

Act

on the Icelandic National Broadcasting Service, a public-service medium

CHAPTER I

General provisions

Article 1

Purpose

The purpose of this Act is to promote democratic discussion, cultural diversity and social cohesion in Icelandic society through the provision of media services based on a public service remit. The task of providing the services shall be entrusted to the Icelandic National Broadcasting Service [hereinafter „the INBS“] as further stipulated in this Act. The INBS is a national medium and shall fulfil its diverse remit with due regard to the values of professionalism, ambition, integrity and respectfulness. It shall devote particular attention to the language and culture of Iceland, the history of its people and its cultural heritage.

Article 2

Ownership, and contract to provide media services in accordance with a public service remit

The INBS is an independent entity with the legal form of a “official public limited company”, wholly owned by the Icelandic state. Neither the INBS as a whole, nor any part of it, may be sold, merged with other companies or dissolved.

In order to fulfil its remit pursuant to this Act, the INBS may own, lease or operate equipment and assets of any type, including subsidiary companies, real estate and technical equipment.

The INBS shall be authorised under this Act to broadcast on any channel or frequency currently at its disposal or that it may be allocated at a later date.

The Minister shall conclude a contract with the INBS to provide media services in accordance with a public service remit for periods of four years at a time. The contract shall contain further provisions on the purpose, remit and scope of activities carried out pursuant to Articles 1 and 3, as well as any attending obligations. It shall also contain provisions on the financing of media services falling under the public service remit over the entire contract period.

CHAPTER II

Remit and obligations

Article 3

Media services falling under the public service remit

The following shall apply to media services falling under the public service remit of the INBS:

1. The purpose of providing media services in accordance with the public service remit of the INBS shall be to fulfil the democratic, cultural and social needs of Icelandic society through the dissemination of text and audiovisual material.
2. Using various technical means, the INBS shall produce and distribute programming that is diverse and of high quality to all people in Iceland, irrespective of their place of residence. The INBS shall take measures to ensure that news broadcasting and production activities can take place outside the capital region, including at permanent establishments operated in selected regions.
3. Programming shall at a minimum consist of news and news commentary, educational programmes, sports coverage, varied light entertainment, programmes on arts and culture, and special programmes for children and young people.
4. The INBS shall broadcast to the entire country and the immediately adjacent fishing grounds on at least two radio channels and one television channel all year round. It shall also publish selected parts of its material, altered or unaltered, together with other service material in altered or unaltered form, in other media, including making material available to the public in such a way that each individual is able to access the material in a location and at a time of his or her own choosing ('on demand').
5. The INBS shall cooperate with the competent authorities to provide vital security services by distributing information through broadcasts as well as through other channels of communication when appropriate. For this purpose, the INBS shall adopt a security policy aimed at guaranteeing the uninterrupted operation of radio services covering the entire country as well as the fishing grounds closest to shore.
6. The INBS shall preserve any sound recordings, films, audiovisual material and other historical items that may be considered to be of cultural and historical value to the Icelandic people and that are not specifically covered by the Legal Deposit Act. The INBS shall ensure the best possible access to archive material, whether for private use or for commercial exploitation by independent producers. Recognised museums, libraries, etc., may be entrusted with the preservation of the aforementioned items of cultural and historical value, which may not be sold, given away or destroyed except in accordance with an opinion issued by the Museum Council pursuant to the Museums Act.
7. The INBS shall create a forum for the participation of the public in the formulation of public service media policy as further stipulated in its Articles of Association.
The INBS shall fulfil its democratic remit by, amongst other things:
 1. upholding basic democratic principles, including those relating to human rights and the freedom of expression and opinion;
 2. providing broad, reliable, general and objective news and news commentary services covering domestic and international current events;
 3. being a forum for different opinions on subjects that are on the public agenda at any given time and that are of concern to the general public;
 4. reflecting the diversity of human endeavour, world views and living conditions in Iceland;
 5. disseminating information and providing people in Iceland with an insight into international affairs, different cultures and contrasting points of view;
 6. striving for gender equality as far as the activities and programming of the INBS are concerned;
 7. running features on the parties contesting general elections and on the main policies of each party, candidate or grouping, as appropriate, and reporting election results in detail. Further, it shall provide all valid candidatures for parliamentary or presidential elections, as well as all groupings representing different standpoints in referendums, equal opportunity to present their policies on television during regular programming hours. The INBS shall make public the rules governing this. In the case of parliamentary elections,

the broadcasting time allocated to parties that do not stand in all constituencies may be limited to a proportion of the total broadcasting time equal to the proportion of constituencies in which they stand.

