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**Panel on Information Technology and Broadcasting**

**The Delegation's Report on the Overseas Duty Visit to Canada,  
the United States and the United Kingdom for the Panel's Study on the  
Development of Public Service Broadcasting in Hong Kong**

**Purpose**

This report outlines the general observations from the study of the development of public service broadcasting in Canada, the United States (US) and the United Kingdom (UK) with particular reference to the information collected from the overseas duty visit to these countries by a delegation of the Panel on Information Technology & Broadcasting (the Panel) in April 2006.

**Background**

2. Over the years, the Panel has attached great importance to the development of public service broadcasting (PSB) in Hong Kong, in particular the role of the Radio Television Hong Kong (RTHK) in the delivery of PSB. However, the development of PSB in Hong Kong has been quite limited. Other than the services provided by RTHK through its seven radio channels and some allocated airtime on commercial channels, the Panel does not see any clear policy on PSB and how it is going to develop to meet public expectations and demands.

3. In January 2006, the Government set up a Review Committee to examine the justifications for PSB in the development of Hong Kong's broadcasting market, as well as its role and purposes against the resources required for such broadcasting. On 8 February 2006, the Council passed a motion on the development of PSB. The Panel, being the committee of the Legislative Council with the responsibility to monitor policies and issues on broadcasting, finds it necessary to conduct a study on the development of PSB in Hong Kong. For this purpose, the Panel considers it useful to understand the developments and trends in other places. The various factors and elements underlying the development of PSB, such as the relationship with the government, status of public broadcasters, funding arrangements, safeguards for editorial independence, etc., though different from place to place, are the foundation stones of PSB, to which reference can be made in devising the Hong Kong model. The Panel intends to complete the study on PSB before the end of this session and publish a report with its observations and recommendations on how public service broadcasting could be implemented in Hong Kong. With the information gathered

from this visit, the Panel as well as Members of the Legislative Council will be in a better informed position to examine the conclusions of the Review Committee, which are expected to be available in October this year, and to monitor the HKSAR Government in the formulation and implementation of a PSB policy.

### **Experiences of other places**

4. In view of the limited experience in Hong Kong in the delivery of PSB, the Panel finds it necessary to study those places with a long history and a well-established structure, like the UK and Canada, and those with a rather unique structure and financial model like the US. To be able to understand the challenges faced by these countries at various stages of development, the Panel decided to conduct a visit to these countries and meet with the authorities and stakeholders to gather information which may not be readily available in literatures or on the website. Due to time constraint and the need to complete the study before the end of the legislative session, the Panel was only able to visit three countries, namely Canada, the US and the UK, during the Council's Easter break. The study of other places, in particular Germany and Australia where new development of PSB has taken place, would have to be done through paper research and direct correspondence with the parties concerned. This report focuses on the observations from the overseas duty visit conducted in April 2006.

5. A delegation of four Members and two Secretariat staff was formed to conduct an overseas study tour to Ottawa, Washington DC and London from 11 to 21 April 2006. A membership list of the delegation is given in **Appendix I**. In each of the cities visited, the delegation met with the government authorities with a responsibility for broadcasting, the regulatory bodies, major public broadcasters, community and local channels, ombudsmen and pressure groups on broadcasting and freedom of the press. A detailed programme with the organizations and persons met by the delegation is given in **Appendix II**.

#### Canada

6. PSB in Canada commenced in 1927 when the first public radio station received a provincial grant to offer educational radio programmes. At that time, radio broadcasting suffered from signal interference and overcrowded airwaves due to a lack of spectrum management policy. There was also concern over the disproportionate number of Canadians receiving and listening to radio programmes broadcast from the US, amid the growing dominance of US broadcasting over the Canadian airwaves.

7. In 1932, following an independent study of the Canadian broadcasting system, the Parliament passed the *Canadian Radio Broadcasting Act* to create the Canadian Radio Broadcasting Commission as Canada's first public service broadcaster, mandated with the responsibility of regulating and providing Canadian broadcasting throughout the country. In 1936, this Commission became a Crown corporation and was named **Canadian Broadcasting Corporation (CBC)**. In 1952, CBC's

broadcasting was extended to television (TV) alongside radio broadcasting. In 1958, CBC's regulatory function was removed as a result of a new broadcasting act which created a new regulator for the broadcasting industry. The new regulator, which regulated all radio and TV broadcasters all over Canada, was replaced by the **Canadian Radio-television and Telecommunications Commission (CRTC)** in 1968.

8. CRTC, which is an independent regulatory authority, has quasi-judicial powers to enforce compliance with licensing regulations. It is run by up to 13 full-time and 6 part-time commissioners appointed by the Cabinet and it works at an arm's length with the government. CRTC regulates and supervises all aspects of the broadcasting system as well as telecommunications network and service operators. It is also responsible for issuing licences to broadcasters and collecting licence fees. As the licensing body, CRTC provides policy framework on licensing matters. CRTC issued a policy document in 1995 on transitional digital radio licences for launching digital radio services and another policy document in 2002 providing a framework for launching digital TV services. CRTC is fully funded by the government based on annual appropriations.

9. Policies on broadcasting fall within the jurisdiction of the **Department of Canadian Heritage** which is responsible for national policies and programmes that promote Canadian content, foster cultural participation, active citizenship and participation in civic life, and strengthen connections among Canadians. It is the Department's responsibility to support the development of the national broadcasting system and advise the government on regulatory issues.

10. Apart from CBC, there are other public service broadcasters in Canada. Many provinces have established their own public service broadcasters, which operate on distinct networks. Some local communities also operate non-commercial broadcasting stations funded by corporate or individual donors. Many cable companies also operate non-commercial local community channels in their respective licensed markets. Among these public service broadcasters is the **Cable Public Affairs Channel (CPAC)** which broadcasts the proceedings of the House of Commons as one of its primary functions. CPAC was established in 1992 by a consortium of Canadian cable companies which invested CAD\$46 million as seed money for supporting the service. Today, its programmes are delivered by cable, satellite and wireless distributors to over 9.5 million households in Canada and worldwide in both English and French.

#### *Canadian Broadcasting Corporation (CBC)*

11. CBC is the national public service broadcaster in Canada. It is governed by a Board of 12 Directors of different social background appointed by the Governor in Council for a renewable five-year term. The day-to-day operations of CBC are handled by the President, who also serves as the Chief Executive Officer of CBC.

12. CBC operates two national TV networks and four national radio networks, with programmes broadcast in English and French across the country. It has also

established the *Galaxie*, which is a 24-hour, 45-channel digital pay-audio service, and a subscription satellite radio service launched in partnership with other broadcasters. Though primarily public-funded, it keeps an arm's length relationship with the government. The annual budget of CBC is CAD\$ 1.5 billion. Two-thirds of its income comes from annual government appropriations, while one-third comes from commercial advertising and subscriptions to Galaxie and satellite channels. Advertising on CBC is subject to a set of criteria in CBC's Advertising Standards.

13. The *Broadcasting Act 1991* sets out the public service mandate of CBC in terms of its purposes and programme requirements. Its mission is as follows:

- (a) telling Canadian stories which reflect the reality and diversity of Canada;
- (b) informing Canadians about news and issues of relevance and interest;
- (c) supporting Canadian arts and culture; and
- (d) building bridges among Canadians, regions and English and French communities of Canada.

14. CBC has no mandate to promote the government or its policies. However, as a public broadcaster, it has the duty to be impartial and to provide a forum for free expression of public views on its channels.

15. CBC has established the Office of Ombudsman which reports directly to the President and the Board of Directors to investigate into audience complaints and comments. In handling complaints, the Ombudsman is guided by the Journalistic Standards and Practices which is an in-house ethics guide developed by CBC.

16. Further details on CBC are given in **Appendix III**.

#### *Cable Public Affairs Channel (CPAC)*

17. The idea of CPAC emerged after CBC ceased funding the broadcasting of the House of Common's proceedings in one of its channels and the House of Commons itself had to pay for satellite transmission of its proceedings at an annual cost of CAD\$2 million. In early 1992, a consortium of more than 30 Canadian cable companies was formed to distribute the service, ensuring that Canadian cable households would continue to receive the House of Commons' broadcast at no cost to taxpayers or cable subscribers. In 1993, CPAC was granted a short-term experimental broadcasting licence and in 1995, a seven-year broadcasting licence.

