



## IT-TNAX-IL LEGIŻLATURA

P.L. 3470

Dokument imqiegħed fuq il-Mejda tal-Kamra tad-Deputati fis-Seduta Numru 192 tat-28 ta' Ottubru 2014 mill-Ministru għall-Intern u s-Sigurtà Nazzjonali.

---

Raymond Scicluna  
Skrivan tal-Kamra

## **POLITIKA NAZZJONALI DWAR IX-XANDIR**

**\*11482. L-ONOR. FRANCIS ZAMMIT DIMECH** staqsa lill-Ministru għall-Intern u s-Sigurtà Nazzjonali: Jista' l-Ministru jqiegħed fuq il-Mejda tal-Kamra kopja tal-Politika Nazzjonali dwar ix-Xandir li hemm viġenti bħalissa?

20/10/2014

**ONOR. EMANUEL MALLIA:** Ninforma lill-Onor. Interpellant li r-risposta qed titpoġġa fuq il-Mejda tal-Kamra.

Seduta Numru 192

28/10/2014



## **NATIONAL BROADCASTING POLICY**

**- April 2004 -**

## **PUBLIC BROADCASTING SERVICES LIMITED**

### **MISSION STATEMENT**

*PBS serves the general public as well as particular segments of the population by striving to be the most creative, inclusive, professional and trusted broadcaster in Malta.*

## **FOREWARD**

Broadcasting policy in Malta is the responsibility of the Minister for Tourism and Culture whilst Malta's only public broadcaster, Public Broadcasting Services Limited (hereinafter PBS) is the responsibility of the Minister for Information Technology and Investment.

Whilst the former operates mainly on a national level, the latter is undoubtedly a major player since it is the only station which carries a public service obligation. Government re-affirms that PBS should remain Malta's public broadcaster affording the nation a varied programme schedule including programming content that would otherwise not be aired due to its commercial non-viability. As a corollary of this statement, the Government, both as policy maker as well as sole shareholder of PBS, considers that PBS should have a broadcasting policy that is public, clear and transparent. This document aims at setting out such a policy for PBS.

This document re-affirms but goes beyond the legal requirements imposed on PBS by the Constitution, by law and by international conventions. It attempts to define the obligations of PBS arising from its role as a public broadcaster and also to establish how this relationship between Government and PBS will be played out. It also delves in programming and production issues in an attempt to chart the way forward within a financially sustainable context. The document is, however, not meant to be exhaustive in the sense that what it attempts to do is to establish broad policy parameters and then leaves it up to the Board of Directors of PBS to apply those policy parameters to day to day situations.

Government once more affirms its conviction that it is not the role of Government to interfere in editorial policy decisions and consequently is proposing to set up structures that will reinforce the independence of the editorial management of PBS. Nevertheless, in the execution of its public service obligations Government is – and will continue to – subsidise PBS and within this context Government has the role of establishing the broad policy parameters of the programming that it would like to see produced.

All of this has to be executed within a financially sustainable context. It is illusory to think that Government will subsidise any losses that are made year after year even if PBS uses the money to produce quality programming, something that was not always the case. PBS has to operate with a healthy financial bottom line whilst Government will each year subsidise the programming element agreed to with PBS that is of a public service nature. In doing so, it is also illusory to think that each and every interest can necessarily be satisfied. Decisions and choices have to be made because financial sustainability is paramount.

Nevertheless, within this context it is expected that PBS stations will aim to be the best in Malta both from a quality programming viewpoint as well from a viewership angle. In order to do so, it is expected that PBS will harness its internal resources to the maximum, increase output whilst controlling costs and stimulating private industry by involving independent producers, the number of whom is on the increase. Programmes need

creativity and creativity is not limited to PBS. Hence, out-sourced programming and co-productions are essential elements if PBS is to have quality programming.

It should, however, be absolutely clear that PBS is expected to retain total editorial control over all its programming content. In fact, this document goes further in the sense that it establishes on PBS the obligation to plan its programming well in advance of airing, publicly establish its programming requirement, set up a procedure to judge proposed programming and supervise directly all programming for editorial and quality content at production stage.

This is an innovative document. It is the first time that Government is attempting to establish clear and public policy outlines within which PBS – the nation’s public broadcaster – is expected to operate. It may not cover all the ground that needs to be covered but it certainly fills a void that exists. Government does not view the document as final but believes that it should be regularly re-visited since experience and changes in the broadcasting world will require that it be altered from time to time.

This document is not an end to itself, but merely the means to an end. The end is to have PBS operate within clear policy guidelines, providing quality programming within a financially sustainable context, remaining the owner of the nation’s best TV and Radio and satisfying the public service obligations of the country.

The proof of the pudding is, however, in the eating and the real test is how this document will be translated into day to day decisions by the Board of Directors of PBS.

Austin Gatt

Minister of Information Technology and Investment

Francis Zammit Dimech

Minister for Tourism and Culture

## THE VISION

The recommendations being made in this memorandum are based not only on our local experience but also on the experiences of public service broadcasters in other countries and the numerous studies published on this matter.

The vision being projected for PBS is being based itself on three principles – that a strong public service broadcaster is essential to a democracy that media organisations are multi-faceted and that media organisations are also consciousness industries.

A very strong public service broadcasting organisation is in itself an important feature of a democracy. This importance is increased in view of the strong presence in our mediascape of media owned by the political parties. In this scenario it is only PBS that can guarantee news and current affairs programmes presented in a balanced and impartial way solely based on news value criteria.

A public service broadcasting organisation also serves society when its programming strategy makes it the market leader and the trendsetter in the area. Besides being characterised by distinction in programme quality, PBS should also have a leading share of audiences by its service to generalist and niche audiences. One cannot serve the public if there is no public that follows.

In the light of these beliefs Government renews the commitment made in September 2000 to make PBS the leading broadcasting service in the country. Steps have also to be taken so that PBS will be more and more looked at as the national broadcaster, that is the broadcaster that will represent and fairly treat different views and values present in our society.

A media organisation is partly similar and partly different from other business organisations. The business aspects have to be run along strict commercial lines. The company has to be run efficiently by professional management operating within a radically changed structure with a dedicated workforce operating under effective work practices. Financial stability is the important corollary of an efficiently organised company. The memorandum approved by Cabinet in October 2003 goes a long way to return the organisation to financial sustainability.

Media organisations are also consciousness industries that are among the prime movers of the symbolic universe integrating a particular culture. Besides, they are anchored in the public domain and public interest. As a result media organisations of the public service kind cannot be run as if they are only a business. Programmes that fulfil the public service obligation of the organisation mainly cater for the media's cultural/symbolic dimension.

This need has to be institutionally safeguarded by the setting up of an agreed set of parameters through a Public Service Obligation Contract. The obligation of PBS Ltd to

broadcast public service obligation programmes emanates from international commitments such as the *Prague Declaration* and the *EU Television without Frontiers Directive* as well as local legislation such as the Constitution and the Broadcasting Act.

It is worth noting that the problems that PBS Ltd is experiencing are endemic not only to Malta. Most public service organisations overseas have already gone (or are still going) up this path. We should learn from the experience of others while planning the best course we should take.



## A CHRONOLOGY

The Partit Nazzjonalista has promised in its electoral manifesto that once elected it will restructure PBS Ltd, a commitment made in view of the recurring yearly drain on public funds that PBS has been registering and which in the last three years have exceeded seven million liri.

In part fulfilment of this promise Cabinet has already approved a memorandum presented by the Minister for Information Technology and Investment that charts the way for the financial viability of PBS. That memorandum set out the financial and operational parameters of a reformed PBS, and the detailed implementation thereof is expected to be concluded by end 2004. Through this document, Government has:

1. re-affirmed its commitment to maintain PBS as the leading broadcaster in Malta;
2. acknowledged the mission of PBS as Malta's public service broadcaster and is funding this obligation through the payment of Lm 500,000 for 2004;
3. established the need for PBS to become commercially viable within the context of its public service obligation with Government;
4. determined that the relationship between Government and PBS as far as the management of its public service obligation is concerned shall be one of contract whereby Government negotiates with PBS the public service content it would like to be aired and pays for such content;
5. directed that apart from payment for public service obligation content, Government will not subsidise PBS;
6. distinguished the public service obligation of PBS between a "core PSO" and an "extended PSO"; the former defined as the broadcast of news, local sport coverage and programmes and programmes emanating from PBS's obligations at law, for which PBS will have to source funds from general advertising revenue and the latter defined as programming content that the Government in line with international and local obligations would like to be aired on PBS and for which the Government will pay;
7. underlined the need for PBS to stimulate the growth of local independent producers in order both to stimulate and encourage creativity as well as to stimulate economic growth in a sector that is becoming economically more important for Malta.

This second document aims to flesh out the detail and to establish the general policy parameters that will allow PBS to fulfil in the best possible way its public service obligation through its programming policy and the method of its implementation.

The restructuring of PBS Ltd has been on the agenda of the country for a number of years. Both the Labour Government and the Nationalist Government commissioned reports and renewed their commitment towards reforming PBS. It is also significant to note that the General Workers Union – the Union representing the majority of employees at PBS – also agrees with the need to restructure.

Towards the end of 1996, the then Prime Minister commissioned two reports, namely from Mr Joe A Grima in November 1996 and from Mr Tony Mallia in December 1996. During the tenure of office of the Labour government (1996 to 1998) it was decided that PBS would be given all monies accruing from licence fees and decided that responsibility for Channel 12 would be transferred from the Broadcasting Authority to PBS.

The Nationalist administration committed itself to a total revision of the function of public broadcasting in Malta and in December 1998 the Minister of Education commissioned the Centre for Communication Technology of the University of Malta to co-ordinate a study called “Redefining the role of public broadcasting in Malta.” The report was presented in November 1999.

In September 2000 the Minister responsible for broadcasting, after studying the CCT report and the reaction of the Board of PBS Ltd. presented Cabinet with a memorandum entitled “A preliminary proposal outlining an action plan for the restructuring of public service broadcasting.” In line with that memorandum Government, among other things, agreed to publicly renew its commitment to make PBS Ltd the leading broadcasting service in the country in the light of the Prague Declaration (1994).

One of the concrete actions taken following Cabinet’s approval of that Memorandum was the restructuring of the radio sector of PBS Ltd. Another result was the setting up, in March 2001, of a Task Force to map the way forward so that PBS would become a lean and efficient broadcasting organisation within the framework of the policy set by Government. The Task Force presented a report dated July 2001 outlining its views on a new organisation structure for PBS but did not enter into the detail thereof. In late 2001 Cabinet accepted the recommendation of the Minister responsible for broadcasting and adopted the thrust of the main recommendation of the Task Force Report.

Following the General Elections of April 2003 responsibility for PBS was assigned to the Minister for Information Technology and Investments (MITI) whilst responsibility for broadcasting policy is assigned by the Broadcasting Act to the Minister responsible for culture (MTC). MITI commissioned MIMCOL to draw up a detailed report with particular emphasis on the use of human resources, management structures and control and work practices.

This final report led to the presentation of the memorandum to Cabinet by MITI in October 2003, and Cabinet adopted the positions referred to in the beginning of this chapter. This second paper aims to complement the memorandum approved in October in that whilst that memorandum mostly dealt with organisational issues but set the high

level parameters for broadcasting policy, the present paper deals with the details of that policy as applied within a reformed PBS.

## **THE OBLIGATIONS OF PBS**

The legal obligations of PBS are enshrined in the Constitution and in the Broadcasting Act (Chapter 350).

The Constitution in Article 119 basically provides that any broadcaster shall respect two principles:

1. the principle of impartiality in respect of matters of political or industrial controversy; and
2. the principle of due apportionment of time and facilities between different political parties.

It is not the purpose of this document to examine how these principles have been interpreted by the Courts. This document merely affirms that these principles, as interpreted by our Courts, impose an obligation on PBS that is to be implemented at all times.

The Broadcasting Act is an act meant to regulate in detail sound and television broadcasting in Malta. It deals principally with the following matters:

1. it establishes in detail the functions and powers of the Broadcasting Authority;
2. it regulates how and when broadcasting licenses are to be issued by the Broadcasting Authority, the qualifications of a broadcaster and his obligations and the power of the Broadcasting Authority to regulate the use of licenses;
3. it determines in detail the relations between the Broadcasting Authority and the Minister responsible for Wireless Telegraphy;
4. it establishes general guidelines for advertising, programme sponsorship, programming content and teletext transmissions;
5. it establishes the duty of broadcasters to come up with programme schedules and determines the powers of the Authority with respect to such schedules and the airing of programmes.

As in the case of the Constitution, it is not the purpose of this document to go into the details of the various obligations that this Act imposes on broadcasters. Nevertheless, it should be noted that PBS has to abide both by its legal obligations as well as by its licensing conditions. These in turn impact directly on its programming decisions as well as its advertising revenue and have to be factored in when determining the programme schedule.

Malta is also a signatory of the Prague Declaration of 1994 and the Government is committed to ensure that PBS meets its exacting standards and that its public service obligation is fashioned within the parameters set by the Declaration.

