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**From:** Erik J. Russell [mailto:ejr@keenimedia.com]  
**Sent:** Thursday, February 24, 2011 10:10 PM  
**To:** Info Information  
**Subject:** Comments regarding ECS29/2010 consultation document on Public Service Broadcasting

Dear sir/madam,

We submit our comments and perspective in response to the call for comments on the ECS29/2010 consultation document dated December 31, 2010.

ZNS TV should not be able to be supported by both Government subsidy and the sale of advertising or the charging of fees for use of air time.

Not only has ZNS enjoyed decades of funding for its bloated operations, it has also reaped millions of dollars in capital that has created and sustained massive facilities, purchased equipment and vehicles, and has had the opportunity to regularly upgrade its equipment (which has often been poorly operated and maintained).

Conversely, private producers must finance their operations and their capital expenditures from their own personal finances, high interest commercial loans and, if particularly fortunate, angel investors. To continue the environment where private operations must compete with ZNS as the public service broadcaster is destructive to private enterprise and will only serve to doom private operations to financial failure.

This is, in effect, asking entrepreneurs, private producers and private TV stations to support and pay for, through their individual and corporate contribution to the Public Treasury, the sustenance of their competition. They are providing the financing of the Public Service Broadcaster AND competing for the very same advertising dollars, production budgets and air-time service fees from the marketplace. This is unsustainable, creating an environment of unfair competition and severely diminishing the potential sales opportunities for private producers and TV stations that must rely solely on advertising, sponsorships and air-time fees.

ZNS has failed to demonstrate an ability to create innovative and technically competent productions despite having available decades of near limitless financial backing. In addition, The Bahamas has virtually no quality creative assets (i.e. historical footage, documentaries, films) to show for the hundreds of millions of dollars that the people of The Bahamas have entrusted to ZNS.

Permitting ZNS to draw both financial resources from the public purse and accept funding from commercial ad sales and air-time sales creates a significant inequity for private producers and TV stations that will stifle creative and technical innovation and seriously limit the financially viable opportunities for Bahamians to participate in the TV production business at all levels.

We specifically disagree with the view expressed in paragraph xxxi of the executive summary of the consultation document, where it is stated, "URCA's analysis of PSB models around the world indicates that there is nothing unusual about public services broadcasters taking advertising even when they also take public funds." While this statement may be true, this view is not taken within the context of the actual market size of the Bahamas and the fledgling and embryonic state of the private production industry of the Bahamas. This industry is severely undercapitalised and ZNS is a significant market power in the industry. It can wield its existing facilities, equipment and personnel

against small producers that are struggling to sustain relatively microscopic operations with equally microscopic budgets. Regarding market size, the potential gross revenue in the market is such that, if ZNS is permitted to continue to accept both public funding and collect advertising revenue, private producers and TV stations will have a diminished opportunity to capture a reasonable share of the market and grow their businesses.

In Recommendation 10, the document suggests that special one-time capital infrastructure upgrade funding may be provided to ZNS should the public funds be available. Once again, this creates another disadvantage for private producers who do not have such capital to upgrade their own facilities.

The executive summary of the consultation document suggests in paragraph xxxii that there is public support for allowing ZNS to continue to receive advertising. Again, such a statement may be true, but by its anecdotal nature and the general public's unfamiliarity of the practical impact of such a situation on the production industry negates its value. We do agree with the latter portion of paragraph xxxii where it is expressed that ZNS' ad rates are low and necessitate other entities to compete by providing similar or lower rates; this definitely negatively impacts the industry as a whole.

We agree with the recommendations URCA presented in its consultation document at Recommendation 6, paragraphs iii and iv.

We strongly disagree with Recommendation 7, specifically, "...[ZNS] 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." Rather than becoming "less reliant on selling airtime", we believe that, when ZNS becomes a PSB, all commercial advertising production should cease, as well as all billing of any kind for any service to any individual or company for any services that ZNS as a PSB provides. To further draw funding from the public after receiving millions of dollars from the public every year is absurd.

Further, we do not agree that ZNS should purchase or license privately produced programmes at all. Rather, ZNS should provide air-time free of charge to private producers that meet technical and content standards. To allow ZNS to become the gatekeeper of funding to private producers creates a conflict of interest and could cause private producers that are not in favour with those managing the payment of such funds to be disadvantaged.

Reference is made to a "PSB fund" and the designation of other PSBs. While we understand the practical limitations of available resources for such a provision, we believe that at least some provision should be made to subsidise the work of private broadcasters (not other PSBs); see our recommendation #2, below.

Ultimately, we believe that any private producer or TV station would be extremely productive and well-positioned if they -- instead of ZNS -- were given an annual budget of \$4.25 million. We believe it is time for ZNS to cut its coat according to its cloth and in turn allow for the growth and maturation of the private production industry in the Bahamas for the good of all.

We strongly recommend the following:

1. All raw footage created by ZNS as a PSB should be made available to private producers without cost. As a public asset created from public funding, this content should be accessible to licensed private producers who make reasonable requests that follow established request guidelines.
2. Create an independently managed private production pool of funding. This pool of financing, ideally at least equal to the total annual budget provided to ZNS as a PSB, can subsidise the efforts of private producers to produce innovative and technically excellent programmes that meet certain criteria. (The [Canadian Television Fund](#) is one such effective model that supports private producers.) We suggest that such a fund should not be accessible by TV stations but by independent licensed production companies only.
3. ZNS should only be permitted two other sources of funding beyond that which is provided by the Government:
  - o Private grants and sponsorships - these can be from private companies that choose to voluntarily support the efforts of ZNS
  - o Viewer contributions - these would be financial contributions from private individuals that wish to support the continued efforts of ZNS, similar in format and function to PBS in the United States.

By relying solely on these types of supplementary sources of income, ZNS will be obliged to create and maintain a high standard of excellence which would, in turn, compel its viewers to endorse its choices by supporting its efforts in tangible ways.

We offer these comments and suggestions with the hope that all Bahamians are best served and that fair and equal opportunities are provided to those that wish to participate in the TV production industry.

Yours sincerely,

~ejr~

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