18. CPAC is currently owned privately by six cable companies which put in seed money of CAD\$46 million as a start-up fund. In 2003, CRTC renewed CPAC's broadcasting licence for a seven-year period, making CPAC a mandatory channel by most cable and satellite providers. CPAC is a not-for-profit and commercial free public broadcaster which works on an annual budget of CAD\$12 million. The

start-up fund has been exhausted after 12 years of operation. CPAC now operates on a subscribers-pay model, at a charge of CAD\$0.11 per subscriber, rising to CAD\$0.12 per subscriber from year 3 onwards, from the subscriptions received by cable and satellite providers.

19. In CPAC's programme contents, 46% is the proceedings of the House of Commons, while the remaining 54% covers proceedings in the Supreme Court, conferences on public affairs, biographies of politicians and political news programmes. CPAC does not present its own editorial position. It runs the entire content of speeches or proceedings without editing, and its programming must reflect Canada's dual linguistic nature. CPAC is mandated to broadcast four categories of programme contents, namely information, education, public affairs and documentaries.

### The United States

20. PSB commenced in the US in the 1920s, with the first radio station coming on the air to broadcast instructional and cultural programmes. In 1953, the first public TV station began its operation in the US, made possible by a 1952 decision of the **Federal Communications Commission (FCC)**, the broadcasting industry regulator, to reserve some channels for non-commercial educational TV stations.

21. In 1967, the Carnegie Commission on Educational Television issued a report calling for Congress to establish a national "corporation for public television". The report recommended an inclusive service embracing not only formal instruction and classroom television, but also a broad cultural/informational service intended for the public. The recommendations from the Carnegie Commission were subsequently adopted in the *Public Broadcasting Act of 1967*, which set out the current policy framework for the national public broadcasting system in the US.

22. In US, PSB is defined under the *Public Broadcasting Act of 1967* as an expression of diversity and excellence, and its programming involves creative risks and addresses the needs of unserved and underserved audiences, particularly children and minorities. In addition, the Act also defines the roles of various independent entities, as well as their relationships, in the provision of PSB.

### *The regulatory, licensing and funding structure of PSB*

23. The US has put in place a diversified structure which governs broadcasting according to its three major functions: "production", "distribution" and "exhibition". As far as PSB is concerned, not all broadcasters undertake all three functions. "Production" can be carried out by individual broadcasters or independent producers. "Distribution" of public service programmes is carried out mainly through two membership organizations, the **National Public Radio (NPR)** for radio programmes, and the **Public Broadcasting Service (PBS)** for TV programmes. These two organizations, both being private, self-supporting and non-profit-making, are providers of news, information and entertainment programming for "exhibition" by their member stations which pay them a membership fee.

24. In US, there are over 1,000 public radio and TV stations. According to the definition in the *Communications Act*, a public broadcast station is owned and operated by a public body or a non-profit corporation and has been organized for the purpose of disseminating audio or video non-commercial educational and cultural programmes to the public. Public broadcasters are required to obtain a licence from the **FCC**, the regulator, for broadcasting. There are four categories of public broadcast stations in the US: communities, colleges, state and local educational authorities or institutions including primary schools. Before 1967, these individual stations carried out educational programming without any national coordination. The setting-up of the **Corporation for Public Broadcasting (CPB)** in 1967 facilitated universal access to non-commercial high-quality educational programming and telecommunications services. CPB is a funding organization. Each year, it disburses part of the funding to public radio and TV stations on a matching basis. On average, the funding received by individual public stations from CPB amounts to about 15% of the total funding for the year's operation.

25. Both FCC and CPB do not deal with programme content, hence striving to maintain the greatest degree of editorial independence for broadcast licensees. Section 398 of the *Public Broadcasting Act of 1967* states that nothing in the Act "*shall be deemed...to authorize any department, agency, officer, or employee of the United States to exercise any direction, supervision or control over educational television or radio broadcasting, or over the Corporation or any of its grantees or contractors*". The above provisions limit the jurisdiction of the federal agencies, including FCC, over the operation of CPB. PSB in the US can be described as the sum of the activities and efforts of these separate entities, constituting a decentralized system.

#### *Federal Communications Commission (FCC)*

26. FCC, established under the *Communications Act of 1934*, is the regulator for the broadcasting and telecommunications industry in the US. It administers a comprehensive regulatory regime overseeing various components of the US broadcasting system. It is governed by five Commissioners, including the chairperson, appointed by the US President and confirmed by the Senate for five-year terms. Only three Commissioners may be members of the same political party.

27. FCC develops, recommends and administers the policy and licensing regime relating to radio and television broadcasting in the US. It also issues licences, including those for PSB. It has the right to set certain eligibility requirements for licensees, as well as renewing broadcasting licences if the renewal would serve the public interest and the licensee has no significant violations of the *Communications Act* or FCC's regulations.

#### *Corporation for Public Broadcasting (CPB)*

28. CPB was established under the *Public Broadcasting Act of 1967* as a private, non-profit-making corporation to facilitate the growth and development of public

radio and television stations to broadcast instructional, educational and cultural programmes.

29. The public service mandate of CPB is set out in the *Public Broadcasting Act of 1967* as facilitating "*the full development of public telecommunications in which programs of high quality, diversity, creativity, excellence, and innovation, which are obtained from diverse sources, will be made available to public telecommunications entities, with strict adherence to objectivity and balance in all programs or series of programs of a controversial nature*".

30. CPB is financed mainly by the general federal appropriations from the Congress (85% of its total revenue in 2003-04). It works on an annual budget of US\$400 million. Funding is provided for CPB in three-year advance cycles. This arrangement provides CPB a stable source of funding, and at the same time provides public radio and television stations with lead time to produce and acquire programmes.

31. The Board of CPB is responsible for setting policies and establishing programming priorities. By law, 95% of CPB's appropriation from the federal government goes to support local TV and radio stations, programming, and improvements to the public broadcasting system. CPB currently reserves 89% of its funding to TV and radio stations, with the remaining 6% earmarked for system support. Of the funding given to TV stations, 25% is reserved for bidding for national programming to cater for priority programming. The level of grants may vary from station to station depending on the nature of the programming and the remoteness of the station. Generally speaking, the grant from CPB is about the same as the membership fees paid to NPR or PBS.

32. In April 2005, CPB's Board of Directors established the Office of the Ombudsmen and has appointed two ombudsmen to, inter alia, act as evaluator of journalistic integrity and review public complaints.

33. In May 2005, CPB conducted a review of its corporate governance after the Office of Inspector General had received a request from two Congressmen to investigate into CPB's alleged violation of the *Public Broadcasting Act of 1967*. The investigation identified weaknesses in the corporate governance system of CPB, and led to the establishment of three standing committees to strengthen the governance, accountability and transparency of CPB.

#### *The Public Broadcasting Service (PBS)*

34. PBS was established in 1969 as a private, non-profit-making membership organization to operate and manage a nation-wide programme distribution system interconnecting all the local public television stations. The mission of PBS is to use the power of non-commercial television, the Internet and other media to enrich the lives of the US people through quality programmes and services that inform, inspire and educate. PBS is prohibited by its articles of incorporation from producing programmes for broadcasting. It funds the creation and acquisition of TV

programmes and distributes them to its member stations through a satellite interconnection system.

35. PBS is primarily funded by annual fees paid by member stations, CPB and federal government grants, and investment income. It is governed by a Board of Directors consisting of 27 members. The Board appoints the President of PBS, who also serves as the Chief Executive Officer. In October 2005, PBS appointed an ombudsman to ensure that PBS upholds its own standards of journalistic ethics for the programmes distributed to its member stations.

#### *National Public Radio (NPR)*

36. NPR was created in 1970 as a private, non-profit-making organization producing news, information and cultural programmes for its member public radio stations and serving as a coordinator for national programming distribution. As a membership organization, NPR is also charged with providing programming and technical support to its member stations. The mission of NPR is to work in partnership with its member stations to create a more informed public.

37. NPR produces, acquires and distributes radio programmes through its satellite programme distribution system to its member stations. It produces and distributes more than 130 hours of original programming each week. It also operates an international radio service, NPR Worldwide.

38. NPR's main sources of funding are the programming fees paid by member stations, grants, contributions and sponsorship, and investment income. In 1992, it established the NPR Foundation for building a substantial endowment fund to help insulate NPR from difficult economic times.

39. NPR is governed by a 17-member Board of Directors, 10 of whom are managers of NPR's member stations and the remaining seven Directors include the President of NPR who is appointed by the Board and serves as NPR's Chief Executive Officer. In 2000, NPR appointed an ombudsman to handle queries from the public regarding editorial standards in NPR's programming.

