

Estonian National Broadcasting Act

Passed 18 January 2007

Chapter 1

General Provisions

§ 1. Scope of application of Act

This Act provides the legal status, objective, functions, financing, and organisation of management and activities of Estonian National Broadcasting [*Eesti Rahvusringhääling*], (hereinafter National Broadcasting).

§ 2. Legal status of National Broadcasting

- (1) National Broadcasting is a legal person in public law founded by this Act.
- (2) In the matters not regulated by this Act, the provisions concerning the broadcasting organisations provided by the Broadcasting Act, and the provisions concerning the activity of National Broadcasting provided by other legislation apply.
- (3) National Broadcasting does not need a broadcasting licence for its operation. The radio frequencies and channels needed by National Broadcasting for the performance of its functions provided by this Act and the parameters necessary for the provision of digital television and radio services shall be approved by the Government of the Republic at the proposal of the Communications Board.
- (4) The provisions of the Administrative Procedure Act apply to the administrative proceedings prescribed in this Act, taking account of the specifications provided for in this Act.

§ 3. Independence of National Broadcasting

National Broadcasting shall be independent in the production and transmission of its programmes, programme services and other media services, and shall be guided exclusively by the requirements of law.

§ 4. Objective of National Broadcasting

The objective of National Broadcasting is to assist in the performance of the functions of the Estonian state provided by the Constitution of the Republic of Estonia. For such purposes, National Broadcasting shall create programme services, produce and mediate programmes and organise other activities which, separately or as a set shall:

- 1) support the development of the Estonian language and culture;
- 2) enhance the guarantees of the permanence of the Estonian state and nation, and draw attention to the circumstances which may endanger the permanence of the Estonian state and nation;
- 3) assist in the increase of the social cohesion of the Estonian society;
- 4) assist in the increase of the economic wellbeing and competitive ability of Estonia;
- 5) assist in the promotion of the democratic system of government;
- 6) explain the need for the economical use and sustainable development of the natural environment;
- 7) enhance the family-based model of society;
- 8) assist in the audio-visual recording of Estonian history and culture;
- 9) guarantee the availability of the information needed by each person for his or her self-realisation.

§ 5. Functions of National Broadcasting

(1) In order to achieve the goals set forth in § 4 of this Act, National Broadcasting shall perform the following public functions:

- 1) produce at least two television programme services and four twenty-four-hour radio programme services; The programme services must be available to the public by public means. As far as possible, the original programmes offered by the television programme services shall be made available, to the maximum extent, to persons with hearing disabilities;

- 2) make available, to a reasonable extent, the programme services and the programmes' archive through electronic networks;
 - 3) produce other media services with the permission of the National Broadcasting Council, and distribute the products related to them;
 - 4) record events and works of significant importance to the Estonian national culture or history, and guarantee the preservation of the recordings;
 - 5) guarantee, under the conditions provided by law, the accessibility of its audio-visual records. The records are used for profit-making activities pursuant to the procedure provided by the National Broadcasting Council;
 - 6) distribute the programmes and media services introducing Estonian culture and society all over the world;
 - 7) intermediate the best works of the world culture;
 - 8) transmit programmes which, within the limits of the possibilities of National Broadcasting, meet the information needs of all sections of the population, including minorities;
 - 9) maintain and develop the professional creative and technical level of National Broadcasting;
 - 10) guarantee the operational transmission of adequate information in situations which pose a danger to the population or the state;
 - 11) reflect, to the maximum possible extent, the events which take place in Estonia in its news programmes and other programmes.
- (2) National Broadcasting shall perform other public functions arising from this Act and other legislation.
 - (3) National Broadcasting shall organise the introduction of its programme services, programmes and media services, and enhance the trade marks belonging to it.

§ 6. Programme services of National Broadcasting

- (1) The programme services and media services shall meet the objectives of National Broadcasting and serve the public interest.

- (2) The programme services shall be diverse and deal with the topics of social life in a balanced manner.
- (3) The programme services and media services shall promote communication between the members of the society and social groups, the social cohesion of the society, and shall reflect different opinions and beliefs.
- (4) The news programmes of National Broadcasting shall be diverse, balanced, independent and appropriate. Before transmitting the news, the information on which they are based shall be verified with reasonable diligence. Fact and commentary shall be clearly differentiated in a news broadcast.
- (5) The programmes of National Broadcasting shall be politically balanced. In particular, the political balance requirement must be adhered to during the period of active election propaganda in the elections of the President of the Republic, the Riigikogu¹, the European Parliament and local government councils. For such purpose, National Broadcasting shall give equal opportunities to all the candidates participating in the elections of the President of the Republic, to all the political parties and independent candidates participating in the elections of the Riigikogu and the European Parliament and, taking account of the large number of election coalitions and independent candidates in the elections of local governments, shall create opportunities for as many powers as possible who participate in the elections and have an integral programme to adequately present their viewpoints. Similarly to the elections of local governments, equal opportunities shall be created in the event of referendums. The rules for reflecting elections in the programme services of National Broadcasting shall be approved by the National Broadcasting Council and such rules shall be disclosed not later than within a week after the date of announcement of the elections.

