



# **REVIEW OF PUBLIC SERVICE BROADCASTING**

## **Consultation Document**

### **ECS 29/2010**

Issue Date – 31 December 2010

Response Date – 25 February 2011

**UTILITIES REGULATION & COMPETITION AUTHORITY**

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## **Executive Summary**

- (i) Section 60(1) of the Communications Act, 2009 (“Comms Act”) requires URCA to publish a report with recommendations to the Minister about:
- “the role of public service broadcasting in The Bahamas”
  - “the remit and corporate governance rules of the Corporation” (i.e. the state broadcaster ZNS)
  - “the preferred method of funding any public service broadcasting obligations that are recommended”
  - “necessary amendments to the Broadcasting Act”.
- (ii) Section 61 of the Comms Act gives URCA powers to designate organisations other than ZNS as public service broadcasters, if they assume public service obligations in return for support provided by a public service broadcasting fund, which is itself established by Section 63 of the Comms Act.
- (iii) In undertaking its review of public service broadcasting (PSB) in The Bahamas, URCA has adopted an evidence-based approach informed by:
- a review of PSB models and definitions, and corporate governance arrangements, around the world
  - a survey of the amount, and kinds, of programming offered on Bahamian TV channels and radio stations, compiled from information requests completed by broadcasters operating in The Bahamas
  - audience research looking at levels of consumption of Bahamian TV and radio programmes, alongside the views of audiences on the kinds of programmes that they regard as most important.
- (iv) This document sets out URCA’s conclusions and preliminary recommendations to the Minister regarding PSB in The Bahamas. URCA seeks views on these recommendations from viewers and listeners, broadcasters and producers, and other stakeholders and interest groups. URCA will take these consultation responses into account before it publishes its final report to the Minister and the Statement of Results of this consultation in 2011. The scope of the report will cover all the elements in the Comms Act detailed above, including the necessary amendments to the Broadcasting Act, which URCA will address once its other recommendations have been finalised.

### ***The role of PSB in The Bahamas***

- (v) Remits of public service broadcasters around the world – such as those of ABC in Australia and CBC in Canada – have traditionally been variants of the mission originally developed by the BBC in the United Kingdom, to “inform, educate and entertain”. More recently, policymakers have sought to develop PSB definitions that focus more on outcomes rather than outputs, typically covering cultural, social, democratic and educational goals. URCA proposes the following definition 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.

***PSB remit for ZNS***

- (vi) In order to assess PSB needs in The Bahamas and to determine an appropriate remit for ZNS, URCA first reviewed the kinds of domestic programming currently available, to establish the baseline. URCA asked all Bahamian TV and radio broadcasters to complete an information request summarising their output in 2009. Completed returns were provided by ZNS and by a majority of private operators.
- (vii) ZNS TV-13 offers a mixture of Bahamian and overseas programmes (with community announcements being aired during other times). URCA's analysis shows that ZNS TV-13 broadcast an average of 4.8 hours of new Bahamian programmes each day in 2009. News bulletins and religious programmes made up almost two-thirds of this output, with other genres such as entertainment relatively under-represented. The four private TV channels also offered significant amounts of Bahamian television programmes across a similar range of genres. The presence of channels such as the Bahamas Christian Network meant that, taken together, religious programming made up a substantial proportion of the private channels' output.
- (viii) Whereas Bahamian TV channels represent just a small proportion of all the channels available in The Bahamas, most radio stations that are available are Bahamian-operated. Shows that are primarily music-based dominate the schedules of all stations. The large number of private FM stations ensures that a diverse range of music tastes is catered to. Religious programmes and talk shows also feature in the schedules of some radio stations. ZNS' radio stations offer more news than most private stations.
- (ix) Turning to online services, URCA expects digital media to play an increasingly important role in PSB delivery in the future, especially in terms of reaching some of the more remote parts of The Bahamas. For now, though, the supply of Bahamian-produced PSB content online is limited.
- (x) Next, URCA commissioned three complementary strands of audience research in order to assess current consumption levels and to prioritise different kinds of PSB programming based on their stated importance to audiences. (a) A series of focus groups examined audience perceptions of the quality and importance of local programming, with a total of 106 persons of varying ages participating in nine (9) group sessions held in five (5) islands. (b) A telephone survey elicited responses from 454 persons across five (5) islands assessing their satisfaction with different

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kinds of programming, including views on local TV and radio news, and the role of ZNS and other broadcasters. (c) In addition, 208 respondents on five (5) islands completed diaries recording the TV and radio programmes that they watched and listened to over the course of one week.

- (xi) URCA commissioned the diaries to plug a gap in the availability of consumption data for television and radio in The Bahamas. In other countries, such data would be more readily available through ongoing programme measurement systems. However, the costs associated with such programme measurement systems are prohibitively expensive for a small country such as The Bahamas.

### **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.

- (xii) According to the diaries, Bahamians watch an average of 3.7 hours of television each day, close to the international average from a survey of 11 countries. Overseas channels accounted for 83% of total viewing, while Bahamian channels represented the other 17%: almost 15% for ZNS TV-13 and over 2% for other Bahamian channels. (These results should be interpreted with some caution, as this is the first time any such research has been undertaken in The Bahamas, so there exists no baseline against which to compare the conclusions. Moreover, as the research was conducted over a single week, the results do not take into account any seasonal variations that would naturally occur across the year.)
- (xiii) The evening news bulletins on ZNS TV-13 draw high audiences. TV viewing peaks at 7.00 pm each day, with over half of the population tuning in for *The Bahamas Tonight*. Between Monday and Friday, this programme accounts for 75% of all TV viewing between 7.00 pm and 7.30 pm, and for more than 50% of viewing between 7.30 pm and 8.00pm. *News Night 13* also performs strongly, with an average weekday share of 63% of TV viewers between 6.30 pm and 7.00 pm. This 90-minute early-evening period accounts for two-thirds of total viewing to ZNS TV-13. Other popular shows on ZNS include religious services, *Native Show*, *Bahamas@Sunrise* and *Legends*; while on other Bahamian channels, programmes such as *My Five Cents* on Cable 12 are also popular.
- (xiv) The diaries suggest that Bahamians spend an average of 1.2 hours listening to the radio each day, a figure which is low by international standards. During the drive-time peak time, radio listening rises to around 25% of all Bahamians.
- (xv) URCA's audience research suggests that average levels of daily consumption of the internet are similar to that of radio, albeit with significant variations by island dependent on broadband availability.
- (xvi) URCA assessed audience perceptions of Bahamian programmes through the telephone survey and focus groups. The telephone survey showed that, overall, satisfaction levels for Bahamian programming are higher for radio than for television, reflecting the greater levels of choice of Bahamian-operated services.

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- (xvii) As in other parts of the world, news plays a central role in PSB provision in The Bahamas. The telephone survey revealed that television is, by a considerable margin, the most important source of news for Bahamians, followed by radio, then newspapers and finally the internet. URCA's analysis of the results for different age groups highlights that the internet is used much more for news by younger people. In terms of the quality of news programmes on ZNS TV-13, the telephone survey and focus groups indicated a desire amongst many viewers for a significant improvement in the professionalism and quality of reporters, the objectivity and independence of news reports, and – especially – the quality of the physical production values (e.g. sound and lighting).
- (xviii) Both on television and radio, Bahamians attach high levels of importance to a wide range of programme types, including programmes that reflect life on their island; programmes covering Bahamian art, culture and history; Bahamian programmes about health and well-being; and (for radio) programmes that play music by Bahamian bands and artists.
- (xix) In terms of the editorial independence and values of ZNS programming, respondents to URCA's telephone survey felt strongly that ZNS should air a full range of views and perspectives, including non-mainstream ones, provided they are properly contextualised; and that ZNS should sometimes give a voice to minority groups whose positions are rarely presented in the Bahamian media. Most disagreed with the statement that ZNS should avoid broadcasting controversial subject matter that might offend mainstream audiences. 50% of all respondents argued that ZNS currently has too little editorial independence, with only 7% stating that ZNS currently has too much independence.
- (xx) The limited availability of Bahamian TV channels and radio stations is a concern for some Bahamians given the dispersed nature of the country's population. Respondents to the telephone survey agreed overwhelmingly that it is important for ZNS TV and radio to be available throughout The Bahamas.
- (xxi) As the final stage of its analysis, URCA identified gaps in PSB provision as being those programme types which viewers regard as being important but which are undersupplied by Bahamian broadcasters.
- (xxii) For television, URCA's analysis of the gaps in PSB provision focuses primarily on ZNS, which accounts for the majority of viewing of original Bahamian programming. Comparing the relative volumes of different kinds of Bahamian programmes in the schedules of ZNS TV-13 in 2009 with the stated importance of each kind of programme according to respondents to URCA's telephone survey, URCA identified the following areas of undersupply 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

**Recommendation 3 (ctd.)**

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

- (xxiii) For radio, the gaps in PSB provision result primarily from the relative lack of choice of radio stations available to residents of the less populous islands:

**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.

- (xxiv) It is important to consider not only the *volume* of different kinds of programmes but also their *quality*, particularly for television. Participants in URCA’s audience research (especially the focus groups) expressed strong views about the characteristics of Bahamian television. Based on the audience research ZNS and other broadcasters are encouraged, where applicable, to seek to improve their programming in the following ways:

**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

- (xxv) Programme commissioning, producing and scheduling decisions, along with other operational matters, are the responsibility of the management of ZNS, and it is not URCA’s role to instruct ZNS what programmes to make. Rather, URCA’s recommendations for ZNS’ remit focus on the principles that ZNS’ management should follow:

**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



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(xxvi) URCA also proposes changes to ZNS' approach to its TV commissioning and scheduling:

### **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.

(xxvii) ZNS currently conducts little audience research, making it difficult for the management of ZNS to best serve audiences' needs and to use public funds as effectively as possible.

### **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 channels 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.

## **Corporate governance of ZNS**

(xxviii) Evidence from overseas points overwhelmingly to the importance of public service broadcasters being given clear and explicit editorial and operational independence from the government. Elements of the current corporate governance arrangements for ZNS raise a number of concerns. First, under current legislation, the Minister theoretically has far-reaching powers on operational matters. Regardless of whether or not these powers are exercised by the Minister, this creates a risk that operational independence and effective decision-making by ZNS' management may be compromised. Second, the Minister has scope to influence creative and editorial decisions, leading to risks both of politically-biased programming and of censorship, thereby also potentially compromising ZNS' editorial integrity. Third, the relatively short tenure for Board members means that new Ministers can easily replace members, which can lead to a highly politicised Board.

(xxix) Bearing in mind international best practice and the results of its audience research, which show that Bahamians have a strong desire for ZNS to be more independent and freer of political influence, URCA's proposed recommendations to the Minister regarding the corporate governance of ZNS are as follows:

**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 term 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

**Recommendation 9 (ctd.)**

**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.

***Preferred funding methods***

- (xxx) The challenging economics of television production, together with intense competition for viewers in The Bahamas due to the availability of hundreds of digital TV channels that originate overseas, means that ongoing public intervention will be needed to secure the provision of a sufficient volume and range of Bahamian programming. Per-capita support for PSB in The Bahamas is low by international standards, even more so following recent budget cuts.
- (xxxi) Arguments have been made that, when it makes the transition to a public service broadcaster, ZNS should no longer be permitted to take advertising. URCA's analysis of PSB models around the world indicates that there is nothing unusual about public service broadcasters taking advertising even when they also take public funds. Their remits generally require them to show far more original domestic programming than private channels, which can only be achieved with the help of public funds. To balance their need to generate sufficient income to fulfil their PSB obligations without unduly distorting commercial advertising markets, some regulators – for example, in France, Ireland and the UK – permit public service broadcasters to carry fewer minutes of advertising per hour than other broadcasters.
- (xxxii) URCA's audience research suggested that audiences are generally supportive of ZNS continuing to take advertising, on pragmatic grounds. However, URCA has some evidence that ZNS' prices for advertising are below market levels, depressing the advertising market and harming the potential revenues that private broadcasters and producers can raise.

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- (xxxiii) URCA has reviewed a range of potential additional sources of funding for PSB, including licence fees, industry taxes, cable subscription levies, donations or endowments, tax breaks, exploitation of intellectual property, e.g. from merchandising, DVD sales, overseas sales, and renting of production facilities. URCA believes that ZNS should be encouraged to exploit its intellectual property in secondary markets, but does not expect the commercial income from such activities to be significant.
- (xxxiv) While there are pros and cons to other approaches, no one method emerges as a strong candidate for funding PSB in The Bahamas. Some, such as cable subscription levies, would unfairly distort other markets (by raising prices faced by consumers), while others, such as tax breaks, would not be practical in The Bahamas. Moreover, any new revenue stream would incur great additional administrative overheads.

### **Recommendation 10: 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.

#### *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.

### **Designation of broadcasters and the PSB Fund**

- (xxxv) Competition between broadcasters can spur creativity and innovation, and bring a wider range of suppliers into the mix, providing more sources of ideas and leading to greater cost efficiency. It also provides benchmarks for ZNS and helps to keep it on its toes. URCA's audience research showed that viewers and listeners welcome the provision of Bahamian programming by

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broadcasters other than ZNS, and particularly appreciate the differences in tone adopted by different broadcasters.

- (xxxvi) URCA believes that there are potentially benefits – in terms of more creative programming – that would arise from making some public funds available to broadcasters other than ZNS. The Comms Act permits URCA to designate more than one organisation as a public service broadcaster, and establishes a PSB Fund that would support PSB provision by any designated public service broadcaster. Such a fund, if it were contestable, could target key programme areas where there are particular gaps in PSB provision.
- (xxxvii) However, the establishment of a contestable fund would lead to new layers of bureaucracy and would not be inexpensive to implement. In the current economic climate, the benefits of designating public service broadcasters other than ZNS and of establishing a contestable fund are unlikely to outweigh the implementation costs. URCA's view is that the public funds currently available for PSB should be used to enable ZNS to fulfil its new enhanced PSB remit. Should economic conditions improve in the future, it would be worth revisiting the establishment of a contestable fund whereby other broadcasters could formally contribute to PSB provision in The Bahamas.

### **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.

## **1. Introduction**

### **1.1 The importance of public service broadcasting**

1. Broadcasting plays a central role in people's lives. Around the world, people spend more time watching television than consuming any other form of media. Radio, too, plays a pivotal role in everyday life: many people wake up to it and listen to it on their way to and from work; at times of national emergencies it is the main source of potentially life-saving information. Surveys in various countries show that people spend on average 6-7 hours each day watching TV and listening to the radio, accounting for the majority of their leisure time. While the growth of the internet is providing a complementary source of news, information and entertainment, it does not yet match the ubiquity and impact of TV and radio broadcasting.
2. Public service broadcasting (PSB) – originally defined as programmes that inform, educate and entertain – is particularly important. More people obtain their news from TV than from any other media source. In well-functioning democracies, not only do citizens have a right to expect accurate and impartial reporting, but they also want news journalists to hold politicians and other public figures to account. Alongside the best entertainment shows from the US and elsewhere, viewers also want programming that reflects local culture. Regardless of their social background or where they live, people want to be able to see their lives and lifestyles portrayed on screen. They turn first and foremost to television and radio to experience national and local cultural and sporting events, the organisers of which often rely on broadcasters to provide the oxygen of publicity to sustain interest in the events. And audience surveys – as well as viewing figures – show that people want to learn new things as well as being entertained, whether parenting or Do-It-Yourself (DIY) tips, or practical advice on cookery or home improvements.

### **1.2 Scope of the PSB Review**

3. Media and communications regulators around the world intervene to promote the provision of public service broadcasting in their countries, and The Bahamas is no exception. The state-owned, publicly-funded broadcaster ZNS provides locally-made programming on its TV and radio stations. The provision and form of Bahamian programming were historically covered in legislation by the Broadcasting Act and its subsidiary legislation, along with the Television Regulatory Authority Act.
4. The policy and regulatory context for the Electronic Communications Sector ("ECS") in The Bahamas, which includes broadcasting, underwent significant change in the latter half of 2009. A new legislative framework came into effect on 1 September 2009 when the Communications Act, 2009 ("Comms Act") came into force. This led to the establishment of an independent regulator, the Utilities Regulation and Competition Authority ("URCA"), and to the creation of a new Utilities Appeals Tribunal ("UAT"). URCA is now the converged regulator for the ECS, with a remit that covers radio and television broadcasting, radio spectrum, internet and data communications, pay-TV and voice telephony.
5. With respect to broadcasting, the Comms Act places two sets of responsibilities on URCA. One is to develop a set of Codes of Practice governing content offered by Bahamian broadcasters. These Codes are currently being developed through an industry Working Group bringing together

## ***Review of Public Service Broadcasting***

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broadcasters and other stakeholders representing consumers' interests. The work of the Group, which is chaired by URCA, is progressing well, and URCA expects to issue a consultation on a new draft Code in the coming months.

6. URCA's second responsibility, and the focus of this document, is to conduct a full review of public service broadcasting in The Bahamas. Under Part X of the Comms Act (section 60 (1)), URCA is mandated to review the current provisions of the Broadcasting Act and publish a report with recommendations to the Minister responsible for the ECS with respect to the:
  - Role of PSB in The Bahamas
  - Remit for the Broadcasting Corporation of The Bahamas (ZNS)
  - Corporate governance rules of ZNS
  - Preferred method of funding any public service broadcasting obligations
  - Necessary amendments to the Broadcasting Act (to implement the proposed recommendations).
7. Part X of the Comms Act also requires URCA's PSB Review to cover the:
  - Potential for broadcasters other than ZNS to be designated as public service broadcasters
  - Role of a PSB Fund in allocating public funds.
8. Section 115 of the Comms Act designates the Corporation (ZNS) as the sole public service broadcaster until such time as URCA has completed its PSB Review and made any further PSB designations under Section 61.
9. This document follows more than a year of analysis and research undertaken by URCA on public service broadcasting. As this is the first review of PSB conducted in The Bahamas, URCA has ensured that it has been thorough and comprehensive, adopting a rigorous, evidence-based approach. This consultation document benefits from:
  - Reviews of international best practice in the implementation of PSB, including the experiences in Australia, Canada, Jamaica, the United Kingdom and the United States
  - The most extensive audience research ever conducted into Bahamians' consumption of TV and radio, and their perceptions of what they watch and listen to. The various strands of research included focus groups, telephone surveys and diaries
  - Dialogue with broadcasters and other stakeholders, with ZNS and private broadcasters being asked to complete an "information request" that allowed URCA to build up a detailed snapshot of the provision of local programming.
10. This consultation document presents the results of the research and analysis undertaken by URCA, and sets out some preliminary recommendations. It is structured as follows:
  - The document begins by examining what PSB is and how it should be defined in The Bahamas. **Chapter 2** reviews the role of PSB in other countries, and proposes a definition of PSB in The Bahamas focusing on the provision of domestically-produced content intended to serve Bahamian audiences
  - The next three chapters present the results of URCA's analysis of the supply of, and demand for, PSB in The Bahamas. On the supply side, **Chapter 3** surveys the domestic programming

currently provided via television, radio and online. Turning to the demand side, **Chapter 4** presents the results of URCA's audience research on the consumption of radio and television programmes by Bahamians, as well as their views on the kinds of programming that are most important to them. Bringing these two sides together, **Chapter 5** presents URCA's analysis of the gaps in PSB provision

- The next two chapters focus on the role of ZNS as the main provider of PSB in The Bahamas. **Chapter 6** proposes a new PSB remit for ZNS that is intended to better serve audiences' needs, while **Chapter 7** presents new corporate governance arrangements for ZNS, building on international best practice
  - Funding is the subject of **Chapter 8**, in which URCA reviews potential means of financing PSB provision
  - **Chapter 9** goes on to consider the merits of designating broadcasters other than ZNS as public service broadcasters, who would then be eligible to receive support through a PSB Fund
  - Wrapping up the document, **Chapter 10** concludes and **Chapter 11** summarises the consultation questions.
11. URCA's PSB Review is timely, as issues relating to the nature, provision and funding of PSB have been the subject of lively public debate in The Bahamas in recent months. This document sheds light on key issues that have been the subject of discussion:
- Much of the debate in the press has focused on ZNS' role, with some commentators criticising the perceived politicisation of ZNS' operations and programming. International evidence presented in this document highlights the importance of editorial and operational independence for public service broadcasters
  - The Government recently announced significant cuts in funding to ZNS, from \$8.5 million to \$4.25 million (a 50% decrease) for the fiscal year 2010/2011. While it is not URCA's responsibility to determine funding levels, this document highlights the extent of Bahamian audiences' desire for high-quality PSB programming across a range of genres, which needs to be adequately funded
  - Some private broadcasters have asked whether ZNS should be permitted to continue to take advertising alongside public funds, arguing that commercial funding is inconsistent with its transition to a public service broadcaster. URCA's PSB Review shows that this argument is not borne out by evidence from around the world, as mixed funding models exist in several countries
  - The poor picture quality of ZNS' television channels is frequently cited in debates – and also in the audience research that URCA conducted. The inadequacies of ZNS' analogue infrastructure will be further exposed as Cable Bahamas Ltd. (CBL) embarks upon the digitisation of its cable network, providing most subscribers with better picture and sound quality. URCA's PSB Review addresses the need for ZNS to implement a capital infrastructure upgrade.
12. The recommendations presented in this document are provisional, and URCA welcomes views on all of them. Following consultation, URCA will make final recommendations to the Minister.



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13. URCA invites and welcomes comments and submissions from members of the public, licensees and other interested parties on this consultation document. Persons may send their written submissions or comments on the specific questions raised in the public consultation document by 25 February 2011 to the Chief Executive Officer of URCA either:
  - a. by hand, to URCA's office at the UBS Annex Building, East Bay Street, Nassau; or
  - b. by mail to P.O. Box N-4860, Nassau, Bahamas; or
  - c. by fax, to 242 393 0153; or
  - d. by email, to [info@urcabahamas.bs](mailto:info@urcabahamas.bs).
  
14. After the consultation closes, all responses will be published on the URCA website, with the exception of any responses that are clearly marked (in full or part) as being private and confidential. Explanations should be provided to justify any information that is submitted on a confidential basis. URCA will carefully consider all submissions received, which will form the basis for the Statement of Results and final report with recommendations to the Minister. URCA shall publish its Statement of Results and submit its final report to the Minister once it has completed its review and analysis of all responses received.

## 2. Role of PSB in The Bahamas

15. Section 60(1) of the Comms Act requires URCA to make recommendations to the Minister on a number of matters relating to PSB, including “the role of public service broadcasting in The Bahamas”. This chapter begins by reviewing definitions of PSB around the world (Section 2.1). It goes on to survey the broadcasters currently operating in The Bahamas and their provision of Bahamian programming (Section 2.2). Finally, URCA proposes a definition of PSB tailored to the nature of broadcasting in The Bahamas (Section 2.3).

### 2.1 Definitions of PSB around the world

16. The concept of “public service broadcasting” was first developed in the 1920s in the United Kingdom. The BBC’s first General Manager, John Reith, set out the mission of the new broadcaster as being to “inform, educate and entertain”.
17. This mission statement went on to set the template for public service broadcasting around the world. Variants of it – occasionally substituting words such as “enlighten”, “inspire” or “enrich” – exist in the establishing legislation or constitutions of public service broadcasters such as ABC Australia, CBC Canada, PBS (in the US) and TV New Zealand. In the Caribbean, it likewise defines the role of the Caribbean Broadcasting Corporation in Barbados and the Public Broadcasting Corporation of Jamaica. In The Bahamas, too, the Broadcasting Act, in establishing ZNS, states (in Section 8) that: “It shall be the duty of the Corporation to maintain broadcasting and televising services as a means of **information, education and entertainment** and to develop the services to the best advantage and interest of The Bahamas” (emphasis added).
18. Policymakers have often sought to add greater specificity to broadcasters’ public service obligations, with reference to some or all of the following:
- **Programme genres.** News, arts, science, drama, etc.
  - **Attributes.** E.g. quality and originality
  - **Universal service.** E.g. ensuring relevant services are available on as many platforms – such as cable and satellite – as possible
  - **Price.** PSB services must generally be provided free at the point of use so as not to exclude any members of the population
  - **Source of programming.** E.g. requirements that a proportion of programming should be supplied by independent companies, in order to promote plurality and to provide economic support for the production sector.
19. Some examples of the programming mandates or remits of public service broadcasters around the world are shown in Figure 1 **Figure 1**, covering Australia, Canada, Jamaica and the United States. The different elements of the PSB definitions in these (and other) countries can be grouped together to cover **cultural, social, democratic** and **educational** goals. Some themes recur in many PSB definitions. Most countries define PSB partly in terms of programming that contributes to a sense of national identity. More generally, the requirement to fulfil national cultural or social goals means that PSB tends to be about original programming made by, and for, the domestic market rather than imported programming from overseas. Other aspects of definitions are specific to the country in question, reflecting national preoccupations, such as the requirement for CBC to serve both English and French-language audiences in Canada.
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**Figure 1: Examples of PSB remits around the world**

**Australia: Functions of the Australian Broadcasting Corporation (ABC)**

“The functions of the Corporation are:

- (a) to provide within Australia innovative and comprehensive broadcasting services of a high standard as part of the Australian broadcasting system consisting of national, commercial and community sectors and, without limiting the generality of the foregoing, to provide:
  - (i) broadcasting programs that contribute to a sense of national identity and inform and entertain, and reflect the cultural diversity of, the Australian community;
  - (ii) broadcasting programs of an educational nature;
- (b) to transmit to countries outside Australia broadcasting programs of news, current affairs, entertainment and cultural enrichment that will:
  - (i) encourage awareness of Australia and an international understanding of Australian attitudes on world affairs; and
  - (ii) enable Australian citizens living or travelling outside Australia to obtain information about Australian affairs and Australian attitudes on world affairs; and
- (c) to encourage and promote the musical, dramatic and other performing arts in Australia.”

**Source:** *ABC Charter – Section 6 of the ABC Act*

**Canada: Mandate for the Canadian Broadcasting Corporation (CBC)**

The “Canadian Broadcasting Corporation, as the national public broadcaster, should provide radio and television services incorporating a wide range of programming that informs, enlightens and entertains”.

The “programming provided by the Corporation should

- (i) be predominantly and distinctively Canadian,
- (ii) reflect Canada and its regions to national and regional audiences, while serving the special needs of those regions,
- (iii) actively contribute to the flow and exchange of cultural expression,
- (iv) be in English and in French, reflecting the different needs and circumstances of each official language community, including the particular needs and circumstances of English and French linguistic minorities,
- (v) strive to be of equivalent quality in English and in French,
- (vi) contribute to shared national consciousness and identity,
- (vii) be made available throughout Canada by the most appropriate and efficient means and as resources become available for the purpose, and
- (viii) reflect the multicultural and multiracial nature of Canada”

**Source:** *Broadcasting Act 1991*

**Jamaica: Functions of the Public Broadcasting Corporation of Jamaica**

“The Corporation shall provide public broadcasting services designed to promote–

- (a) the encouragement and propagation of positive values and attitudes within the society;
- (b) the development of education and training;
- (c) the dissemination of news, information and ideas on matters of general public interest;
- (d) the vitality of democratic institutions;

*continued overleaf*

**Jamaica: Functions of the Public Broadcasting Corporation of Jamaica (continued)**

- (e) the protection of the environment;
- (f) the development of literary and artistic expression;
- (g) the development of culture, human resources and sports;

“The Corporation shall provide public broadcasting services designed to promote—

- (h) respect for fundamental rights and freedoms and the responsibilities of the individual to society;
- (i) integrity in public and private life.”

**Source:** *Public Broadcasting Corporation of Jamaica Act 1997*

**United States: Content priorities for the Public Broadcasting Service (PBS)**

PBS pursues “programs employing innovative techniques to satisfy viewers' interests in a multitude of subjects including News and Public Affairs; Science and History; Natural History; Drama and Performing Arts; and Children's Programming.”

Questions used to evaluate programming proposals:

- “Does the program/proposal correspond with our mission to inspire, inform and educate?”
- “Does your program/proposal offer new information either previously unavailable or unacknowledged?”
- “Is the program/proposal entertaining?”
- “Does the program/proposal engage the viewer?”
- “Will the program/proposal attract a large, diverse audience?”
- “How will the program/proposal comply with PBS' interactive requirements?”

**Source:** *PBS Content Priorities (pbs.org/producers/priorities.html)*

20. There has been pressure to re-evaluate the roles of public service broadcasters more recently in some countries, for two reasons. First, in a digital multimedia environment, the more forward-thinking broadcasters offer a range of cross-platform services, complementing their television and radio programmes with online and mobile content. As a result, it becomes necessary to define the roles of public service broadcasters in ways that make sense across platforms (for example, quotas specifying minimum hours of television programming become nonsensical when content is delivered online), and which give broadcasting managers the freedom to prioritise budgets across genres and platforms appropriately. At the same time, it is important for policymakers to establish clear boundaries for the range and scope of the services that public service broadcasters provide, in order to ensure that public funds are spent effectively and to prevent public service broadcasters from crowding out activity in the commercial sector.
21. Second, as the audience research techniques deployed by broadcasters have become more sophisticated, and as governments attach greater emphasis to assessing the public value achieved by their interventions, there has been a move towards defining PSB in terms of end-goals (the impact of consuming TV or radio programmes on viewers and listeners) rather than inputs (hours or amounts spent on different kinds of programming).
22. By way of example, as part of its PSB Review, which involved comprehensive audience research and consultation, the UK communications regulator Ofcom set out a new definition of PSB that focused on purposes and characteristics (see Figure 2. The purposes are intended to recognise

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and encapsulate the role that PSB plays in people’s lives, while the characteristics describe how the purposes need to be delivered in order to achieve sufficient reach and impact. Ofcom’s approach is as an example of international best practice in defining PSB for the digital age.

**Figure 2: Ofcom definition of PSB – purposes and characteristics (United Kingdom)**

<b>PSB purposes</b>	
<i>Informing our understanding of the world</i>	To inform ourselves and others and to increase our understanding of the world through news, information and analysis of current events and ideas
<i>Stimulating knowledge and learning</i>	To stimulate our interest in and knowledge of arts, science, history and other topics, through content that is accessible and can encourage informal learning
<i>Reflecting UK cultural identity</i>	To reflect and strengthen our cultural identity through original programming at UK, national and regional level, on occasion bringing audiences together for shared experiences
<i>Representing diversity and alternative viewpoints</i>	To make us aware of different cultures and alternative viewpoints, through programmes that reflect the lives of other people and other communities, both within the UK and elsewhere
<b>PSB characteristics</b>	
<i>High quality</i>	Well-funded and well-produced
<i>Original</i>	New UK content rather than repeats or acquisitions
<i>Innovative</i>	Breaking new ideas or re-inventing exciting approaches, rather than copying old ones
<i>Challenging</i>	Making viewers think
<i>Engaging</i>	Remaining accessible and attractive to viewers
<i>Widely available</i>	If content is publicly funded, a large majority of citizens need to be given the chance to watch it

**Source:** Ofcom

23. To sum up, PSB definitions specify the kinds of home-grown content and services that merit public intervention, generally covering cultural, social, democratic and educational goals. These typically (but not exclusively) relate to types of programming that the market alone does not provide (at all or in sufficient quantity). More recently, PSB definitions have increasingly focused on outcomes rather than outputs.