40. Further details about the CPB, PBS and NPR are given in **Appendix IV**.

#### United Kingdom

41. In the UK, the purposes of PSB are set out in the 2005 report of the **Office of Communications (Ofcom)**, the independent regulator and competition authority for the communications industries in the UK, on public TV broadcasting. The purposes are to inform British citizens and increase their understanding of the world; to stimulate interest in and knowledge of arts, science, history, etc., to reflect and strengthen cultural identity, and to make their citizens aware of different cultures and alternative viewpoints. The characteristics of PSB content are high quality, original, innovative, challenging, engaging and widely available.



42. PSB in UK commenced in the early 1920s when the British Broadcasting Company (later renamed **the British Broadcasting Corporation** or **BBC**) was established. There are over 350 analogue and digital radio stations and over 800 TV licensees in the UK. While the BBC radio services has taken up 66% of the radio market share, BBC One and BBC Two television services together have accounted for 34% of TV audiences. BBC's activities are governed by a Royal Charter and a Framework Agreement signed with the Secretary of State for Culture, Media and Sport. Other public service broadcasters, such as **Channel 4** and **Community Channel**, are subject to the licensing conditions and regulations under a number of Broadcasting and Communications Acts.

43. On policy formulation and regulation, the **Department of Culture, Media and Sports (DCMS)** is responsible for government policy on, inter alia, broadcasting and it reports to the Parliament where the **Select Committee for Culture, Media and Sport** has been appointed by the House of Commons to examine the expenditure, administration and policy of DCMS and its associated public bodies. In the oversight of BBC, the Secretary of State has certain powers, such as the power to approve and review the operation of new services funded by the licence fee. Since 1927, Charter reviews have been conducted by DCMS once every 10 years to benchmark BBC's services with its objectives and to consider its future. As the current Royal Charter and Framework Agreement will expire in 2006, DCMS has started the new Charter Review process since 2003. In March 2006, a White Paper was published to set out the government's vision of the future of BBC.

44. The Framework Agreement governing BBC also gives Ofcom some regulatory functions in respect of BBC. Ofcom has the responsibility to ensure that a wide range of television and radio services is of high quality and wide appeal and to maintain plurality in the provision of broadcasting.

45. In February 2005, Ofcom published the final report of a review on public service television broadcasting, in which it made a number of recommendations, including a new Public Service Publisher, charged with using new media platforms to deliver distinctive, high quality, UK-oriented public service content.

#### *British Broadcasting Corporation (BBC)*

46. BBC is a national public service broadcaster of the UK. Founded in 1927 by a Royal Charter, BBC enjoys an almost monopolistic position in public service broadcasting in the UK. The Royal Charter establishes BBC's constitutional status and defines its general objectives and functions. BBC's mission is to enrich people's lives with great programmes and services that inform, educate and entertain. Its activities are governed by the Royal Charter and the accompanying Framework Agreement between BBC and the Secretary for Culture, Media and Sport which recognizes BBC's editorial independence and sets out its obligations. The Framework Agreement requires BBC to respect high general standards and to draw up a code giving guidance on how to provide its services according to the requirements laid down in the Agreement.

47. In this respect, BBC publishes the Editorial Guidelines which sets out its values and standards and codifies the good practice it expects from the creators and makers of all BBC content. BBC's values are truth and accuracy, impartiality and diversity of opinions, editorial integrity and independence, serving the public interest, fairness, privacy, protecting the vulnerable, safeguarding the welfare of children, and public accountability.

48. Under the current arrangement, BBC is answerable to its Board of Governors appointed by the Queen on advice of the government. The White Paper published by the DCMS in March 2006 proposes that the Board of Governors should be replaced by the BBC Trust and the Executive Board reconstituted in 2007. BBC is accountable to Parliament by the tabling of its Annual Report and Accounts. It is also accountable to the public by publishing Statements of Programme Policy and benchmarking its performance with the stated goals.

49. In 2004-05, BBC derived 77% of its funding from licence fee paid by households possessing television sets and 16% from its commercial activities. The remaining 7% mainly came from the grant-in-aid provided by the Foreign and Commonwealth Office to the BBC for running its World Service. In the White Paper, BBC will continue to receive funding from the TV licence fees, but if BBC is to launch a new service, Ofcom will first conduct a market impact assessment based on a public value test conducted by BBC itself, before BBC can make use of the licence fees to finance its new services.

50. The BBC World Service is funded directly by the Foreign and Commonwealth Office (FCO). It is entirely independent of the government although FCO may discuss with the World Service on where and how a programme is to be broadcast and not what should be broadcast. In determining its programme content, the World Service shall have regard to the general direction of the country's public diplomacy policy which aims to promote the country's interest through long-term delivering of fair and impartial information over time.

#### *Channel 4*

51. Channel 4 is an up and rising public service broadcaster which sweeps almost 10% of the TV market share after only 10 years of service. Established in 1981, Channel 4 was transformed into a statutory corporation in 1993. It provides a wide range of programmes which reflect the diversity and complexity of the modern UK. Its public service remit is governed by the *Broadcasting Act 1990*, the *Broadcasting Act 1996* and the *Communications Act 2003*. Although there is no legal document explicitly safeguarding editorial independence of Channel 4, due impartiality on news and matters of political or industrial controversy reporting is stipulated in the Broadcasting Code published by Ofcom.

52. Channel 4 is funded entirely by advertising and its own commercial activities. It is answerable to its Board appointed by Ofcom, and accountable to

Parliament by tabling its Annual Report and Accounts. In 2003, Ofcom conducted a review of public television service broadcasters in the UK, including Channel 4. The findings show that Channel 4 will face severe competition in the coming years and need to explore other funding options in order to deliver its public service broadcasting remit in full.

### *Community Channel*

53. Community Channel is owned by the Media Trust, which is the charity that works with the media industry to help the voluntary sector communicate. The Channel aims to make people think again about the world around them, and inspire people to take action on the causes and issues that matter to them. Community Channel was launched in September 2000 as a three-hour a day TV channel and is now a free-to-air TV station available to 16.5 million digital households in the UK. All major UK broadcasters, including BBC, BskyB, Channel 4, Five and ITV pledged to help support Community Channel by signing a Joint Declaration in November 2004.

54. Details of BBC and Channel 4 are given in **Appendix V**.

### **General observations**

55. Notwithstanding the uniqueness of the structure adopted by these countries in the delivery of public broadcasting, the delegation finds that the various factors and elements including the funding models, though different, are of useful reference to other places in implementing public broadcasting. To facilitate further discussion by the Panel on how public broadcasting is to be developed in Hong Kong, the delegation sets out below some of the most essential factors and elements which have attributed to the success and sustainability of the delivery of public broadcasting in the three countries visited.

#### Principles of public service broadcasting well defined

56. Public broadcasting aims to enrich the lives of citizens, whatever their social status or income, with quality programmes and services that inform, educate and entertain, as well as to innovate and inspire new developments to cater for the ever-changing needs of the community. Whether or not a public broadcaster is funded directly by the government, the utilisation of the spectrum for TV or radio broadcasting is regarded as use of public resource and is therefore subject to regulation. In Canada and in the US, the public service mandate and purposes of public broadcasting are set out in the law. In the case of the UK, due to historical reasons, the public service mandate of BBC is set out in the Royal Charter and the accompanying Framework Agreement between BBC and the Secretary of State for Culture, Media and Sport. Other public broadcasters, such as Channel 4 and Community Channel, are licensed under the relevant Broadcasting and Communications Acts.

57. There are a number of common features or principles in public broadcasting. These features flow from the fact that public funds are being spent on broadcasting. The features that are to be found in a PSB organization are as follows:

- (a) general geographical availability;
- (b) concern for national identity and culture;
- (c) independence from both the government and commercial interests;
- (d) impartiality of programmes;
- (e) range and variety of programmes; and
- (f) substantial financing by a general charge on users/taxpayers.

58. On the basis of these features, the mandate and purposes of a PSB, as well as the extent of its accountability to the public, are clearly defined in the law.

#### A licensing regime to regulate public broadcasters

59. In Canada and in the US, all public broadcasters, in view of their public service mandate, are required to obtain a licence from the authorities for a defined period. Renewal of licence is subject to compliance with the licensing conditions. Although the regulators of both Canada and the US cannot recall the last time a renewal of a public broadcasting licence was rejected, the basic conditions and criteria governing the granting and renewal of broadcasting licences are well defined in the law. There are also clear procedures on the handling of appeals and complaints relating to licensing matters.