§ 7. Budget of National Broadcasting

- (1) Before the beginning of the next financial year or not later than within two weeks after the approval of the state budget by the Riigikogu, the management board of National Broadcasting shall prepare the budget which shall set out all the income, expenditure and financing transactions for the next financial year.
- (2) The budget shall be prepared using the accrual method, and a cash flow plan for the financial year and the next four years shall be appended to it.

(3) The National Broadcasting Council shall approve the budget of National Broadcasting. Until the budget has been approved, the expenditure of National Broadcasting for one calendar month shall not exceed the total expenses during the same calendar month of the previous year.

(4) The report on execution of the budget and the audited annual account shall be published on the website of National Broadcasting not later than by the end of the month of their preparation.

(5) The revenue of National Broadcasting comprises:

- 1) the annual appropriation from the state budget;
- 2) income from the sale of the transmission and distribution rights of its own programmes and media services;
- 3) income from the grant for use for profit-making activities of the materials from its archives;
- 4) income from the sale of the property of National Broadcasting;
- 5) gifts and donations which are not deemed to be support received from sponsorship;
- 6) interest and other financial income;
- 7) income from the sale of the products and services of National Broadcasting which is not in conflict with the objectives of National Broadcasting;
- 8) financing for projects intended for specific purposes;
- 9) other income from the activity of National Broadcasting which is not in conflict with the objectives of National Broadcasting and which has been approved by the National Broadcasting Council.

(6) During a financial year, the National Broadcasting Council may pass a supplementary budget of National Broadcasting in order to correspondingly increase or decrease the revenue and expenditure of National Broadcasting in a balanced manner.

(7) The National Broadcasting Council shall approve the procedure for registration and disclosure of the donations and support for projects intended for specific purposes which are granted to National Broadcasting. If such disclosure takes place via the programme services of National Broadcasting, the information concerning the supporters and donors of a project shall include only the name of the supporter or donor.

§ 8. Assets and liabilities of National Broadcasting

- (1) National Broadcasting shall possess, use and dispose of its assets for performance of its functions pursuant to the procedure established on the basis of this Act.
- (2) National Broadcasting has no right to:
 - 1) be the founder of a company or non-profit association, or a shareholder of a company;
 - 2) guarantee, with its assets, the liabilities of other persons;
 - 3) secure its obligations with all of their immovable or movable property or with a part thereof which exceeds 50 per cent of the book value of all of the immovable or movable property;
 - 4) transfer their assets free of charge or for a charge less than the usual value of the assets, to grant sponsorships or other financial donations, or give loans.
- (3) National Broadcasting is prohibited from assuming obligations if, as the result of the transaction, the planned repayments and interest payments during even one year exceed 20 % of the annual income of National Broadcasting.
- (4) The term for performance of the obligations assumed by National Broadcasting shall not exceed twenty five years.

§ 9. Development plan

- (1) Each financial year, the management board of National Broadcasting shall prepare a development plan that must cover the following financial year and the three financial years following that year.
- (2) The development plan shall set forth the goals for development of the National Broadcasting for each corresponding financial year, the tasks for reaching such goals and the reasoning behind it, and a budgetary strategy for reaching the development goals. Among other, the development plan shall set forth:
 - 1) the structure of the programme service to be transmitted during the financial year and the considerations for its creation;

- 2) a justification of how the structure of the chosen programme services helps to perform the functions of National Broadcasting;
- 3) the objectives and reasons for developing the media services;
- 4) co-operation with international organisations;
- 5) the principles for using the budget planned for the financial year in order to reach the goals and perform the duties that have been set.

(3) The management board of National Broadcasting shall submit the draft of the development plan to the National Broadcasting Council for approval not later than eleven months before the beginning of the relevant financial year. The National Broadcasting Council shall approve the development plan not later than by 1 March each year. If the development plan is not approved by the prescribed date, the development plan prepared during the preceding year is deemed to be the development plan for the next year.

(4) A development plan approved by the National Broadcasting Council shall be forwarded to the Ministry of Finance through the Ministry of Culture. National Broadcasting shall be represented by the National Broadcasting Council in negotiations held with the Ministry of Finance concerning the budgetary requests arising from the development plan.

(5) A development plan shall be published on the website of National Broadcasting.

§ 10. Contract for use of appropriations from state budget

(1) A contract under public law shall be concluded between National Broadcasting and the Ministry of Culture in order to receive support from the state budget for the performance of the functions arising from this Act.

