Mechanisms for Setting Broadcasting Funding Levels in OECD Countries

Research and Analysis Project Report
Prepared for Te Manatu Taonga / Ministry for Culture and Heritage
December 2005
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1.0 TERMS OF REFERENCE

Research and Analysis Project: Mechanisms for Setting Broadcasting Funding Levels in OECD Countries

1.1 Summary of Project

The project was intended to assist the Ministry's policy work on public funding for broadcasting. It involved assessing and comparing funding-setting mechanisms for broadcasting used in other OECD countries. It also investigated the mechanisms that seemed applicable to New Zealand's situation in more detail.

1.2 Context

In December 2004 Cabinet approved a broadcasting policy programme for the remainder of the present decade, “Building a Strong and Sustainable Public Broadcasting Environment for New Zealand”. Based in part on the analysis of broadcasting sector responses to a stock-taking document, the Programme identifies the environmental factors likely to require the development of new policy, now that the policy programme introduced in 2000 has been largely put in place. It sets out a series of proposals for investigation. The Programme was published in February 2005.

- Priority Area: “Achieve Adequacy and Certainty of Public Funding for Broadcasting”

The first priority in the sequence, however, is particularly important for the achievement of the entire Programme, as it is concerned with how the government's broadcasting initiatives are funded. This first priority of the Programme of Action, “Achieve Adequacy and Certainty of Public Funding for Broadcasting” contains a single proposal: “Identify a sound basis for determining the appropriate level of public funding for broadcasting, to guide future budgetary priorities within the Programme of Action.” The rationale for including this priority in the Programme of Action is given in the Programme text in the following terms:

Since the abolition of the Public Broadcasting Fee, funding decisions have been made on a case-by-case basis to support particular initiatives – an approach that exposes the government to demand-driven pressures for new funding. Conversely, the lack of a distinct stream of income for broadcasting (or a generally accepted overall level of expenditure for broadcasting) leaves decisions on particular allocations more open to the perception of political interference.

Arriving at a sound basis for determining an appropriate level of public funding for broadcasting would ease these pressures. It would also provide a level of certainty for the sector and a rationale for the government’s level of commitment.

1.3 Policy Objectives towards which this Research Project is intended to Contribute

As an input into the goal of this priority of the Programme of Action, the objective of this project was to inform policy development in New Zealand concerning mechanisms for setting funding levels for broadcasting. In particular, the Ministry wished to be able to consider arrangements that may:

- Protect funding from the appearance or the reality of political influence or manipulation;
• Allow broadcasters, producers and other relevant interests in the sector to plan with greater certainty;
• Provide predictability to broadcasting funding that may moderate demand-driven pressures on government;
• establish a durable and justifiable level of funding for public broadcasting.

Work on this Priority Area of the Programme of Action will consider appropriate sources, mechanisms and levels of funding. This research project focused on mechanisms, though it will consider sources and levels of funding as necessary to understand the choices other countries have made about mechanisms. Ultimately, decisions on funding levels will be dependent on the outcome of work on all those proposals of the Programme of Action that have cost implications.

Subsidies for broadcasting are appropriated in various ways in the OECD. In some countries a licence fee (or equivalent) is collected from the public; in others appropriations are made directly from general taxation, as now in New Zealand. In either case, but particularly in the case of direct appropriations, further investigation into the ways that the quantum of funding is determined in OECD countries was considered necessary.

1.4 Due date

The final report is due 9 December 2005.
2.0 RESEARCH AIMS AND OBJECTIVES/ DELIMITATIONS

The project was broadly divided into two major stages:

2.1 Stage A

Stage A primarily involved the investigation and description of public broadcasting funding mechanisms in each OECD member country. The OECD is comprised of 30 member states as described below:

<table>
<thead>
<tr>
<th>Region</th>
<th>Member states</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>USA, Canada, Mexico</td>
</tr>
<tr>
<td>Western Europe</td>
<td>UK, France, Germany, Italy, Austria, Belgium, Ireland, Luxembourg, Netherlands, Portugal, Spain, Switzerland</td>
</tr>
<tr>
<td>Northern Europe</td>
<td>Norway, Sweden, Finland, Denmark, Iceland</td>
</tr>
<tr>
<td>Eastern Europe</td>
<td>Poland, Czech Republic, Slovak Republic, Hungary</td>
</tr>
<tr>
<td>Southern Europe</td>
<td>Greece, Turkey</td>
</tr>
<tr>
<td>Oceania</td>
<td>Australia, New Zealand</td>
</tr>
<tr>
<td>Asia</td>
<td>Japan, Korea</td>
</tr>
</tbody>
</table>

The project report provides a brief report on each OECD country incorporating information relating to the following research questions wherever relevant and available:

2.2 Stage A - questions for investigation:

- How is the quantum of funding determined?
- What is the quantum?
- What range of purposes is this mechanism used to fund?
- Where distinct broadcasting services for minority ethnic, cultural or linguistic groups are funded, how is this reflected in the arrangements for setting funding levels?
- Are benchmarks used to set what is considered a reasonable level of funding for broadcasting, compared with other areas of government? (For example, benchmarks might measure broadcasting spending against GDP, or in proportion to advertising revenue, or in relation to expenditure on other government purposes.)
- Are automatic funding formulas used (such as indexing, for example) and, if so, how do they work?
- Are multi-year funding arrangements used?
- Where broadcasting licence fees are used, how are their levels set and how are they appropriated?
- Is the allocation of spectrum without charge, with conditions, used in lieu of funding?
- Is broadcasting supported through revenue foregone – e.g., through tax concessions?
- What other kinds of arrangements are used to protect the setting of funding levels from manipulation for partisan political purposes, or the perception of it? and
- How is the development of digital broadcasting affecting mechanisms and funding levels and are new funding streams for digital development being used?
2.3 Stage B

Based on the country reports prepared for section A, the project then proceeded to develop the Section B analysis, involving:

- classifying the types of funding-setting mechanisms used in OECD countries;
- determining those mechanisms, whether across various countries or as exemplified by particular countries, that would most warrant closer investigation; and
- assessing the advantages and disadvantages of these mechanisms in relation to New Zealand, with reference to:
  - the size of New Zealand’s population and economy
  - New Zealand’s public finance system
  - the range and types of broadcasting agencies funded in New Zealand from both Vote Arts, Culture and Heritage (broadcasting) and Vote Māori Affairs

2.4 Delimitations: What the project is not intended to do

The Ministry wished to be able consider the current range of mechanisms in the countries under review, and any changes likely to be made to them in the near future. A detailed investigation into the history of these mechanisms was therefore not required, although some historical context may be noted where relevant. The project therefore does not:

- recommend a preferred option
- seek to advise on desirable levels of funding in New Zealand (as distinct from the mechanisms used by countries to arrive at levels of funding)
- recommend alternative sources of funding
- recommend alternative purposes or outcomes for funding
- Propose changes to the institutions or agencies of the public broadcasting sector in New Zealand.
- Evaluate different conceptions of public broadcasting or the relative merits of different forms/functions thereof.
3.0 METHODOLOGY

3.1 Stage A

This involved the collection of primarily descriptive factual data about the institutional arrangements and mechanisms of funding public broadcasting. A significant proportion of data was available through public documentation either from government/ministerial offices or from broadcasters themselves. Using documentary/archival research of this nature for factual description is relatively unproblematic so long as the sources are reliable. Insofar as legal and policy documents from relevant government sources and broadcasters constitute official statements of agency/rationality, the data they provide can be regarded as intrinsically valid.

It should be noted, however, that stated legislation and policy may be reinterpreted and contested by different actors for institutional and contextual reasons which are not always discernible to an external observer. For that reason, both governmental/ministerial offices and broadcasters were asked to confirm funding arrangements wherever possible.

Moreover, the Unitec School of Communication belongs to the International Association of Media and Communication Researchers (IAMCR), which has members from many OECD countries. The project therefore consulted a number of academic researchers at universities in the respective countries about funding arrangements. This helped triangulate data from official sources (especially in cases where there were policy developments) and also assisted in the identification of issues less likely to be explicitly addressed in official documentation (notably questions of how funding mechanisms are legitimated and/or insulated from political criticism).

The majority of the data required in Stage A was therefore accessed through:

- Government and broadcaster on-line documentation on funding mechanisms and related policies
- Direct approaches to governments and broadcasters with requests for funding information (in some cases facilitated by respective embassies/consulates)
- Consultation with IAMCR colleagues in OECD countries.
- Academic literature where relevant.
- Commercial research reports where information was otherwise unavailable.

Stage A of the project required the involvement of several researchers to cover all 30 countries within the time-frame. To ensure a level of consistency and standardisation of data collection and presentation, a template for describing the funding mechanisms of each OECD country was devised for use by the team in compiling the country reports. While informational and presentational inconsistencies were therefore minimised, a degree of variation in the relevance, availability and recency of the data was unavoidable.

3.2 Stage B

Stage B of the project initially entailed the classification of the funding collection/distribution mechanisms and the funding-level setting mechanisms. While there have been previous efforts to develop typologies of media system for the purposes for facilitating international comparisons¹.

these have focused on broader social-political institutional arrangements, rather than mechanisms for setting and collecting/distributing funding per se. There is therefore no standard method of classifying funding systems. Mode of funding collection/provision (e.g. general taxation/ public license fee/ industry levy/ indirect or in lieu).

In providing classifications, there is a natural tension between the desire to have elegance and simplicity and the desire for comprehensiveness and discreteness/ mutual exclusivity. In practice, tentative categorisations were made initially, and then modified as the on-going data collection progressed (i.e. a form of ‘open coding’). Classification took into account several factors, including:

• Mode of allocation (e.g. specified institution/ contestable/ funder-provider contract)
• Focus of intervention (e.g. institutional-operational/ content-oriented/ reception & access)
• Intended social function (e.g. national identity/ democracy/ minority culture or language/ education/ generic market failure compensation)
• Quantum determinant (e.g. annual budget/ periodic remit review/ proportional formula/ index-linked)

Classifications and typologies

While the development of classifications required a degree of formal abstraction, this was necessary to provide a set of ‘ideal types’ to allow differences and similarities between countries to be noted and, moreover, to avoid categorisations based on national models (e.g. ‘UK licence fee’) which can connote particular contextual factors inapplicable to other national scenarios (institutional models, political culture, etc.)

The next steps in stage B proceeded from the typologies thus developed. However, the evaluation of the potential utility and practicability of any particular mechanism required a more substantive approach and took into account contextual factors in determining the extent to which these a) affect the efficacy and legitimating of the mechanism in question, and b) might be applicable in the New Zealand context.

Evaluation of funding mechanisms

Identifying the criteria by which relative advantages of various mechanisms in the New Zealand context would be discerned and the basis upon which models/mechanisms warranting closer investigation could be identified was not straightforward. Indeed, the salience and utility of any particular mechanism would likely be viewed differently be different stakeholders, depending on their conception of and predisposition towards public broadcasting and any vested interest in institutional funding mechanisms.

The project was not intended to extend into a discussion of the conceptions or institutional models of public broadcasting per se, but it is important to bear in mind that the evaluation of certain funding systems presupposes some notion of their intended function (for example, a neoliberal perspective on public broadcasting would find intrinsic value in fiscal autonomy from the state, which is clearly different from the policy assumptions behind the Programme of Action). The discussion was therefore directed towards generic questions of political and financial viability and towards how different mechanisms might contribute to the specified policy objectives toward which the project is intended to contribute, i.e.

• Insulate funding from political influence/ manipulation or perception thereof.
• Allow broadcasters, producers and other relevant actors to plan with greater certainty.

• Provide predictability to broadcasting funding to moderate demand-driven pressures on government.
• Establish a durable and justifiable level of funding for public broadcasting.

These objectives are not entirely discrete. Underpinning them is a more basic question of how different funding mechanisms might be legitimated, (i.e. integrated implicitly into broadly consensual frames of reference on broadcasting issues). Legitimation is not the same thing as rational justification, nor can it be equated with public approval. Moreover, it is important to recognise that the degree of legitimation enjoyed by any particular mechanism for setting and/or providing funding cannot be inferred from the features of the mechanism itself. Rather, this depends largely on specific institutional arrangements and contextual political, economic and cultural pressures. Consequently, one cannot infer that a system for providing or fixing levels of funding that appears to function effectively in one society would be equally effective if adopted in New Zealand.

Methodologically, this is important because it means that formal utility/welfare analyses often used by economists and rational choice theorists to evaluate policy options (for example, awarding utility points per hour of public service content provided per unit of public funding, or assigning a social welfare quantum to public service functions such as universal signal reception while subtracting a proportion of welfare according to the ratio of the audience who do not use the service) cannot easily be applied or compared. Calculating the potential utility/welfare of, say, an existing industry levy in Finland would be different from calculating the potential utility/welfare of such a levy in New Zealand where equivalent mechanism exists.

The potential advantages and disadvantages offered by alternative funding mechanisms in respect to the aforementioned objectives must therefore be interpreted via an analytic framework which can take account of both the structural institutional arrangements of the New Zealand broadcasting sector and also the interplay of agency among various actors in the pursuit of their respective interests. Substantive analysis of this kind requires interpretations of different institutional norms, motives and priorities and cannot be reduced to quantitative statistics.

The analysis of the relative advantages and disadvantages of the mechanisms for setting/providing funding therefore needed to take account of such contingencies in the New Zealand context. The analysis has therefore proceeded to evaluate the potential utility and practicability of introducing the “ideal types” of funding setting/distributing mechanisms into the contemporary New Zealand broadcasting system by considering the likely institutional responses to each type.
4.0 OECD COUNTRY REPORTS ON PUBLIC BROADCASTING ARRANGEMENTS

The following reports for all 30 OECD countries are listed in alphabetical order. Please note that while the most up-to-date statistics are listed wherever possible, some data is either a few years old or not publicly available. Every reasonable effort has been taken to double-check data wherever possible. However, the tight time-frame for collection and collation precluded more detailed enquiries into each country. While the overall level of response to research enquiries was good, in practice, this ranged from enthusiastic cooperation to no response at all. In some cases, this has obliged a reliance on secondary sources or explanations from individual officials which could not be corroborated (although there was generally minimal reason to doubt either their veracity or accuracy). However, because broadcasting policy is rarely static it is possible that some statistics and policy information will have changed at the time of writing.
4.1 AUSTRALIA

4.1.1 Background

- Languages: English and Native Languages
- GDP: $631.5 billion (US$ 2004)

4.1.2 Public broadcasting media & institutions

- Australian Communications and Media Authority (ACMA): Established on 1 July 2005. ACMA is an administrative union set up by the government to administer the policy as set out in legislation and ministerial directions. In effect, it is a merger between the Australian Broadcasting Authority (ABA) and the Australian Communications Authority (ACA). This statutory body has the authorization to administer and manage the broadcast sector which includes its regulation and supervision. It provides advice to the minister concerning spectrum, and develops programme standards in co-regulatory arrangement with industry bodies. It also monitors compliance with codes of practice and programme standards in co-regulation with the industry.

- Australian Broadcasting Corporation ABC (public broadcasting): This is a public broadcasting service which is a non-profit organization funded by government and license fees. This organisation aims to provide independent editorial policy, and cultural diverse representation. ABC is a government owned non-commercial station. ABC currently operates a free-to-air television service that includes:
  - A national analogue television network
  - A digital television network
  - Digital multi-channel services
  - Local television in each State and Territory

- ABC has also been active in developing online services and experimenting with interactive media.

- Special Broadcasting Service SBS (multicultural public broadcasting service). SBS is a free-to-air national multicultural and multilingual broadcaster. It provides programmes in over 60 languages spoken in the community. SBS is government owned and publicly funded, but supported also by limited commercial advertising and sponsorship.
  - SBS Online provides text and video services as well as audio-on-demand in 68 languages. The online service extends and enhances SBS Television and Radio programming and generates original content, including Australian and international news reports, youth programming and soccer web sites.

4.1.3 Other broadcast media with public-oriented functions

- Imparja Television: A privately owned company in the Northern Territory. It is authorized to deliver information and communication services to the community, while promoting indigenous culture and values.

- Community Television (CTV): there are six CTV operators licensed in Sydney, Melbourne, Brisbane, Adelaide, Perth, and Lismore.
4.1.4 Main commercial broadcast media

- Metropolitan Television: 3 commercial stations which are available in each capital city
  - Seven Network
  - Nine Network
  - Network Ten

- Regional Television: Covers the regional areas of Australia excluding the capital cities.
  - WIN Television in QLD, Sth NSW, VIC, TAS, WA
  - NBN Television in Nth NSW
  - Prime Television in Nth NSW, Sth NSW, VIC, and WA (Golden West Network)
  - Seven Network in QLD
  - Ten Network in QLD, Nth NSW, Sth NSW and VIC

- Pay Television: Includes Foxtel, Optus, Austar, Nickelodeon, Discovery Channel, UK TV, National Geographic, Lifestyle Channel.

4.1.5 Public Broadcasting Funding 2004-2005

- The total quantum for public broadcasting\(^2\) 2004/5 is $US 1,175.45 million. (This figure has been calculated in US dollars using the figures for Australian Broadcasting Corporation, Special Broadcasting Services and Special Broadcasting Services Independent).

- Australian Broadcasting Corporation ABC: 81% of ABC’s budget is dependent upon direct and indirect appropriations of funds by Parliament. Over 81% of its normal activities are funded by direct and indirect appropriations of funds by Parliament.

- Australian Communications and Media Authority (ACMA): Collects regular revenue through radio communications and telecommunications operating licence fees, and charges for telecommunications numbers. As this is a new organisation established in 2005 information for previous years is from the ACA. In 2003–04, the ACA’s Budget funding was $61.177 million (44.79 million US) and actual regular revenue collection was $214.596 million ($157.095 million US). Non-regular revenue was raised primarily from market-based spectrum allocation, including auctions of radiofrequency spectrum licences. The ACA’s spectrum allocations raised $34,278 in 2003–04 ($25,093.17 US). Since 1997, more than $3 billion (2.196 billion US) has been raised in this way for the Commonwealth\(^3\)

\(^{2}\) ACMA figures have not been included as it is a regulatory body and not strictly speaking a Public Broadcaster.

4.1.6 Breakdown of public broadcasting expenditure, FY 2004-5

<table>
<thead>
<tr>
<th>Recipient/end user</th>
<th>Function/purpose</th>
<th>Mode of allocation</th>
<th>Level of funding</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australian Broadcasting Corporation (ABC)</td>
<td>Reflects Australia’s national identity, fosters creativity and the arts and encourages cultural diversity</td>
<td>Direct appropriation</td>
<td>2005 $ 808,253 million (US $592,013.71 million)</td>
<td>Australian Government</td>
</tr>
<tr>
<td>Special Broadcasting Services (SBS)</td>
<td>&quot;The voice and the vision of multicultural Australia&quot;.</td>
<td>Direct appropriation</td>
<td><strong>2005-6 $ 624,963 million</strong> (US $457,680.51 million)</td>
<td>Australian Government</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>2005-6 $ 171,682 million</strong> (US $125,728.25 million)</td>
<td>Australian Government</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>2005-6 $ 37.6 million</strong> (US $27.53 million)</td>
<td>Other sources⁴</td>
</tr>
<tr>
<td>SBS Independent</td>
<td>Special Production Fund</td>
<td>Direct appropriation</td>
<td>2005-6 $ 37.6 million (US $27.53 million)</td>
<td>Australian Government</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ACMA</td>
<td>Statutory body set up to administer and manage the broadcast sector</td>
<td>Direct appropriation</td>
<td>2004/05 $61.177 million (US $44.808 million)</td>
<td>Australian Government</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2003/04 $34.278 million (US $25.106 million)</td>
<td>Spectrum allocations</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$214.596 million (US $157.183 million)</td>
<td>Revenue collection</td>
</tr>
</tbody>
</table>

4.1.7 Funding quantum determinants and periodicity

- Direct appropriation:
  - Australian Communications and Media Authority (ACMA): The total appropriation for 2005-06 Budget is $19.779 million ($14.483 million US) including an equity injection of $2.509 million ($1.837 million US).
  - The ACMA collects a television operating license fee from commercial broadcasters. The fees are based on revenue earned by commercial television licensees.
  - Special Broadcasting Service SBS: The level of public funding is on a triennial basis. SBS also has advertising, publishing and retail revenue. Funding is determined in a process of negotiation between SBS, the Department of

⁴ Revenue from other sources includes FMA s.31 revenues, CAC body revenues, special accounts (non-appropriation revenues)
Communications, Information Technology and the Arts, the Treasury and Finance Departments and relevant ministers and The Prime Minister.

- Australian Broadcasting Corporation ABC: As with SBS the level of public funding is on a triennial basis. Funding is determined in a process of negotiation between ABC, the Department of Communications, Information Technology and the Arts, the Treasury and Finance Departments and relevant ministers and the Prime Minister. ABC also collects revenue from advertising, publishing and retail activities.
- Imparja television also receives some direct state funding. Figures are not available at time of writing.

- One-off direct appropriation: ABC and SBS have received some extra allocation, but not on a continuing basis, to fund the digital transition.

- Regional commercial television stations have also been given broadcaster concessions in the form of rebates on the licence fee (i.e. super tax) they pay the government to assist with their digital transition.

4.1.8 Political insulation of public broadcasting funding

- Australian Communications and Media Authority (ACMA): The Government is considering changes to the cross media and foreign ownership laws. This will likely involve the ACMA in policing the new rules; including possibly those on separation of editorial practice in potentially newly merged television and newspaper companies. Part of the justification for the changes is that the rise of the internet has created a greater diversity in information and news.

- Australian Broadcasting Corporation ABC: According to Nick Herd (2005 University of Technology Sydney) the ABC has been arguing that it is under resourced as illustrated by the small quantity of drama it has produced (three hours in the last financial year). A team of external management consultants has been hired to look in detail at the cost of running the ABC to meet the charter set out in its governing legislation and this will be fed into the negotiation over its next triennial funding.

- Australian governments historically have been mistrustful of the ABC because its news and current affairs service is well funded and ABC has in the past been critical of government policy. The previous Minister for Communications complained about ABC’s coverage of the Iraq war. There does not seem to be much pressure from the commercial broadcasters or the subscription broadcasters to have the level of subsidy reduced. “I think this is because in television the ABC is not a rating threat - its long term audience sits around 15-16%. In radio its news and talk format stations do attract good audiences but radio is much more competitive and the audience fragmented.”

- Telstra: The Consumer Commission has the main role in privatisation of Telstra and how to promote more competition in the telecommunications market. ACMA will probably have to play a part in regulating the promised separation of Telstra into wholesale and retail businesses.

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5 Nick Herd (2005) University of Technology Sydney
6 Nick Herd, as above.
4.1.9 Ethnic cultural and linguistic services

- Imparja Television: A privately owned company in the Northern Territory. It is authorized to deliver information and communication services to the community, while promoting indigenous culture and values. "Whilst not strictly a public broadcasting channel, it receives considerable direct and indirect government support."\(^7\) Figures for Imparja TV’s funding are not available.

- SBS: According to their website, SBS is the voice and the vision of multicultural Australia, which promotes difference and understanding. It gives Australians access to other cultures and languages, and targets prejudice, racism and discrimination through creative and quality programming that is inclusive and diverse.

4.1.10 Spectrum allocation and funding

- The Australian Government provides Free-to-air (FTA) with free spectrum which provides protection from commercial competitors.

- Department of Communications, Information Technology and the Arts is responsible for policy advice on spectrum issues for radio communications and satellite (DCITA).

- Spectrum allocations is a source of revenue for Australian Communications and Media Authority (2003/04 $34,278 million - $25,106.02 million US)

4.1.11 Digital developments and funding

- The major policy issues at the moment are around digitisation, the possible introduction of new services, market structure and competition.

- Digital Television: The transition to digital television is progressing slowly and the Government is considering what measures it should use to encourage the use of digital television. A little over 10% of TV Households are using digital terrestrial television and it is clear that first target date for analogue switch off will not be met. Pay television is also going digital. About 25% of TVHH have subscription television, but it is not clear how many are digital. One option the government is considering is to encourage the use of terrestrial digital is allowing the terrestrial television broadcasters to multi-channel, but this is opposed by some of the commercial networks. The Australian government has restricted new entrants to the digital broadcasting market during its transitional phase.

- SBS: Has a world news channel and SBS essential\(^8\). It is multi-channelled, with some limitations on content. SBS has no broadband production capacity.

- ABC: like SBS is multi-channelled, with some limitations on content. ABC has a general news and information channel. The ABC did earlier trial a children's and youth channel, but was forced to close them for budgetary reasons. ABC has a broadband production capacity.

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\(^7\) Brian Pauling 2003
\(^8\) A prototype for an interactive datacasting channel
4.1.12 References

- SBS Triennial Funding Submission Summary 2003-2006.
- Australian Communications and Media Authority http://www.acma.gov.au
- Australian Broadcasting Corporation www.abc.com.au

4.1.13 Acknowledgements of assistance

- Nick Herd. University of Technology Sydney
4.2 AUSTRIA

4.2.1 Background

- Population: 8,184,691 (July 2005 est.)
- Languages: German, Slovene, Croatian, Hungarian
- GDP: USD 290.1 Billion (est. 2004)

4.2.2 Public broadcasting media & institutions: i.e. state-owned/controlled

- The Austrian broadcasting company Österreichischer Rundfunk (ORF) is organised as an independent public corporation. ORF’s main broadcasting activities take place at Funkhaus and ORF-Zentrum in Vienna. In addition, ORF runs one local station in each of the nine regions where radio and TV material of more local interest is provided. Every day, ORF airs about 170 hours of radio and some 48 hours of TV programmes.

- The broadcaster televises two separate 24-hour television services which cover the fields of news, arts and education, science, economy, sports, and practical help, and include feature films and entertainments.

- The nine local stations of ORF have independently operated production facilities, through which they produce their own radio and TV broadcasts. The studios and offices are linked with the central ORF facilities via direct audio/video and data systems and connected to ORF’s nationwide computer network.

- Austria consists of nine Federal States, each housing a Regional Studio of the ORF. So the ORF’s network is backed by nine Regional Studios, each fully equipped for the production of both radio and TV programmes. The Regional Studios are:
  - Burgenland Regional Studios
  - Carinthian Regional Studios
  - Lower Austrian Regional Studios
  - Salzburg Regional Studios
  - Styrian Regional Studios
  - Tyrolean Regional Studios
  - Upper Austrian Regional Studios
  - Viennese Regional Studios
  - Vorarlberg Regional Studios

Numbers of broadcast stations (2001 numbers) are:

- Radio Broadcast Stations: AM 2, FM: 65 (plus several hundred repeaters, SW: 1
- Television Broadcast Stations: 10 (plus more than 1000 repeaters)

4.2.3 Other broadcasting media with public-oriented functions

- not applicable

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9 CIA Factbook 2005
10 World Bank 2005
4.2.4 Main commercial broadcast media

- Private broadcasting in Austria is a relatively recent phenomenon. Local commercial radio had to wait until the 1990s before being given the green light. A national TV licence was granted to commercial station ATV which opened in 2000, and licences are being awarded to local TV stations.

- Cable or satellite are available in some 75% of Austrian homes and are often used to watch German stations, some of which tailor their output for the Austrian audience.

- In the TV-sector ORF is the dominant provider and private television operators are limited to the local level with no market significance. ORF has long-dominated the airwaves, but now faces growing competition for audiences from private broadcasters, particularly in Vienna.

Television

- ORF - public broadcaster, operates national TV channels ORF 1, ORF 2
- ATV - national commercial TV, via cable and terrestrially

Radio

- ORF - public broadcaster, operates Radio Oesterreich 1, pop music station OE3, youth station FM4 and a tier of regional services
- O1 International - external service operated by ORF; English-language programmes and rebroadcasts of Oesterreich 1
- Krone Hit Radio - commercial, nationally-networked pop music station
- Energy 104.2 - commercial, Vienna pop music station
- Radio Arabella - commercial, Vienna music station

4.25 Public broadcasting funding for 2003

- Total quantum: EUR 404 million (US$476m)

4.2.6 Breakdown of public broadcasting expenditure 2003

<table>
<thead>
<tr>
<th>Recipient/end user</th>
<th>Function/purpose</th>
<th>Mode of allocation</th>
<th>Level of funding</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>ORF</td>
<td>Public service</td>
<td>Direct appropriation</td>
<td>EUR 2 million (US$2.35m)</td>
<td>Government</td>
</tr>
<tr>
<td>ORF</td>
<td>Public service</td>
<td>Direct licence fee</td>
<td>EUR 402 million (US$473m)</td>
<td>Public TV/Radio licence</td>
</tr>
</tbody>
</table>

**ORF Income 2003**

<table>
<thead>
<tr>
<th>Income Type</th>
<th>Funding Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public income</td>
<td>EUR 404 million (US$476m)</td>
</tr>
<tr>
<td>Commercial income</td>
<td>EUR 312 million (US$ 367m)</td>
</tr>
<tr>
<td>Other income</td>
<td>EUR 194 million (US$ 228m)</td>
</tr>
<tr>
<td><strong>Total Income 2003</strong></td>
<td><strong>EUR 910 million (US$ 1,071m)</strong></td>
</tr>
</tbody>
</table>
4.2.7 Funding quantum determinants and periodicity

- The Austrian Broadcasting Act sets the overall structure of ORF which includes a Commission for the Observance of the Broadcasting Act. This Commission is organised by the Federal Chancellery and is responsible for licensing private operators and the composition of the various boards of ORF.

4.2.8 Political insulation of public broadcasting funding

- ORF provides a public service on the basis of the Constitutional Act of 10 July 1974. By the same Act, the company's independence was secured.

- ORF is institutionalised by law and governed by a board of trustees (Kuratorium), composed of representatives of the political parties, the Federal Government and the governments of the provinces (Bundeslander). The board elects the Director-General for a four year term, decides on large investments and controls the whole organisation.

- The highly concentrated media markets are not regulated by a single institution but control is shared by various institutions at the federal level. Most significant is the responsibility of the Federal Chancellery.

4.2.9 Ethnic, cultural and linguistic services

- Not only sources of information but also institutions of specific cultural relevance, the local stations produce essential and manifold stimuli for the benefit of their audiences.

- Another production focus of the Regional Studios are independent programmes, especially in information, culture and ethnic culture.

4.2.10 Spectrum allocation and funding:

- Not directly relevant to funding

4.2.11 Digital developments and funding

- ORF announced in 1999 a new mission statement which considers the Internet as an equal platform for broadcasting along with radio and television.

4.2.12 References

- CIA Fact Book
- World Bank 2005
- European Audiovisual Observatory (2005) Year Book Vo1 Economy of the Radio and Television Industry in Europe Strasbourg
- European Media Landscape www.ejc.nl/jr/emland/austria.html DOR 31.10.05
4.3 BELGIUM

4.3.1 Background

- Population: 10,405,000¹¹
- Languages: Dutch, French
- GDP: US$ 349,830 million¹²

4.3.2 Public broadcasting media & institutions:

- VRT (Vlaamse Radio en Televisie Omroep): Organised as a public limited company since 1997 and operating under a service contract, VRT is the PSB for the Flemish (Dutch speaking) community in the Northern Belgium region. VRT operates two television channels: the flagship VRT-TV1 and second VRT-Ketnet/Canvas channel. VRT also operates five radio channels in the Flanders region: Radio 1, Radio 2, Radio Donna, Studio Brusse, and Klara.

- RTBF (Radio-Television Belge de la Communauté Française): Serves the French speaking community, through a service contract system. RTBF operates television channels La Une and La Deux. RTBF operates five radio channels including: Frequence Wallonie, La Premiere, Radio 21, Brussels Capitale, Musique 3.

4.3.3 Other broadcast media with public-oriented functions

- The broadcasting sector of Belgium reflects the natural divisions of a bilingual country characterised by two distinct cultural and linguistic regions and close ties to neighbouring countries. The French-speaking community is significantly more internationalised than the Flanders region, and as a consequence its public broadcasting service faces greater competition from foreign public and commercial channels.

- The French speaking community, in addition to having its own PSB, is also served by the presence of international French public broadcasters including the France Televisions public service channels France 2 and 3. The French public service radio station France Inter also operates in the southern region.

- The northern Flanders region, has close linguistic ties with the Netherlands, and receives the Dutch public service channels Nederland 1, 2, and 3.

4.3.4 Main commercial broadcast media

- The Luxembourg based-RTL Group operates in the southern region of Belgium with its RTL TV1 channel and Club RTL. Its two commercial television channels have the most significant market share. RTL also operates Bel RTL, the most popular radio station, and RTL France.

- The French commercial television broadcaster TF1 operates in the southern region, targeting the French-speaking community.

¹¹ Worldbank figure October 2005  http://devdata.worldbank.org
¹² Worldbank figure October 2005
• The French commercial radio station Europe 1 maintains a market share in the French-speaking region.

• The Contact group maintains a strong presence in the French region’s radio market with three channels: Radio Contact, Contact 2, and Sud Radio. It also operates Radio Contact in the Flanders region.

• YTV operates AB3, a commercial television channel which entered the market 3 years ago and operates in southern Belgium.

• Pay-television operator Vivendi Universal operates Canal+ Televisie in the French-speaking region.

• VMM (Vlaamse Media Maatschappij) operates VTM, the most popular private channel in Flanders, as well as Kanaal 2.

• The local subsidiary of SBS Belgium NV operates the formerly UK-based VT4 in Flanders.

4.3.5 Public Broadcasting Funding 2003-4

Total quantum for FY 2003-2004: EUR 418.96m (US$ 505.67m)13

4.3.6 Breakdown of public broadcasting expenditure, FY 2003-4

<table>
<thead>
<tr>
<th>Recipient/ end user</th>
<th>Function/ purpose</th>
<th>Mode of allocation</th>
<th>Level of funding</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>VRT</td>
<td>Support a PSB</td>
<td>Direct appropriation</td>
<td>EUR244,30m14 (US$294.84m)</td>
<td>Flemish Government</td>
</tr>
<tr>
<td></td>
<td>Decree</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RTBF</td>
<td>Fulfil a PSB</td>
<td>Direct Licence Fee and Direct appropriation</td>
<td>EUR174,66m15 (US$210.83m)</td>
<td>French-community Government</td>
</tr>
<tr>
<td></td>
<td>Contract</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.3.7 Funding quantum determinants and periodicity

Flemish-speaking community:

• **Direct appropriation**: The yearly grant to the Flemish PSB by the Flemish Government is awarded in accordance with an agreement outlined under its second service contract – for the period 2002-2006. The system affords the Dutch-speaking VRT relative independence though the VRT are accountable to the Parliament of the Flemish Community. The funding mechanism for the VRT (the service contract) provides the public broadcaster with an annual increase of 4%, dependent on political approval. VRT is required to gain at least 37,184,000 EUR in radio advertising and 8,676,000 in television sponsoring16. There is also a contractual limit on the amount of commercial

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13 Calculated from the European Audiovisual Observatory 2005 Yearbook (2003 figure).
14 Calculated from the European Audiovisual Observatory 2005 Yearbook (2003 figure).
15 Calculated from the European Audiovisual Observatory 2005 Yearbook (2003 figure).
funding the VRT can generate through advertising and sponsorship (EUR 50 million a year of commercial income). Separate financing is provided by the government for the development of 3-projects. There is also a maximum amount of radio advertising stipulated: public radio cannot obtain more than 40.9 million EUR from radio advertising nor more than 8.7 million EUR from partnerships with television. The service contract uses the PSB-remit, as defined in the 1995 Broadcasting Decree, as the basis for performance evaluation. Approval is dependent on performance indicators being met. These PI include the programme quality, and diverse supply elements of the overall remit.\textsuperscript{17}

**French-Speaking Community:**

- **Direct appropriation:** A yearly contribution to RTBF’s funding is in the form of a governmental grant, in accordance with an official five year management contract between the RTBF and the Parliament of the French Community. From 2003 onwards the annual grant was increased by 495,787 EUR in compensation for new tasks demanded by the authorities. However, in 2002, 2003, and 2004 this amount was decreased as compensation for income coming from the sale of shares of another company in which the RTBF participates.\textsuperscript{18} In practice, with indexation and other funding policy changes, the actual amount received for FY 2005 is 176 million EUR. Plans of the current minister of Audiovisual affairs for the next management contract (2007-2012) include a yearly rise of 2% in funding (relative to indexation) from 2007.