## 2.2 Overview of broadcasters in The Bahamas

24. The state-owned broadcaster, ZNS, first began broadcasting to The Bahamas in May 1936. Originally established within the Broadcasting Unit of the Bahamas Telegraph Department, it now operates as a state owned publicly funded broadcaster. ZNS operates a range of television channels and radio stations across The Bahamas, while a number of private operators also provide local radio and television services.

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25. ZNS launched its first television channel in July 1977. Its main channel, ZNS TV-13, is transmitted free-to-air in New Providence and is available across most islands in The Bahamas via cable. It offers a broad mix of local programming that includes news, current affairs, sports, educational and business programmes, along with community announcements during other times of day. Since 1994, ZNS has also offered a second service, The Parliamentary Channel, covering parliamentary proceedings on behalf of the Government of The Bahamas.
26. Two private television channels also offer a mix of local programming: Cable 12, operated by Cable Bahamas, and the Jones Communications Network (JCN). Two other private channels – Bahamas Christian Network (BCN) and Adventist Television – focus on religious programming. In terms of their availability, Cable 12 and Adventist Television are available on all 11 islands on which cable TV is offered, while the other two TV channels are available on cable in New Providence, Grand Bahama, Abaco and Eleuthera.
27. The six Bahamian-operated television channels available at as of October 2010 are listed in Figure 3, along with a summary of their output mix and their availability on various islands.

**Figure 3: Bahamian-operated television channels**

Channel	Output Mix	NP	GB	AB	EL	Other
ZNS TV-13	Broad mix of mostly local programming	✓	✓	✓	✓	✓
Parliamentary Channel	Parliamentary proceedings	✓	✓	✓	✓	✓
Cable 12	Local news and some other local programming	✓	✓	✓	✓	✓
Jones Communications Network (JCN)	Local news, talk shows and panel discussions	✓	✓	✓	✓	
Bahamas Christian Network (BCN)	Religious programmes, news and talk shows	✓	✓	✓	✓	
Adventist Television on 3ABN	Bahamian feed of international Christian channel 3ABN, with several hours of local programming each week	✓	✓	✓	✓	✓

Note: **NP** = New Providence, **GB** = Grand Bahama, **AB** = Abaco, **EL** = Eleuthera, **Other** refers to the other 7 islands with cable TV: Andros, Inagua, Long Island, Berry Islands, Exuma, San Salvador and Bimini

Source: URCA

28. Turning to radio, ZNS was a monopoly provider until 1993, when the first private radio stations were licensed. ZNS offers two AM radio stations: The Northern Service (810 AM) and National Voice (1540 AM). These two stations provide coverage across The Bahamas, transmitting to all islands. Up until recently, ZNS also operated two FM stations in New Providence: Inspiration 107.9 FM and Power Station 104.5 FM. The Power Station was closed in October 2010, as part of a restructuring plan, and ZNS now rebroadcasts the National Voice on 104.5 FM in New Providence.
29. Over the last 15 years, a lively private radio market has developed, and as of October 2010 there were 19 operational FM radio stations. Together, these stations offer a diverse range of music genres including local (rake and scrape, Junkanoo, etc.) pop, urban, classical, R&B, gospel, jazz, reggae, and golden oldies. The geographical spread of these radio stations is, perhaps inevitably, highly skewed towards the areas with the greatest population density: many of the stations are

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based in New Providence, where 70% of the population of The Bahamas resides, while a small number of stations serve some of the next most populous islands. Figure 4 provides details of the types of programming and geographic reach for each private FM station.

**Figure 4: Bahamian-operated private FM radio stations**

	Station	Freq	Type of programming	NP	GB	AB	EL	EX	IN
1	100 Jamz	100.3	Urban contemporary music	✓	✓	✓			
2	More 94 FM	94.9	Hip hop, R&B, Bahamian, Reggae Rock, talk	✓	✓				
3	Cool 96 FM	96.1	Urban adult contemporary music, talk, news	✓	✓				
4	Love 97 FM	97.5	Pop, R&B, Light Rock, talk, news	✓	✓				
5	Classical 98.1 FM	98.1	Classical music	✓					
6	Y 98.7 FM	98.7	Adult contemporary music, talk, news	✓					
7	Joy 101.9 FM	101.9	Religious, talk, news	✓					
8	Turning Point Radio Bahamas	102.3	Religious, health	✓					
9	Island 102.9 FM	102.9	Bahamian and Caribbean music, talk, news	✓					
10	GEMS 105.9 FM	105.9	Religious, music, talk, news	✓					
11	Star 106.5 FM	106.5	R&B, Classic soul, talk, religious	✓					
12	Spirit Gospel	92.5	Religious	✓					
13	National Library Service/ Ministry of Education	90.1	Educational	✓ (1)					
14	Mix 102.1 FM	102.1	Hip hop, R&B, Bahamian, talk, news		✓				
15	Sports Radio 103.5	103.5	Sports, talk						
16	Radio Abaco	93.5	Religious, music, talk, news			✓			
17	Splash FM	89.9 98.5	Contemporary, Classic and Bahamian Gospel				✓ (2)		
18	Breeze FM	98.3	Chart pop and Bahamian music, Religious, talk					✓	
19	Coast 106.1 FM	106.1	Music, news, talk						✓
	<b>TOTAL NUMBER OF STATIONS ON EACH ISLAND</b>			<b>14</b>	<b>5</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>

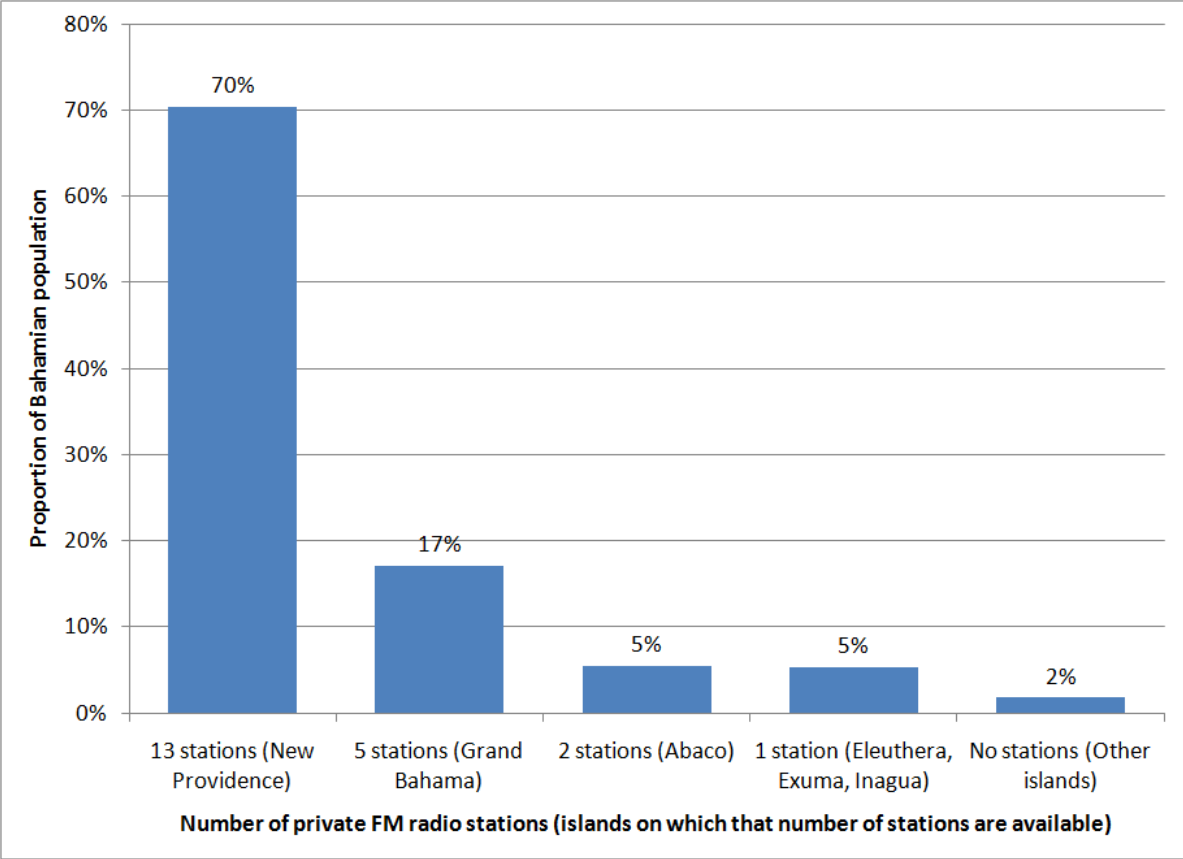
Note: **NP** = New Providence, **GB** = Grand Bahama, **AB** = Abaco, **EL** = Eleuthera, **EX** = Exuma, **IN** = Inagua  
(1) Mobile to other islands; (2) Spanish Wells

Source: URCA

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30. This geographical skew – in terms of the supply of radio stations – means that the range of Bahamian services available to residents on different islands differs significantly, as Figure 5 shows. More than a dozen private FM radio stations are available in New Providence, a much larger number than is available to residents elsewhere. The next greatest level of choice can be found in Grand Bahama (the second most populous island, with 17% of Bahamian residents), with 5 private radio stations. Two stations are available in Abaco (serving 5% of the population), and one in each of Eleuthera, Exuma and Inagua (together serving another 5% of people). Other islands, representing 2% of the population, do not have access to any Bahamian FM stations.

**Figure 5: Proportion of Bahamian residents with access to different numbers of private FM radio stations**



Source: URCA (island populations based on provisional 2010 Census data)

31. The skew in access to Bahamian services is exacerbated by the availability of the various TV channels. Thus, in addition to 13 private FM stations, New Providence residents can enjoy all six Bahamian TV channels via cable. At the other extreme, residents of an island such as Long Island have only three Bahamian TV channels on cable (ZNS TV-13, Parliamentary Channel and Adventist Television on 3ABN) and only ZNS’ AM service on radio, with no private FM stations at all. Islands with still smaller populations – such as Cat Island, Acklins and Ragged Island – which do not have cable television must rely on ZNS AM as their sole source of Bahamian programming. (Cat Island and some of the less populated islands do not have a commercial offering of cable television, but do have a six channel line-up which includes ZNS TV-13 and the Parliamentary Channel.)



32. In some other countries, universal access is seen as an important element of PSB delivery. This ensures that local programming, especially news and current affairs, is provided on as many platforms as possible to promote access and ensure that no one is disenfranchised. The provision of universal access is a particular challenge in The Bahamas, given the dispersed nature of its population. While a majority of the population has some choice of local radio and television programming, a significant minority are entirely reliant on ZNS radio, which is in effect the only broadcasting service currently providing universal access in The Bahamas.

## **2.3 Proposed definition of PSB in The Bahamas**

33. In developing its recommendations to the Minister on the role of PSB in The Bahamas, it is important for URCA on the one hand to take account of international best practice, whilst on the other hand ensuring that its recommendations are fit-for-purpose, reflecting the nature of broadcasting in The Bahamas and the needs of Bahamian audiences.
34. From its review of PSB models around the world, URCA identified the following principles to underpin its proposals:
- (i) Given the modest size of its broadcasting sector, the definition of PSB in The Bahamas should be relatively short and high-level, in the interests of proportionality to costs and benefits
  - (ii) While in the short term PSB will be delivered through radio and television programming, the definition of PSB should reflect the potential for PSB goals also to be delivered through digital media content (online and mobile) over the coming years
  - (iii) In line with international best practice, PSB should be defined in terms of outcomes rather than lists of genres, focusing on the cultural, social, democratic and educational impact of Bahamian content
  - (iv) The definition of PSB in The Bahamas should be centred on domestic (as opposed to imported) programming intended to serve the interests of Bahamians.
35. Guided by these principles, URCA proposes the following definition 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, and holding elected officials and public institutions to account
- **Educational:** Offering entertaining, engaging and accessible programmes and services with educational value to Bahamians of all ages.

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36. It is worth noting two implications of the focus on “domestically-produced content” in URCA’s proposed definition of PSB. First, imported programmes are not treated as contributing to the delivery of PSB. This rules out the hundreds of channels from the US and elsewhere that are included in the most extensive digital TV packages available in The Bahamas. Despite the range of subject matter on these channels and their high production values, what overseas channels do not offer is content that reflects or portrays the particular interests of Bahamian life and culture. URCA’s audience research (presented in Chapter 4) shows a desire for programmes that reflect and portray life in The Bahamas. Such programming can only be supplied by broadcasters making programmes specifically for Bahamian audiences, as overseas channels inevitably aim primarily to serve their own domestic audiences (and the general tastes of international audiences).
37. Second, the reference to “domestically-produced content” is deliberately not confined to the output of ZNS, but also embraces local programmes on private Bahamian radio stations and TV channels as contributing to PSB delivery. As the state-owned broadcaster, ZNS clearly plays a pivotal role in fulfilling PSB goals in The Bahamas. But given the range of Bahamian content offered by private television and radio stations, it would be too limiting to define PSB purely in terms of the output of ZNS.

*Question 1. Do you agree that URCA’s definition of PSB – focusing on local content with cultural, social, democratic 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?*

### **3. PSB provision in The Bahamas**

38. In this chapter, URCA provides a summary of current levels of PSB provision in The Bahamas, covering television, radio and the internet. This review forms the first step of URCA's analysis of the gaps in PSB provision: by comparing output with audience expectations (in the next chapter), the areas of PSB programming where there are shortfalls can be identified.
39. To assess the amount of domestic programming available in the Bahamian market, URCA asked all television and radio broadcasters, including ZNS, to complete an information request for each of the TV channels and radio stations that they operate. The information request was designed to provide a snapshot of each broadcaster's programming schedule during calendar year 2009. The completed information request provided an overview of overall levels of Bahamian programming, the output mix in the schedules by genre and sources of programming.
40. URCA received completed information requests from ZNS for all of its services, and from a reasonable range of private broadcasters. These covered 2 of the 4 private television channels and 11 of the 19 operational private FM stations (a further 4 radio stations submitted incomplete responses). These return rates were sufficiently high for URCA to be able to draw meaningful conclusions about the amount and kinds of local programming that are available. URCA's summary of the amount of Bahamian television programming is covered in Section 3.1. The output of local radio stations is set out in Section 3.2, while Section 3.3 briefly summarises the market for local online services.

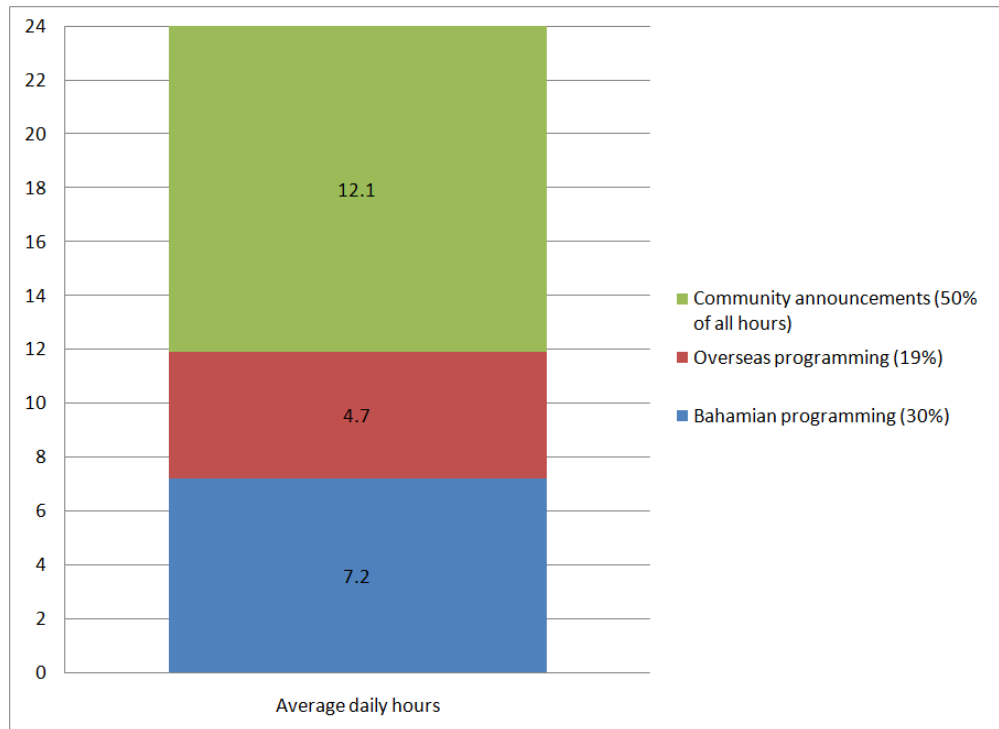
#### **3.1 Television**

41. URCA has analysed the output of ZNS' two television channels, along with the information requests returned by two private broadcasters: Cable 12 and the Bahamas Christian Network (BCN). The other two private channels are excluded from URCA's analysis.

#### **ZNS**

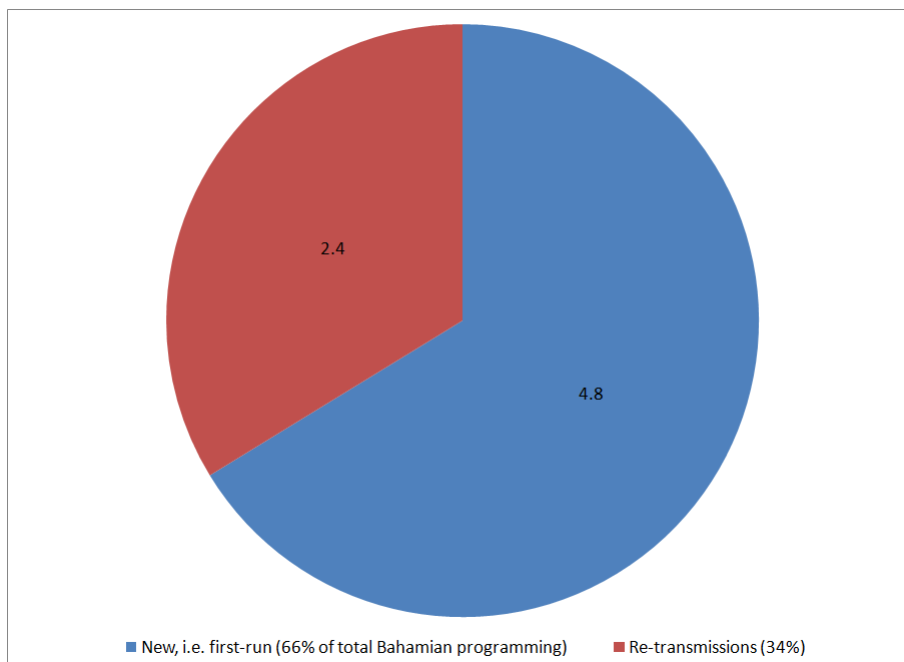
42. Each day, on average in 2009, ZNS TV-13 transmitted around 12 hours of programming (first run and re-transmissions). The other 12 hours each day comprised community announcements, such as birthday greetings, funeral notices and anniversary wishes (see Figure 6). An average of 7.2 hours of Bahamian programming was shown each day, representing 30% of all hours. The remaining 4.7 hours each day were made up of programming acquired from overseas broadcasters. Excluding community announcements, Bahamian programming thus comprised 61% of total broadcast hours.
43. Of the 7.2 hours of Bahamian programming broadcast each day on average on ZNS TV-13, 4.8 hours – around two-thirds of the total – was first-run programming, while the remaining 2.4 hours comprised re-transmissions of programmes that had previously been broadcast (see Figure 7).

Figure 6: Average daily output on ZNS TV-13: volume of Bahamian and overseas programmes and community announcements (2009)



Source: URCA analysis of ZNS data template (rounding differences may occur)

Figure 7: Average daily output of Bahamian programmes on ZNS TV-13: breakdown between hours of first-run programmes and re-transmissions (2009)

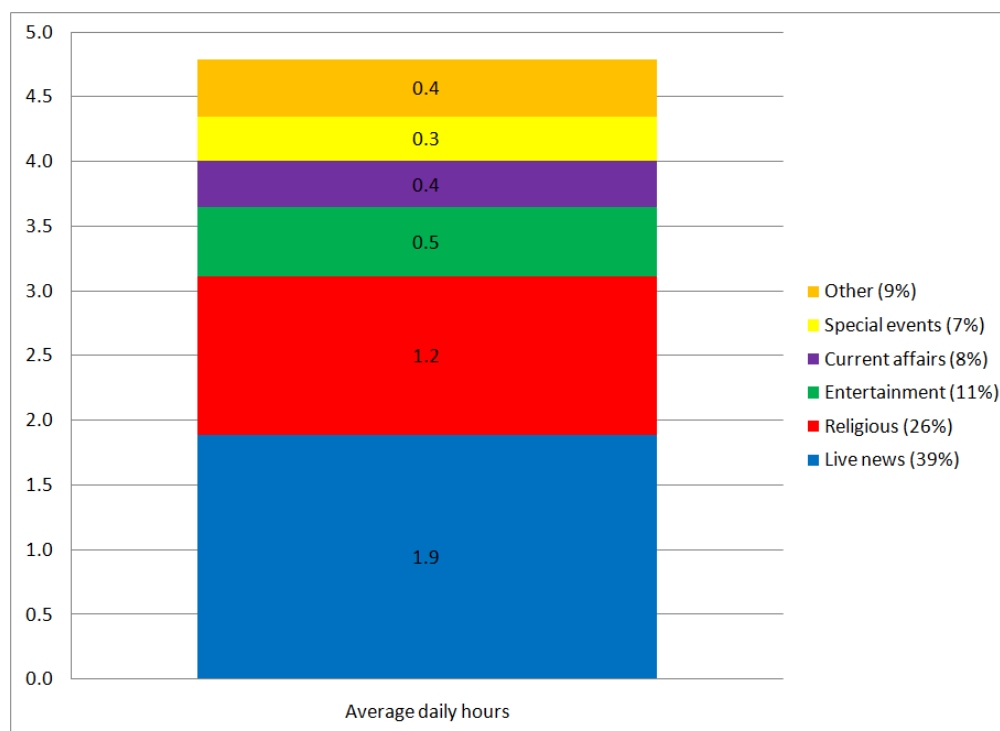


Source: URCA analysis of ZNS data template (rounding differences may occur)

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44. Focusing on the 4.8 average daily hours of first-run Bahamian programming, ZNS TV-13's output is heavily skewed towards two genres. News programmes alone represent 1.9 hours each day on average, or 39% of all first-run Bahamian programmes. Averaged across the week, religious programmes comprise a further 1.2 hours each day, more than one-quarter of the total. Together, these two genres account for almost two-thirds of all new Bahamian programming. By contrast, entertainment shows represented only 0.5 hours of average daily first-run programming. All other genres together – including Current Affairs, Special events, Tourism and Business, Education and Sport – accounted for just over one hour of programming each day on average (Figure 8).

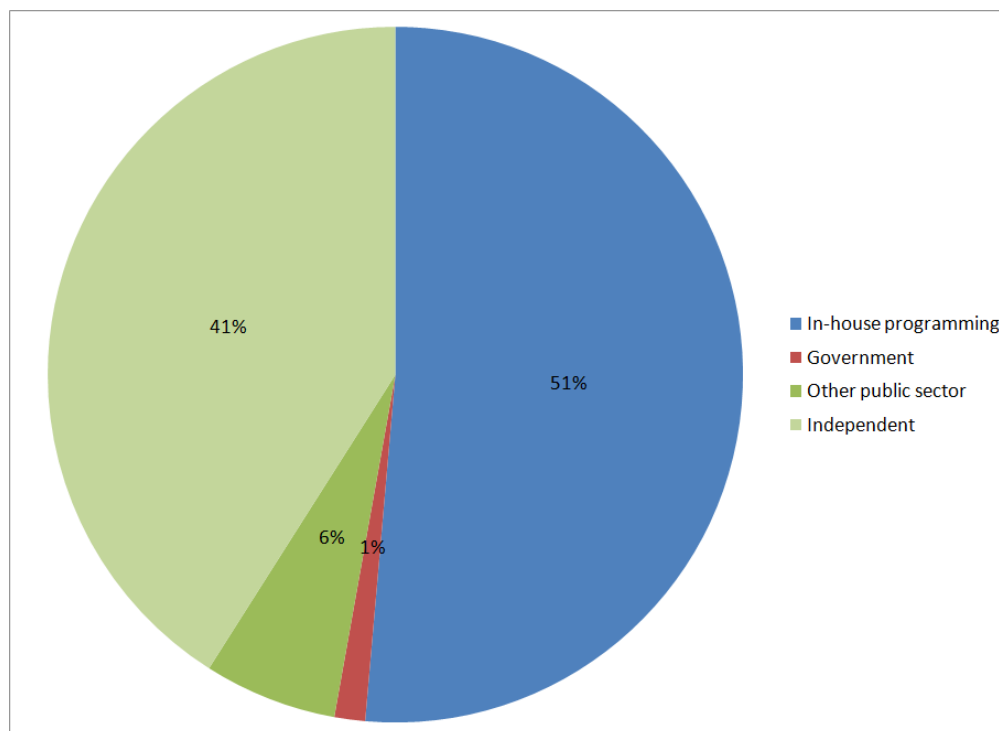
**Figure 8: Average daily output on ZNS TV-13: split of first-run Bahamian programming by genre (2009)**



Source: URCA analysis of ZNS data template (rounding differences may occur)

45. Just over half of the first-run Bahamian programming broadcast on ZNS TV-13 is made in-house by ZNS. Almost as much programming, 41% of the total, is made by independent producers. The Government and other public sector bodies provided the remaining 7% of programmes shown on the channel in 2009 (Figure 9).

Figure 9: Sources of first-run Bahamian programming on ZNS TV-13 (2009)



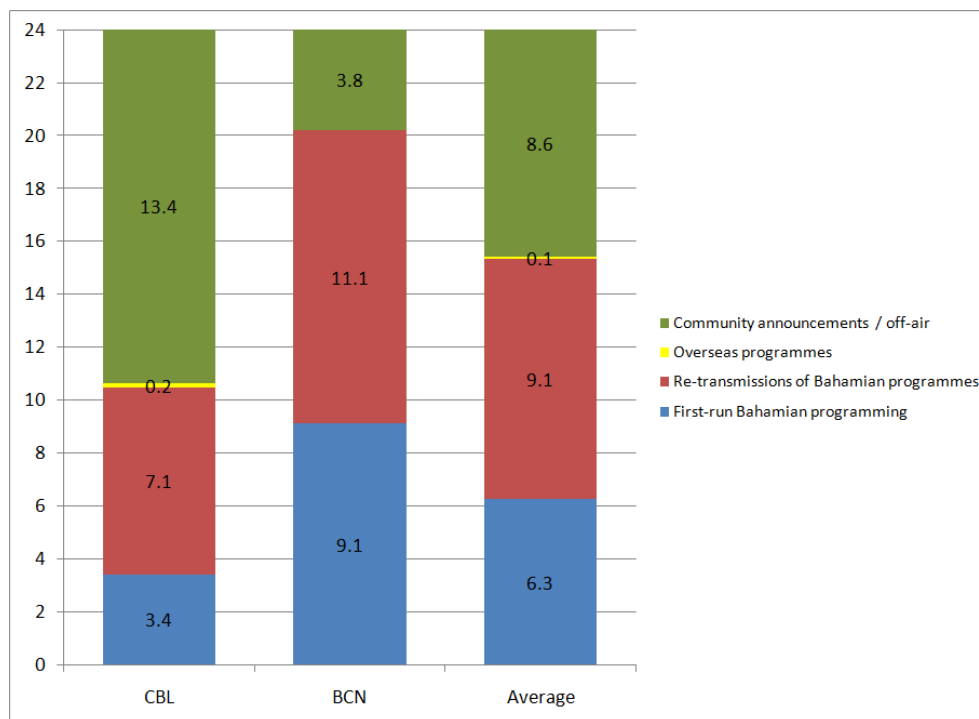
Source: URCA analysis of ZNS data template (rounding differences may occur)

46. ZNS also operates a Parliamentary channel (Channel 40 on the cable network) on behalf of the Bahamian Government. This channel provides live coverage of Parliamentary proceedings when they are in session. In 2009, a total of 1,287 hours of live first-run programming was broadcast, equivalent to an average of 3.5 hours of programming on average each day. A further 1,287 hours of programming represented re-transmissions of the live broadcasts. During other hours, community announcements are broadcast. The sole source of programming for the Parliamentary Channel is the Bahamian Government.

#### Private broadcasters

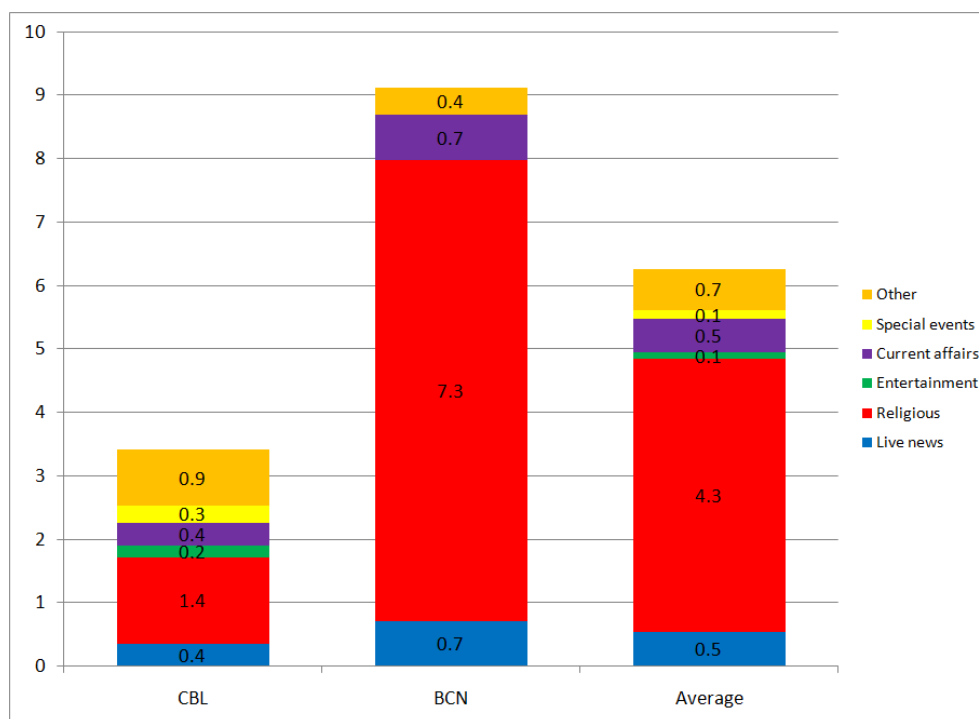
47. URCA has analysed the output of the two private broadcasters that completed the information request: Cable 12, a general entertainment channel, and the Bahamas Christian Network (BCN), a religious channel. From the output of these channels, it is clear that private broadcasters make a significant contribution to the supply of Bahamian television programming.
48. Both of the private channels for which URCA received completed information requests focus almost exclusively on Bahamian content, as Figure 10 shows. Cable 12 provided more than 10 hours a day of Bahamian content on average in 2009, of which 3.4 hours were new (first-run) programmes, while BCN offered more than 20 hours of Bahamian programming, 9.1 hours of which were new each day on average. The volume of new Bahamian programming on Cable 12 was around 70% of the corresponding amount (4.8 hours each day) on ZNS TV-13, while BCN showed almost double the amount of new programmes on ZNS TV-13.

