

Governance and Accountability in Public Service Broadcasting: Lessons from the Latest BBC Charter Review

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There are currently over 30 public broadcasting networks in the world.¹ Public broadcasters vary widely in terms of the services they provide, the scale and type of funding they receive, and their degree of presence in or impact on the societies they serve. But common to almost every public broadcaster in the world has been its increasing exposure to competition from commercial broadcasters as advances in broadcasting technology from the late 1980s on have made satellite broadcasting, cable systems, and other multichannel services more widely available. Such competition has grown even more intense since the industry began switching to digital technology in the mid-1990s. Of course, the development of broadcasting technology is intensifying competition not only between public and commercial broadcasting but also among commercial broadcasters. But because public broadcasting is publicly funded—usually by government subsidy and/or reception fees (receiving fees; also called “license fees,” “broadcasting fees,” and so on, depending on the country) levied on every person or household that possesses a television set—it is under pressure not only to compete in terms of delivering services that use those funds efficiently, but also to clarify its contributions to society at large and keep viewers and listeners convinced of its value. The transition from analog to digital broadcasting, a challenge that now confronts almost every country, is another factor adding urgency to debate on the evolving nature of public broadcasting.

Over the past few years, the Royal Charter of the British Broadcasting Corporation (BBC) in the United Kingdom has undergone the latest of its decennial reviews. The BBC is constitutionally established under a Royal Charter and through the periodic Charter review process the U.K. government makes a thoroughgoing reassessment of every aspect of the organization, from

¹ The NHK Broadcasting Culture Research Institute defines public broadcasters as those broadcasting organizations that both have editorial independence from government and are financed by public funds through government subsidies, reception fees, etc. This is the number of public broadcasters in the world according to this definition.

its fundamental role and the scale and scope of its services to its systems of funding and governance. The public debate on this most recent Charter review was officially launched in December 2003, and it ended in March 2006 with the publication of the Broadcasting White Paper² outlining the government's policy on the future of the BBC. Put briefly, the upshot of the review is a Charter that retains previous policies regarding BBC funding and scale of services but makes significant institutional changes regarding its regulation and governance.

The aim of this essay is to describe the process of the latest Charter review as well as the structure of and thinking behind the revised system of BBC regulation and governance that resulted from it. The services provided by public broadcasting vary depending on the social, economic, and cultural climate of each country; nor is the role it is expected to play the same from one country to the next. However, the basic philosophy and structure of its regulation and governance as a public service are more or less universal. For other public broadcasting systems undergoing the same kind of review as the BBC, and particularly for Japan's public broadcaster, Japan Broadcasting Corporation (NHK), the recent BBC reforms provide a useful frame of reference. In Japan, criticism sparked by a recent series of scandals over misuse of funds by NHK officials has grown, within a wider context of legislative reform to accommodate the gradual convergence of the broadcasting and communications infrastructures, into a full-blown debate over the nature and purpose of NHK. Against that backdrop, the final part of this essay will briefly consider the possible implications that BBC regulation and governance reforms may have for the ongoing debate on reform of NHK.

THE BBC CHARTER REVIEW PROCESS

The U.K. government officially launched this round of consultations for reviewing the BBC Charter on December 11, 2003. In reexamining the BBC this time, the government faced greater challenges than ever before. With digital television now in some 70 percent of British households, and people realizing that they can watch what they like whenever they like, the British public's values and attitudes regarding television are changing. Meanwhile, as expansion of the media environment opens up paths for newcomers into the industry, the BBC had also begun to attract criticism as a hindrance to free activity in the market. The challenge facing the U.K. government was how, at

² Department for Culture, Media and Sport (DCMS), *A Public Service for All: The BBC in the Digital Age*, Cm 6736, March 2006.

this key turning point in media development, to form a national consensus on the nature of the BBC, a public corporation that has served the United Kingdom since 1927. Also important was the question of how to incorporate the BBC's functions into the government's plans for completing the switch-over from analog to digital broadcasting.

