZNS?

The following comments were received in response to this Question.

BCB

4.39 BCB agreed in part with URCA’s conclusion that audiences have a right to equal access to public service broadcasting on both ZNS radio and television services but noted that while ZNS 1540AM radio is universally available throughout The Bahamas, ZNS TV is not due to geography and costs, and that situation is unlikely to change in the short term due to exorbitant costs. However, as new technologies emerge, BCB believes that universal access to ZNS TV throughout The Bahamas may become possible in the future.

CBL/CCL

4.40 CBL/CCL did not offer any comment.

URCA’s Proposed Further Action/Comments

4.41 URCA notes the general agreement by the BCB with its research findings regarding the availability of ZNS TV and radio throughout The Bahamas. URCA agrees with the BCB’s proposal that, due to the high costs involved in current transmission systems, universal access to ZNS TV throughout The Bahamas could be facilitated with the emergence of new technologies.

Chapter 5 Gaps in PSB provision

Recommendation 3: Gaps in PSB provision on television – areas of undersupply

There is an undersupply in PSB programming in the following genres:

- Documentaries on life in The Bahamas, including programmes covering Bahamian art, culture and history
- Bahamian programmes made for children
- Educational programmes, including those covering health and well-being, nature and science

There is also a desire amongst some Bahamians for a greater volume and diversity of programming in the following areas:

- Entertainment and comedy programmes, with a focus on new or young talent
- Bahamian drama and soaps

ZNS should seek to increase its output in these areas (see Chapter 6 of the Consultation Document). Other Bahamian broadcasters might find it beneficial also to explore new kinds of programming in these genres.

Q 11. Do you agree with URCA’s conclusions about the gaps in PSB provision on television? If not, where do you think the most significant gaps are?

The following comments were received in response to this Question.

BCB

4.42 BCB agrees with the findings that documentaries on life in The Bahamas, art, culture and history are undersupplied, along with education, health, wellbeing, nature and science and Bahamian children's programmes. BCB expressed surprise that entertainment and comedy are rated as being oversupplied on Bahamian television. They agreed that religious programmes are oversupplied, potentially even excessive. BCB also agreed that the areas listed as News/Current Affairs and Business and Finance were balanced, but BCB stated they were of the view that they expected audience demand for Drama and Soaps would have been higher than what was recorded in the audience research.

CBL/CCL

4.43 CBL/CCL agreed with URCA's conclusion and offered no further comment.

URCA's Proposed Further Action/Comments

4.44 URCA notes the general agreement by the responding stakeholders with its proposed position about the gaps in PSB provision on television. URCA believes that the survey results suggesting the oversupply of entertainment and comedy and the apparent low ratings for drama and soap operas demonstrate the need for an annual audience measurement system that would benefit both Bahamian audiences and broadcasters and ensure that any gaps in PSB provision on television are adequately addressed. URCA has endeavoured to address all of these concerns in Recommendation 3 above.

Recommendation 4: Gaps in PSB provision on radio – areas of undersupply

Residents of the most populous islands in The Bahamas are well-served by a thriving private radio market alongside ZNS' radio stations. The primary gap in PSB provision relates to those residents living on other islands where there are few, if any, FM stations, and choice is restricted to ZNS' AM service.

Even on the most populous islands, there is, to some extent, an undersupply in PSB programming in genres outside of news, music, topical talk shows and religious programming. Bahamians also expressed a strong desire for other types of programmes, such as those that cover Bahamian art, culture and history or those about health and well-being.

Q 12. Do you agree with URCA's conclusions about the gaps in PSB provision on radio? If not,

where do you think the most significant gaps are?

The following comments were received in response to this Question.

BCB

4.45 BCB agreed with URCA’s conclusions on gaps in the PSB provision on radio, and also recognised that ZNS will need to offer more diversity and revised scheduling to compensate for insufficient radio station choices in underserved Family Islands.

CBL/CCL

4.46 CBL/CCL agreed with URCA’s conclusions and offered no further comment.

URCA’s Proposed Further Action/Comments

4.47 URCA notes the general agreement by the stakeholders with its proposed position which are reflected in Recommendation 4 above.

Recommendation 5: Gaps in PSB provision – programme attributes

Broadcasters should aspire to ensure that Bahamian programmes exhibit the following attributes:

- Quality. Programmes should be accessible and engaging to Bahamian audiences
- Innovation. Broadcasters should seek new, fresh programme ideas and actively seek young and emerging talent
- News journalism. Journalists should uphold the highest professional standards. Broadcasters should ensure their staff are adequately trained, and seek to encourage new generations of presenters and reporters
- Diversity. Programmes should reflect and portray different communities and lifestyles drawn from across The Bahamas
- Physical picture quality. Broadcasters should seek to ensure that the “look” of their programmes reflects modern production standards. Subject to the availability of funding, ZNS should upgrade its capital infrastructure to enable it to provide its TV services using digital equipment.

Q 13. Do you agree with URCA’s recommendations about the programme attributes that ZNS and other Bahamian broadcasters should strive to deliver?

The following comments were received in response to this Question.

BCB

4.48 BCB is in agreement with URCA's recommendation about programme attributes, suggesting that its programmes quality, news journalism, diversity, and physical picture quality has to improve. BCB stated it is in the process of finalising a new business plan to address these issues, as well as to upgrade its television facilities to a digital format which would enhance production values and the look of the television station.

CBL/CCL

4.49 CBL/CCL agreed with URCA's recommendation about programme attributes.

URCA's Proposed Further Action/Comments

4.50 URCA notes the general agreement by the responding stakeholders with its proposed position. It welcomes the BCB's proposals regarding improvements in quality, news journalism, diversity, and physical picture quality which are consistent with Recommendation 5 above.

Chapter 6 PSB remit of ZNS

Recommendation 6: Recommendations for remit of ZNS

The programming and scheduling strategies of ZNS should follow the following principles:

Overall

- i. **ZNS should seek to serve audiences' needs as effectively as possible.** Its programming decisions should be clearly guided by the kinds of Bahamian programmes audiences want to watch and listen to
- ii. **Across its output, ZNS should deliver an appropriate balance of the different elements of PSB as defined by URCA in this document.** ZNS should seek to deliver public service content on television, radio and (where appropriate) online that fulfils the PSB purposes defined in Recommendation 1. This should cover a variety of genres, and not be restricted to a narrow range of news and factual programmes
- iii. **ZNS' programmes and services should be distinctive and should avoid duplicating the services offered by private broadcasters.** This is particularly relevant for local radio: it is hard and uneconomical for ZNS to play a distinctive role in areas that are well-served by private stations
- iv. **ZNS should conduct its operations in order to maximise the amount of its funding that it devotes to programming.** As a recipient of public funds, ZNS should seek to minimise its administrative overheads. Efficiency savings resulting from internal operational reviews, alongside cost savings achieved by any decisions to close services that are deemed to duplicate private sector offerings, can be reinvested in programmes and services to fulfil its

overall remit

Television

v. **ZNS should continue to offer a national TV news service each evening.** The main evening news bulletins attract very high viewing figures and represent a central part of ZNS' PSB delivery

vi. **ZNS should broaden its TV output to address the shortfalls in PSB provision identified in Chapter 5.** There should be a greater volume and diversity of output in genres such as children's, educational and entertainment programmes, including programmes that support new generations of Bahamian talent