The INBS shall fulfil its cultural remit by, amongst other things:

1. devoting particular attention to the Icelandic language;
2. featuring the history of the nation, its cultural heritage and its natural environment;
3. providing varied and high-quality cultural programming and covering different aspects of the cultural, artistic and sports scene in Iceland and abroad, while also being a forum for discussion and the exchange of opinion on Icelandic culture and society;
4. producing programmes on arts and culture, whether independently or in collaboration with partners, with a particular emphasis on fiction, as well as reflecting contemporary Icelandic cultural life. The INBS shall be an active participant in the production of Icelandic films, including through purchases from independent producers. The contract entered into between the Minister and the INBS pursuant to Article 2, fourth paragraph, shall stipulate the minimum percentage of programmes to be purchased from independent producers;
5. producing and distributing varied programming suitable for children and young people;
6. distributing light entertainment and cultural programmes suitable for people of all ages. Foreign programming shall be sourced from various cultures, with an emphasis on Nordic and other European material.

The INBS shall operate in such a manner as to:

1. set a good example regarding quality and professionalism;
2. ensure that reporting, interpretation and production activities are governed by fairness and objectivity, that information is sought from both, or all, parties to any debate, and that their points of view are presented as far as possible on an equal footing;
3. ensure that all information is based on reliable sources and presented and processed in a fair way;
4. respect the privacy of the individual in news reporting and programming, except where the democratic remit of the INBS and the public's right to be informed dictate a different approach;
5. maintain programming and editorial independence from any political, ideological or economic interests;
6. practice high-quality and critical journalism and delve into, amongst other things, those actions by public authorities, societies and businesses which may impact on the interests of the public;
7. make programming decisions based on professional considerations.

Article 4

Other types of activity

The INBS shall set up and operate wholly-owned subsidiaries around any type of activity not provided for in Article 3. The INBS may also be a shareholder of undertakings engaged in the production, post-production or diffusion of programming.

The purpose of subsidiaries operated by the INBS shall be to strengthen the activities of the parent company by making use of its technical equipment and distribution network, as well as of the specialised skills of its staff and other facilities, for activities other than those covered by Article 3. The functions of the subsidiaries shall include the compilation, publication and distribution of all types of previously produced material in the possession of the INBS, as well as the sale of distribution rights for the company's programming, and the manufacturing and marketing of products connected with the company's production of programmes pursuant to Article 3. Each subsidiary may enter into agreements with other

undertakings on the abovementioned activities. The INBS shall set the rates to be charged for such activities and publish them on its website.

The INBS shall entrust its subsidiary with the task of selling space for commercial communications in the company's media, as provided for in Article 7. A separation of accounts shall be maintained between the sale of space for commercial communications pursuant to Article 7 and any activities pursuant to Article 3.

Activities carried out by subsidiaries of the INBS pursuant to this Article shall be subject to legislation that applies to commercial companies. All transactions between the INBS and its subsidiaries shall be conducted on commercial terms.

Measures shall be taken to ensure editorial independence between the INBS and its subsidiaries.

Provisions on the composition of the boards of the INBS's subsidiaries shall be set out in its Articles of Association.

Article 5

Separation of accounts

A separation of accounts shall be maintained between all activities relating to media services falling under the public service remit pursuant to Article 3 and any other activities pursued by the INBS or its subsidiaries. The INBS may not use funds generated by activities pursued in accordance with Article 3 to subsidise the cost of any other activity. Any net profit deriving from the activities of subsidiaries shall be used for activities provided for in Article 3 and, where appropriate, for increasing the capital of the INBS as further decided at its annual general meeting.

Article 6

Subtitling and sign language interpreting

Foreign-language material shown on the INBS's television channel shall be accompanied by an Icelandic voice-over, Icelandic dubbing, or Icelandic subtitles, as appropriate in each case. However, this shall not apply to song lyrics in a foreign language or to the live transmission via satellite and ground station of news or current affairs programmes dealing largely with events as they take place. In such cases the broadcast shall be accompanied, where possible, by a recapitulation of the events being televised or by subtitling or a presentation in Icelandic. Great importance shall be given to both spoken and subtitled text being in flawless Icelandic.