60. In the UK, the Royal Charter of BBC is also subject to a review once every 10 years. New conditions to ensure that BBC will continue to provide a national broadcasting service to meet public expectation and interest are laid down in the renewed Charter. An open process is adopted in the deliberation of the new Charter.

#### Substantial public investment and funding to ensure universal accessibility and high-quality content

61. To achieve the purposes of the public service mandate of PSB, there is a need for substantial public investment in the development of PSB. The public service mandate of a PSB is usually linked to information and education. Even in entertainment, the content is usually related to education and matters of a civic nature. This explains the reasons for the existence of the super public broadcasters in both the UK and Canada. Both stations are still receiving funding either through a licence fee charged on users as in the case of BBC, or a government appropriation charged on the public as in the case of CBC. 77% of its BBC's total income comes from licence fees, direct funding accounts for only 6%, while CBC receives some 63% of its

income on a yearly basis from the government. In this connection, the public broadcasters in the US receive about 15% of its funding through CPB.

62. In all three countries, there is a strong commitment among private broadcasters and the charitable and educational sectors to broadcast through public service channels to fulfil their community responsibility. The support given by the government through direct funding support as in the case of BBC World Service and CBC, or indirect funding as in the case of the US public broadcasters, or free use of broadcast spectrum as in the case of Channel 4 of the UK, clearly signifies the government's encouragement of a more diversified service and more competition not only among commercial and public broadcasters but among the public broadcasters themselves. In other words, there should not be only one public service broadcaster. In the case of the UK, the government allows Channel 4 to acquire its funding through advertising and has then successfully created a new clientele for PSB. The US government, by way of a matching fund scheme known as Public Telecommunications Facilities Program, supports the planning for and construction of public radio and TV stations for the disabled and for providing distance learning opportunities for the general public. There is also strong government support for high-quality local production to enhance creativity and cultural identity, and for testing new markets and technologies.

63. Nevertheless, one common problem faced by all public broadcasters is the unpredictability of funding. Notwithstanding the existence of well-established funding mechanisms, there appears to be an apparent yet inevitable conflict between the government and public broadcasters. While public broadcasters continue to receive public subsidies or support, they are under no obligation to toe the government's policy line and become the government's propaganda machinery. The direct consequence is pressure faced by the public broadcasters over budget cuts. In CBC, the annually approved appropriation has made it difficult to plan on a longer term basis. In CPB, the recent speculation that funding to CPB will be appropriated annually rather than on a three-year time cycle has caused a lot of concern among CPB and public broadcasters. In the case of BBC, the argument over the level of the licence fee and how far inflation should be taken into account in computing the licence fee is still creating a lot of tension among the BBC management and staff.

64. It is noticed that to make up the shortfall in funding, some public broadcasters are allowed to solicit sponsorships and/or advertisements. In order that a publicly funded broadcaster does not compete unfairly with commercial broadcasters over advertising, there are strict rules on the nature and duration of the advertisements appearing in public service broadcasting.

#### Free from political and commercial interferences

65. There is question on whether advertising rights will lead to commercial interferences. In the same way, publicly funded broadcasters may also be subject to political pressure especially when the renewal of licence is under discussion or funding approval is under consideration. The delegation has been assured that this will not happen because of the clear guidelines and codes restricting political and

commercial interferences. In the US, both the First Amendment to the US Constitution and the *Communications Act* prohibits interference with the editorial independence of a public broadcaster. In CRTC of Canada, the Commissioners are divided into groups of five for processing a group of licence applications. Each group of Commissioners conduct interviews with the parties concerned and carry out its own examination of the applications. It then submits its recommendations to the Commission. This working mechanism has ensured total independence in the processing of licence applications. The independent status and working mechanism of licensing and regulatory authorities have effectively safeguarded public broadcasters from political and commercial interferences.

66. As to whether individual broadcasters will exercise self-censorship, the delegation observes that the broadcasters are more concerned about their audience's continuous support and trust which will immediately be lost if there is any sign of self-censorship. In the US, the law prohibits the censoring of broadcast, cable, or satellite delivered programming.

#### Need to maintain an arm's length relationship with the government

67. Public broadcasters have no mandate to promote the government or its policies. To ensure freedom of expression and editorial independence, conscious efforts have been made by the three countries for regulatory bodies, funding bodies, public broadcasters, etc. to keep an arm's length from the government. In the US, both the funding authority, CPB, and the licensing authority, FCC, have no mandate over the programme content. In other words, there is no mechanism to stop any programmes from broadcasting. Any actions on violation of requirements can only be taken afterwards. In the case of the UK, although BBC is recognised as a national public service broadcaster and it has close links with the government, the Royal Charter and its accompanying Framework Agreement have allowed it to have editorial independence. Even in the latest Charter Review, the government has not proposed any means to increase its control over the operation of BBC. For new services funded by the licence fees, Ofcom will conduct a market impact assessment but the final decision still rests with BBC.

#### Editorial principles set out in codes of practice and editorial guidelines

68. Free flow of information is the cornerstone and basis for democracy and the respect of human rights. In this respect, public broadcasters are required to comply with the codes of practice for broadcasters and journalists, where basic editorial principles and guidelines for reporting and presenting news and current affairs are set out. Broadcasters are often reminded to respect the right of listeners to hear a variety of views, and never to suppress relevant, available facts or distort by wrong or improper emphasis. Presenters/moderators in public affairs phone-in programmes, in particular, are required to maintain fairness, impartiality and balance and to ensure that a wide range of views is broadcast. In some cases, like CPAC of Canada, the presenters only introduce the programmes without giving any elaboration on the content. They leave their audiences to form their own opinions from the unedited recording of speeches. In the case of BBC, there are clear guidelines on the

corporation's values and standards and elaboration on what constitute best practice for creators of programmes. The Commonwealth Broadcasting Association, which has over 100 broadcasting organizations as its members, has also issued guidelines on various kinds of broadcasting and on broadcasting regulation.

#### Nature of programme content

69. Based on their public service mandate, public broadcasters have complete autonomy in deciding on the nature of their programme content. The mandate is clearly defined in the law and in their public broadcaster licences. It is quite unusual for public broadcasters to deliver programmes which do not serve to inform or educate. For example, CBC's English-language television network provides 15 different genres of performing to its audience. In US, PBS has adopted "diversity" as one of the guiding principles in editorial decision making to prevent the program content from being dominated by any single point of view. To make the programmes popular, public broadcasters, such as BBC, endeavour to make the programmes equally entertaining and popular to attract audiences.

#### Competition with commercial broadcasters

70. Competition with other broadcasters is every public broadcaster's everyday life. The public broadcasters do not regard this competition unfair to commercial broadcasters as it is only through competition that there will be improvement in the quality of production. On the other hand, certain commercial broadcasters in the US are required to reserve a certain percentage of their channel capacity for "non-commercial programming of an educational or informational nature". These programmes are usually produced with PBS and NPR for distribution to their other member stations. The same arrangement is also found in Canada, where commercial broadcasters are required to dedicate certain hours of broadcasting to public programming as part of the conditions of their licences. For broadcasters in all three countries, the broadcasting of public service programmes is regarded as a community service and is generally supported by the industry.

#### Constant reviews to improve corporate governance and to keep up with global developments

71. In all three countries, ongoing reviews have taken place to re-assess the governing structure of broadcasters and new areas of development, such as digitization. These reviews are generally related to how far the broadcasters have achieved their objectives and whether changes should be made for the licences when they are to be renewed. These constant reviews do prevent the public broadcasters from being too complacent and their services becoming too costly. The recent review of the BBC Charter has pointed to a new direction of corporate governance by further distancing the Board of Governors from day-to-day management through the establishment of a Trust and a new market impact assessment funding mechanism.

72. All three countries have started their process of digital broadcasting. In the UK, the switchover from analogue to digital TV broadcasting is planned to take place

between 2008 and 2012. Plans have been made on how the elderly and underprivileged could be assisted in the switchover, including providing financial assistance. In Canada, CRTC has not specified a date for the switchover but has allowed transitional digital TV licensees to broadcast a maximum of 14 hours per week of high definition television programming. It is noticed however that the industry is becoming more concerned about the recent trend of motor manufacturers to install digital receivers on vehicles to receive transmission through satellite broadcasting.

#### People's trust to be built up over time

73. The success of a public broadcaster is measured by the level of trust it has won from its audiences over a long period of time. This is a remark made by almost all public broadcasters whom the delegation has met in this visit. Apart from setting up an ombudsman system to provide internal checks, public broadcasters in Canada and the US conduct regular surveys to measure how much trust their audiences have in them. Changes in people's support level are important indicators of the performance of the broadcasters.