In taking up these challenges, the government stressed "the importance of the BBC to both the world of broadcasting and the wider public" as an organization that "set a 'gold standard' in its news coverage that people trusted"; and announced that, to ensure that the BBC could adapt to rapid change in the media environment, it planned to build "a strong BBC, with the courage to be editorially autonomous and independent from Government."³ On that basis, the government approached this round of the Charter review by inviting wide-

Figure 1. Key Steps in the BBC Charter Review Process

<i>December 2003</i>	The government publishes a document on the BBC Charter review and invites opinions from the public.
<i>January 2004</i>	The government commissions public opinion surveys (January-June).
<i>March 2004</i>	The government holds public meetings across the country.
<i>June 2004</i>	The government establishes an independent panel headed by Lord Burns. The BBC publishes a proposal outlining its future vision.
<i>July 2004</i>	The government publishes <i>What You Said about the BBC</i> , a summary of submitted public opinions. Lord Burns's independent panel holds a series of public seminars (13 seminars between July and December).
<i>December 2004</i>	The House of Commons Select Committee on Culture, Media and Sport publishes its report. Lord Burns's independent panel publishes an interim report (advice paper).
<i>January 2005</i>	Lord Burns's independent panel publishes its final report (advice paper).
<i>February 2005</i>	Ofcom publishes a review of public service television broadcasting.
<i>March 2005</i>	The government publishes the Green Paper and invites public response to the proposals made therein.
<i>November 2005</i>	The House of Lords Select Committee on BBC Charter Review publishes its report.
<i>March 2006</i>	The government publishes the White Paper and the Draft Charter and Agreement.

³ DCMS press release of December 11, 2003.

spread public participation in the debate, allowing ample time to build toward a national consensus on the future of the BBC. As noted below, the Broadcasting White Paper published in March 2006 was the product of a broad and diverse range of input, including government surveys, numerous public seminars, and almost 10,000 individual letters and e-mail messages sent in from sources ranging from the BBC itself, other broadcasting industry stakeholders, charity organizations, trade bodies, and the general public. (See Figure 1.)

OVERVIEW OF THE BROADCASTING WHITE PAPER

The U.K. government planned to build a national consensus on the Charter review through opinion gathering by way of its Broadcasting Green Paper until the publication of the Broadcasting White Paper. At the Green Paper stage, the government presented the following four main decisions as its basic approach, thereby putting in place the basic skeleton that would define the BBC for the foreseeable future.⁴

- (1) The BBC will be granted a new ten-year Charter, effective from January 2007 to December 2016, that will institutionally ensure the independence, reliability, and flexibility that the BBC needs to continue its role as the cornerstone of public service broadcasting in the United Kingdom, as well as the stability that the BBC, the public, and the industry need during the switchover to digital television.
- (2) For the duration of the new Charter, the existing license fee system will be retained as the main way of funding the BBC.
- (3) The BBC will retain the current scale and scope of its services.
- (4) In order to separate the function of supervision from that of operational management of the BBC, the BBC Board of Governors will be replaced by a new governance system composed of a BBC Trust and an Executive Board.

On the basis of public opinion, parliamentary reports, reports by the Office of Communications (Ofcom; the regulatory body of the broadcasting and telecommunications industry in the U.K.), the recommendations of Lord Burns's independent panel, and so on, the government affirmed the necessity and importance of the BBC as follows:

⁴ Nakamura Yoshiko, "Seifu kara no dokuritsu: Gurin pepa de shimesareta BBC no hokosei" [Green Paper: Blueprint for a Strong and Independent BBC], *Hoso kenkyu to chosa* [NHK Monthly Report on Broadcast Research], August 2005.

The BBC is liked and trusted by millions. Its services are valued and enjoyed. It is seen as having a vital role to play in news and in sustaining and informing our democracy. The principles of public service broadcasting (PSB), with the BBC at its heart, are widely understood and widely supported. And although people in their millions are embracing the rapidly expanding choices offered by digital broadcasting they still see the BBC as having a key role in the multi-channel future.⁵

The four decisions noted above more or less encapsulate what the British people expect of the BBC as the prerequisites for its survival into the age of full digitization.

In reviewing the BBC Charter over the years, successive U.K. governments have consistently characterized the BBC as the cornerstone of public service broadcasting and, on the basis of the Charter, have consistently adhered to the policy of making the license fee its main source of funding. No U.K. government has ever adopted a policy that even limited, much less reduced, the programs and services the BBC provides as the national public service broadcaster. This reflects the wishes of the British people. In other words, the first three of the abovementioned four decisions represent the basic policy that has been held intact since the BBC's inception. This fundamental stance was maintained even by the government of Prime Minister Margaret Thatcher, which reportedly had planned to privatize the BBC, and that of Prime Minister John Major, which presided over the last Charter review. Interestingly, however, the Broadcasting White Paper released during the previous round of the review,⁶ upon which the current (1997–2006) Charter is based, did not give full assurance that the license fee system would be retained, guaranteeing it only until 2001, the midway point of that Charter's term. Accordingly, the Agreement between the government and the BBC for that Charter term also stopped short of a full commitment to the license fee system by giving the competent minister the power to decide whether to continue the system or adopt an alternative in line with technological advances.⁷ In the recent Charter review, however, the government decided to retain the license fee—regarded as the “least worst” way of funding—for the full duration of the new Charter, thereby ensuring relatively long-term security in the BBC's finances.