(2) The following shall be set out in the contract:

- 1) the data set out in subsection 9 (2) of this Act;
- 2) the amount of support necessary for the performance of the public functions to be allocated from the state budget for the current financial year;
- 3) the conditions of and procedure for altering the amount of support allocated from the state budget;

- 4) the contracting parties, their representatives and the right of representation of the representatives of the contracting parties;
- 5) the time and place of conclusion of the contract;
- 6) the time of entry into force and expiry of the contract;
- 7) the conditions and procedure for amendment of the contract;
- 8) the conditions and procedure for termination of the contract;
- 9) the rights, obligations and liabilities of contracting parties;
- 10) circumstances which prevent the performance of the contract which are deemed to be *force majeure*;
- 11) procedure for settlement of disputes which may arise upon performance of the contract;
- 12) procedure for submission of reports on performance of the contract which shall also provide the penalties resulting from failure to submit data or submission of misleading data;
- 13) details of the contracting parties (postal address, registry code, number of bank account).

(3) The contract substitutes for the contract for the use of budgetary appropriations concluded annually pursuant to the procedure established by the Government of the Republic based on the State Budget Act of the current year.

(4) The management board of National Broadcasting shall submit the draft of the contract which has been approved by the National Broadcasting Council to the Ministry of Culture not later than by 15 February of the current year.

(5) Simultaneously with approving the national budgetary strategy, the Government of the Republic shall authorise the Minister of Culture to conclude the contract. The contract shall be signed by the Ministry of Culture and the chairman of the management board of National Broadcasting.

(6) If the amount of support allocated from the state budget provided by the contract changes after approval of the national budgetary strategy and after the approval of the state budget, or it is altered by a supplementary budget or amendment to the state budget, the corresponding amendments shall be made to the contract under the terms and pursuant to the procedure prescribed by the contract.

(7) The contract shall be published on the web pages of the Ministry of Culture and National Broadcasting within one week after the date of signing of the contract.

§ 11. Advertising, teleshopping and sponsorship in National Broadcasting

(1) National Broadcasting shall not transmit advertising and teleshopping and shall not receive support from sponsorship, except in the cases provided in subsection (2) of this section.

(2) The National Broadcasting Council may permit the transmission of advertising or sponsor information in the programmes or media services of National Broadcasting as an exception, if:

1) it relates to the broadcasting rights of an international major event acquired via the EBU (European Broadcasting Union), or

2) it relates to the broadcasting rights of a cultural or sports event of significant public interest.

(3) Unless otherwise provided by the broadcasting rights specified in subsection (2) of this section, the information concerning sponsors accompanying broadcasting rights to events broadcast in the radio programme services shall contain the names of sponsors without any background sound and such information broadcast in the television programme services shall contain the names of sponsors without any logo or trademark.

(4) Pursuant to the procedure established by the management board, National Broadcasting may broadcast announcements free of charge concerning public events or call on people to behave in a certain manner if this is in public interest.

(5) National Broadcasting shall not be a sponsor or donor.

(6) National Broadcasting may introduce itself, its programme services and programmes and the products related thereto.

§ 12. Impact analysis

(1) Together with the draft of a development plan, the National Broadcasting Council shall receive an impact analysis which shall provide a reasoned assessment of the

performance of the development goals set forth in the development plan and the conformity of the activity of National Broadcasting to this Act.

(2) The impact analysis is an annex to the development plan of the next financial year.

Chapter 2

Management of National Broadcasting

§ 13. National Broadcasting Council

The National Broadcasting Council (hereinafter Council) is the highest directing body of National Broadcasting. The Council shall plan the activities of National Broadcasting, organise the management of National Broadcasting and supervise the activities of the management board. The Council shall submit a written and oral report on the activities of the Council to the Riigikogu Cultural Affairs Committee once a year.

§ 14. Formation of Council

(1) The Council consists of members of the Riigikogu and of acknowledged experts in the field of activity of National Broadcasting. On the proposal of the Riigikogu Cultural Affairs Committee, the Riigikogu shall appoint:

1) one representative from each faction of the Riigikogu until the date of termination of the authority of the composition of the Riigikogu; Upon termination of the authority of the composition of the Riigikogu, the Council members who are members of the Riigikogu shall stay with the Council until the entry into force of the decision to appoint members of the new composition of the Riigikogu to the Council;

2) four experts from among the acknowledged experts in the field of activity of National Broadcasting whose authority shall continue for five years.

(2) In order to appoint a member of the Council, the written consent of the person to be appointed is necessary.

§ 15. Members of Council

(1) A Council member shall not be:

- 1) a member of the management board, a procurator or an auditor of National Broadcasting;
- 2) a member of a management body of a broadcaster;
- 3) a sole proprietor in the meaning of a broadcaster;
- 4) in a contractual relationship with any broadcaster;
- 5) a partner, shareholder or member in a broadcaster;
- 6) a member of the Government of the Republic.

(2) The authority of a member of the Council shall terminate prematurely:

- 1) upon his or her resignation;
- 2) upon removal by the Riigikogu;
- 3) upon leaving or exclusion from a Riigikogu faction;
- 4) on other bases provided by law.