74. In the UK, despite the need for each household to pay some £130 each year for installing a colour TV set at home, British citizens, in particular the seniors, find pride in BBC for its high quality production and the service it provides to promote the English language and culture in the country and overseas. In the US, local community channels have won continuous support from the community as shown in their reliance on the donations they receive from the community as their major source of income. People's trust in a public broadcaster is built up over time, and it is this trust that makes public broadcasting viable and sustainable.



**Panel on Information Technology and Broadcasting**

**Overseas duty visit to Canada, United States and United Kingdom  
in April 2006**

**Membership list of Delegation**

<b>Leader</b>	Hon SIN Chung-kai, JP (Chairman of the Panel)
<b>Members</b>	Hon Albert Jinghan CHENG (Deputy Chairman of the Panel) Hon Emily LAU Wai-hing, JP Hon Margaret NG (18 – 21 April 2006)  (Total: 4 Members)
<b>Staff</b>	Ms Pauline NG, Assistant Secretary General Ms Debbie YAU, Senior Council Secretary (Assistant Clerk to Panel)

## Appendix II

### Panel on Information Technology and Broadcasting Overseas duty visit to Canada, United States and United Kingdom in April 2006

#### Programme of Visit

Date	Time	Programme
<i>Ottawa</i>		
12 Apr	1:05 pm– 1:55 pm	Meeting with Mr Nick Ketchum, Senior Director, TV Policy and Applications, Canadian Radio-television and Telecommunications Commission
	2:40 pm – 3:30 pm	Meeting with Mr Rene Bouchard, Director General of International Affairs and Ms Helen Kennedy, Director, Programming Services Policy, Broadcasting Policy and Programs Branch, Department of Canadian Heritage
	4:50 pm – 6:00 pm	Visit to Canadian Broadcasting Corporation (CBC) facilities
13 Apr	9:00 am – 10:00 am	Meeting with Mr Michael Mooney, Senior Director, Strategic Initiatives and Resource Planning, Finance and Administration, Mr Shaun Poulter, Director, Government Relations, Mr Stan Staple, Director, and Mr Mark Allan, Manager of Industry Analysis, Corporate Research and Strategic Analysis, CBC
	11:00 am – 12:00 noon	Meeting with Ms Colette Watson, President and General Manager, Cable Public Affairs Channel and tour of facilities
	12:00 noon – 12:30 pm	Meeting with local press
<i>Washington, D.C.</i>		
14 Apr	10:00 am – 12:00 noon	Meeting with Mr Robert Winteringham, Deputy General Counsel, Corporation for Public Broadcasting
	2:00 pm – 3:00 pm	Meeting with Mr James R. Keith, Senior Advisor for East Asia and Pacific Region, Department of State
	4:00 pm – 5:30 pm	Meeting with Mr Thomas Nessinger, Attorney-Advisor, Audio Division and Dr Irene Wu, Director of Research, MNIA-SAND, International Bureau, Federal Communications Commission
15-16 Apr	No official programme	
17 Apr	8:30 am – 9:15 am	Meeting with local press
	10:00 am – 11:30 am	Meeting with Mr Jeffrey Dvorkin, Ombudsman, National Public Radio and Mr Daniel DeVany, Vice President and General Manager, member station WETA

<b>Date</b>	<b>Time</b>	<b>Programme</b>
17 Apr	1:30 pm – 2:30 pm	Meeting with Mr Thomas Crockett, Senior Director, Members Affairs and Ms Jan McNamara, Director of Corporate Communications, Public Broadcasting Service and Mr Jim Corbley, Vice President, Production Management, National Programming, member station WETA
<b>London</b>		
18 Apr	2:00 pm – 3:15 pm	Meeting with Mr Pat Loughrey, Director, Nations and Regions and Mr Gautam Rangarajan, Head of Policy, British Broadcasting Corporation (BBC)
	3:15 pm – 5:15 pm	Visit to BBC TV Centre
19 Apr	10:00 am – 11:00 am	Meeting with Mr John Whittingdale, Chairman of Select Committee for Culture, Media and Sport, House of Commons
	2:00 pm – 3:30 pm	Meeting with Mr Steve Perkins, Head of Public Service Broadcasting Content, and Mr Khalid Hayat, Senior Manager, Strategy Development, Office of Communications
	4:00 pm – 5:00 pm	Meeting with Ms Elizabeth Smith, Secretary-General, Commonwealth Broadcasting Association
	5:30 pm – 6:30 pm	Meeting with Mr Peter Noorlander, Legal Officer, Article 19
20 Apr	9:00 am – 10:00 am	Meeting with Mr Nigel Chapman, Director, Mr Richard Sambrook, Director, Global News Division, and Ms Lorna Ball, Head, Chinese Service, BBC World Service
	10:30 am – 12:00 noon	Meeting with Mr Nick Ware, Channel Controller, Community Channel and tour of facilities
	12:00 noon – 2:30 pm	Lunch meeting with Ms Jocelyn Hay, Chairman of Voice of the Listener and Viewer
	3:00 pm – 5:00 pm	Meeting with Mr Jonathan Simon, Senior Manager, Corporate Relations, Channel 4 and tour of facilities
21 Apr	10:00 am – 11:15 am	Meeting with Mr Andrew Ramsay, Director General of Economic Impact and Mr Jon Zeff, Head of Broadcasting Policy Division, Department for Culture, Media and Sport
	11:30 am – 12:15 pm	Meeting with local press
	End of visit	

**Information note on Canadian Broadcasting Corporation**

	<b>Canadian Broadcasting Corporation (CBC)</b>
Year of establishment	1936.
Corporate status	Crown corporation.
Relevant legislation	<i>Broadcasting Act 1991.</i>
Regulatory bodies and their responsibilities in relation to the organization	<p>Department of Canadian Heritage is responsible for:</p> <ul style="list-style-type: none"> <li>(a) formulating policies, proposing legislation, and designing and administering programmes for Canada's broadcasting system; and</li> <li>(b) advising on the government policies relating to CBC and other broadcasters.</li> </ul> <p>Canadian Radio-television and Telecommunications Commission (CRTC) is responsible for:</p> <ul style="list-style-type: none"> <li>(a) regulating the Canadian telecommunications and broadcasting industry;</li> <li>(b) issuing licences to broadcasters and enforcing their compliance with licence conditions; and</li> <li>(c) regulating the broadcasting of commercial messages on television and radio stations.</li> </ul>
Mission/purposes	<ul style="list-style-type: none"> <li>(a) Telling Canadian stories which reflect the reality and diversity of Canada;</li> <li>(b) Informing Canadians about news and issues of relevance and interest;</li> <li>(c) Supporting Canadian arts and culture; and</li> <li>(d) Building bridges among Canadians, regions and the English and French communities of Canada.</li> </ul>
Services	<p>CBC operates:</p> <ul style="list-style-type: none"> <li>(a) two national television networks;</li> <li>(b) two 24-hour news and information television services;</li> <li>(c) three speciality television channels;</li> <li>(d) four commercial-free national radio networks;</li> <li>(e) radio services to northern Canada;</li> <li>(f) an international shortwave radio service;</li> <li>(g) a digital pay-audio service; and</li> <li>(h) a subscription satellite radio service.</li> </ul>

	<b>Canadian Broadcasting Corporation (CBC)</b>
Programme diversity	<p>CBC is mandated to provide programmes that</p> <ul style="list-style-type: none"> <li>(a) inform, enlighten and entertain;</li> <li>(b) strive to be of equivalent quality in English and French;</li> <li>(c) appeal to varied and various audiences;</li> <li>(d) cover topics of broad appeal and specialist interest; and</li> <li>(e) reflect the multi-racial and multi-cultural nature of Canada.</li> </ul> <p>CBC also produces:</p> <ul style="list-style-type: none"> <li>(a) regional programming featuring regional news and current affairs; and</li> <li>(b) programmes with descriptive video and captioning for disabled persons.</li> </ul>
Production	<ul style="list-style-type: none"> <li>(a) Mandated to provide a wide range of programmes;</li> <li>(b) Required to broadcast a certain percentage of Canadian content and regionally-produced programmes; and</li> <li>(c) Sourcing its programmes from in-house production and independent producers.</li> </ul>
Market share	<ul style="list-style-type: none"> <li>(a) CBC television: 6.9% for English network and 22.5% for French network in 2004-05; and</li> <li>(b) CBC radio: 9.1% for English network and 12.6% for French network in 2004-05.</li> </ul>
Editorial independence	<p>Editorial independence of CBC is safeguarded by the <i>Broadcasting Act 1991</i>, the Canadian Charter of Rights and Freedoms, and CBC's in-house Journalistic Standards and Practices.</p>
Sources of funding	<p>In 2004-05, CBC was funded by:</p> <ul style="list-style-type: none"> <li>(a) parliamentary appropriations (63%);</li> <li>(b) advertising and programme sales (22%); and</li> <li>(c) miscellaneous income from sources such as cable subscription fees, speciality channels and interest income (15%).</li> </ul> <p>CBC also received additional parliamentary appropriations for its capital expenditure and working capital requirement in 2004-05.</p>