⁵ DCMS, *Review of the BBC's Royal Charter “A Strong BBC, Independent of Government,”* March 2005, p. 2.

⁶ DCMS, *The Future of the BBC: Serving the Nation, Competing World-wide*, Cm 2621, July 1994.

⁷ DCMS, *Broadcasting: An Agreement between Her Majesty's Secretary of State for Culture, Media and Sport and the British Broadcasting Corporation*, July 2006, article 10, paragraph (2).

The 2006 Broadcasting White Paper places particular emphasis on how to clarify the BBC's purposes in keeping with the times (which also provides a framework for its accountability) without altering the same basic stance as adopted by previous governments; and also how to enhance the BBC's accountability both to its audiences, who sustain it by paying the license fee, and to potential competitors in the broadcasting industry. This approach has been put into practice by the abolition of the BBC Board of Governors and the introduction of a new system of governance that clearly separates the functions of regulation and supervision from those of operational management.

ENSURING ACCOUNTABILITY

In keeping with the notion of broadcasting as a “public asset,” the BBC has long based its public service broadcasting activities on the principle of its being a public corporation funded equally by the people and providing broadcasting as a public service in the public interest. Accordingly, the BBC Charter establishes the Board of Governors, the BBC’s highest decision-making organ, as a guardian of a public asset, and in that capacity the Board has so far been expected to account to the people by upholding the public interest, protecting the BBC’s editorial independence, and submitting annual reports to Parliament. This system has remained unchanged since the BBC’s incorporation in 1927. Institutionally speaking, the Board of Governors has thus held sole responsibility for all of the organization’s administrative and practical operations.

In practice, however, as the scale of the BBC’s operations expanded over the years, the Board of Governors came to rely increasingly on BBC management’s capacities for planning and executing strategy, with the result that the Board, whose members are not broadcasting experts, has been content to perform a purely supervisory role. The head of BBC management is the Director General, and among the successive holders of that post who have made significant achievements over the years, John Birt (Director General 1992–2000) and Greg Dyke (Director General 2000–2004) stand out in many people’s memories for their work in reforming the BBC’s operations toward greater efficiency and for formulating a vision for BBC services in the digital age.

Efforts to reform the BBC Board of Governors have been made in the past, including during the mid-1990s Charter review. At that time, in reply to viewers’ calls for the BBC to be more accessible and responsive the government, in an effort to bring the BBC’s sovereign body (the Board of Governors) closer to its license fee payers (viewers and listeners), obliged the Board to draft and publicly endorse the BBC’s pledge to its audiences—a statement explain-

ing the overall objectives and specific functions of the BBC's programs and services—and to monitor and explain to audiences how far the BBC has met that pledge.⁸ Furthermore, in preparation for the advent of Ofcom as the new regulator for the broadcasting and telecommunications industry, in 2002 the Board of Governors instituted its own internal reforms, including measures to modernize and strengthen its operations.⁹

However, as audiences' values diversified and the BBC's responsibilities expanded, discord arose between the BBC and other broadcasters, giving rise to criticism that the Board of Governors was under the thumb of BBC management. Such criticism tied in with arguments that the BBC needed a new regulatory organ to replace the Board of Governors.

It became clear through the recent Charter review process that the general public and the industry as a whole wanted reform of BBC governance and regulatory arrangements and for the BBC to have greater accountability to license fee payers. The 2005 Green Paper noted that the Board of Governors itself recognized the lack of transparency and openness in the current system, and that it was inherently difficult for a single body to carry out the two conflicting functions of "devising strategy and delivering services" on the one hand and "scrutinizing strategy and measuring the performance of services" on the other.¹⁰

Accordingly, as part of the current Charter review, the government decided to carry out a radical institutional reform, abolishing the Board of Governors and instituting a new system of governance by two distinct bodies to be called, respectively, the BBC Trust and the Executive Board of the BBC. At the same time, the government proposed what it called "a triple-lock system to ensure the highest standards of accountability" to audiences and the industry as a whole: first, the Trust will issue licenses to the Executive Board for running each BBC service; second, BBC broadcasting content must be clearly distinct in character from that of other broadcasters; and third, a new Public Value Test (PVT) will be applied to the BBC's services.¹¹ Let us look more closely at this new system of governance.