The ‘Minimum requirements for national broadcasting’<sup>1</sup> recommended by the Council of Europe are:

1. A full service for all the public, with:
  - a. Multiple choice of programming with due recognition of regional and minority interests, although not exclusively on any single channel;
  - b. A high educational and cultural element;
  - c. Control, by properly balanced programming, of cultural, commercial and also information-pollution;
  - d. High content of co-ordination and exchange with other European broadcasting productions;
2. Freedom of expression, with no governmental or institutional preliminary censorship but subject to the following qualifications:
  - a. The right of reply;
  - b. Public accountability of producers for their productions before some organisation, in the first instance predominantly parliamentary, democratically representative of society;
  - c. Accountability of producers, rather than institutions, before the laws in force in any particular State;
3. The right of individual access to broadcasting in principle, though subject to the existing controls on quality and to the availability of relevant space;
4. Recognition of viewers’ and listeners’ associations and proper opportunities for their opinions to be publicly debated;
5. Instruction at all levels of education, and also via the media themselves, in the understanding of broadcasting (including advertising techniques and political propaganda);
6. Research into both the technological and social aspects of broadcasting;

---

<sup>1</sup> Annex 1, Recommendation 748 (1975) on ‘The role and management of national broadcasting’, 26<sup>th</sup> Ordinary Session, Parliamentary Assembly, Council of Europe

7. Flexibility to introduce new techniques (such as viewer-selected superimposed subtitling);
8. A special employment policy for those engaged in the media that recognises their particular responsibility towards ensuring a public service and the obligations this responsibility imposes upon them;
9. The divorce of commercial interest from programme content and planning;
10. Responsible control of broadcasting, whether directly by government or by the intermediary of licensed institutions.

The Minimum criteria have been the subject of academic and professional interpretation before and since their adoption.

The World Radio and Television Council<sup>2</sup> list four essential goals for public broadcasting.

**Universality.** Public broadcasting must be accessible to every citizen throughout the country. The public broadcaster must address the entire population and seek to be used by the largest possible number. This does not mean that public broadcasting should try to optimise its ratings at all times, as commercial broadcasting does, but rather that it should endeavour to make the whole of its programming accessible to the whole population.

**Diversity.** In terms of the genres of programmes offered (different types of programmes, from newscasts to light programmes), the audiences targeted, and the subjects discussed.

**Independence.** Freedom of public broadcasting must be maintained against commercial pressures or political influence. If the public broadcaster's programming were designed for commercial ends, people would not understand why they are being asked to finance a service whose programmes are not substantially different from the services provided by private broadcasting.

**Distinctiveness.** The service offered by public broadcasting is required to distinguish itself from that of other broadcasting services where the public must be able to identify what distinguishes this service from other services. This principle must lead public broadcasters to innovate, create new slots, new genres, set the pace in the audiovisual world and pull other broadcasting networks in their wake.

As regards content the WRTC considers that public broadcasting programming should provide:

---

<sup>2</sup> World Radio and Television Council, 'Public Broadcasting, Why? How?', Quebec: Centre d'études sur les médias, 2000.

1. **Unbiased, Enlightening Information.**
2. **General Interest and Service Programming** - programmes which address consumer or legal issues, give practical advice, discuss health issues, publicise community services;
3. **Programmes that Leave Their Mark** - “must promote the arts and culture, broadcast existing works and cultural products, support the creation of original works: theatre, concerts, and also light music or variety programmes (...) must feature entertainment programmes intended for a wide public [but] differently, distinguishing itself from commercial media.”;
4. **In-House Productions**
5. **National Content.** - “This does not mean that foreign productions should be excluded; however, according to their role as a public forum, public broadcasters must first promote the expression of ideas, opinions and values current in the society where they operate.”.

For the purpose of comparison, the case studies of Germany and the United Kingdom are being detailed... These cases may serve as typical examples for the mission of European public broadcasting services<sup>3</sup>:

The specific functional remit of German Public Broadcasters covers eight basic dimensions:

- *Information remit:* Public broadcaster has a duty to convey objective information as a basis for the free forming of opinions. Coverage, therefore, has to be comprehensive, truthful and factual.
- *Guiding role:* as a source of independent and unbiased information, public broadcaster provides reliable, credible reference points and, consequently, guidance for a free forming of opinion.
- *Role of forum:* Public broadcaster has to ensure that all relevant opinions on a particular subject receive a hearing. They have to offer a forum for public discussion in which the relevant social groups can participate.
- *Integration role:* Public broadcaster should aim for mutual understanding and, thus, foster social cohesion.
- *Benchmark:* Public broadcaster has the obligation to provide guiding, high-quality and innovative programming. In this way standards are set.

---

<sup>3</sup> Programme in Comparative Media Law & Policy, Oxford University Centre for Socio-Legal Studies: Public Service Broadcasting in Transition: A Documentary Reader (2001)

- *Cultural mission:* Public broadcaster has to reflect Germany's cultural diversity and the events taking place in all the Länder.
- *Mission to produce:* appropriate fulfilment of the respective obligations cannot be guaranteed by the mere acquisition of foreign productions. Because of that, public broadcaster has a mission to produce independently and creatively.
- *Innovative role:* Public broadcaster is encouraged to take an innovative lead in testing and using new technology and new services in the broadcasting sector.

In the UK, the BBC considers its role in the 21<sup>st</sup> Century<sup>4</sup> as:

- a civilising force;
- a benchmark for quality and innovation;
- support for democratic debate (news and information);
- the investment engine for high-quality domestic content;
- cultural 'glue' for the nation;
- educational impact;
- creating an information society for the many not the few.

PBS is also obliged to observe the EU Directive on Television without Frontiers.

The "Televisions without Frontiers" Directive is the cornerstone of the EC's audiovisual policy. Adopted in 1989 and revised in 1997, it rests on two basic principles:

- the free movement of European television programmes within the internal market;
- the requirement that television channels, where practicable, reserve over half their broadcasting time for European works ("broadcasting quotas").

In addition to these basic principles, the TWF Directive safeguards certain important public interest matters such as cultural diversity, the protection of minors (measures against violent or pornographic programmes) and the right of reply. Detailed rules on the content and frequency of television advertising (not specific to public broadcasters) have also been introduced. Malta is in compliance with this Directive and the Broadcasting Authority regularly issues guidelines and regulations in this area that ensure compliance.

The obligations of PBS are therefore multi-faceted and various. What concerns Government are those obligations that are of a public service nature since it is those obligations which have to be funded by Government. It is important that these obligations are identified and detailed whilst it is also important that the relationship between Government and PBS is such that it affords transparency and accountability.

---

<sup>4</sup> BBC Evidence to the Licence Fee Review Panel, 1 March 1999



## THE PUBLIC SERVICE OBLIGATION CONTRACT

A public service obligation contract can be simply defined as a contract between the Government and a public service broadcaster detailing programming content that the former would like the latter to air and for which the latter is paid a sum of money. It may additionally be said that the content is normally such that it would not attract advertising revenue as its primary scope and it is not commercial but cultural, educational or social oriented.

A public service obligation contract facilitates the airing of views and content that would not otherwise be aired or produced at the level desired from a national broadcaster because of financial considerations. Through the contract, the Government in fulfillment of its political and social obligations ensures this does not happen. The money given for the PSO programming is a way of correcting the market limitations and restrictions.

Principles have to be translated into detail, the detail has to be financially resourced and the financing has to be stable over a period of time to allow forward planning. This part of the policy document will deal with these issues.

Government has already determined that its public service obligation should be divided as to what is considered as a core public service obligation and what is considered as an extended public service obligation.

The core public service obligation is being defined as the transmission of:

1. regular daily news bulletins in Maltese, with the main TV news bulletin not being of a lesser duration than 20 minutes and at least a once daily TV news bulletin in English. Furthermore at least one of the TV news bulletins in Maltese has to provide facilities for the hearing impaired. The main news bulletin shall include both local and international news;
2. regular daily news bulletins on at least one of the radio stations that PBS operates with at least one bulletin thereof being in English;
3. regular daily bulletins covering local sporting events of a current nature and at least one weekly programme covering local sports. It shall, however, be understood that events of a national character (eg. The Small Nations Games) and/or particular events which, by their nature, are one off shall require separate funding from Government;
4. programmes in adherence with the Constitutional or legal requirements imposed on PBS;
5. the televised transmission of one-off parliamentary debates;

Government will not be directly subsidizing these transmissions and PBS is expected to cover related costs from general advertising revenue.

The extended public service obligation aims to ensure that PBS transmits programmes which would not necessarily be commercially viable but are important to ensure the cultural, social and educational development of society at large and to ensure that sections of society who would not normally have access to television broadcasting are given the space to do so.

In this context, Government believes that the extended public service obligations should cover the following programmes:

1. the transmission of events of a national character as determined from time to time by Government;
2. the regular transmission on radio of all parliamentary debates;
3. public service announcements according to a pre-determined quantum established in a co-funding policy to be established in the Public Service Obligation Contract.
4. current affairs programmes and discussion programmes dealing with topics of a social, cultural, educational, environmental, economical, industrial or political nature (some programmes of this type included in the 2003 schedules were on TVM: Bondi+, Ekonomija; Sebat Ijiem, Reporter, L-Ewropej and on radio: Mhux kelma bejn tnejn; Analizi tal-Gurnali; In-Nofs l-iehor);
5. programmes dealing with religious topics and the transmission of Mass on Sundays and certain holy days of Obligation (some 2003 scheduled programmes were on TVM: Qalbinnies; Kelma tal-Mulej and on radio: Ikelmek fis-skiet; Focus, Ruzarju);
6. programmes that have children as their principal audience (some 2003 scheduled programmes were on TVM: D-Mix; Owkej, Zmeraldi and on Radio: Cama Cama);
7. drama programmes in Maltese with preference being given to original drama in Maltese (some 2003 scheduled programmes were on TVM Delitti Maltin, Dejjem tieghek, Becky and on Radio: Tibqax fuq l-ixkaffa);
8. programmes that are cultural in nature but especially those that enhance the Maltese language, heritage, history and culture and programmes of classical music (some 2003 scheduled programmes were on TVM: Meander; Beltna Valletta, Epiphany Concert, Opera Season and on Radio: Ghana, Banda; Thannina, Exultate and FM Bronja programmes);

9. programmes that are focused on Gozo and in particular that highlight Gozitan society, culture and way of life (2003 scheduled programmes were on TVM Ghawdex Illum);
10. programmes that focus on Maltese communities abroad (some 2003 scheduled programmes were on TVM: Waltzing Matilda and on Radio Boomerang);
11. general information programmes (some 2003 scheduled programmes were on TVM Sahhtek; Tezori and on Radio Frott Artna; Bejn Sema u Ilma; Solidarjeta);
12. programmes that are educational in nature (some 2003 scheduled programmes were on TVM: Bitz; Naturambjent and on Radio several segments on Familja Wahda; Traffic Lights; Infittxu Dak li Jghaqqadna);

Quite naturally one can say that such programme genres also exist on other stations, even commercial ones. This, in itself, does not eliminate their public service nature, as all broadcasters, even commercial ones, should feel that they have social obligations.

The mentioned programme genres when broadcast on a public service station should have a particular dimension resulting from the fact that they should be animated by an ethos that most probably will not animate a commercial broadcasting organisation. Programmes broadcast by PBS should be a sign of its mission to serve the general public as well as particular segments by striving to be the most creative, inclusive, professional and trusted broadcaster in Malta.

As a result of this particular mission the schedule of PBS should provide a specific dimension to its varied and high-quality range of programmes in the fields of information, culture, education and entertainment. These programmes, especially the ones under the public service obligation, should present a balanced picture of society and reflect the public's varied interests, values, views, tastes and religious beliefs in the context of an evolving and changing society.

The programmes transmitted should promote Maltese heritage, culture and language; enhance human dignity and underpin social cohesion, quality of life and the environment. PBS news and current affairs programming, on the other hand, should be characterised by the highest journalistic and ethical standards. Their core values should be accuracy, truthfulness, due impartiality, and editorial integrity.

PBS is not only the nation's public broadcaster but also a commercial broadcaster. Indeed, part of its public service obligation is expected to be financed from advertising revenue and Government has already made clear its policy that it expects that following the implementation of the reforms, PBS is expected to work with a black bottom line. Consequently, with advertising revenue and a State subsidy forming the main lines of revenue of PBS and airtime being divided between that available for public service and that available for commercial airing, some parameters as to the expected percentage relationship between the two has to be established.

It is being proposed that the amount of core and extended public service obligation programming on TVM and Radju Malta remain at the average levels registered during the last year. This means that the amount of such programming on TVM should approximately be between 50% and 55%. The amount of such programming on Radju Malta should be between 55% and 60%. Roughly one third of the time used for PSO programming should be dedicated to core public service programming while approximately two thirds should be dedicated to extended public service programming.

Regarding Radju Parlament the amount of time for public service programming has to be considered differently both because this station will be fulfilling its social obligation by broadcasting all parliamentary debates as well as because the proposed reform for this radio (explained later on in this document) will increase its public service programming content. Consequently, it is difficult to quantify the percentage of public service content in general as the time allotted to the broadcasts of Parliament varies quite a lot. Regarding the rest of the broadcast time the public service content will be in the region of five minutes every hour.

The above does not take into account the possible re-broadcast of other stations or repeats outside the normal broadcasting times of these stations and the repeat of public service obligation programmes, especially during the summer lean period. The above does not apply to any period during which there is an electoral campaign since during such periods the Broadcasting Authority would increase the amount of time dedicated to political broadcasts. In such cases the amount of the core public service programming would be higher than usual because of the legal obligation of the PBS stations to carry such programmes.