(3) A member of the Council shall resign from office at his or her own request or shall be removed, if he or she no longer meets the requirements provided for in this Act or is permanently unable to perform his or her duties. The Riigikogu shall make a decision concerning the resignation or removal of a member of the Council on the proposal of the Riigikogu Cultural Affairs Committee.

(4) Upon premature termination of the authority of a member of the Council, the Riigikogu shall, within three working weeks as of the termination of the authority of the member of the Council, appoint a new member on the proposal of the Riigikogu Cultural Affairs Committee.

§ 16. Chairman of Council

(1) The members of the Council shall elect the chairman of the Council from among themselves. The chairman of the Council shall be elected by a majority of the membership of the Council. The Council may remove the chairman of the Council by a majority of the

membership of the Council. The Council shall determine the procedure for the substitution of the chairman.

(2) The chairman of the Council shall organise the activities of the Council, represent the Council and, in the cases provided for in this Act, National Broadcasting, and perform other obligations assigned to him or her by legislation.

§ 17. Meetings of Council

(1) The meetings of the Council shall be held as necessary but not less frequently than once every two months. A meeting shall be called by the chairman of the Council or by a member of the Council substituting for the chairman. Advance notice of at least five working days shall be given of the holding of a meeting and of its agenda.

(2) A meeting of the Council shall be called if this is demanded by a member of the Council, the management board, an auditor or an ethics adviser. If the meeting is not called within two weeks after the date of receipt of the relevant request, a member of the Council, the management board, auditor or ethics adviser have the right to call the meeting.

(3) An issue which is not included on the agenda in the notice may be added to the agenda of the meeting by the Council only if all members of the Council participate in the meeting and at least three-quarters of the members of the Council support including the issue on the agenda.

(4) A member of the Council shall not be represented by another member of the Council or by a third person at a meeting or in the adoption of a resolution.

(5) Minutes shall be taken of the meetings. The minutes shall be signed by all the members of the Council who participate in the meeting and the recording secretary of the meeting. The dissenting opinion of a member of the Council shall be entered in the minutes, which shall be confirmed by his or her signature.

(6) The Council has a quorum if at least half of the Council members, including the chairman or a Council member substituting for the chairman, participate in the meeting.

(7) If the requirements of law are violated in the calling of a meeting of the Council, the Council shall not be authorised to adopt resolutions unless all the members of the Council participate in the meeting. Decisions made at such meeting of the Council are void unless the

members of the Council with respect to whom the procedure for calling the meeting was violated approve of the decisions.

§ 18. Decisions of Council

(1) Unless otherwise provided for in this Act, the Council shall adopt resolutions by a majority of the members of the Council.

(2) A member of the Council shall not participate in voting if approval of the conclusion of a transaction between the member and National Broadcasting is being decided, or if approval of the conclusion of a transaction between a third person and National Broadcasting is being decided if the interests of the member of the Council arising from such transaction are in conflict with the interests of National Broadcasting.

(3) Each member of the Council has one vote. Members of the Council shall not remain undecided or abstain from voting. Upon an equal division of votes, the vote of the chairman of the Council governs or in the absence of the chairman, the vote of the Council member substituting for the chairman governs.

(4) The members of the Council absent from a meeting may participate in voting if they communicate their vote in a form which can be reproduced in writing.

(5) The resolutions of the Council shall be published on the webpage of National Broadcasting.

§ 19. Adoption of Council decisions without calling meeting

(1) The Council has the right to adopt resolutions without calling a meeting if all of the members of the Council consent to it.

(2) The chairman of the Council shall send a draft of the resolution specified in subsection (1) of this section to all members of the Council, specifying the term by which the member of the Council must present his or her written position on it. If a member of the Council does not give notice of whether the member is in favour of or opposed to the resolution during this term, it shall be deemed that he or she votes against the resolution.

(3) If a resolution is made pursuant to the procedure provided for in this section, the resolution shall be adopted if more than one-half of the votes of the members of the Council are in favour unless the law prescribe a greater majority requirement.

(4) The chairman of the Council shall prepare a record of voting on the results of voting in lieu of minutes of the meeting and shall send the record promptly to the members of the Council and management board. A record of voting shall set out:

1) the adopted resolutions and the number of votes in favour, including the names of the members of the Council who voted in favour of the resolution;

2) other circumstances of importance with regard to the vote.

(5) The written opinions of members of the Council specified in subsection (2) of this section shall be an integral part of the record of voting.

(6) A resolution may be formalised also without giving advance notice to the Council members and without a record of vote if all the members of the Council agree to and sign the resolution. A resolution shall set out the names of the members of the Council and the time of passing the resolution.

§ 20. Operating expenses of Council and remuneration of Council members

(1) The operating expenses of the Council shall be covered from the budget of National Broadcasting. The managing board shall ensure the necessary conditions and means for the work of the Council.

(2) Out of the means specified in subsection (1) of this section, Council members are remunerated to the extent of two minimum monthly wages a month, and the chairman of the Council is remunerated to the extent of three minimum monthly wages a month.