	<b>Canadian Broadcasting Corporation (CBC)</b>
Governing structure	<p>CBC is answerable to its Board of Directors which is responsible for:</p> <ul style="list-style-type: none"> <li>(a) overseeing the conduct of CBC's operation;</li> <li>(b) supervising the management; and</li> <li>(c) ensuring that CBC communicates effectively with the government and other stakeholders.</li> </ul> <p>The Board has four committees, namely:</p> <ul style="list-style-type: none"> <li>(a) the Standing Committee on English and French Broadcasting;</li> <li>(b) the Human Resources and Compensation Committee;</li> <li>(c) the Governance and Nominating Committee; and</li> <li>(d) the Audit Committee.</li> </ul>
Board composition	<p>The Board consists of up to 12 members. All directors, including the Chairman and the President, are appointed by the Governor in Council.</p> <p>Board members are selected from among citizens eminent in fields such as law, accounting, business, education and the arts.</p> <p>The President also serves as the Chief Executive Officer entrusted with handling CBC's day-to-day operation.</p>
Accountability	<p>CBC is accountable to:</p> <ul style="list-style-type: none"> <li>(a) the Parliament by (i) submitting an annual report through the Minister of Canadian Heritage; and (ii) sending directors and officers to testify before the Standing Committee on Canadian Heritage;</li> <li>(b) the government by annually submitting a corporate plan to the Minister of Canadian Heritage and a performance report to CRTC; and</li> <li>(c) the public by (i) posting its policies on its website and (ii) putting in place two ombudsmen to address complaints about its programming.</li> </ul>

	<b>Canadian Broadcasting Corporation (CBC)</b>
Distinctiveness from commercial broadcasters	<p>(a) Receiving the federal appropriations while simultaneously competing with commercial broadcasters for advertising revenue.</p> <p>(b) Subject to different programming requirements. CBC is required under the <i>Broadcasting Act 1991</i> to produce programmes that should:</p> <ul style="list-style-type: none"> <li>(i) be predominantly and distinctively Canadian;</li> <li>(ii) reflect Canada and its regions to national and regional audiences, while serving the special needs of those regions;</li> <li>(iii) be in English and French, reflecting the different needs and circumstances of each official language community;</li> <li>(iv) strive to be of equivalent quality in English and French;</li> <li>(v) contribute to shared national consciousness and identity; and</li> <li>(vi) reflect the multi-cultural and multi-racial nature of Canada.</li> </ul>
Reviews conducted	<p>In 2003, the Standing Committee on Canadian Heritage conducted a comprehensive review on the Canadian broadcasting industry, including CBC. Recently, the Committee has also recommended the government to initiate a review on CBC and the result of which will serve as input for consideration of CBC's licence renewal in 2007.</p>

**Information note on Corporation for Public Broadcasting,  
Public Broadcasting Service and National Public Radio**

	<b>Corporation for Public Broadcasting (CPB)</b>	<b>Public Broadcasting Service (PBS)</b>	<b>National Public Radio (NPR)</b>
Year of establishment	1967.	1969.	1970.
Corporate status	Private, non-profit-making corporation.	Private, non-profit-making membership organization owned by 348 member television stations.	Private, non-profit-making membership organization owned by 785 member radio stations.
Relevant legislation	<i>Public Broadcasting Act of 1967.</i>	<i>Communications Act of 1934 and Public Broadcasting Act of 1967.</i>	
Regulatory bodies and their responsibilities in relation to the organization	<p>Not applicable. CPB is neither a federal government agency nor a national public service broadcaster. Therefore, the jurisdiction of the federal agencies, including the Federal Communications Commission (FCC), is limited over the operation of CPB.</p> <p>Nevertheless, CPB is subject to the accountability arrangements with Congress.</p>	<p>FCC is responsible for:</p> <ul style="list-style-type: none"> <li>(a) regulating inter-state and international communications by radio, television, wire, satellite and cable;</li> <li>(b) overseeing the development and operation of broadcasting services;</li> <li>(c) developing and administering the licensing regime relating to radio and television broadcasting in the United States (US); and</li> <li>(d) monitoring compliance of broadcasters with FCC's regulations.</li> </ul>	



	<b>Corporation for Public Broadcasting (CPB)</b>	<b>Public Broadcasting Service (PBS)</b>	<b>National Public Radio (NPR)</b>
Mission/ purposes	To facilitate the development of, and ensure universal access to, non-commercial high quality programming and telecommunications services.	To use the power of non-commercial television, the Internet and other media to enrich the lives of the US people through quality programmes and services that inform, inspire and educate.  To provide public services to PBS's viewers via its programmes and work with the member stations to offer a unique voice in their communities.	To work in partnership with member stations to create a more informed public – one challenged and invigorated by a deeper understanding and appreciation of events, ideas and cultures.
Services	Serving as a statutory organization receiving and distributing the federal appropriations from Congress to support the operation of public radio and television stations.	PBS is tasked with: (a) funding the creation and acquisition of television programmes for distribution to the member stations; and (b) operating other services such as educational services, PBS Enterprises (a commercial subsidiary), video rental/sale, data delivery, engineering and technology development, and PBS	NPR is tasked with: (a) producing radio programmes for the member stations; (b) providing, acquiring and distributing radio programmes through its satellite programme distribution network to the member stations; (c) operating an international radio service – NPR Worldwide –

	<b>Corporation for Public Broadcasting (CPB)</b>	<b>Public Broadcasting Service (PBS)</b>	<b>National Public Radio (NPR)</b>
		Foundation (a fundraising foundation).	<p>which transmits NPR's programmes to overseas audiences;</p> <p>(d) providing programming and technical support to the member stations and representing their interest before Congress, FCC and other government departments; and</p> <p>(e) managing NPR Foundation to raise charitable contributions for the benefit of NPR.</p>
Programme diversity	Not applicable. CPB does not produce any programmes, but it provides funding support to independent producers to develop programmes serving the needs of minorities.	<p>PBS acquires and distributes programmes that commercial television stations are less likely to air.</p> <p>PBS sources its programmes from various producers, including those produce programmes of particular interest to ethnic minorities.</p> <p>Each member station operates independently of PBS to broadcast and produce television programmes catering for the local</p>	Each member station can pick and choose the NPR programmes it wishes to pay for and air. In addition, member stations can acquire and broadcast programmes from other distributors, and even produce their own programmes.

	<b>Corporation for Public Broadcasting (CPB)</b>	<b>Public Broadcasting Service (PBS)</b>	<b>National Public Radio (NPR)</b>
		<p>audience.</p> <p>PBS also provides:</p> <p>(a) descriptive video services and closed captioning for disabled persons; and</p> <p>(b) educational television programming targeting families of low income and limited literacy, and those do not use English as their primary language, have children with disabilities, or live in rural areas.</p>	
Production	Not applicable.	<p>Prohibited from producing any television programmes for broadcasting.</p> <p>Programmes distributed by PBS are acquired from the member stations, independent producers, and domestic and international distributors.</p> <p>The National Programming Service, the major package of</p>	Producing and distributing more than 130 hours of original programming each week, featuring a variety of news, entertainment, music, talk and information programmes.