- **License fee:** The majority of RTBF’s funding is from the collection of a public license fee. However, this is not specifically and directly used to fund the public broadcaster. The licence fee is integrated into the general government budget and the subsidies are awarded from this as indirect appropriations. The level of the licence fee is set as a result of political choices and the needs of the budget.

- **Indexing:** In both cases public funding is adapted annually to the evolution of the index of ordinary consumer goods. When the annual budget of the broadcasters serving a particular community is determined, a provision for indexation of the subsidy is applied. The variation of the index therefore modifies the final quantum. In the Flemish case, this amount is settled approximately every five years. In the French speaking community, the amount resulting from this indexation can be reduced or increased according to the negative or positive evolution of the budget. In the case of decrease, however, this can never be proportionally higher than that of the total of the primary expenses of the Community. If this is the case, new negotiations are held between the government and the RTBF which can modify the obligations of the PSB.

### 4.3.8 Political insulation of public broadcasting funding

- The implementation of service contracts for public broadcasters was intended to make them more independent from political actors. In the case of VRT this has arguably been relatively successful as the organisation has elevated its market share. The historical ties of the main private media group, De Persgroep (that owns 50% of the main private television group), have however influenced the more recent second service contract negotiations. This is evident in the contractual limit on the amount of commercial funding the VRT can generate through advertising and sponsorship (EUR 50 million a year of commercial income). A second outcome, evidently resulting from commercial operators’

\textsuperscript{17}Coppens, T. (2004).
\textsuperscript{18}Van Den Bulke, H. (2005).
political interference, lies in the new emphasis on quality as a performance indicator in the new 2002-2006 service contract.\(^{19}\)

- The RTBF’s intermediary-based system, with the public broadcaster reporting to the CSA, who then in turn publicly reports to the government, seeming creates distance between the broadcaster and government. The reality, however, is reportedly different, with the CSA “known to be highly politicised”.\(^{20}\)

4.3.9 Ethnic, cultural and linguistic services.

- No distinct broadcasting services for minority groups exist. Note, however, that the broadcasting system in Belgium already reflects the different language communities. The VRT has one cultural performance indicator on its remit: to reach 15% of the audience on a weekly basis with its cultural programming. In comparison, RTBF’s service contract has several PIs that require the public broadcaster to, for example, schedule its programming in accordance with minimal quota requirements for: Broadcasts of Belgian produced performances, regional newscasts, programmes originating in the French community and music on generalist channels in the French language – among others.

4.3.10 Spectrum allocation and funding

- Spectrum access has no bearing on funding or PSB provision.

4.3.11 Digital developments and funding

- Digitisation is not putting direct pressure on the VRT’s funding. On the contrary, the VRT has developed several digital projects since 2002, in line with its agreed remit, and has received specific additional funding for doing this (EUR 224,000 in 2004). Anticipating a new service agreement, the VRT has indicated plans to launch new digital channels (including a culture channel, and possibly a sports channel) for which it has requested extra funding. There is reported criticism of the VRT’s use of funding and the Government has announced that it is not keen on introducing a sports channel at this time.\(^{21}\)

- For the RTBF, digitisation has no impact on funding as yet. However, it is a subject of negotiation with respect to the new management contract with the Government of the French-speaking Community, due in 2006.

4.3.12 References

- European Audiovisual Observatory (2005).
- Hilde Van Den Bulck, Universiteit Antwerpen (personal communication, November 2005).
- S. Delaere (personal communication, October 27, 2005)

\(^{19}\)Coppens, T. (2004)
\(^{21}\)Delaere, S. (2005)
4.3.13 Acknowledgements of assistance

- Hilde Van Den Bulck, Universiteit Antwerpen (special thanks for providing details of funding policy arrangements).
- Nico Carpentier, Katholieke Universiteit Brussel – Catholic University of Brussels
- Simon Delaere, Vrije Universiteit Brussel – Free University Brussels
- Jo Pierson, Vrije Universiteit Brussel – Free University Brussels
4.4 CANADA

4.4.1 Background

- Population: 31,902,426
- Languages: English (official) 59.3%, French (official) 23.2%, other including indigenous 17.5%
- GDP: $US 979,764 million

4.4.2 Public broadcasting media and institutions

- The Canadian Broadcasting Corporation/ Radio-Canada runs two national television networks, one in each national language. CBC also operates non-commercial national and regional radio networks, websites and digital Country Canada. CBC/Radio-Canada television is partially funded by direct federal government grant, and the rest by advertising. There are also a number of Canadian programming support policies and programmes discussed below. A senior executive recently said the CBC’s role “is to host the Canadian conversation.”

- CBC operates services for widely dispersed populations in the North including First Nations (native) languages.

- There are websites for children and Canadian music.

- Aboriginal Peoples Television Network (APTN). APTN is in its sixth year and has had its licence renewed in 2005 for a further 7 years. It is “the first Aboriginal television network in the world with programming by, for and about Aboriginal peoples. APTN is available to 10 million households. Twenty-five percent of programming is in Aboriginal languages” (8)

- Cable Public Affairs Channel (CPAC). CPAC is a private-public channel carried by cable operators which reach over 70% of Canadian households. House of Commons debate coverage on television dates back to 1977 but the current format originated in 1991 when the CBC withdrew from the operation and the House decided to pay US$1.69 million for satellite coverage. CPAC carries reports and coverage of provincial legislatures and Parliamentary committees as well.

- Currently CPAC carries bilingual long-form programming 24 hours a day, 7 days a week. CPAC is non-commercial and not-for-profit. The channel’s weekly audience is 2.2 million viewers.

- Canadian provinces also operate public service broadcasting channels. Canadian provinces have a primary constitutional responsibility for education. There is no national education system. TV Ontario (TVO) dates back to 1970 and operates as an educational broadcaster linked to Ontario education curricula and tertiary distance learning. TVO is

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24 op.cit. World Bank.
25 cbc.radio-canada.ca/newsreleases/20041119.shtml
26 CRTC Decision. www.aptn.ca
27 About CPAC. www.cpac.ca/forms/index.asp?dsp=template &
the French language opposite number to TVO available in New Brunswick and Quebec as well as Ontario.28

- British Columbia’s The Knowledge Network is the province’s education channel but also has a remit to support local production.29 Ontario and British Columbia are home to large programme production facilities for both the Canadian and U.S. markets.

4.4.3 Main commercial broadcast media

- Canadian private television produced revenues of US$1.78 billion in 2004 with national advertising revenue of US$1.22 billion and local advertising revenue of US$308.17 million.30

- There are 3 national free-to-air television networks and a number of regional and local networks as well. CanWest Global (owners of NZ’s TV 3 and C4) and CTV (the original national private network dating back to the 1960s) broadcast nationally in English and TVA broadcasts in French.

- Canadians rely on cable and satellite direct-to-home (DTH) television to access both local and international (U.S.) programming. The sheer size of the country (9,984,670 square kilometres) dictates innovative delivery systems.31

- There are 7.3 million subscribers to cable services in Canada. Rogers with 2.4 million customers and Shaw with nearly 2.2 million (mostly in Western Canada) are the largest providers. Most services are in English and French but there is a growing market for migrant and aboriginal language services.32

- Rogers, Shaw and other cable providers offer video-on-demand, pay-per-view and high definition television.

4.4.4 Public Broadcasting Funding 2004-2005

- Total quantum for FY 2005: $979.877 million. (This total reflects variation due to some differences in financial years for the data and the fact that the funding data for the 2 most significant provinces was used to estimate overall totals).

4.4.5 Public Broadcasting Funding 2004 – 2005

<table>
<thead>
<tr>
<th>Recipient/end user</th>
<th>Function/Purpose</th>
<th>Mode of allocation</th>
<th>Level of funding US$</th>
<th>Funding source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canadian Radio-television and Telecommunications Commission (CRTC)</td>
<td>National broadcasting and telecommunication licensing and regulation including Canadian content regulations</td>
<td>Broadcasting licence fees</td>
<td>$108.87 million (2003-2004)</td>
<td>fees</td>
</tr>
</tbody>
</table>

28 Mandate: www.tvontario.org/maina2.html
29 About Knowledge Network: www.knowledgenetwork.ca/whoweare/index.html
32 CCCA Statistics September 2004.wwwccta.com/English/View.asp?t=&x=14
<table>
<thead>
<tr>
<th>Canadian Broadcasting Corporation/Radio-Canada</th>
<th>National television networks English and French National and regional radio networks including native languages</th>
<th>Direct Parliamentary appropriation</th>
<th>$739.16 million plus one-off $50.80 million for program development</th>
<th>Federal Canadian Heritage vote</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aboriginal Peoples Television Network</td>
<td>National television for and about aboriginal peoples</td>
<td>Industry levy and Federal government</td>
<td>$13.25 million</td>
<td>Subscriber fees Vote Canadian Heritage</td>
</tr>
<tr>
<td>Cable Public Affairs Channel</td>
<td>Cable providers channel Covers Federal and provincial legislative sessions and select committees</td>
<td>Voluntary industry levy</td>
<td>$7.28 million</td>
<td>Canadian cable industry</td>
</tr>
<tr>
<td>TV Ontario</td>
<td>Educational public television in English and French</td>
<td>Ontario Educational Communication Authority</td>
<td>$45.44 million</td>
<td>Ontario Provincial government Supporter members</td>
</tr>
<tr>
<td>The Knowledge Network (British Columbia)</td>
<td>Not-for-profit educational television</td>
<td>BC provincial government</td>
<td>$5.08 million</td>
<td>BC provincial vote Supporters &amp; Corporate donors</td>
</tr>
</tbody>
</table>

### 4.4.6 Funding quantum determinants and periodicity

- **Direct appropriation**: According to most recently available annual report the Canadian Parliament appropriated US$739 million to the Canadian Broadcasting Corporation plus an additional US$50.8 million as a one off grant for programme renewal. Operating expenditures included US$517.24 million for CBC Television (English) and $324.23 million for Television de Radio-Canada (French).33

- **Contestable appropriation**: The Canadian Television Fund was established in 1996 as a public-private partnership between satellite services, cable companies and the Government of Canada to create “high quality, distinctively Canadian programming for television.”34 The Fund has had a US$126.94 million grant over two years from 2003 and a total budget of US$211.62 million per year. In 2005 US$83.56 million was allocated to a total of 36 English language programmes including series and feature length films. The money is distributed under a complicated formula to establish the Canadian features of the programmes, length and cost per hour. Up to 25% of an accepted production budget may be allocated.35

- **Industry levy**: APTN had its broadcasting licence renewed for a further 7 year term in August 2005. The Canadian Radio Television and Telecommunications Commission

33 [www.pch.gc.ca/progs/ac-ca/progs/fct-ctf/index_e.cfm](http://www.pch.gc.ca/progs/ac-ca/progs/fct-ctf/index_e.cfm)
35 [www.cbc.ca/story/arts/national/2005/05/17/Arts/ctf050517.html](http://www.cbc.ca/story/arts/national/2005/05/17/Arts/ctf050517.html)
(CRTC) gave APTN a subscriber fee increase by CDN$0.10 per month adding up to CDN $0.25 per month. The subscriber fee is paid by cable, DTH, Telco-delivered and fixed wireless television providers.36

- CPAC operates through what is, in effect, a voluntary industry levy since it operates without government funding but provides public service television.

- **Broadcaster Concession**: Film or Video Production Services Tax Credit (PSTC) “The PTSC is a tax credit equal to 16% of salary and wages paid to Canadian residents or taxable Canadian corporations” for film or video production in Canada. This refundable tax credit has no cap on the amount which may be claimed.”37

- An Accreditation Certificate is awarded by the Minister of Canadian Heritage.

4.4.7 Political Insulation of Public Broadcasting

- Friends of Canadian Broadcasting and Our Public Airwaves are two enthusiastic member-based organisations which actively lobby for Canadian content and in support of the CBC’s role as the national public broadcaster. They make submissions to Parliamentary inquiries such as “Our Cultural Sovereignty” (Lincoln Report) 2003 and to CRTC public hearings.

- There has been some criticism of the CBC’s declining ratings (7% in prime time)38 but the Lincoln Report and the Canadian Government’ response shows a continuing commitment to Canadian public broadcasting. Limits on foreign ownership, improved regional coverage, more support for the Canadian Television Fund, increased coverage for digital HDTV and an enhanced role for the CRTC are among the government’s responses.39

4.4.8 Ethnic, Cultural and Linguistic Services

- Canada is officially a bi-lingual nation
- Aboriginal television has been in service since 1999
- CBC offers radio services in minority languages. See 4.4.2 and 4.4.3

4.4.9 Digital developments

- In its second response to the Lincoln Report the Canadian government announced it expects the CBC “to submit a fully-costed digital transition plan”.

- The government expects the CRTC to “encourage other broadcasters, especially Canada’s private conventional broadcasters, to accelerate their transition to digital.”40

- Toronto, Montreal and Vancouver (over 10 million people) currently have high HDTV coverage and there is significant availability in border areas.41

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36 APTN’s Broadcast Licence Renewed for a full 7 year term. www.aptn.ca/index
37 www.pch.gc.ca/progs/ac-ca/progs/bcpac-cavco/
38 www.cbc.radio-canada.ca/newsreleases/20041119.shtml
41 www.cdtv..ca/en/hdtv-canada.htm
4.4.10 References


4.4.11 Acknowledgements of assistance

- Gregory Taylor of McGill University, Montreal
- TV Ontario. Member and audience relations, Toronto
- Alayne Campbell audience and donor relations @ The Knowledge Network, Vancouver

Note: All $ are U.S. unless noted.
All years are 2005 unless stated.
4.5  CZECH REPUBLIC

4.5.1  Background

- Population: 10,183,344 (2004)\(^{42}\)
- Language: Czech
- GDP: US$107,047 million (2004)\(^{43}\)

4.5.2  Public broadcasting media & institutions:

- The Czech Republic has a dual system of terrestrial television broadcasting. Two nationwide channels are in operation and two private channels serve the Republic, along with local TV, cable and satellite channels. Czech Television has remained a largely non-transparent, post-communist colossus with 4000 employees.\(^{44}\)
  - Ceska Televize 1
  - Ceska Televize 2.
    - CT has nationwide broadcasting, with regional daily news (Praha, Brno, Ostrava)
    - CT Praha (Bohemia)
    - CT Brno (Southern Moravia)
    - CT Ostrava (Northern Moravia and Silesia)

- Czech Radio is a nation-wide government operated public service.
  - Cesky Rozhlas (Czech Radio) has three national channels:\(^{45}\):
    - Radiozurnal
    - Praha
    - Vltava
  - A fourth channel is RSE (on AM)
  - Czech Radio also broadcasts in eight regions.

- Public broadcasting in the Czech Republic since the Soviet system crumbled has not been as straightforward a separation between public and private as the above might suggest. For instance, the origins of Nova TV, a commercial station, began with a free broadcasting license to six Czech and Slovak individuals and the Central European Development Corporation (later known as Central European Media Enterprises, or CME). It was intended to be a culturally-oriented station broadcasting nation-wide. Nova TV quickly moved from cultural programming to tabloid broadcasting and pornography, which made it phenomenally successful financially.

- Czech Radio RSE on the AM band was formerly the Czech service of the American-operated Radio Free Europe/Radio Liberty. It became a separate private station in 1994, but then was incorporated into Czech Radio as a public service station.\(^{46}\)

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\(^{44}\) Jan Culik, (2004), The Czech Republic, in Kelly, Mazzoleni, & McQuail, Eds., The Media in Europe, p. 35. Also at http://www.arts.gla.ac.uk/Slavonik/Czech_media.doc


\(^{46}\) Culik, p. 36.
4.5.3 Other broadcast media with public-oriented functions

- 24.cz Parlamentni Televize, a 24-hour news channel

4.5.4 Main commercial broadcast media

Television:

- Nova TV (commercial station)
- Prima TV (commercial, covers 2/3 of country, programming mostly from abroad)
- TV 3
- 5 channels made possible by private companies: Galaxie Sport; HBO Czech; HBO 2; Ocko TV; Supermax
- Cable television

Radio:

- Two private nation-wide stations: Frekvence 1 and Impuls
- The total number of regional and local private stations is 75. Country Radio and Radio Kiss are the most popular (US- and Irish-owned, respectively).
  http://www.ejc.nl/jr/emland/czech.html
- Short-wave broadcasters include Radio Free Europe/Radio Liberty, Europa2, and Radio Prague (separately from Radio Prague that is a national channel of Czech Radio)
- 31 AM stations (2000)
- 304 FM stations (2000)

4.5.5 Public Broadcasting Funding 2003

- Total quantum for public broadcasting in 2003: US$107.5 million\(^{47}\)

4.5.6 Breakdown of public broadcasting expenditure, FY 2003

<table>
<thead>
<tr>
<th>Recipient/end user</th>
<th>Function/purpose</th>
<th>Mode of allocation</th>
<th>Level of funding</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>iRada Ceske Televizei - Council of Czech TV</td>
<td>Regulate broadcasting standards; Under Czech law, public service broadcasters are obliged to devote programming time to minorities living in this country such as Slovaks and Roma.</td>
<td>Direct License fee: 75 Czech crowns per household monthly.</td>
<td>2/3 of all funding from direct license fee, CZK 2,903,385,000 annually. US$117,869,013</td>
<td>License fee collected through the Czech Post Office, which registers owners of TV/radio</td>
</tr>
</tbody>
</table>

Czech Radio Council; Members elected by lower house of Parliament

<table>
<thead>
<tr>
<th>Czech Radio Council; Members elected by lower house of Parliament</th>
<th>Regulate Broadcasting Czech radio.</th>
<th>Direct licence fee and some commercial activity</th>
<th>Figures not available.</th>
<th>Same as TV.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Radio Prague International</td>
<td>To serve as an international source of information from the Czech Republic to the world. Radio Prague’s “foundation charter” is an agreement between Czech Radio and the Foreign Ministry, in which the extent and form of broadcasts and financing is laid out in full.</td>
<td>The international service of Radio Prague is financed from the state budget</td>
<td>Figures not available.</td>
<td>Parliament, Chamber of Deputies, direct allocation.</td>
</tr>
</tbody>
</table>

### 4.5.7 Funding quantum determinants and periodicity

- **Direct License Fee.** This is the source of public funding for public broadcasting in The Czech Republic. The raising of the license fee requires a new Act by Parliament.48 “The licence fee is increased only when Parliament decides.”49 Parliament is not required to take into account the financial situation (inflation, for instance). The Lower Chamber is free to use the licensing fee as a bargaining chip to control the broadcasters, who are dependent upon it.

- Czech TV is financed by a compulsory licence fee, amounting to some 5 billion Czech crowns annually, which is levied from all television viewers. It is also financed by commercial activity. Total income for Czech TV in 2003: CZK 4,352,153,000.50 Czech TV is financially independent from the state budget. Czech Radio is also financed by a compulsory license fee.

- The Czech Republic is the only country in eastern Europe that requires public broadcasting to be funded entirely by license fees and advertising/commercial activity.51 Neither Czech Television or Czech Radio receives any direct state subsidies. The licensing fees were changed in 1997, when the TV fee was increased from 50 Czech koruna to 75 CZK, and the radio license fee was raised from CZK 25 to CZK 37 per month.52

- Approval to raise the licensing fee was granted by Parliament to take effect as of 1st October, 2005. The current law update was the result of a compromise between the free market, the commercial media lobby and the public service lobby. The TV licence fee has increased from 75 crowns to 100. The (small) amount of advertising on public service TV remained the same at the moment. Advertising on Czech public service TV will decrease by 50 per cent and the licence fee will rise to 110 crowns per month. The next

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49 Jan Culik, personal email correspondence 9/11/05.
increase will be to 135 crowns pm. and advertising will be totally excluded from public service TV, with the exception of sport, the art and international events where advertising is part of the licence.\(^\text{53}\)

- In public service radio the licence fee has been increased (as of 1 October 2005) from 37 to 45 crowns, and there will be no reduction of advertising connected with further increases.\(^\text{54}\)

- As for a mechanism to initiate a review of the licensing fee by Parliament, “Basically, there is no trigger, it is all open to haggling in parliament, and the result is determined by a compromise between different political interests.”\(^\text{55}\)

### 4.5.8 Political insulation of public broadcasting funding

- The Chief Executive of Czech TV is appointed by the Council, which in turn is elected by the Chamber of Deputies, the lower house of Parliament, and appointed by the Prime Minister. The General Director of Czech Radio is appointed by the Radio Supervisory Board, which in turn is elected by the Chamber of Deputies and appointed by the Prime Minister. Council members may be removed only by the Prime Minister. The Council receives funding from the license fee that is established by Parliament and paid by users.\(^\text{56}\)

- There is little political insulation of public broadcasting funding. The party in power controls the nomination and election of Council members. After the 2001 “TV rebellion,” the Czech Television Act was changed by Parliament, to provide transparency in the selection process leading to the appointment of a new Czech Television Chief Executives, meant to be fully open to public scrutiny in all its stages. “But in the autumn of 2001 a new Council for Czech Television appointed a new permanent Chief Executive in secret (apparently in contravention of the new law) thus opening itself to possible accusations that political pressure was at play. The appointee, Jiří Balvín, was a Czech TV insider, representing the internal ethos of this unreconstructed, large post-communist institution.”\(^\text{57}\)

- In an interview 11 October 2005, Ian Willoughby asked Marius Dragomir, an author of *Television Across Europe* (2005) about the level of political pressure on public broadcasting in the Czech Republic. He responded, “…there is still a high degree of politicisation of the media and broadcasting regulators, and at the same time we found that there are a lot of political and economic pressures on broadcasters.”\(^\text{58}\)

### 4.5.9 Ethnic, cultural and linguistic services.

- Radio Prague broadcasts in Romany to the Roma minority.\(^\text{59}\)

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\(^{53}\) Jan Culik, personal email correspondence 9/11/05 to Linda Beamer, citing Štěpán Kotrba from the Council for Czech Radio.

\(^{54}\) ibid.

\(^{55}\) ibid.

\(^{56}\) Television Across Europe. www.eupmap.org/topics/media/television_europe/national/czech/media_cze1.pdf.


4.5.10 Spectrum allocation and funding

- Spectrum allocation has an implicit obligation that Czech TV and Czech Radio make broadcast time available to Members of Parliament for their personal political use, upon demand. This has led to allegations of political suasion and lack of transparency in programming.

4.5.11 Digital developments and funding

- Radio Prague went fully digital in the course of 2000, when Czech Radio's brand new studio building was opened.

4.5.12 References


4.5.13 Acknowledgements of assistance

- Special thanks to Dr. Jan Culik, Department of Slavonik Arts, Glasgow University, for advice on Czech policy arrangements.
- Dana Loewy, California State University, Fullerton
4.6  DENMARK

4.6.1  Background

- Population: 5,397,249
- Languages: Danish, Faroese, Greenlandic (an Inuit dialect), German (small minority). English is the predominant second language
- GDP: US$ 243,043 million

4.6.2  Public broadcasting media & institutions

- DR (Danish Broadcasting Corporation) – a public service, fully licence financed public institution with democratic, cultural and political accountability
- DR Radio comprises four stations: P1, P2, P3 and P4 (nine regional stations).
- DR TV comprises two channels, DR 1 and DR2.
  - DR1 is the "main TV channel", "a self-regulating public broadcasting agency", and a "traditionally oriented channel with a strong 'Danish' profile".
  - DR2 is the "top-up channel"
  - Combined share about 36%
  - Public service TV (DR1, DR2, TV2) has a combined share of about 70% and a reach of at least 91% of Danish homes.
  - DR has transmitted radio and TV on the Internet since 1996/1997.
- DR is a public limited company; with privatisation postponed to April 2005.
- TV2 is partly a commercial broadcasting company with public service obligations, comprising eight regional stations and, from 2000, the satellite channel Zulu. Until recently the recipient of licence revenue equivalent to 25% of its operational budget.
  - TV2 Danmark
  - 8 regional stations
  - TV2 Zulu
  - TV2 Charlie

4.6.3  Other broadcast media with public-oriented functions

- Not applicable

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62 Looms, P., 2005, private communication
64 Bruhn Jensen, 2003, cited in From, 2004
65 From, 2004, p.1
67 Jacobsen, 2003
69 Looms, P., 2005, private communication
4.6.4 Main commercial broadcast media

- TV Danmark, owned by SBS Broadcasting, which has the “second largest European broadcasting footprint …100 million population in 9 markets served”\(^70\) and “owns interests in 10 top tier TV stations in 7 countries” (ibid.). Previously TV Danmark. Services are based on a network of 10 local stations.

- TV3, Owned by MTG (Modern Times Group)\(^71\). Fully commercial\(^72\). “MTG’s Viasat Broadcasting division owns and operates free and pay TV channels and controls the largest digital television platform in the Nordic region. It runs more than 30 satellite television networks, reaching about 50 million people a day in more than 15 countries. It is the largest TV operator in Scandinavia and the Baltic Sea region”\(^73\)

- 3+
- Viasat Sport, owned by MTG. Financing by subscriptions.
- Kanal 5, owned by SBS Broadcasting. Previously TV Danmark.
- 99 local television stations, privately owned
- Sky Radio, owned by NewsCorp\(^74\). Six percent of listeners\(^75\). Obligation to broadcast news under Public Service conditions.
- Radio 100FM, Dutch owned\(^76\). Six percent of listeners\(^77\).

4.6.5 Public Broadcasting Funding 2005

- Total quantum FY 2005: DKK 3.125 million (US$495 million). By far the largest part of these funds is acquired by income from television and radio licence fees.\(^78\)

- Operating revenues of principal television companies in Denmark 2004: Euro$ 675.2 million (US$ 767 million)\(^79\)

- Total television licence revenue 1993-2003 (millions in local currency): DKK 3446 (US$516.8 million)

- In 1999, Denmark had the highest broadcasting licence fee (€237 / US$284) of a range of European nations\(^81\). The Danish broadcasting licence continues to be the most expensive in the world, when a 25% VAT charge is included\(^82\).

\(^70\) SBS Broadcasting, retrieved 31 October 2005 from http://www.sbsbroadcasting.com/
\(^72\) From, 2004
\(^79\) European Audiovisual Observatory (2004), p. 80
\(^81\) Ibid. Denmark is ranked first next to Austria (€218.6 / US$262), Belgium (€188.6 / US$266), Sweden (€176.09 / US$211), Germany (€173.33 / US$208) and the UK (€171.8 / US$206)\(^81\). Lowest were France (€112.05 / US$134), the Netherlands (€91.68 / US$110), Ireland (€88.88 / US$106) and Italy (€86.32 / US$103)
\(^82\) Looms, private communication
4.6.6 Breakdown of public broadcasting expenditure 2005

- Use of revenue to TV, radio and internet is determined by DR. The annual budget is decided by the DR Board of Governors, and sent to the Minister of Culture and to Parliament for information only.

- Eighty percent of licence revenue is used for multimedia (television, radio and internet) programming and distribution. An overall estimate\(^{83}\) is that one third goes to radio and two thirds to television and internet.

- It is difficult to calculate the exact allocation to television and radio etc., as most of DR’s programme production is multimedia, i.e. produce programmes to both television, radio and internet. 80 % goes to programmes and distribution, and a overall estimate is that 1/3 goes to radio and 2/3 to television and internet.\(^{84}\)

<table>
<thead>
<tr>
<th>Recipient/end user</th>
<th>Function/purpose</th>
<th>Mode of allocation</th>
<th>Level of funding</th>
<th>Funding source</th>
</tr>
</thead>
<tbody>
<tr>
<td>DR (Danish Broadcasting Corporation) • DR1 • DR2</td>
<td>State owned, public service</td>
<td>Licence fees(^{85}) collected by DR and paid directly to the Ministry of Culture</td>
<td>DKK 3.125 million (US$495 million)</td>
<td>Entirely funded through public licence fee funds(^{86})</td>
</tr>
<tr>
<td>TV2 / Danmark A/S</td>
<td>State owned public service channel</td>
<td></td>
<td></td>
<td>Predominantly advertising &amp; commercial revenue(^{87})</td>
</tr>
<tr>
<td>Regional TV2: 8 regional windows</td>
<td>State owned. Financed by TV2 but legally independent</td>
<td>Licence fees</td>
<td>Figures not available</td>
<td>Licence fees</td>
</tr>
<tr>
<td>TV2 Zulu A / S</td>
<td>State owned.</td>
<td></td>
<td></td>
<td>Commercial, subscriptions</td>
</tr>
<tr>
<td>TV2 Charlie A / S(^{88})</td>
<td>State owned.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Danmarks Radio: P1, P2 P3, P4</td>
<td>Public service and regional operation</td>
<td></td>
<td>Figures not available</td>
<td>Licence fee</td>
</tr>
</tbody>
</table>

4.6.7 Funding quantum determinants and periodicity

- Direct Licence Fee. The public service broadcasting remit is defined by a Broadcasting Act that is passed at four-yearly intervals. The licence fee arrangements are currently under review; negotiations are expected to be completed in 2006 so that a new Broadcasting Bill can have the necessary readings in the 1st and 2nd quarters of 2006. The next licensing period is from January 1, 2007 to December 31, 2010.

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\(^{83}\) Knudsen, 2005, private communication
\(^{84}\) Ibid.
\(^{86}\) Jacobsen, 2003
\(^{87}\) Iris Merlin database, retrieved 23 October 2005, URL as above
\(^{88}\) Nordicom, retrieved 25 October 2005, URL as above
• The licence fee is fixed by the Folketing (Danish Parliament). The Parliamentary parties\(^{89}\) are invited by the government to discuss a Media Accord which provides the overall framework for public service. This specifies:
  
  o the nature of the licence (i.e. the devices which are subject to a licence fee)
  o conditions concerning the broadcast licence including
    • covers all the devices in the household,
    • 50% discount for pensioners
  o the size of the licence, and
  o Terms for increasing the licence fee during the four-year period to allow for inflation.

• While there is no automatic linking to inflation, the inflation rate is observed\(^{90}\). According to a 2002 agreement, "the licence payment shall be regulated according to price and wage increases. The payment will decrease when TV2 is converted into a private company"\(^{91}\)

• The Minister of Culture is responsible for submitting the licence fee proposal to Parliament

• Public service broadcaster, DR, collects the service fees and gives a share of 17% to the second public service broadcaster TV2.

• The current definition of a television receiver is problematic: "any device capable of receiving and displaying a broadcast signal". Due to a decision by the then Minister of Culture in 1997 to exempt tuners in PCs, analogue TV tuners in computers are not currently covered by this definition and are not liable as far as the broadcast licence is concerned. For example, university students claim they cannot afford to pay a DKK 2,100 licence fee, and choose to watch TV on their PCs only.

• In addition, internal DR figures indicate that devices including such tuners will become increasingly widespread, as will the availability of IPTV as a distribution mechanism. To date, households with an analogue tuner in a PC invariably have conventional TV set(s), too. In the course of the next licence period, the rapid take-up of flat panel TVs along with IPTV should lead to a potential licence shortfall reaching anywhere between 100-150,000 households\(^{92}\)

• DR is not advertising funded, but sponsored broadcasts are permitted.

• TV2 is largely funded by advertising. The first steps towards privatisation of TV2 have been taken, and should be in place at the latest by the end of 2006. When TV2 is privatised it will not receive any service fee\(^{93}\).

• Total number of household licences is approx. 2,315,456 (per Jan 1, 2005)

• The Broadcast Licence fee accounts for 88% of DR’s total revenues; sale of programming and sponsorship 7%; DR Multimedia (publishing arm of DR) 2%; interest payments 3%.

\(^{89}\) The overwhelming majority of the political parties take part in the negotiations
\(^{90}\) Knudsen, 2005, private communication
\(^{91}\) Thuesen (2002)
\(^{92}\) Looms, private communication
\(^{93}\) Schnepfleitner, R. (2002).
4.6.8 Political insulation of public broadcasting funding

- From a legal perspective the licence revenue can be regarded by competition agencies as state aid, as the Danish government has full control over the monies collected and the monies given to DR (and the TV2 regions which have both licence revenue and advertising revenue).
  - There is usually a difference between the gross revenue (= monies collected minus collection costs) and the net revenue (= monies paid to DR and TV2).
  - Currently, revenue goes directly from the Licence Office to the Ministry of Culture. If there is a “profit”, DR does not receive the difference. If there is a short-fall, DR has to live with the short-fall. Clearly this represents government control.

- In the past there has been a clear separation between the State and PSB in Denmark. However given that the government does not use all the licence fee revenue for PSB, it could be inferred that the PSB principle is being compromised by an appearance of generating state funds.

4.6.9 Ethnic, cultural and linguistic services

- DR’s strategic goals include reflecting “the entire spectrum of Denmark’s cultural, political and geographic diversity” and ensuring the “number of broadcasting hours produced in-house outside the Copenhagen Region shall be at least 15%.”

4.6.10 Spectrum allocation and funding

- The Folketing - Danish Parliament - adopted an Act (May 2003) that establishes a legal basis for the impending privatisation of the national broadcaster TV2. TV2 is one of two national public service broadcasters in Denmark, the other being DR. While DR is entirely financed through public funds, this is only partly the case for TV2, which is predominantly financed through advertisements and other commercial means.

- According to the political agreement, the privatisation of TV2 will be subject to a number of conditions:
  - The privatised TV2 must still abide by certain public service obligations.
  - Moreover, the programme supply of the privatised entity must still aim at quality, versatility and diversity, and the programme planning must take into account the fundamental rights of freedom of information and speech.

- Sky Radio, owned by NewsCorp (six percent of listeners) has an obligation to broadcast news under Public Service conditions.