§ 21. Competence of Council

(1) The Council has exclusive competence to:

1) approve of and supervise over the execution of the budget of National Broadcasting;

2) approve of the internal audit rules and the work schedule of the internal auditor of National Broadcasting;

- 3) approve of the procedure for use and disposal of assets of National Broadcasting;
- 4) approve of the interim report on execution of the budget and the audited annual account of National Broadcasting;
- 5) determine the structure of National Broadcasting;
- 6) increase the number of programme services of National Broadcasting;
- 7) exercise supervision over performance of the objectives and functions of National Broadcasting listed in §§ 4 and 5 of this Act.

(2) The consent of the Council is required for conclusion of transactions on behalf of National Broadcasting which are beyond the scope of everyday economic activities and, above all, for conclusion of transactions which bring about:

- 1) transfer or encumbrance of immovables;
- 2) transfer or encumbrance of a movable entered in the register with the value of more than 1 000 000 (one million) kroons;
- 3) the assumption of loans or debt obligations in an amount which exceeds 1 000 000 (one million) kroons;
- 4) the making of investments exceeding a prescribed sum of investments for the current financial year;
- 5) foundation of a foundation or becoming a member of a non-profit association.

(3) The prior consent specified in subsection (2) of this section is not required if a delay in conclusion of the transaction would bring about significant damage to National Broadcasting.

(4) The restrictions specified in subsection (2) of this section have no effect against third parties.

(5) In order to fulfil its tasks, the Council has the right to examine all documents of National Broadcasting and to check the accuracy of the accounting of National Broadcasting, the existence of assets of National Broadcasting and the conformity of the activities of National Broadcasting with the law. The members of the Council may demand copies of reports and documents unless the Council decides otherwise.

(6) The Council has the right to obtain information concerning the activities of National Broadcasting from the management board and to demand an activity report and preparation of a balance sheet from the management board.

(7) The Council shall decide on conclusion and terms and conditions of transactions with members of the management board and on the conduct of legal disputes with the members of the management board. The Council shall appoint a representative of National Broadcasting for the conclusion of the transactions and conduct of the legal disputes.

(8) The Council also has other rights provided by law.

§ 22. Liability of members of Council

(1) Upon performance of his or her obligations, a member of the Council shall act in a loyal manner with respect to National Broadcasting and exercise a necessary level of diligence commensurate with the position of a Council member.

(2) Members of the Council who cause damage to National Broadcasting by violation of their obligations shall be solidarily liable for compensation for the damage caused. A Council member is relieved from liability if he or she proves that he or she has performed his or her obligations with the diligence specified in subsection (1) of this section or if he or she maintained a dissenting opinion in the adoption of the resolution which was the basis for the illegal activity, and the dissenting opinion has been recorded in the minutes.

(3) The limitation period for submission of claims against a member of the Council shall be five years.

§ 23. Management board of National Broadcasting

(1) The management board of National Broadcasting (hereinafter management board) is the management body of National Broadcasting who represents and manages National Broadcasting.

(2) Upon managing, the management board shall be guided by the budget, development plan and strategic documents approved by the Council. Transactions which are beyond the scope of everyday economic activities may only be concluded by the management board with the consent of the Council. The management board is required to act in the most economically purposeful manner.

(3) The management board shall present the Council with an overview of the economic activities and economic situation of National Broadcasting at least once every three months and shall immediately give notice of any material deterioration in the economic condition of National Broadcasting or of any other material circumstances related to the economic activities of National Broadcasting. The management board's reports and notices directed to the Council shall be comprehensive and clear and shall be submitted in good time and in a format which can be reproduced in writing.

(4) The management board shall organise the accounting of National Broadcasting.

(5) The activities of the management board shall be organised by the chairman of the management board.

§ 24. Members of management board

(1) The management board consists of the chairman of the management board and four members of the management board.

(2) A member of the management board must be a natural person with active legal capacity who is at least 21 years of age.

(3) At least one half of the members of the management board shall have their residence in Estonia, in another Member State of the European Economic Area or in Switzerland.

(4) The following persons shall not be members of the management board:

1) a person with respect to whom a court has, pursuant to § 49 of the Penal Code, imposed a prohibition on acting as a member of the management board, a person who is prohibited from operating within the same area of activity as National Broadcasting, or a person who is prohibited to act as a member of the management board on the basis of an Act or a court decision;

2) a person who is in a contractual relationship with any private broadcaster;

3) a person who is a member or an auditor of another broadcaster, a shareholder with a qualifying holding in another broadcaster, or a person exercising dominant influence over the management of such broadcaster in any other manner;

4) a sole proprietor in the meaning of a broadcaster;

5) a member of the Riigikogu or the Government of the Republic;

6) a member of a management body of a political party registered in Estonia.