Figure 10: Average daily output of private TV channels: volume of Bahamian and overseas programmes and community announcements (2009)



Source: URCA analysis of broadcasters' data templates (rounding differences may occur)

Figure 11: Average daily output on private TV channels: split of first-run Bahamian programming by genre (2009)



Source: URCA analysis of broadcasters' data templates (rounding differences may occur)

49. The genre mix of new Bahamian programming on the two private channels is shown in Figure 11. Live news broadcasts averaged half an hour per day on these channels in 2009. Not surprisingly, this is less than the amount of live news on ZNS TV-13, given the importance of news provision in ZNS' schedules. There are significant amounts of religious programming on the private channels. BCN, which is a Christian channel, showed 7.3 hours of first-run religious programmes per day on average in 2009, equivalent to 80% of all of the new Bahamian programming on the channel. While Cable 12 showed a smaller amount, its average of 1.4 hours each day meant that religious programming was still its single biggest genre. Cable 12 showed 1.7 hours of new Bahamian programming in genres other than news and religion in 2009, a similar amount to the corresponding figure for ZNS TV-13, while BCN showed 1.1 hours of other genres.
50. As with ZNS TV-13, Cable 12 makes around 50% of its new Bahamian programming in-house, while the remainder comes from independent production companies. The skew towards in-house programming is a little higher for BCN. Very few programmes shown by the private broadcasters were provided by the Government or other public sector bodies.

## **3.2 Radio**

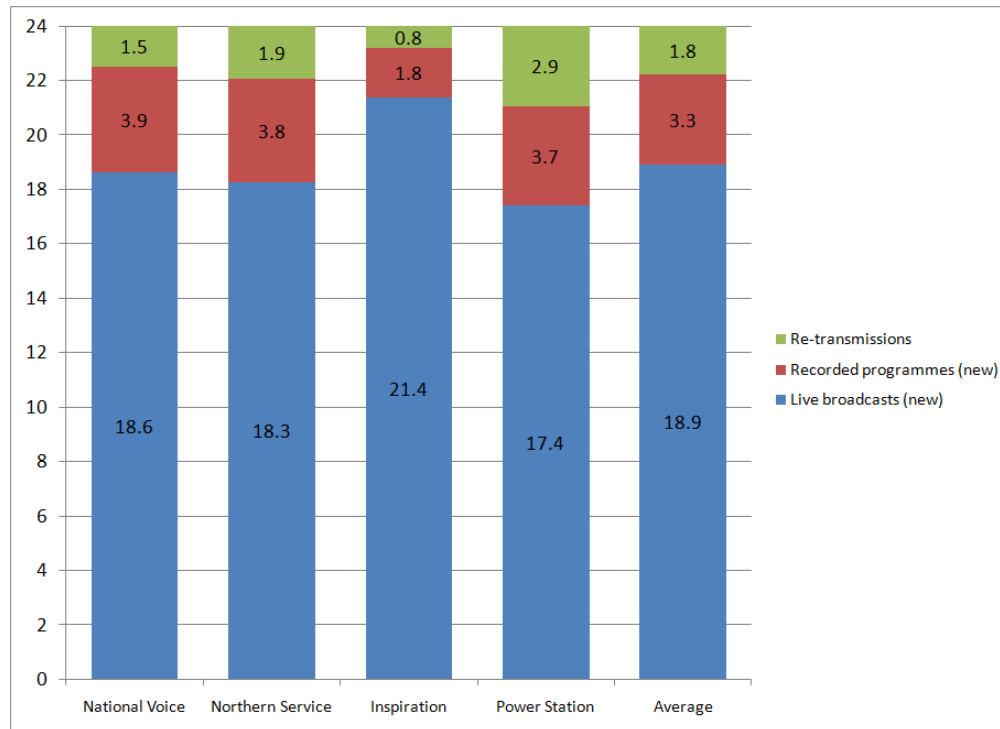
51. Reflecting the nature of radio as a medium, Bahamian radio stations tend to cover fewer genres than television, mainly offering a mixture of music, news and talk. Radio in The Bahamas differs from television in other respects, too. A greater proportion of programming is live. In terms of plurality of supply, there are more Bahamian radio operators than there are TV broadcasters. Indeed, whereas Bahamian TV channels represent a small minority of the total number of TV channels available in The Bahamas, with overseas channels making up the majority, in radio most of the available stations are local or national services operated by Bahamian companies.
52. URCA has reviewed the output of ZNS' AM and FM radio stations, along with the output of the private FM stations that submitted completed data templates.

### **ZNS**

53. A breakdown of the output of the four radio stations operated by ZNS in 2009 is shown in Figure 12. (As noted above, Power Station 104.5 FM subsequently closed, in October 2010.) All four stations provided more than 17 hours of live programming each day on average, with the average across the four stations being just less than 19 hours. Including recorded programmes, these channels each offered over 22 hours per day of new programming on average, with the remaining 1.8 daily hours accounted for by re-transmissions.
54. Across all four stations, programmes that are primarily music-based accounted for the majority of live programming, representing between 10.9 hours daily on average on the National Voice and 14.4 hours on Inspiration (see Figure 13). Overall, music shows accounted for 67% of all new live programming on ZNS' radio stations in 2009. The musical output varied across the stations: the Power Station focused on Top 20 chart music, while Inspiration's music output mainly comprises gospel and inspirational music. The two AM stations offer a mix of Bahamian and other mainstream music genres.

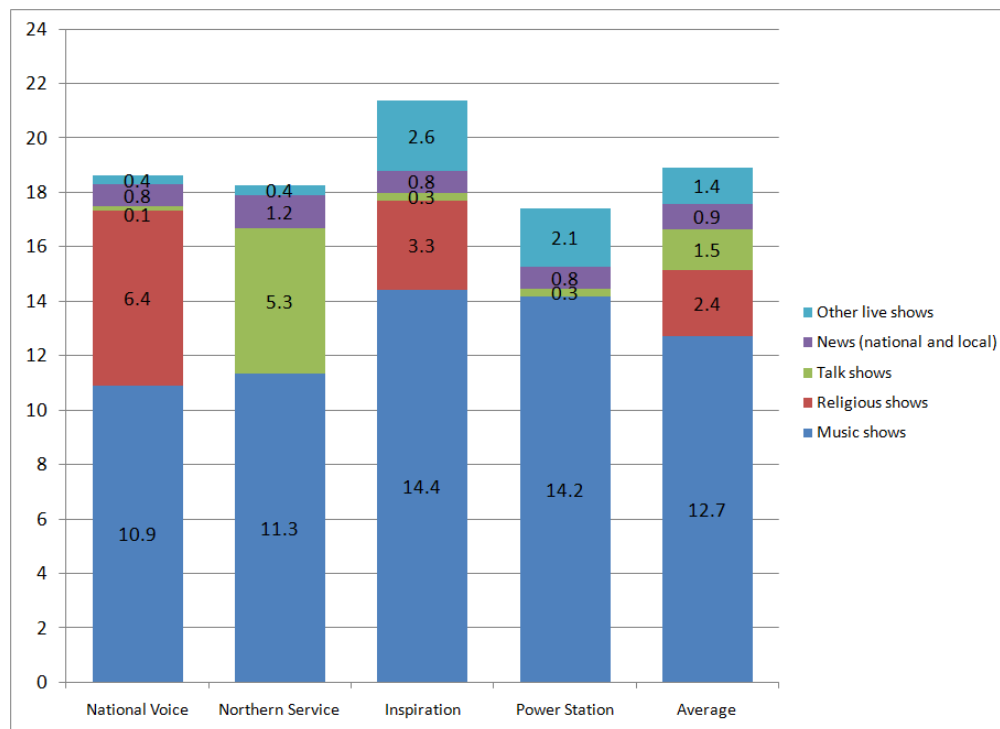


Figure 12: Average daily output of ZNS radio stations: hours of new live and recorded programmes and re-transmissions (2009)



Source: URCA analysis of ZNS data template (rounding differences may occur)

Figure 13: Average daily output of ZNS radio stations: hours of new live programmes by genre (2009)



Source: URCA analysis of ZNS data template (rounding differences may occur)

## ***Review of Public Service Broadcasting***

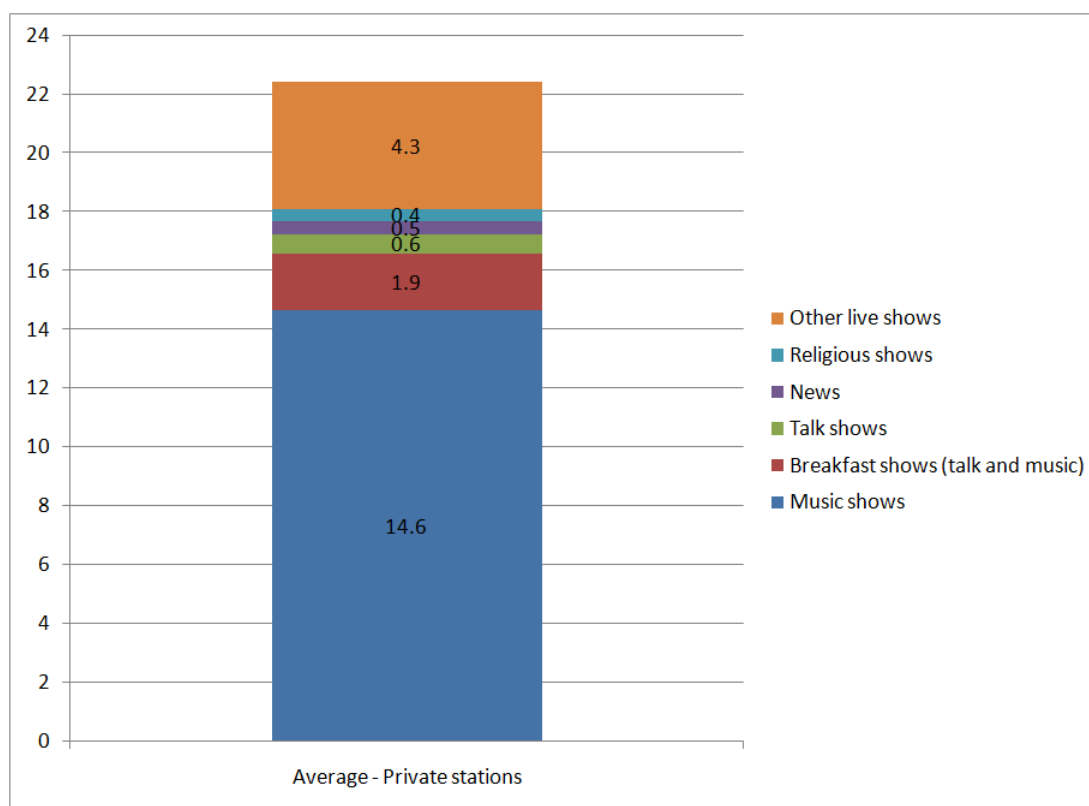
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55. All of the stations aired 0.8 hours of live simulcast national news daily, while the Northern Service transmitted a further 0.4 hours of local news each day. A significant volume of religious programming was included in two stations' schedules: the National Voice (6.4 hours daily on average) and Inspiration (3.3 hours daily). The Northern Service was the only channel to provide a significant volume of talk shows, averaging 5.3 hours each day.

### ***Private broadcasters***

56. URCA has analysed the output of the 11 radio stations for which completed returns were submitted (another 4 stations submitted incomplete returns, which were excluded from the analysis). All of the radio stations focus on live Bahamian programming with an emphasis on music and talk. On average, the private stations each offered more than 22 hours per day of live programming in 2009. Some stations include recorded programmes in their schedules, including automated music shows; across all the stations, the average amount of recorded programming was 1.3 hours per day in 2009. The volume of re-transmissions and non-Bahamian programming was negligible.
57. The private stations broadcast 14.6 hours per day on average of shows that are primarily music, representing 65% of all new live programming (see Figure 14). This is comparable to the amount of music shows on ZNS' FM stations. Live breakfast shows – which include talk, music and interviews – represented almost 2 hours of output daily on the private radio stations, 9% of total live programming. None of the other live programme genres – such as talk shows, dedicated news programmes and religious shows – accounted for more than 1 hour per day on average across the private stations. The amounts of programming in these genres on the private stations are thus lower on average than the comparable amounts on ZNS' radio stations. However, this average disguises the higher levels of news provision on some private radio stations, such as Island FM 102.9FM and Love 97FM.
58. The main form of diversity results from the types of music that the private radio stations offer. While some stations' playlists comprise a relatively mainstream mix of genres, others focus on particular types of music. Residents of New Providence, who have access to the greatest number of stations, can thus enjoy pop and rock, along with music genres such as Bahamian, Junkanoo, reggae, calypso, socca, Caribbean grooves, R&B and rap. Radio stations targeting older audience groups offer gospel, golden oldies, country, jazz, adult contemporary and easy listening music. The first Bahamian classical music station, Classical 98.1 FM, became operational in October 2010. However, residents on other islands, where the number of private stations available is much lower, have access to a correspondingly smaller range of music types.

Figure 14: Average daily output of private FM radio stations: hours of live programmes by genre (2009)



Source: URCA analysis of ZNS data template (rounding differences may occur)

### 3.3 Online

59. The online delivery of content is becoming increasingly important, offering new forms of engagement and interactivity, and allowing personalisation and location-specific services. In some countries, broadcasters undertake a range of online activities, including:

- Dedicated news services
- Streaming of TV and radio services
- Catch-up on-demand programming (services such as Hulu in the US and the BBC's iPlayer in the UK)
- Rich support material to accompany their TV and radio programmes
- New kinds of web-only services.

60. These various kinds of online services are disrupting established patterns of consumption, as ever more people incorporate them as part of their daily routines. Usage is typically greatest amongst young people, who do not have long-established relationships with traditional linear TV channels and who most value the convenience of being able to consume audiovisual content on their mobile phones, video games consoles and other platforms.

## ***Review of Public Service Broadcasting***

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61. The internet could potentially be particularly valuable to Bahamians, given the dispersed nature of the population across the archipelago and the high cost for traditional TV and radio broadcasters of reaching residents outside the main population areas. As broadband access is rolled out across The Bahamas, the online delivery of content could become a cost-effective means of distributing local content, including news and current affairs, to residents of more remote islands.
62. For now, though, the supply of Bahamian online content is limited. Some radio stations – including ZNS, Love 97, More 94 FM and Island 102.9 FM – provide streaming of radio services, allowing listeners across The Bahamas to access these services. Particularly where there are few or no local radio stations, streaming can be of significant importance to residents who wish to follow Bahamian news or talk shows.
63. Given the small amount of online content available, URCA believes that it is too soon to focus in any detail on the delivery of public service content delivered through digital media. However, URCA expects the use of digital media to deliver PSB content to grow in importance in the future.

*Question 2. Does the overview of PSB provision presented in this chapter represent an accurate view of local output in The Bahamas?*

*Question 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?*

## 4. The audience perspective

64. This section presents the results of the audience research commissioned by URCA into the consumption of radio and television programmes by Bahamians, and their views on local programmes in particular. This research represents what URCA understands to be the most in-depth look at media consumption yet undertaken in The Bahamas.
65. The research programme comprised three complementary strands, which together involved participants drawn from nine islands:
- Respondents used **diaries** to record the TV and radio programmes that they watched and listened to over the course of a week. Completed diaries were obtained from a total of 208 respondents on five islands (Abaco, Grand Bahama, Inagua, Long Island and New Providence). This enabled total viewing and listening, and the proportion accounted for by Bahamian programmes, to be estimated
  - A **telephone survey** asked a wide range of questions to assess satisfaction levels with different kinds of programmes, views of local TV and radio news, the role of ZNS and other local broadcasters, and the kinds of programmes that should be available. The results are based on a sample of 454 completed surveys across five islands (Abaco, Andros, Eleuthera, Grand Bahama and New Providence)
  - A series of **focus groups** covered similar issues, exploring in greater depth audiences' perceptions of the quality of local programming and the importance of programmes that reflect life in The Bahamas. A total of 106 people participated in 9 focus group sessions that were held in five islands (Abaco, Cat Island, Exuma, Grand Bahama and New Providence).
66. The statistical significance of this research should be noted. Based on an estimated population of 320,000, the minimum sample size that could give a confidence level of 95% and a +/- 5 % margin of error was 384. Therefore, a sample size of 454 completed telephone surveys coupled with diary and focus group research provided a fairly reasonable basis from which to draw conclusions.
67. The results presented in Section 4.1 relate to levels of consumption: how much TV and radio do Bahamians watch and listen to, and how much of this is local programming? In Section 4.2, URCA goes on to look at perceptions of local TV and radio programming, and asks which kinds of programmes are seen as providing social value.

### 4.1 Levels of consumption

68. The first question that URCA wished to address was how much time Bahamians spend watching television, listening to the radio, and using the internet. Given that PSB relates primarily to domestic programming, URCA wished in particular to develop a more detailed understanding of the amount of Bahamian content that people consume, and of the kinds of content that this comprises. While local news is clearly of paramount importance, URCA also wanted to assess the consumption of non-news programmes made in The Bahamas.
69. In this section, URCA presents a synthesis of the relevant parts of the audience research that address these issues. The diaries were the main source of quantitative data, providing a detailed snapshot of TV and radio consumption in The Bahamas over the course of a week (respondents were asked to record every programme they watched or listened to in half-hourly blocks for each

day of the week), while the telephone survey provided an indication of the level of internet usage.

70. Before turning to the results, it is worth noting that the reason why URCA needed to conduct diaries to assess TV and radio consumption is that no ongoing industry-wide audience measurement system exists in The Bahamas. The likes of Nielsen (in the United States) and the Broadcasters' Audience Research Board (BARB) (in the United Kingdom) provide audience figures for each programme, along with detailed break-downs of viewing demographics. These viewing figures serve two vital purposes: they allow broadcasters to judge the success of their programmes, and they provide an objective metric against which advertising can be sold.
71. The absence of any such industry-wide audience measurement system in The Bahamas is problematic for a number of reasons:
- First, it means there is no way for radio or TV broadcasters to determine which programmes are most popular, meaning that they must rely on anecdotal evidence to judge success
  - Second, the lack of accurate objective data on viewing and listening levels means that broadcasters cannot focus their programming budgets on the most popular programmes, which would help them to increase their viewing and listening share whilst also raising satisfaction levels amongst Bahamian audiences
  - Third, it means that schedulers do not have the information that would enable them to transmit programmes at the times of day when they would attract the highest audiences, making it difficult to "optimise" programme schedules
  - And fourth, it means that there are no viewing or listening metrics against which advertising can be sold. Without hard evidence that can be used to show advertisers how many people they could reach, TV and radio advertising becomes a less compelling proposition. The lack of an audience measurement system is thus likely to result in lower advertising revenues for Bahamian broadcasters.
72. The implementation of ongoing industry-wide programme rating systems is expensive, and can only be justified in countries with large broadcasting markets, such as the US and UK. While it would almost certainly be prohibitively expensive to develop a similar system in The Bahamas, there would be significant benefits to the industry if it were to undertake a more modest exercise, such as conducting research on a regular but infrequent basis (e.g. once or twice a year). URCA believes that a pan-industry initiative of this nature would be beneficial to Bahamian audiences and broadcasters alike, as it would provide broadcasters with the tools they need to focus their resources on the most highly-valued programmes and to generate greater income from advertising, which would enable them to offer better programmes to audiences.

### **Recommendation 2: TV and radio consumption**

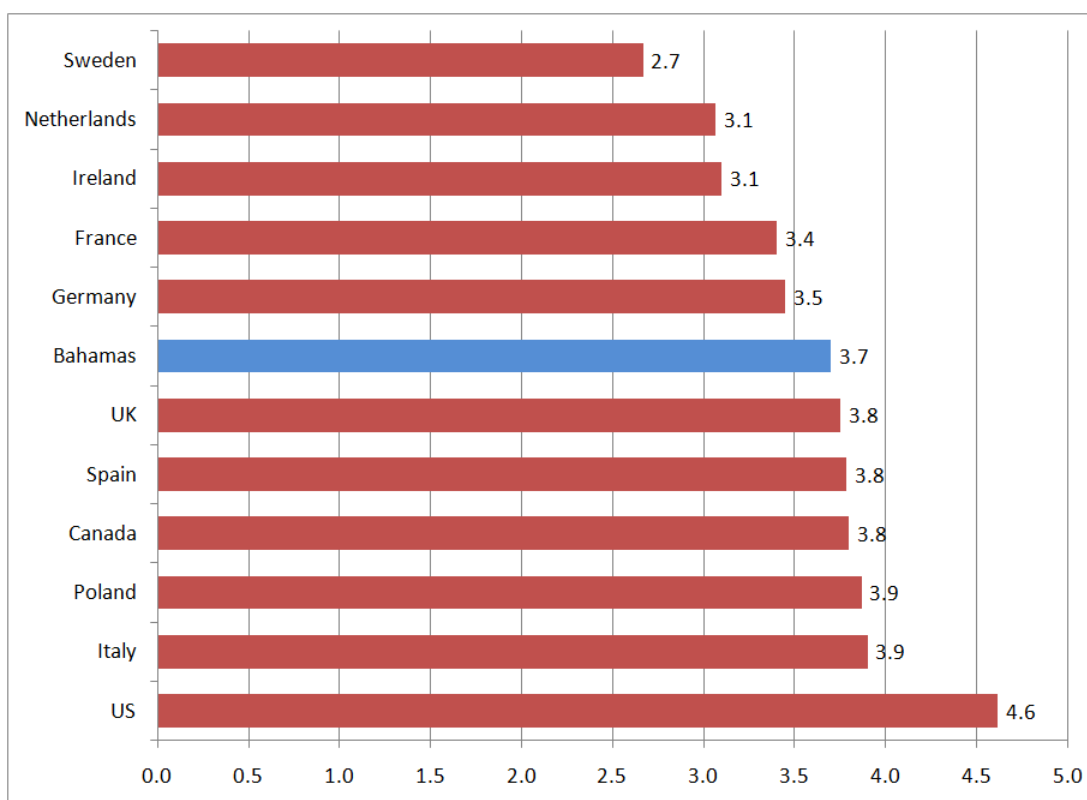
ZNS and private broadcasters, with co-ordination by URCA, should explore the logistics of jointly undertaking annual research into TV viewing and radio listening levels, to allow overall levels of consumption to be assessed and the most popular programmes identified. If all broadcasters were to share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

**Question 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?

**TV viewing**

73. According to the snapshot provided by the diaries for viewing over a single week, Bahamians watch an average of 3.7 hours of television each day. A survey of viewing habits in 11 countries showed that average daily viewing ranged from 2.7 hours in Sweden to 4.6 hours in the US in 2008 (see Figure 15). The average level of viewing for the 11 countries in the survey was 3.6 daily hours, close to the corresponding figure for The Bahamas.

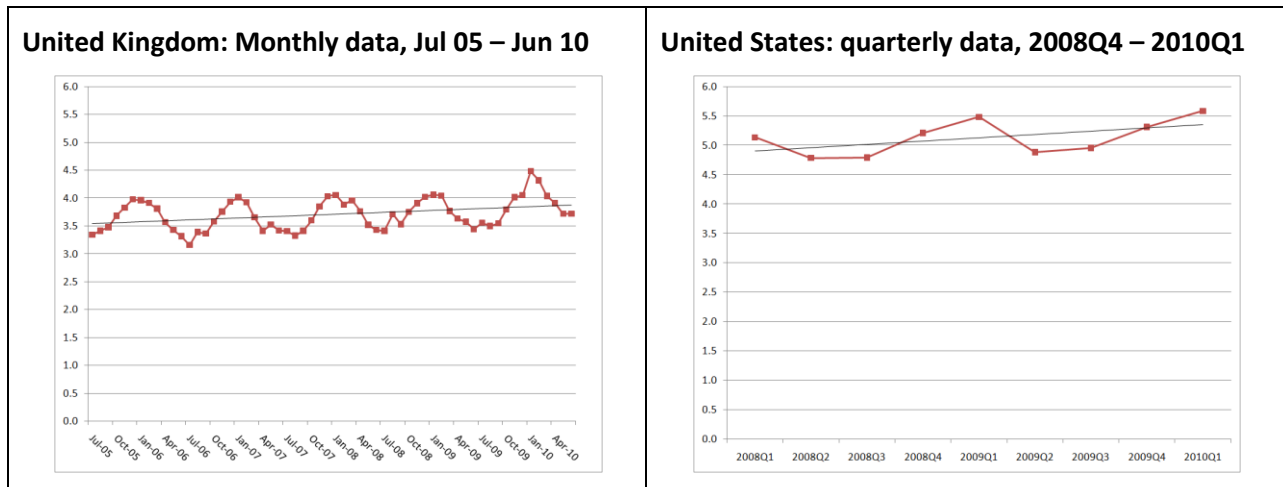
**Figure 15: Average daily hours of TV viewing around the world**



**Source:** Ofcom Communications Market Report (December 2009), URCA (Bahamas figure from diaries)

74. Time series on daily television viewing for the UK and US are presented in Figure 16. These charts indicate that viewing levels exhibit seasonal variations. This highlights an important caveat to URCA’s research: as a one-off snapshot of media consumption, the diaries would not be able to capture any such seasonal variations that might occur in The Bahamas. The charts also show the resilience of television in the face of increased competition from digital media: notwithstanding the increased popularity of video games and the internet, total television viewing has not been adversely affected, and indeed the trend in both the UK and US points to a slight increase in viewing. URCA’s one-off snapshot would not be able to identify any such medium-term trends in The Bahamas.

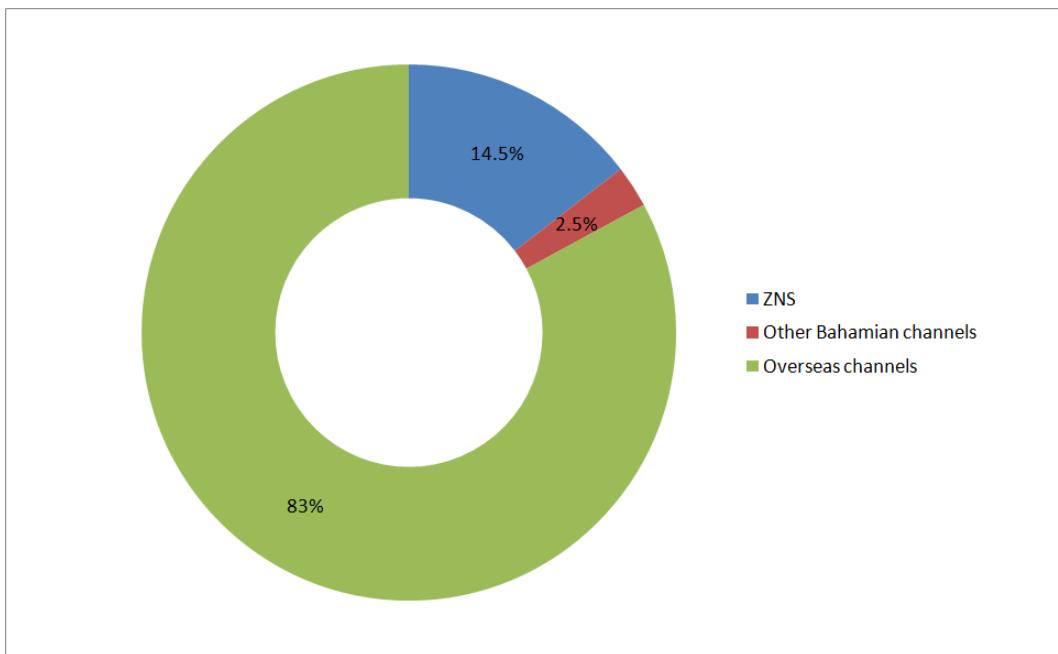
Figure 16: Average daily hours of TV viewing in the UK and US



Source: BARB, Nielsen Three Screen Reports (includes time-shifted viewing), URCA analysis

75. The diaries indicate that overseas channels accounted for 83% of total viewing, while Bahamian (Figure 17). Given the intense competition that Bahamian broadcasters face from the hundreds of overseas channels that are potentially available, their performance is testament to the value Bahamians place on local programming.

Figure 17: Viewing share of Bahamian and overseas TV channels in The Bahamas



Source: URCA (diaries)

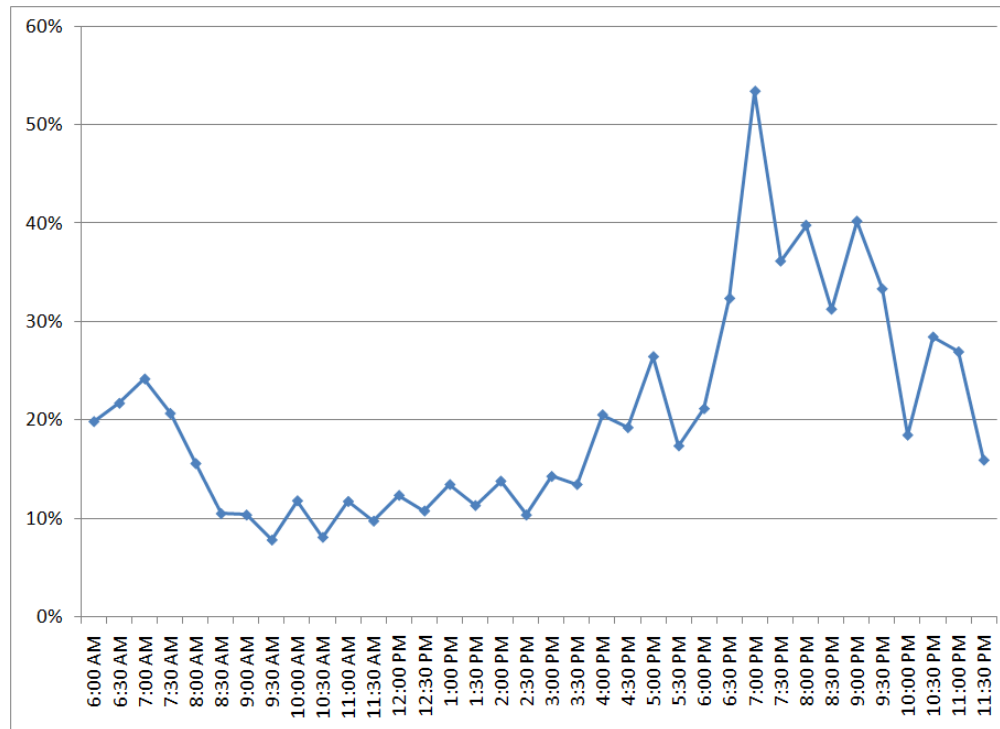
76. The evening news bulletins on ZNS TV-13 draw particularly high audiences in The Bahamas. ZNS airs *News Night 13* between 6.30 pm and 7.00 pm on weekdays, followed by *The Bahamas Tonight* between 7.00 pm and 8.00 pm (with a shorter half-hour bulletin on weekends and public



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holidays). The diaries indicate that, across the week, TV viewing peaks at 7.00 pm each day, with over half of the population tuning in between 7.00 pm and 7.30 pm (see Figure 18).