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94 Looms, private communication
95 Knudsen, 2005, private communication
97 Jacobsen, 2003
4.6.11 Digital developments and funding

- No special funding has been allocated for digitisation; however it has been agreed that a licence fee increase is necessary to meet the challenges of the future digital media scenario and to maintain appropriate programme content across a range of old and new platforms100

4.6.12 References


4.6.13 Acknowledgements of assistance

- Special thanks to Peter Olaf Looms, Senior Consultant, Danmarks Radio, for his extensive assistance with broadcasting policy issues.
- Jacob Blomgren Knudsen, Økonomikonsulent, Danmarks Radio
- Lau Rabjerg-Eriksen, Danmarks Radio

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100 Knudsen, 2005, private communication
4.7 FINLAND

4.7.1 Background

- Population: 5,237,000\(^{101}\)
- Languages: Finnish, Swedish, Sami (Lapp)
- GDP: EUR 150.0 billion (US$179.146 billion)\(^{102}\)

4.7.2 Public broadcasting media & institutions\(^{103}\):

- Yleisradio Oy (YLE). YLE is the state-owned broadcaster, publicly funded through two licence fee mechanisms (q.v.). YLE has a broad public service remit, with a strong emphasis on cultural and news/educational services.

- YLE operates five main national television channels of which two are both analogue and digital free-to-air (TV1 focuses on news and current affairs, TV2 focuses on entertainment, sport, and children’s programming) and three are digital-only free-to-air (FST in Swedish, YLE24, a 24-hour news channel with internet and mobile phone access, and Teema, an educational/cultural channel). YLE also operates a teletext service and TV Finland, a digital satellite channel for expatriate Finns.

- YLE also operates seven main analogue stations including Radio 1 (focusing on culture and classical music) and Radio Suomi, (focusing on news and regional programming via 20 regional stations). YLE also operates two national Swedish language radio stations Vega and Extrem) and a regional Sami radio service. YLE also operates Radio Finland, an international radio service. Digital audio radio broadcasts were recently trialled by YLE but these will be discontinued after 2005.

- YLE operated a national transmission subsidiary, Digita, up to 2002. However, as part of the move to digital broadcasting and accompanying funding changes, YLE was obliged to sell 49% of its holdings (to the French company TDF) and to divest itself of the remaining shares incrementally up to 2008. The funds brought in by this sale of assets supplement the public income YLE receives from the State Television and Radio Fund (q.v.).

- The Aland Islands (which are technically self-governing) also have a public service broadcaster, Alands Radio och TV, which retransmits three channels of Swedish and Finnish programming\(^{104}\).

4.7.3 Other broadcast media with public-oriented functions\(^{105}\)

- Nine commercial semi-national radio broadcasters operate under ‘special broadcasting services’ licences which include remits to cater for classical music, jazz music, youth music, Finnish popular music, religious programming, Russian language programming, and Lapland tourism.

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\(^{101}\) Statistics Finland 2004 figure: http://www.stat.fi/tup/suoluk/suoluk_vaesto_en.html#byage

\(^{102}\) Invest In Finland 2004 figure: http://www.investinfinnland.fi/finland_in_brief/

\(^{103}\) YLE Annual Report, 2005; also Ministry for Transport and Communication 2005 data: www.mintc.fi/scripts/cgiip.exe/


\(^{105}\) Ministry of Transport and Communication, 2005, as above.
4.7.4 **Main commercial broadcast media**

- MTV Oy operates a national commercial television station MTV3 free-to-air, transmitting both analogue and digital signals (MTV Finland).
- Oy Ruutunelonen Ab operates Nelonen, another national commercial television service (again via both analogue and digital signals).
- Three other commercial national free-to-air channels operate through digital signals: Suomen Urheilutelevisio Oy’ Urheilukanava (sports channel), Sub TV Oy operates SubTV, and TV5 Finland Oy operates Voice TV.
- Three regional television stations operate via analogue signals: TV Tampere Oy, Nar-TV rf, and KRS-TV rf.
- Signals from Swedish channel SVT are available in southern regions of Finland.
- Subscription cable and satellite services are operated by Canal+, TV Finland and TV1000.
- Local digital television broadcasting is also available in Turku, Kuoplo and Paijat-Hame regions.
- Alma Media’s Radio Nova is the main national commercial radio station.
- There are nine ‘special licence’ radio broadcasters (see above) and approximately 70 other local radio broadcasting services.

4.7.5 **Public Broadcasting Funding 2004-5**

- Total quantum for FY 2005-6: EUR 353.8 million\(^{106}\) (US$ 423.74 million)

4.7.6a **Breakdown of public broadcasting expenditure, FY 2004-5**\(^{107}\)

<table>
<thead>
<tr>
<th>Recipient/ end user</th>
<th>Function/ purpose</th>
<th>Mode of allocation</th>
<th>Level of funding</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>YLE</td>
<td>Broad public service provision</td>
<td>Direct licence fee (TV licence fee payable by households)</td>
<td>EUR 332.7 million (US$398.53 million)</td>
<td>Via State Television and Radio Fund</td>
</tr>
<tr>
<td>YLE</td>
<td>Broad public service provision</td>
<td>Industry Levy (Operating licence fee payable by commercial broadcasters)</td>
<td>EUR 21.1 million (US$25.27 million)</td>
<td>Via State Television and Radio Fund</td>
</tr>
</tbody>
</table>

4.7.6b **Break- Down of YLE operational expenditure 2004-5**\(^{108}\)

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\(^{106}\) This figure does not include the proportion of the State Television and Radio fund required for collection and administrative expenses.

\(^{107}\) YLE’s commitment to public information services can be inferred from the fact that it commits approximately 33% of its overall radio and television budget to news and current affairs. YLE Annual Report, 2005.

\(^{108}\) Approximate expenditure data courtesy of Marina Osterlund- Karinkanta, Senior media analyst at YLE. Also YLE Annual Report, 2005. Note that YLE made an operational loss during this period. The apparent difference between income and expenditure is reported as an annual net loss of between 50-EUR 60m but is actually compensated for by the incremental sale of YLE’s holdings in its transmission subsidiary, Digita, to be completed by 2008.
<table>
<thead>
<tr>
<th>YLE Operation/ Function</th>
<th>Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finnish language television</td>
<td>EUR 231.3 million US$ 255.5 million</td>
</tr>
<tr>
<td>Finnish language radio</td>
<td>EUR 103.8 million US$ 124.3 million</td>
</tr>
<tr>
<td>Swedish language radio and television</td>
<td>EUR 59.6 million US$ 71.4 million</td>
</tr>
<tr>
<td>Sami language radio and television</td>
<td>EUR 1.6 million US$ 1.9 million</td>
</tr>
<tr>
<td>Administration</td>
<td>EUR 28.0 million US$ 33.5 million</td>
</tr>
<tr>
<td>Other services (SVT retransmission)</td>
<td>EUR 4.8 million US$ 5.7 million</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>EUR 428.9 million US$ 513.6 million</td>
</tr>
</tbody>
</table>

### 4.7.7 Funding quantum determinants and periodicity

- Two main broadcasting funding mechanisms operate in Finland: A direct licence fee, payable by households or businesses with a television receiver, and an Industry Levy (operating licence fee) payable by commercial broadcasters. The State Television and Radio Fund (overseen by the Finnish Communications regulatory body, FICORA) collects and administers both these funding mechanisms. (See 4.7.14 for a model of YLE’s funding).

- Legislation introduced in 2002 introduced some on-going changes to both licence fees in order to accommodate the changes in the broadcasting sector brought about by Finland’s early commitment to digital switchover (originally planned for 2007 but now extended to 2010). The new law entails the phasing-out of the operating licence fee (industry levy) and a gradual increase of the television licence fee (direct licence fee) to compensate. This appears to reflect two factors: Firstly, a recognition of the need for commercial broadcasters to invest in the digital infrastructure, and secondly, the expectation that the funding derived from the operation licence fee was likely to decline as the proliferation of new channels increased commercial competition.

- **Direct licence fee:** As part of the 2002 legislation, the fee was increased by 13% from January 2004, and will continue to increase incrementally, reflecting the consumer price index plus an additional 1% per year up to digital switch-off in 2010. The television licence fee for 2005 is currently set at EUR 193.95 (US$232.35) per year, a 3.9% increase from 2004. This will rise to EUR 200 from 2006. (US$239.6) The government (Council of State) must approve any changes to the licence fee structure or quantity. While there is no formal mechanism for determining licence fee levels, it has a statutory obligation to take account of the needs of the company and the possibility of fulfilling the public service obligation (Act on the State Television and Radio Fund, section 6).

- **Industry levy:** The 2002 legislation discontinued the operating licence fees for digital-only broadcasters, and reduced the fees by 50% for all analogue commercial broadcasters YLE as a public broadcaster). Broadcasters are obliged to pay a progressive proportion of their revenue from broadcasting operations (advertising and sponsorship). The residual fee for analogue operations will also be discontinued after the digital switchover in 2010. The scale of operating fees is listed below:

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109 YLE documentation, 2005. Also information from Marina Osterlund-Karinkanta, as above.
### Progressive operating licence fee schedule 2002-2010

<table>
<thead>
<tr>
<th>Broadcaster turnover (1000 EUR)</th>
<th>Licence fee at lower limit (1000EUR)</th>
<th>Licence fee over limit % levy</th>
</tr>
</thead>
<tbody>
<tr>
<td>3400-5000</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>5000-6700</td>
<td>84</td>
<td>7.5</td>
</tr>
<tr>
<td>6700-10,100</td>
<td>210</td>
<td>10</td>
</tr>
<tr>
<td>10,100+</td>
<td>547</td>
<td>12.25</td>
</tr>
</tbody>
</table>

### 4.7.8 Political insulation of public broadcasting funding

The State Television and Radio Fund provides an ‘arms-length’ mechanism for collecting and distributing the funds from television licence fee and operating licence fees in a transparent manner. However, the YLE is the sole beneficiary, and the Council of State must still agree to any changes in the funding system. The funding changes introduced as part of the broadcasting digitalisation strategy are intended both to expedite the switch-over by giving financial incentives to the commercial sector but also continuing support for an independent, fully-funded public broadcaster.

### 4.7.9 Ethnic, cultural and linguistic services.

- YLE has statutory obligations to provide a service to all Finnish citizens on an equitable basis. To this end, one television station and two radio stations operate in Swedish and there is a separate Sami radio service in the Lapp region. YLE also makes an effort to subtitle television programmes for deaf people and to include a diversity of cultural content.

### 4.7.10 Spectrum allocation and funding

- With the exception of YLE, whose operational spectrum rights are provided free of charge, and broadcasters who operate entirely via digital transmission, all analogue broadcasters are required to pay an operating licence fee to the State Television and Radio Fund. This will be discontinued after digital switchover in 2010.

### 4.7.11 Digital developments and funding

- The Finnish government has encouraged early adoption of digital technologies in the broadcasting sector and it has made long-term changes to public funding arrangements in order to accommodate this (see section 4.7.7).

### 4.7.12 References

4.7.13 Acknowledgements

- Marina Osterlund-Karinkanta, Senior media analyst at YLE (special thanks for providing detailed figures on YLE expenditure and comments on licence fee policy changes).
- Martti Soramaki, Head of EU and Media Group, YLE.
- Maaret Suomi, Finnish Ministry for Transport and Communication (special thanks for explanation of funding policy)
- Kristiina Pietikäinen, Finnish Ministry for Transport and Communication.
- Esa Reunanen, JRDC, University of Tampere

4.7.14 Appendix: Diagram of YLE funding (YLE EU and Media Unit 2005)
4.8 FRANCE

4.8.1 Background

- Population: 59,990,540
- Languages: French
- GDP: US$ 2,002,582 million

4.8.2 Public broadcasting media & institutions:

- France Televisions currently operates under its inaugural service contract (2001-2005). Its contract with the government names France Televisions as the PSB provider for television. FT operates three television channels: France 2, France 3, and La Cinquieme (France 5 and Arte). France 2 has a mandate to undertake television programming throughout the entire metropolitan territory. France 3 has a mandate to undertake television programming with a national or regional character throughout the whole of the metropolitan territory. La Cinquieme shares a channel between France 5 and Arte. The latter is a French-German partnership – both channels have a particular mandate to undertake programming which promotes culture and learning.

- Radio France operates a number of channels aimed at the metropolitan territory: France Inter, France Musiques, France Culture, France Info and France Bleu.

- RFO transmits radio and television programmes to overseas departments and territories.

- Radio France Internationale (RFI) transmits a continuous news channel in French and local languages to the world.

4.8.3 Other broadcast media with public-oriented functions

- The network Arte, shares a channel with France 5 and broadcasts evenings. The channel is a French-German partnership and its remit promotes culture and education.

4.8.4 Main commercial broadcast media

- Groupe Largardere owns Europe 1 and operates Europe 2 and RFM, nine thematic television channels and range of distribution and production companies. The group also has an investment in CanalSatellite.

- Groupe Bouygues part owns and operates TF1, a popular channel, the same company also operates LC1 (on cable) among others. TF1 originated as a public broadcaster until the French government privatised it in 1987.

- Vivendi Universal owns Canal Plus, which operates as a pay-TV channel with nearly 5 million subscribers in 2004.

- The Luxembourg based-RTL Group operates RTL France, Fun Radio and RTL 2. The group also part owns the television channel M6.

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111 Worldbank figure October 2005
• The Groupe NRJ owns popular radio channels including NRJ, Cherie FM, Rire et Chansons and Nostalgie.

4.8.5 Public Broadcasting Funding 2003-4

Total quantum for FY 2003-2004: EUR 2895.20m (US$3468.46m) ¹¹²

4.8.6 Breakdown of public broadcasting expenditure, FY 2003-2004

<table>
<thead>
<tr>
<th>Recipient/end user</th>
<th>Function/purpose</th>
<th>Mode of allocation</th>
<th>Level of funding</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>France Televisions</td>
<td>Operate tv programming to mandate</td>
<td>Direct Licence Fee</td>
<td>EUR2363,60m (US$2832.55m)</td>
<td>Governmental Budget</td>
</tr>
<tr>
<td>France 2 (Channel of FT)</td>
<td>Operate tv programming through the metro territory</td>
<td>Direct Licence Fee</td>
<td>EUR608,000 (US$.728m)</td>
<td>Governmental Budget</td>
</tr>
<tr>
<td>France 3 (Channel of FT)</td>
<td>Operate tv programming with a national character through metro territory</td>
<td>Direct Licence Fee</td>
<td>EUR756,200 (US$.906m)</td>
<td>Governmental Budget</td>
</tr>
<tr>
<td>Radio France</td>
<td>Undertake radio programming</td>
<td>Direct Licence Fee</td>
<td>EUR531,60m (US$637.07m)</td>
<td>Governmental Budget</td>
</tr>
<tr>
<td>Radio associations</td>
<td>Fund for Support of Radiophonic Expression</td>
<td>Industry Levy</td>
<td>Unavailable</td>
<td>1percent tax on radio and television advertising receipts</td>
</tr>
</tbody>
</table>

4.8.7 Funding quantum determinants and periodicity

• Direct license fee/Contingent appropriation: Funding is dependent, in part, on the organisation’s performance of goals with respect to the service contract between broadcaster and government. ¹¹³ Ultimately accountable to the political institution, the regulatory CSA’s (Conseil Superieur de L-Audiovisual) role is newly diminished. Parliament sets the rate of the license fee each year and approve the distribution of this fee among the various national programming companies. The performance of public broadcasters will be taken into account when the ‘redevance’ (the French licence fee) is reviewed and the yearly budget allocated. ¹¹⁴ In France, it was only a recent change in public policy (2000) that led to the creation of the first service contracts between broadcasters and the government. The first contract for France Televisions, for example, was for 2001-2005. The renewal of these contracts is currently up for negotiation.

¹¹² Calculated from the European Audiovisual Observatory 2005 Yearbook (2003 figures).
4.8.8 Political insulation of public broadcasting funding

- The most recent reform in France dates from 2000 and is directed at encouraging competition and diversification in the public audiovisual system—particularly in terms of programming and distribution. The state adopts the role of shareholder or guardian, sometimes shared by the CSA. Advertising revenues are controlled for state broadcasting companies.

4.8.9 Ethnic, cultural and linguistic services.

- The public service mandate requires public service broadcasting organisations promote national audio-visual production and the French language and culture.

4.8.10 Spectrum allocation and funding

- Spectrum allocation for broadcast services is regulated by the CSA (Conseil Superieur de L-Audiovisual), the regulatory organisation for audiovisual media. Several hundred radio associations are given frequencies by the CSA. A substantial share of wavebands is guaranteed to this form of radiophonic expression. A “Fund for Support of Radiophonic Expression, supplemented by a 1% tax on radio and television advertising contributes to the funding of these associations.”

4.8.11 Digital developments and funding

- Digitisation is progressing in France with public television to have eight of the thirty three channels. At this stage financing is unclear, beyond an initial budgetary allocation.

4.8.12 References


4.8.13 Acknowledgements of assistance

- Martin Hadlow, UNESCO
- Angeliki Koukoutsaki, University Paris 3.

4.9 GERMANY

4.9.1 Background

- Population: 82,431,390 (July 2005 est.)\(^{117}\)
- Languages: German\(^{97}\)
- GDP: USD 2.362 trillion (2004 est.)\(^{97}\)

4.9.2 Public broadcasting media & institutions: i.e. state-owned

- The German Broadcasting system includes both public and private broadcasters under a federal system (with both central organisation and decentralised organisations – the 16 states or Bundeslander).\(^{118}\)

- In 1950 the first television system in Germany was organised under the umbrella organisation, ARD (Arbeitsgemeinschaft der öffentlich-rechtlichen Rundfunkanstalten der Bundesrepublik Deutschland or in English: "Association of Public Broadcasting Corporations in the Federal Republic of Germany").

- Ten years later the second national TV-channel, ZDF (Zweites Deutsches Fernsehen, literally "Second German TV") was founded.

- The regional stations are also represented by the ARD. These regional TV-stations are generally called "Drittes Fernsehprogramm" (Third TV-programme).

- Today the ARD consists of the following independent broadcasting corporations:
  - Bayerischer Rundfunk (BR)
  - Hessischer Rundfunk (HR)
  - Mitteldeutscher Rundfunk (MDR)
  - Norddeutscher Rundfunk (NDR)
  - Ostdeutscher Rundfunk Brandenburg (ORB)
  - Radio Bremen (RB)
  - Saarlandischer Rundfunk (SR)
  - Sender Freies Berlin (SFB)
  - Südwesterndfunk (SWR)
  - Westdeutscher Rundfunk (WDR)
  - Deutsche Welle (DW)

- Organisation Political interference with the media in the years prior to 1945 motivated the decision to make public broadcasting corporations in West Germany independent of central government and interest group influence. The Constitution (1949) gave the rights to administer radio and television to each of the existing federal states. The states in West Germany, either individually or in groups, founded public-law institutions for the purpose of producing and broadcasting radio and television.

- All broadcasting corporations have the same broad public mission, i.e. to serve the public as a whole with programmes providing information, education and entertainment. This model was applied to the new eastern states in 1991. Adherence to the public

\(^{117}\) CIA Factbook 2005
\(^{118}\) Kleinwachter, W German Law Archive www.iuscomp.org/gla.literature/broadcast.htm DOR19.10.05
programming mandate is monitored in the public broadcasting corporations by broadcasting councils. They consist of the representatives of the major organised groups in society. The public broadcasting system is financed by licence fees. The public broadcasting organisations also take in some revenue from advertising.

- To provide a regional contrast to the national programming of Erstes Deutsches Fernsehen, the regional broadcasting corporations produce up to 20 hours of content per day. Regional information and entertainment programmes are broadcast along with educational programmes and music, cultural and science programmes and documentaries, feature films, series, game shows and talk shows.119

4.9.3 Other broadcasting media with public-oriented functions

- Deutsche Welle is the only private radio corporation governed by federal law. It is financed mostly by the Federal government funds and its statutory responsibility is to produce radio programmes for listeners abroad in order to give them an account of political, economic and cultural life in Germany as well as explain the German position on major issues.7

4.9.4 Main commercial broadcast media

- TV Broadcast stations: 373 (plus 8,042 repeaters) (1995)120
- Deutsche Welle (DW) is Germany’s international broadcaster of news and information on shortwave and satellite radio in 29 languages – it also has a satellite television service that is available in three languages.
- The Interstate Treaty on Broadcasting also concerns private broadcasters. It determines admission of private television operators as well as plurality of opinion, programming principles, duration of advertising as well as setting the responsibilities of state supervisory authorities for private broadcasters.121
- Private broadcasters require a licence, determined by either the state media laws or for national broadcasting, the Interstate Treaty.122

4.9.5 Public broadcasting funding 2003

- Total quantum: EUR 4,900 million (US$5,769)

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119 Circom www.circom-regional.org/states/germany/intro.asp DOR 19.10.05
120 CIA Factbook 2005
121 German Law Archive www.iuscomp.org/gla.literature/broadcast.htm DOR19.10
### 4.9.6 Breakdown of public broadcasting expenditure 2003

<table>
<thead>
<tr>
<th>Recipient/end user</th>
<th>Function/purpose</th>
<th>Mode of allocation</th>
<th>Level of funding</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARD stations</td>
<td>Public service in respective Lander</td>
<td>Commercially contingent indirect appropriation via KEF</td>
<td>EUR 4,900 million (US$5,769m)</td>
<td>Public licence fee for radio &amp; TV</td>
</tr>
</tbody>
</table>

**Other ARD revenue 2003**

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
<th>Currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Income</td>
<td>EUR 4,900 million</td>
<td>(US$5,769)</td>
</tr>
<tr>
<td>Commercial Income</td>
<td>EUR 739 million</td>
<td>(US$870m)</td>
</tr>
<tr>
<td>Other Income</td>
<td>EUR 83 million</td>
<td>(US$98m)</td>
</tr>
<tr>
<td><strong>Total income 2003</strong></td>
<td><strong>EUR 5,722 million</strong></td>
<td><strong>(US$6,73m)</strong></td>
</tr>
</tbody>
</table>

### 4.9.7 Funding quantum determinants and periodicity

- **Licence fee**: Public service broadcasters receive revenue mainly by licence fee and to a lesser extent from advertising and other sources. The Radio fee is EUR 5.32 per month while the TV fee is EUR 10.83, totalling EUR 16.15 per month.

- The licence fee is determined in several stages: Each public broadcaster submits its requirements for analysis and assessment by the Commission for the Assessment of Financial Requirement (Kommission zur Ermittlung des Finanzbedarfs KEF). The KEF is independent of the state and is made up of independent experts appointed by the Lander (states). The state legislators accept the proposal of the KEF. The only deviation from a KEF proposal occurs if too high a financial burden on broadcasting licence fee payers would occur.

- The licence fee level is contingent on commercial earnings. Higher advertising advertising revenues will therefore result in a lower licence fee, thus helping an affordable fee to be implemented. However, advertising is considered compatible with PSB only insofar as it is not the primary source of revenue. There are therefore upper limits to the proportion of public broadcaster revenue which can be derived from commercial sources.

Percentages forming total public income from the licence fee in 2002 were:

**ARD**
- Licence fee 83%
- Commercial (including advertising) 15.7%
- Other 1.4%

**ZRD**
- Licence fee 84.7%
- Commercial (including advertising, sponsorship, programme sales 13.2%
- Other income 2.1%

- Private broadcasters obtain revenue primarily from advertising. Only Premiere and DF1 are pay TV broadcasters. A mix of at least 30 free-to-air public and commercial channels has meant a slower development of pay-TV services. 

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123 BBC News UK Edition
4.9.8 Political insulation of public broadcasting funding

- The media system has to ensure pluralistic structures and the basis for German broadcasting legislation is laid down in the constitution. Three main areas are legislated for:
  - Article 5 which follows generally Article 10 European Convention on Human rights (1950).
  - Telecommunication-related services (including spectrum allocation) is the responsibility of the federal organisation.
  - Content and cultural regulations are the responsibility of the Lander and their respective parliaments.

- The public service mission is outlined in the Interstate Treaty of Broadcasting – emphasising the need for broadcasting to facilitate the formation of free individual and public opinion.

- Public service obligations also have to provide a complete overall view of international, European, national and regional events in all essential areas of life as reflected at both the federal and state levels.¹²⁴

- Debate continues as to whether a new regulatory framework is required to cope with the problems associated with technical convergence.¹²⁵

4.9.9 Ethnic, cultural and linguistic services

- The German constitution legislates at the Lander level to ensure that special regional and locally defined cultural needs are met. To ensure also that a minimum of equal standards and harmonised rules are established, the Lander have signed an Interstate Treaty on Broadcasting. This treaty is ratified by the regional parliaments and its rules apply to:
  - ARD
  - ZDF
  - The licence fee
  - Advertising
  - Concentration & competition
  - Cable
  - News services

4.9.10 Spectrum allocation and funding

- The allocation of frequencies between public and private broadcasting is decided at state level.¹⁰⁶

4.9.11 Digital developments and funding

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• Around 90% of German households have cable or satellite TV and Germany is moving towards ending analogue broadcasting by 2010. Public TV broadcasters offer a range of digital-only channels.

• Digital terrestrial television has been started in some states. The rules governing digital terrestrial broadcasting are found in the revised Interstate Treaty on Broadcasting. The Treaty states that transmission capacity for digital terrestrial broadcasting should be divided between public and private broadcasters 50:50.126

• However, debate is occurring as to whether regulatory responsibility lies with the Federal Government or the state concerned.127

4.9.12 References

• World Bank
• CIA Fact Book
• Circom www.circom-regional.org/states/germany/intro.asp DOR 19.10.05
• Year Book (2004)
• Kleinwachter,W German Law Archive www.iuscomp.org/gla.literature/broadcast.htm DOR19.10.05
• BBC News UK Edition www.news.bbc.co.uk/1/hi/world/europe/country_profiles/1047864.stm DOR 19.10.05
• European Audiovisual Observatory (2005) Year Book Vol 1 Economy of the Radio and Television Industry in Europe Strasbourg

4.9.13 Acknowledgements of assistance

• Freidrich Krotz, University of Erfurt

127 German Law Archive www.iuscomp.org/gla.literature/broadcast.htm DOR19.10.05
4.10 GREECE

4.10.1 Background

- Population: 11,074,755 (2004 estimate)\textsuperscript{128}
- Language: Greek
- GDP: US$ 203,401 million (2004 estimate)\textsuperscript{129}

4.10.2 Public Broadcasting media & institutions:

- Hellenic Broadcasting Corporation (ERT SA):
  - Greek Radio and Television 1 and Greek Radio and Television 2 are incorporated into a common body, the ERT SA.\textsuperscript{130} Two national coverage channels (Elliniki Teleorasi 1 (ET1) and NEA Elliniki Teleorasi (NET), previously ET-2 are based in Athens.\textsuperscript{131}
  - A public service broadcaster, Helenic Radio offers news, entertainment and education. It includes:
    - Five radio stations – NET, SECOND, KOSMOS, ERA3, ERA SPORT – exist to satisfy the needs of various listeners,
    - One radio station with international coverage ERA5 “Voice of Greece”;
    - FILIA for the immigrants living in Greece,
    - 19 regional stations with local coverage,
    - ERA International Network,
    - Macedonia’s short wave program, with international coverage.\textsuperscript{132}

- The Independent Broadcasting Authority (ESR): ESR oversees the broadcasting sector. It allocates licenses and oversees all the licensed channels mainly in terms of conduct and content. The committee of chairs of Parliament selects the board members for ESR and the Authority is answerable to the Parliamentary Committee of Institutions and Transparency.\textsuperscript{133}

- The National Broadcasting Council (NBC): NBC was formed in 1989 to oversee the audiovisual sector and to act as a ‘buffer’ between the government and the broadcasters.\textsuperscript{134}

- Hellenic Audiovisual Institute (IOM): Established in 1994, IOM is the official research institution for broadcast and audiovisual issues. State-funded and semi-autonomous, this legal body represents the country at European structures, agencies and procedures.\textsuperscript{135}

4.10.3 Other broadcast media with public-oriented functions:

- Not identified

\textsuperscript{129} World Development Indicators database 2005
\textsuperscript{131} Mary Kelly, Gianpietro Mazzoleni & Denis McQuail, 2005, The Media in Europe
\textsuperscript{133} Sophia Kaitatzí-Whitlock, 2005, Greece: Broadcasting and Citizens
\textsuperscript{134} Ibid
\textsuperscript{135} Ibid
4.10.4 Main commercial broadcast media

- Mega Channel (owned by Teletypos publishers), Antenna TV, Alpha TV and Star Channel dominate the television broadcasting scene in Greece. In 1994, the first subscriber channel, Filmnet, made its appearance offering commercial films and live football games. Other major television broadcasters include Alter, Makedonia, TV City and Seven X. And, Net-Med offers subscription TV services. Satellite channels, such as CNN, MCM, Euronews and the French TVS broadcast through local frequencies in Greece.

- Greek society tune in heavily to radio stations. There are approximately 1200 radio stations, the majority of them located in the capital.

4.10.5 Public Broadcasting funding 2004

- The total quantum allocated to public broadcasting (ERT SA) is US$ 281.5 million (EUR 238.82 million).

4.10.6 Breakdown of public broadcasting expenditure FY 2004

<table>
<thead>
<tr>
<th>Receiver/End User</th>
<th>Function/Purpose</th>
<th>Mode of Allocation</th>
<th>Level of Funding</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>ERT</td>
<td>Public Service</td>
<td>Licence fee via utilities surcharge</td>
<td>US$264.40 million</td>
<td>Utilities surcharge on electricity bill</td>
</tr>
<tr>
<td>ERT</td>
<td>Public Service</td>
<td>Direct appropriation</td>
<td>US$17.12 million</td>
<td>Ministry for Finance and Economics</td>
</tr>
</tbody>
</table>

4.10.7 Funding quantum determinants and periodicity

- **Licence fee:** This is a fixed rate fee, collected from every household as a surcharge on the bimonthly electricity bill. The fee is currently set at EUR 38.88 per year. This revenue is paid directly to ERT and comprises roughly 85% of its revenue. It is reviewed by the Ministry for Finance and Economics on an annual basis.

- **Direct appropriations:** ERT receives 5.5% of its revenue from the Ministry of Finance and Economics (2.9% direct from the Budget plus 2.6% from the General Secretariat for Communications Satellite Program). The remainder of ERT’s income comes through advertising and other commercial sources.

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136 Mary Kelly, Gianpietro Mazzoleni & Denis McQuail, 2005, The Media in Europe
137 Sophia Kaitatzi-Whitlock, 2005, Greece: Broadcasting and Citizens
139 European Audiovisual Observatory Handbook 2005
140 Calculated from European Audiovisual Observatory Handbook 2005 and data provided by Emmy Markoglou, Greek Ministry of Economy and Finance
141 ARTR-Gmbh report. http://www.rtr.at
• ERT has a three year business plan and its finances are reviewed by the government every three months.

• The National Radio television Council’s budget is granted by the Government.

4.10.8 Political insulation of public broadcasting funding

• The Hellenic Broadcasting Corporation’s ratings and advertising expenditure has declined in recent years. In fact, many Greek television stations face severe hardships and many of them are in a financial crisis. This situation has made analysts suspicious about the real intentions of the owners. Interestingly, Greece has entered a new era of ‘interplay’ between media owners and politicians wherein each party tries to gain tactical advantages as both parties need each other. The entry of businessmen, shipping owners and other business interests on to the media scene is an important way in which these interests try to influence public opinion and to exert pressure in the political arena for their business interests.143

• The Ministry for Finance and Economics considers that there is increasing justification for public broadcasting subsidies as technological developments allow greater access to public broadcasting in remote regions of the country.144

4.10.9 Ethnic, cultural and linguistic services

• Not identified

4.10.10 Spectrum allocations and funding

• ESR is responsible for allocating frequencies on a competitive basis to eligible bidders.145

4.10.11 Digital developments and funding

• At the end of 2001 two digital satellite platforms, Nova and Multichoice Hellas and Alpha Digital were launched. However, the development of digital and pay-television will depend on the decision to use compatible decoding technology.146

• The funding mechanisms and levels for developing digital television have not been disclosed.

4.10.12 References

• European Audiovisual Observatory Handbook 2005. Strassborg Publishers
• Kelly Mary, Gianpietro Mazzoleni & Denis McQuail, 2005. The Media in Europe
• Emmy Markoglou, Greek Ministry for Finance and Economics, November 2005.

143 Sophia Kaitatzi-Whitlock, 2005
144 Emmy Markoglou, Ministry of Finance and Economics, 2005
145 Sophia Kaitatzi-Whitlock, 2005
146 Sophia Kaitatzi-Whitlock, 2005

4.10.13 Acknowledgements

• Sophia Kaitatzi-Whitlock, IAMCR
• Emmy Markoglou, Greek Ministry for Finance and Economics
4.11 HUNGARY

4.11.1 Background

Population: 10,072,000\(^{147}\)
- Languages: Magyar (Hungarian), Other 1.8%
- GDP: $99,712 million (current US$)\(^{148}\)

4.11.2 Public broadcasting media & institutions: i.e., state-owned/controlled

- Magyar Televizio 1 (formerly MTV 1) Hungarian Television: available to 100% of the population – terrestrial (one of four terrestrial TV frequencies belongs to the military)
- Magyar Televizio 2 (formerly MTV 2) Hungarian Television: available to 55% of the population – only available by cable & satellite
- Duna TV (Danube Television): available to 45.3% of the population – only available by cable & satellite and primarily a channel for viewers of Hungarian nationality outside Hungary\(^{149}\)
- Magyar Radio: three channels:
  - Kossuth Radio - news magazine programmes
  - Bartok Radio - broadcasts classical music & literature programmes only
  - Petofi Radio – tries to meet challenge of the commercial music channels\(^{150}\)

4.11.3 Other broadcast media with public-oriented functions not state owned but with functions other than commercial

- Danubius radio: privately owned
- Slager radio: privately owned
- Juventus radio: reaches half the territory of Hungary via a network of radio stations
- Radio 1: reaches half the territory of Hungary via a network of radio stations

4.11.4 Main commercial broadcast media

- TV 2: via terrestrial
- RTL Klub: via terrestrial
- Magyar 1: via satellite / cable
- Magyar 2: via satellite / cable\(^{151}\)

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\(^{147}\) Source: World Development Indicators database

\(^{148}\) Source: World Development Indicators database

\(^{149}\) Source: Iris Legal Observations of the European Audiovisual Observatory - 2000


\(^{151}\) Source: Iris Legal Observations of the European Audiovisual Observatory, 2000
4.11.5 Public Broadcasting Funding FY 2003

- Total quantum: in $419,983,738 (current USD)\textsuperscript{152}

4.11.6 Breakdown of public broadcasting expenditure, FY 2003\textsuperscript{153}

<table>
<thead>
<tr>
<th>Recipient</th>
<th>Purpose</th>
<th>Mode of Allocation</th>
<th>Level of Funding</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>MTV &amp; DVT</td>
<td>Required to function as the protector of media freedom</td>
<td>Indirect appropriation via ORTT (62%)</td>
<td>$US147,142,316 [public funds]</td>
<td>The National Radio and Television Board (ORTT-Orszagos Radio es Televizio Testulet) which manages the Broadcasting Fund</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$US147,615,442 [licence fee]</td>
<td></td>
</tr>
<tr>
<td>MR</td>
<td>Required to function as the protector of media freedom</td>
<td>Indirect appropriation via ORTT</td>
<td>$US22,084,421 public funds</td>
<td>The National Radio and Television Board (ORTT) as above</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$103,141,559 licence fee</td>
<td></td>
</tr>
<tr>
<td>The Broadcasting Fund</td>
<td>*Redistributes part of the revenues generated in the broadcasting market</td>
<td>Industry levy &amp; contestable fund</td>
<td>* See below</td>
<td>Broadcast fee revenues, penalties for non-performance of contracts and damages, fines, flat rate or supplementary grants from the State budget and voluntary contributions</td>
</tr>
</tbody>
</table>

4.11.7 Funding quantum determinants and periodicity

- **Indirect appropriation:** MTV is financed via the ORTT broadcasting fund. Until recently, the fund included a broadcast licence fee which was included on individual’s tax forms, but in 2002 the government allocated funding from the budget to pay for it. This has now been abolished, however.