Radio

vii. **ZNS should offer a single high-quality national AM service with a diverse schedule that serves the varied interests of listeners across The Bahamas.** During drive-time and other times of the day when audiences are highest, it should offer relatively mainstream programming with wide appeal, catering in particular to listeners on islands where there are few, if any, alternative radio stations available. Outside peak time, it should offer more specialist programming (e.g. dedicated slots for different musical types, and types of programming other than news, music, religious and talk shows) to appeal to different audiences. Overall, its schedule should be significantly more varied than those of the private FM stations

Q 14. Do you agree with the principles that make up URCA's proposed PSB remit for ZNS? For television, do you agree that ZNS should offer a wider genre mix alongside news? For radio, do you agree that ZNS should focus its resources on a single high-quality service covering the whole of The Bahamas, while avoiding duplicating the services provided by private radio stations?

The following comments were received in response to this Question.

BCB

4.51 BCB agreed with URCA's proposed PSB remit for ZNS. BCB accepted the need for a wider program genre mix on ZNS television alongside news while focusing its resources on providing a single, high quality radio service covering all of The Bahamas.

CBL/CCL

4.52 CBL/CCL agreed with URCA's proposed PSB remit for ZNS, including ZNS Radio, subject

to implementing an effective plan and appropriate funding, but proposed that concentrating efforts on both ZNS Radio and TV at the same time are less effective than concentrating on one network at a time (that is, once the initiatives regarding ZNS Radio have been completed then full resources can be placed on restructuring ZNS TV).

Erik J. Russell of Keen i Media Ltd.

4.53 Mr. Russell agreed with URCA's recommendations that ZNS' programmes and services should be distinctive, should avoid duplicating the services offered by private broadcasters, and that ZNS should conduct its operations in order to maximise the amount of its funding that it devotes to programming.

URCA's Proposed Further Action/Comments

4.54 URCA welcomes the general agreement by respondents to its proposed PSB remit for the BCB which emanate from Recommendation 6 above. Regarding the proposal that restructuring efforts should be placed on ZNS Radio first before restructuring ZNS TV, URCA believes that this is a decision best left to the BCB as part of its mandate to maximise all available public funding that it receives.

Recommendation 7: ZNS' relationships with external programme suppliers

ZNS should schedule its TV channel more strategically to make it more appealing and to enable the channel to attract more viewers. It should become less reliant on selling airtime to producers, and make greater use of commissioning models whereby ZNS funds independent production companies to make the kinds of PSB programmes that it wishes to include in its schedules.

Q 15. Do you agree with URCA's proposal that ZNS should adopt a commissioning model for some TV programs, in order to ensure a more balanced schedule overall?

The following comments were received in response to this Question.

BCB

4.55 BCB concurred with URCA's proposal and further suggested that they are budgeting for it in 2011/2012.

CBL/CCL

4.56 CBL/CCL agreed with URCA's proposal.

Erik J. Russell of Keen i Media Ltd.

- 4.57 Mr. Russell strongly disagreed with URCA's recommendation that "... [ZNS] should become less reliant on selling airtime to producers and make greater use of commissioning models in which ZNS funds independent production companies to make the kinds of PSB programmes that it wishes to include in its schedules." Rather than becoming "less reliant on selling airtime", Mr. Russell believes that, as a PSB, all commercial advertising production on ZNS should cease, as well as all billing of individuals or companies for any services that ZNS provides as a PSB.
- 4.58 Further, Mr. Russell disagreed that ZNS should purchase or license privately produced programmes and, instead, should provide air-time free of charge to private producers who meet technical and content standards as allowing ZNS to become the gatekeeper of funding to private producers creates a conflict of interest and could disadvantage those producers who are not in favour with those managing the funds.

URCA's Proposed Further Action/Comments

- 4.59 URCA welcomes the agreement by BCB and CBL/CCL with its proposed position that the BCB should adopt a commissioning model for some TV programs, in order to ensure a more balanced overall schedule.
- 4.60 URCA notes Mr. Russell's comments that the BCB should cease all commercial advertising production, should cease charging producers for services that the BCB provides as a public service broadcaster and should, instead, provide free air-time free to private producers who meet technical and content standards, on the grounds that there would be a conflict of interest and a potential disadvantage to producers who are not in the BCB's favour if the BCB were allowed to manage the funding of private productions.
- 4.61 URCA disagrees that such a process would involve a conflict of interest. Rather, commissioning models – whereby broadcasters provide funds to an independent production company to supply programming – is a widespread model for public and private broadcasters alike all over the world. However, URCA does agree that it would be problematic if some independent producers could never access the BCB's funds. For this reason, URCA believes it would be appropriate for the BCB to develop clear operating principles that ensure its dealings with independent production companies are open, transparent, fair and non-discriminatory. According to URCA's proposals, the BCB would operate two models, both of which will be available to producers: the current model, according to which producers buy airtime from the BCB, make their own

programmes, and retain the advertising revenues around those programmes; and the new commissioning model described above. These two approaches, working in tandem, should be beneficial to the independent production community by offering more choice in terms of potential business models. This reflects the division of opinions in the industry presaged by URCA at pages 58 to 59 of the Consultation Document; some producers support the current model while others are opposed to having to find funding for their programmes.

- 4.62 Finally, URCA notes that the levels of public funding available to the BCB are not sufficient to enable it to provide airtime entirely for free, thereby foregoing commercial income. The income the BCB receives from selling airtime should be fed back into its commissioning budgets, enabling it to make or commission more Bahamian programming.

Recommendation 8: ZNS' accountability to audiences and government

ZNS should be required to conduct regular audience surveys to help it measure the performance of its programmes and thereby to deliver programming that demonstrably serves Bahamian audiences' needs. URCA could review the research methodology to ensure that it is sound and is conducted in an independent manner. (This research should be conducted alongside quantitative research into audience viewing and listening levels, as proposed in Recommendation 2.)

At the beginning of each year, ZNS should publish an annual Statement of Programme Policy that sets out its programming strategy across its TV channel and radio stations, and an Annual Review that reports back on the previous year's achievements. Together, these reports should:

- Highlight key priorities for the forthcoming year, overall and for each service
- Report on the performance of ZNS' programmes over the previous year, using its audience research
- Include a general summary of ZNS' audience research, highlighting key findings and explaining how these have influenced its programming strategies.

Q 16. Do you agree with URCA's proposals for ZNS to conduct regular audience surveys and to publish an annual Statement of Programme Policy? Please give your reasons.

The following comments were received in response to this Question.