§ 25. Appointment and removal of members of management board

(1) The management board shall be appointed and removed by the Council. In order to appoint a member of the management board, his or her consent is required.

(2) The Council shall appoint the chairman of the management board by a two-thirds majority of its members. Four members of the management board shall be appointed at the proposal of the chairman of the board.

(3) The management board is appointed for five years.

(4) The Council may remove the chairman of the management board by a two-thirds majority of its members under the following circumstances:

- 1) on the basis of a judgment of conviction;
- 2) upon becoming evident of grave errors in management;
- 3) due to long-term incapacity for work;
- 4) upon a serious violation of this Act;
- 5) upon the existence of other bases arising from this Act.

(5) A member of the management board who is not the chairman of the management board may be removed by the Council at the proposal of the chairman of the management board or upon the becoming evident of the circumstances set forth in subsection (4) of this section.

(6) A member of the management board may resign with good reason if he or she notifies the Council of his or her resignation.

(7) Rights and obligations arising from a contract concluded with a member of the management board of National Broadcasting shall terminate pursuant to the contract.

§ 26. Right of representation of management board

(1) Each member of the management board may represent National Broadcasting in all legal acts.

(2) A transaction concluded between National Broadcasting and a member of the management board is void if the Council does not agree to the transaction. The above does not apply to transactions concluded in the course of the everyday economic activities of National Broadcasting or based on the market price of a service.

§ 27. Remuneration of member of management board

(1) The amount of remuneration payable to a member of the management board and the procedure for payment shall be determined by a decision of the Council.

(2) Upon determining the procedure for remuneration of the members of the management board and the amount of fees and other benefits, and upon concluding contracts with the members of the management board, the Council shall ensure that the total amount of the payments made to the members of the management board are in reasonable proportion to the duties of the members of the management board.

(3) Additional remuneration may be paid to a member of the management board, taking account of the efficacy of his or her work. The size of the remuneration shall be justified and shall not, during a financial year, exceed four times the monthly remuneration paid to the member of the management board.

(4) Based on a decision of the Council, a member of the management board may be paid a termination-of-contract compensation if the member of the management board is removed before the end of the term specified in subsection 25 (3) of this Act. The total amount of the compensation shall not exceed four times the monthly remuneration paid to the member of the management board. Compensation shall not be not paid if the member of the management board is removed due to the becoming evident of a grave error in management or due to the violation of this Act or other legislation.

§ 28. Liability of members of management board

(1) Upon the performance of his or her obligations, a member of the management board shall act in a loyal manner in respect to National Broadcasting and exercise the necessary level of diligence. A member of the management board shall act to the highest benefit of National Broadcasting, prevent any damage to the property of National Broadcasting and apply generally recognised professional skills.

(2) Members of the management board who cause damage to National Broadcasting by violation of their obligations shall be solidarily liable for compensation for the damage caused. A member of the management board is relieved from liability if he or she proves that he or she has performed his or her obligations with the diligence specified in subsection (1) of this section..

(3) The limitation period for submission of claims against a member of the management board shall be five years.

Chapter 3

Advisory Board, Internal Control, Ethics Adviser and State Supervision

§ 29. Public advisory board

(1) The public advisory board has the task to advise the management board in:

- 1) matters related to the content of programmes and other media products, and the structure of programme services;
- 2) preparation of the draft development plan of National Broadcasting.

(2) The public advisory board shall have nine to fifteen members who are appointed by the decision of the Council on proposal of the management board for a period of up to five years. In order to elect a member of the public advisory board, his or her consent is required.

(3) Appointment of the members of the public advisory board shall be based on the representation of the interested groups and walks of life of the society.

(4) The management board shall approve of the procedure for compensation of the expenses related to the participation of the members of the public advisory board in the work of the board and the rules of procedure of the public advisory board.

§ 30. Internal control system and internal audit

(1) The internal control system of National Broadcasting shall cover all levels of management and operations and ensure the purposeful and effective operation of National Broadcasting and compliance of the operation with legislation.

- (2) The management board shall present the candidate for the internal auditor to the Council and, after obtaining the approval of the Council, shall conclude a contract of employment with the internal auditor.
- (3) The internal auditor is responsible for the internal audit of National Broadcasting. If necessary, the management board may form a corresponding structural unit under the direction of the internal auditor.
- (4) In the course of an internal audit, the following shall be assessed:
 - 1) the functioning and efficacy of the internal control system of National Broadcasting;
 - 2) the legality, purposefulness and efficiency of management measures;
 - 3) the purposefulness of the use of assets;
 - 4) the sufficiency of documentation for ensuring legal operation of National Broadcasting;
 - 5) compliance with the guidelines of the State Audit Office and proposals of auditors.
- (5) An internal auditor has the right to examine all the documents of National Broadcasting and obtain oral and written explanations from the Council, management board, public advisory board, ethics adviser and employees.
- (6) An internal auditor shall report to the management board as and when necessary, and directly address the Council as necessary.
- (7) An internal auditor shall report on implementation of his or her work schedule to the Council twice a year and shall make proposals concerning measures necessary for the elimination of deficiencies and prevention of errors as and when necessary.
- (8) An internal auditor shall immediately inform the chairman of the management board and the chairman of the Council of circumstances which refer to the violation of legislation or may damage the assets or reputation of National Broadcasting.
- (9) The Council has the right to give an internal auditor extraordinary inspection tasks.