The Government will be subsidising the extended PSO obligation of PBS but believes that such financing should be governed by the principles of transparency and accountability whilst it should allow PBS to forward plan its commitments. Government is consequently proposing that the financing of the extended public service obligation be governed by the following rules:

1. The subsidy given by Government to cover the extended public service obligation shall be shown in the yearly estimates approved by Parliament;
2. The Ministry responsible for broadcasting will – after consulting all stakeholders - enter into a two year contract with PBS setting out in detail its transmission requirements in line with the parameters of the extended public service obligation programming parameters. Ministry requirements will be reviewed at least two months before the publication of each PBS schedule in order to allow the Ministry to make any adjustments that it may require within the budget allocated to the programming;
3. the Ministry will set out detailed programme requirements including programme genres, frequency and duration, if necessary, of transmission for each programme genre it requires;

4. PBS will cost in detail the expected direct expenses for each programme/transmission required by the Ministry as well as a percentage of its total overheads and transmission costs. The detailed costs will be given to the Ministry;
5. PBS will keep detailed records of the actual direct costs incurred in the actual production/transmission of each programme and will send the same, plus the agreed percentage for overheads and transmission costs, to the Ministry;
6. PBS will also allocate to each programme/transmission so commissioned, 50% of the gross amount of any advertising revenue generated by it in connection with such programme and such sum shall be reduced from the actual cost of the programme as defined in condition 4 above;
7. once a year the Ministry and PBS will reconcile the differences between the actual cost of each programme (5 above) and the subsidy given by Government (1 above). If the actual cost is higher than the subsidy, the cost will be borne by PBS since it would be an expression of either wrong quotations or lack of cost control. If the subsidy is higher than the actual cost, PBS will retain 50% of the net gain 25% will be refunded to Government whilst 25% will go towards financing (directly by PBS) the following year's extended public service obligation in addition to the subsidy allocated in the yearly estimates.

If during the term of the contract Government feels the need to enlarge the extended public service obligation programming of the company or asks for the transmission of ad hoc programmes that were not part of the original contract Government binds itself to pay for such requests. The price has to be negotiated between the relevant Government Ministry or entity and PBS Ltd but it is expected that the price asked for by PBS Ltd will compare favourably with what the Government would pay if it made the same request to a commercial broadcasting company or a private contractor.

Although the above conditions may seem tedious to implement, Government believes that it should again make clear not only that the subsidy is not open ended but also that the subsidy should be used in a cost conscious manner. The conditions are meant to motivate both the Ministry responsible for broadcasting as well as PBS to operate in a cost-conscious environment and to exploit available resources to their utmost.

This system will become fully operational from the 1<sup>st</sup> October 2004 since the period April to October 2004 is mostly already committed. Whilst the contract above envisaged could theoretically be entered into immediately, PBS is for the moment unable to give detailed costing for programmes that may be required by the Ministry responsible for broadcasting. Consequently, Government has allocated the provisional sum of Lm 500,000 to cover this requirement for 2004 with all adjustments being made at the end of the period.

## THE MEDIA VEHICLES

### *Radio Stations*

As a result of the restructuring of the radio sector carried in October 2000 PBS Ltd is running three radio stations: Radju Malta; FM Bronja and Radju Parlament or “1066”.

Radju Malta is a generalist station that amply carries the company’s public service obligation and fulfils Government’s obligations under the Prague Declaration.

According to the audience studies carried for the Broadcasting Authority before the start of the restructuring exercise, Radju Malta was repeatedly being placed in the 5<sup>th</sup> or 7<sup>th</sup> position. A lot of effective work has been done since the last quarter of 2000: its mission was clarified and its audience carefully targeted. As a result new programme ideas were introduced and new audiences found.

In the most recent survey carried for the Broadcasting Authority in October 2003 Radju Malta placed in the second position. In three out of the previous four surveys it placed in the 3<sup>rd</sup> position. The number of people who nowadays say that Radju Malta is the best station overall is 29% more than it was in 2000 when the reform was commenced and the amount of time that people listen to this station is 80% more than it was at that time.

Radju Malta is a station that principally caters for the over thirties. In fact two thirds of its audience is in the 31-65 year old bracket. More females than males prefer it – a characteristic that it shares with several other radio stations. Its audience segment of listeners in the AB and C2 socio-economic grouping represents well the national average but it is under represented with the C1 group and over represented with the DE’s.

As stated above, the programme content on Radju Malta amply fulfils government obligations under the Prague Declaration. A look at the present schedule – which is the typical schedule of the station – gives the following results.

<b>Programmes</b>	<b>Minutes per week</b>	<b>%</b>	<b>Repeats pr week</b>
<b>CPSO</b>	1409	17.5	Nil
<b>EPSO</b>	2956	36.5	165
<b>Commercial</b>	3232	40.5	Nil
<b>Advertising</b>	417	5.5	Nil
<b>Totals</b>	<b>8014</b>	<b>100</b>	

FM Bronja is a thematic public service station catering mainly for the tastes of lovers of classical music. According to the Broadcasting Authority's audience surveys the number of people who say that FM Bronja is the best station overall varies from a low of 1000 to a high of about 2500 persons. According to the Authority's October 2003 survey FM Bronja did not register an audience between Friday and Sunday. For most of the slots on all the remaining days it registered no audiences while it registered an audience of 1000 for only twenty-one hours and an audience of 2000 for only five hours during that week. Furthermore, if one considers the results of the same for FM Bronja's transmissions between 6.00am and 11.00pm one finds that FM Bronja is listened to only during 22% of its transmission times.

FM Bronja, since its beginning in 1997, constantly registered such small audiences. Similar stations overseas also register tiny percentages of listeners but because the population is larger the number of their listeners would also be "more respectable" in absolute terms. Since, however, it has been proposed that culture programmes be considered part of the extended public service obligation programming there is no doubt that almost all of FM Bronja's programming would fall within this category.

Radju Parlament, also known as "1066", is the third station run by PBS Ltd. In its present format it has been on the air since the beginning of 2001. This station carries the transmission of Parliament and fills the rest of the time by broadcasting music targeting a young audience. One notes that there is a small but consistent audience that listens to Parliament. One fifth, or just over 3000 listeners, of those who say that Radju Parlament/1066 is the best station overall are over thirty years of age. One can safely assume that these are the people who prefer listening to the transmissions from Parliament rather than to the music which is played on the station.

On the other hand there is no doubt that the strength of "1066" lies in its appeal to young music lovers. Today it is the station with the largest audience of those between 12 and 17 years old. Though, according to the latest survey of the BA, the station suffered considerable losses in the 18-30 year old segment (probably to the new station, XFM) it still has a respectable audience in that age group. According to the latest survey (October 2003) of the Broadcasting Authority the number of people who say that this is the best station overall is 15,000.

The broadcasts of uninterrupted commercial and dance music do not qualify as part of the public service obligation of the organisation but the transmission of Parliamentary debates does.

Total expenses for all three radio stations are, according to the latest available accounts is Lm 386,519. It is difficult to allocate expenses between the three stations since no such sub-divided accounts are available.

## **Television**

The television sector run by PBS Ltd consists of TVM and Channel 12.

The National Broadcasting Plan says that the Broadcasting Authority (and not PBS) should run Channel 12. This is the way things were till the 1996-1998 Labour Government decided to transfer responsibility to PBS in 1997.

PBS always felt that this was a burden that it could do without. The audience levels have always been and still are very low. They vary from a low of 0.3% during prime time last October (cf. Broadcasting Authority's survey) to a high of 1.2% registered last year. It is used to broadcast repeats of TVM, the odd original programme that is then broadcast on TVM and games from the Champions League. The only credible audience that was registered from time to time was during these games, though it by no way matched the audiences that followed the games on TVM.

Channel 12 was also originally meant to be a community channel but has today become anything but. PBS is simply not equipped to run such a station and direct funding is required if a community channel is the aim. It should also be pointed out that the percentage of original programming on Channel 12 is very low and broadcast time is mostly taken up with repeats of TVM programmes. Finally, it should also be noted that the original programming produced for Channel 12 is mostly also re-broadcast on TVM, making the two channels practically indistinguishable from a programming viewpoint.

TVM is the generalist station run by PBS Ltd. It has not gone through the deep crisis that the radio sector went through as a result of the introduction of pluralism. Since 1997 TVM tried to fend off the opposition of the emerging television stations by the introduction of many populist local productions which helped to increase enormously its ratings. This burst of creativity in the programming strategy unfortunately was not accompanied by a similar positive development in the financial situation.

The Broadcasting Authority's surveys conducted between April 2002 and October 2003 showed TVM as the station with the largest audience. This was achieved thanks to a lot of hard work and expenditure. It however reversed the trend established between October 2000 and October 2001 when Super One was the station with the largest share of viewing time.

The news of PBS continues to be the most watched and the most preferred news service offered by all stations. This statement seems to apply even where credibility or lack of political bias is concerned. The same applies to the discussion and current affairs programmes (again perceived as lacking political bias) as well as to most programme genres broadcast by the station.

The public service programming broadcast by the station takes 48% of the airtime as can be seen from the figures for the October-December 2003 schedule. These figures are lower than those prevailing last year when the average between October and June was



54%. They are definitively lower than the summer months when due to the great number of repeats that are broadcast the percentage of public service programming increases a lot over the rest of the year:

<b>Programmes</b>	<b>Minutes per week</b>	<b>%</b>	<b>Repeats per week</b>
<b>CPSO</b>	1135	16	75
<b>EPSO</b>	2269	32	510
<b>Others</b>	2741	39	30
<b>Teleshopping/Adv</b>	934	13	
<b>Totals</b>	<b>7079</b>	<b>100</b>	

### ***Policy Decisions***

Government's policy on the radio stations to be run by PBS is guided by the following criteria:

1. obligations emanating from Constitutional and legal provisions as well as the international obligations of Government especially in the light of the Prague Declaration. Generally these local and international provisions touch more on the policy governing the content e.g. impartiality of the news service, than the number of stations. The Prague Declaration also touches on the latter aspect. It states that governments "undertake to guarantee at least one comprehensive wide ranging programme service" though "public service broadcasters must also be permitted to provide, where appropriate, additional programme services such as thematic services."
2. another criterion is the needs, likes and dislikes of the Maltese public and the way they are served by other stations. Audience surveys provide a good guide, though not the only guide, in this regard. A public service broadcasting organisation has to respect the public if it wants to be of service to the public. One of the distinctions between such an organisation and the commercial ones is that a public service organisation looks at the audiences as citizens while the others look at them mainly as consumers. The service offered by PBS Ltd has to be considered in the pluralistic context of the local situation, which presents us with a saturated mediascape. There are 13 stations broadcasting on a national frequency and 21 community radio stations. There is a radio station for every 9,000 persons over 18 years of age or one for every 9sq km!

3. Government policy includes the mandatory live transmission of parliamentary debates by the public service broadcaster. This has to be part of the remit of the revamped organisation.
4. the public service broadcaster has to work within the financial parameters established by Government. One has to keep in mind that the radio stations of PBS can sell advertising time. It has to be ascertained that this possibility nets the company all monies that could possibly be raised from such a source. Advertising can and should be sold even during public service obligation programmes.

Within the context of these criteria and taking into account the regular independent audience share surveys regularly carried out, it is considered that two, rather than the present three stations, would well meet these requirements. This should, however, be achieved by the integration of programme content rather than the outright abolition of any one station. It is consequently proposed that that PBS will integrate an element of FM Bronja with Radju Malta (more elements of FM Bronja will be integrated with the station run by the University as explained further down) and run two stations with the following underlying vision:

1. Radju Malta a generalist public service station with the new addition of classical music and high culture programmes thus integrating FM Bronja programming; and
2. Radju Parlament/1066 which will carry the broadcasting of Parliament as well as music aimed at the under thirties with a newly added strong public service dimension.

Radju Malta in its present form fulfils the characteristics of the “one comprehensive wide-range programme service” that Government is expected to guarantee under the Prague Declaration. Government’s international obligations would be satisfied if PBS Ltd runs only this one station. However, in the light of the other policy considerations mentioned above, Radju Malta should:

1. remain basically as it is now, namely an all format station targeting mainly those over thirty characterised by high quality popular programmes. The quality aspect guarantees it distinction in programme production. The popular aspect guarantees it market share;
2. be marketed much more especially through free airtime on TVM. An attempt should be made to increase its share of the 30 – 45 age brackets, its share of the AB socio economic category and its share of male audiences. This possibility should be boosted by the integration of Radju Bronja programming. This will give Radju Malta a stronger audience profile and help it consolidate its position as one of the leading radio station in Malta;

3. the core and extended public service programming on Radju Malta will continue to be, as is at present, in the region of 55% to 60%;
4. in order to further boost the integration of FM Bronja, PBS will be encouraged to utilise to the full the programme possibilities offered in this sector through its EBU membership;
5. integrate FM Bronja programming within its programming schedules.
6. between 1.00a.m. and the start of transmissions in the morning Radju Malta can broadcast repeats and uninterrupted music provided this is be done without the company incurring any extra costs.

It is Government policy that Parliamentary sittings should be broadcast by one of the radio stations of PBS. The question that begs itself is: what should be broadcast during the airtime not utilised for Parliamentary sittings?

