

[IT] RAI Italian Government reform proposal

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On 27 March 2015, the Italian Government approved the draft bill concerning the reform of the public service broadcaster, Radiotelevisione Italiana S.p.A (RAI). The main points of the proposed reform include: (i) the duration of the national service agreement between RAI and the Ministry of Economic Development and the content of the obligations related to the public service broadcasting; and (ii) the RAI's corporate governance. Further provisions of the above mentioned draft bill require the improvement of the efficiency of the public financing system.

A number of key provisions include the following: first, the duration of the national service agreement (i.e., the agreement between RAI and the Ministry of Economic Development which provides the obligations of RAI in connection with the public service mission) will be increased from three to five years. The agreement shall be approved by the Council of Ministers.

Second, in relation to governance, the members of the RAI's board of directors will be reduced from nine to seven. The seven members of the board of directors will be appointed as follows: four by the Parliament (two by each Chamber), two by the Council of Ministers and the last one by the assembly of RAI's employees. The managing director, who shall not be a RAI employee, will be appointed by the board of directors, upon proposal of the shareholders' meeting (i.e. by the Ministry of Economy and Finance) and his office will last three years. The managing director will have more power than the current general director. Indeed, the managing director will have the power to approve contracts up to EUR 10 million (currently the value limit is EUR 2.5 million) and to appoint the top managers of the company, including the heads of the channels (who are currently appointed by the board of directors).

Finally, the Government is empowered to issue, within one year, Legislative Decrees (i) to change the financing system of RAI (currently a levy applies on broadcasting equipment holders) and (ii) to carry out a refit of the Italian Audiovisual Media services Code (Legislative Decree no. 177/2005).

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