BCB

4.63 BCB agreed with URCA's proposal, suggesting that regular audience surveys provide a methodology to increase audience satisfaction with programming. In agreeing with URCA's proposal, BCB noted that Annual Statements of Programme Policy would provide a level of accountability by ZNS for its programming schedule to citizens and Parliament.

CBL/CCL

4.64 CBL/CCL agreed that ZNS should conduct regular audience surveys, but suggested that this should be done every two or three years, so that ZNS does not put undue strain on its financial and human resources.

URCA's Proposed Further Action/Comments

4.65 URCA notes the general agreement by BCB and CBL/CCL with its proposed position that the BCB should conduct regular audience surveys and publish a Statement of Programme Policy. URCA believes that regular audience surveys should be supported by the publication of an Annual Statement of Programme Policy as the amount of work involved in preparing the Statement should not be an onerous undertaking for the BCB and, in any event, the underlying research and deliberations should prove useful to the BCB in its programming decisions.

Chapter 7 Corporate governance of ZNS

Q 17. Do you have any comments on the historic corporate governance arrangements that have applied to the BCB (ZNS)? What do you perceive to be their strengths and weaknesses? To what extent do you believe that Governments over the years have exercised their influence on operational and editorial matters?

The following comments were received in response to this Question.

BCB

4.66 BCB expressed the view that state broadcasters in The Bahamas and regionally have lacked political autonomy, editorial independence and financial stability through lack of public accountability and heavy reliance on funding through commercial advertising. It noted that the Bahamas Government committed itself in 2008 to transforming the BCB from a state broadcaster into a politically and financially autonomous public service broadcaster.

CBL/CCL

4.67 CBL/CCL did not provide a specific view, arguing that focus should be placed on the future and not on the past.

URCA's Proposed Further Action/Comments

4.68 URCA notes that the BCB's response supported URCA's description of the corporate governance arrangements in the past and that CBL/CCL's response supports the forward-looking focus on transforming the BCB.

Recommendation 9: Corporate governance of ZNS

Amendments should be made to enshrine in legislation new corporate governance arrangements for ZNS comprising the following elements.

Editorial and operational independence

- i. Once URCA has completed its PSB Review and submitted its final recommendations to the Minister, the Minister should set a PSB remit for ZNS taking into account URCA's recommendations regarding the role of PSB in The Bahamas and proposed remit for ZNS
- ii. The primary duty of ZNS should be to serve the interests of the Bahamian public by fulfilling this PSB remit as effectively as possible
- iii. In the fulfilment of its duties, ZNS should be given absolute editorial independence covering all of its programmes and services, with a particular requirement for its news and current affairs reporting to be objective and impartial
- iv. Editorial and operational decisions made by the management of ZNS must not be subject to the influence of the Minister, other Members of Parliament or public servants, advertisers or other private interests, or other stakeholders. Specifically, the Minister should have no powers to prohibit the broadcasting of any programmes or subject matter within a programme, or to influence operational matters (such as advertising rates)

Board composition and appointment of Members

- v. The Board should comprise Non-Executive and Executive Members, with a majority of Non-Executive Members
- vi. Non-Executive Members should be appointed by the Governor General, upon recommendation by the Government. The chairperson should be a Non-Executive Member appointed in consultation with the leader of the Opposition
- vii. Clear criteria should be established – based on relevant expertise and experience – for the selection of Non-Executive Members
- viii. No members of parliament should serve on the Board

ix. Length of mandates for non-Executive Members should be for fixed terms, with an option of a single renewal. Fixed terms should be set so as not to coincide with the duration of the legislature, e.g. 4 years. The terms for Non-Executive Members should be staggered, and clear rules regarding dismissal determined, to minimise the scope for political influence

Separation of roles between Board and management

x. The role of the Board should be to determine long-term strategies and policies, to set annual budgets, and to appoint the General Manager and other Executive Management

xi. The selection process for the General Manager and other Executive Management should be open and competitive

xii. The Executive Management should be responsible for day-to-day operational management and delivery of services. These include the development, commissioning and production of programmes; the scheduling of programmes; relationships with independent suppliers; the development and implementation of organisational structures; recruitment and staff management; the management of physical capital and financial resources; and the preparation and execution of annual Budgets and triennial (3-year) plans

xiii. Terms of reference for the Board should clearly distinguish the responsibilities of the Board and the Executive Management

Funding settlements

xiv. The Government should guarantee the necessary funds to establish the goals of PSB, taking into account the additional sources of funding that ZNS is permitted to raise

xv. Funding levels for ZNS should be determined through multi-year (e.g. triennial – 3-year) settlements. This would provide two important benefits relative to the current method of annual budget allocations. First, it reduces the frequency of political intervention, helping ZNS to maintain its editorial independence. Second, it enables both the Government and ZNS to take a more strategic, medium-term view of PSB delivery by extending the planning horizons. The enhanced certainty and security it would give ZNS should enable it to operate more flexibly and efficiently

Accountability to government

xvi. ZNS should be accountable to Parliament on an annual basis. On operational matters, ZNS should be required to demonstrate the appropriate and efficient use of public funds. This can be accomplished through the timely preparation of Annual Audited Financial Statements which would be incorporated in an Annual Report. On programming matters ZNS should be required to outline its priorities for the forthcoming year and to demonstrate how it has delivered against its PSB remit for the preceding year, through a Statement of Programme Policy and Annual Review to be published at the start of each year (see Recommendation 8).

These reports should be regarded as a formal part of ZNS' annual accountability framework alongside its Annual Report

xvii. Rules relating to borrowing (such as borrowing limits) and the auditors used by ZNS should be subject to approval by the Minister

Q 18. What are your views on URCA's preliminary recommendations regarding the corporate governance of ZNS? Views are welcome on each of the individual recommendations, covering editorial and operational independence, the Board composition and appointment of Members, the separation of roles between the Board and management, funding settlements and accountability to government. To the extent that you agree with URCA's recommendations, please highlight the arguments you believe to be most persuasive. In areas where you disagree, please give your reasons why.

The following comments were received in response to this Question.

BCB

4.69 BCB expressed the view that a new governance structure is critical to ensure the transformation of the BCB into an independent public service broadcaster. The Corporation agreed generally with the proposed corporate governance arrangements recommended by URCA. In BCB's document on "Transitioning to a Public Service Broadcaster", BCB recommended that this structure should incorporate the following key elements:

- Legislated guarantee of political and editorial independence
- Accountable to Parliament rather than Cabinet through annual reporting.
- Professional Board of Governors representing diverse public interests appointed by a formal public process and given staggered terms.
- Governors explicitly tasked with upholding institutional autonomy.
- Governors to have relevant expertise and be restricted from day-to-day decision making.
- Governors to appoint executive management.
- Provision for periodic, independent financial and operational audits
- Provision for independent ombudsman to process public complaints
- Legislated funding guarantee
- Provision for public consultative bodies
- Arm's length relationship with both government and independent regulator.