A look at the present station scenario at PBS gives two possibilities: broadcast classical music and high culture programmes as now happens on FM Bronja or broadcast music programmes addressed to a young audience coming mainly from the C2 and DE socio-economic groupings.

There are pros and cons for each option but this policy document chooses the second alternative for the following reasons:

1. the FM Bronja audience is more typical of the Radju Malta audience and consequently it makes more sense to associate FM Bronja with Radju Malta. It should also be recalled that in September 2000, Cabinet had already decided to synergise the radio output of publicly owned stations. In this context, Government firmly believes that Campus FM can take on a greater share of the cultural and classical radio output presently duplicated with FM Bronja. This synergy would in practice ensure that most, if not all, of the present Bronja programming is catered for and would reduce Government presence in the radio spectrum;
2. the proposed alternative will give PBS better financial prospects. A revamped 1066 would quite naturally cost more but the advertising potential of the number two station with young people is much more than the small change it is pocketing today. Such a station should definitively be a revenue earner;
3. the proposed alternative will give PBS a greater market share though it would still be a niche radio station. In fact it will be serving two niches: one – probably made of people over 30 - made of those who prefer to listen to Parliament; and another one – mainly listeners under 25 years – that prefer to listen to particular brands of music.

4. this option is premised on the inclusion of a re-vamped and strong public service dimension. Music should be chosen carefully so as not to play music with anti-social content. The public service remit will be enhanced as the station should become the venue for on-going permanent campaigns made through public service announcements and short blurbs of information on several topics e.g. against the excessive use of alcohol and the use of drugs; better diets; more active/sportive lifestyle; training opportunities. NGO's and government departments and other "educational" and civil society entities will have a new venue for their campaigns.

PBS should run only one television station. TVM should be an all format public service television station and PBS should no longer be responsible for Channel 12.

Today Channel 12 is a channel without an audience, a character or a profile. Calling it a community channel, as the National Broadcasting Plan does, is a misnomer. Experience has repeatedly shown that attempts to get on board the community through Local Councils, civil society, band clubs etc have miserably failed time and time again. There is no indication that further attempts will be met with any kind of success.

Within a restructured PBS, responsibility for a community channel – should it be required – should not vest in PBS for the following reasons:

1. the restructured PBS should be a lean organisation concentrating on its core business. PBS Ltd is running one television station, two radio stations, and new services through the Internet while at the same time assuring financial sustainability, quality programming and audience share. One other station with a completely different focus, on top of all this could prove to be one too many;
2. the television viewing public is more than served, by the other stations. Besides the stations run by the State, the public has at its service three other Maltese stations as well as myriad stations available terrestrially or through satellite.
3. at present there are six stations broadcasting from Malta. Half of them belong to the State. This presence of the State in this sector should be rationalised and synergised. If a community channel is required it would make more sense to integrate it with Channel 22 rather than with TVM;
4. Within this scenario TVM and Channel 22 should co-ordinate strategies and synergise forces in a similar way to the proposed co-ordination between PBS radios and Campus FM in the radio sector.

### ***Potentialities of the digital media***

All major European public broadcasters are increasingly branching with a bang into electronic news via the web and mobile technologies. PBS should invariably follow suit

also in line with the great relevance that media organisations are being given in the new e-Europe Action Plan and the World Summit on Information Society Action Plan. The digitisation and publication of the available content would make PBS a clear leader in this respect especially in the e-news sector; could also end up being a revenue generation stream and could also serve as Malta's vehicle for e-democracy related initiatives.

In this global context there are two primary developments which are of particular relevance to the enterprising of PBS in the digital media field:

1. Content is increasingly becoming the most valuable component in the ICT value chain. Whilst the capacity and the prices of hardware and software have been exponentially falling over the last years, the value of timely and relevant content has been proportionally increasing.
2. Information and communication technologies are rapidly converging towards each other via the consistent digitisation revolution going on in this field. In the prevailing technological environment audio, video and text are flowing within and between a wide range of devices in open, non-proprietary data formats hence lowering down the costs of transmission, sharing and distribution of content. New developments, particularly those in the mobile telecoms field, are opening new avenues for larger exploitation of the production costs of content.

The rationale for the company's active entry in this market is further fuelled by the following major trends:

- The rapid rate of increase in penetration of the Internet (particularly broadband) and MMS-enabled mobile phone sets, establishes a new market (albeit limited by the population) for digital content;
- PBS being a fully-Government owned company has access to Government's platform and investments in the ICT field;
- The news function – one of the most sought-after and lucrative type of digital content – of PBS is the strongest and most credible on the island;
- Major foreign broadcasters have occupied a central position in this field, essentially setting *de facto* standards for the sector (e.g. BBC); and
- Substantial EU funding is being made available for the extension of national and European digital content on all the media.

The output of media and broadcasting operations is content. The costs involved in the production of content are sunk costs i.e. they are incurred once and are not related in any way to the number of times which it is re-produced. The developments in digital technologies over the last years have contributed even further to the re-usability of content on various media platforms, be it print, audio or audio-visual media.

This new digital paradigm offers a timely opportunity for PBS to sustain its current broadcasting operations in two ways:

1. Increase revenue generated from the sunk costs paid out for its content and from new advertising revenue; and
2. Extend its popularity and strength of its media-brand into an increasingly popular market.

Specifically, the following are a set of envisaged new revenue streams which PBS could establish should it opt to build a full internal digital media value chain and take up digital media as an integral part of its core operations (not as a separate business function):

1. Direct revenue generated from advertising on the news portal of PBS (or the digital brand which the company may decide to allocate);
2. Indirect revenue generated from the improved packaging of advertising offers made by the company (i.e. TV + Radio + web portal);
3. Direct revenue from the online sale of digital archives;
4. Direct revenue from the payment for subscription to breaking-news, regular news updates via SMS, MMS, Vodafone live! and Go live! services (eventually also UMTS) via mobile handsets;
5. Direct revenue from on-demand requests for latest news via mobile handsets;
6. Direct revenue from on-demand requests for previous audio-visual programmes via the PBS portal;
7. Direct revenue from the online sale to third parties of low-cost digital clips (e.g. coverage to Ministries, match highlights to football clubs);
8. Direct revenue from the provision of a live updated news web service, which third party web-site owners could easily integrate in their own site in the form of news ticker;
9. Funding from the largely promoted and financially supported European Union's programme e-Content (of which the MITI is a full standing member).

Needless to say, the current PBS-owned web space is a non-starter. The cost-effective success of the above depends on the ability of the company to capitalise on its sunken production costs to create new revenue streams and also competitive advantage. This ambitious objective can be attained if PBS strives and manages to stimulate an internal digital culture and integrate digital media within its existing value chain without the need to resort to additional staff requirements and huge technology investments.

## PROGRAMMES POLICY

As a result of its mission statement, PBS should provide a specific dimension to its varied and high-quality range of programmes in the fields of information, culture, education and entertainment. These programmes, especially the ones executed under the public service obligation, should present a balanced view of society and of the varied interests of the Maltese public, its values, views, tastes and religious beliefs in the context of an evolving and changing society.

Programmes should promote Maltese heritage, culture, the arts and language, enhance human dignity and underpin the social cohesion and the quality of life and the environment. Its news and current affairs programming should be characterised by high journalistic and ethical standards and should not be beholden to any person or organisation. The core values that this programming should reflect are accuracy, truthfulness, impartiality and integrity.

Government has already taken the decision that the programme policy for PBS should be that whilst news bulletins should be produced in-house, the vast majority of other productions should be out-sourced to independent producers with PBS retaining editorial control over such productions. The purpose of this part is to provide flesh to this general policy.

A number of basic considerations underlying this policy should be immediately stressed:

1. the policy in favour of out-sourcing should not be interpreted to mean that there should be no in-house productions. The scope of the policy is not meant to kill in-house creativity but merely to ensure that this runs along out-house creativity and that the former does not become an excuse for exorbitant production costs;
2. out-sourcing includes co-productions as well as sub-contracting and always implies editorial control by PBS over the production;
3. programming (both in-house and out-sourced) has to be managed within a framework of the programming requirements of PBS, within a system that is transparent and open to all and managed within the budgeting parameters of PBS;
4. decisions on what programmes to air are intrinsically subjective and the main objective parameters are the financial parameters PBS sets for each programme. Consequently, there is a need for independent judgement and appraisal;
5. Introduce a risk-reward sharing concept with the private sector in the success or otherwise of generating revenue from advertising of programmes.

Government firmly believes that an aggressive out-sourcing policy where the majority of programmes are not produced in-house has a number of distinct advantages over the present situation:

1. it encourages and maximises creativity. Creativity has a short shelf life. Farming out helps the company to pick and choose the most creative at a particular point in time and not depend solely on its own full time employed “creativity” which it has to carry for many years;
2. puts money into the private sector whilst it encourages expansion and competition. The audio-visual market is, and has been for a number of years, expanding progressively and with further stimulus it could prove to be a significant and specialised segment of the economy;
3. allows PBS to better manage its human and financial resources since it allows clear contractual relationships and forward planning;
4. with a proper management structure and broadcasting competence, the outsourcing policy should give PBS an advantage over private stations since PBS should be more financially stable.

The term outsourcing describes a number of different options. The independent producers can give the company the programme ready to air or they may transmit the programme live from other studios or produce it themselves using facilities available at PBS or co-produce it with PBS. The independent producers can buy the airtime or be paid for their productions or be given air time which they sell to cover their costs. If PBS facilities are to be used, the producer has to indicate the facilities that will be used and for how long. PBS will then consider the relevant cost before taking a decision.

The outsourcing policy extends to commercial and public service obligation programmes whether core or extended. The only exception is the news bulletins. Independently of the production or financing model used in the sub-contracting process there is one thing that cannot be farmed out. This is the responsibility for the editorial content as well as that for the aesthetic and technical quality. All contracts made in this regards should establish very clearly the company’s full and final authority in these areas, though the company should cover itself for any indemnity that can arise because of the out-sourced production.

PBS is expected to draw up a detailed policy for outsourced programmes. This policy should have the following characteristics:

1. Establish the internal and external mechanism that will provide the company with the high quality and varied programming that it needs in order to serve the Maltese public in line with its public service remit as explained in its programme policy:
  - a. The internal mechanism will describe the procedures used by the company to arrive at the needed decisions:



- i. The Board of Directors shall indicate to the CEO the total budget for programming assigned to any one schedule, such budget to include both in-house and out-sourced productions;
  - ii. A draft schedule comprising programme genres and time slots but not actual programmes will be drawn up by the Editorial Board (explained further on) in conjunction with the CEO, the Programmes Manager and the Advertising Manager;
  - iii. The CEO will present the draft schedule to the Board of Directors who can approve or ask the Editorial Board to review particular sections. The above stages should be timed to be concluded at least six months before the coming into operation of the said schedule;
  - iv. On approval of the schedule by the Board of Directors, a Programmes Statement of Intent will be published by the Board of Directors. A period of four weeks will be given to independent producers to submit proposals to develop the programme content in line with the programme genres and costs required by PBS. Independent producers can also make proposals that do not lie within the strict boundaries of the Statement but which they feel will be of benefit;
  - v. The Editorial Board will judge and grade each proposal and report back to the Board of Directors. The criteria used by the Editorial Board will be part of the published Statement of Intent. The Editorial Board can discuss the particular proposals with their proponents before it submits its recommendations to the Board of Directors. The Editorial Board will not, however, discuss the financial proposal;
  - vi. The Board of Directors will view the graded proposals in the light of the financial constraints and requirements and take the necessary decisions. The Board of Directors will, as far as content is concerned, normally follow the grading of the Editorial Board but will ensure that the budgets allocated are not exceeded and in order to do so the Board of Directors, through the CEO, may negotiate with regard to any proposal that is graded by the Editorial Board;
  - vii. This process should be completed at least four months before the schedule is due to air.
- b. The External mechanism will:

- i. Take the form of a published Programmes Statement of Intent;
- ii. Satisfy the financial requirements of the company. The schedule has to have a good mix of programmes that can make it a commercial success as well as a popular TV station offering a public service schedule;
- iii. Establish in very clear terms that PBS will retain final responsibility for the editorial content as well as the aesthetic and technical quality;
- iv. Provide a platform where all independent producers can compete in a fair and even manner.
- v. Be as transparent as possible without unnecessarily damaging its commercial interests or losing any competitive edge it can have over the other stations.

The Programme Statement of Intent will have the following characteristics:

1. An outline of the general programmes policy and philosophy of TVM;
2. An outline of the needs that TVM has for the period under consideration. Example: programmes directed towards young people; a drama based on Maltese history; a quiz. The outline has to be specific enough to enable people to tender but not so specific as to put TVM at a disadvantage with its competitors;
3. Information about the evaluation criteria that will be used by the Editorial Board. These will include creativity, public service content (in the case of PSO obligation programming), originality, relevance to the needs of the schedule; guarantee of aesthetic and technical criteria; proof by proposers of their expertise and programming capabilities;
4. Description of how the proposals should be submitted. Those independent producers who propose to give PBS Ltd a ready to air programme will normally be expected to submit a demonstration tape;
5. The minimum financial terms expected to be met by the producer but allowing flexibility to negotiate upwards depending on the type of proposal submitted;
6. A commitment that each independent producer who submitted proposals will receive a confidential report about the proposal submitted by him/her and an evaluation post-production of any selected production;
7. A timetable of how the project will proceed;

8. The rights and obligations of both PBS and proposers as well as the general obligations that a selected proposer is expected to meet and subscribe to.