⁸ Yokoyama Shigeru, "Kokyo hoso no jigyo un'ei to shichosha e no 'yakusoku': Yoroppa kokyo hoso no jirei kara" [The Running of Public Service Broadcasting and "Promises" to Audiences: A Case Study of Some Public Broadcasters in Europe], *Hoso kenkyu to chosa* [NHK Monthly Report on Broadcast Research], March 2006.

⁹ British Broadcasting Corporation (BBC), *BBC Governance in the Ofcom Age*, February 2002.

¹⁰ DCMS, *Review of the BBC's Royal Charter "A Strong BBC, Independent of Government,"* p. 66

¹¹ *Parliamentary Debates* (Commons) 443 (March 14, 2006), col. 1311.

The BBC Trust and the Executive Board

Under the new BBC governance system adopted by the government, the BBC Board of Governors will be replaced by two newly constituted organs, the BBC Trust and the Executive Board of the BBC.

The BBC Trust will have both a supervisory role—setting strategy and overseeing and improving performance—and a regulatory role—ensuring compliance with the law and with the regulations set down by the BBC itself—concerning all BBC operations, including both its public services and its commercial activities. The Executive Board, meanwhile, will have the executive role of carrying out operations (delivering services) within the framework set by the Trust.

Drawing mainly from a draft of the new Charter, in Figure 2 I have tried to summarize as succinctly as possible the nature of these new organs and how they relate to viewers and listeners. As the figure shows, the reforms will create a two-board system of governance, with the supervisory and executive responsibilities previously fulfilled by the Board of Governors alone now clearly divided between the Trust and the Executive Board. The existing Executive Board has in practice shouldered a heavy burden of responsibility, but its institutional position has been the same as that of a council for management strategy. Furthermore, in regard to such important matters as Executive Board proposals for new services or revisions to existing services, the BBC Trust will be directly responsible for assimilating the views and wishes of BBC audiences and other stakeholders.

In the White Paper, the government states that:

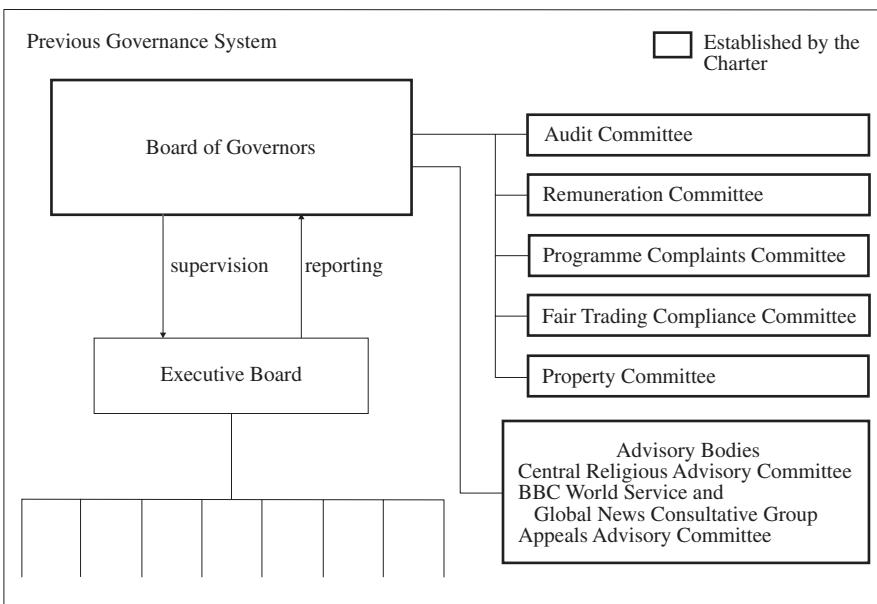
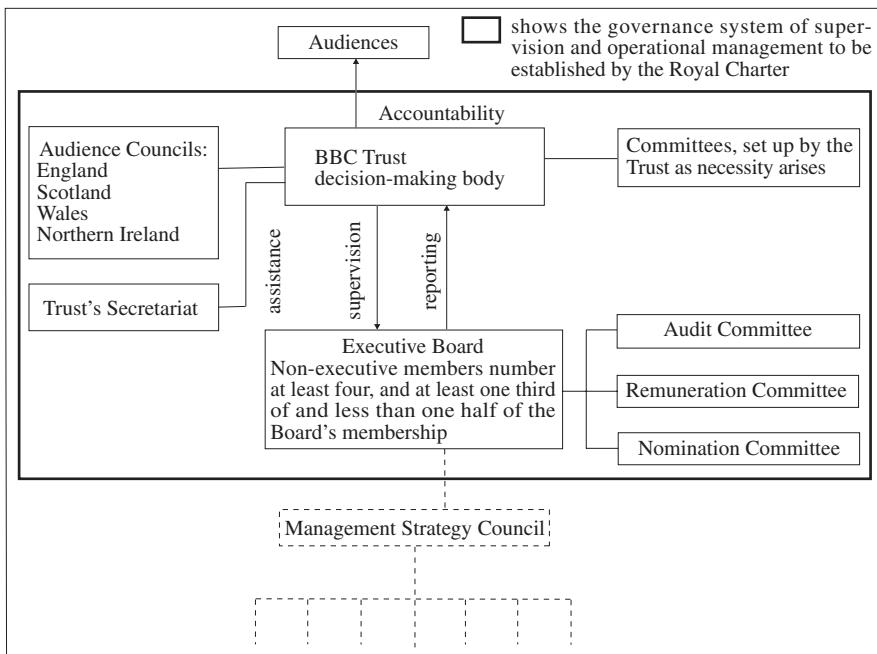
License fee payers are the BBC's shareholders. They cannot express their views directly by selling their shares or by voting down the board—so their interests need to be represented by a body whose purpose is to understand, capture and bring to bear the public interest on the activities of the BBC. This body will be the BBC Trust. Its job will be to defend the interests of license fee payers, not those of BBC management.¹²