BCB supported URCA's recommendations with respect to:

1. Editorial and operational independence
2. Board Composition and appointment of Members
3. Separation of roles between Board and Management
4. Funding settlements
5. Accountability to Parliament.

4.70 Further, BCB wished to emphasise the value of a funding mechanism that minimises political influence and allows broadcasters to plan over medium-term horizons.

CBL/CCL

4.71 CBL/CCL offered no comment on this issue.

URCA's Proposed Further Action/Comments

4.72 URCA welcomes the BCB's detailed response, which fully supports URCA's recommendations.

Chapter 8 Funding options for PSB

Recommendation 10a: Funding for PSB

Public funds

Ongoing public funding for ZNS is necessary to help achieve the desired levels of PSB provision and to ensure universal service. Within its own budgetary constraints, the Government should seek to make available appropriate levels of public funding sufficient to enable ZNS to fulfil its PSB remit, taking into account the expected levels of other sources of funding for ZNS and the expected efficiency savings to be achieved by ZNS through operational restructuring.

Should sufficient funds be available, the Government should support a one-off capital infrastructure upgrade for ZNS to enable it to offer its services using digital technologies, in order to be able to match the picture quality offered by other broadcasters in The Bahamas and overseas.

Q 19. Do you agree that ongoing public funding will continue to be needed for PSB in The Bahamas? Do you think the current annual level, of \$4.25 million, is too low, too high or about right? Should public funds rise in the future when economic conditions improve?

The following comments were received in response to this Question.

BCB

4.73 BCB agreed with URCA that ongoing public funding of ZNS would continue in the foreseeable future while stating that the current annual funding level of \$4.25million is too low. BCB stated that in 2010 the Corporation's advertising revenue was \$5.337M with expenditures of \$15.016M and a Government subsidy of \$8.867 million which was reduced to \$4.25 million in 2011. The Corporation stated that in its efforts to reduce costs, it underwent a reorganization that saw a 35% reduction in staff. It also highlighted an urgent need to service a number of outstanding, dated financial obligations to various local and international entities.

CBL/CCL

4.74 CBL/CCL believes that ongoing public funding will be needed for a PSB. It chose not to take a view on the level required, due to insufficient information to make an informed decision.

George Harris of Coast 106 FM

4.75 Mr. Harris expressed the view that the public grant to ZNS should be \$6 Million for 2011/2012 but that the commercial (advertising) market should be off limits to ZNS.

Erik J. Russell of Keen i Media Ltd.

4.76 Mr. Russell specifically disagreed with the statement that "URCA's analysis of PSB models around the world indicates that there is nothing unusual about public services broadcasters taking advertising even when they also take public funds." He objected that this view did not reflect the actual size of the Bahamian market or the fledgling state of private production in The Bahamas (which he felt is severely under-capitalised versus ZNS which has significant market power in the industry due to its existing facilities, equipment and personnel). He opined that if ZNS is permitted to continue both to accept public funding and collect advertising revenue, private producers and TV stations would have a diminished opportunity to capture a reasonable share of the market or to grow their businesses.

4.77 Mr. Russell stated that ZNS TV should not be supported by both Government subsidy and the sale of advertising or the charging of air time fees because of decades-long operational funding, plus millions of dollars in capital to create and sustain its facilities, purchase equipment and vehicles, and regularly upgrade (but not properly operate and

maintain) its equipment. Mr. Russell stated that private producers finance their operations and capital expenditures from personal finances, commercial loans and, possibly, through investors. He stated that private entities both financing and competing with ZNS for advertising dollars, production budgets and air-time service fees was destructive and dooms them to financial failure.

- 4.78 Mr. Russell was sceptical of the suggestion that there is public support for allowing ZNS to continue to sell advertising, because, in his view, the value of such public support was negated by its anecdotal nature and the general public's lack of familiarity with the situation's practical impact on the production industry. Mr. Russell agreed that ZNS' advertising rates are low but stated this negatively impacted the industry and necessitated other entities providing similar or lower rates in order to compete.

URCA's Proposed Further Action/Comments

- 4.79 URCA welcomes the agreement by most respondents that ongoing public funding will continue to be needed for PSB in The Bahamas.
- 4.80 URCA has carefully reviewed the arguments against the BCB receiving mixed funding made by Mr. Russell. In response, URCA wishes to make a number of points. First, mixed funding models occur not only in large markets but also in small ones and those with fledgling private production sectors. This is not, therefore, a reason for the BCB not to continue to receive mixed funding. Second, URCA should stress that it conducted stakeholder research with members of the production community as well as undertaking its audience surveys, and its recommendations reflect this broad consultation. Third, URCA notes that Mr. Russell's proposals imply that independent producers should, in effect, be subsidised by giving them free access to airwaves without having to bear any of the costs of broadcasting or transmission, and also without having to face any of the PSB obligations that are imposed on the BCB. URCA believes that it would be hard to justify such an approach.
- 4.81 While URCA rejects the arguments made against mixed funding for the BCB, it does recognise the importance of supporting the independent production sector. Its proposals for a commissioning model, discussed above, represent one way to achieve this: producers in The Bahamas will have the possibility for their programmes to be fully funded by the broadcaster. To further support production companies, URCA also believes that the BCB could make its production facilities available to producers to hire on fair and reasonable terms. In other countries, support is provided to independent producers in other ways: for example by requiring broadcasters to commission a minimum amount of programming from the independent sector.

Q 20. Do you agree that the Government should support a one-off capital infrastructure upgrade for ZNS to enable it to offer its services using digital technologies?

The following comments were received in response to this Question.

BCB

4.82 BCB concurred that the Government should support a one-off capital infrastructure upgrade for ZNS to enable it to offer its services using digital technologies, which the Government had committed to do. BCB was also of the view that this capital investment ought to include both studio and production facilities in New Providence and Grand Bahama and include mobile broadcast facilities.

CBL/CCL

4.83 CBL/CCL agreed with URCA's proposal but believed that safeguards should be put in place to ensure that there is efficient, economic use of the funds in line with the vision and plan for ZNS.

Erik J. Russell of Keen i Media Ltd.

4.84 Mr. Russell expressed the view that if a special, one-time, capital infrastructure upgrade funding is provided to ZNS, this would create a disadvantage for private producers who do not have such capital to upgrade their own facilities.

URCA's Proposed Further Action/Comments

4.85 URCA welcomes agreement from BCB and CBL/CCL that the Government should support a one-off capital infrastructure upgrade for the BCB to enable it to offer its services using digital technologies. URCA recommends that the Government consider the BCB's proposal that this capital infrastructure upgrade be extended to include studio and production facilities in New Providence and Grand Bahama and mobile broadcast facilities. URCA agrees with CBL/CCL's view that appropriate safeguards should be provided to ensure efficient, economic use of the funds in line with the vision and plan for the BCB.