The INBS shall provide access to media services falling under its public service remit to persons with a hearing disability by way of subtitling of news and other televised programmes, teletext, broadcasts in sign language and/or other means of dissemination deemed suitable for this purpose and which are technologically feasible at each time.

The contract entered into between the Minister and the INBS pursuant to Article 2, fourth paragraph, shall stipulate the measures to be taken to provide adequate access and service to those who on account of a disability or for other reasons are unable to take advantage of traditional media services provided under the public service remit.

In cases where the regular programme is interrupted, or where special news bulletins are broadcast in exceptional circumstances, the INBS shall make any important message or news bulletin accessible to persons with a hearing disability through sign language interpreting and/or subtitling.

The INBS shall seek ways to meet the needs of persons with impaired vision through technical means.

Article 7

Commercial communications

Commercial communications shall be clearly distinguishable from other programming of the INBS and shall occupy a moderate proportion of its broadcasting time.

The INBS may not generate income by arranging sponsorship for its programming; however, this may be derogated from:

- a. in the case of the broadcasting of particularly lavish programmes, in order to cover production costs or the cost of acquiring broadcasting rights;
- b. in the case of the broadcasting of domestic sports events and coverage of those events.

The INBS may not interrupt individual television programmes by commercial communications; however, this may be derogated from in the case of the broadcasting of particularly lavish programmes or own productions of at least 60 minutes' length. The INBS shall lay down rules governing the exceptions referred to in the first sentence above.

In the case of audiovisual broadcasting, the proportion of commercial communications and teleshopping spots within a given clock hour shall not exceed eight minutes. For the purpose of this provision, the following are not considered commercial communications:

- c. announcements by the INBS regarding its audiovisual programmes and ancillary products derived directly from those programmes, sponsorship announcements and product placement announcements as well as virtual advertising;
- d. announcements concerning public services and appeals for assistance from charitable organisations which are broadcast free of charge.

The INBS shall set rates to be charged for commercial communications and make them public. The INBS shall endeavour to treat its customers equally in relation to the sale of space for commercial communications. Discounts offered to sponsors and advertisers shall be transparent and must be available to all customers making similar purchases.

The INBS may not sell space for commercial communications on the world wide web. However, it may publish on its website such commercial communications and sponsorship messages as form part of its scheduled broadcasts. Furthermore, the INBS may publish on its website commercial communications and sponsorship messages that are specifically linked to webcasts, as well as presentations of its programme schedule and any related services and products.

Product placement shall not be permitted in programming produced by the INBS itself and/or in collaboration with other domestic parties, nor in programming produced specifically for the INBS. However, the INBS may make use of specific filming locations or props or refer to specific services on account of their usefulness and/or for artistic purposes, provided that this is done in an unobtrusive way.

The INBS shall lay down rules governing the broadcasting of commercial communications and the sponsoring of programming pursuant to this Article, including regarding the interruption of programmes by commercial communications, and publish those rules on its website.

CHAPTER III

Administrative structure

Article 8

Minister's mandate

The Minister shall administer the Icelandic state's share in the INBS.

The rights and obligations of the INBS shall be specified in further detail in its Articles of Association.

Article 9

Board of Directors

The Board of Directors of the INBS shall be elected at its annual general meeting. The annual general meeting shall be held before the end of January each year. The Board of Directors shall be composed of seven members and the same number of alternates. In the case of a tied vote the Chair shall have a casting vote.

Prior to the election of the Board of Directors at the annual general meeting, its prospective members shall be nominated as follows for periods of two years at a time:

1. The Minister shall nominate one board member, who shall be elected Chair, and one alternate. The Board of Directors shall divide its other tasks among its members.
2. A lawfully-convened meeting of the INBS staff association shall nominate one member and one alternate who shall have the right to speak and to propose on Board of Directors, but not to vote.