- The ORTT is independent, subject to the Broadcasting Act, and works under the supervision of Parliament. Its budget is approved by Parliament and its finances are inspected by the National Audit Office. Broadcasters in Hungary are contracted with the ORTT.\textsuperscript{154}

\textsuperscript{152} Source: EBU Members finance trends_{tcm6_39877.ppt. Note also that the Open Society Institute’s 2005 report Television Across Europe (http://www.eumap.org/topics/media/television_europe/national/hungary/media_hun1.pdf) provides financial data on Hungary which is not entirely consistent with the EBU.

\textsuperscript{153} Source: UBU-UER, 7\textsuperscript{th} Annual Conference of the EBU Information & Statistics Network, 2005.

\textsuperscript{154} Source: EU Monitoring and Advocacy program (EUMAP) / Network Media Program (NMP) / OSI Hungary.pdf.
• **Industry levy & contestable fund:** The ORTT administers a fund to support the production of programmes that the market would otherwise not cater for. Its function is to "subsidise public service broadcasting, public programme broadcasters, non-profit broadcasters, to preserve and promote culture, to ensure the diversity of programmes". Grants are awarded on an application basis and members of the committee make recommendations to the ORTT for approval.  

• The Broadcasting Fund's revenue is derived from a levy on the income of commercial broadcasters. Other sources include broadcast fee revenues, tender fees, penalties for non-performance of contracts and damages, fines, flat rate or supplementary grants from the State budget, and voluntary contributions. Revenue is mainly spent on the operation of the public service media, technological development and the production of public service and non-profit programmes. In 2003, the Fund also invite applications for programmes specially dedicated to people with disabilities, the national and ethnic minorities, as well as programmes covering Hungary’s accession to the EU.

• **Between 1997-2004:** The Broadcasting Fund supported broadcasting in the following ways:  
  
  o $26,495,079 granted to cable companies  
  o $37,850,113 granted to the television & film industries  
  o $6,663,769 granted to the radio industry  
  o $5,204,390 granted to transmission & related costs  

• In the summer of 2004, the Ministry of Finances announced a plan to reduce the 2005 budget of Hungarian Television by 50% and urged the institution to dismiss half its 1600 employees. The estimated loss of the institution for 2004 is over $US21,734,648. According to some reports, the overheads amount to $US35,531,793 per annum and only the rest is spent on actual programme production. MTV is estimated to have made a loss of US$25m in 2004, and has been obliged to sell (and rent back) its own office buildings. The situation of MTV is characterized by threats of bankruptcy and political pressure as each government has treated the channel as an important terrain of extending its political influence.

• The public service broadcasters have been funded from television licence revenues, budget subsidies and business activities, including commercial advertisements. The majority of advertising revenue goes to the commercial television operators. The public service broadcasters, especially Hungarian television, have been under-funded. Since the rise of the two national commercial television channels, Hungarian television has produced losses every year since the appearance of the two national commercial channels.

• **Between 1997 and 2003,** the Hungarian State spent $US882,447,723 from taxpayers' money on maintaining the institution.  
  
  o In 2003 the State subsidies to Hungarian Television amounted to $US132,475,397.  
  o In 2004, the annual budget of the institution was $US141,937,925.  
  o In 2004 it is reported to produce a loss of approximately $US4,731,264 every month.


157 Open Society Institute 2005, as above


The planned loss of the institution for the 2004 budget year is over $US25, 100, 064 and is partly explained by the advertising restrictions imposed by the broadcasting Act.

Currently Hungarian TV is renting the buildings it once owned. By 2000 the share of PSB was around 20% versus 70% for commercial broadcasters.

Duna TV’s annual budget for 2003 was $US34, 911, 760; of which $4, 232, 425 was generated by advertising and the rest came from the central State budget, $US28, 661, 804 and the broadcasting Fund $US1, 950, 387.

In 2003 Hungarian Radio’s total revenues amounted to $US58, 092, 179.

In 2003 Duna TV and Hungarian Radio produced only minor losses.

4.11.8 Political insulation of public broadcasting funding

- In Hungary a two-thirds Parliamentary majority is needed for any change to broadcasting law. In July 2002, after the electoral victory of a new, left/liberal Government coalition, the Hungarian Parliament modified the Broadcasting Act. The modification was implemented with regard to the EU guidelines.\(^{162}\)

- The abolition of the broadcasting licence fee and the substitution of a direct appropriation which is then distributed via ORTT means that the public funding for broadcasting is no longer ‘ringfenced’ and separate from other government budgetary considerations.

- The ORTT has at least five members who are elected for four years by Parliament and cannot be recalled. Chair of the board is appointed by the President of the Republic and the Prime Minister. ORTT members are subject to conflict of interest criteria which exclude those in political positions, civil servants, and the officers of the political parties, as well as employers and employees of the public service and commercial broadcasting companies and their close relatives.

- ORTT members are not allowed to engage in political activities or to issue political statements. In order to achieve transparency, the ORTT provides an annual report to Parliament about its operation.

4.11.9 Ethnic, cultural and linguistic services

- The PSB obligation to pay attention to culture and language of ethnic minorities in its programming is laid down in the remits. The remit in Hungary mentions programmes for handicapped people and minors:

  - Public service broadcasters and public broadcasters shall pay special attention to the following: …providing important information to groups that are severely disadvantaged due to age, mental and psychological state or social circumstances, in particular broadcasting programmes on children’s rights, on child protection and on conveying information regarding available services in prime time programming.\(^{163}\)

  - Hungary has quantitative content programme requirements but percentages or amounts are almost always applied to transmission time rather than an obligation to spend a certain amount or percentage of the budget to certain programming.

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\(^{162}\) Source: EU Monitoring and Advocacy Program (EUMAP) / Network Media Program (NMP) / OSI Hungary. pdf

\(^{163}\) Source: Programming performance of public service broadcasting and its mission in the digital age.
4.11.10 Spectrum allocation and funding

- No information available

4.11.11 Digital developments and funding

- In April 2004, the Government released a new decree specifying the technological criteria for digital broadcasting. In the summer of 2004, ORTT authorized the State-owned transmission company Antenna Hungaria (privatised in 2005) to start experimental terrestrial digital broadcasting of the three public service television channels in the Budapest area and around the Kab-hill.

- Satellite digital broadcasting (DVB-S) is now available and is provided by the multinational company UPC. Digital broadcasting via cable (DVB-C) has not even begun. Because terrestrial digital broadcasting in Hungary may interfere with neighbouring countries, Hungary is to enter negotiations with them. The digital switchover is expected to be completed by 2012. The estimated cost to construct a national terrestrial digital broadcasting system allowing for 12-24 television channels to operate would be $US94,625,283.

4.11.12 References

- EU Monitoring and Advocacy program (EUMAP) / Network Media Program (NMP) / OSI Hungary. pdf.
4.12 ICELAND

4.12.1 Background

- Population: 290,000
- Languages: Icelandic
- GDP: ISK 754.318 billion (US$12.38 billion)

4.12.2 Public broadcasting media & institutions:

- RÚV (Rikisutvarpið): As Iceland’s state-owned national broadcasting service, RUV has a broad public service remit to operate one national television channel (Sjónvarpið), two national radio channels (Rás 1 focuses on classical music and documentary while Rás 2 focuses on popular music and news/current affairs) plus four regional radio services.

- RÚV is funded primarily through a public licence fee (71%), but is permitted to supplement this with advertising and sponsorship revenue. RUV has a statutory responsibility to promote Icelandic language and culture, ensure universal reception (in offshore fishing waters as well as on land) and contribute to the Icelandic Symphony Orchestra.

4.12.3 Other broadcast media with public-oriented functions

- Commercial broadcasters in Iceland have generic requirements to promote Icelandic language and culture (e.g. by subtitling overseas television content) and to present public issues in a balanced manner.

4.12.4 Main commercial broadcast media

- Commercial broadcasting has only been permitted in Iceland since the end of RUV’s state monopoly in 1986.

- Nordurljós (Northern Lights) Corporation is a holding company operating national commercial television channels, including Stöð 2, Sýn, as well as Stöð 3, Bliórásin (movie channel) and Popp Tíví (music) all of which are available as a pay-TV package throughout most of Iceland.

- Nordurljós also owns six FM radio channels, including the national station, Bylgjan (the wave).

- Íslenska Sjónvarpsfélagid (Icelandic Television Corporation) operates two near-national commercial television channels, Skjár 1 and Skjár 2.

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166 Communications with RUV and Ministry for Education Science and Culture, October 2005.


There are two other small-scale television operators (one is religious) and approximately a dozen small radio operators (two are religious, the others focus on popular music).

4.12.5 Public Broadcasting Funding 2004-5

- Total quantum for FY 2004-5: ISK 2.695 billion\(^\text{169}\) (US$ 44.136 million).

4.12.5 Breakdown of public broadcasting expenditure, FY 2005-6 \(^\text{170}\)

<table>
<thead>
<tr>
<th>Recipient/end user</th>
<th>Function/purpose</th>
<th>Mode of allocation</th>
<th>Level of funding</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>RÚV TV (Sjónvarpið)</td>
<td>Broad public service with language and cultural emphasis</td>
<td>Direct Licence Fee (approx. two thirds is allocated to television)</td>
<td>ISK 1.68 billion (US$ 27.5 million)</td>
<td>Licence fee payable by households.</td>
</tr>
<tr>
<td>RÚV radio (Rás 1 &amp; 2)</td>
<td>Broad public service with language and cultural emphasis</td>
<td>Direct Licence Fee (approx. one third is allocated to radio)</td>
<td>ISK 839 million (US$ 13.75 million)</td>
<td>Licence fee payable by households.</td>
</tr>
<tr>
<td>RÚV TV (Sjónvarpið)</td>
<td>As above</td>
<td>Tax concession</td>
<td>ISK 100.1 million(^\text{171}) (US$1.64 million)</td>
<td>Revenue foregone to Icelandic Treasury</td>
</tr>
<tr>
<td>RÚV Radio (Rás 1 &amp; 2)</td>
<td>As above</td>
<td>Tax concession</td>
<td>ISK 75.5 million (US$ 1.24)</td>
<td>Revenue foregone to Icelandic Treasury</td>
</tr>
</tbody>
</table>

4.12.6 Funding quantum determinants and periodicity

- The **direct licence fee** is the principal source of funding for public service provision by RÚV. As a state-owned not-for-profit organisation, RÚV also benefits from a **broadcaster concession**, making it exempt from capital gains and income tax (currently 18%). Also note that all commercial broadcasters incur some more limited generic public obligations as a condition of operation.

- **Direct licence fee**: The licence fee is payable monthly by all households with a television or radio. In 2003, there were 95,000 licensees paying ISK 28,900 (US$474.27) per year\(^\text{172}\). Licence fee levels are decided by the Culture Department of the Ministry for

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\(^{170}\) Information on public funding provided by Áslaug Dóra Eyjólfsdóttir, Cultural Office, Ministry of Education, Science and Culture, Bjarni Guðmundsson, RUV and Thorsteinn Thorsteinsson, RUV (all October 2005)

\(^{171}\) Broddason and Karlsson (2003- see reference below) note that as a public broadcaster, RUV is exempt from taxation. Commercial revenue accounts for approximately 25% of RUV’s television funding and 33% of RUV’s radio funding. ITC Corporate Services Iceland (2005) notes that the current corporate tax rate is 18% (retrieved 30 October 2005 from: http://www.itc.is/Iceland/corporate_taxes.htm ) Figures for tax concession levels are estimated on these ratios.

Education, Science and Culture. Funding levels remain constant unless a change is passed through Parliament. To initiate any increase, RÚV would lodge a formal request with the Culture Department, outlining its rationale, but the Minister of Culture makes the final decision.

- **Broadcaster concession**\(^{173}\): As a state-owned public broadcaster, RÚV is not required to pay corporate tax on its commercial revenue (approximately 29% of its total income is therefore exempt from the 18% corporate tax rate). Any financial surplus is reinvested in public service operations.

### 4.12.7 Political insulation of public broadcasting funding

- The RÚV’s governing board is appointed by Parliament for a term corresponding to that of the government. Its composition therefore reflects the balance of power in Parliament\(^{174}\). The licence fee and tax exemption system has been opposed by some commercial operators who claim it discriminates against them, although RÚV is statutorily obliged to provide a broader range of services than its commercial rivals. There is also an increasing proportion of younger households who attempt to evade licence fee payments\(^{175}\).

- Although the licence fee system and tax concession funding mechanisms are well established, the restructuring of RÚV’s legal status is currently being debated in Parliament. One proposal is to change RÚV into a limited company and replace the licence fee (and tax concessions) with a ‘poll tax’ payable by each citizen aged 16-70 \(^{176}\).

### 4.12.8 Ethnic, cultural and linguistic services.

- RÚV’s status as the national public service broadcaster obliges it to provide a universal service and to promote Icelandic culture and language. It also provides subtitling and sign-language services on many programmes for deaf people. These are not operated through separate channels/services.

### 4.12.9 Spectrum allocation and funding

- Spectrum allocation does not directly relate to public funding mechanisms, although all broadcasting operators have some minimal public service obligations.

### 4.12.10 Digital developments and funding

- Although Parliament is making plans for the development of digital broadcasting services, there are as yet no firm policy commitments and no specific plans affecting public funding.

### 4.12.11 References

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\(^{175}\) Broddason and Karlsson (2003- see previous reference)

\(^{176}\) RUV document (2005).


4.12.12 Acknowledgements

- Áslaug Dóra Eyjólfsdóttir, Cultural Office, Ministry of Education, Science and Culture
- Ingibjörg M.B. Sæmundsdóttir, Ministry of Foreign Affairs
- Bjarni Guðmundsson, RUV
- Thorsteinn Thorsteinsson, RUV
- Professor Thorbjörn Broddason, University of Iceland.
- Erla Ósk Ásgeirsdóttir, Embassy of Iceland for New Zealand (Beijing)
- Geiri Petursson, Honorary Consul of Iceland for New Zealand.
4.13 IRELAND

4.13.1 Background

- Languages: Irish, English

4.13.2 Public broadcasting media & institutions

- The Broadcasting Commission of Ireland is responsible for the licensing of commercial digital, cable, mmds, and satellite stations as well as community broadcasters. 177

- The Broadcasting Act 2001 is a legal framework for broadcasting in Ireland which defines the public service character of services under the RTÉ Authority.
  - Allows for the introduction of Digital Terrestrial Television
  - Makes provision for the reform of the broadcasting bodies
  - Allows for the Broadcasting Commission of Ireland to introduce new commercial television series.

- Irish public broadcaster Radio Telefís Eireann (RTÉ), a statutory corporation, is the Irish national public service broadcasting organization. RTÉ broadcasts three television services and four radio services. It also has a responsibility to support the national Symphony Orchestra.
  - RTÉ One is a public service channel covering new, current events, documentaries, drama and variety programming.
  - Network 2 caters to the youth market.

- Radio: RTÉ has four full service channels. Radio 1 (the main news and information channel), Radio 2 (2fm, broadcasts youth music), Lyric fm (classical music and arts), and Raidió na Gaeltachta (Irish language service)

- Telefís na Gailge (TG4) is the Irish language television service. RTÉ currently provides TG4 programming support, but it operates separately from RTÉ and will become fully independent in April 2007. 6 hours per day are allocated to Irish language programmes during prime time. 11 hours per day are allocated to English language programmes which are supported by advertising.

4.13.3 Other broadcast media with public-oriented functions

- TV3 is an entertainment-focused channel whose programming primarily comes from US, UK and Australia. TV3 must fulfill a 15% quota of Irish language programming and supply news and current affairs programming under the Radio and Television Act 1988.

- Radio: Dublin City Anna Livia FM, is a non-for-profit special interest channel which runs a speech and music service intended to fill the gaps left by the public service broadcaster. Dublin City Council is the station’s principal partner, with the Dublin

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177 Ruth Zanker 2003
Docklands Authority also providing support. This channel relies on commercial and sponsorship funding, with most of the funding taking the form of grant aid.

4.13.4 Main commercial broadcast media

- TV3, is a free-to-air national commercial television channel.
- Radio: 52 independent sound broadcasting services
  - Today FM national independent commercial radio station owned by Scottish Radio Holdings. In 2003 held 9% of the national audience market share.
  - South East Ireland, Beat FM regional station
  - 26 local independent commercial radio stations
  - 1 special interest station (Dublin)
  - 17 community or community interest radio stations
  - 6 hospital or institutional stations (3 in Dublin, 1 each in Clomel, Limerick and Cork).

- The independent radio market commands a 56% share of the adult radio audience. The Broadcasting Commission for Ireland estimates revenue from advertising and sponsorship at €73 million (US $96.36 million) for 2003.

- Funding of independent local community-based radio stations comes from a range of sources such as advertising, programme sponsorship, donations, grant aid and general fund raising.

4.13.5 Public Broadcasting Funding 2003-2004

- Total quantum of public funding for 2004: US$306.79 million

4.13.6 Breakdown of public broadcasting expenditure, FY 2003-2004

<table>
<thead>
<tr>
<th>Recipient/end user</th>
<th>Function/purpose</th>
<th>Mode of allocation</th>
<th>Level of funding</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Irish public broadcaster (RTÉ)</td>
<td>To inform, educate and entertain. Includes RTÉ 1, Network 2, TG4</td>
<td>Direct License fee (50.3% RTÉ revenue)</td>
<td>2004 €157.6 million (US $207.2 million)</td>
<td>License Fee revenue</td>
</tr>
<tr>
<td>Teilifís na Gaeilge (TG4)</td>
<td>Irish Language Channel</td>
<td>Direct License fee</td>
<td>2004 €24 million (US $31.68 million)</td>
<td>License Fee RTÉ direct provision of programming</td>
</tr>
<tr>
<td></td>
<td></td>
<td>RTÉ provision of programming</td>
<td>2004 €8 million (US $10.56 million)</td>
<td></td>
</tr>
<tr>
<td>BCI Sound and Vision Funding</td>
<td>Radio and TV producers</td>
<td>Contestable 5% of License Fee</td>
<td>2004 €23 million (US $30.36)</td>
<td></td>
</tr>
</tbody>
</table>

178 Information sourced from www.europe-economics.com. Local broadcasting is run by commercial broadcasters.
179 2003 www.europe-economic.com
Independent Productions Unit (IPU).

- Expand the range and diversity of Irish-made programmes and to foster new sources of creativity and energy within the independent television production sector.
- 1993 Act specified the amount that RTÉ must allocate annually to fund independent television production.

- RTÉ allocated 19% of total license fee income in 2003 to radio. (Total €29 million - US $38.28 million). It was divided as follows:

<table>
<thead>
<tr>
<th>Recipient/end user</th>
<th>Function/purpose</th>
<th>Mode of allocation</th>
<th>Level of funding</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Radio 1</td>
<td>Main news and information channel</td>
<td>License fee &amp; Advertising revenue</td>
<td>License fee €13.4 million (US $17.69 million) Advertising €16.8 million -2003 (US $22.18 million)</td>
<td>License fee</td>
</tr>
<tr>
<td>2 FM</td>
<td>Broadcasts youth music</td>
<td>Advertising</td>
<td>€15.6 million – 2003 (US $20.59 million)</td>
<td></td>
</tr>
<tr>
<td>Lyric fm</td>
<td>Classical music and arts</td>
<td>License fee Advertising</td>
<td>€6.2 million (US $8.18 million) €0.5 million – 2003 (US $0.66 million)</td>
<td>License fee</td>
</tr>
<tr>
<td>Raidió na Gaeltachta</td>
<td>Irish Language service</td>
<td>License fee</td>
<td>€9.7 million -2003 (US $12.8 million)</td>
<td>License fee</td>
</tr>
<tr>
<td>Dublin City Anna Livia FM</td>
<td>Special interest music and speech channel</td>
<td>Advertising Commercial and sponsorship funding Grant Aid</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 4.13.7 Funding quantum determinants and periodicity

- Irish public broadcaster (RTÉ) is dual funded, with the license fee being the primary source of income (just over 50% of the total), and the remainder coming from advertising and other commercial revenue.

- **Direct License fee**: RTÉ is funded by a mixture of license fee income. The license fee is payable by every household and industrial and commercial companies in the Republic which has a television set. Payment to RTÉ is authorized by Oireachtas after collection.
by the Post Office (An Post). RTÉ receives 95% of the net proceeds of the license fee (after collection costs). The remaining 5% is allocated to the BCI Sound and Vision fund.

- The Government periodically approves license fee increases: The License Fee increased to €152 (US $200.6) in 2004, increasing the total revenue by €8.7 million (US $11.48 million) and will rise to €158 (US$208.6) by 2006.

- RTÉ receives all the revenue from the license fee except for 5% which goes to the BCI Sound and Vision fund and the cost of collection which goes to An Post (the Post Office which collects licence fees). Currently An Post receives €9.25 (US $12.03) per licence collected with extra revenue if they exceed targets and reduce evasion. An Post pays the license fee revenue it collects to to the Exchequer.

- The 1993 Act required RTÉ to allocate a specified amount of its revenue annually to fund independent television production. In 2004, RTÉ was required to allocate €27m to commissioning independent content, but actual expenditure exceeded this (€45m) The Independent Productions Unit (IPU) is intended to enhance the service to viewers by expanding the range and diversity of Irish-made programmes and to foster new sources of creativity and energy within the independent television production sector. The IPU commissions programmes from a wide range of independent producers.

- Contestable license fee: The License Innovative fund was established by the government in December 2002. This fund is open to any free-to-air broadcaster including RTÉ. 5% of the License fee is placed in this fund for special radio and television programmes. RTÉ’s statutory obligations thus require it to provide what is, in effect, an indirect appropriation to the IPU. “The innovative fund represents a shift in political support away from dedicated public service broadcasting channels” 180. The fund is targeted towards social, historical and other cultural/ public service-type programmes. Commercial broadcasters, independent producers, and RTÉ can apply to have access to this fund. In FY 2005 / 2006 the fund is expected to be worth €9 million.181

- Direct appropriation: Teilifís na Gaeilge (TG4) receives direct funding from the Government. TG4 is not directly funded by RTÉ, but it does receive an hour of programming per day free of charge. Its funding is dependent on a combination of Government funding, commercial income (airtime sales). Teilifís na Gaeilge receives €24 million (US $18.18 million) directly from the Exchequer; RTÉ provides €8 million (US $10.56million) through the direct provision of programming; TG4 receives €3 million (US $3.96million) in commercial revenue.182

- Funding setting mechanism: According to RTÉ, the Irish Government has introduced a contingent index-linked system where each year independent economic consultants review RTÉ’s performance in relation to delivery on commitments, financial performance and management. They then advise the Government who use a formula which is the Rate of Inflation minus X ("X" is determined by how satisfactorily RTÉ has performed in the previous 12 months. Thus if the inflation rate is 3% and the advisors say that RTÉ has been performing well,"X" might be zero, so RTÉ would receive a 3% increase. If on the other hand RTÉ were judged to be only moderately successful "X" might be 1, so the licence fee would be increased by 2%, etc.)183. The responsibility for external review may change in the future after legislation to establish a new Broadcasting Authority of Ireland is completed.

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180 2003 Ruth Zanker
181 2005 Peter Feeney, Head of Public Affairs Policy RTÉ
182 http://www.tg4.ie/Bearla/Corp/culr.htm
183 2005 Peter Feeney, RTÉ
• Funding is currently being reviewed by the Government. It is proposed that a government grant obtained from revenue gathered from the broadcasting license fees is paid to the Broadcasting Commission of Ireland (BCI). This scheme is currently in development.

• Community based television services transmitted by cable are eligible for funding via BCI Sound and Vision.

4.13.8 Political insulation of public broadcasting funding

• Currently there is significant political debate on public broadcasting funding in Ireland. This is due to the tensions created by the changing structure of the funding scheme, and the lack of cohesive government support.

4.13.9 Ethnic cultural and linguistic services

• Raidió na Gaeltachta Irish language service.

• Dublin City Anna Livia FM, is a non-for-profit special interest channel which runs a speech and music service intended to fill the gaps left by the public service broadcaster.

4.13.10 Spectrum allocation and funding

• Spectrum allocation appears to have no direct bearing on public funding mechanisms.

4.13.11 Digital developments and funding

• Considerable debate on the development of Digital Television. RTÉ believes that it is in the Irish national interest that Ireland controls its own digital platform, as Digital Television has too important an impact on cultural and economic activity.184

• RTÉ believes that Ireland is ideally suited to terrestrial distribution of digital TV. The population is small and spread widely across remote rural areas. Mountain ranges add to the transmission difficulties. These factors exclude the cost-effective use of either cable or MMDS (line-of-sight distribution by microwave) systems.

• While satellite distribution of digital TV is possible, this would not be in Ireland's national interest - since it would likely be controlled by foreign interests distributing foreign programming.

• If the satellite platform were to be used as a vehicle for electronic commerce, it is likely that any electronic transactions would take place outside Irish jurisdiction and involve transfers out of the Irish economy.

• Taking into consideration the size of Ireland, the cost of leasing satellite space and the need for the consumer to buy a dish rather than using their existing TV aerials, make satellite delivery uneconomic in comparison to digital terrestrial delivery.

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184 RTÉ Online: http://www.rte.ie/about/index.html
• DTT requires the purchase of a digital set-top box in order to receive and decode the digital signal, but it does not require the purchase of any additional equipment, such as satellite dishes.

• RTÉ proposes the following programme:
  o "Irish Digital Terrestrial Television could be offered as a set of tiered subscription options, starting with a fee basic tier. Subsequent tiers would give progressive access to a full range of multi-channel television and data services.
  o The basic tier package would provide universal free access to Irish-originated broadcast services including RTÉ 1, Network 2, TG4, the proposed TV3 and an education service.
  o The second tier would offer the Northern Ireland version of the five free-to-air UK terrestrial channels. This tier would provide reliable, high-quality access to these popular services at a price estimated to be as low as € 75 million per annum (US$ 99 million)
  o The third tier would offer a set of additional Irish broadcast services including RTÉ+ (a time-shifted presentation of existing programming), RTÉ News (a 24-hour news service), additional TG4/TV3 services and coverage of Oireachtas proceedings.
  o Higher tiers would offer re-transmission of popular UK multi-channel services provided by the BBC, BDB and BSkyB for additional subscription fees (these to be determined following negotiations with the relevant programme providers). In addition to the above tiers, two Irish pay-per-view services (which would allow viewers to buy individual programmes, such as movies or sports events, on a one-off basis) could also be offered." (RTÉ Policy documents – Digital TV RTÉ online 10 Nov 2005)

4.13.12 References

  • Delaney Liam, O’Toole Francis (2004) Irish Public Service Broadcasting: A Contingent Valuation Analysis
  • RTE: http://www.rte.ie
  • RTÉ Online: The Website of Ireland’s National Broadcasting Organisation RTÉ. Http://www.rte.ie/about/old/policydigital.html
  • TV3: http://www.tv3.ie
  • www.europe-economics.com 2003

4.13.13 Acknowledgements of assistance

  • Peter Feeney Head of Public Affairs Policy, RTÉ
  • Andrew Ó Baoill Inst. Of Communications Research, University of Illinois
4.14 ITALY

4.14.1 Background

- Population 57,573,180\textsuperscript{185} in 2004 year.
- Languages: Italian (official), German, French, Slovene
- GDP: $1,672,302 million (Current US$ for 2004 year)\textsuperscript{186}

4.14.2 Public broadcasting media & institutions

- Radiotelevisione Italiana formerly known as Radio Audizioni Italiane (RAI) is the public broadcasting company – controlled by the Government and prone to political influence. RAI operates according to the rule of “lottizzazione”, which means that seats on the RAI Board of Directors and other positions (e.g. executives, journalists and producers) are based on affiliation to the ruling political parties rather than merit or seniority. RAI operates 3 public television channels, RAI 1, RAI 2 and RAI 3, and 4 radio channels, Radio 1, Radio 2, Radio 3 and Isoradio.

- The [original] goal of RAI was to provide a “public service,” not so much in the form of entertainment as in the dissemination of information. Another important goal was the spread of Italian as a national language. (In 1950, 80 percent of the population knew only their local dialect).\textsuperscript{187}

- The Communications Guarantee Authority (Autorità per le Garanzie nelle Comunicazioni – AGCOM). This statutory body was set up partly to comply with European Community laws, and partly because of political issues in the 1990s, which led to the demand for a stronger role for independent regulatory authorities. It is responsible for maintaining programming standards and making rulings on complaints.

4.14.3 Other broadcast media with public-oriented functions

- None identified.

4.14.4 Main commercial broadcast media

- Mediaset: the second main player in the market. It is a private company whose majority shareholder is the Berlusconi family. Silvio Berlusconi has been Italy’s prime minister since 1994. He has used his office to control RAI (public television), while at the same time he controls most of Italy’s private television networks including Mediaset, through his company Fininvest. Mediaset operates 3 national television channels, Canale 5, Italia 1 and Rete4, as well as several radio networks and more than 20 digital channels.

- Sky Italia – 80% owned by Rupert Murdoch - has a monopoly in the satellite / cable television market. Its fortunes are threatened by its dependence on the screening of Italian football games, since most football clubs are in financial difficulty. Also, Mediaset has recently won the rights to broadcast some of the most popular football games on its digital networks.

\textsuperscript{185} World Development Indicators database.
\textsuperscript{186} World Development Indicators database.
\textsuperscript{187} From a June 2002 article by Chris Sverige on the World Socialist website.
4.14.5 Public Broadcasting Funding 2003

Total quantum for FY 2005-6: RAI receives EUR1,432 million (US$1674.27 million) via licence fee

4.14.6 Breakdown of public broadcasting expenditure, FY 2003

<table>
<thead>
<tr>
<th>Recipient/end user</th>
<th>Function/purpose</th>
<th>Mode of allocation</th>
<th>Level of funding</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGCOM</td>
<td>Supervising and enforcing compliance with legislation in the telecommunications, media and press-publishing sectors</td>
<td>Direct public licence fee</td>
<td>EUR millions 1,432 (US$1674.27m) from licence fee</td>
<td>Licence fees</td>
</tr>
<tr>
<td>RAI</td>
<td>Public service remit</td>
<td>Direct public licence fee (55% of RAI revenue)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.14.7 Funding quantum determinants and periodicity

- **Direct Public Licence fee**: RAI’s main source of income is the licence fee, decided every year by the Minister of Communications. Italy’s licence fee (called the “broadcasting tax”) is lower than in the UK, Germany and France – the reason given for this lower rate is so as not to provide a disincentive for a nation where tax evasion is common. The rest of RAI’s income comes from commercial activities, including advertising and programme sales to other countries. However, there is a legislated ceiling on the amount of advertising that public service television can earn.

4.14.8 Political insulation of public broadcasting funding

- Successive Italian governments have failed to encourage pluralism and fair competition. The major player in public and private broadcasting is the media tycoon who is the current Prime Minister, Silvio Berlusconi.

- The Mammi Law 1990 was the first law that attempted to regulate broadcasting as a dual (public and private) system. It preserved PSB by granting the broadcast licence to a wholly State-owned corporation, and introduced criteria for the assignment of broadcast licences.

- The Maccanico Law 1997 established the Communications Guarantee Authority (AGCOM) and attempted to encourage competition.

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• Since both public and commercial broadcasters in Italy rely heavily on advertising income, this is a major cause of political disputes. Frequently debated is the idea of forcing RAI to rely solely on licensing fees. Mediaset has petitioned the EU Commissioner responsible for Competition Policy to investigate whether RAI should be held liable for unfair competition.

4.14.9 Ethnic, cultural and linguistic services.

• The Gasparri Law 2004 requires public broadcasters to provide specific programmes for education, information, news, training and cultural purposes including broadcasts in French, Slovenian, German and Ladino for specific autonomous provinces.

4.14.10 Spectrum allocation and funding

• The Ministry of Communications (Ministero della Comunicazione) is the government ministry charged with the responsibility for radio spectrum planning and management. It allocates frequencies for public and private radio and television broadcasting and oversees the granting of concessions, licences and authorisations.189

• The Gasparri Law 2004 requires public broadcasters to provide specific programmes for education, information, news, training and cultural purposes including:
  o radio and television programmes devoted to education, information, training, promotion of culture, and theatrical, cinematographic, television and musical works, including works in the original language that are recognised as being of value. The number of hours for these programmes is set every three years by the Communications Authority.
  o broadcasts in French, Slovenian, German and Ladino for specific autonomous provinces.
  o broadcast of announcements of public and social interest, as requested by the Prime Minister

4.14.11 Digital developments and funding

• Two statutes have addressed digital technology. The Digital Broadcasting Law 2001 allowed for a complete switchover to digital technology, and provided for the distribution of digital broadcasting frequencies, but without specifying any parameters for its implementation or for the assignment of frequencies. This caused problems with unlicensed broadcasters preventing licensed broadcasters from operating.

• The Gasparri Law of 2004 attempted to regulate the evolution of the broadcasting market from terrestrial broadcasting services into digital technology. The same law also placed the responsibility for appointing RAI Directors into the hands of the Government though the Council of Ministers, the Prime Minister and the Ministries of Telecommunications and Economy. It aims to leverage digital terrestrial to promote pluralism in television, but the vigorous buying up of frequencies by RAI and Mediaset has led to criticism that the law is simply favouring the existing duopoly. Mediaset in particular has been able to acquire digital licences without giving up any of the frequencies currently used by its analogue television networks – despite the Constitutional Court’s 2002 ruling that

189 Ministry of Communications website.
analogue broadcasting should be terminated for networks exceeding the legal ownership limits.

- In direct contravention of the Gasparri Law, Berlusconi’s Government has allocated EURO 100 million in 2004 and EURO 150 million in 2005 for subsidising the growth of the two largest networks in the digital business.

4.14.12 References


4.14.13 Acknowledgements of assistance

- Gianpietro Mazzoleni, Professor of Sociology of Mass Communication and Political Communication, University of Milan.
- Claudia Padovani, Department of Historical and Political Studies, University of Padov, Italy
4.15 JAPAN

4.15.1 Background

- Population: 127,764,360\textsuperscript{190} (2004)
- Languages: Japanese

4.15.2 Public broadcasting media & institutions

- The Ministry of Posts and Telecommunications (MPT) is a Government Department. MPT’s Broadcast Bureau oversees radio and television broadcasting in Japan, and influences decisions by advising the RRC (see below) on licensing and spectrum.