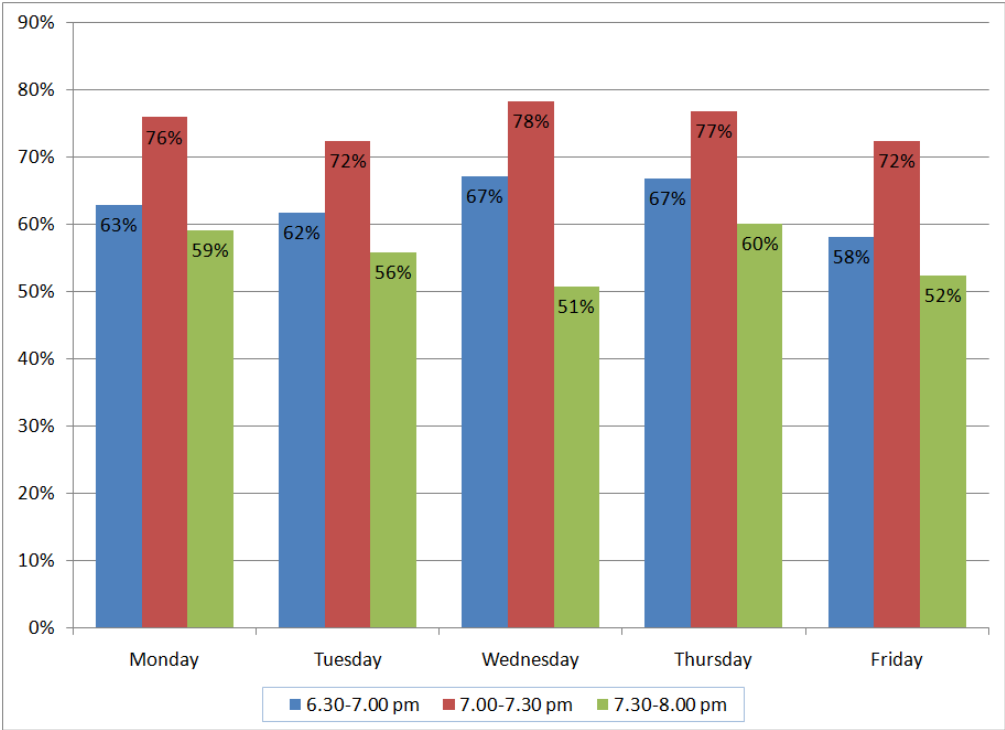
**Figure 18: Proportion of Bahamians watching television between 6am and midnight (half-hour segments)**



**Source:** URCA (diaries)

77. Between Monday and Friday, *The Bahamas Tonight* accounts for 75% of all TV viewing between 7.00 pm and 7.30 pm. While viewing drops off for the latter half of the news hour, *The Bahamas Tonight* still accounts for 56% of viewing between 7.30 pm and 8.00 pm. The earlier *News Night 13* bulletin also performs strongly, with an average weekday share of 63% of all TV viewers between 6.30 pm and 7.00 pm. The news bulletins' weekday shares of viewing for each day of the week are shown in Figure 19.
78. According to the diaries, viewing between 7.00 pm and 8.00 pm accounts for 50% of total daily viewing to ZNS TV-13 on average, while the preceding half hour accounts for a further 16%. Overall, the 90-minute period when ZNS TV-13 shows its main evening news programmes accounts for two-thirds of total viewing to the channel.
79. There are two other peaks in viewing to ZNS TV-13 across the day. The first occurs between 6.30 am and 8.00 am, when *Bahamas@Sunrise* airs (live broadcasts are usually shown on Mondays and Fridays, with reruns on Wednesdays and Saturdays). The second occurs at 11.00 pm, when an edited version of *The Bahamas Tonight* is shown.

Figure 19: ZNS TV-13 weekday share of TV viewing in The Bahamas between 6.30 and 8.00 pm



Source: URCA (diaries)

80. URCA also sought to find out which Bahamian non-news TV programmes were most watched. Respondents to the telephone survey and participants in the focus groups cited a range of programmes on Bahamian TV channels. The most popular shows on ZNS TV-13 included religious services, *Native Show*, *Bahamas@Sunrise*, *Legends*, *You And Your Money* and *BTC Starmaker*. *My Five Cents* and *Portraits* were particularly popular on Cable 12, while *Jones & Co* (on JCN Channel 14) also attracted sizeable audiences. The five programmes cited as being watched by the largest proportion of respondents to the telephone survey are shown in Figure 20.

Figure 20: Most watched non-news Bahamian programmes by respondents to telephone survey

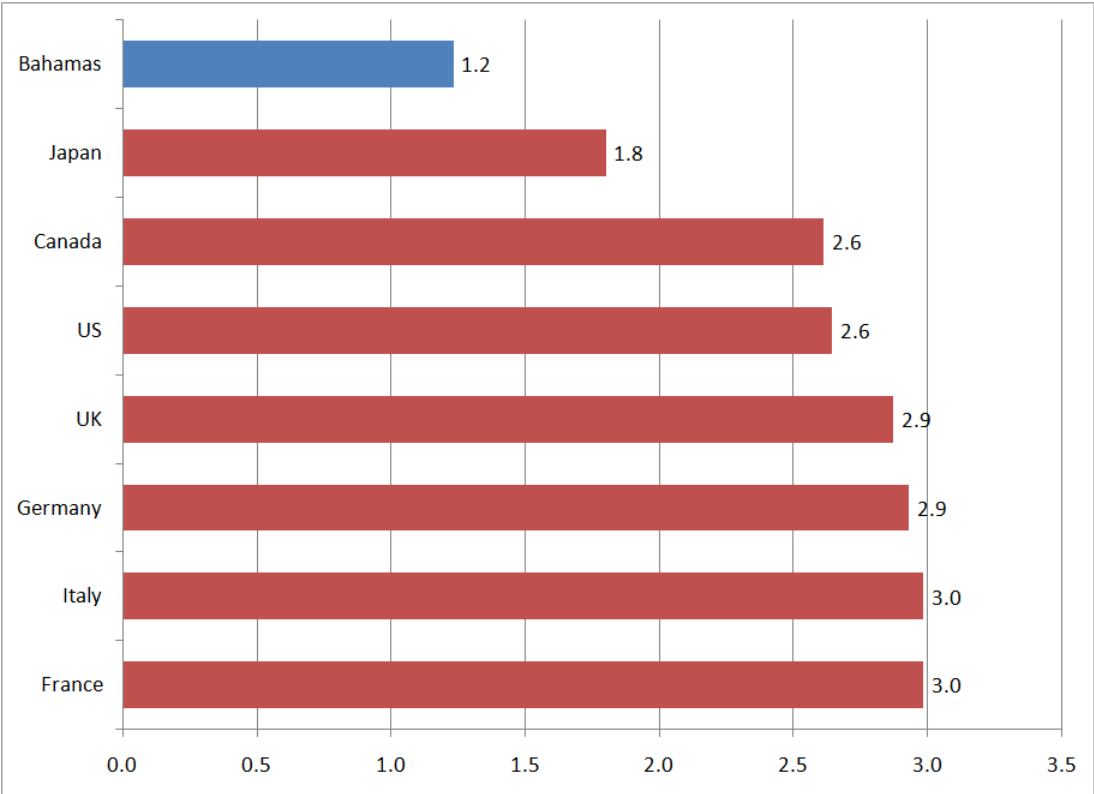
Programme	Channel	Proportion of respondents who watch it
<i>My Five Cents</i>	Cable 12	36%
Religious services	ZNS TV-13	35%
<i>Native Show</i>	ZNS TV-13	34%
<i>Bahamas@Sunrise</i>	ZNS TV-13	33%
<i>Legends</i>	ZNS TV-13	20%

Source: URCA (telephone survey)

Radio listening

- 81. The one-week snapshot provided by URCA’s diaries suggests that Bahamians spend an average of 1.2 hours listening to the radio each day. This figure is low by international standards, falling just behind Japan (where average daily listening was 1.8 hours in 2008) and more than 50% lower than in several European countries (2.9-3.0 hours daily in 2008). The data for The Bahamas is contrasted with the corresponding figures for radio listening in a survey of 7 countries in Figure 21.
- 82. While the estimate from the diaries implies that radio listening in The Bahamas is unusually low, the figure may underestimate to some degree the full extent of radio consumption, as a result of participants in the diaries not fully reporting all of the programmes that they listened to. There is likely to be a greater degree of under-reporting for radio than for television amongst those who completed the diaries, as a significant part of radio listening occurs outside the home, in particular in the car (e.g. on the way to or from work). It is thus likely to be more difficult for people to recall accurately their radio listening when they completed their diaries each day. Nonetheless, even taking this into account, it would appear that Bahamians spend less time listening to the radio than in some other countries.

Figure 21: Average daily hours of radio listening around the world

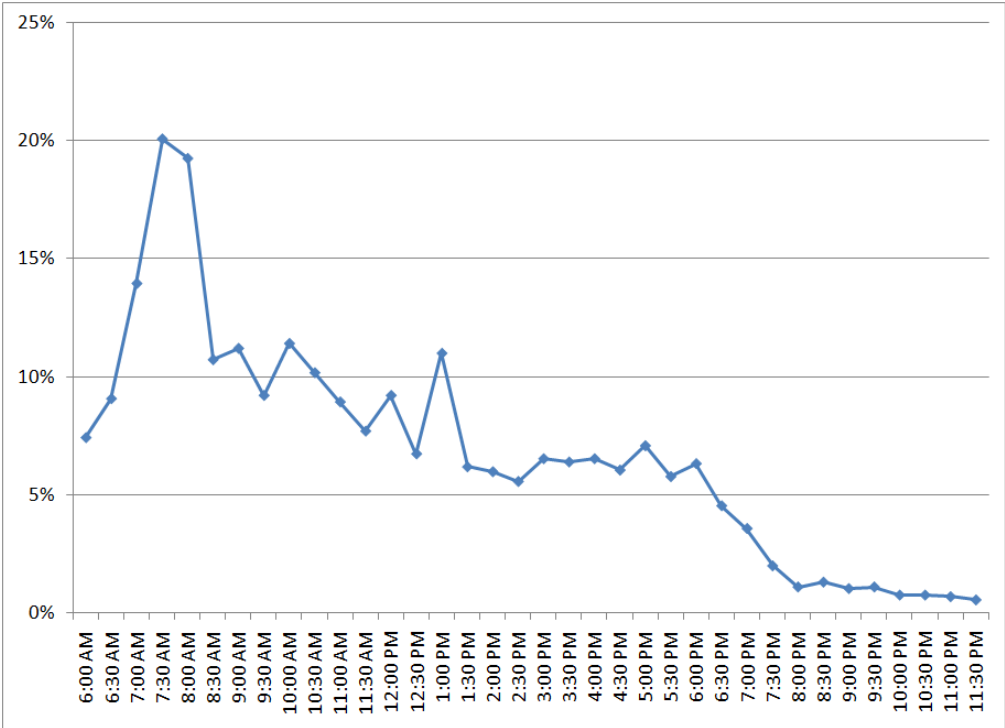


Source: Ofcom Communications Market Report (December 2009), URCA (Bahamas figure from diaries)

- 83. Not surprisingly, radio listening is highest during the morning drive-time, peaking between 7.30 am and 8.30 am, when around one-fifth of all Bahamians are listening (see Figure 22). Lesser

peaks occur at lunchtime and during the afternoon drive-time. Listening falls off rapidly in the evening, when Bahamians spend more time watching television.

**Figure 22: Proportion of Bahamians listening to the radio by time of day**



**Source:** URCA (diaries)

84. When asked which radio stations they like best, participants in the focus groups cited a range of stations, including ZNS 1540 AM, Love 97.5 FM, 100 JAMZ, Power 104.5 FM, Radio Abaco and Cool 96.1. This suggests that ZNS and the private stations are together serving a range of different audience groups with diverse tastes. Approximately 50% of total listening by participants in the diaries was accounted for by ZNS’ AM and FM radio stations, with the private FM stations representing the other 50%.

85. ZNS’ share varies from island to island depending on the range of stations that are available.
- Of the five islands covered by the diaries, ZNS’ share was highest on Long Island, where most listening was to the National Voice. While few private radio stations are available, the most popular was Love FM
  - ZNS also had a particularly high share in Grand Bahama, where listening is dominated by the Northern Service. Popular private stations included Love FM, Cool 96.1, 100 JAMZ and More FM
  - On New Providence, listening to the AM stations is much lower (although ZNS’ share is boosted by its FM stations). The most popular choices were private FM stations, with particularly high proportion of stated listening to More FM, Spirit 92.5, 100 JAMZ and Cool 96.1

- Abaco and Inagua are less well-served by private radio stations, but on both islands a single station is especially popular: Radio Abaco and Coast FM each attract more listeners than any other station on their island.

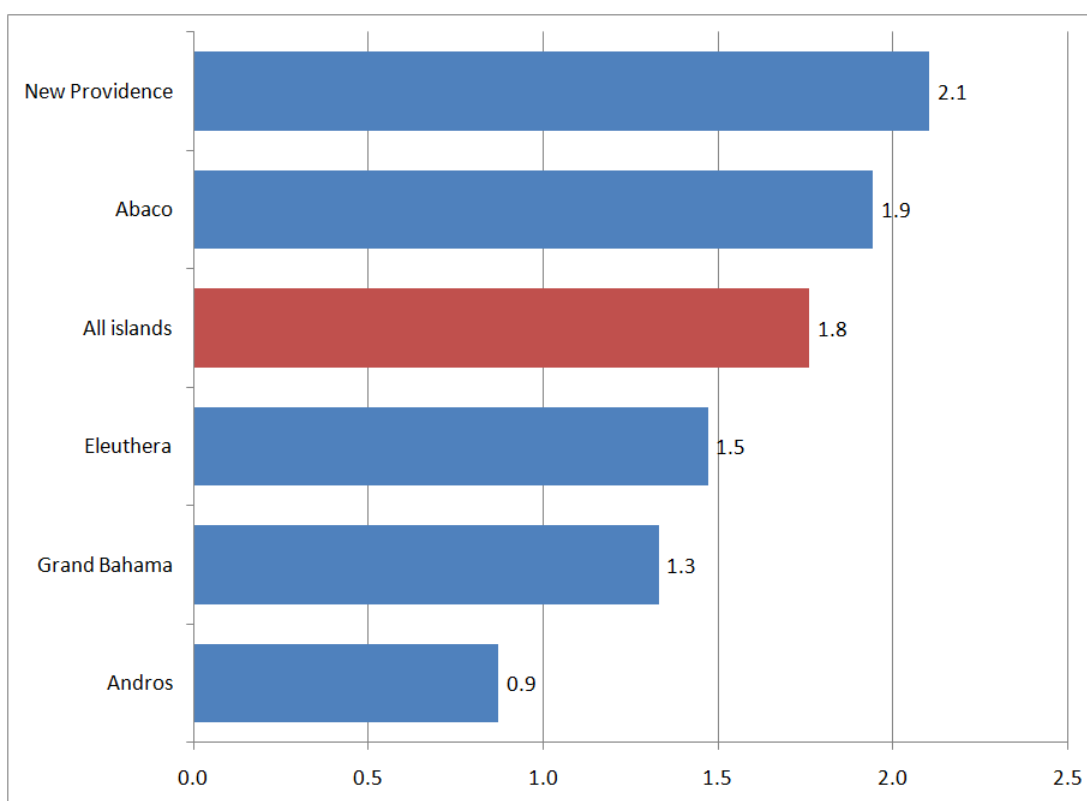
### **Internet consumption**

86. While the audience research focused primarily on TV and radio consumption, URCA also sought to establish a headline picture of internet usage. It is clear from discussions in the focus groups that the internet is used by an increasing number of people for a range of leisure activities as well as for work and educational purposes. Some leisure uses are direct substitutes for traditional media consumption (i.e. television and radio), such as watching videos on YouTube or listening to online radio stations (Bahamian stations and ones from around the world). Other activities – such as emailing, social networking (e.g. Facebook) or shopping – may not be direct substitutes for traditional media consumption, but nonetheless compete for people’s leisure time.
87. The most enthusiastic internet users in the focus groups reported spending six or more hours per day online. When URCA asked respondents to the telephone survey how much time they spend online, the results suggest the average is around 1.8 hours each day<sup>1</sup>. This figure is a little higher than the average level of radio listening amongst those people who completed the diaries, indicating the important role the internet already plays.
88. In many parts of the world, policymakers have identified a “digital divide”, with much lower levels of internet usage amongst older people and those in remote locations. URCA sought to identify whether such a digital divide exists in The Bahamas. In terms of location, there were significant differences in internet usage between the five islands included in the telephone survey, ranging from 0.9 hours per day in Andros up to 2.1 hours per day in New Providence (see Figure 23). The low take-up on Andros can be explained in part by the fact that there is primarily a single provider of internet services on this island so the service may not be as readily accessible to residents. By contrast, islands with larger populations tend to have multiple internet service providers offering different packages at different price points. Also, the level of economic activity and income levels in many Family islands are significantly less than in New Providence and Grand Bahama, and therefore residents may be unable to afford internet access.

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<sup>1</sup> This estimate is based on less rigorous data than the estimates for TV and radio consumption presented above, which were derived from detailed responses to the diaries. In the telephone survey, respondents were asked to choose between the following options regarding their daily internet usage: “Never”, “Less than one hour”, “1-2 hours”, “3-4 hours”, “5-6 hours”, or “More than 6 hours per day”. Average consumption was estimated by taking the mid-point from each range: so someone choosing “1-2 hours” was assumed to spend 1.5 hours per day online, and so on.

Figure 23: Estimated average daily internet usage in The Bahamas by island



Source: URCA (telephone survey)

Question 5. Do you have any comments on URCA's analysis of the levels of TV and radio consumption in The Bahamas?

## 4.2 Perceptions of quality and social value

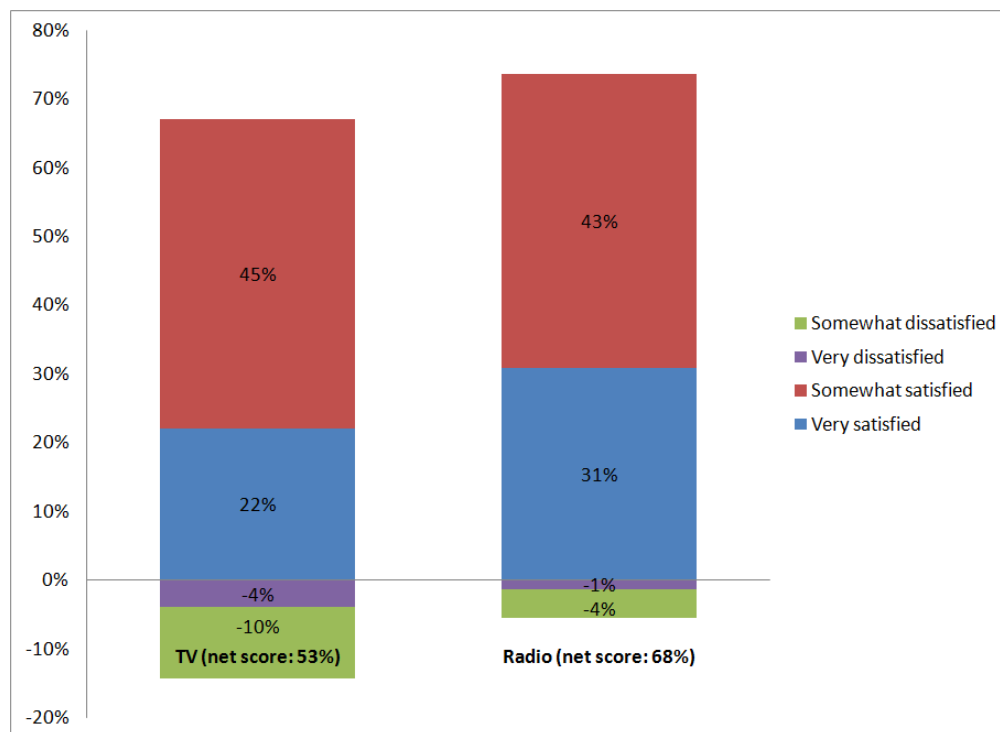
89. In this section, URCA looks at Bahamians' perceptions of different attributes of the television and radio programmes that they watch and listen to. This covers:
- Overall satisfaction levels with Bahamian programmes
  - The importance of TV and radio as sources of news relative to other media, and audience views on the quality and editorial values of Bahamian news programmes
  - Perceptions of the social value of different kinds of television and radio programmes
  - Views regarding the independence and editorial values of ZNS
  - The availability of Bahamian TV and radio services throughout The Bahamas, and the provision of Bahamian content by broadcasters other than just ZNS.
90. Quantitative information presented in this section is drawn from the telephone surveys, backed up by insights from discussions in the focus groups.

**Overall perceptions of domestic programming**

91. Audience perceptions of Bahamian programming need to be considered in the context of the range and volume of content that is available, and its quality relative to competing services from overseas. In these respects, the context for Bahamian television and radio is quite different.
92. For television, homes with cable or satellite have access to hundreds of channels from around the world. The US channels, in particular, set benchmarks for quality in many programme genres, with production standards that TV channels in few countries are able to match (see Section 8.1 for a discussion of the economics of TV production). As in any small country, it is a challenge for Bahamian broadcasters to attract viewers to their programmes when TV channels from major international markets are widely available. Discussions in the focus groups highlighted the challenges that Bahamian television broadcasters face. When participants were asked what their favourite television programmes were, a wide range of mostly American titles were listed, including crime and medical dramas (e.g. *CSI*, *House*), makeover shows (*Supernanny*, *Extreme Makeover*), chat shows (*Oprah*), game shows (*Deal or No Deal*) and children's programmes (*SpongeBob SquarePants*). The US also dominated when participants were asked for their favourite TV channels: the most cited channels were the US networks (e.g. ABC, CBS), some US cable channels (such as Oxygen, CNN and Hallmark) and a few other international channels (e.g. BBC World).
93. By contrast, Bahamian services are predominant in the radio market. There are a larger number of Bahamian radio stations than TV channels, and they represent the majority of the radio stations available in The Bahamas (see Section 3.2). Participants in the focus groups highlighted a range of stations as favourites, reflecting the diverse tastes that they collectively serve.
94. It might therefore be expected that satisfaction levels would be higher for Bahamian radio than for television, and this is indeed borne out by responses to the telephone survey, as Figure 24 shows. Almost three-quarters of Bahamians were (very or somewhat) satisfied with the programming on local radio stations, and only 5% expressed any kind of dissatisfaction, giving Bahamian radio a net satisfaction score (the percentage of satisfied people less the percentage of dissatisfied people) of 68%. For television, overall satisfaction levels were still high, but less so than for radio. Two-thirds of respondents were satisfied with the programming on ZNS and other local television channels, and around 14% were dissatisfied, giving a net satisfaction score of 53%.
95. Notwithstanding the reasonable levels of satisfaction expressed in the telephone survey, discussions in the focus groups suggested that people's expectations of Bahamian television are not entirely being fulfilled. Participants recognised that Bahamian broadcasters could not realistically be expected to match the production standards of programmes from the US. They also cited a range of Bahamian programmes that they particularly enjoy watching. However, some were highly critical of the overall quality of Bahamian programming, particularly on ZNS TV-13. The strongest views related to overall levels of professionalism on the channel, to a perceived old-fashioned feel of the programmes, to the picture quality (the analogue infrastructure used by ZNS contrasts with the digital technologies used by most large broadcasters), and to the focus on news and factual programmes in the schedule to the detriment of more entertaining shows. Children and young adults felt particularly underserved: children argued that ZNS does not offer them anything, while teenagers said that it does not do enough to try new ideas or to promote new generations of presenting and performing talent. Overall, participants in the focus group expressed a strong desire for ZNS to improve. Their aspiration for ZNS was for it to offer more

vibrant, engaging and appealing programmes; and for it to create “national conversations” and to “keep [them] current”.

**Figure 24: Overall satisfaction with Bahamian TV channels and radio stations**



**Source:** URCA (telephone survey)

*Note: Net satisfaction scores are defined as the percentage of respondents who were “Somewhat satisfied” or “Very satisfied” minus the percentage of respondents who were “Somewhat dissatisfied” or “Very dissatisfied”*

Question 6. Do you have any comments on URCA’s research findings on overall satisfaction levels with Bahamian content?

**Importance of television and radio for news**

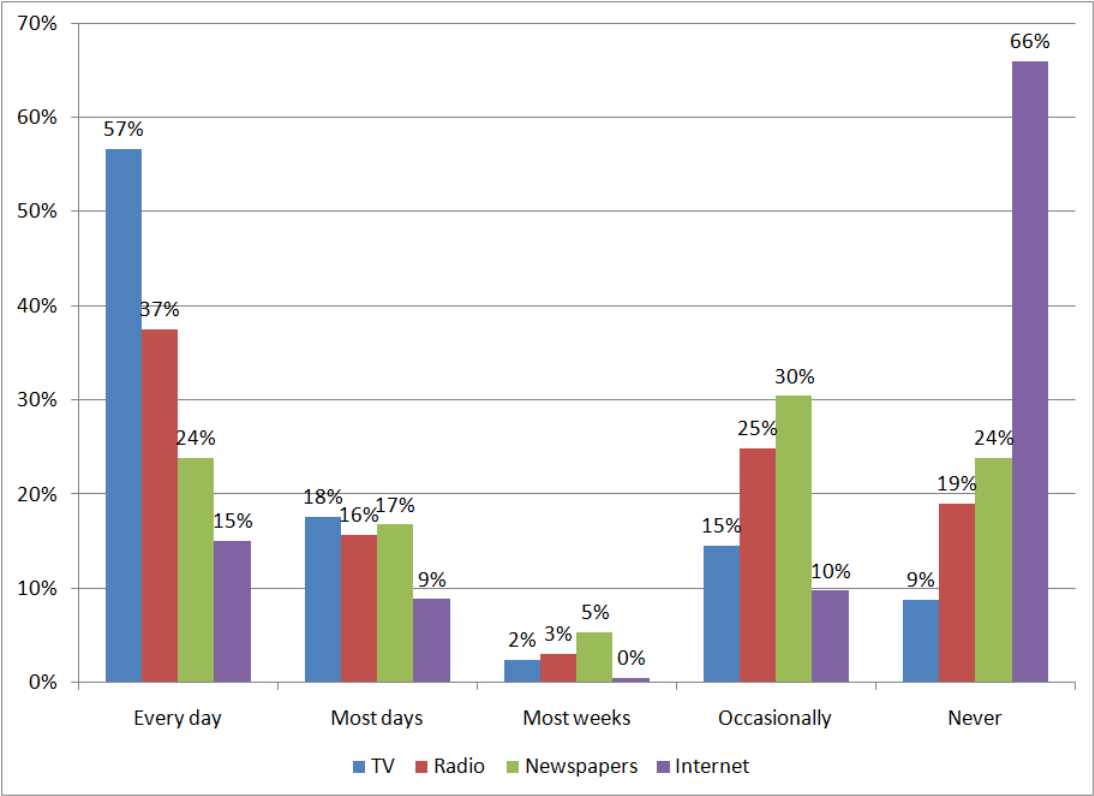
- 96. News represents a central part of PSB provision in most countries. In The Bahamas, news also plays a particularly important role, given the high proportion of viewing to ZNS TV-13 accounted for by its news programmes. URCA sought to understand better the benefits to Bahamians of the news programmes that are available to them in two ways. First, URCA looked at how much Bahamians rely on TV and radio as sources of news relative to competing outlets such as local newspapers and the internet. Second, URCA analysed perceptions of the quality and editorial values of Bahamian news programmes.
- 97. The results of the telephone survey revealed that television is, by a considerable margin, the most important source of news for Bahamians, as Figure 25 shows. Almost 60% of respondents watch the news on television every day, and almost three-quarters of them do so most days (including those who watch every day). Radio is the second most important source of news, with 37% of respondents listening to radio news every day, and more than 50% of people listening most days.



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The Bahamas has a lively local newspaper market, and almost 25% of respondents claimed to read a newspaper every day; including those who read a paper most days, the figure rises to 41%. The internet is relied upon for news by a significantly smaller proportion of Bahamians: only 15% use online news on a daily basis, and less than 25% do so most days. Almost two-thirds of respondents said that they never use the internet for news.

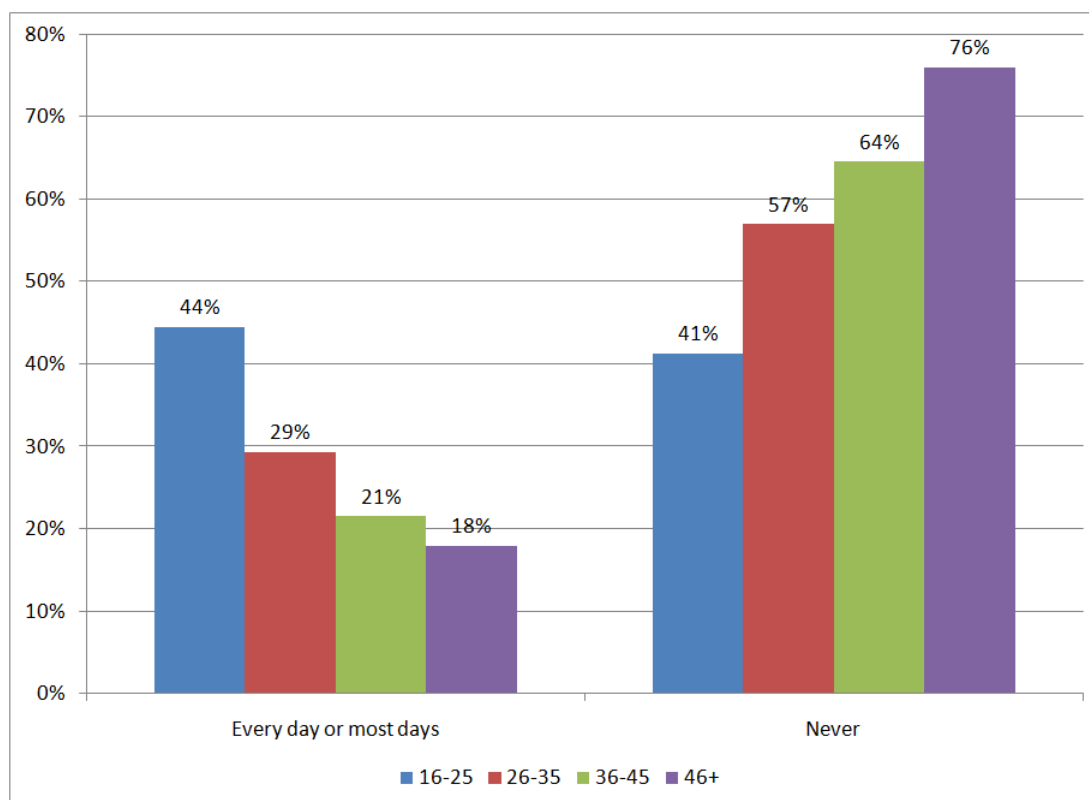
**Figure 25: Frequency of usage of different media for news**



**Source:** URCA (telephone survey)

98. These headline results potentially understate the growing importance of the internet. This becomes clearer by looking at the variations in media consumption of people of different ages. While people’s reliance on radio and newspapers differs by relatively little across age groups, there are significant differences for television and the internet. Young people watch television news less frequently than older ones. While the 60% of respondents aged 16 -25 who watch TV news every day or most days is a high figure, it is considerably less than the 83% of 36-to 45-year olds, and 74% of those aged 46 and over, who do so. Age differences in the use of the internet are more striking still, as Figure 26 shows. The proportion of people who regularly (i.e. every day or most days) look for news on the internet falls off for each successive age group, from 44% of 16- to 25-year-olds to 18% for those aged 46 and above, while the proportion of people who never use the internet for news rises consistently with age, from 41% of 16- to 25-year-olds to 76% of those aged 46 and above. Given that young people are more often regarded as “early adopters” of new technologies, these results suggest that, over time, the internet may become a more important source of news for Bahamians.

