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<th>Ways ahead for small states.</th>
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Chairperson, Ladies and gentlemen. I have asked to speak on the topic: "Ways ahead for Small States". I will confine my speech on how it relates to broadcasting.

Allow me to start with a definition of small states. Economists argue that in economic analysis it is reasonable to define small states by population size. Some argue that small states are those countries with a population of about one million or less. The Republic of Fiji where I come from would fall in this category based on this definition. Also based on this criterion, there are 32 small states in the Commonwealth about of its 54 members (2 in the Mediterranean, 2 in Asia, 7 in Africa 9 in the South Pacific and 12 in the Caribbean. I believe that most of these countries are members of this auspicious organization.

Now that we have established the definition of Small States, I will now endeavor to tread on the ways ahead for these Small States. The buzzwords these days are public sector reforms, deregulation, competition, enhanced efficiency and effectiveness.

Some commonalities among these small states include, isolation from main centers, scarce resources, and most classified as developing countries. Communication infrastructures are not well developed and therefore most rely on Broadcasting as their source of information or
windows to the outside world...an important public service role of broadcasting.

This trend will continue into the next millennium, but some measures must be put in place to ensure that the services are improved, efficient and effective.

I would like to highlight some real life situation in the Pacific to illustrate the difficulties that confronts public service broadcasters. It is unfortunate that even though public service broadcasting is an essential tool for government the uncertainty confronting public service broadcasting in the Pacific is a real concern. This uncertainty has been allowed to develop into crisis in some countries.

I am aware of some countries in the Pacific whose funding from government have been drastically reduced or fluctuate in a volatile manner that makes future planning difficult. Government funding for public service broadcasting per person per annum in 1997 varies from $11 per head in Australia to $6.40, $3.90 and $1.53 in Papua New Guinea, Vanuatu and Fiji respectively.

As a result of the uncertain funding arrangement, upgrading or replacement of broadcasting equipment has been neglected over the years. That equipment is currently either inefficient or obsolete. The public services role of broadcasting will negatively affected as a result. This is serious where services related to disaster warning, weather reports, educational programme on health, farming and education that would be affected. Those are services that often provide the only
life line for people on remote islands or in rural areas where television, commercial radio and even newspapers can not be found.

Because of a number economic pressures, governments are being confronted with hard decisions to take such as adapting their prices and cutting costs to improve profitability or reduce loss and improve financial self sufficiency capability. Governments are forced to take necessary measures to increase efficiency, reduce public sector borrowing and introduce market discipline in determining public sector pay. The governments are forced to reorganize the structure of public enterprises without altering ownership...corporatisation.

Most small states are in the process of corporatisation in their public sector reform process as a solution to their problems. Corporatisation involves reorganising the structure of the public enterprise to be more aligned with the private sector model. This is based on the assumption that private sector is more efficient. The assumption is based on the property rights/principal-agent theory on organisational design. Property rights and in particular the nature of residual claims on an organisation is an important component in a market driven allocation system, and rights are defined when they are exclusive and transferable.

On the other hand, the principal-agent theory relates to the issue of including an employee (agent) to behave so as to maximise the principal’s (owner) benefit. This relationship requires operating agreements with clear objectives to be negotiated with the appropriate incentives, that the agent’s performance is monitored and that authorisation exist to enforce the agreements.
The reorganisation of public broadcasters in small states has reached different stages in different countries. The process should be used as an opportunity of clarifying a number of crucial factors that have direct implications to the efficient and effective operation of the public service broadcasting. These include funding of the public service role of broadcasting and to revisit the definition of public service broadcasting.

The objectives of the enterprise will need to be made clear and specific. The new objectives of enterprises during the reorganization process would replace mixed, inconsistent, discretionary and sometimes non-monitorable with clear, consistent, commercial measurable ones. The clarity and specificity of objectives will assist the enterprise doing what it is intended to achieve. Furthermore it helps the supervising authority to authority to assess the performance of public broadcasters.

Broadcasters have to market the importance of the public service role of broadcasting to their governments. Public Service Broadcasters overwhelmed by the importance of their role assumed that others have the same level of appreciation. In most cases this is far from the truth and may contribute uncertainty of funding and other misunderstanding.

inefficiency and ineffectiveness that are common in public sector could be transferred to the new reorganized broadcaster.

Thank You.