It is obvious that this policy will drastically change the method of operation by PBS since forward-scheduling now becomes essential. This change is not expected to happen overnight but with some effort it should be implemented in time for the October 2004 schedule.

As has been previously explained, in-house productions are not in any way excluded with the introduction of a policy for out-sourcing programmes. However, their origination needs to fall in line with the general parameters set for developing programming content. Consequently, it is proposed that in-house producers follow the general lines as independent producers with due consideration being given by the Board of Directors to the fact that expenses and income will be directly PBS financed.

The principles and the details outlined above are valid for the formulation of the schedule of the television station. The Board of PBS will *mutatis mutandis*, adapt these principles also to the radio sector as per comments made in the Outsourcing Programmes Policy in Appendix 3.

Once again, it has to be stated that this new regime cannot be perfect from the first day of operation and consequently PBS is expected to regularly monitor its operation and fine tune where necessary.

## THE EDITORIAL BOARD

To creatively harness the institutional tension between the business and the programming dimensions outlined above Government intends to set up an Editorial Board “alongside” the Board of Directors and to give it the status and responsibility needed to fulfil its duties.

Although Editorial Boards have in fact existed within PBS, they were more than anything else a mechanism to direct news policy. Traditionally, members of the Board of Directors have included a good number of persons with broadcasting and/or media background and consequently editorial policy and editorial monitoring was exercised by the Board. Government is of the opinion that whilst basic responsibility for all matters within PBS has to remain vested in the Board of Directors, the Board has to balance its editorial responsibilities (with particular emphasis on programming) with its budgetary and commercial responsibilities.

In fact, it is somewhat strange that whilst Editorial Boards have a long-standing tradition in the printed media, PBS has never had an institutionalised Editorial Board, even though its news bulletins have been historically a matter of contention. It is felt that with the new onus regarding programming content, the Board of Directors now needs a body that is intrinsically competent in television content and hence it is proposed to set up an Editorial Board alongside the Board of Directors.

From a management structure point of view, the Editorial Board will have no line management responsibilities except to manage any staff allocated to it. The Editorial Board will be directly responsible to the Chairman of the Board of Directors and its relationship with both the Chairman and the Board of Directors will be regulated by the terms of reference established in this document.

The proposed Editorial Board will no longer be simply tied to the news element but will have the wider remit to oversee programming content as well. The Editorial Board will basically have the responsibility to ascertain that PBS news and programming policy fulfils its public service obligation. The Editorial Board in the execution of this responsibility will:

1. be the final guardian and arbiter of the actualisation of the news policy set by the Board of Directors of PBS Ltd through its news and current affairs programmes;
2. take responsibility – through the Programmes Manager - for the quality and the content of programmes broadcast on PBS stations whether they are produced in-house or out-sourced;
3. grade all the proposals made by those interested in the production of in-house and out-sourced programmes and propose the results of their deliberations to the Board of Directors which would have the right to refuse to put into

practice the proposals of the Editorial Board if these do not fall in line with the financial guidelines set by the Board of Directors.

The Editorial Board will be made up of three voting members appointed by the Minister responsible for PBS in consultation with the Minister responsible for broadcasting. There will also be three non-voting members: the Chief Executive Officer, the Programmes Manager and the News Manager. This method of appointment immediately highlights that Government is giving as much importance to the content aspect of PBS as it gives to the business aspect since the persons responsible for both aspects would be appointed by Government.

The Minister should appoint persons who are capable of taking fair, balanced and impartial decisions dictated only by the public service mission of the organisation. Different members of the team can have different areas of expertise in such a way that, together, the members of the Editorial Board will have the expertise needed to fulfil their duties. Such areas of expertise should include expertise in the area of news, current affairs, programming, broadcasting and media generally.

The setting up of the Editorial Board as well as its composition should give a sign that Government intends PBS to be and to be seen to be the national broadcaster that will represent and fairly treat different views and values present in our society. It will consequently be expected that during the period of their appointment such persons – indeed all employees of PBS – understand the need not to be associated with partisan interests.

The Editorial Board will have a dual accountability.

1. it is accountable to Government for the State of the public service obligation dimension of the company's programming and in line with this duty the Editorial Board, through the Board of Directors, will present an annual report to Government;
2. it is also accountable to the Board of Directors of PBS for its work within the company as it has the duty of putting into practice the policies set out by the Board of Directors.

Like all other limited liability companies, PBS is run by the Board of Directors. The law states very clearly that this Board carries the responsibility for PBS. The Editorial Board, thus, is not an alternative to the Board of Directors or, indeed, a competitor. On the other hand the Editorial Board is not to be just a figurehead kind of board. It complements the Board of Directors by providing an institutional platform to the programming/cultural/symbolic soul of the institution. In this area it should have both responsibility and authority.

The Editorial Board should thus be given the administrative services and the budgetary provision that such a board would need to function properly and its place and status in the organisation should be clearly indicated.

The Editorial Board, with regarding to programming standards, will receive and act on broad policy guidelines set by the Minister responsible for broadcasting.

## **CONCLUSION**

No policy should ever be cast in stone.

A dynamic policy has to respect the times in which it is crafted as well as the circumstances leading to it. Ignoring the historical context which may have led to it or the imminent needs that might have prompted it implies that that policy does not reflect reality. On the other hand, realities, needs and times change and policies have to change with them.

The policy being presented here, together with the previously approved administrative and financial restructuring being done within PBS, have one aim in view – to give a fresh start to an organisation that is essential to the country and to give it that new lease of life within a sustainable financial environment that affords it the possibility to achieve its mission statement.

Government is aware that the media-scape of today is a fast changing world. PBS today faces the challenge of private broadcasters, both Maltese and international. E-media and digital television will soon be serious challengers and no one can really predict what media will be available ten years down the line.

It would be wrong, therefore, if it is assumed that this policy document is cast in stone. If it is to remain relevant it needs to be re-visited regularly to take into account not only the technological challenges we are facing but also the changed social circumstances that will undoubtedly affect Maltese society in the years to come.

It would also be wrong to assume that everything will fall into place from day one. The changes that PBS is and will be asked to undergo are massive basically because they aim to change cultures rather than mentalities. The effects will also not be felt immediately because programme scheduling is a long term commitment whilst the financial restructuring process will also need some months to take effect. Consequently, the real change – when all reforms kick in – will only come in 2005.

A final word of warning. Outcomes and results do not depend on documents but on people. No matter how good this document may be, its detailed execution is the result of daily decisions taken by a myriad number of people who will be executing it one way or the other within PBS. The real challenge is not to write this document but to harness its spirit when executing it.

*Appendix 1*

*Sample Agreement between  
the Ministry for Tourism and Culture and PBS Limited*



AGREEMENT entered into this \_\_\_\_\_ day of \_\_\_\_\_ 200-

BETWEEN

(A) Of the one part THE GOVERNMENT OF MALTA, hereon represented by the Honourable Francis Zammit Dimech in his capacity as Minister responsible for Broadcasting, hereinafter referred to as the Government;

and

(B) Of the other part PUBLIC BROADCASTING SERVICES LIMITED, a duly established broadcast service provider having its registered office at St. Luke's Road, Pieta, Malta, bearing company registration number C13140 hereon represented by Mr Michael Mallia in his capacity as Chairman of the said company, and hereinafter referred to as PBS.

Whereby it is being premised that:

The Government declares that an independent Public Broadcasting Service is essential to a democracy, and the Government recognizes PBS as the sole company catering for public broadcasting, with guarantees that its programmes are presented in a balanced and impartial manner as provided for by the Constitution of Malta, and acknowledges that PBS should lead in audience share and be a trend-setter. PBS should, as the national broadcaster, represent and fairly treat different views and values present in society. PBS should also carry programmes that fulfil the public service obligation, and Government shall support PBS in this regard, and for this end is entering into this Public Service Agreement.

All this premised, and considering that the obligation of PBS to broadcast public service obligation programmes emanates also from the Maltese Constitution, the Broadcasting Act, and other rules and regulations currently in force, as well as from international covenants including the Prague Declaration and the EU Television without Frontiers Directive.

The Parties agree that all the abovementioned needs to be institutionally safeguarded by the setting up of and through this Public Service Obligation Agreement.

Government hereon further declares and binds itself that:

The relationship between Government and PBS as far as the management of its Public Service Obligation ("PSO") is concerned shall be regulated by this contract of service, whereby the Government negotiates with PBS the public service content it would like to be aired against payment for such content;

PBS shall not receive any subsidies for its public service obligations, (other than these stipulated in this agreement).

When referring to the public service obligation of PBS, a distinction is to be drawn between the “core PSO” and the “extended PSO”.

The “core PSO” shall be deemed to refer to and include the broadcast of news and local sport, and shall be funded by PBS from general advertising revenue.

The “extended PSO” shall be deemed to refer to and include programming content that the Government would like to be aired on PBS, and shall be funded by the Government, hereinafter referred to as Services.

Since it is unlikely that PBS will be able to provide on a profitable basis such Services, and the Government acknowledging the risk that same might not be provided at all, or might be commenced and then terminated based on normal commercial considerations, Government hereby therefore agrees to secure a stable and efficient provision of Services from a well-established and economically stable provider. Such Services must be based upon minimum obligations required to fulfil the needs of the Government, but which would not be acceptable to a commercial operator operating on a normal commercial basis.

In order for any service provider to carry out these Services, the Government recognises the need of the service provider to be compensated for any economic loss as a result of operating under the Public Service Obligations placed upon it by Government.

The Government has identified PBS as a well-established and economically stable provider of Services, both through its past working relationship with PBS and through business and financial information provided to the Government by PBS.

It notes that PBS is willing to provide the said Services and to accept the Public Service Obligations against an agreed payment.

THEREFORE, PURSUANT TO THE ABOVE, THE PARTIES HEREBY AGREE THAT:

1. GRANT OF PSO CONTRACT TO OPERATE SERVICES

The Government hereby provides PBS with a sole and exclusive Public Service Obligation Contract to operate the Services hereinafter referred to as the Contract, and PBS hereby accepts the grant of such Contract. Provided that at all times PBS shall act according to and in full compliance with its Public Service Obligations as stipulated hereunder.

2. THE PUBLIC SERVICE OBLIGATIONS

The parties agree that the Services shall at all times, during the period of this agreement, satisfy all the following minimum criteria to qualify as a Public Service Obligation Programme:

- a. the transmission of events of a national character as determined from time to time by Government;
- b. current affairs programmes and discussion programmes dealing with topics of a social, cultural, educational, environmental, economical industrial or political nature;
- c. programmes dealing with religious topics and the transmission of Mass on Sundays and some Holy days of Obligation;
- d. programmes that have children as their principal audience;
- e. drama programmes in Maltese with preference being given to original drama in Maltese
- f. programmes that are cultural in nature but especially those that enhance the Maltese language, heritage, history, culture and the arts;
- g. programmes that are focused on Gozo and in particular that highlight Gozitan society, culture and way of life;
- h. programmes that focus on Maltese communities abroad;
- i. general information programmes;
- j. programmes that are educational in nature.

### 3. SERVICES

The Services shall consist of the extended PSO and shall include the programmes indicated in Appendix A attached. PBS may either produce the Services itself or else sub-contract their production provided that in the latter eventuality PBS shall maintain editorial and artistic control of the production.

### 4. EXTENSION TO COVER OTHER SERVICES

The Government may in its absolute discretion decide to extend the Services (hereinafter referred to as the “Extended Services”) to be covered by an extended PSO definition by commissioning programmes other than those listed in Appendix A..

In such case, Government binds itself to offer such Extended Services to PBS which shall not later than 30 days after receiving the offer make a bid for such Extended Services.

Government may, in its absolute discretion, decide whether or not to accept such bid and should such bid be accepted the Contract shall be deemed to have been so modified and for all intents and purposes the term “Services” shall thereupon include the “Extended Services”.

Should PBS fail to reply or refuse to accept such an extension of the Contract within the time period stipulated, Government may offer such Extended Services to any third party without any further consultation with PBS and without any further obligation on the part of either PBS or the Government to each other regarding such other Services.

5. NEW WAYS OF PROVIDING SERVICES

Should PBS seek to modify the fundamental basis whereby the services that conform to the PSO are provided, PBS shall notify Government before introducing such modifications and Government shall signal its approval or otherwise within one month of PBS’s notification.

6. AUTHORISATION

It shall be the duty of PBS to ensure that it has a valid transmission licence at all times and should PBS lose its licence, it shall be deemed to have relieved the Government of any obligation in this contract and it shall be obliged to refund the entire sum of moneys passed to it under the terms of this contract within 30 days of the termination or expiry of its licence. Provided that the costs of complying with and the granting of any such licence shall be borne solely by PBS.

7. CONTRACT PERIOD

This contract, whether or not modified in terms of clause 3 of the Contract, shall be for a period of five years from the date of signing of this Contract, unless terminated earlier either by agreement between the parties or in accordance with the Contract..

