

The Role of Public Service Broadcasting in Cyprus during a Time of Austerity

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The primary concern of this essay is to explore the role of public service broadcasting (PSB) and public service media (PSM) in Cyprus. Following the recent closure of the Greek PSB and current public discussions concerning CYBC in Cyprus regarding changes to its funding model, this essay takes on added relevance. The study is divided into two sections. In the first, it addresses the normative role of PSB. It also sheds light on the ongoing existential debates regarding PSB in a digital environment. The second aims to explore the Cypriot audiovisual landscape and CYBC's role within it following the EU bailout of the banking sector and during a time of austerity in Cyprus. The research draws on a wide range of primary and secondary sources. It combines long-term historical perspectives, discourse analysis of current policy decisions, media coverage and organisational changes at the CYBC.

Keywords: Public Service Broadcasting, PSB, Public Service Media, PSM, Cyprus Broadcasting Corporation, CYBC

Introduction

Within the field of communication there exists an ongoing existential debate regarding public service broadcasting, or PSB (Barnett and Curry, 1994; Tracey, 1998; Iosifidis, 2007; Debrett, 2010). At the centre of this enduring conflict are two traditionally opposed schools of thought. One is grounded in an interventionist conception of democracy that sees PSB as an unavoidable component of a healthy and functioning society. The other is based on a market-liberal ethos arguing a self-regulating, free-market approach toward broadcasting and the information sector more generally (Debrett, 2010). Digitalisation and convergence of information and communication technologies have merely exacerbated the dispute as they offer ammunition for both camps. Within this context the interventionist school argues that the role of PSB burgeons as more platforms are created that fragment audiences into smaller isolated groups. Conversely, market liberals reinforce their stance arguing that digitalisation leads to less restriction-requirements, less market failure, less spectrum scarcity (or the complete eradication of it), increased content diversity and the overall growth of the Internet. Against the backdrop of digitalisation, Europe's socio-economic standing has brought to the surface a new set of pressures for public service broadcasters that fortify the market-liberal position. Many of the southern

European states in particular, are undergoing a series of government reforms. Cyprus has been one of the most financially hit European member states and CYBC (the Cyprus Broadcasting Corporation), the Island's only PSB, has not been left unaffected.

The primary concern of this study is to contribute to the aforementioned debate by exploring the role of PSB in contemporary societies and in so doing to shed light on the Cypriot public service broadcaster, an area of study that has been under-researched for much too long. In addressing the dichotomy of views, the paper wishes to place the debate in a broader theoretical and ontological framework in a country in which the notion of PSB is novel and not well understood. The study is broken into two sections. The first section analyses the scope and scale of PSB looking at the normative arguments for PSB and the arguments against PSB. It does so by considering the recent austerity measures affecting Cyprus particularly from March 2013 onwards. Conceptualising PSB socio-economically and politically within contemporary and technologically advanced societies will act as a prelude to the following section that deals more directly with the notion of public service broadcasting in Cyprus. This second section attempts to place CYBC within a broader media landscape in Cyprus but also compares the broadcaster to the BBC since it is the UK PSB model that CYBC is more recently associated with.

Public Service Broadcasting in the Age of Austerity

In many countries across the globe public service broadcasting is the oldest form of audiovisual media. And while PSB organisations continue to exist, and in many cases, thrive, they do so in different formats and under different constraints. On account of these differences it is difficult to compare PSBs by country. Indeed the structure of each European PSB remains a subsidiarity principle whereby each member state has the power to organise and structure its PSB as it sees fit. Even so, an amalgam of PSB characteristics such as the ethos, funding model, citizen/audience appreciation, and identity are comparable and are therefore addressed according to the needs of this study.

In the UK, PSB is almost 100 years old and the BBC, the bastion of PSB in Britain (and for many, in the world), is arguably the strongest cultural organisation in the country. The BBC has managed to survive, overcome and flourish in spite of numerous obstacles such as a world war, deregulation, globalisation, hostile governments (e.g. Margaret Thatcher was vehemently anti-BBC), and more recently, digitalisation. In Greece on the other hand, only last year (June, 2013), attempts were made to literally shutdown the Hellenic Broadcasting Corporation (ERT), the Greek PSB. In a swift, unforeseen and unprecedented act, the Greek government shut down three national TV channels, seven radio stations and ERT's website operations, and in one afternoon made redundant 2,650 employees – all in the name of austerity measures required to lower public sector spending (LSE, 2013). The shutting down of ERT triggered a series of mass protests, arrests, and riot police stationed at the broadcaster, locked gates and umpteen other disquieting actions taken against the broadcaster. ERT, as a media organisation, was possibly made an example of

because its closure would exert far greater impact and receive much more coverage as a news story. Nonetheless, despite the fact that reform was desperately and immediately needed, the way it was undertaken will forever be remembered as a case to avoid. The austerity measures taken in Greece signify the contrasts often found in PSBs from country to country. Moreover, the Greek case has led existential PSB debates to spill over, not just within the field of communications but across a broader, political realm and across numerous other, especially European member states (not least of which is Cyprus). So, what exactly is PSB and how does it exist in its current form?