§ 31. Ethics adviser

- (1) The ethics adviser shall monitor the conformity of the operation of National Broadcasting to the professional ethics and good practices of journalism, review the

objections and challenges submitted against the content of a programme or programme service of National Broadcasting and monitor the balance of the programme service.

(2) The management board shall appoint the ethics adviser with the consent of the Council. The management board shall decide on the creation of the ethics board on proposal of the ethics adviser.

(3) The ethics adviser shall be released from office only with the consent of the Council.

(4) The management board shall decide on the remuneration of the ethics adviser and the employees of the ethics board.

(5) The ethics adviser shall report on his or her activities to the Council twice a year and shall make proposals on the elimination of deficiencies and prevention of errors to the management board and the Council as and when necessary.

(6) The decisions and proposals of the ethics adviser made to the management board are advisory in nature but the board is required to provide reasons for non-compliance with such decisions and proposals.

§ 32. Reporting

(1) After the end of the financial year, the management board shall prepare the annual report and activity report pursuant to the procedure provided by law.

(2) The management board shall submit the reports specified in subsection (1) of this section to the Council for approval within four months after the end of the financial year. Prior to submitting the annual report prescribed in subsection (1) of this section to the Council for approval, the management board shall submit the annual accounts to the auditor for audit.

§ 33. Availability of reports

The audited and approved annual report and activity report of National Broadcasting shall be published in the *Riigi Teataja Lisa*² and the website of National Broadcasting.

§ 34. State supervision

- (1) The State Audit Office shall exercise economic control over the activity of National Broadcasting pursuant to the State Audit Office Act.
- (2) The Communications Board shall exercise control over compliance with the Electronic Communications Act pursuant to the procedure provided by the Electronic Communications Act.
- (3) The Ministry of Culture shall exercise supervision over adherence to the requirements provided by §§ 4¹, 8, 9, 11 and 13 of the Broadcasting Act and §§ 10 and 11 of this Act.
- (4) The officials appointed by the Minister of Culture has the right to exercise the supervision specified in subsection (3) of this section (hereinafter person exercising supervision). The Ministry of Culture has the right to involve experts in the exercise of supervision.
- (5) A person exercising supervision has the right to:
 - 1) examine the data and documents at the disposal of National Broadcasting on the basis of which important circumstances related to a possible violation can be established;
 - 2) issue precepts for the termination of violation of the requirements of the Broadcasting Act specified in subsection (3) of this section, and for elimination of the consequences created by the violation.
- (6) A precept shall set out:
 - 1) the bases for issue of the precept together with a reference to the relevant provision of legislation;
 - 2) the date of issue of the precept;
 - 3) a demand to terminate the violation or eliminate the consequence created by the violation;
 - 4) the term for compliance with the precept;
 - 5) the name, position and signature of the official exercising state supervision;
 - 6) the possibilities, terms and procedure for contestation of the precept.
- (7) If the addressee of the precept fails to comply with the precept, the person exercising supervision may impose a penalty payment pursuant to the procedure provided for in the

Substitutive Enforcement and Penalty Payment Act. The upper limit for a penalty payment is 10 000 kroons.

§ 35. Auditor

- (1) The Council shall appoint an auditor to audit the activities of National Broadcasting and to assess the accuracy of the annual report.
- (2) An auditor may be appointed for a single audit or for a specified term.
- (3) A member of the Council, management board or an employee of National Broadcasting shall not be an auditor.

§ 36. Special right

National Broadcasting has the right to insert into their news programmes an up to 90-second clip of a programme transmitted by another Estonian broadcaster without obtaining permission and without paying any fees.

§ 37. Surrender of mandatory copies

- (1) Pursuant to a precept issued by National Broadcasting, each broadcaster operating based on an Estonian broadcasting licence shall surrender a copy of recording (hereinafter mandatory copy) to National Broadcasting. The expenses related to the preparation of a mandatory copy shall be borne by the person surrendering the copy.
- (2) If a recording contains events or works which are important from the viewpoint of Estonian national culture or Estonian history and National Broadcasting has no recording of such events or works then, within twenty days after transmission of the programme, National Broadcasting shall demand the surrender of a mandatory copy.
- (3) A mandatory copy surrendered to National Broadcasting is deemed to be a record.
- (4) Upon failure to comply with the precept specified in subsection (1) of this section, a penalty payment may be imposed pursuant to the procedure provided for in the Substitutive Enforcement and Penalty Payment Act. The upper limit for a penalty payment is 10 000 kroons.