- The Radio Regulatory Council (RRC) is appointed by MPT, with consent being obtained from both houses of the Diet. RRC assigns spectrum by allocating frequencies for radio and television.

- Nippon Hoso Kyokai (NHK) or the Japan Broadcasting Corporation is Japan’s only public broadcaster. NHK introduced a radio service in 1925 and a television service in 1953.

- NHK runs three radio networks including the NHK FM Network and two MW networks: NHK Radio One (the general programme) and NHK Radio Two (the educational programme). NHK also runs Radio Japan – First Service, a shortwave broadcaster that broadcasts to Asia in English and Japanese and Radio Japan – Second Service, which broadcasts throughout Asia in 20 languages.

- NHK runs two television channels (NHK1 for general entertainment and NHK2, an education service). Both channels are non-governmental and non-commercial. In addition, NHK operates 2 VHF television and 2 BS television channels.

4.15.3 Other broadcast media with public-oriented functions

- Hi-Vision – digital radio provided by NHK and available on BS 3B satellite

- The University of the Air Foundation – established in 1981 to provide university-level education through broadcasting. It operates 2 channels of terrestrial broadcasting (TV, FM radio) and 2 channels of communications satellite (CS) broadcasting (TV and radio), which started broadcasting in 1998.

4.15.4 Main commercial broadcast media

- Tokyo Broadcasting System (TBS) Radio – a national broadcasting network.
- Tokyo FM – a national broadcasting network.
- MusicBird – CS digital radio station via satellite
- Sky PerfectRadio – digital radio available through PerfecTV
- Star Digio Radio Channels
- Radio Tampa – Nihon Shortwave Broadcasting Co.

\textsuperscript{190} World Development Indicators database.
\textsuperscript{191} World Development Indicators database.
4.15.5 Public Broadcasting Funding 2004-5

- NHK’s total revenue from licensing fees for Y/E March 2005 is estimated to be ¥673.6 billion (US$5.8 billion)

4.15.6 Breakdown of public broadcasting expenditure, FY 2004-5

<table>
<thead>
<tr>
<th>Recipient/end user</th>
<th>Function/purpose</th>
<th>Mode of allocation</th>
<th>Level of funding</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>NHK</td>
<td>Ensure public broadcasting is nationwide, of high quality and enhances public welfare. Provide international broadcast programming operations</td>
<td>Direct public licence fee</td>
<td>¥673.6 billion (98%) from license fees &amp; other operating income of ¥11.6 billion (2%). US$5.8 billion</td>
<td>Receiving licence fees from households with television</td>
</tr>
</tbody>
</table>

4.15.7 Funding quantum determinants and periodicity

- **Direct Public Licence Fee**: NHK prepares a budget and operating plan for the coming year, and submits them to the Minister of Internal Affairs and Communications. The minister forwards the documents (with ministerial comments) to the Cabinet, which passes them to the Diet (Parliament). The documents are debated in either Houses, which then approve or reject the budget. The monthly receiving fee is determined following approval of the budget by Parliament.

- For NHK’s settlement of accounts, balance sheets and other documents are submitted to the Minister of Internal Affairs and Communications along with an explanatory statement and the auditors’ comments. After reviewing the documents, the minister submits them to the Cabinet, which passes them to the National Diet following an inspection by the Board of Audit. Details of the budget and the settlement of accounts are disclosed in the Official Gazette.193

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192 From the NHK Annual Report 2005.
193 From the NHK Annual Report 2005.
• **Broadcaster Concession**: NHK is not required to pay tax.

### 4.15.8 Political insulation of public broadcasting funding

• MPT’s Broadcast Bureau oversees radio and television broadcasting in Japan, and influences decisions by advising the RRC (see below) on licensing and spectrum. MPT engages in extensive political intervention in programme content, and sets up an independent committee to investigate content when this is deemed necessary. MPT may delay relicensing by ordering commercial stations to testify before the Communication Policy Council of the Diet.

• The Radio Regulatory Council (RRC) is appointed by MPT, with consent being obtained from both houses of the Diet. RRC assigns spectrum by allocating frequencies for radio and television.

• The Broadcast Law aims to ensure NHK’s independence. Paragraph 2 of Article 3 stipulates the terms under which domestic broadcasters must make their programs.

• “Privatization of the broadcaster [NHK] has been debated as its efficiency as a public entity has repeatedly come into question. Despite maintaining its claim of independence from public and commercial organizations, the fact that the Diet must approve NHK’s budget and also that the Prime Minister appoints the NHK Chair inevitably draws criticism of a pro-government bias. For example, an NHK producer admitted to altering one of a four-part documentary series that aired in 2001 after two Liberal Democratic Party members ordered the producer to incorporate positive viewpoints of the government to balance the coverage on a highly sensitive war-related topic. Any external influence on the broadcaster is deemed illegal under the Broadcast Law as a hindrance to free speech, and the news broke on the front page of The Asahi Shimbun on Jan. 12, 2005. However, following the resignation of President Katsuji Ebisawa on Jan. 25, 2005, it was discovered that Ebisawa had promptly been made an advisor to NHK. He and two other advisors were forced to step down just days later on Jan. 29. Ebisawa had previously made front-page news as NHK president the summer before, following an embezzlement scandal involving one of its producers. In July 2004, a former executive producer at the company was scrutinized for allegedly misappropriating some ¥49 million (US$436,000) in programming fees.”

• “NHK’s finances have become increasingly precarious, to the extent that last month [September 2005] it issued a major restructuring plan including layoffs of 10 percent of the workforce and various programming cutbacks. What necessitated the plan was a huge spike in the number of Japanese who were either delaying or refusing to pay their mandatory receiving fees. What inspired the boycott, in turn, was widespread public discontent with NHK over a series of payback scandals and allegations that it had bowed to political pressure to censor a controversial documentary about Japan’s responsibility for World War II.”

### 4.15.9 Ethnic, cultural and linguistic services.

• No specific services identified

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194 From an article entitled “Japan’s 6 Premier Television Broadcasters” in the (online)Japan Media Review.

195 David Jacobson (Japan Media Review), personal communication 19 October 2005
4.15.10 Spectrum allocation and funding

- The Radio Regulatory Council (RRC) is appointed by the Ministry of Posts and Telecommunications, with consent being obtained from both houses of the Diet. RRC assigns spectrum by allocating frequencies for radio and television.

- The MPHPT has introduced a system known as the “Self-Verification of Conformity to Technical Regulations System” to encourage the fast development of products whose manufacturers can prove conformity with technical standards. The MPHPT polices the use of equipment can also impose penalties for non-compliance with technical standards.

4.15.11 Digital developments and funding

- The launch of digital satellite TV broadcasting in December 2000 was followed by the first digital terrestrial broadcasts in December 2003. By the end of 2006, digital broadcasting will be available in each prefecture’s administrative centre, and the service is planned to reach every household in Japan by 2011, when terrestrial analogue transmissions will be terminated. NHK is providing digital services using two key technologies: Hi-Vision (HDTV) and data broadcasting.

- Japan’s Broadcasting Policy outlines the funding mechanisms available to promote digitisation by way of interest-free loans, low-interest loads and debt guarantees. In late 2002, NHK and the National Association of Commercial Broadcasters reached an agreement about standards for commissioned programmes.

- The MPHPT provides tax benefits and financial support to broadcasters whose implementation plans have been certified on the basis of the “Advanced Television Broadcasting Facility Promotion Temporary Measures Law.” The “Law Concerning Promotion of Development of Technologies for Communications and Broadcasting Convergence”, effective November 2001, allowed for the MPHPT to grant subsidies to private developers of technologies used for services that converge communications and broadcasting. 196

4.15.12 References


4.15.13 Acknowledgements of assistance

- David Jacobson, Japan Media Review
- Snaiet Shalav, Japan Information & Cultural Centre, Wellington
4.16 KOREA, DEMOCRATIC REPUBLIC

4.16.1 Background

- Population: 22,744,624 in 2004 year\textsuperscript{197}
- Languages: Korean
- GDP (purchasing parity power): (US$ 940.8 billion for 2003 year\textsuperscript{198})

4.16.2 Public broadcasting media & institutions

- Ministry of Information and Communication (MIC)
- Korean Broadcasting Commission (KBC)
- Korean Broadcasting System (KBS) – a public corporation that operates two free-to-air television channels, six radio channels including multi-lingual Radio Korea International (RKI) and one special radio channel for the handicapped. KBS has a total of twenty-five local stations all over the country. RKI is the specified radio channel, which focuses on Korea's current issues, culture and traditions and is transmitted in 12 different languages through twenty-three short waves and medium waves.
- Educational Broadcasting System (EBS) (Kyoyuk Pangsong). A specialised public broadcaster for educational programmes, EBS operates two channels that are broadcast nationwide.

4.16.3 Other broadcast media with public-oriented functions

- Munhwa Broadcasting Corporation (MBC). Legally, MBC is a private, commercial network that supports itself by commercials. It operates one nationwide channel from Seoul and has 19 affiliates throughout the country. However, the controlling stockholder of MBC is the Foundation for Broadcast Culture, a public independent body, which was established under the Foundation for Broadcast Culture Act. MBC therefore has dual private and public broadcaster roles. The KBC appoints the executive auditor and all the nine members of the directors of the Council of the Foundation for Broadcast Culture.

4.16.4 Main commercial broadcast media

- Seoul Broadcasting System (Seoul Pangsong) (SBS). A private, commercial network that operates one nationwide channel from Seoul.

4.16.5 Public Broadcasting Funding 2005-6

- Total quantum for FY 2005-6: KRW 527,916,738,000 (US$527,917,000) from direct licensing fees paid to KBS and EBS.

\textsuperscript{197} (2004 year) World Development Indicators database
\textsuperscript{198} OECD Factbook. The CIA provides an alternative estimate of GDP (purchasing power parity) US $925.1 billion.
### 4.16.6 Breakdown of public broadcasting expenditure, FY 2005-6

<table>
<thead>
<tr>
<th>Recipient/ end user</th>
<th>Function/ purpose</th>
<th>Mode of allocation</th>
<th>Level of funding</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Korean Broadcasting System (KBS)</td>
<td>Statutory requirements include delivering public access programmes and conducting measures for the disabled.</td>
<td>Direct Public Licence Fee</td>
<td>KRW513,390.67m (US$513.39m) from licence fees</td>
<td>Licence fees, advertising &amp; sponsorship revenues.</td>
</tr>
<tr>
<td>Educational Broadcasting System (EBS)</td>
<td>Statutory requirements include delivering public access programmes and conducting measures for the disabled.</td>
<td>Allocation from KBC and portion of KBS’s Direct Public Licence Fee</td>
<td>KRW14,526.06m (US$14.53m ) from licence fees</td>
<td>Broadcasting Development Fund &amp; Licence fees, advertising &amp; sponsorship revenues.</td>
</tr>
</tbody>
</table>

### 4.16.7 Funding quantum determinants and periodicity

The Korean Broadcasting Commission (KBC) manages the Broadcasting Development Fund for the promotion of broadcasting-related industries. A Broadcasting Development Fund Management Committee set up by the KBC oversees the management of the fund. Fee collection rates may be graded according to the public interest and profit levels of each broadcaster.

- **Industry Levies**: The KBC collects funds from private terrestrial broadcasters at a fixed rate of 5.25% of their advertising revenue, but the collection rate for public broadcasters, KBS and EBS, is less, i.e. 3.50% of advertising revenues. The KBC also receives funds from the operating profits of programme providers that operate specialized channels such as home shopping and contributions by the broadcasting business operators and penalty surcharges.

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199 Figures supplied by KBC Secretary-General’s office
200 Figures supplied by KBC Secretary-General’s office
• **Operating Licences:** The KBC attracts additional revenue for the Broadcasting Development Fund from franchise fees paid by cable operators.

• **Direct public licence fee**  KBS is financed by licence fees and advertising revenues. The amount of licence fee is about 40% of the sum of total revenues of KBS in 2003. The license fee is decided after obtaining approval from the National Assembly via the Commission. The current amount of licence fee is 2,500 Korean Won (approximately US$2.40) per month.

• **Indirect funding:** Financial resources of EBS come from the KBC’s Broadcasting Development Fund and from its own advertising revenues. KBS funds EBS with three percent of its total licence fee revenues per year.

4.16.8 Political insulation of public broadcasting funding

• The KBC has the authority to appoint the executive auditor of KBS. The President appoints 11 members of the Board of Governors of KBS on the recommendations of the KBC. The president of KBS is appointed by the President upon a nomination of the Board of Governors. The KBC has the power to appoint the president, auditor and recommend nine members of the Board of Governors of EBS to the President.

• All the broadcasting business licensees must satisfy the programming requirements imposed by the KBC under the Broadcasting Act. The KBC annually issues the Commission Notification pertaining to independent and domestic production obligations.

• The KBC has the power to monitor and regulate the licensee's performances and process. The results are assessed and incorporated in their license renewal. Terrestrial broadcasters must transmit programs produced domestically a minimum of 80% of the total amount of operation time every month. (EBS;70%).

• Broadcasters must observe both general local content quotas as well as genre-specific local content ratios (including movies, animation/cartoons and popular music).

• Any broadcasting business must transmit movies, animations and popular music programs produced in one nation not more than 60% of the total broadcasting hours for foreign movies, animations and popular music programs every month.

• In addition, the three major terrestrial broadcasters, KBS, MBC and SBS, must transmit independently produced programs more than 10% of their total prime time zone.

4.16.9 Ethnic, cultural and linguistic services.

• The Broadcasting Development Fund is largely used to provide support for: educational and other public broadcasting, production of selected programs and other video material, programs made by viewers, the activities of media education and viewer groups, projects or groups related to the development of advertising, research and development of broadcasting technology, increasing accessibility to broadcasting for the handicapped and others isolated from broadcasting, arts and culture promotion projects, and public media projects.

4.16.10 Spectrum allocation and funding
• KBS and EBS are the public terrestrial broadcasters which are (partially) publicly funded and their total capital contributed by the national treasury. The new Act sets "must-carry" obligations upon the cable and satellite operators. So their two free-to-air television channels (KBS 1TV, EBS TV) should be retransmitted simultaneously via cable, relay-cable and satellite. There is no payment relating to mandatory carriage. The matters of retransmission of other network terrestrial channels via cable and satellite systems bring severe conflicts and arguments among all the broadcasting business operators on the verge of the beginning of satellite DTH services. In particular, the local broadcast stations insist that the retransmission of giant network terrestrial channels via satellite will devastate their own markets.

• The revision of the Act was passed and enacted in April 2002. The goal of it is to solve the ongoing conflicts and pursue balanced growth among relevant broadcast business operators. In accordance with the revised Act, the Commission issued the Commission Notification, which designates KBS TV 1 as the mandatory carriage channel between its two terrestrial channels on April 20, 2002. Under the article 78 of the revised Act, the signals of terrestrial broadcast stations except for must-carry channels cannot be retransmitted by satellite and cable carriers without prior authorization from the Commission.

4.16.11 Digital developments and funding

• In July 1999 the Korean Government announced a plan for the digitalization of terrestrial broadcasting. The KBC established the Digital Broadcasting Promotion Committee for digital transition of broadcasting. The Committee, which consists of representatives from related government entities, NGOs, manufacturers concerned and experts, advises the Government on policy directions regarding overall digital transition.

• The KBC announced a comprehensive policy plan for the digitalization of terrestrial broadcasting in December 2000 and one for digital cable television in November 2001 on recommendations of the Committee. The Committee also submitted a blueprint in January 2003 for the KBC's proceedings concerning terrestrial DMB, satellite DMB and DMC etc. (Terms and definitions used in this presentation may be different in other countries. In Korea, DMB, DAB, DSB, DRB are currently used as the same thing, which means the digitalization of radio programming and related converged services. DMC focuses on digitalization of cable TV operation and is expected to achieve economies of scale).

• The KBC gives priority to the conversion to digital operation of major terrestrial broadcasters, i.e. KBS, MBC, EBS and SBS. The four major aerial broadcasters started digital broadcasting in the capital area in 2001. In accordance with the KBC's deadlines and schedule, they are currently on air with DTV operation over 13 hours per week.

• The cessation of the analogue service depends on the consumer's capability to receive digital transmissions. By the close of 2003, approximately 5% of television-owning households in Korea were able to receive DTV.

• To encourage digital conversion, the KBC has lowered the amount that terrestrial broadcasters must pay to the Broadcasting Development Fund. The KBC is currently discussing a proposed incentive system and other subsidy policies to speed up the transition to digital transmission.

• The KBC is developing a plan for the introduction of DMB and Satellite DMB. The National Assembly passed the bill pertaining to the legal framework for DMB on March 2,
2004. The key issue is how to regulate converged services in a way that serves public interest and does not hinder their growth and innovation potential.

- In late December, 2000, the KBC announced the decision to grant the first satellite operator licence to SkyLife (the Korea Digital Satellite Broadcasting), whose major shareholders are KT, KBS and other terrestrial broadcasters. SkyLife launched commercial regular services on March 1, 2002 after just sixteen months of preparation. The KBC established guidelines on satellite broadcasting channel services aimed at protecting public interest and promoting broadcasting-related industries on June 4, 2001. Under these guidelines, certain channels focusing on minorities and the handicapped must be included in the satellite DTH television services. The Commission also sets limits on the number of television channel services run by major terrestrial broadcasters in the interests of promoting fair competition. The satellite operator currently offers around 70 video channels and 40 audio channels including VOD and other add-on services to about 1,200,000 subscribers as of January 1, 2004.

- The key regulatory issue regarding digital DBS is to develop appropriate measures for co-existence of others, such as satellite and cable, satellite and local broadcasters, or local and network broadcasters.

4.16.12 References

- OECD Factbook. Retrieved October 2005 from http://thesius.sourceoecd.org/vl=12294088/cl=22/nw=1/rpsv/factbook/02-01-01-t01.xls

4.16.13 Acknowledgements of assistance

- Secretary-General Pyo Chul-Soo, Korean Broadcasting Commission (KBC)
- Michelle Yeo-Ryung Park, International Affairs Division, Broadcasting Policy Bureau, Korean Broadcasting Commission (KBC)
4.17 LUXEMBOURG

4.17.1 Background

- Population: 450,000\textsuperscript{201}
- Languages: Letzeburgish, French, German
- GDP: US$31,143 million\textsuperscript{202}

4.17.2 Public broadcasting media & institutions:

- Unlike most European countries, Luxembourg does not have a state-funded public broadcasting service – with the exception of one radio station (Radio Socioculturelle) which holds approximately 2 per cent of the market. The country's size and population, coupled with its geographical and linguistic proximity to other European countries, mean that an indigenous public broadcasting service is economically unsustainable.

4.17.3 Other broadcast media with public-oriented functions

- The Luxembourg government has an agreement (1995-2010) with CLT/RTL (Compagnie Luxembourgeoise de Telediffusion) to operate a public service terrestrial radio and television service in Letzeburgish. Accordingly, CLT/RTL operate the television channel RTL Tele Letzebuerg, and the radio channel RTL Radio Letzebuerg.

- Foreign public service broadcasting organisations operate television and radio channels servicing Luxembourg, including France, Germany, Belgium and Portugal networks.

4.17.4 Main commercial broadcast media

- The RTL Group operates the RTL Tele Letzebuerg service and RTL channels that also target international audiences (Germany, Belgium).
- ARD
- Pro-7
- M6 group
- Groupe Saint-Paul

4.17.5 Public Broadcasting Funding 2003-4

- Total quantum for FY 2003-2004: EUR3.20m (US$3.83m)

\textsuperscript{201} Worldbank figure October 2005  http://devdata.worldbank.org
\textsuperscript{202} Worldbank figure October 2005
4.17.6 Breakdown of public broadcasting expenditure, FY 2003-4

<table>
<thead>
<tr>
<th>Recipient/ end user</th>
<th>Function/ purpose</th>
<th>Mode of allocation</th>
<th>Level of funding</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>RSC</td>
<td>Provide public radio service</td>
<td>Direct Allocation</td>
<td>EUR3.20m(^{(203)}) (US$3.83m)</td>
<td>Budgetary allocation</td>
</tr>
<tr>
<td>CLT/RTL</td>
<td>Provide public television and radio services in Letzeburgish</td>
<td>Broadcaster concession</td>
<td>Exemption from obligation to pay a frequency levy</td>
<td>Luxembourg Government</td>
</tr>
</tbody>
</table>

4.17.7 Funding quantum determinants and periodicity

- **Direct Allocation**: The one radio station, RSC (Radio Socio-Culturelle) receives substantial public funding in the form of an annual governmental budgetary contribution.

- **Broadcaster Concession**: The agreement between the Government and CLT/RTL to provide programming in Letzeburgish ensures that the government grant licenses only to third parties if they do not compete with CLT activities and frees the organisation from its obligatory franchise fees.

4.17.8 Political insulation of public broadcasting funding

- The RTL Group has influenced Luxembourg policy insofar as the Luxembourg programmes of RTL accumulate losses because of the ceiling imposed on both radio and television revenue from advertisements. The government has tried to compensate for this by subsidising some of the public service role carried out by RTL radio and television (as outlined previously). Concern has been voiced about what will have to these Letzeburgish programmes when the current agreement ends in 2010. Relatedly, there is also increasing pressure on the government to benefit national radio stations with some kind of public subsidy.\(^{(204)}\)

4.17.9 Ethnic, cultural and linguistic services

- The agreement with the CLT/RTL group provides radio and television services broadcast in Letzeburgish.

4.17.10 Spectrum allocation and funding

- During the term of the agreement with CLT, the Luxembourg Government has agreed to grant broadcasting licences only to companies that do not intend to compete with CLT. Relatedly, only sponsorship is authorised, not advertisement financing, although this is expected to change.\(^{(205)}\)

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\(^{(203)}\) European Broadcasting Observatory (2003 figures)
4.17.11 Digital developments and funding

- Digitisation does not seem to have an impact on funding at this stage, despite the diversity of commercial cable companies centralised in a small area.

4.17.12 References

- European Audiovisual Observatory (2005).
4.18 MEXICO

4.18.1 Background

- Population: 103,795,216
- Languages: Spanish
- GDP: US$ 676,497,326,080

4.18.2 Public broadcasting media & institutions:

- There is no public funding available in Mexico for radio and television. Imevision was previously owned and operated by the government prior to privatisation in 1997 after which it became known as TV Azteca.

4.18.3 Other broadcast media with public-oriented functions

- Mexico 22 tries to generate and to spread messages of social interest. It attempts to promote the national art and the culture and to strengthen the cultural bonds between Mexico and the United States Hispanic population. The main objective of Mexico 22 is to enhance education and culture.

4.18.4 Main commercial broadcast media

- There are 855AM stations, 628 FM stations and 730 TV stations all privately owned.

- All providers need to apply for licences to Mexico’s telecommunications regulator the SCT- Secretaria de Comunicaciones y Transportes that is unable to enforce dominant carrier regulations as such. The regulation is largely provided through a series of private agreements among the three largest carriers; Grupo Televisa, Grupo Latino de Radio (GLR), Grupo Radio Centro.

- Grupo Televisa – (ESMAS and TV Azteca) has television, radio and publishing interests, with revenues in 2000 of around US$2.16 billion (est 60% from television). It is Mexico’s largest commercial TV broadcaster, with over 300 stations and four networks.

- Grupo Radio Centro (Red FM) is a leading commercial radio-broadcasting company in Mexico for over 30 years in terms of audience share. It has 14 radio stations Company’s revenue like all Mexican radio licensees, are subject to regulation by several Mexican government agencies. It is interesting to note that in 2002, 2003 and 2004, advertising by political parties accounted for 6.1%, 21.1% and 0.06% of total broadcasting revenue, respectively.

- Grupo Latino de Radio (GLR) in the largest radio group in Latin America. It is owned by Grupo Prisa, the number one media company in Spain, and the largest Spanish language content producer and distributor worldwide.

4.18.5 Public Broadcasting Funding 2005-6

- There is no centralised public funding available in Mexico for radio and television. Some community radio stations receive funding from universities and from other state-sector social agencies.
4.18.6 Ethnic, cultural and linguistic services.

- There are numerous radio and television stations that provide ethnic, cultural and linguistic services financed by donations from the public or by private foundations. They enjoy the strong support from the local populations because of their educational content, their efforts to raise awareness of human rights, their warnings on natural disasters and most importantly because they broadcast in the indigenous languages of their listeners.

- Some community radio stations receive funding from universities or from other state sector social agencies. For example, Radio Neza is a community radio station, on the outskirts of the capital that operates without a permit and is at a risk of being closed down like 83 other non-profit stations in the country. Radio Neza operates on donations from the community.

4.18.7 Spectrum allocation and funding

- Before applying for licences to the SCT, community radio stations need to obtain a clearance from the army and the state’s social agencies. They must also have a back up fund of more than US$ 100,000. However, Several stations have been closed by the ministry for fear of insurgency.

4.18.8 Digital developments and funding

- The government is in the process of looking into digital developments but decisions have not been finalised.

4.18.9 References

- http://www.cnca.gob.mx/index_content.html
- http://www.esmas.com/fundaciontelevisa
- http://www.gob.mx/wb2/egobierno/egob_Secretaria_de_Comunicaciones_y_Transportes

4.18.10 Acknowledgements of assistance

- Luis Enrique Franco, Consular General, Embassy of Mexico in New Zealand.
4.19 THE NETHERLANDS

4.19.1 Background

- Population: 16,250,000
- Languages: Dutch, Frisian (both official)
- GDP: 77,259,569,152

4.19.2 Public broadcasting media & institutions; i.e., state-owned / controlled

- The public broadcasting system consists of eight organisations with a licence to broadcast programmes, with one candidate public broadcasting organisation and one umbrella organisation. There are seven broadcasting organisations consisting of:
  - NCRV (Protestant)
  - KRO (Roman Catholic)
  - VARA (Social Democratic)
  - AVRO (General)
  - VPRO (Social Criticism)
  - EO (Reformational)
  - BNN (Youth Broadcasting)

- The eighth licensed broadcasting organisation, the Dutch Programme Foundation, Nederlandse Programma Stichting (NPS)*, has no members. Its statutory brief is to supplement the programmes broadcast by the other licensed organisations with cultural programmes and broadcasts for ethnic minorities.
  - “NPS is unique in the world – over 15 independent broadcasting organisations provide for three TV channels and five radio stations. Most of these organisations have their origins in political, social, or religious movements; some have been around for over 75 years and depend on their support group, consisting of members and subscribers to their own TV guides for their existence.”

- The Dutch Broadcasting Association, Nederlandse Omroep Stichting (NOS) is the umbrella organisation for the public broadcasting organisations. Its main tasks are to coordinate programmes and broadcasting conditions, ensure that public broadcasters fulfil their public functions and to protect the common interests of the broadcasting programmes.

- Advertising on public television is not administered directly by the broadcasters themselves, but via a separate agency: The Dutch Radio & Television Advertising Foundation (Stichting Ether Reclame or STER) was created to manage advertising via public radio and television services and also to provide some programming The Media Act prescribes a limited advertising regime for public broadcasting.

- A proportion of the commercial advertising revenue managed by STER is allocated to a cultural production fund (STIFO) to promote high quality non-commercial content.

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206 Source: World Development Indicators database
207 Source: World Development Indicators database
• In addition to the seven broadcasting organisations, the candidate broadcasting organisations, the NPS and the NOS, there are four types of organisations within the public broadcasting system that can apply for transmission time:
  o the church and spiritual communities
  o education establishments
  o political parties
  o government

• Each of the five public radio broadcasters has acquired its own ‘flavour’.
  o Radio 1 carries the news and current affairs
  o Radio 2 is a broad-based news, entertainment and music station
  o Radio 3 broadcasts popular music
  o Radio 4 is a classical music station
  o Radio 747 (formerly Radio 5) broadcasts background and in-depth news and discussion programmes aimed at a minority audience and specific target groups.209

4.19.3 Other broadcast media with public-oriented functions not state owned but with functions other than commercial

• There are 27 free-to-air FM radio stations and 6 Am/shortwave stations. Some of the main ones are:
  o Radio 100 FM
  o Radio Columbia FM
  o Radio Patapoe FM
  o Focus Fantastique FM
  o Bandonica Radio AM
  o Alfa Lima International AM
  o Radio Nova Am

4.19.4 Public Broadcasting Funding 2005

• Total quantum: $US 798.77 million210

• This figure excludes the overall commercial revenue collected by STER but includes the proportion of this revenue allocated to the STIFO fund.

210 Source: EBU Members finance trends_tcm6-39877
4.19.5 Breakdown of public broadcasting expenditure 2005

<table>
<thead>
<tr>
<th>Recipient</th>
<th>Purpose</th>
<th>Mode of Allocation</th>
<th>Level of Funding</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOS – The Dutch Broadcasting Association</td>
<td>NOS’s role is to ensure that licensed broadcasters, as participants in the concession, jointly fulfil their statutory duty of providing high-quality &amp; varied programming for all sections of the Dutch community.</td>
<td>Direct appropriation</td>
<td>$US783.67 million [Derived from tax revenues]</td>
<td>Government</td>
</tr>
<tr>
<td>*STIFO – The Dutch Cultural Broadcasting Promotion Fund</td>
<td>A special fund that provides financial support for relatively expensive cultural television and radio productions by national and regional public broadcasters. 211</td>
<td>Indirect appropriation distributed via contestable fund.</td>
<td>1/16 (6.25%) of the commercial revenue generated by public television (US$15.1 million)</td>
<td>STER’s advertising revenue</td>
</tr>
</tbody>
</table>

- The Dutch Cultural Broadcasting Promotion Fund, Stimuleringsfonds Nederlandse Culturele Omroep producties (STIFO) is financed from the public broadcasting purse 212 at a level which is contingent on the level of commercial advertising income for public television. STIFO’s budget is set at a minimum ratio of one sixteenth of the advertising on national public television, as advised by the Dutch Public Radio and Television Advertising Foundation, (STER). This helps ensure that a minimum proportion of the total funds available to public television will be allocated to quality content that is not primarily produced for commercial reasons. Commercial broadcasters do not receive funds from STIFO.

4.19.6 Funding quantum determinants and periodicity

- Automatic funding formulas are used. In accordance with the Media Act, the statutory basic level of the national TV and radio licence fee is indexed annually on the basis of the Statistics Netherlands Consumer Price Index and the index for the growth in the number of households in the Netherlands. The STER income can fluctuate annually, depending on the market situation.

- Broadcasting licence fees are included in the tax system.

- There are no multi-year funding arrangements.

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4.19.7 Political insulation of public broadcasting funding

- In 1995 the Dutch government made a decision to transfer a large number of programme activities of the NOS to a new, independent broadcasting company: the NPS.

- There are no legal requirements regarding the content of programmes. The NPS presents itself as an independent broadcasting company.

- The Media Act stipulates that the broadcasting associations must represent a religious, social or spiritual movement. In order to be granted broadcasting time they must have at least 300,000 paying members.

- The Media Act explicitly states that public broadcasting organisations must themselves determine the form and content of their programmes.

- The Media Act contains safeguards for the independence of the public broadcasting system and the level of funding.

- Broadcasting organisations wishing to join the public system must have at least 50,000 members and add something new to the existing range of programmes; i.e., increase the diversity of national public broadcasting.

- The Media Act imposes restrictions on advertising on the public broadcasting system; commercials which interrupt programmes are not permitted. The amount of airtime devoted to advertising is limited to a maximum of 6.5% of the total television and radio broadcasting time used each year.213

4.19.8 Ethnic, cultural and linguistic services

- The amount of attention that the NPS must pay to the areas of art, culture, youth and minorities has been legally quantified: 40% of broadcasting time must be allocated to culture, half of which is art; 20% of the programmes must have a link or reflect a multicultural society.214

- The Dutch Cultural Broadcasting Promotion Fund, Stimuleringsfonds Nederlandse Culturele Omroepproducties (STIFO) was set up in 1988 to encourage high-quality cultural programming. STIFO provides financial support for relatively expensive cultural television and radio productions by national and regional public broadcasters.

- Broadcasting services for minorities are funded on an incidental basis.

- The commercial broadcasts provided by STER are distinctly separate from the programmes transmitted by the public broadcasters.

4.19.9 Spectrum allocation and funding

- No information available

4.19.10 Digital developments and funding

• Digitenne, a joint venture of Dutch broadcasters, a telecom operator, and a broadcast network provider, was organised to offer high-quality, digital terrestrial TV (DTT) services.

• Digitenne comprises three parties: KPN Telecom, the largest telco in the Netherlands; NOB, a Dutch broadcasting facilitator; Noxema, a Dutch television transmission operator that works with all the country’s major broadcasters.

• Digitenne was planning to deliver 26 of the country’s most important channels below the cost of cable.\(^{215}\)

4.19.11 References

• EBU Members finance trends_tcm6-39877.

4.19.12 Acknowledgements of Assistance

• Christine Hofkens, Royal Netherlands Embassy researcher
• Joanneke Schut, Postbus 51 Informatiedienst researcher
• Titia Vuyk, Dutch Cultural Broadcasting Fund researcher

4.20 NEW ZEALAND (AOTEAROA)

4.20.1 Background

- Population: 4,106,000\textsuperscript{216}
- Languages: English, Te Reo Maori
- GDP: NZ$122.816 billion (US$ 85.29 billion\textsuperscript{217})

4.20.2 Public broadcasting media & institutions:

- TVNZ: Crown Owned Company with public service charter, operating two national network television channels, TV One and TV2 (although new digital services are being planned). TVNZ currently relies heavily (90\%) on commercial revenue to fund its operations. It receives a small appropriation from the government to support the Charter and receives money for local content productions from NZ On Air.

- Radio New Zealand (RNZ): Crown Owned Company with public service charter, operating three national radio services, National Radio and Concert FM, plus the Parliamentary broadcast service. Radio New Zealand International broadcasts on shortwave to the Pacific Island region.

- Maori Television Service (MTS): A state-sector statutory corporation with a specific remit to provide Maori language (Te Reo Maori) broadcasts.

- Niu FM: The National Pacific Radio Network, Niu FM is run as a charitable trust and publicly funded with a specific cultural remit to cater for Pasifika communities.

- New Zealand On Air: The Broadcasting Commission responsible for distributing public broadcasting money from the Ministry for Culture and Heritage. The majority of this money is distributed to local content producers via a contestable fund.

- Te Mangai Paho: The Maori Broadcasting Commission responsible for distributing public broadcasting money from the Ministry for Maori Affairs. Its function is parallel to that of NZ On Air.

- Broadcasting Standards Authority (BSA): Statutory body responsible for upholding programming standards and providing quasi-judicial rulings on complaints.

- TVNZ, RNZ and MTS were established under respective legislative acts. NZ On Air, Te Mangai Paho and the BSA were all established under the 1989 Broadcasting Act.

4.20.3 Other broadcast media with public-oriented functions


- Iwi Radio: 21 regional publicly funded Maori community radio stations.

\textsuperscript{216} Statistics New Zealand figure October 2005: www.stats.govt.nz
\textsuperscript{217} Statistics New Zealand figure March 2005: www.stats.govt.nz
• Pacific Community radio: Two other regional radio services for Pasifika communities exist. These are Radio 531pi (Auckland) and Samoa Capital Radio (Wellington).