Figure 26: Frequency of usage of internet for news, by age group



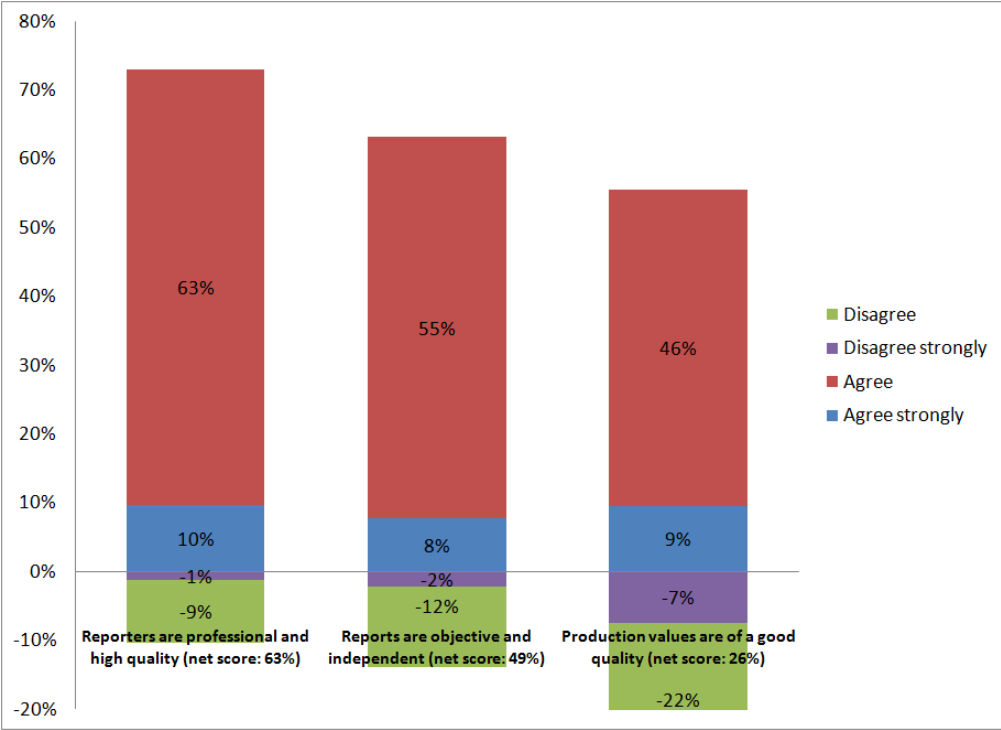
**Source:** URCA (telephone survey)

99. Audiences' views on the quality of Bahamian news programmes reveal a mixed story. In the telephone survey, respondents were asked to what extent they agreed with the following statements about the news on ZNS TV-13:

- The reporters are professional and of a high quality
- The reports are objective and independent
- The production values (e.g. sound and lighting) are of a good quality.

100. The results of the survey are presented in Figure 27. Respondents' views on the statements can be compared by looking at the net score for each one, defined as the proportion of respondents who agreed with the statement minus the proportion who disagreed with it. The net scores for each statement are shown in the figure.

Figure 27: Perceptions of the quality of news on ZNS TV-13



Source: URCA (telephone survey)

- 101. The net score was highest, at 63%, for the statement that reporters are professional and of a high quality. While this would seem to suggest a reasonable level of satisfaction with the overall quality of news programmes, discussions in the focus groups revealed strongly-felt concerns amongst a sizeable number of participants. Some were highly critical of the professionalism of ZNS news, suggesting that journalists need to be better trained, while others argued that presenters ought to make more effort to bring news stories to life.
- 102. The statement that news reports are objective and independent attracted a lower net score, of 49%. Again, the focus groups highlighted serious concerns in this area amongst some people, who felt that presenters were too willing to report unquestioningly what politicians told them, and argued that they should be freer to challenge politicians. The independence of ZNS is discussed in more detail below.
- 103. The statement about the production values of ZNS news drew the lowest net score, of just 26%, suggesting widespread concerns in this area. Production values also attracted significant criticism in the focus groups, particularly amongst those who compared ZNS news to the US news channels.
- 104. To sum up, television is by far the most important source of news for Bahamians, notwithstanding the growing popularity of the internet amongst younger audiences. However, there is a desire amongst many viewers for a significant improvement in the professionalism and production values of news programmes.

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105. Turning briefly to radio, respondents to the telephone survey were asked which radio stations they relied on primarily for news. The results suggest that listeners use a wide range of radio stations for news. The two most popular choices were the ZNS AM stations (National Voice and Northern Service). The most popular local stations cited in the survey were Love 97, 100 JAMZ and Cool 96 (see Figure 28).

**Figure 28: Most cited radio stations as sources of news in the telephone survey**

Radio station	Proportion of respondents who cited it
ZNS National Voice	54%
ZNS Northern Service	25%
Love 97	13%
100 JAMZ	10%
Cool 96	8%

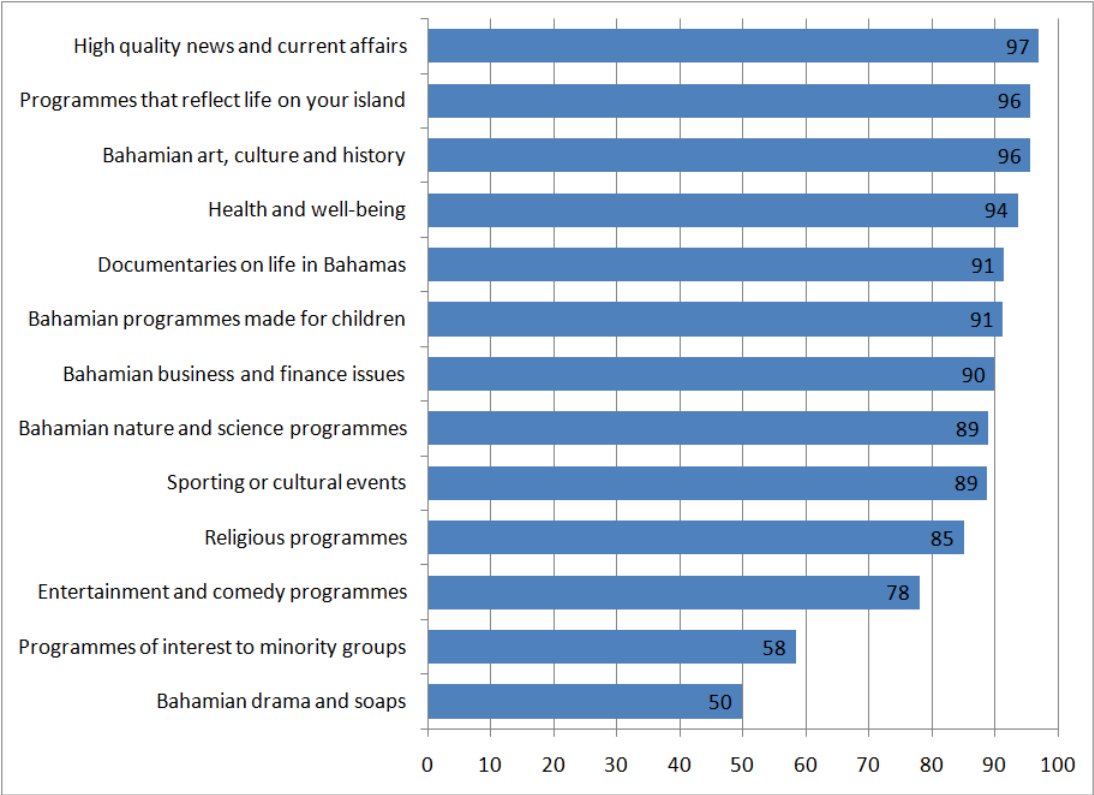
*Source: URCA (telephone survey)*

*Question 7. Do you have any comments on URCA's research findings regarding the importance of television and radio for the provision of Bahamian news?*

### **Programmes other than news**

106. As PSB covers a wide range of genres in addition to news, URCA wished to determine which types of programmes audiences wish to be available on Bahamian TV and radio – not only for themselves but also for Bahamians more generally (so, by way of example, a desire for there to be Bahamian programmes made for children need not necessarily be confined to parents and children).
107. Turning first to television, respondents to the telephone survey were asked to provide views on the importance of a range of programme genres. For each genre, they had to state whether it was “Very important”, “Quite important” or “Not important” that programmes in that genre be shown on ZNS or other Bahamian TV channels. The net scores for each genre, defined as the proportion of respondents who regarded the genre as being (very or quite) important minus the proportion of respondents who regarded it as not being important, are shown in Figure 29.

Figure 29: Importance that different genres be shown on Bahamian TV channels: net scores\*



Source: URCA (telephone survey)

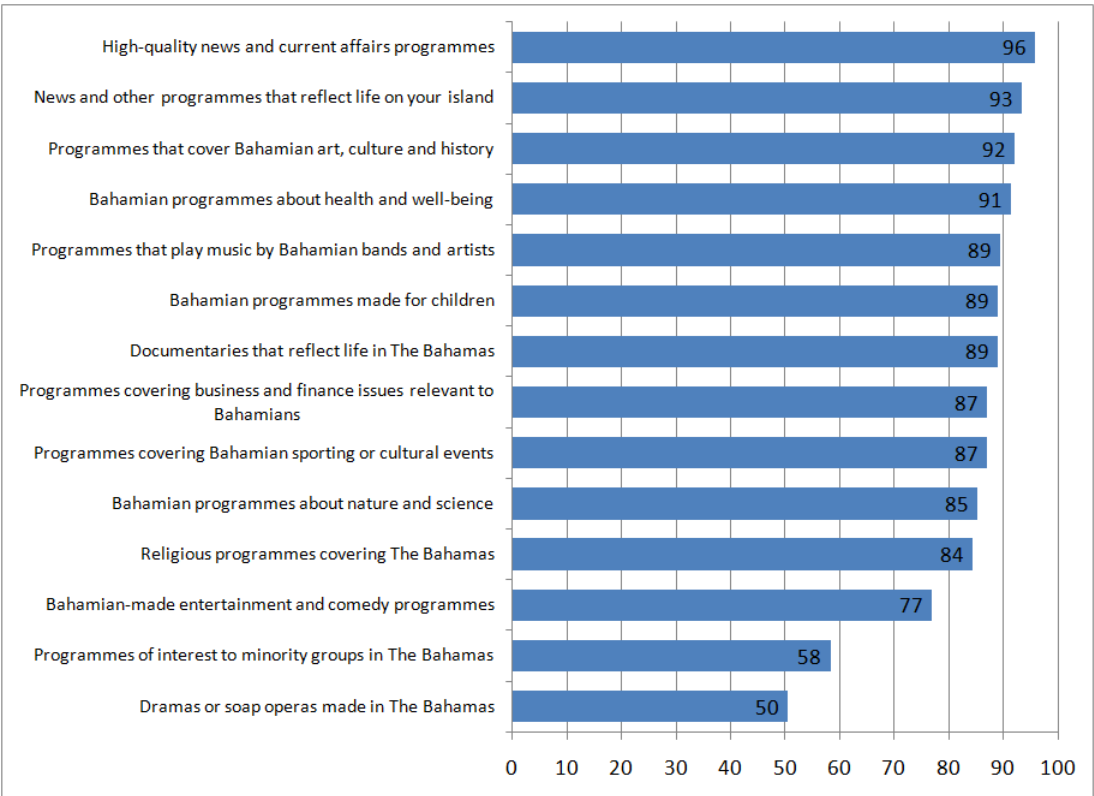
Note: "Net scores" are defined as the percentage of respondents who thought it was "Very important" or "Quite important" that programmes in each genre be shown on Bahamian TV channels minus the percentage who thought it was "Not important" for programmes in that genre to be shown

- 108. The results show that the net scores for almost all programme genres are high: no genre has a score below 50% and all but two have scores over 75%. This reflects a desire for a wide range of programming that reflects and portrays Bahamian culture, or which provides social, democratic or educational value (in line with the definition of PSB presented in Section 2.3). A similar story emerged in the focus groups, where participants cited a wide range of programme types they wished to see.
- 109. Not surprisingly, news and current affairs was the highest-scoring genre of all. There were also particularly high scores for programmes that reflect life on individual islands, those showing Bahamian art, culture and history, and those covering health and well-being. Discussions in the focus groups indicated strong positive feelings even for the genres with the lowest net scores. People recognised the high production costs associated with making local drama and soap operas, which perhaps explains its low score in the telephone survey, but they still expressed an aspiration for there to be some fiction programming made in The Bahamas. Some participants in the focus groups also felt strongly that Bahamian programmes needed to reflect more diverse interests, including those of minority groups. For entertainment and comedy programmes, there was a particular desire for shows to promote new or young Bahamian talent.

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110. Respondents to the telephone survey were asked to perform a similar exercise for radio programmes. The results, which are shown in Figure 30, correspond closely to those for television, again indicating a desire amongst Bahamians for a wide range of programme types to be available. The net scores for almost all genres are high, and their rankings were similar to those for television. Given that the output of many radio stations is primarily music-based, respondents were asked specifically about programmes that play music by Bahamian bands and artists. This was one of the highest-ranking genres, with a net score of 89%.

**Figure 30: Importance that different genres be shown on Bahamian radio stations: net scores\***



**Source:** URCA (telephone survey)

**Note:** “Net scores” are defined as the percentage of respondents who thought it was “Very important” or “Quite important” that programmes in each genre be shown on Bahamian TV channels minus the percentage who thought it was “Not important” for programmes in that genre to be shown

**Question 8.** Do you have any comments on URCA’s research findings 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?

**Editorial independence and values of ZNS programming**

111. Public service broadcasters around the world often face conflicting obligations. On the one hand, best practice implies that they should observe the highest editorial standards in terms of the objectivity and accuracy of their reporting in news programmes and documentaries. As part of this, many broadcasters are expected to hold the government and public institutions to account, and to be willing to present different sides of a story in an even-handed manner, including

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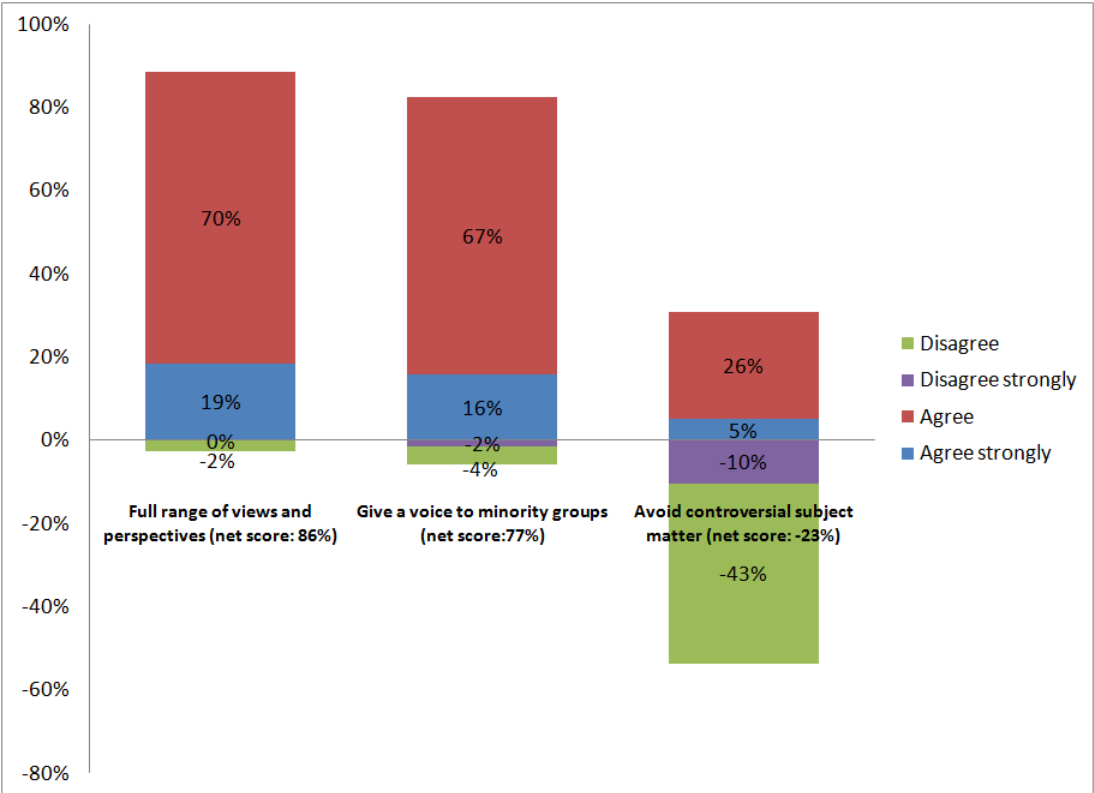
potentially controversial viewpoints. On the other hand, public service broadcasters – especially those that are state-owned or receive public funds – can come under pressure from politicians to represent the position of the government of the day. In some countries, political control is embedded in the constitutions of their public service broadcasters, while in others the mechanisms of political influence are more subtle.

112. The Comms Act requires URCA to examine the corporate governance of ZNS; URCA’s proposals are set out in Chapter 6.3. To inform its analysis, URCA sought to determine the expectations of Bahamian audiences about ZNS’ editorial values. Respondents to the telephone survey were asked to what extent they agreed with the following three statements:

- ZNS should air a full range of views and perspectives, including non-mainstream ones, provided they are properly contextualised
- ZNS should sometimes give a voice to minority groups whose positions are rarely presented in the Bahamian media
- ZNS should at all times avoid broadcasting controversial subject matter that might offend mainstream audiences.

113. The results are presented in Figure 31, along with the net scores for each statement, defined as the proportion of respondents who agreed with the statement minus the proportion who disagreed with it.

**Figure 31: Views on the values of ZNS programming: net scores**

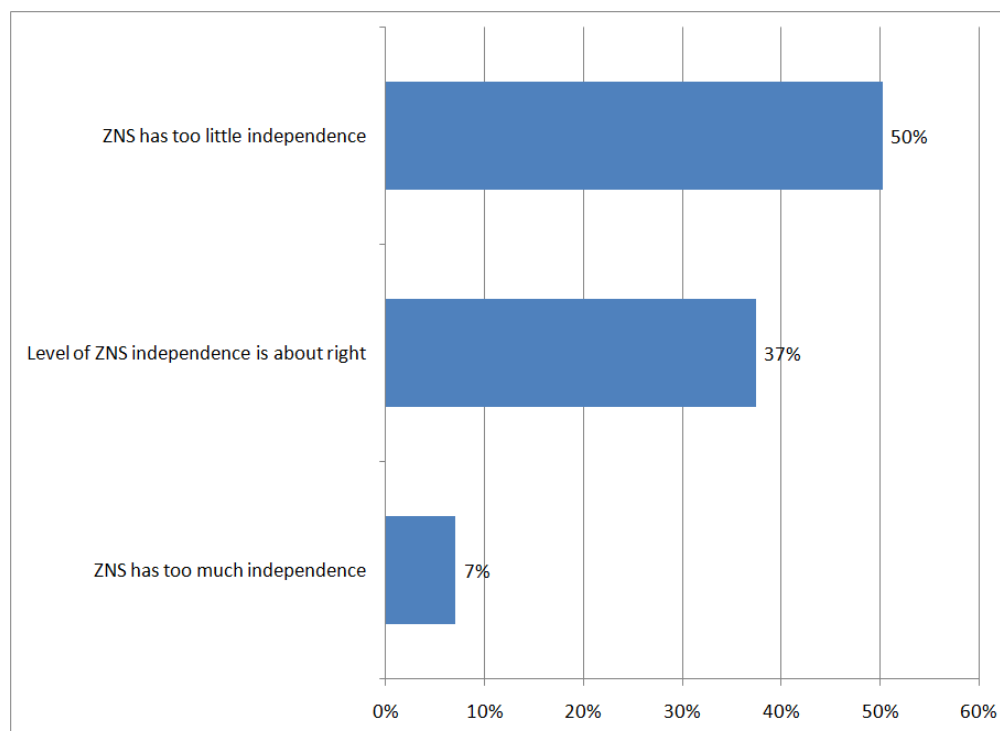


*Source: URCA (telephone survey)*

114. The results provide a clear indicator of the editorial values that Bahamians would like ZNS to hold. Almost 90% of respondents believed that ZNS should air a full range of views and perspectives, including non-mainstream ones, while only 2% disagreed, giving a net score of 86%. Support was almost as strong for the view that ZNS should give a voice to minority groups whose positions are rarely presented in the media. 82% of respondents agreed with this statement, and just 6% disagreed, giving a net score of 77%. For the third statement, views were more mixed. While one-third of respondents agreed that ZNS should avoid broadcasting controversial subject matter, a significantly larger proportion – more than 50% of the sample – disagreed with this statement, giving a net score of -23%. This suggests that, on balance, Bahamians believe that ZNS ought to be able to present controversial subject matter, provided it is contextualised appropriately and there is a justifiable rationale for doing so.
115. These views were reflected in discussions in the focus groups. Some participants argued strongly that TV has an important role to challenge the “closed-minded” views of some Bahamians by showing different perspectives. A few people also argued that it was important to show the views of minority nationality and religious groups, suggesting that their invisibility in the media served to disenfranchise them from society.
116. URCA also sought the views of respondents to the telephone survey about the optimal degree of influence on ZNS by the government. They were asked the following question (with context-setting information): *“The degree of influence by national governments on state-owned broadcasters varies from one country to another. Thinking about ZNS and its relationship to the government in The Bahamas, do you think the amount of editorial and operational independence given to ZNS is too little (i.e. ZNS should be allowed to be more independent), about right, or too much (i.e. ZNS should more closely represent government views)?”*
117. The results, presented in Figure 32, show a clear desire for ZNS to be given greater editorial independence. 50% of all respondents argued that ZNS currently has too little independence. Of the remainder, only 7% thought that it has too much independence, with other respondents saying that the current level is about right. Looking at different audience groups, these views are broadly shared across all groups. Especially strong feelings were expressed by people aged between 26 and 35, and by people living in New Providence, amongst whom the proportion of respondents arguing for greater independence was 61% and 62% respectively. These views were echoed in the focus groups, where participants spoke about the need for greater editorial independence for ZNS so it can be free to properly challenge politicians.



**Figure 32: Views on the desired level of independence of ZNS**



*Source: URCA (telephone survey)*

**Question 9.** Do you have any comments on URCA’s research findings regarding the editorial values and independence from the government of ZNS?

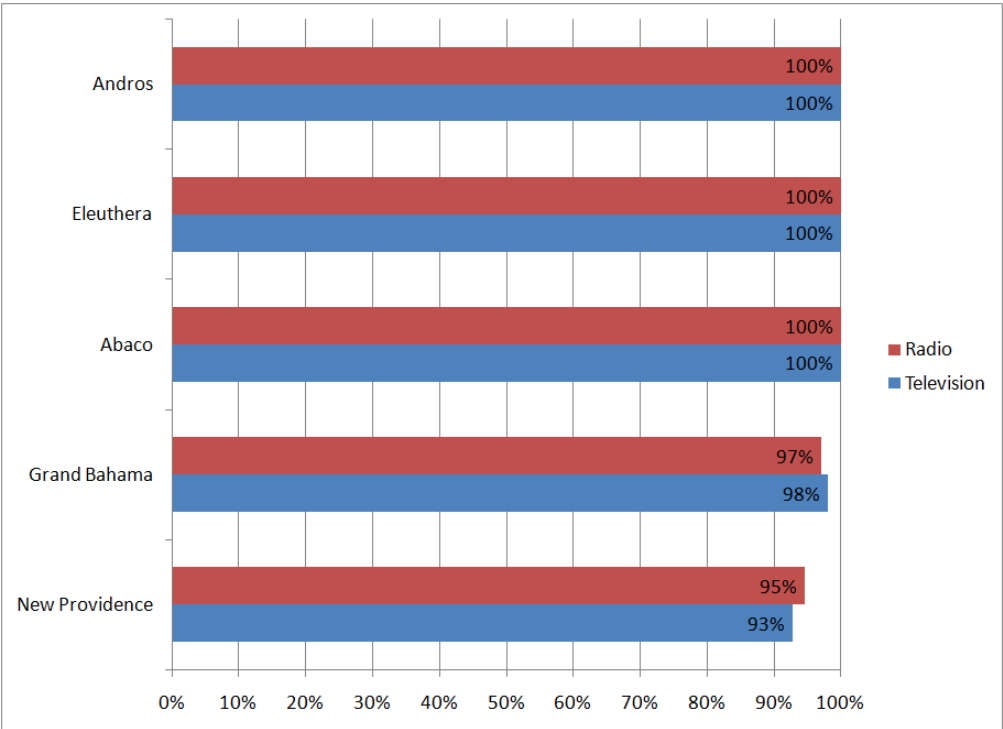
**Availability of services and plurality of provision**

- 118. Participants in URCA’s audience research were asked how important it is that ZNS TV and radio be available throughout The Bahamas (access), and whether they thought that Bahamian programming should be provided by TV and radio broadcasters other than ZNS (plurality of supply).
- 119. Focusing first on access, public service broadcasting is typically regarded as a public good which all citizens should have an equal right to enjoy. Many PSB models around the world require relevant TV channels and radio stations to be widely, if not universally, available to citizens throughout the country.
- 120. The geography of The Bahamas poses particular challenges for broadcasters, as the country’s population is dispersed across multiple islands covering a relatively large area. For radio, ZNS can reach most of The Bahamas through its national AM services. Those islands where the population is sufficiently large are also able to support local radio stations. But for television, high infrastructure costs mean that it is harder to provide services to the more remote islands. As a result, while residents of the most populous islands are well-served by Bahamian TV channels and radio stations, the amount of choice is significantly less for those in more remote areas (see Section 2.2).

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- 121. Respondents to the telephone survey agreed overwhelmingly that it is important for ZNS TV and radio to be available throughout The Bahamas. On the largest islands, New Providence and Grand Bahama, the net scores for the statements relating to TV and radio (the percentage who agreed with the statement minus the percentage who disagreed) were over 90%, while in the smaller islands – where access issues are of more direct concern – the net scores for TV and radio were 100% in each island. The results are presented in Figure 33.
- 122. Turning to plurality, it has been argued that competition between broadcasters can spur creativity and innovation, more so still when some programmes are made by a range of independent production companies. Such a view underpins models in some countries where PSB programming is provided by a range of suppliers rather than a single broadcaster.
- 123. In the telephone survey, there were high levels of agreement that it is important for Bahamian programming to be offered by broadcasters other than just ZNS, particularly for radio. The statement that “It is important for private radio stations also to be available throughout The Bahamas” had an overall net score of 88% of respondents. The net scores for respondents from the three smallest islands surveyed were 100%, while the corresponding figures for respondents from Grand Bahama and New Providence were 77% and 86% respectively. The lower net scores for residents on the larger islands may be a result of some respondents taking for granted the access they enjoy to a broader range of local private FM stations.

**Figure 33: Views on the importance of ZNS TV and radio being available throughout The Bahamas: net scores**



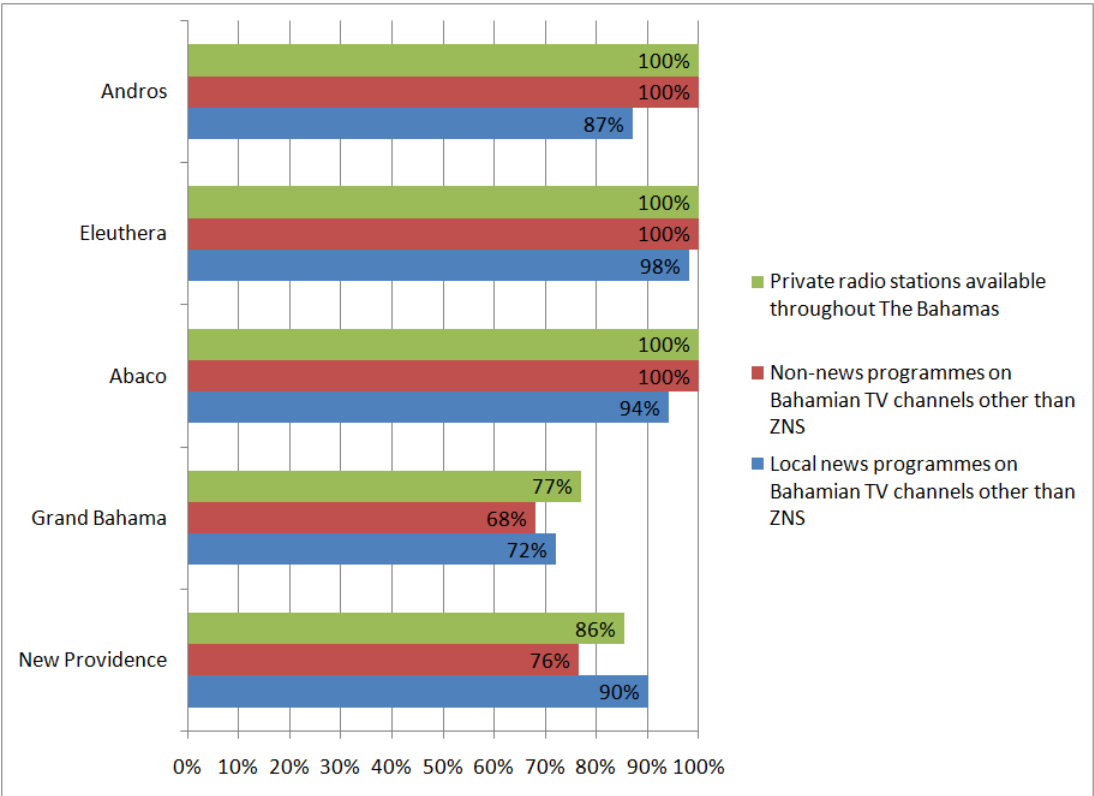
*Source: URCA (telephone survey)*

- 124. Turning to television, the statement that “It is important that local news programmes are offered on Bahamian TV channels other than just ZNS” also had a high net score, of 87%. Participants in

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the focus groups welcomed the different approaches taken by the news on Cable 12 and other TV channels. The net score was a little lower, at 81%, for the statement that “It is important that other (non-news) programmes are offered on Bahamian TV channels other than just ZNS”. These high net scores were corroborated by the enthusiasm amongst some people in the focus groups for programmes on other Bahamian channels. The results for each island, which are shown in Figure 34, reflect a broadly similar pattern across the three statements: the desire for services from a range of broadcasters tends to be higher amongst residents of the smaller islands. This is likely to reflect the fact that respondents from those islands have limited access to Bahamian TV and radio services.