8. NON-RENEWABILITY

For the avoidance of doubt, this Contract cannot be renewed beyond its applicable period except by the parties entering into a new contract. The parties agree that six months before the end of this Contract they will enter into negotiations with the aim of reaching agreement on a new Contract provided that either of the parties may, in their absolute discretion, terminate such negotiations and seek to enter into negotiations with other parties.

9. SERVICES TO BE EXECUTED ACCORDING TO LAW

The Services shall be executed in accordance with the relevant legislative provisions and PBS may not suspend or terminate for any reason whatsoever any of the Services contracted except with the express consent of the Government.

Government may direct PBS to suspend or terminate any of the Services contracted provided that Government will remain liable to pay the full sum agreed to in respect of such suspended or terminated Services.

10. FINANCIAL COMPENSATION FOR THE SERVICES

In consideration of PBS providing the Services, Government undertakes to pay PBS the sums indicated in Appendix A for each Service (hereinafter referred to as the “gross payment”). Government shall effect payment quarterly in advance, each payment to be equal to 25% of the total yearly contracted cost.

Within three months of the end of each year, PBS shall present to Government audited accounts relative to the provision of the Services in the previous year and showing for each Service:

- a. the total operating cost to PBS for providing such Services;
- b. the total overhead and financial cost assigned by PBS for the provision of the Services; and
- c. 25% of the net revenue that may have accrued to PBS from the provision of such Services which shall be allocated to Government;

and the balance of the total PBS costs less the net revenue allocated to Government shall be considered as the sum that PBS has actually incurred for the Services (hereinafter referred to as the “net expense”).

PBS shall be obliged to refund to Government any difference between the gross payment and the net expense.

#### 11. COMPENSATION

The parties agree that the compensation for the period 1<sup>st</sup> October 2004 to 30<sup>th</sup> September 2005 that Government shall pay PBS is the sum of five hundred thousand Maltese liri (Lm500, 000) as gross payment.

The funding for each subsequent set of two years shall be discussed and agreed at least three months before the beginning of the next period.

#### 12. ACCOUNTS

PBS shall be obliged to maintain detailed and separate accounts for the Services contracted to it and Government may, in its absolute discretion, request PBS to supply regular reports in such format as may be required by it and to appoint, at its own expense, persons of its choice to examine all accounting records and/or to independently audit the accounts.

PBS undertakes to enter into an appropriate agreement with its auditors:

- a. to provide that due regard shall be given to all the financial provisions of this Contract.
- b. to report to the Government of Malta on an annual basis on whether, in their opinion, all amounts payable by the Government of Malta as compensation in terms of this Contract have been properly computed in accordance with the terms of this Contract;
- c. to provide full details as to the methods used in arriving at such calculations; and if it is concluded that all or any of such payments have been improperly calculated, to provide an estimate of the amounts actually due.

#### 13. GOOD FAITH

The parties shall exercise the utmost good faith in the fulfilment of their obligations under this Contract. In particular PBS undertakes not to enter into any schemes, arrangements or otherwise, under which the amount of compensation due by Government does not reflect the expenses incurred by PBS in providing the Services.

14. FORCE MAJEURE

Neither party shall be deemed to be in breach of this Contract, or otherwise be liable to any damages arising therefrom, by reason of any suspension or delay in performance, or non-performance, of any of its obligations hereunder, in the eventuality that such delay or non-performance is due to force majeure. Provided that the party so affected shall notify the other party forthwith in writing, stating the nature and extent of the force majeure.

In the eventuality that the force majeure in question prevails for a continuous period in excess of three months, the parties agree that they shall enter into bona fide discussions with a view to alleviate its effects, or to agree upon such alternative arrangements as may be fair and reasonable.

For the purposes of this Contract force majeure shall mean in relation to either party, any circumstance which is beyond the reasonable control of either party. Such circumstance shall be inclusive of, but shall not be limited to: Act of God, war, civil commotion, fire, flood, as well as other causality or condition which prevents that party from carrying out its obligations under this Contract.

15. DISPUTES

In the event of any dispute, claim or disagreement, arising from or relating to this Contract or the breach thereof, the parties hereto declare that they shall do their utmost to resolve such dispute, claim or disagreement. To this end, the parties bind themselves to consult and negotiate with each other in good faith and, recognizing their mutual interests, attempt to reach a just and equitable solution satisfactory to both parties.

Provided that if the parties do not resolve the dispute within thirty (30) days, then, upon notice by either party to the other, all disputes, claims or differences shall be submitted to a qualified mediator, appointed by common agreement of the parties.

In the eventuality that the mediation is not successful or is not concluded within fifteen (15) days of the matter having been referred, the parties agree to refer the matter to arbitration, before a sole arbitrator, in accordance with the Arbitration Act and the rules and regulations of the Malta Arbitration Centre

Any remedial action ordered by the Malta Arbitration Centre shall be carried out within seven (7) days of the date of the award unless a longer period is specified.

16. TERMINATION CLAUSE

Either party shall be entitled to terminate this Contract by written notice to the other, in any of the following circumstances:

- a. Where the party found in default by the Malta Arbitration Centre fails to rectify the default within the stipulated time provided that the party resorting to termination shall notify the other party in writing of its intention and allow the other party a further fifteen (15) days to rectify the default;.
- b. if PBS is declared bankrupt, goes in voluntary liquidation or makes any arrangement with its creditors provided that voluntary liquidation shall not include any arrangement made for the purpose of amalgamation or reconstruction of the company, and in such a manner that the company resulting there from effectively agrees to be bound by or assumes the obligations imposed on that other party under this Contract;
- c. if PBS ceases, or threatens by notice in writing to cease, to carry on business;
- d. if PBS no longer holds a transmitting licence;

The right to terminate this Contract as stipulated in Clause 23 shall be without prejudice to any other right or remedy of either party in respect of the breach concerned, if any, or of any other breach.

Any waiver by either party of a particular breach of any provision or this Contract shall not be interpreted as a waiver to any subsequent breach of the same provision or of any other provision thereof.

17. CONSEQUENCES OF TERMINATION

The parties agree that upon termination of this Contract for any reason the following shall apply:

- a. Outstanding unpaid invoices issued by PBS in respect of the services rendered shall become immediately payable by the Government of Malta, and amounts due in respect of Services rendered prior to termination but for which an invoice has not been submitted shall be payable immediately upon submission of an invoice.



- b. PBS shall have no right to file any claim against the Government of Malta for compensation for loss of exclusive rights, loss of goodwill or any similar loss;

Subject as otherwise provided herein, and referable to any rights or obligations which have accrued prior to termination, neither party shall have any further obligation to the other under this Contract.

#### 18. INDEMNITY CLAUSE

PBS shall indemnify and holds harmless the Government of Malta, its employees, agents, successors and assignees from and against any and all liabilities, claims, actions, losses, damages, lawsuits and expenses, including legal expenses, excepting those as may be determined by the Malta Arbitration Centre, of whatsoever nature and kind imposed upon, and from or against proceedings including without limitation claims for personal injury or damage to property arising from the performance of any work in operating this Contract or by any act whether of omission or commission by PBS, its employees, agents or sub-contractors, and against and from all costs, liabilities and expenses incurred in respect of any such claim, action or proceedings. This clause shall survive the expiration or revocation of this Contract in connection only with events occurring during the tenure of this Contract.

#### 19. GOVERNMENT TO NOTIFY RE THIRD PARTY CLAIMS

The Government of Malta shall notify PBS of any claim or action made or instituted against it by any third party and to which Clause 29 refers and shall grant PBS the opportunity to intervene in any suit so instituted and to defend such suit.

#### 20. MODIFICATION OF CONTRACT

In order to be valid, any amendments and supplements to this contract entered into between the parties must be done in writing.

#### 21. REVOCATION OF PREVIOUS CONTRACT

The parties agree that any previous Contract regarding provision of Services, in whatever form entered into by the Government of Malta and PBS, shall be terminated with effect from the effective date of this Contract.

22. INVALIDITY OF PARTICULAR CLAUSE

If any or some provisions of this Contract are held by any court or other competent authority to be null and void, or unenforceable in whole or in part, such nullity, invalidity, or unenforceability shall be limited only to such clause in question, whereas the unaffected provisions shall continue to be valid.

23. NON-ASSIGNABILITY OF CONTRACT

This Contract shall be binding upon and shall endure to the benefit of the parties hereto, their respective successors and permitted assignees provided, however, that no party shall assign this Contract in whole or in part or its interest in this Contract except with the prior written consent of the other party and provided further that the sub-contracting by PBS to third parties of any of the production of any of the Services shall not be considered as an assignment of the Contract.

24. NOTIFICATION

Unless otherwise specifically provided for herein, any notice required or permitted to be given hereunder shall be in writing and shall be:

- a. personally delivered by hand; or
- b. transmitted by postage prepaid registered mail (airmail, if international) or by internationally recognised courier service; or
- c. transmitted by facsimile or email, subject to a receipt being generated,

to the other party as follows:

In the case of the Government of Malta the correspondence mentioned in this clause has to be addressed as follows:

“Attention: (name of person)”

In the case of PBS the correspondence mentioned in this clause has to be addressed as follows::

“Attention: (name of person)”

Any communication by one party to another, which requires notification for the purposes of this Contract, shall be deemed to have been duly notified:

- a. on the date when the delivery took place, if delivered by hand;
- b. on the date shown on the relative receipt if delivered by any other method;

Either party may change its address for the purposes hereof by notice to the other party. All notices hereunder and all documents delivered in connection with this transaction shall be either in the Maltese or in the English language.

25. GOVERNING LAW

This Contract is governed by and shall be construed in all respects in accordance with the Laws of Malta and the rules and regulations in force.

AS WITNESS the hands of the parties hereto or of their duly authorised representatives the day and year first above written.

The Honourable Francis Zammit Dimech  
Minister for Tourism and Culture

Mr Michael Mallia  
Chairman

On behalf of the Government of Malta

Public Broadcasting Services  
Limited

*Appendix 2*

*Programmes Policy*

## 1. Introduction

### *Programmes policy of PBS*

PBS Ltd exists to serve the general public as well as particular segments by striving to be the most creative, inclusive, professional and trusted broadcaster.

As a result of this particular mission the schedule of PBS Ltd should provide a varied and high-quality range of programmes in the fields of information, culture, education and entertainment. These programmes, especially those which form part of its social obligation, should present a balanced picture of Maltese society and reflect the public's varied interests, values, views, tastes and religious beliefs in the context of an evolving and changing society. The programmes transmitted should promote Maltese heritage, culture, the arts and language; enhance human dignity underpin the social cohesion and the quality of life and the environment.

The news and current affairs programming of PBS Ltd should be characterised by high journalistic and ethical standards. Their core values should be accuracy, truthfulness, due impartiality, and editorial integrity.

PBS should make the popular worthwhile and the worthwhile popular.

### *Policy in favour of outsourcing programmes*

PBS Ltd in line with the decision taken by its shareholder is adopting a policy that whilst news bulletins should be produced in-house, all other programmes should, as much as possible, be out-sourced to independent producers.

### *Policy applies to both commercial and PSO programming*

The outsourcing policy extends to commercial and public service obligation (PSO) programmes whether core or extended. The only exception is the news bulletins.

The core public service obligation is being defined as the transmission of:

1. regular daily news bulletins in Maltese, with the main TV news bulletin not being of a lesser duration than 20 minutes and at least a once daily TV news bulletin in English. Furthermore at least one of the TV news bulletins in Maltese has to provide facilities for the hearing impaired. The main news bulletin shall include both local and international news;
2. regular daily news bulletins on at least one of the radio stations that PBS operates with at least one bulletin thereof being in English;

3. regular daily bulletins covering local sporting events of a current nature and at least one weekly programme covering local sports. It shall, however, be understood that events of a national character (eg. The Small Nations Games) and/or particular events which, by their nature, are one off shall require separate funding from Government;
4. programmes in adherence with the Constitutional or legal requirements imposed on PBS;
5. the televised transmission of one-off parliamentary debates;

The extended public service obligation programmes are programmes which would normally be defined as not commercially viable but important to ensure the cultural, social and educational development of society at large and to enable sections of society that would not normally have access to television broadcasting to acquire the space to do so.

1. the transmission of events of a national character as determined from time to time by Government;
2. the regular transmission on radio of all parliamentary debates;
3. public service announcements according to a pre-determined quantum established in a co-funding policy to be established in the Public Service Obligation Contract;
4. current affairs programmes and discussion programmes dealing with topics of a social, cultural, educational, environmental, economical, industrial or political nature
5. programmes dealing with religious topics and the transmission of Mass on Sundays and some holy days of Obligation ;
6. programmes that have children as their principal audience;
7. drama programmes in Maltese with preference being given to original drama in Maltese;
8. programmes that are cultural in nature but especially those that enhance the Maltese language, the arts and culture; as well as programmes of classical music
9. programmes that are focused on Gozo and in particular that highlight Gozitan society, culture and way of life;
10. programmes that focus on Maltese communities abroad;

11. general information programmes;
12. programmes that are educational in nature;

Various programmes fall in the category of commercial. These include entertainment programmes such as films, variety programmes, and comedies etc as well as programmes with a strong advertorial content.

Independently of the production or financing model used in the sub-contracting process there is one aspect that cannot be farmed out. This is the responsibility for the editorial content as well as that for the aesthetic and technical quality. All contracts made in this regards should establish very clearly the company's full and final authority in these areas, though the company should cover itself for any indemnity that can arise because of the out-sourced production.