• Regional television: 17 regional television stations operate, some oriented towards community access (notably Triangle TV in Auckland). A small amount of NZ On Air funding is available for local content production by regional television broadcasters.

4.20.4 Main commercial broadcast media

• Canwest MediaWorks operates one national television network (TV3) and one near-national music-oriented channel (C4) as well as eight radio services (six national, two regional. Kiwi Radio plays only NZ music). TV3 and C4 are eligible to apply for NZ On Air funding for local productions.

• Prime Television New Zealand operates a near-national television service on UHF. It is eligible to apply for NZ On Air funding for local content productions.

• Sky Network Television operates the principal subscription television service, offering multiple channels via digital satellite and UHF. At time of writing, Sky has reached an agreement to purchase Prime TV (subject to approval from the Commerce Commission).

• The Radio Network (TRN) operates eight radio services, mostly on a national network basis.

4.20.5 Public Broadcasting Funding 2005-6

• Total quantum for FY 2005-6: NZ$ 187.115 million218 (US$ 130.606m)

4.20.6 Breakdown of public broadcasting expenditure, FY 2005-6

• Summary of public expenditure on television, radio and minority services:

| Overall expenditure on television | NZ$ 129.979m |
| Overall expenditure on radio       | NZ$  43.386m |
| Overall expenditure on Maori & Pasifika services (radio plus television) | NZ$  73.749m |

• Detailed break-down of public broadcasting expenditure:

<table>
<thead>
<tr>
<th>Recipient/ end user</th>
<th>Function/ purpose</th>
<th>Mode of allocation</th>
<th>Level of funding</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadcasting Standards Authority</td>
<td>Regulate broadcasting standards</td>
<td>Direct Ministry appropriation</td>
<td>NZ$0.609m (US$0.425m)</td>
<td>Vote Arts Culture and Heritage</td>
</tr>
<tr>
<td>TVNZ</td>
<td>Public Charter Implementation</td>
<td>Direct Ministry appropriation</td>
<td>NZ$16.261m (US$11.35m)</td>
<td>Vote Arts Culture and Heritage</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>National Pacific Radio Trust</th>
<th>Operate Niu FM: Pacific community &amp; language</th>
<th>Direct Ministry appropriation</th>
<th>NZ$ 3.01m (US$$2.10m)</th>
<th>Vote Arts Culture and Heritage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Radio New Zealand International</td>
<td>Provide NZ radio service to Pacific Region</td>
<td>Direct Ministry appropriation</td>
<td>NZ$ 1.90m (US$1.33m)</td>
<td>Vote Arts Culture and Heritage</td>
</tr>
<tr>
<td>NZ On Air (see also below )</td>
<td>Distribute govt broadcasting funding.</td>
<td>Direct Ministry appropriation</td>
<td>NZ$100.838m (US$70.385m) * distributed as below²¹⁹</td>
<td>Vote Arts Culture and Heritage</td>
</tr>
<tr>
<td>TVNZ</td>
<td>Local content production</td>
<td>Allocation from NZ On Air</td>
<td>*NZ$5.44m²²⁰ (US$3.81m)</td>
<td>Vote Arts culture &amp; Heritage via NZ On Air</td>
</tr>
<tr>
<td>NZ Film and Sound Archives</td>
<td>Provide radio and television archiving</td>
<td>Allocation from NZ On Air</td>
<td>*NZ$1.164m (US$0.812m)</td>
<td>Vote Arts Culture and Heritage via NZ On Air</td>
</tr>
<tr>
<td>Radio New Zealand</td>
<td>Operate National Radio, Concert FM &amp; parliamentary service</td>
<td>Allocation from NZ On Air</td>
<td>*NZ$26.313m (US$18.366m)</td>
<td>Vote Arts Culture and Heritage via NZ On Air</td>
</tr>
<tr>
<td>Regional Access radio, and Pasifika radio stations</td>
<td>Provide community radio services and promote Pacific Island culture/ language</td>
<td>Allocation from NZ On Air</td>
<td>*NZ$2.342m (US$1.565m)</td>
<td>Vote Arts Culture and Heritage via NZ On Air</td>
</tr>
<tr>
<td>Maori broadcasting content producers</td>
<td>Promote Maori Culture on mainstream TV and radio</td>
<td>Contestable NZ On Air fund</td>
<td>*NZ$3.90m (US$2.722m)</td>
<td>Vote Arts Culture and Heritage via NZ On Air</td>
</tr>
<tr>
<td>Local television content producers</td>
<td>Promote local content production beyond normal commercial levels</td>
<td>Contestable NZ On Air fund allocated on a per-production basis</td>
<td>*NZ$61.98m (US$43.262m)</td>
<td>Vote Arts Culture and Heritage via NZ On Air</td>
</tr>
<tr>
<td>Local music/radio content producers</td>
<td>Promote local content production beyond normal commercial levels</td>
<td>Contestable NZ On Air fund allocated on a per-item basis</td>
<td>*NZ$0.721m (US$0.503m)</td>
<td>Vote Arts Culture and Heritage via NZ On Air</td>
</tr>
<tr>
<td>Maori Television Service</td>
<td>Operating costs for Maori language TV service</td>
<td>Direct Ministry appropriation</td>
<td>NZ$11.538m (US$8.053m)</td>
<td>Vote Maori Affairs</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Organization</th>
<th>Promote Maori culture and Te Reo Maori language: Programming costs</th>
<th>Direct Ministry appropriation</th>
<th>Funding quantum</th>
<th>Vote Maori Affairs via Te Mangai Paho</th>
</tr>
</thead>
<tbody>
<tr>
<td>Te Mangai Paho</td>
<td>Promote Maori broadcasting and distribute government broadcasting funding</td>
<td>Direct Ministry appropriation</td>
<td>NZ$52.959m (US$36.965m) **distributed as below 221</td>
<td>Vote Maori Affairs</td>
</tr>
<tr>
<td>Maori Television Service</td>
<td>Promote Maori culture and Te Reo Maori language: Programming costs</td>
<td>Allocation from Te Mangai Paho</td>
<td>**NZ$16.10m (US$11.378m) **</td>
<td>Vote Maori Affairs via Te Mangai Paho</td>
</tr>
<tr>
<td>TVNZ</td>
<td>Promote Maori culture and Te Reo Maori language: Programming costs</td>
<td>Allocation from Te Mangai Paho</td>
<td>**NZ$5.10m (US$3.559m) **</td>
<td>Vote Maori Affairs via Te Mangai Paho</td>
</tr>
<tr>
<td>Maori Iwi Radio</td>
<td>Promote Maori culture and Te Reo Maori language</td>
<td>Allocation from Te Mangai Paho</td>
<td>**NZ$6.70m (US$4.676m) **</td>
<td>Vote Maori Affairs via Te Mangai Paho</td>
</tr>
<tr>
<td>Local (Maori) television content producers</td>
<td>Produce TV content to promote Maori culture and Te Reo Maori language</td>
<td>Contestable Te Mangai Paho fund allocated on a per-production basis</td>
<td>**NZ$19.0m (US$13.262m) **</td>
<td>Vote Maori Affairs via Te Mangai Paho</td>
</tr>
<tr>
<td>Local (Maori) music/ radio content producers</td>
<td>Produce radio content to promote Maori culture and Te Reo Maori language</td>
<td>Contestable Te Mangai Paho fund allocated on a per-item basis</td>
<td>**NZ$2.40m (US$1.675m) **</td>
<td>Vote Maori Affairs via Te Mangai Paho</td>
</tr>
</tbody>
</table>

### 4.20.7 Funding quantum determinants and periodicity

- Three main broadcasting funding mechanisms can be discerned from the above: Direct appropriation, indirect appropriation, and contestable funding.

- **Direct appropriation**: The mode of direct appropriation from Ministerial budgets includes TVNZ’s Charter funding, the operational funding for the Maori Television Service and the funding for National Pacific Radio Trust’s operation of Niu FM. Budgetary requirements are negotiated annually with the relevant Ministry and the broadcasters’ annual statements of intent (effectively an MOU with the government) require Ministerial approval. Although statutory functions of the respective broadcasters specify various public functions which presuppose the provision of public funding, the levels are not fixed by a specific formula or index (although factors such as inflation and increasing infrastructure expenses are obviously considered in negotiations). The expectation is that funding will continue at the current level unless policy decisions are taken to make a permanent adjustment (or an exception for one-off costs such as capital expenditure). In

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the case of TVNZ, incrementally increasing Charter subsidies were established for the period 2003-6, and appropriations beyond that have not yet been announced.

- In the case of the two broadcasting commissions, NZ On Air and its Maori counterpart, Te Mangai Paho, their respective appropriations are also negotiated annually with the relevant Ministry, although 3-year projections are included in their statements of intent (and NZ On Air has used its 5-year plan for 2003-8 as the basis for its budgetary claims). Again, the statutory functions of NZ On Air and Te Mangai Paho presuppose a continuation of funding at existing levels unless policy decisions determine otherwise.

- **Indirect appropriation**: The role of NZ On Air in allocating broadcasting funds to other end-users includes provision of indirect appropriations to Radio New Zealand. These quantities are determined on the advice of the shareholding minister. Te Mangai Paho is primarily responsible for determining the level of indirect appropriation for the Maori Television Service or regional Iwi radio services.

- **Contestable funding**: In line with their statutory remits, both NZ On Air and Te Mangai Paho make funds available to audiovisual producers for local content productions which would otherwise not be commercially viable. Applicants need not be broadcasting institutions, but they generally require a guarantee that any production funded will be transmitted. In the case of NZ On Air, this has historically required a national network broadcast, although the government has recently made some additional funding available for regional television broadcasters. Te Mangai Paho’s conditions for funding productions centre on the promotion of Te Reo Maori but also include a guarantee of transmission.

### 4.20.8 Political insulation of public broadcasting funding

- Historically, the public broadcaster, BCNZ, was funded partly through commercial advertising and partly through a direct licence fee. Licence fee levels were subject to government policy, which led to concerns that certain administrations used their power to veto increases to exert political pressure on broadcasters. As part of the free market reforms of the 1980s, BCNZ was split into TVNZ and Radio NZ, and NZ On Air was formed to administer the licence fee. After 1999, the licence fee was discontinued and a direct appropriation was introduced instead. Post-1999 policy reforms have attempted to reintroduce a public service ethos into the NZ broadcasting sector. These involve ongoing initiatives to develop more transparent and stable funding mechanisms for public broadcasting.

- The New Zealand broadcasting sector relies primarily on political negotiation between public broadcasting institutions, the two broadcasting commissions and the respective Ministries to determine appropriate funding levels. While there are no indications of political impropriety, it is apparent that both public broadcasters and broadcasting commissions engage in lobbying for more favourable appropriations and mechanisms. The statutory underpinning of public broadcasting institutions necessitates the continuation of state appropriations at some basic level. However, in the absence of any fixed or indexed mechanisms for determining funding levels, it is apparent that the continuation of existing levels of funding for public broadcasting broadly depends on the policy outlook of the government in power.

- The distribution of funding through the broadcasting commissions provides the appearance of political distance from government. In particular, the allocation of

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contestable funding via NZ On Air and Te Mangai Paho is a mechanism which meets with broad approval across the political spectrum and the local production industry.

- While indirect appropriations for public broadcasters via the broadcasting commissions generate minimal political controversy (particularly in the case of Radio New Zealand which carries no commercial advertising), the direct appropriation of public money for state broadcasters which also compete for commercial revenue is more contentious. Recent appropriations for TVNZ’s Charter initiatives have been opposed by rival commercial broadcasters (as well as NZ On Air).

4.20.9 Ethnic, cultural and linguistic services.

- The New Zealand government has a legal obligation to protect and promote Te Reo Maori language through broadcast media, although this does not specify any particular level or mechanism of funding. The main institution responsible for ensuring this obligation is fulfilled is Te Mangai Paho, whose role in funding the Maori Television Service, Iwi radio stations and other Maori audiovisual content is explained above. NZ On Air also has a statutory obligation to support Maori culture, but unlike Te Mangai Paho, this may not require the production of content in Te Reo Maori.

- Pacific Island cultures and languages are also promoted through the National Pacific Radio Trust and other regional Pasifika radio services. Radio New Zealand International also provides a shortwave service to the Pacific region.

4.20.10 Spectrum allocation and funding

- Spectrum allocation for all broadcast services is overseen by the Minister for Communications. This is a separate portfolio from Broadcasting and Maori affairs, although the Minister of Broadcasting plays a role in broadcasting spectrum policy. Spectrum management rights are generally issued by auction, but may be reserved for state sector broadcasters. This has no direct relation to public service obligations either for commercial or public service broadcast services.

4.20.11 Digital developments and funding

- Although the New Zealand government is developing its policy strategies for digital broadcasting, at time of writing these have not yet led to any specific funding decisions to facilitate and expedite the diffusions of digital production, transmission and reception technologies. Where public broadcasters have required capital expenditure on new equipment to maintain their standards and functions, additional funding must be negotiated with the relevant Ministry and broadcasting commission (typically as a one-off payment).

4.20.12 References


4.20.13 Acknowledgements

• Martin Durrant, Ministry for Culture and Heritage
• Bernard Duncan, NZ On Air
• John Bishara, Te Mangai Paho
4.21 NORWAY

4.21.1 Background

- Population: 4,582,000
- Languages: Norwegian with two official written languages, Bokmål (Dano-Norwegian) and Nynorsk (New Norwegian), Sami in Lapp region.
- GDP: US$ 250,168 billion

4.21.2 Public broadcasting media & institutions

- The Norwegian Broadcasting Corporation (NRK) is the biggest national broadcasting company in Norway and operates both television and radio services - national and regional. It is financed solely by licence fee and holds the dominant position in Norwegian broadcasting.
  - NRK1
  - NRK2
  - Radio 1, 2 and 3
  - Eighteen regional offices - including NRK Sami (or Lapp) Radio

- “44 percent of all TV viewers watched NRK and as many as 60 percent of all radio listeners tuned into NRK”

- Radio –
  - “P1 ... our broad, popular radio channel ...”
    - focuses on the public service broadcasting mission ... P1 is adhering well to the law requiring 35 percent of all music be Norwegian”
    - “In proportion to the number of Norwegian citizens, P1 is Europe’s largest general public broadcaster channel, as defined by EBU (The European Broadcasting Union)”.
  - “P2 ... is our culture channel ... [with] a broad music profile, including classical, jazz, world music and concerts and musical news”

- The Norwegian Mass Media Authority – regulatory and supervisory agency for the media sector. Responsibilities include the allotment of concessions for local radio and television broadcasting activities, and monitoring advertising activities. State financed from the Budget.

4.21.3 Other broadcast media with public-oriented functions

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224 http://odin.dep.no/odin/engelsk/norway/history/
229 Ibid.
• TV2 - the third national channel - commercial but with a public service obligation

4.21.4 Main commercial broadcast media

• TV 2 Norway, Norway’s most viewed commercial TV station. Nation wide, advertising financed.

• TVNorge, owned by SBS Broadcasting. Signals are redistributed by several local TV stations. Commercial cable-based company.

• TV3Norge, owned by MTG. Commercial cable-based company.

• ZTV, owned by MTG

• 23 local TV stations. Fifteen concessions have been granted for transmission in local cable networks, and 18 concessions for non-profit NGOs using NRK2’s transmission facilities

• P4, nation wide advertising financed radio

• Telenor Broadcast (was Norwegian Telecom, a public corporation). Partly privatised in 2000. A telecommunications company with three main divisions, Broadcast is Telenor’s operation for TV-distribution via cable and satellite.

• As of January 1 2004, there were two national commercial radio channels in Norway, Kanal 24 and P4.

4.21.5 Public Broadcasting Funding 2005

Total quantum FY 2005: Licence revenue US$527 million (see below).

4.21.6 Breakdown of public broadcasting expenditure 2005

<table>
<thead>
<tr>
<th>Recipient/end user</th>
<th>Function/purpose</th>
<th>Mode of allocation</th>
<th>Level of funding</th>
<th>Funding source</th>
</tr>
</thead>
<tbody>
<tr>
<td>NRK: NRK1, NRK2 plus 10 regional services</td>
<td>Public service</td>
<td>Collected by NRK</td>
<td>US$527 million</td>
<td>Fixed licence fees</td>
</tr>
</tbody>
</table>

4.21.7 Funding quantum determinants and periodicity

• General Funding of the NRK: Licence fees are collected directly by the licence fee unit of NRK. This is regulated through the Broadcasting Act and secondary legislation.

• Licence fees are collected by the licence fee unit of NRK.

  o In 2005, the fee was 198,680 NOK (about US$300).
  o Every household with a television set must pay the fee. In 2004, the number of licence payers was 1,757,000.

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230 Ibid.
231 http://www.norway.org/facts/media/broadcasting/broadcasting.htm
234 Ibid.
235 Ibid.
236 Ibid.
237 Ibid.
238 Schnepfleitner, 2002

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• Licence revenue 2004 therefore approximately US$527 million.

• General Funding Principles of the Regulatory Authority - Financed out of the general budget (State financed).
• The licence fee level is determined annually in the national Budget by the Norwegian Parliament through the following process:
  o The NRK submits a licence fee application the Ministry of Cultural Affairs, which makes a recommendation to Parliament
  o The Ministry evaluates the need for adjustment and sends a proposal to Parliament
  o The annual licence fee is 1986.80 NOK (about 250 Euro) for each television recipient (typically, a household)
  o The licence fee normally increases according to inflation. The NRK can ask for an extra increase due to special need
  o Every household with a television set must pay the fee. At the end of 2004, the NRK received licence fees from 1,757,000 payers.

• Ten percent of NRK’s funding should come from sources other than the licence fee.
• The licence fee still has wide political support, although one right wing party (Fremskrittspartiet) favours the abolition of the licence fee.
• Future prospects will probably depend on how well the NRK can manage a digital and multi-channel environment.

4.21.8 Political insulation of public broadcasting funding

• "In June 2004, new NRK statutes were approved. The revision is a result of EU requirements for documentation of the public broadcaster’s role in various countries. There are several new features in these statutes. For instance, NRK is granted platform freedom for its public broadcasting mission."

4.21.9 Ethnic, cultural and linguistic services

• The basis for NRK’s regional activity is the 18 regional offices - including the Sami, or Lapp - Radio. These stations produce radio and television programmes both for regional and national distribution.
  o Sami Radio is a department of the Norwegian Broadcasting Co-operation. Both the radio and the television divisions of Sami Radio are independent in determining the editorial content of the programmes that are made.
  o Financed by licence fee
  o Programmes made include those viewed on a regular basis - Saami programmes; and others are mainly documentaries either from the Saami or other indigenous people’s cultural life

• NRK’s Sámi Division, Sámi Radio, remains the number one distributor of information concerning Sámi issues in Norway. In 2004, Sámi Radio presented news broadcasts in the Sámi language every day of the year, including holidays. One innovation in 2004 was

239 Sundet, private communication, 8 November 2005
240 Storsul, private communication, 2 November 2005
241 About the NRK, retrieved 6 November 2005, from http://www.nrk.no/informasjon/about_the_nrk/4855940.html
that from September on, Sámi Radio produced daily radio news reports in Norwegian. This was a request of NRK’s Sámi listeners who do not understand the Sámi language.

- The News Division of NRK Sámi Radio in Karasjok leads and co-ordinates extensive news co-operation across national borders in northern areas. The Sámi divisions in YLE (The Finnish Public Broadcasting Company), SR (Swedish Radio) and SVT (Swedish Television) are important contributors and partners.

- The Sámi Radio staff have evolved into experts on indigenous peoples. The coverage is strengthened both by its own broadcasts and information intended for NRK’s other programmes. News reports from Maori in Aotearoa (New Zealand), from Inuit and Indians in Canada and the San people in Kalahari have been presented.

- The establishment of a joint web site for the exchange of news material between indigenous people’s broadcasters is underway and is expected to be fully functioning by May 2005. Sámi Radio invited collaboration partners from Canada, Aotearoa (New Zealand) and Greenland to participate.

- In 2004, the Sámi television news programme, Oddasat, averaged approximately 75,000 viewers per news report in Norway. This is approximately 12,000 more than the average number in 2003, and means an increase in viewers by as much as 19 percent.

- Mánáid-TV (Sámi Children’s TV) boasts a noticeable increase in reach as well. The ratings for both Oddasat and Mánáid-TV vary from season to season, with the highest ratings during late autumn and winter. Mánáid-TV is still the only media service Sámi children are offered in the Sámi language. NRK presents two weekly Mánáid-TV programmes beginning in autumn of 2005. Including reruns, Sámi children will be able to watch these programmes four times a week. Still, an adequate amount of daily programming for Sámi children is a long way off.

- The quantity of Sámi services on radio and television remains at a minimum. The Sámi community expects substantially more Sámi television programmes than NRK is currently able to offer. In a public opinion survey conducted in 2004 this was confirmed.

- The Nordic broadcasters’ different priority for Sámi broadcasting services creates problems for the development of joint Nordic endeavours. Sámi Radio expects both SVT and YLE to increase their resource contributions to the Sámi news reports on Oddasat. Presently, NRK with its limited resources sees to it that Oddasat maintains the required quality level.”

4.21.10 Spectrum allocation and funding

- In relation to a new proposal of television reception regulation, the NRK suggested a change in the definition of “television reception” to cover any screen which could receive television signals. By such a change in definition, any screen able to receive television signals would also be covered by the licence fee. The NRK suggested the new definition to be television signals, whatever the means of distribution, including analogue and/or digital distribution networks such as cable, satellite and terrestrial, Internet and mobile phone networks. The NRK argued such a definition would simplify the regulations, as well as make the NRK technologically up to date. On the other side, the Norwegian Consumer

243 About the NRK, retrieved 6 November 2005 from http://www.nrk.no/informasjon/about_the_nrk/4855940.html
Council argued such a change of definition was unreasonable, as people buy PCs for several other reasons than watching TV\textsuperscript{244}.

### 4.21.11 Digital developments and funding

- The Norwegian Parliament has decided to construct a digital terrestrial network, without any state subsidies. In 2005 the Ministry of Transport and Communication and the Ministry of Cultural Affairs announced a licence agreement for constructing and operating such a network. NorgesTelevision (NTV) was the only applicant. NTV is owned by the NRK, TV 2 (commercial broadcaster with public service obligations) and Telenor (telecom operator)\textsuperscript{245}. The license agreement is still not formalised.

- All activities in this area are financed by the ordinary licence fee.

- Norway has around 1.9 million households, of which 1.42 million receive cable TV. The terrestrial network is operated by the Telenor daughter Norking AS. This network is to be converted to digital by 2005\textsuperscript{246}.

- The state operators NRK 1 and NRK 2 and the private station TV2 will be received free of charge next to pay-TV packages. NRK and TV 2 have funded a co-operative NTV for the distribution of free of charge digital receivers to all fee-payers. DAB-T is planned to have a nation wide-coverage by 2003\textsuperscript{247}.

- In June 2005, the Ministry of Transport and Communication and the Ministry of Culture and Church Affairs announced that a licence for a digital terrestrial network for TV in Norway would be issued. The digital terrestrial network will replace the current analogue network, which today secures TV reception via regular antennas\textsuperscript{248}.

- The shutdown of the analogue terrestrial network in the Nordic region means that affected households must choose between a digital terrestrial network, satellite or cable TV.

- Telenor's TV brand, Canal Digital, is the largest distributor of TV services to the Nordic residential market\textsuperscript{249}

- Telenor-owned Norkring has entered into an agreement with the BBC World Service for digital broadcasting over short wave, DRM (Digital Radio Mondiale)... The agreement involves broadcast of the radio channel BBC World Service “English for Europe” for an initial period of 18 months\textsuperscript{250}.

### 4.21.12 References


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\textsuperscript{244} Sundet, private communication, 8 November 2005
\textsuperscript{245} Ibid.
\textsuperscript{246} Ibid.
\textsuperscript{247} Ibid.
\textsuperscript{249} Telenor, retrieved 2 November 2005 from http://www.telenor.com/about/operations/broadcast/

4.21.13 Acknowledgements of assistance

• Special thanks to Vilde Schanke Sundet, Research assistant, University of Oslo
• Trine Syvertsen, University of Oslo
• Associate Professor Tanja Storsul, Department of Media and Communication, University of Oslo
• Professor Helge Rønning, Department of Media and Communication, University of Oslo
4.22 POLAND

4.22.1 Background

- Population: 38,280,000 – fourth largest population in the EU²⁵¹
- Languages: Polish
- GDP: 241,832,542,208 (current US$)²⁵²

4.22.2 Public Broadcasting media & institutions

- TVP (Telewizja Polska) dominates the market more than any other public broadcaster in Europe.²⁵³ Provides public service quality news and current affairs coverage.
  - National channels:
    - TVP1- national coverage
    - TVP2- national coverage
    - TVP3 – 12 regional public broadcasters
  - Satellite channels
    - TVP Polonia is a satellite channel for Polish residents abroad and can be viewed by most continents in the world – runs 24 hrs p/d. Promotes Polish culture and learning and encourages investments in Poland
    - There are several dozen Polish language channels available by satellite and on cable networks. Poland is the third largest cable market in Europe and over half the households watch TV via cable, their own satellite dish or paid decoder of satellite digital platform.²⁵⁴ There are more than 460 cable television operators serving 900 television cable networks.²⁵⁵
    - TV Polonia has around 20 times less advertising than the other three channels.²⁵⁶
    - TVP Kultura started in May 2005.

- TV Trwam is a Roman Catholic channel.

- TV Puls is partially owned by Polsat.

- Polish Radio broadcasts four national stations whose aims are to broadcast programmes on Polish developments, foreign policy, the economy and business/foreign investments.
  - RR1
  - PR2
  - Radio Bis
  - PR5

• In addition, there is an External Service composed of national radio services in different languages and 17 regional public service radio companies.

4.22.3 Other broadcast media with public-oriented functions

• Radio Maryja, a Catholic network run by Redemptorist Fathers, is an important social and political force; 50% devoted to religious programming and 15% to news and current affairs.

4.22.4 Main commercial broadcast media

• There are four main commercial terrestrial television broadcasters:
  o TV Polsat – was first private broadcaster in Poland (1992).
  o TVN – second largest privately owned television broadcaster in Poland but is not a national television channel; owns and operates six satellite television channels.
  o TV4
  o TV Puls – a national successor to the national TV Familijna launched in 2001 with a licence granted to Franciscan fathers for a religious programme.

• Polsat and TVN also produce important channel broadcasts via cable or satellite.

• Canal + plays a key role as the other major cable and satellite operator and with its partner UPC, operates the main digital television platform in Poland.

• Since 2004, media owners from EU countries have been free to invest without any capital restrictions.

• Currently there are no restrictions on media cross-ownership.

• Predominant source of income of private broadcasters is advertising.

• Commercial broadcasters are subject to the same quota requirements as TVP for Polish programme content but there are no specific quotas for languages or minority group representation.257

• Poland’s active and highly competitive commercial broadcasting sector includes two nationwide stations: Radio Zet in Warsaw, owned by the Eurozet company (49% owned by French companies) and RMF FM in Krakow, which is fully Polish owned.

4.22.5 Public Broadcasting Funding 2004

• Total quantum for 2004: US$ US155.24 million
  (This figure reflect licence fee revenue but does not include additional revenue from late payment penalties)

257 Source: Open Society Institute 2005
4.22.6 Breakdown of public broadcasting expenditure 2004

Table 1. Broadcasting Expenditure

<table>
<thead>
<tr>
<th>Recipient</th>
<th>Mode of Allocation</th>
<th>Funding Source &amp; Level of Funding: % Share of Total Revenue</th>
</tr>
</thead>
</table>
| TVP        | Direct: Public licence fee*  
*Currently set at $US55.47 (fourth highest in Europe)  
2006 fee will be raised to $US58.50  
Allocated about 60% of total | Licence fees $US155.24 million  
(Licence fees: 31.9% of TVP total revenue)  
Advertising $US274.39 million  
(Advertising & sponsorship: 56.3% TVP revenue)  
Other revenue $US57.61 million  
Other revenue: penalties for late payment or non-payment of licence fees & the sale of rights to programmes: (11.8% TVP revenue) |
| PR         | As above-  
Allocated about 40% of total | |
| TV Polonia | Direct appropriation from Parliament | Fully funded by licence fees and small amounts of direct subsidies  
Foreign Ministry budget in 2004 was $US5,846,880 |

4.22.7 Funding quantum determinants and periodicity

- The licence fee is set every year on the basis of a prognosis of licence fee payments by the KRRiT (National Broadcasting Council). It is currently set at US$55.47— the fourth highest in Europe as a proportion of income. From 2006 it will be raised to US$58.50. The fee is divided between TVP and Polish Radio, setting the minimum level of financing for national programmes and local branches.

- Licence fees account for one third of TVP’s total revenues, while advertising provides more than half.

- Between 2001-2003, TVP earned advertising revenues of $US821,645,955. In the first six months of 2004, TVP advertising revenues grew by 7-8 percent; in the first nine months of 2004, TVP1 enjoyed a 31 percent net share of all television advertising, while TVP2 accounted for 16.5 percent.\(^{259}\)

- As a Council of Europe report summarises, contrasting TVP’s financial situation compared to other public service broadcasters in the region [states]:
  - The only exception is Polish Television (with 50 percent of both the audience and of the television advertising market), but the fact that nearly 70 percent of its

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\(^{259}\) Source: Open Society Institute 2005
budget comes from advertising revenue means that its daytime and prime-time programming is strongly commercialized. \(^\text{260}\)

- Under the Broadcasting Act, the transmission of any programme services other than retransmission of programmes previously transmitted by stations licensed in Poland or elsewhere, or the channels of public radio and television, requires a licence. Licences are awarded by the KRiTT for a period of three years to ten years. In order to allocate an operating licence, an announcement concerning its availability must be published at least a month in advance of the deadline for filling out licence applications. The list of applicants is made public and all applicants must be examined in a single procedure, according to the requirements specified in detail in an official KRiTT resolution.

- Operating licences cannot be awarded if broadcasts by the applicant could pose a “threat to the interests of the national culture”, transgress the standards of public decency, endanger national security or violate State secrets. \(^\text{261}\)

### Table 2. Formula for calculating terrestrial broadcast licence fees

<table>
<thead>
<tr>
<th>Number of potential viewers in territory covered by broadcaster (N)</th>
<th>Licence fee ($US)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 0.5 million</td>
<td>12,000 + 6,600 x N</td>
</tr>
<tr>
<td>Over 0.5-5 million</td>
<td>180,000 + 6,600 x N</td>
</tr>
<tr>
<td>Over 5 million</td>
<td>480, + 6,600 x N</td>
</tr>
</tbody>
</table>

**Source:** KRiTT \(^\text{262}\)

The National Broadcasting Council (KRiTT) is funded directly from the State budget.

- On the basis of the above formula, in 2004 TVN paid an operating licence fee of $US2,594,616 and Polsat $US6,423,059.
- For satellite broadcasters, the licence fee was $US2,921,71.
- For non-commercial channels the fee is reduced by 80 percent.
- For channels where advertising accounts for two percent or less of the daily programming, the fee is reduced by 50 percent.
- For channels where advertising occupies seven percent or less of programming, the reduction is 25 percent.
- In addition, all broadcasters pay an annual fee for the use of the frequencies allocated to them.
  - In 2004, TVP paid $US2,134,957, Polsat US$684,887 and TVN$US519, 001. \(^\text{263}\)

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\(^{260}\) Source: Council of Europe, Report of the Parliamentary Assembly Committee on Culture, Science and Education, *Public service broadcasting*, Rapporteur: Mr Paschal Mooney, Doc. 10029, 12 January 2004,

\(^{261}\) Source: Broadcasting Act, art.36 (5.3).

\(^{262}\) Source: Information provided to EUMAP on request by the KRiTT, 9 February 2005.

Table 3. Radio and television licence fees

<table>
<thead>
<tr>
<th>Radio &amp; TV Licence</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly fee</td>
<td>US$4.61</td>
<td>US$4.88</td>
</tr>
<tr>
<td>Annual fee – paid on a monthly basis</td>
<td>US$55.35</td>
<td>US$58.50</td>
</tr>
<tr>
<td>Annual fee – paid once (5.2 percent discount)</td>
<td>US$179.50</td>
<td>US$55.47</td>
</tr>
</tbody>
</table>

Source: KRiTT

4.22.8 Political Insulation of public broadcasting funding

- The Supreme Chamber of Control (NIK) conducted an audit of KRiTT’s licensing procedures between 2001 and 2003 and the institute found irregularities in the granting of licences and the amount of information recorded in the minutes of its meetings.265

- Allegations of corruption in licensing procedures have emerged on several occasions, although none has been proven.

- The KRiTT monitors compliance with the Broadcasting Act provisions and the duties that are imposed by a broadcast licence. Broadcasters are obliged to deliver to KRiTT their yearly financial statements, including advertising revenue, profits and losses, ownership structure and capital concentration.

- The Broadcasting Act does not provide a separate procedure for renewing licences.

- In light of the State funding mechanism, tension exists between the public broadcaster’s role and that of commercial television broadcaster.266

4.22.9 Ethnic, cultural and linguistic service

- There are no quotas for minority groups or language representation for television broadcasters.

- All television broadcasters are obliged to reserve at least 33 percent of their quarterly transmission time for programmes originally produced in Polish and 33 percent of their monthly broadcasting for vocal music and compositions performed in Polish, and likewise, 30 percent of airtime for music “related to Polish culture”.267

- Television broadcasters are also required to reserve more than 50 percent of their transmission time (with some exceptions) for European works measured on a quarterly basis and reserve at least 10 percent of their quarterly transmission time for European works produced by independent producers (with some exceptions). Both of these

264 KRiTT resolution of 2 June 2005 on the level of licence fees for radio and TV and reduction of them when paid for longer than a one-month period, DzU. 2005 no.104, item 104.
266 Source; EU Monitoring and Advocacy Program (EUMAP) & Network Media Program (NMP)
267 Source: Broadcasting Act, art. 15 (1) (2).
requirements must be filled and programmes must be five years old or less (incorporated into Broadcasting Act through amendments passed in April 2004).  

4.22.10 Digital development and funding

- Digital television satellite platforms started in June 1998 with Wizja TV, owned by an American company @Entertainment, which offered 120 television and radio programmes, and was followed by Cyfra +.

- In May 2005 the Government approved a national strategy for conversion from analogue to digital terrestrial broadcasting and is envisaged to be completed by 2015

- The overall cost of terrestrial television digitilisation is estimated to be close to US$117,529,171.

4.22.11 References

- EU Monitoring and Advocacy program (EUMAP)/ Network Media Program (NMP):2003.
- Broadcasting Act, art.36 (5.3), art.15 (1) (2).
- Information provided to EUMAP on request by the KRiTT, 9 February 2005.
- KRiTT resolution of 2 June 2005 on the level of licence fees for radio and TV and reduction of them when paid for longer than a one-month period. DzU. 2005 no.104, item 104.