**Figure 34: Views on the importance of Bahamian programming from sources other than ZNS: net scores**



**Source:** URCA (telephone survey)

125. These findings influenced URCA’s consideration of the merits of designating organisations other than just ZNS as being public service broadcasters, set out in Chapter 9.

*Question 10. Do you have any comments on URCA’s research findings 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?*

## 5. Gaps in PSB provision

126. In this chapter, URCA draws together the findings from the previous two chapters in order to identify the gaps in PSB provision in The Bahamas. To recap, in Chapter 3, URCA provided a snapshot of the range of local programming that is currently available, based on the information requests completed by ZNS and private broadcasters. In Chapter 4, URCA presented the results of its audience research, which showed the kinds of television and radio programmes that Bahamians currently consume and also indicated which kinds of Bahamian programmes that they believe to be important. By comparing the current supply of Bahamian programming with audience demand for different programme genres, URCA has identified which kinds of programmes are currently under-supplied. In Section 5.1, URCA presents its analysis of the gaps in provision for TV and radio programme genres. In Section 5.2, URCA goes on to identify the programme attributes – such as quality, professionalism and innovation – which audiences wish Bahamian broadcasters to provide to a greater degree.

### 5.1 Genre mix

127. In this section, URCA identifies gaps in the provision of Bahamian programming, focusing in turn on the output of television and radio broadcasters. For television, the analysis focuses primarily on ZNS, which accounts for the large majority of original Bahamian programming, in terms of output and viewing. For radio, where listening is shared across a range of public and private stations, the analysis takes into account all the local stations that are available. URCA's analysis also reflects variation in levels of supply on different islands.

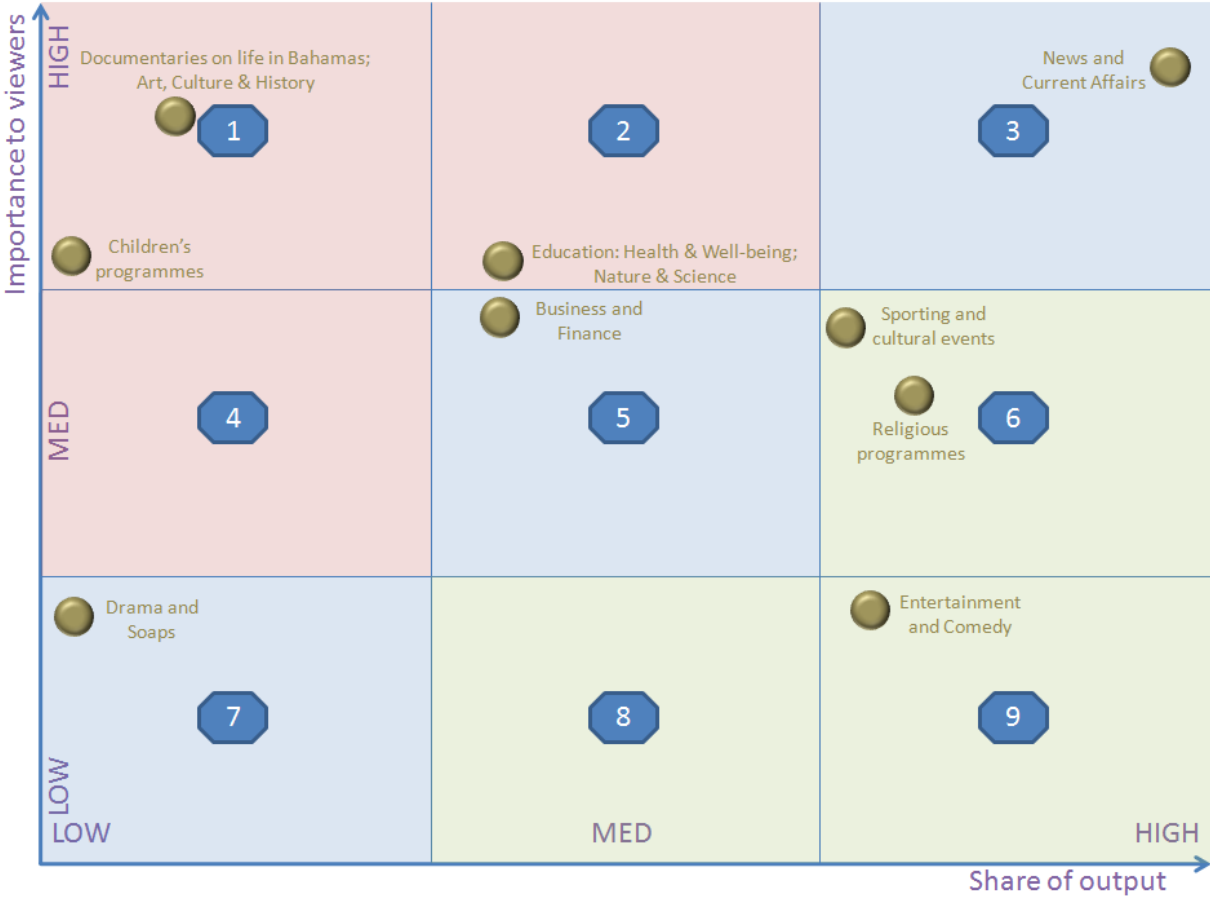
#### *TV programmes*

128. URCA's approach to identifying gaps in provision is to rank each programme genre in two ways:
- on the **supply side**, according to whether the genre represents a relatively high, medium or low share of the total Bahamian output of ZNS TV-13 (given the high proportion of output represented by news and current affairs programmes, no other programme genre accounted for more than 20% of ZNS' Bahamian output. URCA therefore assigned a "high" ranking to genres with more than 10% of output, a "medium" ranking to genres accounting for between 2% and 10% of output, and a "low" ranking to genres representing less than 2% of output);
  - on the **demand side**, according to whether the genre has a relatively high, medium or low level of importance to viewers, based on responses to the telephone survey, when they were asked about the social value of different kinds of Bahamian programming (URCA gave a "high" ranking to genres with net scores higher than 90%, a "medium" ranking to genres with net scores between 80% and 90%, and a "low" ranking to genres with net scores below 80%; see Figure 29 for the net scores for each genre).
129. The rankings for each programme are plotted in Figure 35. The chart is divided into nine areas:
- The three areas along the bottom-left to top-right diagonal (numbered **3**, **5** and **7**) are those where supply and demand are roughly in equilibrium, i.e. where the supply and demand rankings for programme genres are the same (whether low, medium or high).

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- For the three areas above and/or to the left of this diagonal (numbered 1, 2 and 4), the demand ranking (based on relative importance to viewers) is higher than the supply ranking (based on the genre’s share of total ZNS output for Bahamian programming). For programmes in these genres, the analysis indicates gaps in PSB provision.
- Conversely, for the three areas below and/or to the right of the diagonal (numbered 6, 8 and 9), the demand ranking is lower than the supply ranking, suggesting that the amounts of programming that is offered in these genres is sufficient and potentially even excessive.

**Figure 35: Bahamian TV programmes: supply and demand by genre**



**Source:** URCA analysis

130. It is important to stress that the rankings are based on an automatic classification exercise based on ZNS’ programme schedule and on the results of the questions in the telephone survey about the importance of each genre. Discussions in the focus groups highlighted a more varied range of views about each individual genre, and these nuances are not reflected in the chart. Before coming to definitive conclusions about the gaps in PSB provision, it is important to take these more detailed views into account in addition to the results of the classification exercise. For this reason, URCA considers each genre in turn below.

131. **News and Current Affairs** programmes play a vital role in The Bahamas. They account for almost half of all Bahamian programming on ZNS TV-13, in addition to the output of the ZNS Parliamentary Channel and news programmes on private Bahamian channels (such as *NewsBreak*, the weekday news show on Cable 12). In URCA's audience research, the diaries showed that ZNS TV-13's evening news programmes account for two-thirds of total viewing to the channel. In the telephone survey, news and current affairs programmes were ranked more highly than any other genre in terms of their importance to Bahamians. So the high level of Bahamian news and current affairs output serves to meet the substantial demand for such programmes. As such, there would not appear to be any gaps in PSB provision in this area, in terms of the volume of programming. Issues relating to the quality of news broadcasts are covered in the next section.
132. Other than news and current affairs, three other genres – Religious programmes, Entertainment and Comedy, and Sporting and cultural events – dominate the programme schedules of ZNS TV-13. These three genres are explored next.
133. **Religious programmes** represented 19% of the Bahamian programmes shown on ZNS TV-13 in 2009, a greater share than for any genre other than news. Programming with a religious theme can also be found on private TV channels, most notably the Bahamas Christian Network (BCN). In terms of the importance of this genre to Bahamians, the "Medium" ranking indicated by the overall responses to the telephone survey obscures a polarisation of views that was expressed in the focus groups. While many people attach a high level of importance to religious programmes, and value the high level of supply on Bahamian television, other viewers – including those who are less religious (or who belong to religions other than Christianity) – have little interest in watching religious services on television, and argued that ZNS shows too much religious programming. Overall, there is no evidence of an undersupply in PSB provision, and there are some indications that the high volume of religious programming distorts the overall programme mix on ZNS TV-13, leaving less space for other kinds of programmes that some people would rather watch.
134. **Entertainment and Comedy programmes** accounted for 14% of all Bahamian programmes shown on ZNS TV-13 in 2009 – leading examples being *BTC Starmaker and Native Show*. Programmes on private stations include *My Five Cents and Bahamian Idol*. The telephone survey results suggest a relatively low ranking for programmes in this genre, suggesting that they are less important to Bahamians than other kinds of programmes. However, views expressed in the focus groups – especially amongst younger participants – indicated a strong desire for certain kinds of entertainment and comedy shows, especially those which showcase young Bahamian talent. The ranking in the telephone survey is likely to reflect in part the heavy skew in the sample towards older people (who were more willing to participate in the survey), who were over-represented relative to the size of their demographic in the overall population, and who may have less interest in entertainment shows in general, and ones that promote new talent in particular. Moreover, public service broadcasters in other countries have shown that "balanced" schedules that include light entertainment programmes alongside news and factual genres can be more appealing to general audiences and attract higher ratings. Overall, then, there are good reasons why entertainment and comedy programmes should remain an important part of the overall mix on ZNS TV-13. Any concerns in terms of PSB provision should focus more on the nature of entertainment programmes offered rather than their volume. In particular, ZNS ought to consider whether its entertainment and comedy programmes give sufficient space to new and emerging talent that would appeal to younger audiences.

135. **Sporting and cultural events.** Over the year, ZNS broadcasts a range of Bahamian sporting and cultural events, including Junkanoo, Junior Junkanoo and basketball games, swim meets and national track and field events. These broadcasts enable people from all islands who were unable to attend the events to watch them, and play a particularly important role in representing Bahamian culture to residents and visitors alike. ZNS' data indicates that around 10% of the Bahamian programming shown on ZNS TV-13 in 2009 related to broadcasts of such events. In terms of the importance of this genre, while the telephone survey results give a "Medium" ranking, the net score puts it close to the threshold for a "High" ranking. In the focus groups, people spoke of the importance of Bahamian cultural events. There were also sizeable groups of people who watch a lot of TV sports, who welcome the opportunity to see Bahamian sportsmen and women who are not generally featured on international sports channels. For these reasons, it is important that Bahamian sporting and cultural events continue to be shown on TV, and Figure 35 possibly slightly understates their importance to viewers. Overall, the level of supply would seem to reflect the high level of audience demand for such programmes.
136. Two further genres, other than news and current affairs, lie in the bottom-left to top-right diagonal in Figure 35 (areas **3**, **5** and **7**), where the results suggest a balance between supply and demand: Bahamian business and finance issues and Bahamian drama and soaps.
137. Issues relating to **business and finance** are naturally of importance to many people. The topics of most relevance to Bahamians will in many instances be different from those that are pertinent to viewers in other countries, given the specific nature of the Bahamian economy, including the key role played by tourism. As a result, notwithstanding the variety of business and finance programme shown on overseas channels, only business programmes made in The Bahamas – such as *You and Your Money* and *Tourism Today* on ZNS TV-13 – can be expected properly to address the particular interests and concerns of Bahamians. Business and finance programmes are ranked as "Medium" in terms both of the level of supply and their importance to Bahamians, suggesting a reasonable balance. It is important that programmes covering these topics remain part of the output of ZNS TV-13, and that they continue to reflect the specific nature of the economy in The Bahamas.
138. No **Bahamian dramas or soap operas** are shown on ZNS TV-13. The telephone survey results indicate that such programming has a relatively low importance to Bahamians, suggesting that there is no imbalance between supply and demand. However, as with entertainment and comedy, discussions in the focus groups highlighted strong views amongst some people that there should be dramas and soaps showcasing Bahamian talent and showing life across the islands. Given the high production costs of making fiction, it is a challenge to make any kinds of programming in these genres. Film-making would appear to be a more fertile area of audiovisual fiction in The Bahamas, and ZNS offers some support for young Bahamian film makers and for the Bahamas International Film Festival. Films such as *Children of God*, which opened the 2009 Bahamas International Film Festival and went on to be shown in cinemas around the world, exemplify the significant role film and drama can play in portraying Bahamian culture and lifestyles. While the high production costs mean it is not feasible to expect significant levels of output, ZNS should be encouraged to do all it can to support film and drama in The Bahamas.
139. Three genres lie in the final set of areas of Figure 35 where the demand ranking, based on importance, was "High" while the supply ranking was "Medium" or "Low", indicating gaps in PSB provision (areas **1**, **2** and **4**). These genres are Education, Documentaries and Programmes made for children.

140. **Education** covers a range of topics, from traditional subjects such as science and nature through to ones that relate to people’s day-to-day lives. Broadcasters in other countries have shown that programmes covering the likes of food, health, body and style, property, parenting, pets and other “lifestyle” topics can be very accessible and popular with audiences, combining entertainment with educational value. Lifestyle programmes have become much more popular in recent years, in some instances moving from niche channels to the peak-time schedules of mainstream network channels. Programmes in these genres in The Bahamas include *GLAT Attack* on ZNS TV-13 and *Health & Wellness* on Cable 12. Given the “High” importance ranking for this genre – with participants in the focus groups also indicating strong support – there is undoubtedly scope for a greater range and volume of educational programmes to be shown on ZNS TV-13.
141. The most significant gaps in PSB provision relate to the final two genres, for both of which the level of supply is “Low” but the importance that Bahamians attach to such programming is “High”. **Documentaries on life in The Bahamas** can cover a wide range of topics, including Bahamian art, culture and history. Programmes in these genres in The Bahamas include *Native Show* and *Legends* on ZNS TV-13 and *Bahamian Artists* on Cable 12. Discussions in the focus groups highlighted the cultural value of programmes such as these, and there was a desire for more such programmes.
142. Arguably the biggest gap between supply and demand is for **Bahamian programmes made for children**. There are currently few such programmes made in The Bahamas, and Bahamian children are almost entirely reliant on overseas children’s channels. Participants in the focus groups expressed a desire for a “Bahamian *Sesame Street*”. In terms of what can realistically be achieved in this area, it is important to be pragmatic. The costs of making children’s programmes are high, and long series are needed for brands to become established. In many countries, children’s programming is increasingly focused on dedicated children’s channels, making it harder still for generalist channels to compete. URCA would encourage ZNS to look into practical ways of partnering with other organisations to make programmes for children. ZNS should also explore the potential to undertake co-productions with other Caribbean broadcasters to share the costs of children’s programmes.
143. In summary, URCA has identified the following areas of undersupply where the provision of PSB in television should be enhanced:

**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

*Continued overleaf*



**Recommendation 3 (ctd.)**

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). Other Bahamian broadcasters might find it beneficial also to explore new kinds of programming in these genres.

*Question 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?*

**Radio programmes**

144. Radio stations in The Bahamas mostly offer a mix of news, music and talk shows, along with religious programming on some stations (as Section 3.2 showed). Private radio stations on the more populous islands differentiate themselves by the kinds of music that they play and – linked to their music policy and to the tone and personality of the presenters – the age range of their target audiences.

145. For radio, gaps in PSB provision are dependent on the range of radio stations that are available to any given person, which in turn depends on the island on which he or she is listening. Thus, while New Providence residents participating in URCA's focus groups appreciated, and were largely satisfied with, the choice offered by the FM stations available to them, those on islands with fewer radio stations were less satisfied and expressed a desire for greater choice.

146. Respondents to the telephone survey indicated that, as with television, it is important that a wide range of PSB programme genres be provided on radio (see Section 4.2). The most important types of programmes, and their current levels of provision, are as follows:

- High-quality **news and current affairs programmes** were ranked as being the most important genre of all. Such programmes are well-provided for across The Bahamas, with regular news bulletins throughout the day on most radio stations along with more in-depth news coverage on some stations, including ZNS' National Voice. Talk shows on many stations also provide forums for discussions of current affairs and other topical issues.
- Next most important to listeners were **news and other programmes that reflect life on your island**. The availability of island-specific programming varies across The Bahamas. Residents with access to local FM stations, for example those in New Providence, benefit from programmes focusing on their towns and cities. In addition, ZNS' Northern Service provides dedicated programming serving residents on the northern islands, with a particular focus on Grand Bahama and Abaco.
- Also amongst the top five most important genres were **programmes that play music by Bahamian bands and artists**. To differing degrees, FM stations include music by Bahamian bands and artists in their schedules. Some stations – such as the National Voice and Island FM – actively promote new and up-and-coming local talent, providing them with platforms to showcase their music.

- The top five most important genres also included **programmes that cover Bahamian art, culture and history** and **programmes about health and well-being**. A limited amount of such programmes is offered by ZNS on its AM services.
147. URCA’s main conclusion from its analysis of the radio market in The Bahamas is that the gaps in PSB provision result primarily from the relative lack of choice of radio stations available to residents of the less populous islands. By contrast, flourishing markets in the most populous islands ensure that audience tastes are, for the most part, well catered to – the exception being an under-supply of programming outside the most common genres of news, music, topical talk shows and religious programming.
148. This has important implications for ZNS’ national AM service: its schedule needs to satisfy potentially conflicting demands. On the one hand, it must cater to the desires of audiences on islands where few, if any, private stations are available. This suggests the need for relatively mainstream programmes with broad appeal across different audience groups. But on the other hand, it should be sufficiently distinctive to attract audiences on the larger islands that can choose from a range of options on private FM stations. This implies offering less mainstream programmes that cannot be found elsewhere. URCA’s recommendations regarding the output of ZNS’ radio stations are presented in the next chapter.

**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.

*Question 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?*

## **5.2 Attributes of programmes**

149. In determining gaps in PSB provision, it is important to consider not only the *volume* of different kinds of programmes but also their *quality*, particularly for television. URCA’s analysis of quality and other attributes of TV programmes is informed, in particular, by discussions in the focus groups, in which many participants expressed strong views about the characteristics of Bahamian television. The areas of greatest concern, which were identified in Section 4.2, are considered in more detail below:

- **Quality – desire for broadcasters to put greater thought into making programmes more accessible and appealing.** Many people regard the quality of Bahamian TV programmes to be too low, especially by comparison with programmes on overseas channels. There was some acknowledgement in the focus groups that programmes are expensive to make, and that Bahamian broadcasters cannot be expected to match the production standards of overseas channels given the small size of the country. But criticisms related not only to production standards but also to the overall tone, style and energy of Bahamian programmes – aspects which need not be expensive to implement. Some Bahamian programmes, such as *Bahamas@Sunrise* and *BTC Starmaker*, were praised, with participants citing these as examples of Bahamian programmes that succeed in being engaging
- **Innovation – desire for more creativity in Bahamian programmes, with a focus on new talent.** Young people in particular felt that ZNS overly relies on older, established programmes and presenters. They felt that its output has become “boring” and “stale”, and want ZNS to find more shows, and to make greater effort to support young presenting and writing talent. Some argued that private broadcasters offered a fresher approach in some of their programming, and ZNS should follow their example
- **News journalism – desire for higher levels of professionalism.** A variety of criticisms were made by participants in the focus groups regarding the professionalism exhibited by journalists on ZNS news programmes. It was argued that some presenters and reporters were insufficiently engaged or knowledgeable; for example, people claimed that some journalists mispronounce the names of foreign leaders. It was also argued that Bahamian news programmes make less effort to explain news stories and bring them to life than their US counterparts. Some people questioned whether ZNS news journalists need to be better trained, or if opportunities should be given to new younger presenters
- **Diversity – desire for broadcasters to more fully reflect life throughout The Bahamas.** When respondents to the telephone survey were asked to rank different kinds of programmes in terms of their importance, one of the highest scores was given to “programmes that reflect life on your island”. There was likewise a strong desire in the focus groups for programmes covering different islands in The Bahamas, and for such coverage not to be confined to news reports. Participants recognised that it can be more expensive for broadcasters to make programmes outside the largest islands, but did not believe this to be a valid excuse for not doing so. Diversity can also relate to ethnic or racial groups or to other kinds of communities and lifestyles. In the telephone survey, “programmes of interest to minority groups” attracted a relatively low importance ranking. However, in the focus groups, some participants argued that it was important to show the views of groups such as Haitians and Rastafarians, and that not doing so could alienate them
- **Physical picture quality – desire for ZNS’ output to reflect modern production standards.** Many people in the focus groups commented on the physical picture quality of ZNS TV-13, arguing that its “look” is old-fashioned and outdated. They pointed to the overall quality of the image, the colours, on-screen captions and graphics. These issues stem from the analogue infrastructure that ZNS continues to use. The management of ZNS aspire to upgrade its infrastructure to digital, but cannot currently afford the capital investment, notwithstanding the quality benefits and cost savings that would ultimately arise.

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150. Based on these concerns from the audience research, URCA would encourage ZNS and other broadcasters, where applicable, to seek to improve their programming in the following ways:

### **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

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

## **6. PSB remit of ZNS**

151. Two of the key responsibilities given to URCA under Section 60(1) of the “Comms Act” are to set out recommendations on “the remit and corporate governance rules of the Corporation” (i.e. ZNS). These are the subjects of the next two chapters.
152. This chapter focuses on the remit of ZNS. The recommendations reflect various aspects of the PSB Review, in particular URCA’s definition of public service broadcasting in The Bahamas proposed in Section 2.3, its reviews of current PSB provision in Chapter 3 and of audience expectations in Chapter 4, and its analysis of the gaps in PSB provision in Chapter 5.
153. In Section 6.1, URCA sets out its recommendations for the PSB remit of ZNS, focusing on the principles that should underpin its programming and scheduling strategies. The ability of ZNS to fulfil its PSB remit rests not only on the programming that it produces, but also on the full range of programmes that it broadcasts, including those made by external suppliers. Section 6.2 looks at ZNS’ relationship with independent producers, and considers how ZNS might improve its approach to commissioning in order to be able to exert greater influence over its TV schedules and thereby better fulfil its remit. Finally, new accountability mechanisms to enable ZNS to demonstrate to stakeholders that it is fulfilling its PSB remit and meeting audience expectations are discussed in Section 6.3.

### **6.1 Public service priorities**

154. In Section 2.3, URCA defined public service broadcasting in terms of “*domestically-produced content [...] that is intended to serve Bahamian audiences*”. Across a wide range of genres, PSB programmes on television and radio should reflect, report on and portray life in The Bahamas. The purposes of these programmes are four-fold: taken together, they should provide cultural, social, democratic and educational value.
155. In Chapter 3, URCA highlighted the fact that all broadcasters that offer some Bahamian programming in their schedules contribute to overall PSB delivery. The contribution of private broadcasters is particularly significant in radio, where market forces can be effective, at least in the more populous parts of The Bahamas: through the individual actions of operators seeking to serve particular niche audiences groups, audiences can choose from a variety of radio stations offering a range of music genres.
156. For private broadcasters, the decision to produce and transmit local programming is – rightly – primarily a commercial one (along sometimes with elements of corporate citizenship). By contrast, as the state-owned broadcaster and recipient of public funds, ZNS’ primary purpose must be to deliver its public service remit, and all of its activities should be a means to this end.
157. While URCA is required to make recommendations on what this remit ought to be, it is important to stress that it is not URCA’s role to instruct ZNS what programmes to make. Programme commissioning, producing and scheduling decisions, along with other operational matters, are the responsibility of the management of ZNS. URCA’s recommendations focus on the principles ZNS should follow when making its programming and scheduling decisions in order to fulfil its remit:

**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

158. It should be emphasised that not every programme ZNS broadcasts is expected to contribute to the fulfilment of its PSB remit. For one thing, the amount of PSB programming that ZNS can offer will depend on the level of its funding, both private and public (the funding of ZNS is covered in Chapter 8). Moreover, ZNS is entitled to include within its schedules programmes that are not

PSB, such as acquisitions from overseas. Such programmes are a justifiable part of the overall mix for a number of reasons. First, they can help draw audiences to ZNS' services – some people will then stay on to watch or listen to other Bahamian programmes. Second, they provide opportunities for ZNS to cross-promote its PSB programmes to audiences who may not otherwise be aware of them. And third, acquired programmes may bring in commercial revenues (e.g. through advertising) that can then be reinvested in PSB programmes.

159. URCA notes the plans for restructuring and cost-saving that ZNS has announced in recent months, and welcomes any restructuring plans that lead to efficiencies that can be reinvested in programming.

*Question 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?*

## 6.2 Relationships with external programme suppliers

160. The extent to which ZNS is able to control the schedule of its main TV channel, ZNS TV-13, and thereby to fulfil its PSB remit, is constrained by the nature of its relationships with external programme suppliers.
161. Programmes that are commissioned by ZNS are all made in-house by ZNS' own production teams. The costs associated with these programmes are recovered, wholly or in part, by selling advertising and sponsorship around their transmissions. However, these programmes represent only part of the output on ZNS TV-13. More than 50% of the Bahamian programming on the channel comes from external sources, including independent production companies, Government Ministries and public sector bodies. These organisations purchase airtime from ZNS, which they then use both to show their programmes and to generate commercial revenues through advertising and sponsorship to help fund the programmes.
162. This model has a number of advantages for ZNS. First, it ensures guaranteed revenues for the airtime that it sells to external organisations, regardless of the volume of advertising that these organisations ultimately secure during their time-slots. Second, ZNS is able to generate these revenues at relatively low cost, as it is not responsible for selling advertising around the relevant programmes. And third, it provides a means for ZNS to fill up its TV schedules without making programmes itself. The approach also has an important advantage for independent producers and other external suppliers, in that it gives them full control of the commercial exploitation of their programmes: if they manage to generate above-average returns from advertising or sponsorship, these returns flow in full to the production companies rather than ZNS.
163. However, this model also has significant drawbacks, both for ZNS and for external suppliers. First, it is not a particularly efficient model for selling advertising. The need for small independent production companies individually to devote resources to selling advertising results in duplication of effort. Independent producers end up having to devote significant financial and human resources to commercial sales that could be better invested in their programmes. Second, the model incentivises ZNS to sell airtime to production companies based on their willingness to pay, regardless of the programming that they intend to offer. ZNS has little or no control over the

- kinds of programmes that are made by external suppliers, or over their quality. This has an important impact on the ability of ZNS to fulfil its PSB remit: as it has only limited influence over the overall schedule of ZNS TV-13, it is hard for its managers to ensure an appropriate mix of programming.
164. URCA's analysis of PSB models overseas reveals that alternative models exist that might work well in The Bahamas. Some broadcasters, including ones in the US and UK, adopt a commissioning model according to which they maintain full control of their schedules without making all the programmes themselves. Channel schedulers determine the priorities for their channels, in terms of genre mix, and then seek the best ideas both from in-house production units and from external suppliers. Broadcasters fund the production costs of programmes that are commissioned from independent companies, and sell the advertising around all programmes in their schedules.
165. This approach has several benefits. Crucially, broadcasters maintain full control over their schedules, allowing them to determine the overall range of genres covered. This control allows them to maximise their potential audience reach. For example, programmes appealing to similar audiences can be aired back-to-back. It also gives broadcasters the flexibility to adjust the scheduling of individual programmes at short notice: for example, if a programme performs unexpectedly well, it can be moved to a more favourable time slot to grow its audience. In addition, the commissioning model can help increase programme quality and efficiency through bidding processes whereby in-house and external companies compete for individual projects, with commissions awarded to the most creative and/or cost-efficient proposals. Broadcasters also benefit from scale economies in airtime sales, managing sales teams capable of covering their channels' entire outputs. Independent production companies benefit too: guaranteed production fees that cover the costs of their programmes reduce their financial risk. And they save time and money by not having to sell advertising themselves, allowing them to focus on making programmes.
166. URCA's dialogue with independent producers as part of its PSB Review revealed a range of views on this issue. Some producers supported the current model, citing the freedom that it offers. They argued that they have more invested in their programmes than any broadcaster, and will make more effort to maximise commercial revenues from advertising and other sources. Conversely, other producers regarded the need to sell advertising to fund their programmes as an unwelcome burden. They wanted to be able to focus on programme-making without being forced to operate as a sales house in order to do so.
167. In conclusion, it would appear that these models have different advantages and disadvantages. As there is some support for the current model in the production sector, URCA is of the view that this model should remain in force. However, URCA does not believe that it should be the only model available to ZNS and to production companies. If ZNS were to operate a flexible mixed model which combined making programmes in-house, commissioning (and funding) programmes from external companies and selling airtime, this would create new possibilities for ZNS to exert greater influence over its TV schedules and for independent companies that would prefer to be funded through production fees to do so.
168. URCA's recommendation on the relationships between ZNS and external suppliers is as follows:



**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.

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

### **6.3 Accountability to audiences and government**

169. URCA believes that, alongside a new PSB remit and commissioning model, ZNS needs to improve its accountability to stakeholders, in particular its audiences and the Government. To this end, URCA's view is that each year, ZNS should set out its programming priorities, demonstrating how these will best meet its audiences' needs, and it should critically assess its performance over the previous year, to determine the extent to which it achieved that year's priorities. In this way, Bahamians will be able to judge how effectively ZNS is delivering its public service role, and how efficiently public funds are being deployed.
170. A robust accountability mechanism is also in the best interests of ZNS: its best chance of maintaining support amongst the general public for the institution over the long-term, and of being able to secure adequate public funds, is to be able to demonstrate – as objectively as possible – that it is delivering on its PSB objectives in an effective manner.
171. ZNS cannot hope to be able to maximise the delivery of its PSB remit without monitoring audience levels and appreciation of its programmes on an ongoing basis. Without such research, it has no way of knowing how well it is performing. In Section 4.1, URCA highlighted the absence of any industry-wide audience measurement systems in The Bahamas that would enable broadcasters to assess viewing or listening levels to individual programmes. Moreover, it appears, from URCA's dialogue with ZNS, that the broadcaster conducts little audience research of any kind into what Bahamians wish to watch and listen to, or what they thought of individual programmes. Anecdotal evidence, such as that obtained from viewer phone calls, can only paint a highly partial picture. This lack of research makes it difficult, if not impossible, for the management of ZNS to best serve audiences' needs and to use public funds as effectively as possible. URCA believes that ZNS needs to conduct an ongoing dialogue with its audiences using structured forms of research that are independent and which provide a properly representative perspective on the views of Bahamian viewers and listeners.
172. URCA therefore makes the following recommendation on ZNS' accountability on programming matters:

**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 channels 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.

*Question 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*

## 7. Corporate governance of ZNS

173. URCA is required by Section 60(1) of the Comms Act to make recommendations to the Minister on the “corporate governance rules of the Corporation” (i.e. ZNS) as part of its PSB Review. This is in recognition of the fundamental institutional changes that are required to enable ZNS to make the transition to a fit-for-purpose public service broadcaster, beyond the new PSB remit outlined in the previous chapter.
174. It is helpful to clarify exactly what is meant by “corporate governance”. It is defined by Wikipedia as *“the set of processes, customs, policies, laws, and institutions affecting the way a corporation (or company) is directed, administered or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the corporation is governed.”*
175. In Section 7.1, URCA sets out the corporate governance arrangements that have historically applied to ZNS. A central tenet of corporate governance for public service broadcasters is operational and editorial independence. The evidence from overseas points overwhelmingly to the need to protect public service broadcasters from influence by politicians, advertisers and other stakeholders, as Section 7.2 shows. URCA’s own audience research highlights a clear desire amongst Bahamians for similar principles to apply to ZNS. The results of the audience research, along with international best practice, motivate URCA’s recommendations for the corporate governance of ZNS, which are presented in Section 7.3.