4.86 URCA also notes Mr. Russell's objection that private producers would be disadvantaged by this expenditure as they do not have access to the same capital to upgrade their facilities. In fact, this upgrade would be beneficial to producers, as it means that any programming that they make that is shot digitally, for transmission on ZNS TV, will in the

future be transmitted in high quality rather than having its picture quality degraded from the transfer to analogue. Also, further to the proposal above that the BCB should make its production facilities available to independent producers on fair terms, producers would again benefit from the digital upgrade in this way.

Recommendation 10b: Funding for PSB

Additional funding

A mixed funding model comprising public funds and advertising/sponsorship will continue to be the most appropriate means of funding ZNS in the future. However, to reduce distortions to the private market, it may be appropriate to limit the amount of advertising that ZNS can carry. In addition, ZNS should be required to charge appropriate market rates for TV and radio advertising spots.

ZNS should be encouraged to generate commercial income from exploitation of its intellectual property in secondary markets, such as merchandising, DVD sales and programme sales to overseas broadcasters. Realistically, however, the revenues generated from such activities are likely to be modest.

The Government should examine the pros and cons of alternative revenue streams as a means of providing top-up funding for PSB. However, URCA's view is that no single revenue stream emerges that could feasibly be implemented in The Bahamas, that would generate sufficient revenues, and that would not unfairly distort private markets.

Q 21. Do you agree that ZNS should continue to generate income from advertising and sponsorship?

The following comments were received in response to this Question.

BCB

4.87 BCB expressed the view that, given the funding options available, the mixed funding model in which ZNS receives a grant from Parliament and is allowed to generate income from advertising and sponsorship is the best possible compromise.

CBL/CCL

4.88 CBL/CCL stated that the answer to this question would depend on the PSB model adopted for ZNS. CBL/CCL encouraged a thorough examination of the various PSB models that have been used by countries in the region or with similar demographics when deciding on a model for The Bahamas. CBL/CCL stated that a suitable funding

model for a public service broadcaster should provide a stable source of revenue to reflect the community's commitment to PSB and enable PSB's sustainable development. CBL/CCL believes that the Government should continue to provide the bulk of ZNS' funding, but commented on the sources of funding recommended by URCA as follows:-

- Industry taxes — CBL/CCL disagreed with this concept based on what they termed recent increases in taxes (viz., URCA fees, communications licence fees and business licence fees) that are overburdening the industry.
- Cable Subscription — CBL/CCL does not support this concept because they believed that those households in The Bahamas without cable services would not be paying this tax. They also contended it would be difficult to manage (e.g., delinquent accounts and account terminations with outstanding balances), and the tax could become burdensome and would not target all persons receiving the PSB broadcast, only a section of the viewing population.
- Donations and Endowments — CBL/CCL agreed with this concept as another source of funding but questions its reliability and consistency based on factors such as the state of the economy, and the mandate and graciousness of organisations and individuals.
- Tax breaks — CBL/CCL believed this concept could be a possibility, depending on its structure.
- Exploitation of intellectual property — CBL/CCL supported URCA's proposal that revenues from this source are unlikely to be substantial.
- Licence fees (*if it is a television licence fee*) — CBL/CCL recognised this concept as a potentially viable source of additional funding, and suggested a structure used in other Caribbean jurisdictions. In addition to government appropriation, CBL/CCL believed that a PSB model combining licence fees [on television sets], advertising and sponsorship would be best for ZNS, in addition to possible limits on the amount of advertising carried by ZNS.

Mr. Erik J. Russell of Keen i Media Ltd.

4.89 Mr. Russell proposed that, besides funding provided by the Government, ZNS should only be permitted two other sources of funding:

- Private grants and sponsorships from private companies that choose to voluntarily support ZNS; and

- Viewer contributions from private individuals who wish to support ZNS, similar to PBS in the United States.

4.90 By relying solely on these types of supplementary sources of income, Mr. Russell believes ZNS would be obliged to create and maintain a high standard of excellence which would, in turn, compel its viewers to tangibly support its efforts.

URCA's Proposed Further Action/Comments

4.91 URCA notes respondents did not express a consensus of views on the issue of whether the BCB should continue to generate income from advertising and sponsorship, with the BCB agreeing with the proposal, while CBL/CCL proposed that Government should continue to provide the bulk of the BCB's funding as a stable source of revenue reflecting the community's commitment to PSB and enabling PSB's sustainable development, supported by donations and endowments, tax breaks, exploitation of intellectual property and/or licence fees (if it is a licence fee on television sets). Mr. Russell proposed that the BCB should only be permitted funding provided by the Government, private grants and sponsorships, and viewer contributions similar to PBS in the United States which oblige the BCB to create and maintain a high standard of excellence and, in turn, compel its viewers to tangibly support its efforts.

4.92 URCA agrees with the BCB that, based on the funding options available, the BCB should, for the present, continue to be allowed to generate income from advertising and sponsorship and agrees with the other respondents that the BCB should also be permitted to pursue private grants, donations, endowments and sponsorships, and the exploitation of its intellectual property. URCA does not believe that the other sources of funding proposed by CBL/CCL and Mr. Russell are viable options for The Bahamas because they are inequitable (cable subscription), difficult to implement (tax breaks, licence fees) or unlikely to gain popular acceptance (viewer contributions). For example, Mr. Russell's proposal for funding the BCB, which, while acknowledging receipt of a government subsidy, partly relies on viewer contributions that locally and regionally have no parallel and which are able to succeed in the United States through income tax write-offs to the donors, which also has no parallel in The Bahamas.

4.93 CBL/CCL also proposed a thorough examination of the various regional or similar demographic PSB models when deciding on a model for The Bahamas. However, as identified by CBL/CCL in its earlier submissions, the Caribbean countries cited have either pursued a privatised or downsized PSB model that differs markedly from the situation in The Bahamas where the BCB has, for the time being, been designated in the

Comms Act as the public service broadcaster subject to any public service broadcasting obligations.

Q 22. Do you think ZNS should be required to sell advertising at full market rates? If so, why? If not, why not?

The following comments were received in response to this Question.

BCB

4.94 BCB stated that ZNS should sell advertising at full market rates because as the public service broadcaster receiving a Parliamentary grant and generating advertising, ZNS should not be seen to be undercutting the market rates.

CBL/CCL

4.95 CBL/CCL is of the view that market forces should dictate the pricing of advertising.

URCA's Proposed Further Action/Comments

4.96 URCA welcomes agreement from respondents that the BCB should be required to sell advertising at prevailing market rates.

Q 23. Do you think less advertising should be permitted on ZNS' TV and radio stations than on private stations, even if this would lead either to a greater need for public funds or to a lower level of PSB provision?

The following comments were received in response to this Question.

BCB

4.97 BCB acknowledged that one way to separate ZNS as the public service broadcaster from commercially driven stations is to allow less advertising on the public service broadcaster.

CBL/CCL

4.98 CBL/CCL stated that once a PSB model has been decided upon, the next issue would be government funding as government allocations have limits and the exact amount of this funding should be directly proportionate to the amount of advertising needed to sustain the broadcaster.