### *Outsourcing Methods*

The term outsourcing describes a number of different options:

1. The independent producers can give the company the programme ready to air.
2. The independent producers may produce the programme and transmit it live from other studios.
3. The independent producers may produce the programme themselves using facilities available at PBS. In such cases the producer has to indicate the facilities that will be used and for how long. PBS will then consider the relevant cost before taking a decision.
4. The independent producers can co-produce the programme with PBS.
5. The independent producers can buy the airtime, part of which can be used commercially.

A number of basic considerations underlying this policy should be immediately stressed:

1. The policy in favour of out-sourcing should not be interpreted to mean that there should be no in-house productions. The scope of the policy is not meant to kill in-house creativity but merely to ensure that this runs along out-house creativity and that the former does not become an excuse for exorbitant production costs;

2. Independently of the form which the outsourcing takes, PBS always retains the editorial control as well as the right to decide on the technical and aesthetic quality of such productions;
3. Programming (both in-house and out-sourced) has to be managed within a framework of the programming requirements of PBS, within a system that is transparent and open to all and managed within the budgeting parameters of PBS;
4. Decisions on what programmes to air have to be taken within the financial parameters PBS sets for each schedule.

PBS Ltd believes that an aggressive out-sourcing policy where the majority of programmes are not produced in-house has a number of distinct advantages over the present situation:

1. It encourages and maximises creativity. Creativity has a short shelf life. Farming out helps the company to pick and choose the most creative at a particular point in time and not depend solely on its own full time employed “creativity” which it has to carry for many years;
2. Puts money into the private sector whilst it encourages expansion and competition. The audio-visual market is, and has been for a number of years, expanding progressively and with further stimulus it could prove to be a significant and specialised segment of the economy;
3. Allows PBS to better manage its human and financial resources since it allows clear contractual relationships and forward planning;
4. With a proper management structure and broadcasting competence, the out-sourcing policy should give PBS an advantage over private stations since PBS should be more financially stable.



## **2. Mechanism covering the policy of outsourcing**

PBS Ltd is establishing the following internal and external mechanism to ensure that it will be provides with the high quality and varied programming that it needs in order to serve the Maltese public in line with its public service remit as explained in its programme policy.

The internal mechanism consists of the following procedures that are used by the company to arrive at the needed decisions:

1. The Board of Directors shall indicate to the CEO the total budget for programming assigned to any one schedule, such budget to include both in-house and out-sourced productions;
2. A draft schedule comprising programme genres and time slots but not actual programmes will be drawn up by the Editorial Board in conjunction with the CEO, the Programmes Manager and the Advertising Manager. The Editorial Board will also indicate the type of programmes that would be offered for outsourcing;
3. In the formulation of the schedule the Editorial Board should follow the criteria outlined in its terms of reference;
4. The CEO will present the draft schedule to the Board of Directors who can approve or ask the Editorial Board to review particular sections. The Board of Directors will, as far as content is concerned, normally follow the grading of the Editorial Board but will ensure that the budgets allocated are not exceeded and in order to do so the Board of Directors, through the CEO, may negotiate with any proposal that is graded by the Editorial Board. The above stages should be timed to be concluded at least six months before the coming into operation of the said schedule;
5. On approval of the schedule by the Board of Directors, the Programmes Statement of Intent will be published by the Board of Directors. A period of four weeks will be given to independent producers to submit proposals to develop the programme content in line with the programme genres and costs required by PBS. Independent producers can also make proposals that do not lie within the strict boundaries of the Statement but which they feel will be of benefit;
6. The Editorial Board will judge and grade each proposal and report back to the Board of Directors. The criteria used by the Editorial Board will be part of the published Statement of Intent. The Editorial Board can discuss the particular proposals with their proponents before it submits its recommendations to the Board of Directors. The Editorial Board will not, however, discuss the financial proposal;

7. The Board of Directors will view the graded proposals in the light of the financial constraints and requirements and take the necessary decisions. The Board of Directors will, as far as content is concerned, normally follow the grading of the Editorial Board but will ensure that the budgets allocated are not exceeded and in order to do so the Board of Directors, through the CEO, may negotiate with any proposal that is graded by the Editorial Board;
8. This process should be completed at least four months before the schedule is due to air.

The external mechanism will:

1. Take the form of a published Programmes Statement of Intent;
2. Satisfy the financial requirements of the company. The schedule has to have a good mix of programmes that can make it a commercial success as well as a popular TV station offering a public service schedule;
3. Establish in very clear terms that PBS will retain final responsibility for the editorial content as well as the aesthetic and technical quality;
4. Provide a platform where all independent producers can compete in a fair and even manner. Independent producers can bid for different programmes falling under the same or different genres but each bid should be submitted independently or any other bid.
5. Be as transparent as possible without unnecessarily damaging its commercial interests or losing any competitive edge it can have over the other stations.

The Programme Statement of Intent will have the following characteristics:

1. An outline of the general programmes policy and philosophy of TVM;
2. An outline of the needs that TVM has for the period under consideration. Example: programmes directed towards teens; a drama based on Maltese history; a quiz. The outline has to be specific enough to enable producers to tender but not so specific as to put TVM at a disadvantage with its competitors;
3. Information about the evaluation criteria that will be used by the Editorial Board. These will include creativity, public service content (in the case of PSO obligation programming), originality, relevance to the needs of the schedule; guarantee of aesthetic and technical criteria, skilful use of the Maltese language, a guarantee that content will be free of stereotypes

especially gender, racial and age stereotypes, and proof of proposer's expertise and programming capabilities;

4. Description of how the proposals should be submitted. Those independent producers who propose to give PBS Ltd a ready to air programme will normally be expected to submit a demonstration tape;
5. The minimum financial terms expected to be met by the producer but allowing flexibility to negotiate upwards depending on the type of proposal submitted;
6. A commitment that each independent producer who submitted proposals will receive a report about the proposal submitted and an evaluation post-production of any selected production;
7. A timetable of how the project will proceed;
8. The rights and obligations of both PBS and proponents as well as the general obligations that a selected proponents is expected to meet and subscribe to.

### **3. Schedules for radio programmes**

The principles and the details outlined above are valid for the formulation of the schedule of the television station.

The principles outlined above i.e. transparency in the process; accountability to different stakeholders; guarantee of quality; PBS's authority and responsibility for the editorial, technical and aesthetic aspect of each production - should be followed while the schedules of the radio stations are being formed. On the other hand not all the details - e.g. time frames; procedures etc - outlined in the Programme Statement of Intent for TVM should necessarily apply for radio.

One should note that while a TV series can run into thousands of liri to produce, radio programmes cost only very moderate if not miserable sums. Twenty six episodes of drama on TV each lasting circa 45 minutes cost more that the schedule of Radju Malta for a whole year!

One should keep in mind that almost all radio programmes are already being outsourced. The system can now be formalised. The company after determining the budget for the schedule of each radio station could issue a simplified form of the Programme Statement of Intent used for TVM. All proposals submitted should be reviewed and all proponents contacted. But in the formulation of the schedule of the radio stations the company has to be more pro-active and seek out talent itself.

#### **4. In-house programming**

As has been stated at the beginning of this document (cf. section 2 sub-section 1) the Board of Directors would like to stress at the conclusion of the same document that in-house productions are not in any way excluded with the introduction of a policy for outsourcing programmes. However, their origination needs to fall in line with the general parameters set for developing programming content. Consequently, it is proposed that in-house producers follow the general lines as independent producers with due consideration being given by the Board of Directors to the fact that expenses and income will be directly PBS financed.

## **5. Conclusion**

The Board of Directors adopts this policy fully conscious that it will drastically change the method of operation by PBS since forward scheduling now becomes essential. This change is not expected to happen overnight but with some effort it should be implemented in time for the October 2004 schedule.

It has to be stated that this new regime cannot be perfect from the first day of operation and consequently PBS will be regularly monitoring its operation and fine tuning where necessary.

***Appendix3***

***Sample Programme Statement of Intent***

## **Introduction**

PBS Ltd is inviting individuals and organisations to submit proposals for programmes that they would be interested to produce for its television station, TVM. These proposals should help provide the Maltese public with an innovative, entertaining, informative and educational schedule.

This Statement of Intent reflects the policy of PBS whereby the majority of its programmes will be out-sourced.

The basic considerations underlying this policy are:

1. Independently of the form of outsourcing, PBS will retain editorial control as well as the right to decide on the technical and aesthetic quality of such productions. The ultimate responsibility and therefore control will always belong to PBS.
2. Programming (both in-house and out-sourced) will be managed within a framework of the programming requirements of PBS, within a system that is transparent and open to all and within the budget parameters of PBS;



## **Programmes policy of TVM**

PBS Ltd exists to serve the general public as well as particular segments by striving to be the most creative, inclusive, professional and trusted broadcaster. PBS should make the popular worthwhile and the worthwhile popular.

These programmes, especially those which form part of PBS's social obligation, should present a balanced picture of Maltese society and reflect the public's varied interests, values, views, tastes and religious beliefs in the context of an evolving and changing society. The programmes transmitted should promote Maltese heritage, culture and language, enhance human dignity underpin social cohesion and the quality of life and the environment.

The news and current affairs programming of PBS Ltd should be characterised by high journalistic and ethical standards. Its core values should be accuracy, truthfulness, due impartiality, and editorial integrity.

TVM's schedule is composed of three kinds of programmes:

- The core public service obligation programmes. These include the news bulletins, programmes covering local sports, programmes emanating from the legal and constitutional obligations of PBS Ltd and the transmission of specific Parliamentary debates.
- The extended public service obligation programmes. These are the programmes which would normally be defined as not commercially viable but important to ensure the cultural, social and educational development of society at large and to enable sections of society which would not normally have access to television broadcasting to acquire the space to do so. Examples of such programmes are given in section 3 below.
- Commercial programmes. A variety of programmes fall into this category. These include entertainment programmes such as films, variety programmes, and comedies etc as well as programmes with a strong advertorial content.

Interested parties can tender for any of the above type of programmes except for news bulletins. The schedule of TVM for October 2004 will be constituted in the following manner: 55% core and extended PSO programming and 45% commercial programming.

## **TVM programme needs: October 2004 – January 2005 schedules.**

This call is for the schedule covering October 2004 till January 2005. One can, if one wishes, tender proposals for one schedule while offering the possibility of continuing the programme in the following schedule i.e. February – May 2005. One can also propose a series of programmes that cover less than a whole schedule.

For these schedules TVM is interested in receiving offers for any of the following PSO programming:

1. sports programmes (c Note 1)<sup>5</sup>
2. current affairs programmes and discussion programmes dealing with topics of a social, cultural, educational, environmental, economical, industrial or political nature.
3. programmes dealing with religious topics and the transmission of Mass on Sundays and some holy days of Obligation. (c Note 1).
4. programmes that have children as their principal audience (c Note 1).
5. drama programmes in Maltese with preference being given to original drama in Maltese (c Note 1).
6. programmes that are cultural in nature but especially those that enhance the Maltese language, heritage, history, culture and the arts (c Note 1).
7. programmes that are focused on Gozo and in particular that highlight Gozitan society, culture and way of life.
8. programmes that focus on Maltese communities' abroad (c Note 1).
9. general information programmes (c Note 1).

---

<sup>5</sup> Note 1. At this stage this section can only be presented in an outline manner. This Outsourcing Programme of Intent will be made public after the programming needs of PBS are defined. When this Outsourcing Programme of Intent is published it will have more details next to each genre. We produce here two example of possible scenarios that one could envisage:

1. Programmes dealing with religious topics and the transmission of Mass on Sundays and some holy days of Obligation. PBS is asking for tenders for a 40 minute weekly programme that will be broadcast at 8.30p.m., a ten minute slot on the Sunday readings and the transmission of Mass every Sunday. The emphasis of the main programme should be on socio-moral aspects and current affairs and not on doctrine. Producers have to guarantee that religious programmes have to be in line with Catholic doctrine.
2. Programmes that have children as their principal audience. There will be thirty minutes a day between Monday and Friday dedicated to children's programmes. Three of these programmes should target children between 6 and 11 years. While the other two should target children between 12 and 14 years of age. The producers of the programme have to keep in mind the school syllabi and the programmes should try to emphasise the same aims of the school curriculum.

10. programmes that are educational in nature (c Note 1)

For these schedules TVM is interested in receiving offers for any of the following commercial programming:

cf Note 2.<sup>6</sup>

Independently of this Programme Statement of Intent PBS reserves the right to ask for tenders for ad hoc programmes or series of programmes if in the opinion of the Board of Directors the need arises during the year. TVM also reserves the right to commission individuals or organisations to produce individual or series of programmes if in the opinion of the Board of Directors this would be for the benefit of the company. The Board of Directors in conjunction with the Editorial Board can take such a decision only if there exist clear and valid reasons of policy. These can include exceptional circumstances especially those involving particular urgency and particular commercial exigencies. Programmes commissioned in this way should not last for more than the duration of one schedule made of three months.

When in the opinion of the Board of Directors after the advice of the Editorial Board a particular programme has not reached the level that was promised in the proposal submitted the Board can decide to stop its transmission in line with contractual obligations. In such cases the Board can consider other previously submitted proposals or issue a new call or directly commission a substitute series or programme.