The Minister shall appoint five members and an equal number of alternates to sit on a selection committee for periods of two years at a time. The Althing Education and General Affairs Committee shall nominate three members and an equal number of alternates, the Federation of Icelandic Artists shall nominate one member and one alternate, and the Rectors' Conference of Higher Education Institutions shall nominate one person and one alternate.

The role of the selection committee shall be to nominate five board members, and an equal number of alternates, all of whom shall be elected to the Board of Directors. In its nominations of board members, the selection committee shall be guided by the interests of the INBS, as well as by the principle that the Board of Directors include members possessing knowledge and experience in the fields of media, culture, new media emerging at each time, as well as corporate management and administration. Furthermore, the selection committee shall nominate members with due regard to gender equality.

All members of the Board of Directors shall meet the eligibility criteria laid down in Article 66 of the Public Limited Companies Act, No 2/1995, as amended. They may not, whether directly or indirectly, do any work for, accept any payment from, or have any interests in other media companies or media-related companies which may lead to a conflict of interests with those of the INBS. Elected members of the Althing or of local authorities shall not be eligible to sit on the Board of Directors.

Article 10

Responsibilities of the Board of Directors

The Board of Directors shall have final decision over all matters concerning the INBS between annual general meetings. The Board of Directors shall be responsible for the financial administration of the INBS and for ensuring compliance with legislation pertaining to it, with its Articles of Association, and with the provisions of the contract to provide media services in accordance with a public service remit. In particular, the Board's responsibilities extend to the following aspects of the activities of the INBS:

1. Cooperating with the Director on shaping the programming policy of the INBS and its overall long-term policy;
2. Approving the organisational chart of the INBS; appointing and dismissing the Director. The Board must publicly advertise the position of Director;
3. Deciding on loans and guarantees to meet the needs of the INBS;
4. Handling major decisions regarding the operation of the INBS, i.e. decisions that do not fall under day-to-day management, either at its own initiative or after receiving the proposals of the Director or of other staff;
5. Monitoring the activities of the INBS and the execution of its projects. The Director shall ensure that the Board is informed at all times of the main aspects of the activities of the INBS. Plans drawn up for each year shall be presented to the Board;
6. Monitoring the financial management of the INBS and approving its annual budget;

7. Providing an account in the annual report submitted to the annual general meeting of how the INBS has fulfilled its statutory obligations as regards media services falling under its public service remit;
8. Except as described above, the responsibilities of the Board of Directors shall be laid down in the Articles of Association of the INBS, read in conjunction with the Public Limited Companies Act, No 2/1995, as amended.

Article 11

Director

The Director of the INBS shall serve as its chief executive officer and shall meet the eligibility criteria laid down in Article 9, fifth paragraph.

The Director shall be appointed for a period of five years, renewable once. The Director shall be responsible for the day-to-day management of the INBS and shall furthermore be the supreme official in charge of all programming.

In the course of the day-to-day management of the INBS, the Director shall be guided by the company's remit and obligations as laid down in this Act.

The Director shall appoint other employees of the INBS. All senior management positions within the INBS shall be publicly advertised.

Article 12

Rights and obligations of newsroom and production staff

The Director, acting in concert with the INBS staff association, shall issue a code of conduct for the newsroom and production staff of the INBS and lay down the criteria for deciding on warnings and terminations. The code of conduct shall include a stipulation that objective reasons shall in all cases be required for the dismissal of a member of staff.

A member of staff who has been dismissed and who considers the dismissal not to be based on objective reasons shall receive a written justification.

Article 13

Internal controls and quality assurance

The INBS shall issue rules on internal controls and quality assurance, including the handling of comments and complaints. Comments and complaints pertaining to programming must be submitted to the INBS in writing within four weeks of the date of distribution of the material in question.

CHAPTER IV

Revenues

Article 14

Sources of revenue

The sources of revenue of the INBS shall be as follows:

1. All funds raised through a special fee assessed by the Internal Revenue Directorate concurrently with the tax assessment pursuant to Article 93 of the Income Tax Act, No 90/2003. The fee shall be payable by all physical persons who are liable to taxation under Article 1 of the Income Tax Act, as well as by all legal persons that are liable to taxation and constitute independent tax entities within the meaning of Article 2 of the same Act, with the exception of estates of deceased persons, bankruptcy estates and legal persons exempt from taxation pursuant to Article 4 of the same Act. An exemption from paying the fee shall be granted to physical persons exempt from the payment of a special fee to the Senior Citizens' Building Fund (*Framkvæmdasjóður aldraðra*) or who qualify to have that fee waived, pursuant to Article 10, second paragraph, of the Senior Citizens Act, No 125/1999. The amount of the fee shall be ISK 18,800 annually for every physical and legal person.