URCA's Proposed Further Action/Comments

4.99 URCA notes the opinions expressed by the BCB and CBL/CCL on the issue of whether less advertising should be permitted on ZNS' TV and radio stations than on private stations, even if this would lead either to a greater need for public funds or to a lower level of PSB provision, with the BCB expressing the view that one way to differentiate the public service broadcaster from private stations is to allow less advertising (on ZNS' TV and radio stations), while CBL/CCL left it open as to the PSB model for The Bahamas and the amount of public funding needed but proposed the funding should be directly proportionate to the amount of advertising needed to sustain the public service broadcaster. URCA supports the proposals that less advertising should be permitted on ZNS' TV and radio stations than on private stations as a way of differentiating the public service broadcaster from private stations and that the amount of public funding should be directly proportionate to the amount of advertising needed to sustain the public service broadcaster.

Q 24. What are your views on URCA's proposals regarding alternative revenue streams? Do you agree that ZNS should be encouraged to generate commercial income from exploitation of its intellectual property in secondary markets? How much money do you think this could generate? Are there other funding sources that you would propose to fund PSB?

The following comments were received in response to this Question.

BCB

4.100 The Corporation stated that it is always interested in alternative revenue streams, that the exploitation of intellectual property in secondary markets is possible but at the moment not well organized and is unlikely to generate significant revenue in the near term. The Corporation stated that it is also challenged due to most of its archival material being in an analogue format.

CBL/CCL

4.101 CBL/CCL stated that the income generated from the sale of intellectual property is unlikely to be substantial and referred to its other comments in response to the consultation document. CBL/CCL also proposed that when soliciting funding from other sources, broadcasters must exercise care and diligence so as not to affect the editorial

control or programming agenda of ZNS and also preserve its independence from commercial and/or outside influence.

George Harris of Coast 106 FM

4.102 Mr. Harris stated that ZNS should lease its building space and tower space at Harold Pond and South Beach to local private trunking and media sectors to make up for revenue losses as a result of ZNS exiting the commercial (advertising) market.

Erik J. Russell of Keen i Media Ltd.

4.103 Mr. Russell believed that The Bahamas has virtually no quality creative assets in the form of historical footage, documentaries, films, etc., to show for the hundreds of millions of dollars of public funds invested in ZNS.

URCA's Proposed Further Action/Comments

4.104 URCA notes that there was general agreement amongst respondents that the BCB should seek to exploit alternative revenue streams but that the BCB is unlikely to generate much commercial income from exploitation of its intellectual property in secondary markets, with the additional challenge that most of the BCB's archival material is in an analogue format. URCA also notes Mr. Russell's point that the BCB has not done a good job in the past of exploiting its archival footage and CBL/CCL's point that broadcasters and/or the BCB must be careful not to lose their independence (i.e., editorial control or programming agenda) when soliciting funding from other sources. URCA considers that the BCB should be encouraged to generate commercial income from the exploitation of its intellectual property in secondary markets as a small but potential source of revenue that lessens the dependency on public funding without sacrificing its independence when soliciting funding from other sources.

4.105 Mr. Harris expressed the view that other funding sources for the public service broadcaster could be derived by the BCB leasing its building space and tower space at Harold Pond and South Beach to local private trunking and media sectors if the BCB were to exit the commercial advertising market. Given that URCA does not expect the BCB to exit the commercial advertising market, URCA considers that Mr. Harris' proposal remains applicable only if the revenue lost by the BCB from exiting the commercial advertising market is recoverable to an equal degree through lease fees.

Chapter 9 Designation of other public service broadcasters

Recommendation 11: Designation of broadcasters and the PSB Fund

ZNS should, for now, remain the sole designated public service broadcaster in The Bahamas. Public funding should be focused on supporting the fulfilment by ZNS of its new PSB remit.

When economic conditions improve, should higher levels of public funds potentially become available for PSB, URCA should reconsider designating other public service broadcasters and establishing a contestable PSB Fund to support the provision of PSB content by broadcasters other than ZNS.

Q 25. Do you agree that ZNS should for now remain the sole designated public service broadcaster in The Bahamas?

The following comments were received in response to this Question.

BCB

4.106 BCB agreed that ZNS should, for the present, remain the sole designated public service broadcaster, but this position should be reviewed periodically and a determination made.

CBL/CCL

4.107 CBL/CCL agreed with URCA's proposal.

URCA's Proposed Further Action/Comments

4.108 Both respondents to this question agreed with URCA's proposal that the BCB should, for the present, remain the sole designated public service broadcaster in The Bahamas. URCA notes the BCB's suggestion that this position should be periodically reviewed. This links to the issues raised by the next question (Question 26).

Q 26. Do you agree that, should more public funds become available in the future, there is merit in establishing a contestable fund that could support PSB provision by other Bahamian broadcasters?

The following comments were received in response to this Question.

BCB

4.109 BCB concurred with the recommendation that should more public funds become available in the future, there is merit in establishing a contestable fund for the provision of PSB programmes by other Bahamian broadcasters.

CBL/CCL

4.110 CBL/CCL agreed with the proposal.

Erik J. Russell of Keen i Media Ltd.

4.111 Mr. Russell argued that some provision should be made to subsidise the work of private broadcasters, not other PSBs, and referred to his recommendation #2 below. Mr. Russell believed that any private producer or TV station would be productive and well-positioned if they, instead of ZNS, were given an annual budget of \$4.25 million, allowing for the growth and maturation of the private production industry in The Bahamas.

4.112 Mr. Russell also proposed the following:

- All raw footage created by ZNS as a PSB should be made available to private producers, without cost, following established request guidelines.
- Creation of an independently managed private production funding pool, equal to the total annual budget provided to ZNS as a PSB, to subsidise the efforts of licensed independent production companies only, not TV stations, to produce innovative and technically excellent programmes that meet certain criteria, using the Canadian Television Fund [now the Canadian Media Fund] as a model of such support.

URCA's Proposed Further Action/Comments

4.113 URCA notes that both the BCB and CBL/CCL agreed with URCA's proposal on establishing a contestable fund that could support PSB provision by other Bahamian broadcasters, should more public funds become available in the future.

4.114 In response to Mr. Russell's proposal that funds be made available directly to production companies, such funding could only be justified if – as a minimum – the programmes were guaranteed slots on universally available TV stations, which means in practice that broadcasters, not just producers, would need to be involved in any bidding process. In any case, for the reasons set out in the consultation document, URCA believes that the costs associated with allocating funds on a contestable basis (e.g. the

additional layers of bureaucracy and infrastructure that would be needed) would outweigh the benefits given the low levels of public funding available.