4.22.12 Acknowledgements of assistance

- HE Lech Mastalerz, Ambassador, The Polish Embassy

268 Source: Broadcasting Act, art. 15.
4.23 PORTUGAL

4.23.1 Background

- Population: 10,436,000
- Languages: Portuguese
- GDP: €122.900,6 million (US$168,281,374,720)

4.23.2 Public broadcasting media & institutions:

- Portuguese broadcasting system Public Service Broadcasting (PSB) has:
  - 2 public channels (Radio e Televisao de Portugal) RTP1 and RTP2;
  - 1 international global channel RTP Africa
  - 2 public regional channels RTP-Acores and RTP Madeira
  - RTP1: national generalist channel. RTP1 is supported by public funding and by its own advertising revenues (advertising limit: 6 minutes per hour).
  - A Dois: national generalist channel with particular attention to culture, science, innovation, amateur sports, charities, independent production, etc. This channel does not have commercial advertising revenues (it has merely institutional advertising).
  - RTP Madeira and RTP Açores: two regional channels targeting Madeira and The Azores, respectively. These channels have their own production centres in these two regions.
  - RTP Internacional and RTP África: two global satellite channels (redistributed by satellite or cable or terrestrial hertzian means) aiming to reach Portuguese communities abroad and the Portuguese speaking countries (Angola, Brazil, Mozambique, Cape Verde, Guinea-Bissau, S. Tomé and Prince, East-Timor and Portugal).
  - RTPN': this is the only one RTP channel distributed only by cable. This is a channel centred on information programming and it has its production centre in Oporto.
  - In addition to changeable licence fee surplus, RTP has another two other major financing sources: advertising revenues and public subsidies. Considering the enormous RTP debt, Law 30/2003 of 22 August 2005 determined that advertising revenues had to be channelled to pay RTP's debt and future investments. Advertising revenues cannot be used to pay current RTP expenses. RTP current expenses and other services (e.g. archives, cooperation, etc.) are paid with state subsidies.

4.23.3 Other broadcast media with public-oriented functions

- Sic and TV1
  - 8 radio channels, 2 regional channels, 300 local radio channels, 4 National television channels

4.23.4 Main commercial broadcast media
• RTP holding has another two channels: ‘A Dois’ (national terrestrial channel) and ‘RTPN’ (national cable information channel). Both are financially autonomous and supported by a telecommunications company called TV Cabo.

4.23.5 Public Broadcasting Funding 2005

• Total quantum for FY 2005: for the public service television for 2005 is €122.150 million, (US$ 146.938 m) according to the annexes of the Public Service Contract between the State and the Public Service Television on the 22 September 2003.

4.23.6 Breakdown of public broadcasting expenditure, FY 2004

<table>
<thead>
<tr>
<th>Recipient/end user</th>
<th>Function/purpose</th>
<th>Mode of allocation</th>
<th>Level of funding</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>RTP1</td>
<td>General national channel</td>
<td>Direct state appropriation</td>
<td>€ 73.800 m US$ 88.7742m</td>
<td>Government Plus licence fee surplus</td>
</tr>
<tr>
<td>RTP Internacional</td>
<td>international global channel</td>
<td>Direct state appropriation</td>
<td>€10.250 m US$ 12.3280m</td>
<td>Government Plus licence fee surplus</td>
</tr>
<tr>
<td>RTP África</td>
<td>international global channel targeting five Portuguese speaking African countries</td>
<td>Direct state appropriation</td>
<td>€ 4.613 m US$ 5.54671m</td>
<td>Government Plus licence fee surplus</td>
</tr>
<tr>
<td>RTP Madeira</td>
<td>regional Madeira Islands channel</td>
<td>Direct state appropriation</td>
<td>€ 7.472 m US$ 8.98285m</td>
<td>Government Plus licence fee surplus</td>
</tr>
<tr>
<td>RTP Açores</td>
<td>regional Azores channel</td>
<td>Direct state appropriation</td>
<td>€ 9.727m US$ 11.6937m</td>
<td>Government Plus licence fee surplus</td>
</tr>
<tr>
<td>RDP</td>
<td>Public radio service</td>
<td>Licence fee</td>
<td>Exact figures not available.</td>
<td>Public radio licence fee</td>
</tr>
</tbody>
</table>

4.23.7 Funding quantum determinants and periodicity

• Licence fee: As already mentioned the distribution of the licence fee is first for RDP and surplus for RTP. Licence fee is collected on a monthly basis with the electricity bills. This payment accounts for € 1.6 per month per household. People paying extremely small electricity bills are not charged (up to 400 kWh). Licence fee is indexed to inflation rates.

• Direct Appropriation: Public radio (RDP) is financed by a licence fee (called ‘contribution to the audiovisual’). Each household pays €1.6 per month. This license fee’s prime objective is to cover RDP expenses (RDP does not have advertising revenue) and the surplus is channelled to RTP. This arrangement has been criticised by the High Authority for the Media, the most relevant media regulatory body (High Authority, Deliberation of 2 July 2003).
Details of RTPN’s state contribution is not clear as it is a recent project. The definition of its financing model is still an on-going process.

The radio licence fee was reintroduced in 2003 (after having been abolished in 1999; the television licence fee was abolished earlier\(^269\) and has not been reintroduced) was considered by the High Authority for the Media a positive decision because it removes pressure from the State budget, despite the potential injustice of all indirect general taxes (High Authority, Deliberation of 2 July 2003).

Periodicity: According to Law 30/2003 (22 August 2003) regarding the financing of public radio and public television, there is a four-year basis prediction. On an annual basis, specific financing for both radio and television is presented and approved. The four years planning is therefore flexible to support specific annual needs and state budget’s possibilities.

There are no benchmarks used to set what is considered a reasonable level of funding.

4.23.8 Political insulation of public broadcasting funding

The decision to cancel and then reintroduce the radio licence fee stemmed from the High Authority for the Media’s desire to relive the pressure on the general budget. RTP has a long history of political dependency, and the High Authority has therefore proposed introducing a direct correlation between broadcasting funding and GDP.

4.23.9 Ethnic, cultural and linguistic services.

Apart from immigrant communities from Portuguese speaking African countries and Brazil, and (more recently) from Eastern European countries, Portugal is not a diverse country in linguistic and ethnic terms and no specific public service arrangements have been developed at these levels. Nevertheless, public service television is reflected in different channels programming strategies and target audiences. ‘RTP1’ is a generalist (popular) channel; RTP-2 is more culturally oriented. ‘A Dois’ has a focus on cultural (taste) minorities; ‘RTP Açores’ e ‘RTP Madeira’ are aimed the more specific interests of people living in these two autonomous regions (outside continental Portugal); ‘RTP Internacional’ and ‘RTP África’ are aimed at Portuguese communities and Portuguese speaking people all over the world; and, finally, ‘RPPN’ is a 24 hour information channel.

4.23.10 Spectrum allocation and funding

There is no evidence to show that spectrum access has any bearing on PSB funding.

4.23.11 Digital developments and funding

The development of terrestrial digital television (still non-existent in Portugal) is framed by Law 5/2004 of 10 February 2004. Up to this day, no links are established between the financing of digital television (not necessarily public) and the financing of existing public service broadcasting.

\(^{269}\) According to Schlepfeitner (2002) the TV licence fee was discontinued after 1990
4.23.12 References


4.23.13 Acknowledgements

- Special thanks to Helena Sousa and Felisbelo Lopes Departmento de Ciencias da Comunicacao, Universidade de Minho for their invaluable assistance.
- Manuel Pinto
4.24 SLOVAKIA

4.24.1 Background

- Population: 5.4 million
- Language: Slovak
- GDP (PPP): $84.7 billion US

4.24.2 Public broadcasting media & institutions:

- The public Slovak Television (STV) has two channels:
  - STV1—covers 97.3 per cent of Slovakia and 95.8 per cent of the population
  - STV2—covers 89.4 per cent of the territory and 88.7 per cent of the population, but attracted only 1% of the listening population in 2003.

- There are four types of radio stations: national, multi-regional, regional, and local. National stations include Slovak Radio (Slovenský Rozhlas), a public service broadcaster with three channels:
  - Rádio Slovensko (news and current affairs, national coverage, over one million listeners)
  - Rádio Devín (arts and culture, 35 per cent coverage of territory and 49 per cent of population, plus via satellite)
  - Rádio Rock FM (youth programmes, pop and rock music, mostly live).
  - Slovak Radio also has three specific-audience stations:
    - Rádio Regina (three regional studios: Bratislava, Banska Bystrica, and Kosice, regional information)
    - Rádio Patria (broadcast for seven national minorities, in practice three quarters was broadcast in Hungarian in 2002. It was listened to by 132,000 Slovak-Hungarian citizens in March 2003)
    - Radio Slovakia International (RSI): international shortwave broadcast in five languages, including Slovak language and Radio INET (broadcasting via Internet).

- As with other Central European countries, radio is not as popular as television. However, survey results from 2002 reported in European Media Landscape indicate 80% - 85% of people over the age of 14 listen to the radio. This makes Slovakia one of the highest radio-listening audiences in Europe.

4.24.3 Other broadcast media with public-oriented functions

- TA 3 – the commercial Slovak news channel

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4.24.4 Main commercial broadcast media

- Markiza TV - National commercial TV station; the most watched TV channel
- JOJ TV – (very small audience)
- Multi-regional Radio:
  - Rádio Express (traffic information radio)
  - Radio Okey
  - Fun Rádio
  - Radio Lumen - Christian Radio
  - Radio Twist - A lot of talking shows, News
  - Rádio Východ
  - Rádio Hviezda FM
  - Rádio Rebeca
  - Rádio Kiks

4.24.5 Public Broadcasting Funding 2004

- Total quantum for 2004 funding was reported at €77.9 million ($94,259,000 US) 275

4.24.6 Breakdown of public broadcasting expenditure, FY 2004

<table>
<thead>
<tr>
<th>Recipient/ end user</th>
<th>Function/ purpose</th>
<th>Mode of allocation</th>
<th>Level of funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Slovak Television Council (Council for Broadcasting and</td>
<td>Regulate broadcasting standards: agree Slovak Television's</td>
<td>License fee paid by listeners, license fees paid by broadcasters, allocation from</td>
<td>In 2000: 18% from State budget; 64% from license fees paid by TV owners; (advertising 14%; broadcaster licence fees and other, including broadcasting licenses, 4%).276</td>
</tr>
<tr>
<td>Broadcasting and Retransmission of the Slovak Republic)</td>
<td>budget; promote PSB outcomes; promote local/ indigenous</td>
<td>State budget</td>
<td>Slovak television receives a direct allocation and also collects the license fee</td>
</tr>
<tr>
<td></td>
<td>content; support non-commercial channels</td>
<td></td>
<td>based on data from electricity bills.277</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>In 2002, the total funding was €37.8 m. ($45.36 m. US), with 30.1m. ($36.4 million</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>US) public income. 278</td>
</tr>
<tr>
<td>Council for Broadcasting and Retransmission of the Slovak</td>
<td>Support PSB non-commercial radio programming</td>
<td>License fee paid by users, allocation from the State budget</td>
<td>Figures not known.</td>
</tr>
<tr>
<td>Republic</td>
<td></td>
<td></td>
<td>Same as for TV</td>
</tr>
</tbody>
</table>

278 European Audiovisual Observatory 2005 Yearbook, p. 141.
4.24.7 Funding quantum determinants and periodicity

- **Direct appropriation**: Parliament approves an allocation for public broadcasting. In the 1990s it was increased while the licensing fee was steadily decreased by the political party in power.

- **Direct License Fees**: The largest amount of funding comes from licensing fees. In 2000 legislation provided for inflation-indexed increases to simplify collection, with limits on waivers of eligibility. However, implementation has proven difficult, politically. A reform to raise the license fee and eliminate government support are being discussed\(^{279}\), but MPs continue to have the final word on increases\(^{280}\).

4.24.8 Political insulation of public broadcasting funding

- Licence fee levels continue to be set by the government and although reforms are being contemplated and index-linking was agreed in principle, licence fee levels and revisions are subject to political decision-making.

- The General Director of the Council for Broadcasting and Retransmission is elected by Parliament, which also has the power to remove the General Director upon request by the Council.

- Political influence in television and radio councils remains because even so-called independent candidates elected to these positions in November 2002 were, by and large, also candidates for political parties\(^{281}\).

- Andrej Skolkay observes, “There is widespread corruption in the Slovak media…The specific feature of Slovak media is low transparency of ownership.”\(^{282}\)

4.24.9 Ethnic, cultural and linguistic services.

- Broadcasting in Hungarian to that ethnic minority (10% of the population) is a significant service of the Radio Patria channel of Slovenský Rozhlas.

- Slovenska Televizia broadcasts some programmes from its studio in the Eastern Region (Kosice) in Ukrainian and German for minority populations.

- The second-largest minority in Slovakia is Roma, with slightly less than 5% of the population;\(^{283}\) however, broadcasting services to this linguistic and cultural minority are not mentioned in reports from the Slovak Republic.

4.24.10 Spectrum allocation and funding

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\(^{280}\) Jan Culik, personal email correspondence 9/11/05

\(^{281}\) European Media Landscape: The Slovak Media Landscape. [http://www.ejc.nl/jr/emland/slovakia.html#2](http://www.ejc.nl/jr/emland/slovakia.html#2)


\(^{283}\) Roma in Slovakia. [http://www.slovakia.org/society-roma.htm](http://www.slovakia.org/society-roma.htm)
• Retransmissions of programmes unchanged do not require a license; radio licenses are valid for eight years, while TV licenses are valid for 12 years.\textsuperscript{284}

• Changes to the media laws have been introduced in the past by MPs who may primarily have been motivated by business interests.\textsuperscript{285}

### 4.24.11 Digital developments and funding

• Slovakia seems not to have any digital broadcasting.

### 4.24.12 References


• European Media Landscape: The Slovak Media Landscape. http://www.ejc.nl/jr/emland/slovakia.html#2. (Retrieved on 15/10/05.)

• European Audiovisual Observatory 2005 Yearbook, p. 141.


### 4.24.13 Acknowledgements

• Dr. Jan Culik, Department of Slavonic Arts, Glasgow University, Scotland

\textsuperscript{284} Skolkay, A. (2004), Slovakia, pp. 210-211.

\textsuperscript{285} Skolkay, (2004), p. 211.
4.25 SPAIN

4.25.1 Background

- Population: 41,286,388
- Languages: Spanish
- GDP: US$ 991,441,649,664

4.25.2 Public broadcasting media & institutions:

- RTVE (Radio Television Espanola) is the public broadcaster. Radio Nacional de Espana of RTVE corporation is the public national network.
- There are 10 regional public TV channels belonging to regional radio and TV corporations as follows:
  - TV-3 AND Canal 33 in Catalonia;
  - ETB-2 and RTB-1 in the Basque Country;
  - TVG IN Galicia;
  - Telemadrid in Madrid;
  - Canal Sur and Canal 2AND in Andalucia;
  - Canal 9 and Noticies9/PUNT2 in Pais Valenciano;
  - TVA in Aragon.
  - There are about 500 local public radio stations called Radio Municipales depending on municipal councils.
  - There are a total of 855 AM stations, 642 FM stations and 730 TV stations

4.23.3 Main commercial broadcast media

- Private TV Companies have both Spanish and foreign shareholders.
- The main ones are Antena 3 tv, Telecino, Canal Plus Socecable, Canal Satelite Digital, Via Digital, Quiero TV, Net TV and Veo TV.
- There is no great difference between the public and private programming policies.
- Public and private TV companies base their income on advertising. In April 1999 a law was passed allowing municipalities to broadcast local radio financed by their own budgets and local advertising. There are no television licence fees. However public broadcasters can receive funds from the state and Autonomous Communities (CCAA) if they do not receive enough income from advertising to finance themselves.
- From 1982 to 1992 TVE did not receive any state funding because of its high advertising revenue. Since 1993 RTVE has received public funds. In 1999 the total income from advertising was €2,072 million (US$2,482.36m) and in 2000 it was €2,275 million (US$ 2,974.43). 85% of this income went to TVE, Telecino and Antena 3 TV. 2% went to Canal Plus because it is pay television. The rest went to autonomous TV stations, 40% of this to TV-3 and Canal 33 and the remaining to other TV stations including local TV.
- The majority of the private radio channels are owned by Spanish media groups because there is almost no internationalisation. Unlike the regional and local stations National public radio has no advertising income.
Privatisation and liberalisation are the two general prevalent trends of the broadcasting industry.

4.23.4 Public Broadcasting Funding, FY 2003-4

- Total Quantum for year 2004 € 81 979 million, (US$ 98 227 million)

4.23.5 Breakdown of public broadcasting expenditure, FY 2003-4

<table>
<thead>
<tr>
<th>Recipient/ end user</th>
<th>Function/ purpose</th>
<th>Mode of allocation</th>
<th>Level of funding</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grupo RTVE</td>
<td>Public broadcaster</td>
<td>Direct Ministry appropriation</td>
<td>€ 81 979m (US$ 98 22 m)</td>
<td>Aids and grants</td>
</tr>
</tbody>
</table>

4.23.6 Funding quantum determinants and periodicity

- The amount is decided by the national government from the National Annual Budget.
- It also depends on RTVE negotiations with the government and SEPI’s (Spanish Society of Industrial Participations) proposals.

4.23.7 Political insulation of public broadcasting funding

- The most important political concern for public broadcasting in Spain is how to reduce the accumulated debt since 1990(€ 7.500m / US $9.0490m).SEPI (Spanish Society of Industrial Participations) studied the reorganisation of RTVE and suggested privatisation of some parts of the company.
- Public TV in Spain is a complex political issue. Privatisation of RTVE could mean an end to public funding but this would be a very difficult decision for a socialist government to take.

4.25.8 Ethnic, cultural and linguistic services

- Since TV programming is highly dependent on advertising both public and private broadcasters choose programmes that are likely to attract a large audience. Rarely do cultural programmes get shown and never in prime time except on 2 public TV channels La2 national and Canal 33.
- COPE broadcasts in AM and FM and the Catholic Church is the main owner.
- ETB-2 and RTB-1 also telecast to the Basque Country.
- RNE (Radio Nacional de Espana) has three radio stations located in each of the three regions of the Basque country, two in Castilan and one in the Basque.
- The Council of Europe has praised Spain for its efforts to promote minority languages. 286

286 http://www.audiovisualcat.net/aboutcac/act.html
4.25.9 Spectrum allocation and funding

- There is no evidence to show that spectrum access has any bearing on PSB funding.

4.25.10 Digital developments and funding

- Regional and local digital radio is not yet regulated. Studies show that the development of digital radio could be slow because of the high price of radio receivers, lack of experience of dealers and competitive development of the mass media.

- In 2000 the government extended its allocation to three private national terrestrial TV networks (allowing them two years for the transition) and awarded licences for two open national TV channels to operate with digital technology. The government took this decision because of pressure from the communication groups and desire to develop the new media infrastructure as quickly as possible. Consequently, digital TV licences have been allocated without defining the role of national and regional public television or the means of financing them, leaving the future of PSB uncertain.

4.25.11 References

- http://www.rtve.es/
- http://www.cmt.es/cmt/index.htm
- http://www.ehu.es/zer/zer2/10artpala.html#anchor629796
- http://www.audiovisualcat.net/aboutcac/act.html
- http://www.ccrtv.com/ccrtv/ccrtvSeccio.jsp

4.25.12 Acknowledgements of assistance

- Thanks to Mercedes Medina Laveron, Directora, Dept. de Empresa Informativa, Facultad de Comunicacion, Universidad de Navarra, Pamplona.
4.26 SWEDEN

4.26.1 Background

- Population: 8,985,000
- Languages: Swedish, English
- GDP: US$346,404 billion

4.26.2 Public broadcasting media & institutions

- The television sector is highly concentrated with the public broadcaster performing strongly. There are three strong competitors, the most successful of which is TV4. The growth in the past decade of Kanal 5 and a small rise in the audiences of niche channels have been at the expense of SVT’s market share, which shows an annual decline.

- PSB performs extremely strongly in the radio industry with 64 per cent audience share going to Sveriges Radio (SR) stations. Four commercial networks, three of which are owned by the major media companies Bonnier, MTG and SBS, follow SR. The merger of the radio assets of Bonnier and SBS has further increased concentration in the sector.

- SVT (Sveriges Television): the national publicly-funded television broadcaster; funded by public licence fee.
  - SVT shares many traits with its British counterpart, the BBC.
  - SVT is a public limited company, owned by an independent foundation, and funded through a licensing fee, which is allocated by the Swedish Riksdag. Its status could be described as that of a quasi-autonomous non-governmental organisation.
  - SVT has retained a prominent position in the television market place and represents the largest broadcaster in Sweden.
  - Channels - SVT 1, SVT 2, SVT 24, SVT Extra, Barnkanal, 11 regional windows.
  - SVT market share has declined over the past decade, although it is still, by European standards, in an extremely prominent position in terms of audience share. Overall audience share for the four main broadcasters is approximately 86 per cent, with SVT enjoying the highest percentage of viewing share with its two channels combined enjoying 43 per cent market share.

- The Swedish public-broadcasting system is in many respects modelled after the one used in the United Kingdom

- SR (Sveriges Radio): SR shares many characteristics with its British counterpart, the BBC and is also funded by public licence fee. It is a public limited company, owned by an independent foundation, and funded through a licensing fee determined by the Swedish Parliament. No advertising is permitted. SR's status could be described as that of a quasi-autonomous non-governmental organization.

- SR stations enjoy 64 per cent of listener share.

\[289\] Ward, 2004, p. 174
\[290\] Ibid.
\[291\] Ibid., p.
\[292\] Ibid.
\[293\] Ibid., p. 170
• SR operates 4 national FM stations, 3 regional stations (including one Finnish language) and provides Digital Audio Broadcasting, both on FM and webcast. SR also has 3 further music stations available exclusively on the internet, and an international channel offering programming in 19 languages.

• UR (Utbildningsradio): A public service radio and television programme company (educational programming). UR programming is carried in SVT1, SVT2, Kunskapskanalen (operated together with SVT) and SR’s radio channels.\(^{294}\)

• There are over 1,323 radio stations in Sweden, although most of these are small, non-commercial community radio services.\(^{295}\)

• The Radio and TV Authority (Radio-OCH TV-Verket): a licensing and supervisory authority. All those who broadcast programmes in accordance with the Radio and Television Act are registered with the Authority. It has the following functions:
  o Grants licences for local and community radio transmissions and for temporary transmission.
  o Designates local cable broadcasting companies.
  o Submits proposals to the Government as to how the licences to transmit digital terrestrial television should be distributed.
  o Issues regulations on television standards and exercises a supervisory role in this area.
  o Monitors developments in the media field by gathering, compiling and publishing statistics and other relevant information concerning ownership and sector structure, technology and economics in the media field.
  o In September 1999 the Government decided that the authority should annually submit statistics relating to the audiovisual field to the EU.
  o Conducts analyses of user needs and existing statistics in the audiovisual field.
  o Registers all those who carry on transmission activities according to the Radio and TV Act.
  o Registers legally responsible person for community radio, local commercial radio, cable transmissions, temporary transmissions and legally responsible person for information from certain databases.
  o Deals with matters concerning fees for local commercial radio and terrestrial TV financed by advertising.
  o Can decide on sanctions if certain rules for transmission activities are not complied with.\(^{296}\)
  o The Broadcasting Commission (Granskningsnämnden för radio & TV): scrutinises Swedish radio and television programmes after they have been broadcast.

• The Council on Media Violence is a government committee concerned with the portrayal of violence and media influence. Its work covers all motion picture media (film, television, video, computer games and Internet).

• Teracom AB is a state-owned company which transmits the programmes of, among others, SR, SVT and TV 4 via a nationwide terrestrial network.\(^{297}\)

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\(^{294}\) Facht, personal communication, 15 November 2005
\(^{295}\) Ibid., p. 169
\(^{296}\) Ibid.
\(^{297}\) Ibid.
The National Post- and Telecommunications Agency (PTS) is responsible for technical coordination, for content and ownership issues, therefore the right to broadcast in TV.

- The PTS Media Division is responsible for matters concerning public service broadcasting (SVT, SR, and the Swedish Educational Broadcasting Company Utbildningsradio/ UR), commercial radio and television, the press, media concentration, measures against violence in the media, including film censorship, new media and new technology. The Division processes administrative matters concerning issues such as broadcasting licences for public service broadcasters 298.

### 4.26.3 Other broadcast media with public-oriented functions

- Canal 7 - Since 2003, 100% owned by Telenor, the Norwegian state broadcaster.

### 4.26.4 Main commercial broadcast media

- TV4 is the only broadcaster other than SVT to have a national terrestrial licence, and the remaining commercial broadcasters are distributed through cable and satellite and have considerably lower population coverage 299.
- TV4 – owned by Bonnier 22%, Alma 23%,* MTG 15%. “Of the three commercial television channels, TV4 is the most popular and has enjoyed an extremely stable market share over the past decade despite the presence of two other actors and nearly 60 percent cable and satellite penetration, overall the market has remained stable” 300. TV4 is the market leader with 55.5 per cent of the market 301.
- Also offers four Web TV channels, the tv4.se website, teletext services and is developing a digital terrestrial network 302
- TV3 – 100% owned by MTG (Modern Times Group) 303. Has 23.1 per cent of the market 304. Swedish language satellite television channel.
- Kanal 5 305 - 100% owned by SBS Broadcasting 306, and holding 15% of the market. SBS is “a US-based, Luxembourg-registered company which controls radio and television assets” 307
- ZTV – owned by MTG 308
- TV8 – owned by MTG 309
- ViaSat Sport owned by MTG 310
- 87 commercial radio stations: largely gathered together under the ownership of a handful of media groups 311

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298 Ibid.
299 Ward, 2004
300 Ward, 2004. Note: Bonnier (a publishing company) holds a 33 per cent stake in Alma Media and as a result have a total stake in TV4 of 45 per cent. Source: Nordicom 2003.
301 Ward, 2004
302 Ibid.
304 Ward, 2004, p. 167
305 Ward, 2004. Note: Kanal 5 is transmitted via satellite from the UK. Source: Nordicom 2003
306 Ward, 2004
307 Ibid., p. 171
308 Ibid.
309 Ibid.
310 Ibid.
311 Ibid., p. 169
• Community radio stations combined hold only seven per cent of listener share; the market is dominated by SR and to a far lesser extent the commercial radio stations\textsuperscript{312}.

• Market share - 29 per cent of listeners\textsuperscript{313}.

- Canal 7 - Since 2003, 100% owned by Telenor, the Norwegian state broadcaster

### 4.26.5 Public Broadcasting Funding 2004

- **Total quantum FY 2004, based on TV charges:** In total SEK 6,466.1 million (US$786.5 million)\textsuperscript{314}
  - SVT (Sveriges Television): SEK 3,694.5 million (US$449.4 million)
  - SR (Sveriges Radio): SEK 2,066.2 million (US$251.3 million)
  - Other smaller allocations (refer 4.26.6)

- **Operating revenues of principal television companies in Sweden 2003:** Euro$2.65 billion (US$3.18 billion)\textsuperscript{315}

- **Total television licence revenue 1993-2003**\textsuperscript{316} SEK 6,179 million (US$725.3 million)

### 4.26.6 Breakdown of public broadcasting expenditure 2004

- **General Funding of the Public Service Broadcaster:** The public service TV broadcaster (SVT) is free of advertising.
  - Only a minor share (<1%) of the budget is accountable for sponsorship for e.g. sport and EBU events like the Eurovision song contest.
  - The fees are collected by RIKAB (Radiotjänst i Kiruna AB) a subsidiary company of the SVT, SR and UR (Education Radio/TV)\textsuperscript{317}.

<table>
<thead>
<tr>
<th>Recipient/end user</th>
<th>Function/purpose</th>
<th>Mode of allocation</th>
<th>Level of funding</th>
<th>Funding source</th>
</tr>
</thead>
<tbody>
<tr>
<td>SVT/Sveriges Television AB:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SVT1</td>
<td>Public service</td>
<td>Indirect appropriation via the Broadcasting Account</td>
<td>SEK 3,694.5 million (US$449.4 million)</td>
<td>Licence fees</td>
</tr>
<tr>
<td>SVT2</td>
<td>Public service</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SVT 24</td>
<td>Public service news channel; available on free-to-air digital television in the terrestrial network</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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\textsuperscript{312} Ibid.
\textsuperscript{313} Ibid., p. 170
\textsuperscript{314} Fach, personal communication, 15 November 2005
\textsuperscript{315} European Audiovisual Observatory 2005 Yearbook. Strasbourg, p.136
\textsuperscript{317} Schnepfliehn, 2002
<table>
<thead>
<tr>
<th>Organisation</th>
<th>Description</th>
<th>Licence Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Barnkanalen (operated together with UR)</strong></td>
<td>“The children’s channel”; available on free-to-air digital television in the terrestrial network</td>
<td></td>
</tr>
<tr>
<td><strong>Kunskapskanalen (operated together with UR)</strong></td>
<td>“the knowledge channel”</td>
<td></td>
</tr>
<tr>
<td><strong>SVT Extra</strong></td>
<td>“special events” channel – live coverage, chiefly of sports</td>
<td></td>
</tr>
<tr>
<td><strong>SVT Europa</strong></td>
<td>European service; a mix of SVT1 and SVT2.</td>
<td></td>
</tr>
<tr>
<td><strong>11 regional windows in SVT2</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SR/ Sveriges Radio AB:</strong></td>
<td>A public service radio company - analogue radio channels: P1, P2, P3, P4, Radio Sweden; digital radio channels: P3 Rockster, P3 Street, P3 Svea, P3 Star, SR Minnen, SR Sverige, SR X, SR C.</td>
<td>Refer 4.26.7</td>
</tr>
<tr>
<td><strong>Sveriges Radio Förvaltnings AB</strong></td>
<td>A public foundation, owner of SVT, SR and UR</td>
<td>SEK 2,066.2 million (US$251.3 million), allocated as below:</td>
</tr>
<tr>
<td><strong>Sveriges Utbildningsradio AB (UR)</strong></td>
<td>A public service radio and television program company (educational programming), UR programming is carried in SVT1, SVT2, Kunskapskanalen (operated together with SVT) and SR’s radio channels.</td>
<td>SEK 251 million (US$30.5 million)</td>
</tr>
<tr>
<td><strong>Granskningsnämnden för Radio &amp; TV</strong></td>
<td>The Swedish Broadcasting Commission: A state authority which examines radio and television programmes in Sweden aimed at the Swedish public</td>
<td>SEK 294.6 million (US$35.8 million)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SEK 6.4 million (US$0.78 million)</td>
</tr>
</tbody>
</table>
on a strictly ex post facto basis. The Broadcasting Commission assesses whether the programmes conform to the laws and licences that apply to the broadcasts.

Collects TV charges nationwide and verifies payment of them. The company is owned by SVT, SR and UR.

SEK 153.4 million (US$18.6 million)

4.26.7 Funding quantum determinants and periodicity

- **Licence fee**: The annual TV charge is determined within the Swedish Government's Budget Bill (The Ministry of Education, Research and Culture). Radiotjänst i Kiruna AB (RIKAB) collects the TV charges (who has to pay the TV charge and how it should be paid is regulated within the TV Charges Act).

- **Indirect appropriation**: The TV charges are deposited in the Rundradiokontot [The Broadcasting Account] – administrated by Radiotjänst – from where the money is distributed to the public service companies and Granskningsnämnden. SVT, SR and UR in their turn transfer money to Radiotjänst and Sveriges Radios Förvaltning as payment for their services.

- The size of the funding from the Rundradiokontot is annually determined within the Budget Bill. The programme companies have a good idea about the size of the funds since financing is considered when the conditions for a licence period are drawn up.

- A licence period is approximately four to five years. The programme companies are solely responsible for the output of their programming, as long as they live up to the laws (for example The Radio and Television Act) and the terms within each licence to broadcast. The Broadcasting Commission assesses whether the programmes conform to the laws and licences that apply to the broadcasts.

- The only means by which a Government has any possibility to influence the programming companies is by way of appointing the Board of Sveriges Radio's Förvaltning (the public foundation which owns Sveriges Television (SVT), Sveriges Radio (SR) and Sveriges Utbildningsradio (UR). The board of the foundation appoints the Governors of the three companies, whereas the Government appoints the Chairpersons in each Board.

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318 Facht, personal communication, 15 November 2005
A 2005 governmental report on PSB funding suggests a switch in the process of funding of the three public service companies. The funding will be transferred directly from the Broadcasting Account to the companies instead of through the government’s Budget Bill. The allocated funds will follow an allocation ratio set up by the parliament.

It is mainly the opinions of the Folkpartiet Liberalerna (liberal) and Moderata samlingspartiet (conservative) party which differ regarding the funding of public service (differ to the suggestions in the Governmental Official Report). Both parties – both are in opposition to the Government – want to abolish the TV charge and both reject the media charge. Folkpartiet Liberalerna suggests public funds for public service programming regardless of the company’s status (private or public). Moderata samlingspartiet suggests tax funding.

4.26.9 Ethnic, cultural and linguistic services

No funding is specifically directed towards ethnic, cultural and linguistic services; however the terms of SVT, SR and UR licences state that the programming should consider certain groups regarding ethnic, cultural and linguistic services. The companies shall particularly regard the needs of children belonging to ethnic and linguistic minorities, and the minority languages Lappish (Sami), Finnish, Meänkieli and Romany Chib should have priority.

The terms of the licenses state that the three companies SVT, SR and UR share responsibility for the minority programming between each other.

Each year minority programming is monitored and reported on, to The Broadcasting Commission (Granskningsnämnden for Radio and TV).

Until the launch of the Swedish language satellite television channel TV3 in 1987, SVT provided the only Swedish television available to the public.

SVT2 – has programming for minorities for speakers of Sami language, Finnish language and sign language, some independent film, and regional programming

SVT Europa: For rights reasons, does not show acquired material eg movies, sport or English language programming

Sveriges Radio: 4 national FM stations, 3 regional stations including one Finnish. Also provides Digital Audio Broadcasting, broadcast as FM and webcast, 3 further music stations available exclusively on the internet, and an international channel offering programming in 19 languages.

4.26.10 Spectrum allocation and funding

Spectrum allocation and funding is linked to public service obligations. Privately owned company TV4 AB holds a licence to broadcast its channel TV4 nationally in the analogue terrestrial network. It is the only analogue licence that is funded by commercials.

319 Ibid.
320 Ibid.
321 Ibid.
322 Ibid.
323 Ward, 2004
(commercials are not allowed in SVT’s, SR’s and UR’s programming). The terms of TV4’s license include obligations similar to SVT, SR and UR, with a few exceptions (see below*).

- TV4 AB does not receive any public funding. Instead the company pays an annual fee for the right to broadcast in the analogue terrestrial network. (This fee will gradually have diminished at the point of the analogue switch off in February 2008).

- The most extensive provisions concern the three public service companies Swedish Television (SVT), Swedish Radio (SR) and Swedish Educational Broadcasting (UR), and the commercial TV4. Among the terms of the licences for those companies is a provision that they shall exercise the right to broadcast impartially and accurately. The terms of the licences also require the companies to bear in mind the special impact of the broadcast media when deciding the subject matter, form of presentation and scheduling of programmes. This implies an obligation to be particularly careful about representations of violence, sex and drugs as well as content that may be perceived to discriminate against people on the basis of gender or ethnic background. Furthermore, the companies are cautioned to respect the individual’s private life in programming.