Public service broadcasters are organisations with a public mandate. They are therefore first and foremost required to offer impartial (of commercial and political ideology), radio and television content to audiences that are perceived as citizens rather than as consumers. In other words, PSBs are broadcasters with social, democratic and cultural responsibilities. Ideally, PSBs are owned by the public and work for the public. PSBs are not to be confused with state broadcasters that have acted as mouthpieces for governments and politicians who essentially place their own people in power within these institutions. Indeed, one could argue this is precisely what happened at ERT as the broadcaster over the years became staffed with members of both of the two main political parties, PASOK and New Democracy; ultimately, a self-defeating approach toward impartial news reporting.

Today, public service broadcasting has extended its reach and scope by progressively moving onto newer media via digital platforms. Most PSBs have a presence on satellite, cable, digital terrestrial and internet platforms. This 360 degree approach has allowed advocates of PSB to evolve the term PSB to the more comprehensive *public service media*, or PSM (Lowe and Bardoel *et al.*, 2007; Iosifidis *et al.*, 2010): Having said that, the core elements of PSB remain intact. Specifically, PSMs are responsible for the following (Iosifidis, 2007):

- I. *Universal access*: If a commercial broadcaster cannot make profits by covering a certain geographic area, they will not bother to invest in establishing a presence in that area. Especially in Cyprus, due to topographical anomalies (e.g. its vast mountainous regions), it does not make financial sense for a private organisation to cover all of the Island's territory for television coverage. Specifically, it requires 10–15 transmitters to cover 75% of the Island but in order to cover 90% of all households approximately 80–90 transmitters are required. If, for instance, Geratzies village high up in Troodos has only 200 residents, and it costs thousands of euros to set up terrestrial signals covering the area, a commercial provider will not pursue it. It should be noted here that a fundamental premise of Immanuel Kant's universal law, is that all citizens are required to be informed citizens through an independent source of information.
- II. *Content that contributes to social cohesion and the democratic process*: PSM are responsible in building strong societal identities and prompting citizens to become more involved and participative in the democratic and political process.

- III. *Setting high quality standards in the areas of entertainment, education and information:* PSMs should be setting standards, mainly in production and by encouraging risks in ideas (ratings should not matter as much), risks in content-creation, creating apprenticeships etc.
- IV. *Political pluralism and cultural diversity:* In the commercial realm politics is often interlinked with advertising so a platform is required where all voices can be heard in a fair, impartial manner. Furthermore, all cultural tastes are required to have a home base to be heard and to be viewed all the time, despite the fact that culture content is in vogue, often cyclically.
- V. *Enriching lives of individuals through history, the arts and science:* It is not the responsibility of commercial media to enrich the lives of citizens by increasing their cultural consumption and capital. PSMs on the other hand should do so.
- VI. *Preservation and promotion of national culture and heritage:* No other broadcaster is required, or is willing, to bear the weight of preserving a nation's culture and heritage.
- VII. *Editorial independence and accountability:* In a free-market economy where media are dependent on advertising or subscription-based revenues, access to objective information cannot be guaranteed as economic determinism prevails. A true public sphere – in the Habermasian sense – is not, therefore, guaranteed.
- VIII. *Serving the needs of a multi-cultural society:* Minorities in particular, are prone to being ignored within public discourse. It seems unrealistic for a commercial broadcaster to create content that caters to all cultures existing within a society.

Many of the eight points identified by Iosifidis (*ibid.*) fall into two overarching classifications: *market failure* and *public value*. There is little or no *private value* for profit-oriented companies to move into many areas that fall into the remit of public service media; areas that have however, *public value* (see Suárez Candel, 2012, pp. 20–22; Lowe and Martin *et al.*, 2014). Market failures and even public value definitions have changed as technologies have advanced and societies have become more multicultural and globalised. For example, spectrum scarcity, once considered the most important reason behind market failure, is now post-analogue switch-off, non-existent. In fact, even on terrestrial platforms where there are still spectrum restrictions, the challenge for digital television is finding attractive content to fill the airwaves and not frequency space. Unfortunately, many television organisations resort to the acquisition of foreign content. While in and of itself this is not necessarily a bad outcome, if it occurs at the expense of local production this will have a detrimental effect on the Cypriot creative and cultural industries.