### 7.1 Historic corporate governance arrangements

176. The Broadcasting Act 1956 established the provision of the Broadcasting Corporation of the Bahamas (BCB, or “the Corporation”), known more commonly as ZNS. The key corporate governance arrangements set out in the Act which continue to remain in force (and will do so until new arrangements are implemented) are as follows:
- **Composition of the BCB Board:**
    - The Governor General appoints the five (5) Board members for a minimum of 1 and maximum of 3 years, including the Chairman and Vice-Chairman
    - A Minister or a member of the public service cannot serve on the Board
  - **Operational matters:**
    - The Minister may, following consultation with BCB, give general or specific directions to the BCB in areas that the Minister deems to be of public interest
    - Appointments of the General Manager, advisors and other BCB officers must be approved by the Minister
    - Tariffs of advertising rates are subject to review and approval by the Minister
    - Borrowing must be approved by the Minister responsible for Broadcasting as well as by the Minister of Finance
    - The Minister designates the bank which the Corporation shall use
    - Auditors are appointed annually with the approval of the Minister
    - Accounts must be tabled in Parliament

- **Editorial matters:**

- The duty of the Corporation (BCB) is to provide broadcasting and televising services as a means to information, education and entertainment, and to develop the services to the best advantage and interest of The Bahamas
- The Minister may provide directions with reference to BCB's main Duty
- BCB must provide free airtime to the Minister (if required from time to time), subject to certain limits on the quantity of airtime
- The Minister retains the right to require BCB to refrain from broadcasting any matter if it is deemed to be in the public interest by the Minister.

177. Further corporate governance provisions in the Broadcasting Act and subsidiary legislation were repealed by the Comms Act in 2009. These were:

- Provision of technical operating services by the Bahamas Telecommunications Corporation (Section 11 of the Broadcasting Act)
- Powers for the Minister to make rules on the character of programmes broadcast by BCB, including elements such as the amount of advertising permitted, rules covering political broadcasts and operational rules relating to employment practices (Section 18). Detailed Rules were subsequently enacted as the Broadcasting Rules, 1992 and Broadcasting (Licensing) Rules, 1993
- Provisions relating to the grant of broadcasting licences (Section 21).

178. Before turning to international best practice for public service broadcasters in the next section, it is worth highlighting certain elements of the current corporate governance arrangements which raise concerns to the extent that they compromise the independence and editorial integrity of BCB:

- The Minister has far-reaching powers on operational matters by exercising his rights of approval, which potentially makes independent and effective decision-making by BCB's management more difficult (regardless of whether or not these powers are used in practice)
- The Minister has scope to influence creative and editorial decisions, leading to risks both of politically-biased programming and of censorship
- The relatively short tenure for Board members means that new Ministers can easily replace members, which can lead to a highly politicised Board.

*Question 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?*

## **7.2 International best practice**

179. A number of organisations around the world – including individual broadcasters, industry trade bodies such as the European Broadcasting Union (EBU), and international organisations such as the Council of Europe and UNESCO – have developed policy positions regarding the corporate governance of public service broadcasters. The evidence from overseas points overwhelmingly to the importance of public service broadcasters being given editorial and operational independence from the Government.

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180. Key references from the following sources that URCA believes to be particularly pertinent to its review of the corporate governance of ZNS are presented below:

- **UNESCO**. “Public Service Broadcasting Today and Tomorrow”, Statement adopted by PSB workshop participants, 11 December 2003
- **CBC (Canada)**. “Public Broadcasting in Canada: Time for a New Approach”, paper presented to the Standing Committee on Canadian Heritage, 22 March 2007
- **Council of Europe**. “Recommendation of the Committee of Ministers to Member States on the Guarantee of the Independence of Public Service Broadcasting”, Recommendation No. R (96) 10, adopted by the Committee of Minister on 11 September 1996
- **European Broadcasting Union (EBU)**. “The Requirements for the Independence of Public Service Television”, Speech by Dr Werner Rumphorst, EBU Legal Director, 3 November 2006
- **SABC (South Africa)**. “Empowering the People”, Keynote Speech given by Dali Mpofu, Group CEO, South African Broadcasting Corporation, to the 2008 Commonwealth Broadcasting Association General Conference, held in Nassau in January 2008.

### **Importance of independence**

181. The need for public service broadcasters to be independent – and the vital role this plays in supporting democracy, objective and credible news journalism, and freedom of expression more generally – is a common theme in these sources.

182. The **UNESCO** Statement highlights these themes: *“A public broadcasting system detached from state influence is absolutely essential to disseminate impartial and diverse information. An independent and well-performing public broadcasting system examines public issues with an incisively critical eye by providing programmes that include public debate, cultural expressions and educational programming aside from entertainment. PSB should unfailingly render service to individuals, communities and societies in order to contribute to a shared political, social and cultural frame of reference and bring about social cohesion among different peoples. This form of PSB, which meets its audience not only as consumers but as citizens, binds democratic societies and develops national identity and cultural preservation.”*

183. The **Council of Europe** motivates its Recommendation on the independence of public service broadcasters by stating that *“the independence of the media, including broadcasting, is essential for the functioning of a democratic society”*.

184. The value of independence was brought vividly to life in a speech delivered at the 2008 Commonwealth Broadcasting Association (CBA) General Conference in Nassau by the CEO of the **SABC (South Africa)**, who said:

*“In a nutshell any broadcaster which is unable, for whatever reason, to withstand, resist and whenever necessary oppose either state power or commercial power must forget about citizen empowerment.*

*“The notion of public service broadcasting as an empowerment instrument is more clearly articulated by making reference to countries with a history of disempowerment of the people, such as apartheid South Africa, much of the African continent and the colonial diaspora, where broadcasting has previously been abused as part of state propaganda machinery by repressive undemocratic regimes, whether colonial or domestic. Public service broadcasting in this context is*

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*an act of resistance through the affirmation of public ownership of the airwaves and triumph over totalitarianism.*

*“The state versus public ownership and control of the airwaves is, as many here might attest, a battle which continues to this day – as some of our governments see no difference between themselves and national broadcasters, in most instances using funding – or deprivation thereof – as a weapon to manipulate these broadcasters. In continuing, therefore, to wage our battle for the independence of public service broadcasters we are ipso facto empowering our people and honouring the spirit of public service broadcasting.”*

185. A report published by **CBC (Canada)** argued that: *“Crucial to the very definition of a public broadcaster is its independence. History is full of examples of state broadcasters whose content is controlled by government – who serve government and not its citizens. Public broadcasting is a cornerstone of freedom of expression – a space where ideas are expressed freely, and where information and opinions circulate unencumbered. An arm’s length relationship between the state and the public broadcaster is deeply rooted and is essential to the broadcaster’s survival and its ability to serve its citizens.”*

### ***Need for independence to be established in legislation***

186. The **Council of Europe** states that European Member State governments should *“include in their domestic law or in instruments governing public service broadcasting organisations provisions guaranteeing their independence in accordance with the guidelines set out in [...] this recommendation”*.
187. According to these guidelines: *“The legal framework governing public service broadcasting organisations should clearly stipulate their editorial independence and institutional autonomy, especially in areas such as:*
- *the definition of programme schedules;*
  - *the conception and production of programmes;*
  - *the editing and presentation of news and current affairs programmes;*
  - *the organisation of the activities of the service;*
  - *recruitment, employment and staff management within the service;*
  - *the purchase, hire, sale and use of goods and services;*
  - *the management of financial resources;*
  - *the preparation and execution of the budget;*
  - *the negotiation, preparation and signature of legal acts relating to the operation of the service;*
  - *the representation of the service in legal proceedings as well as with respect to third parties.”*

### ***Political oversight and influence***

188. Some sources highlight the need to protect the Boards and management of public service broadcasters from political influence. The **Council of Europe** guidelines state that *“The legal framework governing public service broadcasting organisations should stipulate that their boards of management are solely responsible for the day-to-day operation of their organisation”*. It adds that: *“The rules governing the status of the boards of management of public service broadcasting*

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*organisations, especially their membership, should be defined in a manner which avoids placing the boards at risk of any political or other interference.”*

189. The **EBU** elaborates on this point, claiming that: *“The threat to independence does not come from censorship [...] but from self-censorship, exercised under political pressure”*. It argues that, in order to prevent this, clear rules are needed to ensure the appointment of Board members. Appointments should be made based on positive requirements, such as experience. There should be clear grounds for non-qualification, e.g. being a member of government or parliament. It is preferable for Board members to be appointed by a non-political body. Appointments should be for fixed terms that do not coincide with the duration of the legislature.

### **Funding settlements**

190. The importance of stable funding mechanisms that reduce the scope for political interference was one of the themes highlighted in the **SABC (South Africa)** speech quoted above.
191. The **EBU** also stresses the need for secure funding mechanisms, arguing that it is difficult for broadcasters that rely on annual allocations from the state budget, and which thus have to negotiate with the government on a frequent basis, to maintain editorial independence, including the right to criticise the government. It argues that multi-year settlements minimise the potential for political interference.
192. Having identified key elements of best practice in corporate governance from speeches and policy submissions made by broadcasters and international organisations, it is important to consider what this means in practice. By way of illustration, the corporate governance for three major public service broadcasters – ABC, BBC and CBC – are summarised in Figure 36. The corporate governance arrangements of these organisations have evolved over many years, and in many respects these broadcasters now follow best practice. But it is also clear that no one country offers a perfect model: debates in Australia and Canada have raised concerns about the politicisation of Board appointments; CBC’s management has hitherto been unsuccessful in its attempt to secure multi-year funding settlements from the Canadian Government; while in the UK, the BBC Trust – which only recently replaced the Governors as the Corporation’s governing body – is accused simultaneously of being both too close to BBC management and too critical of executive decisions.

Figure 36: Examples of corporate governance arrangements for public service broadcasters around the world

	<b>Australian Broadcasting Corporation (ABC)</b>	<b>British Broadcasting Corporation (BBC)</b>	<b>Canadian Broadcasting Corporation (CBC)</b>
<b>Institutional establishment</b>	ABC was established as a corporation by the Australian Broadcasting Corporation Act 1983	The BBC operates under a Royal Charter as a public corporation	As a crown corporation, CBC operates at arm's length from the government
<b>Editorial independence</b>	The ABC Act makes the protection of the "independence and integrity" of ABC a duty of the Board	The Charter decrees that the BBC's views be entirely independent of private or governmental influence	The Broadcasting Act 1991 safeguards CBC's "freedom of expression" and "journalistic, creative and programming independence"
<b>Separation of roles of Board and management</b>	The ABC Board is responsible for the ABC's operations. It comprises up to 7 directors. The Board appoints the Managing Director for a term of up to five years. The ABC Advisory Council advises the Board on programming matters and represents Australian community concerns and interests	The BBC Trust is the governing body of the BBC, responsible for setting overall strategy, approving high-level budgets and assessing the performance of the BBC Executive Board. The Executive Board is responsible for the operational management and delivery of services. It is headed by the Director-General, who is appointed by the Trust. The Executive Board consists of 9 executive and 6 non-executive directors	CBC is governed by a Board of Directors, made up of 12 Directors, including the Chair and the President and CEO. Its key responsibilities are to approve the strategic direction, corporate and business plans for CBC, and to assess progress in achieving strategic and business objectives. The Senior Executive Team manages CBC's day-to-day operations. It comprises the President and CEO and CBC's 10 divisional heads
<b>Oversight and protections against political influence</b>	Directors are appointed by the Governor-General on the recommendation of the Government, for five-year terms. Directors are expected to have relevant expertise or experience. Recent changes established a more independent process for the recruitment of Board members to avoid political appointments	There are 14 BBC Trustees, who are appointed by the British monarch on advice from ministers. Trustees are chosen on merit, based on their experience or expertise, under a process regulated by the Independent Commissioner for Public Appointments. Trustees can serve for up to two terms, each of up to five years	The Board is directly responsible to Parliament through the Department of Canadian Heritage. Directors are appointed, by the Government, for a term of up to five years. Directors other than the Chair and the President and CEO are limited to two consecutive terms. The Directors act as Parliament's "trustees" to define and to guard the public interest
<b>Funding settlements</b>	ABC is funded by the Government with grants from the Federal Budget. Funding decisions are made via triennial funding settlements; the current settlement runs from 2009 to 2012	The BBC's Royal Charter is reviewed approximately every ten years. The current Charter runs from 2007 to 2016. An earlier settlement set the level of the licence fee (the main source of the BBC's income) for a six-year period from 2007 to 2012. The new Government recently set the level of the licence fee for the remaining years of the Charter	CBC receives an annual Parliamentary appropriation, which represents its largest source of funding. CBC management has argued that the lack of a multi-year funding mechanism prevents it from planning with a reasonable degree of confidence

**Sources:** **ABC:** ABC Annual Report 2008/9, [abc.net.au/corp/board/theboard.htm](http://abc.net.au/corp/board/theboard.htm), Wikipedia. **BBC:** [bbc.co.uk/bbctrust/index.shtml](http://bbc.co.uk/bbctrust/index.shtml), [news.bbc.co.uk](http://news.bbc.co.uk), Wikipedia. **CBC:** CBC Corporate Plan Summary 2009-2010 to 2013-14, [cbc.radio-canada.ca/about/index.shtml](http://cbc.radio-canada.ca/about/index.shtml), Wikipedia



## 7.3 Proposed corporate governance arrangements for ZNS

193. In developing its preliminary recommendations regarding the corporate governance of ZNS, URCA has been guided by international best practice, in particular:

- the need to enshrine corporate governance arrangements in legislation
- the emphasis placed on editorial and operational independence by public service broadcasters around the world
- recent trends in some countries to strengthen processes for the appointment of Board members to minimise political influence
- the benefits provided by a clear separation of roles between the Board and management
- the value of funding mechanisms that minimise political influence and allow broadcasters to plan over medium-term horizons.

194. URCA's recommendations also take into account the results of its audience research, which show that Bahamians have a strong desire for ZNS to be more independent and freer of political influence. Respondents to the telephone survey were asked whether "*the amount of editorial and operational independence given to ZNS is too little (i.e. ZNS should be allowed to be more independent), about right, or too much (i.e. ZNS should more closely represent government views)?*" As the results presented in Figure 32 (in Section 4.2) showed, half of all respondents argued that ZNS currently has too little independence; in other words, they believed that ZNS should be allowed to be more independent. Only 7% of people believed that ZNS has too much independence. Participants in the focus groups likewise argued that ZNS is currently **too careful not to offend the government or to portray public services in a negative light**. They believed that **there is too much political interference** in ZNS, and that journalists should have **greater freedom to report the news objectively**.

195. Bearing in mind international best practice and the results of its audience research, URCA's recommendations to the Minister regarding the corporate governance of ZNS are as follows:

### **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

*Continued overleaf*

**Recommendation 9 (ctd)**

- 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

*Continued overleaf*

**Recommendation 9 (ctd.)**

**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

*Question 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*

## **8. Funding options for PSB**

196. Under Section 60(1) of the Comms Act, URCA is required to make recommendations to the Minister on “the preferred method of funding any public service broadcasting obligations that are recommended”. Section 63 of the Comms Act establishes a “public service broadcasting fund” into which would be paid any money appropriated by Parliament for funding PSB, including levies, along with any grants, contributions or loans from international organisations or donors.
197. This chapter examines the options for funding PSB in The Bahamas, and presents URCA’s recommendations on which methods of funding are likely to be most appropriate, practical and feasible. Section 8.1 sets out the challenges of funding Bahamian television programmes, due to a combination of the distinctive economics associated with broadcasting and the particular challenges that broadcasters face in The Bahamas. Public funding is a common element of PSB systems around the world, as Section 8.2 shows. URCA has examined alternative funding mechanisms that could potentially be used to support PSB provision in The Bahamas, alongside advertising and sponsorship (currently the main source of ZNS’ commercial income). The pros and cons of various funding options are set out in Section 8.3.

### **8.1 Economics of broadcasting**

198. The economics of commercial television production are unusual, leading to particularly high levels of risk, as a result of four interrelated components: the production costs of television programmes are (i) high and (ii) need to be borne in advance; exacerbating this, (iii) television is a hit-based business with high failure rates; and (iv) low distribution costs foster a highly competitive market with fragmenting audiences.
- i. **High production costs.** The costs associated with the production of television programmes are substantial. Moreover, significant marketing expenditure is required in order to promote new shows. The US networks, for example, spend hundreds of thousands of dollars per hour on prime-time shows (and millions of dollars on the most high-end shows), excluding marketing costs. Production costs are inevitably lower for broadcasters serving small audiences, such as those whose programmes have niche appeal (e.g. a golfing channel) or which operate in a small country (such as The Bahamas). But these broadcasters face the additional challenge of making programmes of sufficient quality on lower budgets to satisfy audiences accustomed to the production standards exhibited by high-end programmes shown by the biggest TV networks in prime-time.
  - ii. **Fixed nature of costs.** Unlike standard markets, where production costs vary with the level of demand, the production costs associated with a television programme are fixed, in that they are entirely unrelated to the number of people who will eventually consume (i.e. watch) the programme. A programme costs the same to make whether it is watched by one thousand or one million people. Moreover, these costs have to be borne in full in advance: viewers cannot watch a TV programme until it is complete (for a manufacturer of a typical consumer product, this would be like having to produce the entire output of the product that will ever be consumed before any of it can go on sale). This raises the risks associated with programme-making, as production costs cannot be readily scaled up or down on an ongoing basis in response to demand.

- iii. **Hit-based business.** Television is a hit-based business: setting aside established ongoing programmes that have stable predictable viewing levels, such as news shows, the success rates for new programmes tend to be low. Many programmes, including the most expensive ones, fail to attract sufficiently large audiences and can lead to substantial financial losses for broadcasters. Conversely, the most successful programmes can generate huge profits, even more so when sales in international and ancillary markets (e.g. DVDs and merchandising) are included. As a result – just as in other hit-based industries which exhibit high fixed costs, such as pharmaceuticals or oil, along with other audiovisual sectors such as feature films and video games – a portfolio approach is used by major networks to manage risk. Under such a model, a small number of “hits” generate sufficient profits to offset the losses from the remaining output.
- iv. **Low distribution costs.** The high fixed costs of television production are offset in part by low marginal costs of distribution. Once the physical infrastructure is in place to distribute television programmes – e.g. the transmitter network for over-the-air broadcasts or the cable network running to people’s homes – the marginal cost of distributing individual programmes is very low. The transition over the last decade from analogue to digital television platforms has reduced distribution costs further, whilst also increasing capacity, enabling more channels to be offered to viewers. More recently, faster broadband speeds are leading to the increasing use of the internet to distribute audiovisual content, allowing (potentially) global audiences to be reached at marginal cost. While low distribution costs are themselves beneficial to broadcasters, the growth in the volume of audiovisual content that is available fragments viewing across ever more outlets. Around the world, network broadcasters have seen their audiences fall as a result of the growth of digital television and the internet. In the UK, for example, the main networks have lost around 50% of their audience over the last 20 years following the development of multi-channel television.
199. As a result of these economic factors, PSB output – in terms of range and volume – varies in different countries depending on the size of their population and levels of public support for broadcasting.
- In large countries with well-funded PSB systems, such as Canada and the biggest European territories (e.g. France, Germany and the UK), public service broadcasters’ schedules comprise high levels of original domestic programming across a wide range of genres, including news and current affairs, sports, entertainment, comedy, documentaries, drama and children’s programmes. Their mainstream channels typically offer popular entertainment, while complementary niche services cater to particular audiences, for example by providing coverage of arts or serious factual programmes, or dedicated children’s channels.
  - In part as a result of its large population, the US has a unique broadcasting ecology. A sophisticated and well-funded commercial sector offers a wide range of programming with high production values which, in other countries, would mostly be provided by public service broadcasters. Private advertising-funded networks typically offer news, sports, mainstream entertainment, comedy and drama. Pay-TV channels, meanwhile, offer a range of niche service catering to less mainstream audiences. The best-known, such as HBO, focus on original comedy and drama alongside sports. With such a diversity of commercial programming, PSB output is relatively limited: the PBS network focuses on a narrower range of genres, including prestige international drama and documentary co-productions

- (generally with other public service broadcasters), along with coverage of the arts, science and history.
- In smaller countries, broadcasters cannot benefit from economies of scale and their programming budgets are correspondingly reduced. In countries with strong commitments to PSB – such as Ireland and the Netherlands – broadcasters are still able to offer a broad mix of news and information, entertainment and cultural programming, albeit on budgets for individual programmes that are lower than those enjoyed by broadcasters in larger countries. Conversely, where public service broadcasters receive less public support, such as in some of the Caribbean islands, the range of PSB output is narrower. In countries such as The Bahamas, Barbados and Trinidad and Tobago, state broadcasters tend to focus their more limited resources for original domestic programming on news and other topical programmes, mainstream entertainment and factual shows, and some religious programming.
200. The digitalisation referred to above raises a host of opportunities and challenges for broadcasters. On the positive side, new digital TV channels and online services allow broadcasters to engage mainstream audiences in new ways (e.g. by offering complementary programmes and online services) and to better meet the diverse interests of different audience groups (e.g. with channels covering particular genres or serving particular age demographics). With their online services, broadcasters can offer up-to-the-minute news, make their programmes available on-demand, allow viewer participation in programmes (e.g. through online voting or debating in user forums) and provide information for people who want to explore the issues covered in a programme in more detail.
201. On the negative side, the corresponding challenges are undermining the business models that have underpinned commercial broadcasters throughout the analogue age. As broadcasters' revenues are related to the size of their audiences, the fragmentation of viewing resulting from the increased supply of audiovisual content (referred to above) directly impacts the revenues that individual broadcasters can generate. This is exacerbated by technologies such as personal video recorders, often incorporated as standard within the most recent generations of digital set-top boxes, which enable viewers to fast-forward through advertisements. The internet raises additional concerns: television programmes are increasingly available to be downloaded, often illegally through piracy. Broadcasters' own legal on-demand services only partially resolve the challenges of online delivery, as the advertising revenues generated from each viewing are less than the corresponding spot revenues that would have been earned if the same programme had been watched on television. Together, these elements create a vicious circle: as revenues fall, broadcasters have less money to invest in programming, making their channels less attractive, as a result of which viewing and income fall further.
202. Some of the challenges discussed above are particularly acute for broadcasters in smaller countries. Commercial broadcasting is especially fragile in The Bahamas, for two reasons. The first relates to the high fixed cost nature of production. Bahamian broadcasters operate at a significant disadvantage relative to some of the overseas broadcasters whose channels are available in the country. While US broadcasters can spread their production costs over a domestic population of over 300 million, Bahamian broadcasters serve a population that is 1,000 times smaller, making it much more difficult to finance TV programmes or to maintain a portfolio of programmes. Worse still for Bahamian broadcasters, new digital platforms have led to the widespread availability of hundreds of TV channels in The Bahamas, most of which are

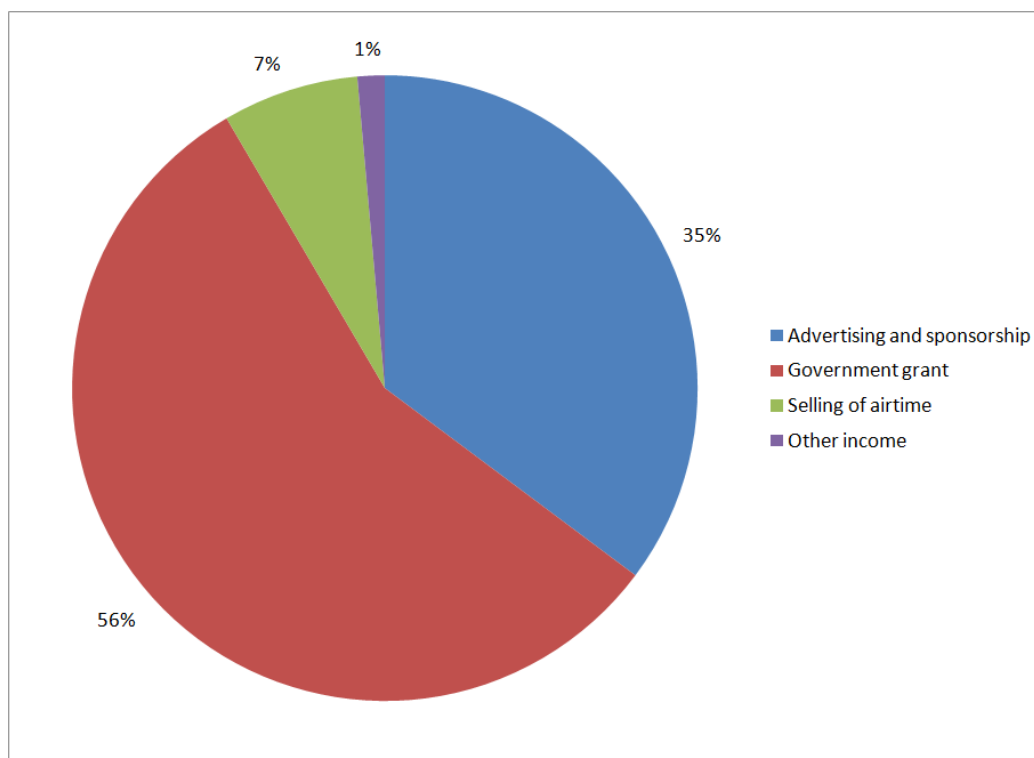
retransmissions of channels that originate overseas. While this has undoubtedly enhanced choice substantially for viewers, it means that TV audiences are increasingly fragmented, making it harder for Bahamian channels to compete for audiences with better-funded ones from larger countries.

203. Notwithstanding these challenges, the popularity of some Bahamian programmes shows that, when the subject matter and presentation are sufficiently relevant and attractive, the economic constraints under which ZNS and other Bahamian broadcasters operate are not a barrier to enabling them to compete for audiences with much better-funded overseas channels. At the same time, it is clear that the amount of domestic programming that can be expected to be funded by commercial means in The Bahamas will always be limited. Historically, ongoing public intervention has been needed to support PSB provision in The Bahamas.
204. Intervention has also been needed to secure the public policy goal of ensuring that all Bahamians have access to Bahamian TV channels and radio stations wherever they live. Given the number and geographical dispersal of the islands that make up The Bahamas, it is commercially viable for private broadcasters to serve only the most populous islands: it is expensive and technically challenging to reach more distant islands with smaller potential audiences. As a result, it is likely that some islands would have access to few or no Bahamian TV or radio stations in the absence of public intervention.

## **8.2 Public funding for PSB**

205. ZNS is financed through a combination of public funds and commercial revenues. In 2009/10, its unaudited total income was \$14.7 million. Of this, \$6.2 million, or 44% of the total, was derived from commercial means. The most significant of these was advertising and sponsorship, which generated \$5.0 million (35% of total income). The other main income stream was derived from the selling of airtime to external programme-makers (\$1.0 million). The Government provided a public grant of \$8.5 million, representing the other 56% of ZNS' income over the year. ZNS' income sources are shown in Figure 37.

Figure 37: ZNS' income sources (2009/10)

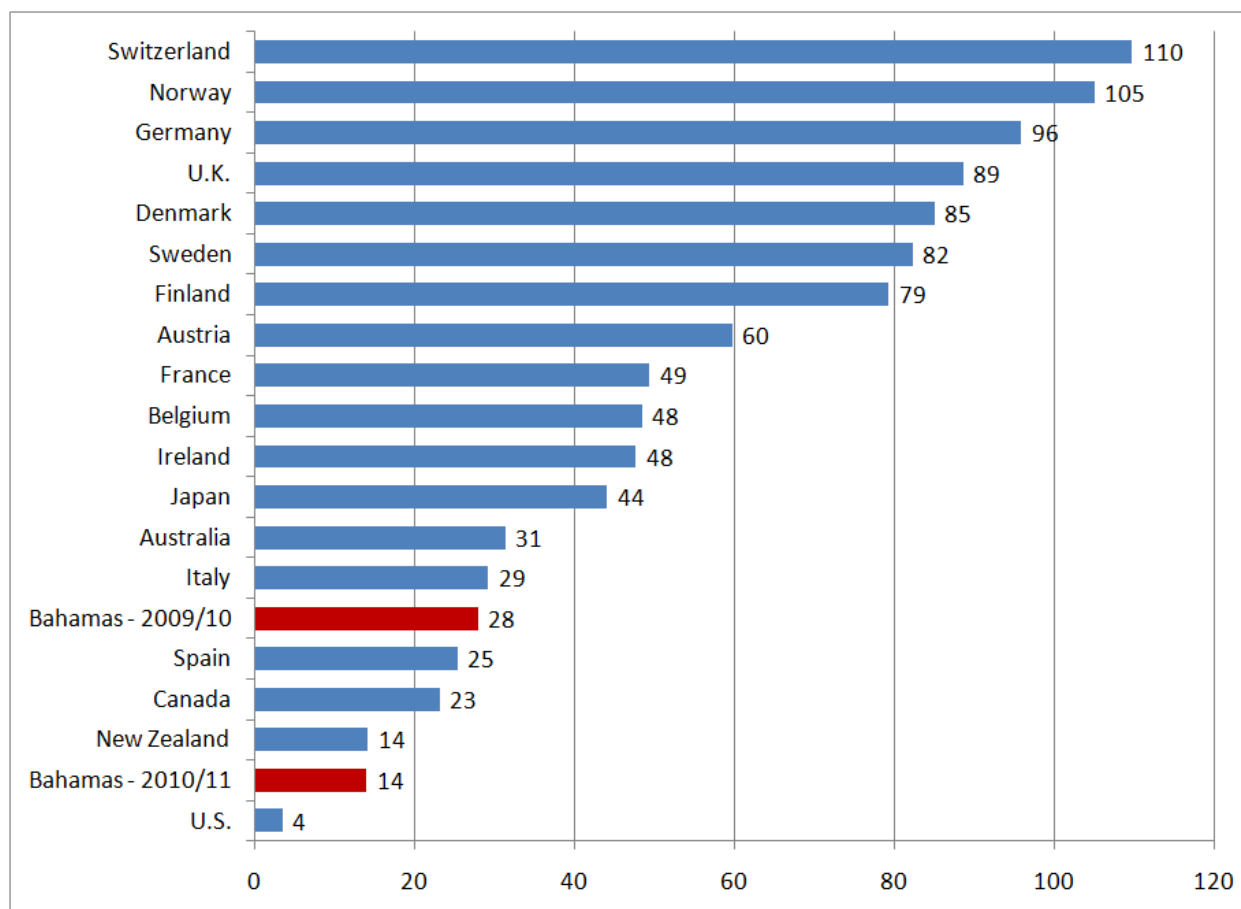


Source: ZNS, URCA analysis

206. The Government announced that for the financial year 2010/11, ZNS' public grant would be reduced to \$4.25 million, 50% of the previous year's level.
207. To put the nature and amount of public funding received by ZNS into context, URCA has examined the levels of PSB funding around the world. Public funding can take a number of forms. Some broadcasters – such as ABC and SBS in Australia and CBC in Canada – receive a direct grant from the Government. A “licence fee”, i.e. a consumer tax on households with TV sets, is used to fund the BBC in the UK, NHK in Japan and ARD and ZDF in Germany. While some public service broadcasters, such as the BBC, are fully funded through public support and are not permitted to derive additional revenues from commercial sources, most broadcasters are also allowed to generate revenues from advertising. Under an alternative funding model in certain other countries, public funds are allocated to multiple broadcasters or producers rather than to a single public service broadcaster. Thus, in New Zealand funds are allocated on a contestable basis to individual programmes, while in the Netherlands public funds are allocated to a collection of individual member-based broadcasting organisations representing a diversity of social and religious movements.
208. In absolute terms, total public funding for public service broadcasting is inevitably higher in countries with larger populations. But even on a per-capita basis, PSB funding is higher in most other countries. The level of public support for PSB in The Bahamas is low by international standards, as Figure 38 shows.