	<b>Corporation for Public Broadcasting (CPB)</b>	<b>Public Broadcasting Service (PBS)</b>	<b>National Public Radio (NPR)</b>
		programmes distributed by PBS, features children's, cultural, educational, history, nature, news, public affairs, science and skills programming.	
Market share	Not applicable.	Information not available.	Information not available.
Editorial independence	Required under the <i>Public Broadcasting Act of 1967</i> to protect public service broadcasters' editorial independence while ensuring their objectivity and balance.	Both the <i>First Amendment to the US Constitution</i> and the <i>Communications Act of 1934</i> prohibit FCC from censoring broadcast materials and interfering with free speech in broadcasting.  PBS and NPR develop their own in-house ethnic guides to safeguard editorial independence.	
Sources of funding	In 2003-04, CPB was funded by: (a) general federal appropriations (85%); (b) additional federal appropriations (13%); and (c) revenue from other sources such as investment income and grants (2%).	In 2004-05, PBS was funded by: (a) membership fees (48%); (b) CPB and federal government grants (21%); (c) licence fees received from cable and satellite providers, royalties, investment income and others (16%); and (d) video rental/sale (15%).	In 2004-05, NPR was funded by: (a) programming fees paid by the member stations (38%); (b) grants, contributions and sponsorships (36%); (c) charges for programme distribution services (11%); (d) investment income (9%); and (e) other sources (6%).

	<b>Corporation for Public Broadcasting (CPB)</b>	<b>Public Broadcasting Service (PBS)</b>	<b>National Public Radio (NPR)</b>
Governing structure	<p>CPB is answerable to its Board of Director which is responsible for setting policies and establishing programming priorities.</p> <p>The Board has four standing committees, namely:</p> <ul style="list-style-type: none"> <li>(a) the Audit and Finance Committee;</li> <li>(b) the Corporate and Governance Committee;</li> <li>(c) the Executive Compensation Committee; and</li> <li>(d) the Public Broadcasting Awareness Committee.</li> </ul> <p>The Board appoints the President and Chief Executive Officer, who then names the other corporate officers.</p>	<p>PBS is answerable to its Board of Directors, which is responsible for governing and setting policies for PBS.</p>	<p>NPR is answerable to its Board of Directors which is responsible for:</p> <ul style="list-style-type: none"> <li>(a) setting the policies and overall priorities of NPR's management;</li> <li>(b) monitoring the performance of NPR; and</li> <li>(c) providing financial oversight.</li> </ul>
Board composition	<p>The Board consists of up to nine members appointed by the US President and confirmed by the Senate.</p> <p>Board members are selected from among US citizens eminent in fields such as education, cultural</p>	<p>The Board consists of 27 members:</p> <ul style="list-style-type: none"> <li>(a) nine lay members who represent member stations but are not employed by the stations;</li> <li>(b) 13 professional members who are station</li> </ul>	<p>The Board consists of 17 directors:</p> <ul style="list-style-type: none"> <li>(a) 10 are managers of NPR's member stations;</li> <li>(b) the President of NPR;</li> <li>(c) the Chairman of the NPR Foundation; and</li> <li>(d) five members</li> </ul>

	<b>Corporation for Public Broadcasting (CPB)</b>	<b>Public Broadcasting Service (PBS)</b>	<b>National Public Radio (NPR)</b>
	and civic affairs, and the arts, including television and radio.	<p>managers of member stations;</p> <p>(c) four general directors who are representatives of licensees of non-commercial educational television stations or the general public; and</p> <p>(d) the President of PBS.</p> <p>The Board appoints the President who also serves as the Chief Executive Officer of PBS.</p>	<p>from the general public.</p> <p>The Board appoints the President who also serves as the Chief Executive Officer of NPR.</p>
Accountability	<p>CPB is accountable to:</p> <p>(a) Congress by (i) using the federal appropriations in a prudent and financially responsible manner, (ii) submitting an annual performance report and (iii) sending its directors and officers to testify before appropriate committees of Congress;</p> <p>(b) the General</p>	<p>PBS is accountable to the public by (i) placing its logo at the conclusion of each programme to identify the programme as one accepted and distributed by PBS, and (ii) appointing an ombudsman to uphold its journalistic ethics.</p> <p>PBS's member stations are accountable for the funding received from CPB by holding open meetings,</p>	<p>NPR is accountable to the public by appointing an ombudsman to investigate and respond to queries from the public regarding editorial standards in NPR's programming.</p> <p>NPR's member stations are accountable for the funding received from CPB by holding open meetings, establishing advisory boards, conducting biennial</p>

	<b>Corporation for Public Broadcasting (CPB)</b>	<b>Public Broadcasting Service (PBS)</b>	<b>National Public Radio (NPR)</b>
	<p>Accounting Office (the investigative arm of Congress) for the federal appropriations; and</p> <p>(c) the public by (i) gathering its comment on the quality, objectivity and balance of the national public broadcasting programming, (ii) establishing an office of ombudsman, and (iii) conducting consultations and periodic reviews on its programming and grant-making policies.</p>	<p>establishing advisory boards, conducting biennial audits, and making financial records available.</p>	<p>audits, and making financial records available.</p>
Distinctiveness from commercial broadcasters	Not applicable.	<p>PBS's member stations are financed by different sources such as (i) federal, state and local funding, (ii) contributions from viewers, (iii) underwriting revenue, (iv) CPB allocation and (v) support from educational institutions.</p> <p>Broadcasting the kinds of programmes that</p>	<p>NPR's member stations are financed by different sources such as (i) federal, state and local funding, (ii) contributions from viewers, (iii) underwriting revenue, (iv) CPB allocation, and (v) support from educational institutions.</p>

	<b>Corporation for Public Broadcasting (CPB)</b>	<b>Public Broadcasting Service (PBS)</b>	<b>National Public Radio (NPR)</b>
		commercial stations are less likely to air.	
Reviews conducted	In 2005, CPB conducted an internal review on its corporate governance after receiving complaints against its violation of the <i>Public Broadcasting Act of 1967</i> . The review was followed by the resignation of its former Chairman and setting up of several standing committees to strengthen CPB's corporate governance.	PBS commissioned a special committee in 2004 to review the PBS Program Policies, the basic principles for PBS's editorial decision making.	In 2004, NPR updated its in-house ethics guide, which articulates issues of ethical conduct in non-commercial broadcast journalism.



**Information note on British Broadcasting Corporation and Channel 4**

	<b>British Broadcasting Corporation (The BBC)</b>	<b>Channel 4</b>
Year of establishment	1922.	1981.
Corporate status	Body corporate.	Statutory corporation.
Relevant legislation	No governing legislation, but a Royal Charter and the accompanying Framework Agreement between the BBC and the Secretary of State for Culture, Media and Sport.	(a) <i>Broadcasting Act 1990</i> ; (b) <i>Broadcasting Act 1996</i> ; and (c) <i>Communications Act 2003</i> .
Regulatory bodies and their responsibilities in relation to the organization	<p>The Department for Culture, Media and Sport is responsible for:</p> <ul style="list-style-type: none"> <li>(a) conducting review of the BBC's Royal Charter once every 10 years;</li> <li>(b) signing the Framework Agreement and proposing occasional amendments to it; and</li> <li>(c) approving new services of the BBC.</li> </ul> <p>The Office of Communications (Ofcom) is responsible for:</p> <ul style="list-style-type: none"> <li>(a) monitoring the BBC's compliance with Ofcom's fairness code, programme standards code and competition policies;</li> <li>(b) considering complaints on the BBC programme standards;</li> <li>(c) imposing penalty on the BBC for breach of relevant Ofcom codes; and</li> <li>(d) assessing the effectiveness of public service broadcasters, including the BBC, once every five years.</li> </ul>	<p>Ofcom is the regulator for the communications industries in the United Kingdom (UK), with responsibilities across television, radio, telecommunications and wireless communications services.</p> <p>In relation to Channel 4, Ofcom monitors its compliance with the licence obligations and deals with all complaints about its programmes, including those concerning standards in programmes and complaints of unfair treatment and/or infringement of privacy.</p>

	<b>British Broadcasting Corporation (The BBC)</b>	<b>Channel 4</b>
Mission/ purposes	To enrich people's lives with programmes and services that inform, educate and entertain.	To provide a range of innovative, creative and distinctive programming to cater for the ever-changing society the UK people live in today.
Services	<p>The BBC provides the following services:</p> <ul style="list-style-type: none"> <li>(a) eight interactive TV channels;</li> <li>(b) 10 radio networks;</li> <li>(c) over 50 local TV and radio services;</li> <li>(d) the web site of <a href="http://bbc.co.uk">bbc.co.uk</a>;</li> <li>(e) BBC World Service providing international news, analysis and information in English and 42 other languages on radio and the Internet; and</li> <li>(f) commercial services selling goods and services related to the BBC.</li> </ul>	<p>In addition to the broadcasting services offered on Channel 4, the Channel engages in the following commercial activities:</p> <ul style="list-style-type: none"> <li>(a) E4 and FilmFour Channels – subscription-based TV channels specializing in entertainment programming and films respectively;</li> <li>(b) 4 Rights – exploiting secondary rights through the sale of Channel 4 programmes and associated products such as DVDs and books;</li> <li>(c) 4 Learning – managing the Channel's education and support materials across all media;</li> <li>(d) 4 Services – providing Internet advertising and telephony services;</li> <li>(e) 4 Creative – providing creative design and production services; and</li> <li>(f) 124 Facilities – providing post-production and studio facilities for lease.</li> </ul>