As market failures and public value traits have evolved, so too have arguments pertaining to the market-liberal school of thought. From the 1970s onwards more channels (mostly privately owned), were created on both terrestrial and other platforms. The growth of television channels occurred concurrently, indeed in many cases, because of deregulation and liberalisation. Moreover,

many PSBs were affected by the disempowerment of the welfare system, a system of a dual economy whereby private and public organisations coexisted more or less until the same period. Today, continued advancements in digitalisation and communication technologies along with austerity measures on public spending triggered by the ongoing European financial crisis have made the market-liberal school more vociferous. Suárez Candel notes, 'the discussion has gradually become less normative and more pragmatic' (2012, p. 51). The market-liberal discourse relies on the basis that PSMs no longer benefit society because they have become obsolete. Specifically, arguments against PSMs can be summarised as follows:

- I. Commercial players are now more than capable of creating content faster and more efficiently than PSB/PSM.
- II. PSB/PSMs continue to be nepotistic and cannot be truly impartial since they are too closely connected with governments that consequently hand-pick their own staff within the organisation.
- III. Digital technologies make PSB/PSM providers outmoded because all genres and tastes can be catered for.
- IV. PSB/PSM distorts competition and takes up valuable potential market-share of what can be covered more efficiently by the private sector.
- V. More diversity and creativity can be stimulated from the private sector in terms of production of content.

The Cyprus Broadcasting Landscape and the Case of CYBC

The Cyprus Broadcasting Corporation, CYBC is Cyprus' only PSB organisation. It consists of two television channels (CYBC 1, CYBC 2), four radio stations, one satellite channel that broadcasts to the Cypriot diaspora and a High Definition channel that is occasionally used to transmit significant events in high quality. CYBC also has a website, www.cybc.com.cy, which offers added services such as video and audio on demand. CYBC 1 is the broadcaster's main medium channel as it caters to broad groups and offers a wide variety of genres, especially those that are informative in nature. CYBC 2 offers more targeted programming mainly revolving around younger demographic groups, often to children and often more culturally based programmes. It also airs more entertainment-based content than CYBC 1. On radio, CYBC radio 1 (Cyprus' oldest radio station), offers programming of a more informative nature, radio 2 offers content that caters to minorities and provides programming in different languages, radio 3 is a middle-of-the-road entertainment station, and finally radio 4 is a station which plays music of all sorts.

CYBC follows a dual-funding model in which it receives a government subsidy. In 2013 its subsidy was in the region of €34.5 million, plus a smaller advertising revenue income of around

€4 million. The logic behind this model is that the broadcaster is not solely reliant on politics or commerce, and in this way can offer impartial news and current affairs on all topics. CYBC also has a nine-member board of directors that changes every three years and comprises a combination of industry experts, academics, media professionals and technocrats assigned by the ruling government. The board chooses the general manager of the organisation. In comparison, the BBC does not accept advertising and receives a direct license fee from all citizens that own a television set. Today, the UK license fee is approximately €175 (in comparison, the €40 million required by CYBC in 2013 would be the equivalent of approximately €130 per license fee payer). In the UK there also exists a BBC Trust made up of a similar body to that of the Board of Directors of CYBC. The Trust, however, has ties with the Queen-in-council (a council close to the monarchy and hence why the BBC is based on a Royal Charter). Although the BBC itself is often criticised for how it functions (as are all PSBs), the BBC Trust offers a cushion between the BBC and the government as it works on behalf of the license fee payer and functions to make sure that the BBC follows its remit. This is often in stark contrast with how the CYBC board functions.

The Cypriot television landscape is part of a free and independent media system that functions under the Authority of the Cyprus Radio and Television Authority. In regard to television, CYBC maintained a monopoly far longer than many of its counterparts in Europe. It was not until 1992 that commercialisation of television in Cyprus began after the first significant broadcasting regulation consequently liberalised the audiovisual industry (see Nicoli, 2008). Deregulation in 1992 led to the launch of *Logos Channel* in that same year (a church-owned broadcaster which then rented out its frequencies to *Mega Channel*), and *ANTI Cyprus*; both of these channels followed a programming style similar to the American commercial channels of the 1990s and worked as syndicates of their Greek equals (Roussou, 2006; Sophokleous, 2008).