The government thus offers the new structure as a solution to the dilemma inherent in the Board of Governors and as a more rigorous system of BBC governance. (See Figure 2.)

Service Licenses to Be Issued by the BBC Trust

With the revenue generated by the license fee system, the BBC currently operates eight television channels (BBC One, BBC Two, etc.), 10 national radio

¹² DCMS, *A Public Service for All: The BBC in the Digital Age*, 9.1.2 p. 46.

Figure 2. New BBC Governance System

services, six regional radio services, 40 local radio services, and BBCi, its digital interactive television service. Under the new system, the BBC Trust is to issue “service licenses” to the Executive Board for these services. This is the first of the “triple-lock” measures to ensure accountability.

As the key instrument of the Executive Board’s accountability for each of the services it provides, a service license will contain such information as:

- the aims of the service (including its contribution to the BBC’s public value and its role in the broadcasting market);
- the service’s geographical scope, how it is delivered, and its target audience;
- the composition of the service (the expected scheduling, outputs, and so on of different types of programs, e.g., news in peak time and music in daytime slots);
- the service’s budget; and
- a framework for assessing the service’s performance.

The service license system is also designed to clarify what kinds of services audiences can expect from the BBC, and audience opinions are to be invited regarding all proposed services before the relevant service licenses are issued.

The government recognizes that, in the changing media environment, clarifying the nature of the BBC’s services is important both to audiences and to the BBC’s competitors. To that end, it has set down six new “public purposes” of the BBC. They are: (1) sustaining citizenship and civil society; (2) promoting education and learning; (3) stimulating creativity and cultural excellence; (4) representing the United Kingdom, its nations, regions, and communities; (5) bringing the United Kingdom to the world and the world to the United Kingdom; and (6) serving as a “trusted guide” in the “building of digital Britain.” The service licenses will be drafted in line with these goals.

One notable aspect of the Charter review process is that, between the Green Paper stage and the White Paper stage, the government added the importance of entertainment into the equation. In her address to the House of Commons on the release of the White Paper, Secretary of State for Culture, Media and Sport Tessa Jowell (under whose portfolio broadcasting falls) attracted considerable attention when she stressed this point, saying that the White Paper “makes entertainment central to the BBC’s mission” and that the BBC “should continue to take fun seriously.”¹³

¹³ *Parliamentary Debates* (Commons) 443 (March 14, 2006), col. 1311; “BBC chiefs are given a mission to take fun seriously,” *The Times*, March 15, 2006.

What exactly is meant by the importance of entertainment in this context? One aspect of this importance that is clear is the connection between entertainment and the BBC's funding source. The White Paper acknowledges that, as an organization funded by the license fees paid by all of its viewers and listeners, it is only natural that the BBC should strive to produce programs that appeal to a broad cross-section of audience types. Furthermore, any significant drop in the number of BBC viewers and listeners would make it difficult to justify the license fee.