Figure 38: Public funding <sup>2</sup> on PSB per capita around the world (US\$)



**Source:** Analysis of Government Support for Public Broadcasting and Other Culture in Canada, Nordicity Group Ltd, Report prepared for CBC Canada, June 2006 (international data), URCA analysis (Bahamian data)

*Note: International data from Nordicity study relates to 2004; current levels of PSB funding in each country may vary as a result of changes in funding levels and in exchange rate movements*

209. The grant received by ZNS in 2009/10 was equivalent to around \$28 per person. This puts ZNS at the low end of per-capita funding in comparison with the 18 countries examined in a study conducted for CBC in Canada, amongst a tranche of countries that spend around \$15-30 per head. The survey reveals a middle tranche of countries in which per-capita spend is around \$40-60, and a high end of (mostly European) countries that spend \$80-110 per head on PSB. The reduced spend on ZNS in 2010/11, of \$14 per person, puts The Bahamas at the bottom end of the scale, ahead of only the US (which is an outlier, as the market is sufficiently large for the private networks to provide a range of high-quality PSB-like programming).

<sup>2</sup> Public funding includes government grants, subventions and licence fees

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210. URCA's audience research revealed mixed views about desired levels of funding for PSB in The Bahamas. Participants in the focus groups recognised that Bahamian broadcasters operate under tighter financial constraints than broadcasters in other countries. They also recognised that any increases in public funding for ZNS would need to come either from higher taxes or from cutting public services elsewhere. Of those who supported the provision of a wider range of Bahamian programming, a few said that they would be prepared to pay more (through taxation) for better programming. Conversely, other people emphasised the challenges they already faced in meeting their bills in the current economic conditions and were opposed to any increases in taxation to support higher public spending on ZNS.
211. In addition to the ongoing costs of providing its services, ZNS has argued that it needs to undertake a one-off upgrade to its capital infrastructure to enable it to install fully-digital equipment, and has asked the Government to fund such an upgrade. This would address the widespread criticisms made by participants in URCA's audience research about the poor picture quality of ZNS' television channels. The digital upgrade would enable ZNS to match the picture quality offered by other broadcasters in The Bahamas and overseas. URCA's view is that a capital upgrade would provide long-term benefits. It would make ZNS' output more appealing to viewers who are accustomed to high quality digital TV images, and would help draw audiences to Bahamian programming. Once it is fully installed, moreover, ZNS ought to be able to achieve operational cost savings, given the efficiencies brought about by digital technologies (for example, editing programmes is much quicker and easier using new software).
212. To conclude, URCA's analysis indicates that public intervention will be needed to sustain PSB provision in The Bahamas. By international standards, the amount of public support for ZNS is low, and the recently-announced cuts will be challenging for ZNS' management to implement. Decisions on the level of public funds rest entirely with Government. Within its budgetary constraints, URCA would encourage the Government to make available levels of public funding sufficient to enable ZNS to fulfil its PSB remit. At the same time, ZNS needs to work harder to generate commercial revenues (see below) and to achieve efficiency savings. URCA sees merit in the provision of support to enable ZNS to implement a one-off capital infrastructure upgrade to digitise its equipment.

### **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.

*Question 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?*

*Question 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?*

## **8.3 Funding mechanisms for ZNS**

213. In this section, URCA examines the options for funding ZNS. The first part looks at advertising and sponsorship, currently the most significant revenue stream for ZNS. It considers whether it is appropriate for a public service broadcaster to generate commercial revenues in this way, and the impact of ZNS' activities on private broadcasters. The second part goes on to explore alternative funding mechanisms that could generate income for ZNS.

### ***Advertising and sponsorship***

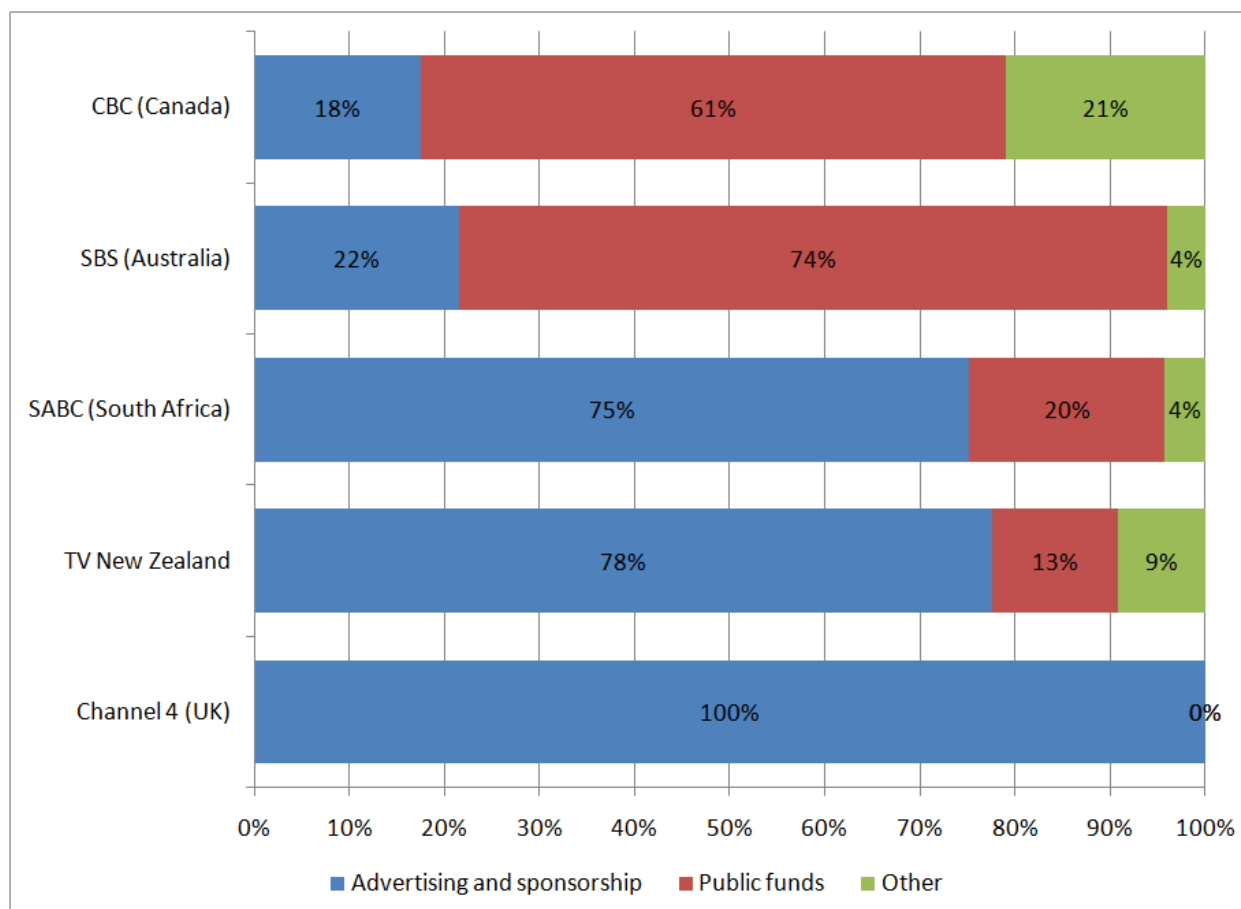
214. Over the course of its PSB Review – and, in particular through its dialogue with broadcasters and other stakeholders – URCA has been presented with arguments that, as ZNS makes the transition to a public service broadcaster, it would no longer be appropriate for the state-owned broadcaster to continue to take advertising. Two sets of arguments have been put forward:

- Firstly, it is claimed that it is inherently unfair that a broadcaster should be able to receive both public and private funds, disadvantaging private operators
- Secondly, it is alleged that ZNS' ratecards, which determine the prices at which it sells spot advertisements on its radio stations and television channels, are set at artificially low levels that depress the rates that private broadcasters can charge for their own advertising.

215. As advertising currently represents such an important revenue stream for ZNS, URCA has examined these claims carefully.

216. First, URCA considers whether there is anything inherently wrong with a public service broadcaster receiving private and public funds. URCA's review of PSB models around the world reveals that there is nothing unusual about public service broadcasters taking advertising even when they also take public funds: URCA observes a wide range of mixed funding models combining different levels of public and private funding; some examples are highlighted in Figure 39. A rationale is that public service broadcasters typically have legislative remits that require them to invest in greater levels of domestic programming than private channels, and such obligations can only be achieved with the help of public funds. Mixed funding models are also common in smaller countries. Broadcasters are funded by a combination of a licence fee and advertising in Iceland, Malta, Mauritius and the Republic of Ireland, to give some examples; while broadcasters receive public grants and advertising income in the likes of Albania and Malaysia.

Figure 39: Funding sources of public service broadcasters around the world



Source: Company accounts (latest year available), URCA analysis

217. Participants in URCA’s audience research were mostly pragmatic about the amount of advertising on ZNS. People in the focus groups recognised that advertising was necessary to fund programming, and that less advertising might mean a lower volume or quality of programmes on ZNS. Just 10% of respondents to the quantitative survey believed that ZNS should be required to show less advertising, while 48% of respondents indicated that they would be happy for ZNS to carry more advertising. No concerns were expressed about ZNS receiving income from both public and private sources; audiences’ priority was that ZNS should have sufficient income to be able to make good programmes.
218. Overall, then, URCA’s view is that there is no reason per se why ZNS should not continue to carry advertising. There is no opposition to it from audiences. And the experience from overseas suggests that mixed funding models combining advertising with public funds are standard practice.
219. To balance the need for broadcasters to generate sufficient income to fulfil their PSB obligations without unduly distorting commercial advertising markets, some regulators – for example, in France, Ireland and the UK – permit public service broadcasters to carry fewer minutes of advertising per hour than other broadcasters. The Government might wish to consider similar

restrictions, whereby the permitted maximum level of advertising on ZNS is lower than that for other broadcasters' channels, in The Bahamas.

220. Turning to the second argument, URCA has considered allegations that ZNS sells its spot advertising at below-market prices. More precisely, the claim is that advertising is being sold at lower prices than ZNS could obtain if it were to seek to maximise advertising revenues. Such under-pricing – if it exists – would have a number of implications for different kinds of organisations:

- **Small businesses.** Under-pricing would serve a positive purpose, in that lower prices are beneficial to advertisers. Such a practice could be particularly helpful to small Bahamian businesses that would not otherwise be able to afford to advertise on TV or radio.
- **ZNS.** Under-pricing reduces the amount of advertising income that ZNS generates. Given cuts in public funds, ZNS' ability to generate as much income as possible from advertising will become more important than ever, so such a practice would be increasingly damaging to ZNS if it were to persist in the future.
- **Private broadcasters.** Given its size compared to other Bahamian broadcasters, it seems likely that ZNS' actions play an important role in advertising markets and in helping to determine market prices. Private broadcasters may struggle to charge higher prices for advertising than ZNS except to the extent that they can demonstrate higher audience levels (spot advertising prices should, strictly, be defined on a per-viewer or per-listener basis). So if ZNS is setting prices for advertising that are too low, this would in practice also prevent private broadcasters from generating as much advertising revenue as they would otherwise be able to. This motivates the concerns of some private operators.

221. It is difficult for URCA to assess the validity of the under-pricing allegation, for a number of reasons. While broadcasters publish ratecards with indicative prices, advertising is typically sold at discounts to the published ratecards. Actual prices for individual advertising deals are commercially sensitive. Confusing matters further, no industry viewing or listening data has historically existed that would enable advertising to be sold on a per-viewer or per-listener basis. So if ZNS is selling advertising at a lower rate than another broadcaster, this may conceivably – and justifiably – be because the relevant ZNS programming attracts lower audiences than the programming offered by the other broadcaster.

222. Notwithstanding these difficulties, URCA has identified two important pieces of evidence. First, in discussions with ZNS, URCA has established that ZNS' advertising ratecards have not changed for five years, due in part to the requirement in the Broadcasting Act for new ratecards to be reviewed and approved by the Minister, which creates a disincentive to implement changes. Advertising markets tend to be highly cyclical, so significant price changes would normally be expected over this period in flexible, well-functioning advertising markets. This lack of flexibility suggests that the price of advertising on ZNS is not responding to market fluctuations.

223. Second, URCA has been able to draw some high-level conclusions from examining the ratecards for ZNS and private broadcasters whilst also taking into account the viewing and listening data provided by the diaries that formed part of URCA's audience research. (Note that in the absence of historic listening and viewing data, Bahamian broadcasters' ratecard prices are specified in absolute terms rather than on a per-listener or per-viewer basis.)

- **Television.** While advertising rates are highest for ZNS TV-13's early evening news, the price premium does not reflect the unique nature of this programme, viewing to which is an order of magnitude higher than to any other programme in The Bahamas (attracting around 75% of all viewers, according to the diaries data presented in Chapter 4). In other countries, broadcasters whose programmes attract mass-market audiences can charge advertising premiums, with the result that the price-per-viewer of advertising is highest for the most popular programmes. By this logic, as the only programme in The Bahamas that consistently attracts mass-market audiences, ZNS ought to be able to charge much higher prices for advertising around the early-evening news.
  - **AM radio.** As national stations, ZNS' AM services reach larger potential audiences than any of the local FM services in The Bahamas. URCA's diaries indicate that the National Voice (1540 AM) has a significantly higher audience share than any FM station. Yet the prices on its ratecard are comparable to those of some FM stations with lower audiences, and lower than the prices of other FM stations. This can be partly explained by the lower quality of the AM signal, which may be less attractive to advertisers; and by the audience demographics of the AM services, which are likely to skew towards older people, while advertisers may prefer to advertise on radio stations with a greater proportion of younger audiences. But given the size of the National Voice's audience, these factors are not sufficient to justify the low ratecard prices.
  - **FM radio.** The ratecard prices for ZNS' FM stations are relatively low in comparison to other private FM services. URCA's diaries indicate that these stations are amongst the more popular ones on New Providence. Again, this suggests that ZNS' advertising prices should be higher.
224. URCA believes there is sufficient evidence to indicate that ZNS may be selling advertising at prices below market rates across its TV and radio services. As a state-owned broadcaster, it is conceivable that ZNS faces pressure from Ministers to support national industrial policies by making TV and radio advertising more affordable to Bahamian businesses. However, a clear implication of the corporate governance arrangements proposed in Chapter 7, according to which ZNS should have operational independence from the Government, is that it would be inappropriate for ZNS to play such a role. Its public duties should be confined to the obligations set out in its remit, and ZNS should not be used as a vehicle to implement broader Government economic policies except when these are consistent with ZNS' editorial remit (e.g. broadcasting business or tourism programmes or those that promote public health).
225. In summary, URCA's view is that the prices ZNS charges for advertising may be below market levels, given the size of the audiences for its programmes. Certainly, the published ratecard has not responded to market fluctuations over the last five years. It should not be ZNS' job to subsidise advertising for small businesses – these businesses should still be able to afford adverts around programmes with smaller audiences, leaving the most popular programmes to larger companies that can afford higher advertising prices. URCA recommends that ZNS' advertising ratecard be reviewed on a frequent basis to reflect market conditions, and should be allowed to rise to the extent that market forces permit. ZNS' management should be free to amend its ratecard without the need for Ministerial review or approval.

***Other potential revenue streams***

226. URCA has explored other potential sources of income for ZNS, with reference to the various means by which broadcasters around the world are funded. To examine which, if any, potential funding mechanisms merit serious consideration as a means of supporting PSB in The Bahamas, URCA has asked three questions of each one:
- Could this be practically implemented in The Bahamas?
  - Does it impose significant burdens on audiences or on the industry?
  - Could it raise significant amounts of money?
227. Before turning to options for public support, it is important to emphasise that there are a number of methods by which ZNS can generate income from its own activities without the need for external funds. Broadcasters can generate significant income from the exploitation of their intellectual property – i.e. the rights to their programmes – in secondary markets and in overseas markets. For popular programmes and brands, this equates to consumer sales of merchandising and DVDs, and to the sales of programmes and formats to overseas broadcasters. In practice, international markets are highly competitive, and tend to be dominated by broadcasters in the most developed countries, whose programme budgets are much higher. It will, therefore, be challenging for ZNS to generate significant revenues from programme exploitation. Nonetheless, ZNS should explore the possibilities of generating new revenue streams in this way. As it makes the transition to a public service broadcaster, this should lead to the development of a wider range of appealing programming with greater potential commercial value in secondary markets.
228. URCA would also encourage ZNS to seek to maximise deployment of its studio facilities, by making them available to external production companies. We understand that it already does this to some extent. If the proposed capital infrastructure upgrade proceeds, this would enhance the quality of the production services that ZNS would be able to offer, and should enable ZNS to increase its commercial returns from this source.
229. URCA has examined five kinds of public support mechanisms: licence fees (i.e. taxes on each household), taxes on the revenues or profits of Bahamian broadcasters, levies on consumers' pay-TV subscriptions, private donations or endowments, and tax breaks. Its assessment of each one is set out in Figure 40.

Figure 40: Potential funding mechanisms for ZNS

Funding source	Could this be practically implemented in The Bahamas?	Does it impose significant burdens on audiences or on the industry?	Could it raise significant amounts of money?
Licence fee	This is a tax that would be imposed on each household (like the BBC licence fee in the UK). There is no practical reason why this could not be implemented, but as a new form of taxation, significant administrative costs would be involved	A new household tax would be likely to be unpopular with Bahamians, particular given current economic conditions	A licence fee of (say) \$1-2 per household per month would raise around \$1-2 million annually
Industry taxes	This would be a tax on the revenues or profits of Bahamian broadcasters or communications companies. There is no practical reason why this could not be implemented with access to companies' audited accounts	This is likely to be strongly opposed by industry. Any new tax may be passed on to consumers through higher prices	As a small country, it would be difficult to raise significant amounts from Bahamian companies without damaging their profitability
Pay-TV subscription levies	This would be a levy that would be added to the subscriptions paid by households for cable or satellite TV services. It has the advantage of being directly linked to existing TV fees	This is likely to be opposed by viewers, for whom it would represent higher prices, and by cable and satellite companies, as higher prices might discourage new subscribers	A \$1-2 monthly levy on pay-TV (residential and business) subscriptions would be expected to raise around \$1-2 million annually
Private donations or endowments	This would adopt the PBS model from the US. This model works in the US due to the size of the country and the ethos of corporate philanthropy	No	It is difficult to envisage significant amounts being raised on a consistent basis
Tax breaks	In some countries, TV and film production benefits from tax breaks, with relief provided on corporation or personal income tax. The tax regime in The Bahamas makes such as option unfeasible	N/A	N/A

Source: URCA



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230. Of these potential funding mechanisms, URCA's view is that only two of them could potentially raise significant amounts of money to fund PSB on an ongoing basis: licence fees and pay-TV subscription levies. But in both cases, the imposition of a new tax is likely to be unpopular with audiences and (in the case of the pay-TV levy) would potentially harm the businesses of cable and satellite operators. Especially in the current economic climate, the disadvantages of imposing additional burdens on Bahamian consumers and businesses are likely to outweigh the benefits of creating a new revenue stream for ZNS.
231. In summary, URCA believes that ZNS should be encouraged to exploit its intellectual property in secondary markets, but does not expect the commercial income from such activities to be significant. URCA's view is that no new funding mechanism emerges as a strong candidate for funding PSB in The Bahamas. This reinforces the importance of the existing revenue streams – comprising direct public support and advertising and sponsorship – as the main means of funding PSB in The Bahamas.

### **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.

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

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

*Question 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?*

*Question 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?*

## **9. Designation of other public service broadcasters**

232. Section 61 of the Comms Act permits URCA to designate broadcasters other than ZNS as public service broadcasters. Any designated broadcaster would then be entitled to apply for benefits, such as public funding, in return for meeting PSB objectives (according to Sections 62 and 64 of the Comms Act). Under such circumstances, the PSB fund (established under Section 63 of the Comms Act) could then be used to support PSB programming supplied by a range of broadcasters.
233. In this chapter, URCA examines the potential merits of designating other public service broadcasters and establishing a contestable fund to support PSB provision from multiple suppliers. In Section 9.1, URCA sets out the expected benefits that would arise from a greater plurality of supply of PSB programming. To be set against these benefits, the practical considerations that would need to be taken into account if URCA were to designate additional public service broadcasters and establish a contestable fund are described in Section 9.2. URCA's proposed recommendations, presented at the end of this chapter, seek to balance these costs and benefits in the context of the limited public funds that are expected to be available in the short-term.

### **9.1 Benefits of plurality of supply**

234. The main rationale for introducing mechanisms to support the provision of PSB programming by a multiplicity of suppliers is that this can lead to improvements in the overall range and quality of PSB output, and potentially also to greater cost efficiencies. The benefits associated with a greater plurality of supply arise for a number of reasons:
- Greater competition would be expected to encourage all players, including ZNS, to raise their game. Poor performance by any broadcaster would be exposed and penalised as audiences migrate to more appealing programming on other channels
  - Different programme-makers and broadcasters approach things in different ways, each with their own individual strengths and interests. Encouraging the provision of content from a wider range of suppliers should lead to greater creativity and innovation than if all programming was made by the same group of people
  - Enhanced competition can lead to greater cost efficiency in programme production (just as competition tends to drive down costs in any other industry), especially if budgets are amongst the factors taken into consideration when public funds are awarded
  - The ability to monitor the output of multiple broadcasters – in terms of quality, innovation and cost – provides benchmarks for assessing the performance of ZNS.
235. Some of these benefits are already apparent in The Bahamas, particularly in local radio, where competition between broadcasters is greatest. While the benefits of plurality are more limited in television, where there is much less competition between domestic channels, it does exist to a degree. URCA's audience research (presented in Chapter 4) highlighted a number of TV programmes shown by Bahamian broadcasters other than ZNS that viewers enjoy. Participants in the focus groups claimed that ZNS' approach is often old-fashioned, and welcomed the fresher

style of Bahamian programmes on other channels. However, for the reasons set out in Section 8.1, private broadcasters can only be expected to provide a limited amount of original programming of their own. Public funding could enable them to expand their contribution to the overall range and quality of Bahamian programming.

236. There are a number of contestable PSB funds that promote plurality in other countries. Some examples are as follows:

- **New Zealand On Air** ([www.nzonair.govt.nz](http://www.nzonair.govt.nz)) is a government agency that funds TV, radio, music and new media content in order to “extend choices for New Zealand audiences”. To promote plurality, “a wide range of businesses and entities are funded to encourage a multiplicity of views and voices and to encourage competition”
- The **Canada Media Fund** ([www.cmf-fmc.ca](http://www.cmf-fmc.ca)) is funded by the Canadian Government and by private cable and satellite broadcasters, with a budget in 2010 of CAN\$350 million. Its role is to champion “the creation of successful, innovative Canadian content and applications for current and emerging digital platforms through financial support and industry research”
- The **Irish Language Broadcast Fund** ([www.northernirelandscreen.co.uk](http://www.northernirelandscreen.co.uk)) supports the production of Irish language programmes to be shown on broadcast channels available in Northern Ireland
- **4iP** ([www.4ip.org.uk](http://www.4ip.org.uk)) was launched by UK public service broadcaster Channel 4 to support new forms of digital media content from production companies operating in the UK.

237. Just as in other countries, URCA believes that there are potentially benefits, particularly in terms of more creative programming, that would arise from making some public funds available to broadcasters other than ZNS. Such a fund, if it were contestable, could target key programme areas where there are particular gaps in PSB provision, awarding monies to the broadcasters with the most attractive proposals. However, establishing a contestable fund would also raise a number of practical concerns, which are discussed below.

## 9.2 Practical considerations

238. This section examines the costs associated with the designation of additional public service broadcasters and the establishment of a contestable PSB fund.

239. The main costs would be associated with new bureaucratic processes that would need to be established in order to disburse funds and to ensure appropriate levels of accountability. In order both to meet good regulatory practices and to fulfil the particular conditions set out in Section 64 of the Comms Act, the administrative burden that would fall on URCA and relevant broadcasters would include the following:

- **Designation of broadcasters.** URCA would need to develop and implement a process for designating new public service broadcasters. This would be expected to involve an initial tender process open to all Bahamian broadcasters. As part of this, URCA would need to set out the PSB objectives that broadcasters would be invited to contribute towards fulfilling. Each candidate broadcaster would need to develop a plan for meeting these PSB objectives.

URCA would then need to carry out a transparent evaluation process to determine which applicants are designated public service broadcasters and eligible for funding

- **Operation of contestable fund.** A contestable fund would be complex to set up, and would lead to new and costly layers of administration on an ongoing basis. A fund would need dedicated staff (either directly employed or seconded from other organisations), including people with the creative skills to determine the award of funds to individual projects based on a combination of editorial and financial criteria. The operation of the fund would require open and transparent processes to ensure public monies are disbursed in a fair and efficient manner
- **Accountability and assessment.** The fund managers would need to be able to account for the fund's performance. This would mean not only monitoring the number and range of awards made to projects, but also the success of each project. This is likely to involve agreeing with designated public service broadcasters appropriate key performance indicators (KPIs) as part of any award process, which would subsequently be used to assess finished programmes once they have been broadcast. Such KPIs would be likely to involve a range of viewing and impact measures. Given the lack of cross-industry systems for tracking audience levels, it is likely that URCA and/or broadcasters would need to commission bespoke research in order to populate the KPIs.

240. Taken together, it is clear that the costs associated with implementing a contestable fund would be considerable, and would be borne both by URCA and by broadcasters. In the absence of any new public funds specifically for this purpose, any monies allocated to a contestable fund would have to be subtracted from the annual grant provided to ZNS, diminishing ZNS' ability to fulfil its own PSB remit. The benefits of promoting plurality of PSB supply therefore need to be weighed against both the administrative costs that would be involved as well as the need to ensure that ZNS is sufficiently well funded. When the total level of public funds is limited – as is the case in the current economic environment – there is a risk that these funds could be spread too thinly.

241. In conclusion, URCA's view is that the benefits of designating public service broadcasters other than ZNS and of establishing a contestable fund are unlikely to outweigh the associated implementation costs and the likely corresponding diminution in ZNS' PSB output. URCA recommends, therefore, that the public funds currently available for PSB should continue for now to be used in their entirety to enable ZNS to fulfil its new enhanced PSB remit. Should economic conditions improve in the future, allowing more public funding to be made available for PSB, URCA believes that it would be worth revisiting the establishment of a contestable fund.

242. In the meantime, URCA's recommendation (set out in Chapter 6) that ZNS should seek to adopt a commissioning model for some of its programming would facilitate the provision of a greater range of programming from external production companies to be shown on ZNS TV-13. This should provide some of the benefits of additional plurality referred to above.

**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.

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

*Question 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?*

## **10. Conclusions**

243. In this detailed and wide-ranging consultation document, URCA has set out its findings and preliminary recommendations from its review of public service broadcasting in The Bahamas.
244. 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 bulletins draw impressive audience levels, with weekday viewing shares at 7.00 pm of around 75%. But to truly meet audience expectations, it is necessary for ZNS to make the transition to become a public service broadcaster whose editorial and operational independence is protected in legislation. ZNS also needs to raise its game in terms of the professionalism of its news journalists.
245. Beyond news, Bahamian TV channels and radio stations can play wider cultural, social and educational roles. This applies not only to ZNS but also to the domestic programming on private channels. In some programme areas, URCA has identified gaps between what audiences want and what they are offered. Bahamian TV broadcasters should seek to offer more documentaries on life in The Bahamas and more educational programming, and should seek to make programmes for children. 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.
246. The PSB remit for ZNS proposed by URCA, and its recommendation that ZNS 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 ZNS 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. The Government should provide adequate levels of public funding for ZNS, which remain low by international standards, through multi-year funding settlements that provide greater security and minimise the scope for political interference. URCA has found no compelling reason why ZNS should not continue to generate income from advertising and sponsorship, though it should avoid distorting market prices. URCA has reviewed additional potential sources of funding for PSB, such as cable subscription levies, none of these options comes without potential disadvantages.
247. Broadcasters other than ZNS also play a valuable role in providing Bahamian programming. Private radio stations already provide significant choice on the largest islands. On television, some of the programmes on private channels are appreciated by audiences for being fresh and original. URCA welcomes these broadcasters' 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.
248. URCA is seeking views on all of its recommendations in this document. For viewers and listeners, broadcasters and producers, and other stakeholders and interest groups, this is a vital opportunity to help shape the future of broadcasting in The Bahamas. The 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 audiences and greater revenues. For all Bahamians, there is a lot at stake.

## **11. List of consultation questions**

### **Chapter 2**

- 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)?

### **Chapter 3**

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

### **Chapter 4**

- 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?
- 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?
- Q 6. Do you have any comments on URCA's research findings on overall satisfaction levels with Bahamian content?
- 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?
- 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?
- 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?
- 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?

### **Chapter 5**

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

### **Chapter 6**

- 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

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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?

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

### **Chapter 7**

- 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?
- 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

### **Chapter 8**

- 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?
- 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?
- Q 21. Do you agree that ZNS should continue to generate income from advertising and sponsorship?
- Q 22. Do you think ZNS should be required to sell advertising at full market rates? If so, why? If not, why not?
- 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?
- 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?

### **Chapter 9**

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