As free-to-air (FTA) terrestrial commercial television continued its growth, the first subscription-based TV station *Lumiere TV (LTV)*, began broadcasting in Cyprus in 1993 by means of an analogue terrestrial distribution system. LTV was followed by *Alfa TV* in 1995, also a pay TV station (Sophokleous, 2008). Together LTV and Alfa set the scene for the pervasiveness of multi-channel, multi-platform pay television options in Cyprus (e.g. *Primetel*, *Cytavision*, *Cablenet*). In the FTA broadcasting landscape, in 1995, *Sigma TV station* – part of a larger vertically-integrated media organisation – began broadcasting to a nationwide audience in Cyprus thus becoming the third national commercial FTA station. More recently, a new commercial FTA television station called *CNC Plus* also began broadcasting in Cyprus in 2003 becoming the fourth commercial FTA station.

By and large, in spite of foreseeable declines in audience ratings, CYBC has managed to overcome competition entering the broadcasting sector via private pay and FTA channels. The PSB has also been able to adapt fairly well to the EU regulatory environment. The Cyprus Broadcasting Act and its current amendment in 2013 is aligned with the EU's major media law, the Audiovisual Media Services Directive (2010/13/EU). Yet from 2013 onwards CYBC's position

has become considerably more precarious. A combination of overlapping issues has brought the broadcaster close to sharing a similar, if not so Draconian, fate with its Greek equivalent. Firstly, the March 2013 bank collapse, the cash flow freezes and the consequent EU/IMF/ECB (troika) bailout has led to the inevitable collapse of the cultural and communications industries; as the advertising sector broke down, more pressure was placed on the 'unaffected' CYBC. Secondly and resultantly, the troika has made it clear that all public services will need to be more accountable, more efficient, and overall managed more effectively. As a consequence, a wave of reforms has swept through Cyprus' public services of which CYBC is also a part of. A restructuring effort is now inevitable with the aid of consultancy firms, similar to those implemented at the BBC from the 1970s onwards (Born, 2004 offers a comprehensive and critical account of how wave after wave of management consultants left the BBC creatively lingering in the 1990s). Thirdly, there is, as mentioned above, the closure of ERT in June 2013. Fourthly, a number of highly-regarded political figures, right-leaning media, and other public figures have become increasingly raucous in their call for a more reformed and effective CYBC. The pressure has intensified to a point whereby there is now a legitimate appeal to change its funding model and put an end to advertising. Abolishing CYBC advertising revenue will, in theory, allow the added income to be redirected to the private media organisations that rely solely on advertising.

Conclusion

The future of PSB in Cyprus is uncertain. What is assured is that it will – and rightly so – undergo a series of reforms and organisational restructuring that will lead to a more accountable organisation. Only recently, a new board of directors has been placed in power and the first indications from the board point to CYBC experiencing a secure albeit bumpy future as it goes through its restructuring and reforming. On a positive note, the immediate impact of the board has led to a public consultation regarding the future of PSB that will undoubtedly mobilise both the interventionist and market-liberal schools in Cyprus. However, the currently held public discussions and the reforms affecting the CYBC need to be well thought through because even the additional advertising revenues for the private sector (if the dual-funding model is abolished), will destabilise an already weak advertising sector. For example, could this cause instability for other private organisations if such a large advertising outlet finds itself in the hands of only one or two private organisations thus strengthening them? Furthermore, what would this mean for the cultural industries as a whole? The workings of the media industry are like no other industry on account of a large number of variables. For instance, broadcasters often find themselves having to work on three fronts by attracting advertisers, audiences *and* talent (film-makers, producers, writers, journalists etc.). How would this affect the independent production industry? (see Nicoli, 2012 for a discussion on television production and PSB.) These are pressing questions that should be addressed during any reforms of the Cypriot PSB but with one eye on the European Council as this now plays a bigger role in the functioning of European PSBs.

Even more vital than the above pressing questions is what would a new, transformed CYBC mean for an informed citizenry? PSB is a long-standing European tradition that allows for democracies to function properly. At its best, PSMs contribute to a functioning democracy as witnessed in Scandinavia, Austria, Germany and the UK, but at its worst, and if left unchecked, the unfortunate case of ERT becomes inexorable. This means that whatever reforms are made at CYBC, the organisation and its 500 plus employees are faced with a crossroad. Will they stand up and transform the organisation into a true public service media organisation or will PSB become further disempowered? While CYBC employees and the board of directors are accountable, it is this author's belief that the notion and ethos of PSB should first and foremost be instilled in its society's own citizenry before anything positive can come out of Cyprus' public media system.

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