The BBC has often been criticized for not meriting the license fee when its audience numbers fall, and for pandering to mass tastes when it delivers more entertainment-style programs in an attempt to keep audience numbers up.

The Green Paper states that the BBC "should provide a wide range of content, across every genre, trying to reach the greatest possible range of audiences," and that its programs should "aim to be excellent, distinctive and entertaining." In this context, "entertainment" is given a broad meaning that covers all genres, including documentaries and educational programs, and implies presenting even serious topics in fun ways and applying engaging formats and presentations to draw audiences in.

More than a third of respondents to the Green Paper proposals said they wanted "entertaining the nation" to be added to the list of the BBC's public purposes.¹⁴ One respondent's comment on this topic was: "God forbid that we should turn a national treasure [the BBC] into a dull proselytiser." Other respondents referred to specific programs to underline the value of entertainment. On the drama series *Dr Who*,¹⁵ one wrote: "By no means would the new *Dr Who* series be covered by any of the purposes, but my whole family, male and female, ages 5 to 60, enjoyed and appreciated it hugely." *Dr Who* has indeed become Britain's top drama program in terms of viewer numbers. Another program mentioned by many respondents was the 2004 hit *Little Britain*, a comedy sketch show performed mainly by its two writer-stars, who draw laughs by lampooning mainstream society and capping everyday situations with unexpected punch lines. Originally broadcast on BBC Radio 4, the show was later promoted to television on the youth-oriented channel BBC Three, and after gaining further popularity was moved to peak time on the BBC's main channel, BBC One. Prior to *Little Britain*'s being taken up by the

¹⁴ Ubiquis Reporting, *BBC Royal Charter Review Green Paper Public Consultation: An Analysis of Responses*, September 2005, p. 13. Respondents' comments quoted in this paragraph are from pages 13 and 14 of this document.

¹⁵ *Dr Who* is a science-fiction drama series about an eccentric character ("the doctor") who travels through time grappling with various challenges. The original series was first aired in 1963. The latest series was produced in 2004 and launched in 2005.

BBC, its two stars were struggling comics, and apparently they created the program as a last resort, fully prepared to break up their partnership if it flopped. Today they enjoy an enormous popular following.

Why the public has grown so fond of a program so atypical of conventional public service broadcasting is a question that requires in-depth consideration. It seems clear, nonetheless, that the British public has a tendency to prefer such programs, as is indicated by the fact that, after news and movies, comedy and drama are high on the list of program types people say they watch and would like to see more of on TV.¹⁶ It has also been suggested that comedy programs are popular because they depict British life in a manner that appeals to the masses and thus connect with people.¹⁷ The historical background may also provide some clues: since the early days of British television, BBC One and ITV, the commercial (advertising-funded) television network, have been in constant close competition across a broad spectrum of genres, from news and documentaries to drama and comedy, and the results of this rivalry have been improved program quality and the delivery of high-quality entertainment programs.

Whereas in the Green Paper the government referred to entertainment in a broad sense, the British people made it clear that the kinds of entertainment programs they want the BBC to continue delivering are mainly comedy and drama. This difference in nuance may have been what prompted Secretary Jowell to make her public statement about the importance of entertainment.

On the other hand, drama and comedy are types of content that broadcasters other than the BBC already deliver and that have ample potential for future development. From that perspective, the debate over the Charter review also included calls from broadcasting professionals and other opinion leaders for the BBC to withdraw from the entertainment area and restrict itself to genres that the profit-oriented sector of the broadcasting industry is less likely to produce, such as cultural, artistic, and educational programs. Heeding these views as well, the government has made it clear that the BBC must not stoop to ratings chasing by trying to emulate other broadcasters or by producing copycat programs.

Five Characteristics to Make the BBC Distinctive

As the second of the “triple-lock” measures to ensure accountability, the gov-

¹⁶ *Quantitative Research to Inform the Preparation of the BBC Royal Charter Review 2004: Report of a Research Study Conducted for COI Communications Research Unit on behalf of the Department for Culture, Media and Sport.*

¹⁷ Comment by Professor Jean Seaton, Westminster University, in an interview conducted by the author on March 14, 2006.

ernment has set down five characteristics as those that should distinguish the BBC's content from that of other broadcasters. Thus, the BBC's programming should be:

High-quality: it should be seen by audiences as standing out from that of other broadcasters.

Challenging: it should make audiences think.