The term outsourcing describes a number of different options.

1. The independent producers who tender can offer to give the company the programme ready to air.
2. The independent producers may produce the programme themselves and transmit it live from other studios.
3. The independent producers may produce the programme themselves using facilities available at PBS. In such cases the producer has to indicate the facilities that will be used and for how long. PBS will then consider the relevant cost before taking a decision.
4. The independent producers can co-produce the programme with PBS.

---

<sup>6</sup> Note 2. As pointed out in Note 1 even this section is being presented in a draft form. A possible scenario can be the following: Forty five percent of TVM's programmeprogrammes will be dedicated to such programmeprogrammes. Half of these programmeprogrammes will be locally produced. PBS is interested in a game show, a daily magazine programmeprogramme which offers a lot of potential for advertorials, a situation comedy, a variety programmeprogramme and a reality show.

Individuals and organisations are invited to offer programmeprogramme proposals re-these programmeprogramme genres. They can also offer proposals that are not strictly tied to these parameters but which, in their opinion, help to fulfil TVM's social obligation programmeprogrammes and/or which would commercially be of benefit to the company.

5. The independent producers can buy the airtime, part of which can be used commercially.

### *Form of Proposals*

Those interested in tendering have to present their proposals in two separate sealed documents. One document deals with the editorial and production aspects of the proposal while the other document explains the financial aspects.

Independent producers can bid for different programmes falling under the same or different genres but each bid should be submitted independently of any other bid.

### *Editorial and Production aspects.*

Six typed copies of the proposal should be submitted. Every proposal should include information about all the points from the following list that are applicable to the programme they are proposing:

1. The aims of the programme and a brief description of its contents.
2. The target audience, time slot desired and duration of programme.
3. Information about any research done to give a basis for the proposal and any research that will be done to give the programme a sound basis and ensure solid material.
4. A running order of one typical programme and/or a script.
5. A story-board or visuals illustrating main highlights. Those who propose to produce a programme on their own and give it on tape to PBS will be at an advantage if they submit a pilot.
6. A short CV of the producer, presenter, main participants and information about their broadcasting experience.
7. Those who propose to produce a programme on their own and give it on tape to PBS should also give the name and information (as in number 6) about the director. They should also give information about the technical facilities they will be using.
8. The organisation which submits the proposal should give information about its experience in broadcasting, in particular submitting proof of its expertise and programming capabilities.
9. Those who submit a proposal should also give information about the type of outsourcing model they will be adopting without going into the financial aspects.

*Financial aspects.*

1. Bidders are required to make a financial proposal to PBS. Though the financial criteria will not be the sole criteria in the selection, the company will make choices on commercial, as well as legal, content and aesthetic grounds, and the company will seek to safeguard and advance its commercial interests in its selection.
2. The company expects to make profit on commercial programming either through a suitable share of potential advertising revenue or from adequate compensation should the bidder request to take up all available airtime.
3. Proposals are to include where applicable any or more of the following options:
  - a. Guaranteed pre-paid fixed payment for the company in complete settlement of sale of airtime in exchange for the right of the producer to advertise within the parameters set at law and any other standing restrictions and regulations imposed by the company;
  - b. A fixed pre-determined cost for the company to purchase a production from the bidder. In these cases productions are to be completely free of any advertising content, product placements or any other references to commercial third parties;
  - c. A fixed pre-determined cost for the company to purchase a production from the bidder together with the extension of the right to the bidder to include in the production a quantified portion of possible advertising during transmission for third parties;
  - d. A fixed pre-determined cost for the company to enter into a co-production with the bidder. If the bidder is to use any resources owned by the company these are to be explicitly quantified such that the company may entirely cost its participation in the co-production. In these cases productions are to be completely free of any advertising content, product placements or any other references to commercial third parties;
  - e. A fixed pre-determined cost for the company to enter into a co-production with the bidder with the extension of the right to the bidder to include in the production a quantified portion of possible advertising during transmission for third parties. If the bidder is to use any resources owned by the company these are to be explicitly quantified such that the company may entirely cost its participation in the co-production;
  - f. Guaranteed pre-paid fixed payment for the company to enter into a co-production with the bidder. If the bidder is to use any resources owned by

the company these are to be explicitly quantified such that the company may entirely cost its participation in the co-production.

- g. Any other means which the tendering organisation may propose in line with the principles underlying the above and which the Board of Directors feels that it is in the interest of the company.

The company will give importance to the most commercially advantageous proposals submitted to it.

Any advertising, whether as spots during transmission breaks, illustrations during the main content of the transmission, mentions, testimonials, product placements, gifts and prizes, attributed or attributable set pieces, furniture, clothing and similar appearances, are to be included in the proposal including frequency, duration and media to be used.

Any public relations or advertising programme on PBS or on other media planned by the bidder is to be included in the proposal.

#### *Evaluation criteria*

All proposals will be evaluated by the Editorial Board from the perspective of content. The evaluation will be presented to the Board of Directors which will take the final decision about which programmes will form part of the schedule. The Editorial Board will use the following criteria in its process of evaluation:

- creativity,
- public service content (in the case of PSO obligation programming),
- originality,
- relevance to the needs of the schedule;
- guarantee of aesthetic and technical criteria;
- guarantee that content will be free of stereotypes especially gender, racial and age stereotypes.
- Skilful use of the Maltese language in the scripts.
- Clear indication of the basis of feasibility.
- Broadcasting expertise and capability of programming.

PBS commits itself to communicate to each independent producer who submitted proposals a report about the proposal submitted

#### *Timeframe*

March:            Board of Directors assigns programming budget  
                     Editorial Board determines outline schedule

- 1<sup>st</sup> April      publish Programme Statement of Intent and call for proposals
- 30th April:    Deadline for receiving proposals from producers.
- 7th June:      Editorial Board ends evaluation and makes recommendation to Board of Directors.
- 30th June:    Board of Directors decides which programmes to approve.

*Appendix 4*

*Terms of reference of the Editorial Board of PBS Ltd.*



## **Programmes policy of PBS Ltd**

PBS Ltd exists to serve the general public as well as particular segments by striving to be the most creative, inclusive, professional and trusted broadcaster in Malta. As a result of this particular mission the schedule of PBS Ltd should provide a varied and high-quality range of programmes in the fields of information, culture, education and entertainment. These programmes should present a balanced picture of Maltese society and of the public's varied interests, values, views, tastes and religious beliefs in the context of an evolving and changing society. The programmes transmitted should promote Maltese heritage, culture, the arts and language; enhance human dignity, underpin social cohesion, quality of life and the environment. The news and current affairs programming of PBS Ltd should be characterised by the highest journalistic and ethical standards. Their core values should be accuracy, truthfulness, due impartiality, and editorial integrity.

Our aim is to make the popular worthwhile and the worthwhile popular.

### **1. Editorial Board**

There shall be an Editorial Board within the structures of PBS Ltd. It is the responsibility of this Board to ascertain that PBS Ltd news and programming policy fulfils its public service obligation.

### **2. Composition of Board**

- 2.1. The Board shall be composed of three voting members, one of whom shall be appointed as Chairman, chosen by the Minister responsible for PBS Ltd. in consultation with the Minister responsible for broadcasting policy.
- 2.2. The following persons shall also be members of the Board “ex officio” but they shall not have any vote:
  - a) The Chief Executive Officer of PBS Ltd.
  - b) the Programmes Manager of PBS Ltd.;
  - c) the News Manager of PBS Ltd;
- 2.3. The Board may request any person to attend its meetings.

### **3. Quorum**

The quorum for a meeting of the Editorial Board shall be fixed at two of the voting members thereof.

#### **4. Voting**

Decisions in the Editorial Board shall be taken by a majority vote but it is desirable that unanimity is obtained. In the case of a tie, the Chairman will have a casting vote.

#### **5. Chairman Duties**

Besides chairing the meetings of the Editorial Board, the Chairman shall regularly meet the Programmes Manager and the News Manager to ensure that the policies of the PBS Ltd for both sectors are being executed.

During the meetings with the News Manager, the Chairman shall ensure that:

- (a) the news bulletins and current affairs programmes are reviewed;
- (a) Pro-active guidelines and corrective measures are, where necessary, communicated to the Manager;
- (b) complaints by the Broadcasting Authority or third parties are attended to.

During the meetings with the Programmes Manager, the Chairman shall ensure that:

- (a) preparatory work on the schedule will be undertaken;
- (b) the schedules will be regularly monitored and reviewed;
- (c) Pro-active guidelines and corrective measures are, where necessary, communicated to the Manager;

#### **6. Responsibilities of Editorial Board**

It is the responsibility of the Editorial Board to ascertain that all programmes and news bulletins broadcast by PBS Ltd:

- (a) reflect the nature of the company as a public broadcaster as outlined in the National Broadcasting Plan, general Government policy in the area, the Memorandum and Articles of the company, as well as the programmes policy set out by the Board of Directors in the light of the above;
- (b) respect the international commitments as well as the constitutional and legal obligations of the Company;
- (c) are produced according to the highest professional and ethical criteria.
- (d) to annually present, through the Board of Directors, a report to Government giving its assessment of the way the schedules of the stations run by the PBS stations are fulfilling their public service obligation.

The Editorial Board is the final guardian and arbiter of the actualisation of the news policy set by the Board of Directors of PBS Ltd. The Editorial Board shall ensure that this policy is implemented through its news bulletins and current affairs programmes (whether in-house or farmed out) in such a way that the core values of PBS news policy are interpreted in this way:

- (a) Accuracy: PBS journalists must be accurate and must be prepared to check, crosscheck and seek advice to ensure this. Accuracy is often more than a question of getting the facts right. All relevant information should be weighed to get at the truth of what is reported or described.
- (b) Impartiality: Due impartiality lies at the heart of all the news and current affairs programming especially in all areas of political or industrial controversy or relating to current public policy. Impartiality or balance does not mean mathematical distribution of time given to the coverage of a particular item. It means that all sides should be treated in a fair and even handed manner.
- (c) Truthfulness and comprehensiveness: Truthfulness is the sine qua non of all news bulletins. It means that facts are respected and treated as sacred. It includes comprehensiveness in the sense that not only each and every single report is truthful but also all the reports taken together present a truthful picture of what is happening around us especially in Malta. Truthfulness implies the distinction of fact from comment.
- (d) Editorial integrity and independence: Decisions about what to include or exclude from our news programming are taken for good editorial, professional and ethical reasons and not as a result of improper pressure. PBS Ltd should be jealous of its editorial independence from any external influence.

The Editorial Board is responsible through the Programmes Manager for the drawing up of the schedules of programmes of all stations run by PBS Ltd. In the formulation of the schedules the Editorial Board sees to it that:

- (a) The schedule of each station reflects the policy designation of that particular station as given by the Board of Directors of PBS Ltd., e.g. a public service full format station or a public service niche station.
- (b) The schedules provide a varied and high-quality range of programmes in the fields of information, culture, education and entertainment. These programmes should reflect a balanced picture of Maltese society and of the public's varied interests, values, views, tastes and religious beliefs in the context of an evolving and radically changing society. The programmes transmitted should promote Maltese heritage, culture and language, enhance human underpin social cohesion and the quality of life and the environment. The Editorial Board translates this policy into the different schedules.

- (c) In the case of TV schedules more than 50% of programmes have to be European productions, excluding those programmes that deal with news or current events;
- (d) In the case of TV schedules at least 10% of their transmission time and 10% of their programming budget are reserved for European works created by producers who are independent of broadcasters. This excludes the time appointed to news, sports events, games, advertising, teletext services, games, advertising and tele-shopping.
- (e) The core public service obligation programmes are: news, local sports, the televised transmission of one off parliamentary debates and constitutional and legal obligations.
- (f) The extended public service obligation programming is made up of the transmission of events of a national character as determined from time to time by Government; current affairs programmes and discussion programmes dealing with topics of a social, cultural, environmental, educational, industrial or political nature; programmes that have children as their principal audience; drama programmes in Maltese with preference being given to original drama in Maltese; programmes that are educational in nature; programmes that are cultural in nature but especially those that enhance the Maltese language and culture as well as programmes of classical music; programmes that are focused on Gozo and in particular that highlight Gozitan society, culture and way of life; programmes that focus on Maltese communities abroad; programmes dealing with religious topics and the transmission of Mass on Sundays and some days of Obligation; general information programmes; public service announcements according to a pre-determined quantum established in a co-funding policy to be established in the Public Service Obligation Contract; the regular transmission on radio of all parliamentary debates
- (g) The Board of Directors may indicate to the Editorial Board the different levels of importance that different programme genres are to be given in the schedules.
- (h) Without prejudicing in any way the commercial interests of the company, the Editorial Board will work within a transparent and fair method of grading programmes that it will propose to the Board of Directors.
- (i) The provisions of para (f) also apply when the Editorial Board is choosing for the consideration of the Board of Directors the independent producers who should produce farmed out programmes whether these are commercial or public service obligation programmes.

## **7 Minutes & Procedure**

The Editorial Board shall regulate its own procedure.

A record of the decisions taken during every meeting shall be kept by the Secretary and signed and confirmed by the Chairman of the Editorial Board at the following meeting. Copies of the minutes shall be sent to the Board of Directors.

The Editorial Board, with regard to programming standards, will receive and act on broad policy guidelines set by the Minister responsible for broadcasting.