§ 38. Obligation to record programmes

- (1) National Broadcasting shall record all programmes that are broadcast.
- (2) Recordings of programmes shall be preserved at least for thirty days after the time of their broadcasting.
- (3) After the expiry of the term specified in subsection (2) of this section, deliberation whether the recording shall be preserved for a specified term or without a specified term shall take place. The management board shall form a committee who, based on the guidelines concurred with the National Archives and approved by the Council, shall deliberate the preservation of the recording of programmes.
- (4) If an objection is submitted concerning the content of a programme or the content of a programme is contested before the expiry of the term specified in subsection (2) of this section, the recording of the programme shall be preserved until the objection has been broadcast in the programme service of National Broadcasting or until the dispute is brought to a final conclusion.
- (5) National Broadcasting shall guarantee the permanent preservation of the recordings of culturally and historically important programmes.
- (6) The recording of a programme which is preserved in the case specified in subsection (3) of this section is deemed to be a record within the meaning of the Archives Act. If the records are transmitted to public archives, no fee is charged for this.

§ 39. Right to examine recordings of programmes and submission of objections

- (1) Everyone has the right to examine the recording of a programme within the term specified in subsection 38 (2) of this Act.
- (2) Where necessary, National Broadcasting shall issue a copy of the programme to the applicant. The applicant shall bear the costs of making the copy.
- (3) Everyone has the right to file objections against statements made in a programme of National Broadcasting within thirty days after the programme was broadcast.
- (4) An objection shall be first reviewed by the executive producer of the programme against which the objection was filed, and the executive producer shall decide on broadcasting

the objection. If the executive producer decides not to broadcast the objection, he or she shall inform the ethics adviser thereof and submit the objection together with his or her explanation to the management board for making a decision. For deciding on the broadcasting of the objection, the ethics adviser shall submit a reasoned opinion to the management board.

(5) National Broadcasting shall broadcast the objection or make a decision not to broadcast the objection without delay but not later than within thirty days after receiving the application for broadcasting the objection.

Chapter 4

Implementing Provisions

§ 40. Dissolution of *Eesti Raadio*³ and *Eesti Televisioon*⁴ and foundation of *Rahvusringhääling* (National Broadcasting)

(1) Based on this Act, the public service broadcasters *Eesti Televisioon* and *Eesti Raadio* are merged, and *Rahvusringhääling* (National Broadcasting), a legal person in public law, is founded which shall be the legal successor of *Eesti Televisioon* and *Eesti Raadio*. As of the date of foundation of National Broadcasting, *Eesti Televisioon* and *Eesti Raadio* are deemed to be dissolved.

(2) The Riigikogu shall appoint the members of the National Broadcasting Council not later than by 1 May 2007. The authority of the members of the Broadcasting Council in office at such time shall terminate with the appointment of the National Broadcasting Council.

(3) The Council appointed to office based on subsection (2) of this section shall appoint the members of the management board of National Broadcasting not later than by 1 June 2007. The authority of members of the management board of *Eesti Raadio* and *Eesti Televisioon* shall end with the appointment of the management board of National Broadcasting. The members of the management board of *Eesti Raadio* and *Eesti Televisioon* who are not appointed as members of the management board of National Broadcasting shall be paid compensation upon the termination of their authority provided that payment of the compensation arises from the contracts concluded with them.

(4) The assets and liabilities of *Eesti Raadio* and *Eesti Televisioon* shall transfer to National Broadcasting as of the date of foundation of National Broadcasting. Audited final

balance sheets as at 31 May 2007 shall be prepared concerning the assets and liabilities of *Eesti Raadio* and *Eesti Televisioon* not later than by 1 July 2007.

§ 41. Protection of creditors

(1) Immediately after the entry into force of this Act, National Broadcasting shall submit a notice for publication in the publication *Ametlikud Teadaanded*⁵ by which the creditors of *Eesti Raadio* and *Eesti Televisioon* are given notice of the merger of *Eesti Raadio* and *Eesti Televisioon* and the possibility to file claims with National Broadcasting in order to receive security within six months after the publication of the notice.

(2) National Broadcasting must secure the claims submitted by the creditors within six months after the publication of the notice specified in subsection (1) of this section, if the creditors have no possibility to demand satisfaction of the claims and they prove that the merger may endanger the fulfilment of the claims.

§ 42. Amendment of Broadcasting Act

Clause 1 (1) 3) and Chapter 5 of the Broadcasting Act (RT I 1994, 42, 680; 2007, 3, 12) are repealed.

§ 43. Entry into force of Act

(1) This Act enters into force on 1 June 2007.

(2) Section 40 of this Act enters into force pursuant to the general procedure.

¹ Riigikogu = Parliament of Estonia

² *Riigi Teataja Lisa* = Annex to State Gazette

³ *Eesti Raadio* = Estonian Radio

⁴ *Eesti Televisioon* = Estonian Television

⁵ *Ametlikud Teadaanded* = Official Notices