Original: it should strive to offer new or originated content.

Innovative: it should present new ideas and introduce new approaches.

Engaging: it should draw the audience in with fascinating and entertaining subject matter.

Under the new guidelines, from now on all BBC content must display at least one of these five characteristics.

The Public Value Test

The third measure ensuring accountability is the introduction of a Public Value Test for BBC services. In order to respond to changes in technology, culture, and audience attitudes during the term of the new Charter, whenever the BBC proposes to introduce new services or make significant changes to its existing services, the BBC Trust will subject those proposed services or changes to this test.

The Public Value Test has two components: Market Impact Assessment (MIA) and Public Value Assessment (PVA). For each proposed change or new service, the BBC Trust will weigh up its public value against both the commercial and noncommercial impact it is likely to have on the market, and on that basis decide whether or not to approve it. The Market Impact Assessment will be an important touchstone for considering whether or not a proposed BBC service might constrain innovation and development in the market and thereby limit the range of choice available to consumers. It was decided that Ofcom would carry out the MIAs for proposed new services, with the work being overseen by a joint steering group made up of Ofcom and BBC Trust members. For proposed changes to existing services, the Trust will conduct the MIAs itself.

New BBC services are highly likely to clash with services already on the market. A new service currently being developed by the BBC is iPlayer, an on-demand service for viewing content over broadband connections. The service would consist of three components: a catch-up service whereby viewers with cable TV or broadband Internet connections would be able to download and view any BBC television program on their home TV sets or computers for up to seven days after the program is broadcast; a simulcast TV service broad-

cast over the Internet; and a service for downloading audio material (iPod-compatible) not subject to digital copyright restrictions. Although the BBC governance system is still in transition from the Board of Governors to the BBC Trust, the iPlayer proposal is currently being subjected to the Public Value Test as its first case, with the Board of Governors and Ofcom working in tandem to complete the assessment.¹⁸

The involvement of Ofcom, a regulatory body external to the BBC, in the Public Value Test has been welcomed by the wider industry and other stakeholders as a check preventing the BBC from gaining unfair advantage over its competitors. The government, however, has made it clear that the BBC Trust will have precedence over the authority of Ofcom, saying that even when there is expected to be some adverse impact on the market, if the likely public value is assessed to be greater than the market impact, then the BBC Trust may approve the proposed service, which may then be carried out.¹⁹

The second component, the Public Value Assessment, is to be carried out by the BBC Trust Unit. At the time the White Paper was published, the method to be used for PVAs was not as clearly defined as that laid down for MIAs. Much debate reportedly went into clarifying the concept of “public value” and how it can be assessed and measured. However, the PVA method adopted for assessing the BBC iPlayer proposal indicates that the following five key measures will be applied: (1) whether or not the proposed service fits with the BBC’s six public purposes (mentioned above) and strategy; (2) whether or not it is of high quality and distinctive; (3) the extent of its beneficial impact; (4) how far it will extend the BBC’s reach and usage; and (5) how much it will cost to deliver and whether or not it will provide good value for money. In regard to (3), the PVA will assess two types of benefits: consumer benefits, in terms of how appealing the new service will be to individual consumers; and citizen benefits, in terms of how well it promotes mutual understanding, respect, and so on among different communities.

CONSIDERATION AND IMPLICATIONS

The Broadcasting White Paper begins with these words: “No other country in the world has anything quite like the BBC. It is unique—in its quality, its scope, its reach and in the public trust it engenders.” Whatever their differences in fundamental viewpoint—be they proponents of market economy

¹⁸ “BBC iPlayer Public Value Test starts,” BBC Governance Unit press release of August 31, 2006.

¹⁹ Comment by Jon Zeff, head of broadcasting policy, DCMS, in an interview conducted by the author on March 17, 2006.

principles or champions of traditional public service broadcasting—the British have a tendency to use the adjective “unique” in describing the BBC. One could say the public consultation over the latest Charter review was a debate over how to preserve the unique BBC in unique ways into the digital age. Within the domestic context of the United Kingdom, the key elements upon which the BBC’s continued existence has so far rested—the BBC Royal Charter, the license fee, and the BBC governance system—are all unique expedients devised especially for the BBC. However, the latest review has modernized the BBC’s corporate governance by replacing the 80-year-old Board of Governors system with a two-board system under which regulatory and supervisory responsibilities are clearly separated from executive responsibilities. The review has also put in place a system more focused on bringing benefits to audiences and making the BBC more directly accountable to them. The BBC Trust’s Public Value Tests will play an especially important role in that process. The significance of this goes beyond the BBC’s being accountable to industry competitors and to its license fee payers; that is, whereas the BBC’s services have so far been subject to government approval, the transfer of that authority to the BBC Trust is aimed at making the BBC more independent of the government from now on.