- 4.115 URCA does see some merit in the proposal that raw footage created by the BCB could be made available to other broadcasters. However, URCA does not believe that the BCB should be required to give away raw footage free, as this would deprive the BCB of a small but potential source of revenue that lessens the dependency on public funding.
- 4.116 In response to Mr. Russell's proposal of using the Canadian Television Fund [now the Canadian Media Fund] as a model of support to subsidise the efforts of licensed independent production companies, not TV stations, URCA made mention of the Canadian Media Fund model at page 86 of the Consultation Document but distinguishes the proposed Bahamian contestable fund from the CMF/FMC funding because the latter is derived from both the Canadian Government and from Canadian private cable and satellite providers, not government funding alone, and amounted to CAN\$350 million in 2010, a sum unlikely to be achieved in The Bahamas.

5. CONCLUSION AND NEXT STEPS

- 5.1 The publication of this Statement of Results document formally concludes the public consultation process on URCA's review of public service broadcasting in The Bahamas. As a result of this consultation exercise, URCA has made minor modifications to Recommendations 1 and 2. The other Recommendations remain in the form that was presented in the consultation document.
- 5.2 Following the publication of this document, URCA intends to forward its final recommendations to the Minister, along with recommendations about necessary amendments to the Broadcasting Act. URCA's final recommendations to the Minister regarding public service broadcasting in The Bahamas are reproduced below in full:

Revised Recommendation 1: Definition of PSB

The role of public service broadcasting in The Bahamas is the provision of domestically-produced content (including, but not limited to, radio and television programmes) that is intended to serve Bahamian audiences by reflecting, reporting on and portraying life in The Bahamas.

Public service content in The Bahamas should, in particular, seek to fulfil the following purposes:

- **Cultural:** Promoting Bahamian arts and music, other forms of culture and sports, and events taking place in The Bahamas and elsewhere, or featuring Bahamian participants
- **Social:** Showing and giving voice to the diverse lifestyles and culture of people living all over The Bahamas
- **Democratic:** Reporting on regional (i.e., Caribbean), international, local (i.e., New Providence) and national Bahamian news and current affairs, holding elected officials and public institutions to account, and providing platforms for a wide range of views and perspectives
- **Educational:** Offering entertaining, engaging and accessible programmes and services with educational value to Bahamians of all ages.

Revised Recommendation 2: TV and radio consumption

ZNS and private broadcasters, with co-ordination by URCA, will collectively explore the logistics of jointly undertaking annual research into TV viewing and radio listening levels, to allow overall levels of consumption to be assessed and the most popular programmes identified. If all broadcasters were to share the costs of an independently-conducted audience

survey, the long-term benefits resulting from higher audiences and advertising revenues could outweigh their share of the research costs.

Recommendation 3: Gaps in PSB provision on television – areas of undersupply

There is an undersupply in PSB programming in the following genres:

- Documentaries on life in The Bahamas, including programmes covering Bahamian art, culture and history
- Bahamian programmes made for children
- Educational programmes, including those covering health and well-being, nature and science

There is also a desire amongst some Bahamians for a greater volume and diversity of programming in the following areas:

- Entertainment and comedy programmes, with a focus on new or young talent
- Bahamian drama and soaps

ZNS should seek to increase its output in these areas (see Chapter 6 of the Consultation Document). Other Bahamian broadcasters might find it beneficial also to explore new kinds of programming in these genres.

Recommendation 4: Gaps in PSB provision on radio – areas of undersupply

Residents of the most populous islands in The Bahamas are well-served by a thriving private radio market alongside ZNS' radio stations. The primary gap in PSB provision relates to those residents living on other islands where there are few, if any, FM stations, and choice is restricted to ZNS' AM service.

Even on the most populous islands, there is, to some extent, an undersupply in PSB programming in genres outside of news, music, topical talk shows and religious programming. Bahamians also expressed a strong desire for other types of programmes, such as those that cover Bahamian art, culture and history or those about health and well-being.

Recommendation 5: Gaps in PSB provision – programme attributes

Broadcasters should aspire to ensure that Bahamian programmes exhibit the following attributes:

- Quality. Programmes should be accessible and engaging to Bahamian audiences
- Innovation. Broadcasters should seek new, fresh programme ideas and actively seek young and emerging talent
- News journalism. Journalists should uphold the highest professional standards.

Broadcasters should ensure their staff are adequately trained, and seek to encourage new generations of presenters and reporters

- Diversity. Programmes should reflect and portray different communities and lifestyles drawn from across The Bahamas

Physical picture quality. Broadcasters should seek to ensure that the “look” of their programmes reflects modern production standards. Subject to the availability of funding, ZNS should upgrade its capital infrastructure to enable it to provide its TV services using digital equipment.

Recommendation 6: Recommendations for remit of ZNS

The programming and scheduling strategies of ZNS should follow the following principles:

Overall

- ZNS should seek to serve audiences’ needs as effectively as possible.** Its programming decisions should be clearly guided by the kinds of Bahamian programmes audiences want to watch and listen to
- Across its output, ZNS should deliver an appropriate balance of the different elements of PSB as defined by URCA in this document.** ZNS should seek to deliver public service content on television, radio and (where appropriate) online that fulfils the PSB purposes defined in Recommendation 1. This should cover a variety of genres, and not be restricted to a narrow range of news and factual programmes
- ZNS’ programmes and services should be distinctive and should avoid duplicating the services offered by private broadcasters.** This is particularly relevant for local radio: it is hard and uneconomical for ZNS to play a distinctive role in areas that are well-served by private stations
- ZNS should conduct its operations in order to maximise the amount of its funding that it devotes to programming.** As a recipient of public funds, ZNS should seek to minimise its administrative overheads. Efficiency savings resulting from internal operational reviews, alongside cost savings achieved by any decisions to close services that are deemed to duplicate private sector offerings, can be reinvested in programmes and services to fulfil its overall remit

Television

- ZNS should continue to offer a national TV news service each evening.** The main evening news bulletins attract very high viewing figures and represent a central part of ZNS’ PSB delivery
- ZNS should broaden its TV output to address the shortfalls in PSB provision identified in**

Chapter 5. There should be a greater volume and diversity of output in genres such as children’s, educational and entertainment programmes, including programmes that support new generations of Bahamian talent

Radio

vii. **ZNS should offer a single high-quality national AM service with a diverse schedule that serves the varied interests of listeners across The Bahamas.** During drive-time and other times of the day when audiences are highest, it should offer relatively mainstream programming with wide appeal, catering in particular to listeners on islands where there are few, if any, alternative radio stations available. Outside peak time, it should offer more specialist programming (e.g. dedicated slots for different musical types, and types of programming other than news, music, religious and talk shows) to appeal to different audiences. Overall, its schedule should be significantly more varied than those of the private FM stations

Recommendation 7: ZNS’ relationships with external programme suppliers

ZNS should schedule its TV channel more strategically to make it more appealing and to enable the channel to attract more viewers. It should become less reliant on selling airtime to producers, and make greater use of commissioning models whereby ZNS funds independent production companies to make the kinds of PSB programmes that it wishes to include in its schedules.