2. Operating surpluses generated by activities pursuant to Article 4.
3. Income generated by services provided pursuant to Article 3, cf. the third paragraph below.
4. Other revenue as decided specifically by the Althing.

The assessment and collection of the fee, as well as any related controls and penalties, shall be governed by the provisions of Sections VIII to XIV of the Income Tax Act, No 90/2003, as appropriate. Instead of the ten due dates specified therein, fees paid by physical persons shall become due on 1 August, 1 September and 1 October. Fees paid by legal persons shall become due on 1 November. If the publication of the register of assessments is delayed until after 1 August or 1 November respectively, the above due dates shall be postponed by one month. On the first working day of each month, the Ministry responsible for the State's finances shall pay to the INBS an estimated $\frac{1}{2}$ of the total annual revenue from the fee according to this Article, as an advance payment against the amount collected pursuant to point 1 of the first paragraph above.

The INBS shall set the rates to be charged for the provision of services in areas covered by Article 3; such rates shall be based on the actual cost of providing these services as well as any relevant royalties or performance rights fees. In raising its own income, the INBS shall treat its customers equally, base its decisions at all times on objective considerations, and proceed in accordance with sound commercial practice.

CHAPTER V

Controls, assessments and penalties

Article 15

Controls and assessments

The Media Commission shall carry out annually an independent assessment of whether the INBS has fulfilled its public service remit pursuant to Article 3. The assessment shall be submitted to the Board of Directors and to the Minister at the latest four months after the publication of the annual report of the INBS.

The INBS shall provide the Media Commission with information enabling it to verify and assess compliance with transparency criteria as well as an objective analysis of the costs of fulfilling the public service remit, based on the annual accounts for the preceding year, taking into account revenues and costs related to the commercial activities of the INBS. For this purpose, the Media Commission shall be assisted by the National Audit Office.

Article 16

Assessment of new media services falling under the public service remit

The INBS shall seek the authorisation of the Minister to provide any new media services falling under its public service remit pursuant to Article 3 where the relevant cost is likely to exceed 10 per cent of the revenue generated by the broadcasting fee. At the same time, the INBS shall request the Media Commission's assessment of the proposed new service, accompanying the request with a detailed justification and a budget. The request shall also include information on the estimated impact, innovative aspects and, where relevant, time perspective of the service.

A media service falling under the public service remit is considered to be new if it is fundamentally different from services already provided by the INBS pursuant to Article 3. The Media Commission shall perform an assessment of the proposed new service and of whether it fulfils the democratic, cultural and social needs of Icelandic society, and make a proposal to the Minister as to whether it is to be authorised.

Interested parties and members of the public shall be granted a time limit of three weeks to submit their comments to the Media Commission. At the specific request of an interested party, the Media Commission shall seek the opinion of an independent competition expert who shall assess the impact of the service on competition. The Media Commission may also

seek the opinion of a competent independent expert for the purposes of its assessment of the democratic, cultural and social impact of the service. The cost of any expert opinion shall be borne by the INBS, provided that it has consented to this in advance.

Following a prior notification to the Media Commission, the INBS may introduce a new media service falling under its public service remit as a pilot project lasting up to 24 months. The operation of the service may commence 30 days after the notification to the Media Commission, provided that the Commission has not issued comments or placed additional conditions. The Media Commission shall assess whether the following conditions for the proposed pilot service are met:

- a. That the service is directed toward a limited number of participants or the inhabitants of a particular region;
- b. That the trial period will be used to gather information on the feasibility of the proposed service, as well as information on the benefits of the service for the democratic, cultural or social needs of the service's target group.

The trial period may not be used to introduce a fully-fledged, significant new audiovisual service falling under the first paragraph above. Where, following the trial period, the INBS decides to continue the service, an assessment by the Media Commission shall be requested if the scope of the service meets the criteria of the first paragraph above.