What implications or clues do the BBC’s governance reforms hold for efforts toward similar reform of Japan’s NHK?

Like the BBC, NHK draws most of its funding from reception fees paid by households with TV reception, and is prohibited by law from broadcasting advertisements and taking subscriptions. NHK is also similar to the BBC in that, as broadcasting technology has advanced, it has played a key role both in consistently pioneering new broadcasting services and in making such services widely available and accessible to the general public. Unlike the BBC, however, for which the Charter review system ensures open debate about the BBC’s future every five years or so, NHK has not had the benefit of such periodic opportunities for general review. However, the disclosure in the summer of 2004 that chief NHK staff in entertainment production had embezzled public money by claiming phony production costs has fueled intense criticism of NHK and a widespread public boycott of its reception fees. With NHK thus being taken to task in the largest scandal in its history, in January 2006 the Ministry of Internal Affairs and Communications, which has jurisdiction over broadcasting affairs, convened a “Panel on Frameworks of Communications and Broadcasting” and revealed that it would initiate reforms in the broadcasting and communications field, including NHK. The aim of these reforms is to cultivate Japanese media enterprises able to keep pace with their overseas counterparts amid the ongoing convergence of the broadcasting and commu-

nifications industries. On the basis of the panel's recommendations, backed by the ruling Liberal Democratic Party, it was determined that NHK would be reformed according to the following five main principles: (1) fundamental reform of the NHK Board of Governors; (2) reduction of the number of NHK channels; (3) review and restructuring of NHK's main corporate body, including through consolidation of its affiliates and separation some of its entertainment and sports divisions from the main organization; (4) enhancement of international broadcasting; and (5) legislative adjustments toward making payment of the NHK reception fee mandatory. The government has announced a timetable according to which it hopes to resolve all of these issues by 2010, just prior to the completion of digital switchover in 2011.

Unlike the BBC, NHK has always operated under a legal framework (the Broadcast Law) that provides clearly for the separation of NHK's supervisory and operational functions through the establishment of its Board of Governors in the former role and its Board of Directors in the latter. The Broadcast Law further provides that NHK shall have a number of auditors charged with monitoring its executive arm, that is, to "audit the business conducted by the president, vice-president and directors" (article 26 paragraph (5)). Thus, right from NHK's inception, its governance system has been explicitly constituted on a two-board model like the one recently adopted for the BBC. The ongoing debate in Japan over reform of NHK's Board of Governors focuses, rather, on such issues as clarifying the Board's role, securing more rigorous governance by requiring governors to have relevant professional expertise, making membership on the Board a full-time position, and building up administrative functions to support the Board.

In response to this debate, the NHK Board of Governors has been steadily working to strengthen supervisory functions and improve transparency within the organization, notably by increasing the number of administrative staff, creating and maintaining a Board of Governors website, and, as a compliance measure to prevent further misconduct by NHK employees, establishing a compliance committee to advise the Board on internal management from an independent perspective. It is fair to say that these efforts by the Board are modeled in part on the BBC Board of Governors, and that NHK has drawn from and adapted to the Japanese case some of the self-reform measures adopted by the BBC Board of Governors as part of the latest Charter review.

In the Japanese case, however, the debate over reforming such regulatory and supervisory functions has left out an important issue, namely, the NHK Board of Directors' perception of its accountability to viewers and listeners. Whereas the BBC Trust has been explicitly given a direct responsibility to BBC audiences—article 7 of the new Charter stipulates that the Trust will per-

form its roles “in the public interest, particularly the interest of license fee payers”—no such stipulation of fundamental purpose exists in relevant Japanese law in terms of whose interests the NHK Board of Governors is supposed to serve. Another key task missing from the debate in Japan is that of clarifying a suitably up-to-date role for NHK in the transition to all-digital broadcasting—or in other words, clarifying the nature of public value in keeping with the interests of today’s viewing and listening public. It is on the basis of such determinations of public value that the BBC Trust and Executive Board will perform their respective functions, and against such standards of public value that their performance can be measured and assessed. In trying to learn from the BBC experience, omitting the step of clarifying public value would be like plowing the field and then failing to sow the seeds.

(Translated by Dean Robson)

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