Recommendation 8: ZNS’ accountability to audiences and government

ZNS should be required to conduct regular audience surveys to help it measure the performance of its programmes and thereby to deliver programming that demonstrably serves Bahamian audiences’ needs. URCA could review the research methodology to ensure that it is sound and is conducted in an independent manner. (This research should be conducted alongside quantitative research into audience viewing and listening levels, as proposed in Recommendation 2.)

At the beginning of each year, ZNS should publish an annual Statement of Programme Policy that sets out its programming strategy across its TV channel and radio stations, and an Annual Review that reports back on the previous year’s achievements. Together, these reports should:

- Highlight key priorities for the forthcoming year, overall and for each service
- Report on the performance of ZNS’ programmes over the previous year, using its

audience research

- Include a general summary of ZNS' audience research, highlighting key findings and explaining how these have influenced its programming strategies.

Recommendation 9: Corporate governance of ZNS

Amendments should be made to enshrine in legislation new corporate governance arrangements for ZNS comprising the following elements.

Editorial and operational independence

- i. Once URCA has completed its PSB Review and submitted its final recommendations to the Minister, the Minister should set a PSB remit for ZNS taking into account URCA's recommendations regarding the role of PSB in The Bahamas and proposed remit for ZNS
- ii. The primary duty of ZNS should be to serve the interests of the Bahamian public by fulfilling this PSB remit as effectively as possible
- iii. In the fulfilment of its duties, ZNS should be given absolute editorial independence covering all of its programmes and services, with a particular requirement for its news and current affairs reporting to be objective and impartial
- iv. Editorial and operational decisions made by the management of ZNS must not be subject to the influence of the Minister, other Members of Parliament or public servants, advertisers or other private interests, or other stakeholders. Specifically, the Minister should have no powers to prohibit the broadcasting of any programmes or subject matter within a programme, or to influence operational matters (such as advertising rates)

Board composition and appointment of Members

- v. The Board should comprise Non-Executive and Executive Members, with a majority of Non-Executive Members
- vi. Non-Executive Members should be appointed by the Governor General, upon recommendation by the Government. The chairperson should be a Non-Executive Member appointed in consultation with the leader of the Opposition
- vii. Clear criteria should be established – based on relevant expertise and experience – for the selection of Non-Executive Members
- viii. No members of parliament should serve on the Board
- ix. Length of mandates for non-Executive Members should be for fixed terms, with an option of a single renewal. Fixed terms should be set so as not to coincide with the duration of the legislature, e.g. 4 years. The terms for Non-Executive Members should be staggered, and clear rules regarding dismissal determined, to minimise the scope for political influence

Separation of roles between Board and management

x. The role of the Board should be to determine long-term strategies and policies, to set annual budgets, and to appoint the General Manager and other Executive Management

xi. The selection process for the General Manager and other Executive Management should be open and competitive

xii. The Executive Management should be responsible for day-to-day operational management and delivery of services. These include the development, commissioning and production of programmes; the scheduling of programmes; relationships with independent suppliers; the development and implementation of organisational structures; recruitment and staff management; the management of physical capital and financial resources; and the preparation and execution of annual Budgets and triennial (3-year) plans

xiii. Terms of reference for the Board should clearly distinguish the responsibilities of the Board and the Executive Management

Funding settlements

xiv. The Government should guarantee the necessary funds to establish the goals of PSB, taking into account the additional sources of funding that ZNS is permitted to raise

xv. Funding levels for ZNS should be determined through multi-year (e.g. triennial – 3-year) settlements. This would provide two important benefits relative to the current method of annual budget allocations. First, it reduces the frequency of political intervention, helping ZNS to maintain its editorial independence. Second, it enables both the Government and ZNS to take a more strategic, medium-term view of PSB delivery by extending the planning horizons. The enhanced certainty and security it would give ZNS should enable it to operate more flexibly and efficiently

Accountability to government

xvi. ZNS should be accountable to Parliament on an annual basis. On operational matters, ZNS should be required to demonstrate the appropriate and efficient use of public funds. This can be accomplished through the timely preparation of Annual Audited Financial Statements, which would be incorporated in an Annual Report. On programming matters ZNS should be required to outline its priorities for the forthcoming year and to demonstrate how it has delivered against its PSB remit for the preceding year, through a Statement of Programme Policy and Annual Review to be published at the start of each year (see Recommendation 8). These reports should be regarded as a formal part of ZNS' annual accountability framework alongside its Annual Report

xvii. Rules relating to borrowing (such as borrowing limits) and the auditors used by ZNS should be subject to approval by the Minister

Recommendation 10a: Funding for PSB

Public funds

Ongoing public funding for ZNS is necessary to help achieve the desired levels of PSB provision and to ensure universal service. Within its own budgetary constraints, the Government should seek to make available appropriate levels of public funding sufficient to enable ZNS to fulfil its PSB remit, taking into account the expected levels of other sources of funding for ZNS and the expected efficiency savings to be achieved by ZNS through operational restructuring.

Should sufficient funds be available, the Government should support a one-off capital infrastructure upgrade for ZNS to enable it to offer its services using digital technologies, in order to be able to match the picture quality offered by other broadcasters in The Bahamas and overseas.

Recommendation 10b: Funding for PSB

Additional funding

A mixed funding model comprising public funds and advertising/sponsorship will continue to be the most appropriate means of funding ZNS in the future. However, to reduce distortions to the private market, it may be appropriate to limit the amount of advertising that ZNS can carry. In addition, ZNS should be required to charge appropriate market rates for TV and radio advertising spots.

ZNS should be encouraged to generate commercial income from exploitation of its intellectual property in secondary markets, such as merchandising, DVD sales and programme sales to overseas broadcasters. Realistically, however, the revenues generated from such activities are likely to be modest.

The Government should examine the pros and cons of alternative revenue streams as a means of providing top-up funding for PSB. However, URCA's view is that no single revenue stream emerges that could feasibly be implemented in The Bahamas, that would generate sufficient revenues, and that would not unfairly distort private markets.

Recommendation 11: Designation of broadcasters and the PSB Fund

ZNS should, for now, remain the sole designated public service broadcaster in The Bahamas. Public funding should be focused on supporting the fulfilment by ZNS of its new PSB remit.

When economic conditions improve, should higher levels of public funds potentially become

available for PSB, URCA should reconsider designating other public service broadcasters and establishing a contestable PSB Fund to support the provision of PSB content by broadcasters other than ZNS.

- 5.3 Pursuant to section 60(2) of the Comms Act, after consulting with URCA, the Minister shall, within three (3) months of the submission of URCA's recommendations, or within such time as URCA and the Minister may agree, specify the public service broadcasting obligations in the Sector Policy or in a notice published in the Official Gazette. If the Minister does not start a consultation with URCA within three (3) months of the submission of URCA's recommendations, or within such time as URCA and the Minister may agree, pursuant to section 60(3) of the Comms Act, URCA shall publish the recommended public service broadcasting obligations.