	<b>British Broadcasting Corporation (The BBC)</b>	<b>Channel 4</b>
Programme diversity	<p>The BBC broadcasts in English, Gaelic, Welsh, Irish and Ulster Scots. Its local radio stations also provide a wide range of specialist-language programmes.</p> <p>The BBC's programmes encompass the following:</p> <ul style="list-style-type: none"> <li>(a) relevant national/regional/local news;</li> <li>(b) platforms for community debates and creating community connections;</li> <li>(c) localized learning opportunities to enhance and complete the network provision of the BBC;</li> <li>(d) showcasing national/regional/community talent, culture and events;</li> <li>(e) empowering people to be active citizens; and</li> <li>(f) giving people a voice and creating a richer cultural experience.</li> </ul> <p>The BBC also produces programmes with audio description and captioning for people who have visual, hearing, motor or cognitive impairments.</p>	<p>Channel 4 provides a wide range of programmes that reflect the diversity and complexity of the modern UK, including programmes on children of new immigrants, African immigration to the UK and Sharia TV.</p> <p>The Channel encourages its suppliers to improve diversity at all levels of production, and supports black and Asian production companies.</p> <p>Programmes dealing with disability such as Progeria, Primordial Dwarfs, Alzheimer's and speech disorders are also available.</p>

	<b>British Broadcasting Corporation (The BBC)</b>	<b>Channel 4</b>
Production	The proportion of production by the BBC is as follows: (a) 50% in-house production; (b) 25% by independent production companies; and (c) 25% open to competition among the BBC in-house production, independent producers and other external producers.	Channel 4 does not produce its own programmes but commissions more than 300 independent production companies across the UK to produce programmes for it.
Market share	(a) BBC television (36.2% in 2004-05); and (b) BBC radio (54.0% in 2004-05).	9.8% in 2004-05.
Editorial independence	Editorial independence of the BBC is guaranteed under the Royal Charter and the accompanying Framework Agreement.	According to the Broadcasting Code published by Ofcom, news, in whatever form, shall be reported with due accuracy and presented with due impartiality. The Code also states that due impartiality on matters of political or industrial controversy and matters relating to current public policies must be preserved on the part of any person providing the service.
Sources of funding	In 2004-05, the BBC was funded by: (a) the licence fee from households possessing televisions (77%); (b) revenues from commercial activities (16%); and (c) direct funding from the Foreign and Commonwealth Office for BBC World Service (6%).	Channel 4 is funded entirely by advertising and its own commercial activities.

	<b>British Broadcasting Corporation (The BBC)</b>	<b>Channel 4</b>
Governing structure	<p>The BBC is answerable to the BBC Board of Governors which is responsible for the following:</p> <ul style="list-style-type: none"> <li>(a) approving objectives for the BBC's services, programmes and other activities and monitoring their performance;</li> <li>(b) holding the BBC accountable to the terms of the Framework Agreement and its fair trading commitment;</li> <li>(c) determining strategies and key management appointments and remuneration;</li> <li>(d) ensuring that comments, proposals and complaints are properly handled;</li> <li>(e) making sure that the BBC fulfils its legal and contractual obligations, particularly regarding impartiality and standards of taste and decency, and that it complies with any directions from Ofcom; and</li> <li>(f) publishing the BBC Annual Report and Accounts.</li> </ul> <p>The day-to-day management is handled by the Executive Board and three sub-boards, namely</p> <ul style="list-style-type: none"> <li>(a) the Creative Board;</li> <li>(b) the Journalism Board; and</li> <li>(c) the Commercial Board.</li> </ul> <p>Under the new Charter, the Board of Governors will be replaced by the BBC Trust and the Executive Board will be reconstituted in 2007.</p>	<p>The Channel Four Television Corporation is overseen by its Board. The Board's main roles are as follows:</p> <ul style="list-style-type: none"> <li>(a) providing entrepreneurial leadership for the Corporation;</li> <li>(b) approving the Corporation's strategic objectives; and</li> <li>(c) ensuring that the Corporation's responsibilities are discharged in accordance with all applicable laws and regulations.</li> </ul> <p>The Chairman of the Board is responsible for leading the Board in setting the values and standards of the Corporation and maintaining a relationship of trust with and between the executive and non-executive members.</p> <p>The Chief Executive is responsible for running the Corporation under the delegated authority from the Board and implementing the policies and strategies agreed by the Board. He/she also ensures an effective communication with Ofcom and other key stakeholders.</p>

	<b>British Broadcasting Corporation (The BBC)</b>	<b>Channel 4</b>
Board composition	<p>There are 12 BBC Governors, appointed by the Queen on advice from the government in accordance with the Nolan principles that public appointments should be made on merit.</p> <p>The Director-General is the BBC's chief executive and editor-in-chief. He is appointed by the Board of Governors.</p>	<p>The Board comprises the Chairman, eight non-executive members and four executive members.</p> <p>The existing Chairman was appointed by the then Independent Television Commission whose duties being taken over by Ofcom in 2003.</p> <p>While non-executive members are appointed by Ofcom in consultation with the Chairman and subject to the approval of the Secretary of State for Culture, Media and Sport, executive members are nominated jointly by the Chief Executive and the Chairman and appointed by Ofcom.</p> <p>The Chief Executive is appointed by the Board.</p>
Accountability	<p>BBC is accountable to the following:</p> <ul style="list-style-type: none"> <li>(a) Parliament by submitting Annual Report and Accounts through the Secretary of State for Culture, Media and Sport;</li> <li>(b) the National Audit Office and the Public Accounts Committee of the House of Commons for the value-for-money audit regarding the collection and enforcement arrangements of the television system; and</li> <li>(c) the public by publishing Statements of Programme Policy and benchmarking its performance with the</li> </ul>	<p>Under the <i>Broadcasting Act 1990</i>, Channel 4 is accountable to Parliament by submitting its Annual Report to the Secretary of State for Culture, Media and Sport who lays copies of it before each House of Parliament.</p>

	<b>British Broadcasting Corporation (The BBC)</b>	<b>Channel 4</b>
	<p>stated goals.</p> <p>BBC World Service is accountable to the Foreign and Commonwealth Office for its expenditure against performance-related targets, subject to scrutiny by the House of Commons Foreign Affairs Committee.</p>	
Distinctiveness from commercial broadcasters	<p>(a) Primarily financed by the licence fee collected from the general public.</p> <p>(b) Characteristics that the BBC considers distinguishing its programmes from other broadcasters include:</p> <ul style="list-style-type: none"> <li>(i) high quality – the BBC's programming should be recognized by licence fee payers as standing out from others;</li> <li>(ii) challenging – it should make audiences think;</li> <li>(iii) original – it should strive to offer the right level of new or originated content;</li> <li>(iv) innovative – it should present new ideas or invent exciting approaches, rather than copying old ones; and</li> <li>(v) engaging – it should draw the audience in with fascinating and entertaining subject matter.</li> </ul>	<p>The <i>Broadcasting Act 1990</i> stipulates that Channel 4 programmes shall contain a suitable proportion of matter that appeals to tastes and interests not generally catered for by Channel 3, and that innovation and experiment in the form and content of programmes are encouraged.</p>

	<b>British Broadcasting Corporation (The BBC)</b>	<b>Channel 4</b>
Reviews conducted	<p>Since the current Royal Charter and Framework Agreement will expire in 2006, the Department for Culture, Media and Sport has started the new Charter Review process since 2003. A White Paper was published on 14 March 2006 and the following consultation will close by 28 April 2006. The new Charter and Agreement will be finalized by late 2006.</p>	<p>Ofcom is required by the <i>Communications Act 2003</i> to carry out a review of public service broadcasting (PSB) – television at least once every five years. Channel 4 is one of the public service broadcasters under review.</p> <p>The recent review has concluded that Channel 4 shall remain as a commercially-funded public service broadcaster up to the switchover and beyond. However, in the longer term, Channel 4 will face competitive pressures which may reduce its capacity to deliver its PSB remit. Ofcom has proposed that Channel 4 shall develop self-help measures and the government shall explore other funding options.</p>