In exceptional circumstances where the public good is at stake, the INBS may set up a new media service falling under its public service remit to meet specific democratic, cultural and social objectives without submitting it for assessment. The dissemination of programming through new distribution channels is not considered a new service. However, exceptional services pursuant to this Article shall in all cases be notified to the Minister and the Media Commission prior to being initiated.

Within 12 weeks of receiving the INBS's request, the Minister shall issue a decision based on a proposal by the Media Commission.

Further provisions on the assessment of new media services falling under the public service remit shall be laid down in a regulation issued by the Minister on a proposal of the Media Commission.

Article 17

Administrative fines

The Media Commission shall have powers to impose administrative fines for violations of the provisions of Article 7, on commercial communications.

The maximum fine pursuant to the first paragraph shall be ISK 10 million. Fines shall be decided based on considerations including the gravity of the violation and any revenue it may have generated for the INBS, where relevant. The investigation and handling of cases pursuant to this Article shall be governed by the relevant provisions of the Media Act, No 38/2011.

Fines may be waived in cases where the violation is not considered significant or where a fine is not considered necessary for other reasons. In such cases the Media Commission may close the procedure by publishing an opinion on its website.

CHAPTER VI

Miscellaneous provisions

Article 18

Public Limited Companies Act and other acts

In respects not provided for in this Act, the INBS shall be governed by the provisions of the Public Limited Companies Act, No 2/1995, as amended, and of the Media Act, No 38/2011, with the exception of Articles 16 and 52 of that Act.

The provisions of the Information Act, No 50/1996, shall apply to the activities of the INBS.

Article 19
Entry into force

This Act shall enter into force forthwith. However, Article 4, third paragraph, Article 7, third and fourth paragraphs, and Article 14, first and second paragraphs, shall enter into force on 1 January 2014.

At the entry into force of this Act, the Icelandic National Broadcasting Service Act, No 6/2007, as amended, shall be repealed, with the exception of Article 11 of that Act, which shall remain in force until 31 December 2013, cf. the first paragraph above.

Transitional provisions

I.

The INBS may raise income through commercial communications and through the sale and lease of products connected with its programming and any other service pursuant to Article 4 until such time as its subsidiaries have been established and have started operations.

II.

Such media services falling under the public service remit of the INBS as are already being provided on the date of entry into force of this Act need not be submitted for assessment. However, the INBS shall submit to the Media Commission, cf. Article 16, an exhaustive list of all media services falling under its public service remit that are being provided on the date of entry into force of this Act within three months of that date.

III.

An extraordinary general meeting, convened at the latest three months after the entry into force of this Act, shall nominate the selection committee and appoint the Board of Directors in accordance with Article 9.

IV.

The new Board of Directors of the INBS, appointed in accordance with Transitional Provision III, shall draw up a contract of employment for the Director and align the terms contained therein with the provisions of Article 11, second paragraph.

V.

When the INBS's analogue television network has been discontinued and fully replaced by digital distribution, the company may cease to broadcast special news programmes in sign language, provided that the main television news bulletin is accompanied by an interpretation in sign language.

VI.

At the latest six months after the entry into force of this Act, the INBS and the Minister shall review the contract to provide media services in accordance with a public service remit in the light of the provisions of this Act.

VII.

Three years after the entry into force of this Act the Media Commission shall submit a report on the implementation of the Act to the Minister, who shall present it to the Althing.

VIII.

Within two months of the entry into force of this Act the Minister shall appoint a selection committee in accordance with Article 9, third paragraph, and make preparations for the election of the new Board of Directors of the INBS at an extraordinary general meeting to

be convened at the first opportunity. Until that time, the existing Board of Directors shall continue to exercise its mandate.

Done in Reykjavík, 20 March 2013

Ólafur Ragnar Grímsson
(L. S.)

Katrín Jakobsdóttir

Where the terms ‘the Minister’ or ‘the Ministry’ are used in this Act without any field of responsibility being specified or referred to, they shall be understood as referring, as appropriate, to the Minister of Education, Science and Culture or the Ministry of Education, Science and Culture, which is responsible for the administration of the Act.

Disclaimer: This is an English translation. The original Icelandic text, as published in the Law Gazette (Stjórnartíðindi) is the authoritative text. Should there be discrepancy between this translation and the authoritative text, the latter prevails.