- In the licences for the three public service companies (SVT, SR and UR) there are obligations of a public service type such as:
  - To offer a rich variety of programming of good quality
  - To cater for differing interests and needs of the population
  - To meet the interests of minorities, to offer a diversity of opinion, and
  - To satisfy a variety of interests in such areas as religion, the Arts and science.

- Other obligations of a public service character are reporting of news and producing investigative programmes as well as providing programmes especially adapted for the partially deaf or visually impaired and the right of reply. Some of the provisions concerning the obligations mentioned are also included in the licence of the commercial, national television broadcaster, TV4. 324

4.26.11 Digital developments and funding

- Terrestrial digital television was introduced in 1999 not only at national level but also in five regional SVT channels:
  - Nordnytt, Västnytt, Sydnytt, Östnytt and ABC
  - The stations could at that time reach roughly half of the population.

- All of the 11 regional SVT are broadcast also by digital satellite. At the end of 2000 the digital broadcasting at regional level was able to cover 12% of people (or about 1 million Swedes).

- Approximately 50% of the Swedish population can receive the digital terrestrial transmissions.

- The Swedish Parliament decided in November 2000 that digital terrestrial transmissions should be extended to cover the entire country in accordance with the Government’s proposal in the budget bill for 2001

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324 Facht, personal communication, 15 November 2005 Source: The Swedish Broadcasting Commission
The Government considers that 98 percent of the population should be able to receive digital transmissions during 2002\textsuperscript{325}.

In May 2003 the Swedish Parliament decided that analogue television broadcasting in Sweden will be switched off by 1 February 2008. Terrestrial television will then be all digital. The switch-off will be achieved in stages.\textsuperscript{326}

The funding of public service is debated in Sweden. A 2005 governmental report suggested a replacement of the TV charge by a “media charge”; compulsory/mandatory for each household or company in possession of at least one TV receiver of any kind that is able to receive SVT or UR broadcasts. The TV charge on the other hand is compulsory/mandatory for each Swedish household owning any kind of TV receiver.

This “media charge” will finance SVT, UR and SR (as the TV charge also does). The suggestion of the “media charge” is to be seen in the light of the technological development. Today there are a variety of technologies capable of receiving the public service companies’ programming and consequently the difficulty in supervising the possession of TV receivers increases. The difference between the two charges is that the definition no longer is limited to a certain technology for receiving SVT’s or UR’s programming.

The parliament has not yet decided on the “media charge”.

The audience fragmentation and the funding of public service is also on the agenda of the public debate, but more in the context of the existing public service companies’ capability of appealing to a wide audience\textsuperscript{327}.

4.26.12 References


4.26.13 Acknowledgements of assistance

- Ulrika Facht, Nordicom Sweden, Göteborg University

\textsuperscript{325} Schnepfleitner, 2002
\textsuperscript{326} Facht, personal communication, 15 November 2005
4.27 SWITZERLAND

4.27.1 Background

- Population: 7,489,370 (July 05 est.)\textsuperscript{328}
- Languages: National languages - German, French, Italian, Romansch; (Official languages - German, French, Italian)
- GDP: USD 359.5 Billion (est. 2004) \textsuperscript{329}

4.27.2 Public broadcasting media & institutions

- Swiss Broadcasting Corporation (SBC) began in 1922 and is the public broadcaster and runs 7 television stations and 18 radio stations in the four official Swiss languages, plus the international broadcaster Swiss Radio International (SRI). In October, 2004 SRI ceased broadcasting on shortwave and satellite, to concentrate on their multi media platform. SBC also operates Swiss Satellite Radio (a series of 3 trilingual radio stations broadcasting different music types).

  - SBC in German = Schweizerische Radio und Fernsehgesellschaft (SRG)
    - The German language broadcaster for radio is Schweizer Radio DRS (5 radio stations); The German language broadcaster for television is Schweizer Fernsehen (2 TV stations)
  - SBC in French = Societe suisse de radiodiffusion et television (SSR)
    - The French language broadcaster for radio is Radio Suisse Romande (4 radio stations)
    - The French language broadcaster for television is Television Suisse Romande (2 TV stations)
  - SBC in Italian = Societa svizzera di radiotelevisione (SSR)
    - SBC in Italian = Radiotelevisione svizzera di lingua italiana (3 radio and 2 TV stations)
    - Svizra da radio e television (SSR)
    - SSR in Romansch = radio e Televisiun Rumantscha (1 radio station and 1 TV station)

- Together, all four are known in Switzerland as SRG-SSR idée Suisse and it is the dominant domestic broadcaster. The Swiss media market is divided along linguistic lines determined by the 4 national languages.

4.27.3 Other broadcasting media with public-oriented functions not state owned but with functions other than commercial

- Radio - AM 4, FM 113 (plus many low power stations), shortwave 2 (1998)
- Television stations - 115 (plus 1,919 repeaters) (1995)

\textsuperscript{328} CIA Factbook 2005
\textsuperscript{329} World Bank 2005
4.27.4 Main commercial broadcast media

- Commercial television is provided significantly provided for by foreign broadcasters. However, while the German-speaking part is dominated by SRG-SSR, the market share of foreign broadcasters is increasing in the Italian and French speaking parts. There are only a limited number of Swiss private television broadcasters at the language community level. The radio sector similarly reflects the dominant SRG-SSR broadcaster, which has approximately 70% listener share in each of the regional markets. Private radio stations hold approximately 16.1% of the market share however, because of the linguistically organised markets, a national overview masks important performance indicators within these regions.

- In television the competition is primarily between the SRG-SSR and the foreign broadcasters, while in radio the national public radio competes heavily with Swiss regional commercial radio stations.

4.27.5 Public broadcasting funding 2004

<table>
<thead>
<tr>
<th>SRG-SSR Public Income</th>
<th>EUR 731 million (US$861m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SRG-SSR Commercial Income</td>
<td>EUR 405 million (US$477m)</td>
</tr>
<tr>
<td>Total Quantum for 2004</td>
<td>EUR 1,136 million (US$1,338m)</td>
</tr>
</tbody>
</table>

4.27.6 Breakdown of public broadcasting expenditure 2004

<table>
<thead>
<tr>
<th>Recipient/end user</th>
<th>Function/purpose</th>
<th>Mode of allocation</th>
<th>Level of funding</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>SBC</td>
<td>Public service</td>
<td>Indirect appropriation</td>
<td>EUR 20 million</td>
<td>Government</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(US$24m)</td>
<td></td>
</tr>
<tr>
<td>SBC</td>
<td>Public service</td>
<td>Licence fees</td>
<td>EUR 711 million</td>
<td>Public TV/radio licence</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(US$837m)</td>
<td></td>
</tr>
</tbody>
</table>

4.27.7 Funding quantum determinants and periodicity

- **Licence fee and indirect appropriation**: Most of the annual revenue is used to finance SRG SSR idée Suisse, but private broadcasters also receive a proportion. About 1% of the annual revenue from reception fees benefits local / regional private radio and television stations.

- SBC as the public broadcaster operates seven television stations and eighteen radio stations in Switzerland’s four official languages (not including the international broadcaster Swiss Radio International). SBC aims to produce radio and television services of equal quality in all four linguistic regions. SBC is primarily financed through the licence fee CHF 450.35 (including VAT), plus advertising and sponsorship. All people are required by Federal law to pay the licensing fee. Exemptions are made for those on state pensions, disability payments or receive benefits under the Federal law on supplementary benefits to old age, survivors’ and disability insurance. If a car owner does not pay the licensing fee (because she / he has no radio or television at home, they are acting illegally. Likewise, rented private properties must also pay the licensing fee. If someone has no radio or television but has broadband internet reception, then a licensing fee must also be paid. Licenses are paid on a per household basis.
• In 2000 the SRG-SSR idée Suisse received 1.06 billion CHF through licence fees, while advertising (only television) brought in 370 million CHF. 71% was licence fee income. Since the Federal Council, which has the final say on the level of the licence fee, not least for political reasons, sets the fee as low as possible and does not index it, there is an element of constant dependence in the relationship between the SRG-SSR and the state through finance.

• There is a financial compensation by the largest linguistic region for the benefit of the two smaller ones. To enable the French and Italian language regions to produce and receive as many programmes as German-speaking Switzerland, they receive an over-proportional amount of financing. Although the license fee revenues from the German-speaking population add up to 72 % of the overall license fee revenues, the programme producers in that region only get around 40 % of overall license fee revenues. Without such cross-subsidisation " fee-splitting " arrangement - as a sort of contribution to national solidarity - it would be nearly impossible to set up and maintain a full line of television programmes in all linguistic parts of Switzerland.

• Reception fees are billed and collected by Billag AG. Based in Freiburg (a subsidiary of Swisscom).

• People residing in Switzerland for more than three months must pay a radio-reception fee if they operate a radio and a TV-reception fee if the operate a TV set. These fees are collected by Billag AG, a private collecting company. The money collected as fees serves to pay Billag AG, some services of our agency, the public broadcaster and some private broadcasters (splitting)\(^{330}\).

• The money our agency gets goes into the public treasury. The proceeds from reception fees designated for the private broadcasters are paid into the public treasury and the payments to private broadcasters are part of the federal budget. Any money collected for private broadcasters that is not spent in the respective year goes into a reserve fund that can only be used for payments to private broadcasters. Even though the proceeds from reception fees may not be used for any other purpose than to subsidize radio and TV broadcasters, their total, being part of the federal budget, must be approved by parliament. The money for the collecting company and for the public broadcaster does not go into public treasury.

• The government also supports some activities by broadcasters for international audience or Swiss people abroad with money from the general federal budget. According to financial planning international activities will be subsidized with approximately 7 million francs in 2005 and with 2 million francs in 2006. Most of that money goes to the public broadcaster. Approximately 0.5 million francs will go to private broadcasters. The criteria for financial support for private broadcasters is that their programs serve a special public interest, that they are listened to and that they would run deficits without public money. The public broadcasters cost for programs for abroad is by far higher than the government contribution so that the difference is paid with money from reception fees.

• The public broadcasters part of the reception fees will probably be around 11’00 million francs for 2005 as well as for 2006. The public broadcaster receives all the money collected as reception fees after the deduction of the parts for the collector, our agency and the private broadcasters. 13.5 million francs of the reception fees collected in 2005 and in 2006 are meant for private broadcasters. However since part of the reserve fund will be used, private broadcasters should get 16 million francs in 2005 as well as in 2006.

\(^{330}\) Source: Andreas Meier, BAKOM, (federal agency for communication)
• The reception fees are set by the federal council (council of ministers) according to the needs of the public broadcaster, the needs of our agency for some of our services for broadcasting, the cost of the collecting the fees and the subsidies designated for private broadcasters. Radio reception fees must be used for radio broadcasting and TV reception fees must be used for TV broadcasting. Subsidizing one service with proceeds from the other is not permitted. The federal council decides about the fees either after a request by the public broadcaster or a request by the department of environment, traffic, energy and communication. In both cases the department makes a suggestion to the federal council.

• Our agency distributes the money for private broadcasters according to the following criteria:
  
  o 1.5 million francs are meant for investments for new technologies for radio broadcasters
  
  o 7 million francs are meant for radiobroadcasters according to their cost and the journalistic quality of their program
  
  o 1 million francs is for radio broadcasters for investments
  
  o 6.5 million francs are meant for TV-broadcasters according to their cost and the journalistic quality of their program.

• Except for the investments for new technologies the broadcasters must suffer from adverse conditions such as programs without advertisement, operating in mountain regions, operating close to the border or having a small number of potential consumers to qualify for financial support. Support is attributed on a yearly basis according to the broadcaster's situation in that year.

• Except that an amount has been reserved for investments in new technologies, technological development has no impact on the subsidies. Fragmentation of the audience has no impact on the subsidizing mechanism except that a broadcaster serving a particular audience fragment might have better chances to be allowed to use terrestrial frequencies and financial support is limited to these broadcasters.

4.27.8 Political insulation of public broadcasting funding

• SRG-SSR idée Suisse has the mandate to produce and disseminate radio and television programmes in the country's four official languages. The institutionalisation and organisation of radio and television is based on Article 93 of the new Swiss Federal Constitution. The act specifies information, education, and entertainment - exactly in this order - as the main functions Swiss radio and television are supposed to fulfil. The Federal Radio and Television Law (RTVG) of June 1991 in article 3 states that the electronic media as a whole have to:

  o contribute to the unrestricted formation of opinion, to the provision of general, wide-ranging and accurate information for listeners and viewers for their education and entertainment, and communicate knowledge on citizens' rights and obligations in democratic decision-making processes;
  
  o take into account the diversity of the country and its inhabitants, convey this diversity to the public, and promote mutual understanding of the peoples;
• promote Swiss cultural creativity and stimulate listeners and viewers to participate in cultural life;
• facilitate contact with Swiss nationals living abroad and promote the presence of Switzerland and understanding of its interests abroad;
• focus attention on Swiss audiovisual productions, especially films, and draw as much as possible on European productions in these fields.
• The programmes dealing in a specific area must not favour specific political parties, interests or ideologies.
• The different parts of the country must be adequately provided with radio and television programmes.

• Within this system, SSR-SRG idée suisse has a special role to play. It has a legal right to a license and to license fees for the full financing of radio and partial financing of television. Public service and licence fees are thus inseparable: In return, SSR-SRG idée suisse, is entrusted with a special mandate to provide all linguistic regions with programmes of equal quality on a public service basis.

4.27.9 Ethnic, cultural and linguistic services

• Switzerland's linguistic and cultural diversity is an extremely demanding challenge to the public and commercial broadcasters. SRG SSR idée suisse, or the Swiss Broadcasting Corporation has the mandate to produce and disseminate radio and television programmes in the country's four official languages. Article 3 of the RTVG (1991), in particular states that media have to:
  • take into account the diversity of the country and its inhabitants, convey this diversity to the public, and promote mutual understanding of the peoples;
  • promote Swiss cultural creativity and stimulate listeners and viewers to participate in cultural life;
  • facilitate contact with Swiss nationals living abroad and promote the presence of Switzerland and understanding of its interests abroad;
  • The different parts of the country must be adequately provided with radio and television programmes.

• SSR-SRG idée suisse has to convey the realities of Swiss life in all its facets, including politics, the arts, society, the economy, sport and entertainment. Its programmes must help viewers and listeners find their way in the complex realities of life in Switzerland. In particular, its programmes have to promote mutual understanding and exchange between the various parts of the country, linguistic communities and cultures.

4.27.10 Digital developments and funding

• Due to the geographical terrain cable is the dominant delivery system. There is no domestic Swiss satellite operator and digital terrestrial television is underdeveloped.

4.27.11 References

• CIA Factbook 2005
• World Bank 2005
• http://www.ejc.nl/jr/emland/switzerland.html
4.27.12 Acknowledgements of assistance

- Andreas Meier, BAKOM
4.28 TURKEY

4.28.1 Background

- Population: 71,727,048 (2004 estimate)\(^{331}\)
- Languages: Turkish (official), Kurdish 20 per cent (estimated)
- GDP: US$ 301,949.85 million\(^{332}\)

4.28.2 Public broadcasting media & institutions

- Turkish Radio and Television Corporation or Turkiye Radyo ve Televizyon Kurumu (TRT): Established in 1963, TRT is Turkey's first constitutionally autonomous publicly owned broadcasting organisation. On January 31st 1968, TRT launched the country's first television station TRT TV in Ankara, broadcasting programmes for six to seven hours each day.

- TRT, a public service broadcaster, has seven television channels. These channels are TRT1 (for general public); TRT2 (culture and arts channel); TRT3 (broadcasts diverse music and sports programs and a link between the members of Parliament and citizens, with its live Turkish Grand National Assembly broadcasts); TRT4 (an educational channel); TRT-INT and TRT-AVRASYA (broadcasts abroad); and GAP-TV (broadcasts developmental projects in provinces). TRT’s radio channels include Radio 1 (general and diverse broadcast); TRT FM or Radio 2 (Turkish classical and folk music); Radio 3 (classical music station and foreign language news service); Voice of Turkey Radio (broadcasts 26 languages to promote Turkey in a positive way); Tourism Radio (broadcasts in 5 languages aimed at foreign tourists in the country); and GAP-Diyarbakir Radio (broadcasts in provinces).\(^{333}\)

- Radio and Television Supreme Council (RTUK): An autonomous body comprising 9 members appointed by Parliament as the regulator for commercial broadcasters. The RTUK is responsible for distributing frequencies and awarding licences to broadcasters, and also for monitoring the broadcasters’ compliance with the law. However, the RTUK has been ineffective in facilitating the healthy growth of the industry. Currently, all terrestrial radio and television broadcasting is still carried out without any licences.\(^{334}\)

- The Telecommunication Authority or Telekomunikasyon Kurumu (TK): Established in 2000, TK is an independent authority responsible for regulating and administering the telecommunication sector. The main aim behind its formation was to have an independent regulatory body that would facilitate and monitor the competence of the broadcasters during the liberalisation and privatisation of the telecommunication sector.\(^{335}\)

- The Communications High Council or Haberlesme Yuksek Kurulu (HYK): HYK was established in 1983 as a body of approval for communications policies. It is a board consisting of Transport and Internal Affairs Ministers and other government officials, convenes meeting twice a year to approve or alter radio and television

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\(^{331}\) World Development Indicators database 2005
\(^{332}\) World Development Indicators database 2005
\(^{334}\) Open Society Institute, 2005 article. www.eumap.org/topics/media/television-europe/index
\(^{335}\) Open Society Institute, 2005 article &; Broadcasting in Turkey article: http://www.byegm.gov.tr/REFERENCES/radyo-tv2002.htm
frequency plan and decides when, and how many frequencies may be auctioned.\(^{336}\)

### 4.28.3 Other broadcasting media with public-oriented functions

- None identified.

### 4.28.4 Main commercial broadcast media

- There are 16 private television channels broadcasting nationally, among which, ATV, Kanal D, Show TV, Star TV, NTV and TGRT are the most popular channels. A total of 244 private TV networks are active in the country, of which 15 are regional and 229 local. A total of 1,180 radio stations are active in the country, of which 36 broadcast at national, 108 at regional, and 1,036 at local scales. Private radio stations and television channels finance themselves. Their only income sources are advertisements.\(^{337}\)

- Cable TV is available to viewers in a total of 20 cities. At the end of April 2003, 2,485,962 households were connected to the network and number of active subscribers reached 991,130. Implementation of data and Internet applications over Cable TV network has been realised in 12 cities as of April 2003, there are totally 29,095 Internet subscribers in these cities.\(^{338}\)

### 4.28.5 Public broadcasting funding 2003

- Total quantum for FY 2003: $US 267.62 million (Euros 228.19 m approx.).\(^{339}\)

### 4.28.6 Breakdown of public broadcasting expenditure FY 2003\(^{340}\)

<table>
<thead>
<tr>
<th>Recipient/End user</th>
<th>Function/Purpose</th>
<th>Mode of Allocation</th>
<th>Level of funding</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>TRT</td>
<td>Public Service</td>
<td>Utilities levy</td>
<td>Euros 136.766m (US$161.1 million)</td>
<td>2 % tax share from electricity bills</td>
</tr>
<tr>
<td>TRT</td>
<td>As above Audiovisual retail Levy</td>
<td>Euros 35.656m (US$43.17 million)</td>
<td>'Banderolle' sales tax on Television sets, Radios, VCRs, CDs, DVDs, etc.</td>
<td></td>
</tr>
<tr>
<td>TRT</td>
<td>Direct appropriation</td>
<td>Euros 55.52 million (approx.) (US$ 65.4 million)</td>
<td>Government grants</td>
<td></td>
</tr>
<tr>
<td>TRT</td>
<td>International Satellite</td>
<td>Direct appropriation</td>
<td>Figures not available</td>
<td>Government grants</td>
</tr>
</tbody>
</table>

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\(^{336}\) Open Society Institute, 2005 article. www.eumap.org/topics/media/television-europe

\(^{337}\) Radio and Television article: www.turkishculture.org/lifestyle/radio_television.htm

\(^{338}\) The Turkish Economy article: www.igeme.org.tr/eng/turkey/Media.pdf-

\(^{339}\) Open Society Institute, 2005 www.eumap.org/topics/media/television-europe

\(^{340}\) Open Society Institute, 2005 www.eumap.org/topics/media/television-europe & European Audiovisual Observatory 2005 website & Email 28/10/2005 Elif Soyata Arslan, TRT office, Turkey
4.28.7 Funding quantum determinants and periodicity

- TRT found it increasingly difficult to survive when it lost its advertising revenue to the private broadcasters, and the station started to undergo financial losses. It now finances its operation through limited allocations it receives from the government’s general budget, utility levy (electricity bill), audiovisual retail levy, and commercial revenues from advertising, sponsorship, sales of programmes and merchandising. 341

- **Utilities levy and Audiovisual retail levy:** According to 2005 information provided by TRT, revenue from electricity bills comprises 45% of the total income, revenue from “Banderolle” sales tax on audiovisual equipment comprises 33% of the total income, advertisement revenue comprises 7.5% of the total income and state subsidy for financing the international satellite transmission cost of TRN-INT is 1.5% of the total budget. 342

- The Broadcasting Law details the sources of income for the RTUK as follows:
  
  - **Broadcaster operating licence:** Annual fees collected from commercial radio and television channels;
  - **Industry levy:** a five per cent share of the annual advertising incomes of private radio and television channels;
  - **Direct appropriation:** allocations from the budget of the Turkish Grand National Assembly.
  - Fines collected from commercial radio and the television channels. (These fines are transferred to the Finance Ministry.)
  - However, due to the weak legal infrastructure, of the broadcasting channels are actually licensed. The RTUK therefore cannot collect any annual fees from the broadcasters. Consequently, the main source of income is the five per cent levy from the advertising revenues of the channels. 343

4.28.8 Political insulation of public broadcasting funding

- Given that proportional levies are not guaranteed to be consistent from year to year, state appropriations also appear to vary. This variation is seen in the percentage figures of TRT in the table below.

<table>
<thead>
<tr>
<th>Source of Income</th>
<th>Share of total revenues for 2003 in %</th>
<th>Share of total revenues for 2005 in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax on electricity bills</td>
<td>53.7</td>
<td>45</td>
</tr>
<tr>
<td>Sales tax</td>
<td>14</td>
<td>33</td>
</tr>
<tr>
<td>Advertising</td>
<td>10.4</td>
<td>7.5</td>
</tr>
<tr>
<td>Other (mainly allocation from the State budget)</td>
<td>21.8</td>
<td>1.5</td>
</tr>
</tbody>
</table>

341 Open Society Institute, 2005 article. www.eumap.org/topics/media/television-europe
342 Email 25/10/2005 Elif Soyata Arslan, TRT office, Turkey
4.28.9 Ethnic, cultural and linguistic services

- Ethnic languages and dialects broadcasting, one of the most controversial issues between Turkey and the European Union (EU), was launched in 2004. Increasing pressure from the EU led to the second amendment of the Broadcasting Law in August 2002 legalising broadcasts in languages other than Turkish. Although the amendment allowed the commercial national broadcasters to broadcast in minority languages, they did not see any commercial gains from doing this.

- As public broadcasters, TRT launched these minority language broadcasts in June 2004. TRT currently broadcasts in Bosnian, Arabic, Circassian and the Kurdish dialects of Kirmanci and Zada. These broadcasts consist of news headlines, documentaries, music and sports programmes. Local and regional broadcasting in minority languages will be possible once an audience profile by the RTUK is completed and provisions concerning advertisements are sorted out.  

4.28.10 Spectrum allocation and funding

- Spectrum allocation for all broadcast services is overseen by RTUK and HYK.
- Management rights are generally issued by auction.

4.28.11 Digital developments and funding

- Some of the major policy matters at this stage are around digitisation. RTUK has drawn an action plan and a road map for the switchover from analogue to digital in terrestrial broadcasting. The plan foresaw a simulcast period, leading to the switching off all analogue signals by 2018. The approving body, HYK, has announced that the switchover should begin in 2006 and be completed in 2014. However, preparation for the switchover is far from easy, as many significant issues arising from the mess in the spectrum caused by the analogue broadcasters need to be examined. Meanwhile, the broadcasting industry is keen for the switchover to happen, as it would mean cost-cutting in transmission operations, bring a solution to the interference problems of analogue broadcasting, and create room for many more channels and value-added services.

- Eight big cities have been provided with digital Head-end equipment and the possibilities for opening Pay TV services to commercial applications are strong. With this new technical infrastructure, it will be possible to provide video, voice, data, telephone and similarly any kind of information and data communication related services and interactive services.

4.28.12 References

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345 Open Society Institute 2005 article
346 Open Society Institute 2005 article
347 The Turkish Economy article. www.igeme.org.tr/eng/turkey/Media
• Open Society Institute, 2005 article. Retrieved 12 November 2005 from www.eumap.org/topics/media/television-europe/index
• The Turkish Economy article. Retrieved 10 November 2005 from www.igeme.org.tr/eng/turkey/Media

4.28.13 Acknowledgements of assistance

• Elif Soyata Arslan, Chief Engineer, International Technical Relations, Turkish Radio-Television Corporation, Ankara, Turkey.
4.29 UNITED KINGDOM

4.29.1 Background

- Languages: English, Welsh, Gaelic

4.29.2 Public broadcasting media & institutions

- The BBC is Britain’s main publicly funded broadcaster. As an independent corporation it is independent of political and commercial interests and has provided the model for many other public service broadcasting institutions.

- Free to air:
  - The BBC operates two main free-to-air television channels, BBC 1 and BBC2 (analogue +digital), plus seven further digital-only channels (including a news channel, children’s channel and parliamentary channel). BBC also operates BBC World and approximately a dozen other overseas commercial television ventures.
  - Channel 4 has a complementary role to the BBC. Its remit is to “foster the new and experimental in television” and “encourage pluralism, provide a favoured place for the untried and encourage innovation in style content perspective and talent on and off screen”. Although funded via commercial revenue, Channel 4 has a public service responsibility to provide diverse and innovative programming and services.

- Radio: Free to air, BBC Radio 1, 2, 3, 4 and Five. There is also an Asian language service plus several digital and on-line radio services. BBC also operates BBC World Service radio internationally in many different languages (this is funded through the government).

- There are 3 national radio licences. These include 276 local radio licences

- Ofcom is the independent regulator and competition authority for the UK communications industries, with responsibilities across television, radio, telecommunications and wireless communications services. This Authority replaces the Independent Television Commission which ceased to exist in 18 December 2003. 2004/5 operating budget £140 million. (US $240.310 million)

4.29.3 Other broadcast media with public-oriented functions

- Commercial companies include: Channel 3 known as ITV, Five, and Teletext. Channel 3 is the ITV regional network (dominated by one private company, after the merger between Carlton and Granada). Although a commercial network, the ITV companies have obligatory PSB requirements as part of their licensing conditions.

- Channel 3 PSB Channel (ITV1): A shareholder-controlled company. It is funded from advertising. It is licensed under Section 216 of the Communications Act 2003, which sets
out its Public Service Broadcasting obligations and provides for both analogue and digital
transmission. ITV1 is regulated by Ofcom.

- Five: Channel 5 is a shareholder-controlled company; majority owned by
  RTL/Bertelsmann and is funded from sales of advertising airtime.

- Teletext Ltd is a commercial organisation owned by Harmsworth Media (a subsidiary of
  the Daily Mail and General Trust) and Media Ventures International.

### 4.29.4 Main commercial broadcast media

- Channel 3 (ITV): the channel 3 licensees are shareholder-controlled companies. They
  benefit from gifted spectrum and pay licence fees to the government. It comprises of ITV1
  a PBS channel and three other channels: ITV2, ITV3 and ITV News. ITV2, ITV3 and ITV
  News, are available on digital platforms only and are outside the public service
  broadcasting system.

- BskyB is the main subscription television service, offering a range of satellite channel
  packages.

### 4.29.5 Public Broadcasting Funding 2004-2005

- **Total quantum of public funding = US $5.588.9 billion.** (This figure includes
  figures from BBC and S4C.)

### 4.29.6 Breakdown of public broadcasting expenditure, FY 2004-5

<table>
<thead>
<tr>
<th>Recipient/end user</th>
<th>Function/purpose</th>
<th>Mode of allocation</th>
<th>Level of funding</th>
<th>Funding Source</th>
</tr>
</thead>
</table>
| BBC                | Statutory
  Corporation: Public
  service remit       | Licence fee       | Annual revenues of
  £2.94 billion a year
  (2004-5) (US $5.05
  billion)            | License Fee
  revenue             |
|                    |                  |                    |                  |                |
| BBC World
  Service           | International
  radio services    | Direct appropriation |
  £225.1 million grant-
  in aid349 (US$391.89
  million)            | Government:
  Foreign &
  Commonwealth
  Office             |
|                    |                  |                    |                  |                |
| S4C                | Statutory
  Corporation. Public
  service (Welsh
  language) remit    | Direct appropriation
  from Government     | £85.7m in 2004
  (US $147.10 million) | Government
  Grant, advertising
  (plus BBC
  Programming
  subsidy)            |
|                    |                  |                    |                  |                |
| Channel 4
  Corporation      | Statutory
  Corporation with
  special PSB remit  | Advertising &
  commercial
  revenue            | 2004-5
  £24,312,000 (US $41,731,548.00) | Operating licence
  Fees
  Government
  Departments       |
|                    |                  |                    |                  |                |
| Ofcom              | Statutory
  Regulatory
  Corporation.       | Direct appropriation
  Broadcaster
  operating licence  | 2004-5
  £24,312,000 (US $41,731,548.00) | Government
  Departments       |

4.29.7 Funding quantum determinants and periodicity

- **Direct licence fee**: The BBC’s licence fee is determined by the Department of Culture Media & Sport (DCMS). The government, advised by Ofcom, undertakes a periodic review of the statutory BBC Charter and makes recommendations about funding structures. The current review of the Charter commenced in 2003 and is due to be completed in 2006. Any changes thereby brought about will come into effect in 2007 and continue until 2014.

- BBC derives most of its funding (approximately 96%) from the license fee which is currently £126.50 (US $217.14). Since the 1999 license fee settlement BBC has been guaranteed a funding increase of the RPI + 1.5% annually to fund its new digital channels and online services. License fee income is of the order of £2.7 billion (US $4.63433 billion) annually of which 1.8 billion (US $3.0895 billion) is spent on TV.

- **Direct appropriation**: BBC also receives an annual grant via the Foreign and Commonwealth office to operate BBC World Service Radio. S4C’s current receipt of direct grants from government are fixed annually by the Treasury.

- **Broadcaster operational licences** are awarded to a number of broadcasters, including public corporations (BBC Channel 4, and S4C, who pay no license fee), and commercial companies (Channel 3 licences).

4.29.8 Political insulation of public broadcasting funding

- Currently there is considerable debate on Public broadcasting funding. The government and Ofcom are is currently involved in on-going debate about funding mechanisms and governance.

- The BBC has proposed that the license fee, a tax on all UK television owning households (approximately 3 billion pounds a year) would be increased annually by 2.3 percent above the rate of inflation for a seven years period commencing 2007.

- Channel 4: Ofcom and Channel 4 believe that there will be a funding gap of around £100 million a year by 2009 (US $171.632 million). Ofcom proposes, to monitor its performance and finances with a further full review of the situation in 2006-7. The two main funding options are direct public funding, and indirect support (i.e through access to spectrum) options. Although funding is controlled by the Government, Ofcom has suggested the proceeds from the sale of spectrum, direct government funding or an enhanced licence fee model be used.
• Ofcom has also recommended to the government that an “independent body” be established to oversee the BBC and to set the level of/ administer the licence fee.

• Another proposal under consideration is to ‘top slice’ the licence fee and allocate some of the revenue to other broadcasters, either via a contestable mechanism or as a subsidy to other PSB provider (such as a “public service publisher”).

4.29.9 Ethnic cultural and linguistic services

• Sianel Pedwar Cymru or Channel Four Wales (S4C): A statutory corporation established in 1982, which is regulated by the Welsh Authority whose chair and members are appointed by the Secretary of State for Culture Media and Sport in consultation with the National Assembly for Wales. It is the public service broadcaster to the bilingual community in Wales and Welsh language broadcasts are an important part of its responsibilities. It is supported by a government grant (£85.7million in 2004 – US $147.089 million), advertising revenues, and receives some programming from the BBC provided using licence fee funding.

• In Wales, Ofcom proposes greater transparency in the relationship between the BBC and S4C with consideration given in the longer term to the use of a competitive tender model for the provision of Welsh language services.

• In Scotland, it is proposed there be a dedicated Gaelic service, delivered by digital satellite, providing more content, and a richer programming range than is currently provided on mainstream channels.350

4.29.10 Spectrum allocation and funding

• BBC, state owned, funded by the licence fee, no payment for spectrum and governed by its Charter and Licence Agreement

• Channel 4, state-owned, no payment for spectrum. Responsibilities for innovation and diversity as required by Parliament and public service requirements.

• ITV, public service requirements laid down by ITC as a condition of its licences.

• Five, public service requirements laid down by ITC as a condition of its licences.

• Problem. Pressure of Digital services increased funding & need to invest in infrastructure and the market is fragmenting and declining. However to produce a programme still fixed costs.

• It is proposed in the Spectrum Framework Review which is currently under consultation, that there be a market led approach to spectrum management, in which users trade licences in an open market with prices determined by market forces.

4.29.11 Digital developments and funding

• Free to air digital includes: CBBC Children 6-14, CBeebies children under 6, BBC 3 youth, BBC4 arts, BBC News 24, BBC Parliament, ITV 2, ITV News, E4 and FilmFour.

350 Public Service Broadcasting Review 2005 http://www.ofcom.org.uk/media/mofaq/bdc/psb3/#content
• Over 53% of UK households already have access to digital television\textsuperscript{351}

• The television licence fee is £126.50 (US $217.14) for a colour licence, or £42 (US $72.08) for black and white.

• Television licence fee revenue in 2003-04 was £2,390 million (US $4,101.97).

• The BBC also received £408 million (US $700.368 million) from the Department for Work & Pensions for free television licences issued to people aged 75 or over.

• There are more than 600 licences for commercial television services and 3 national radio licences.\textsuperscript{352} These include 276 local radio licences, 1 national digital multiplex licence, 44 local digital multiplex licences, and 4,600 short-term restricted service licences, 120 Radio Licensable Content Service Licences, 122 long term restricted service licences, 1 analogue additional service licence, 68 Local and 11 National Digital Service Programme Licences, and 19 Digital Additional Service Licences.

• The BBC anticipates that its conversion to digital and provision of new digital services will entail additional costs of £5.5 billion (US $9.44 billion). This figure is calculated as follows\textsuperscript{353}:
  
  o Quality Content - £1.6 billion – US $2.75 billion (Learning; Drama, Comedy/Ents, Arts, Music, Journalism, Local services)
  o Digital Services - £1.2 billion – US $2.05 billion (On-demand; Navigation and Search; active engagement)
  o Digital Infrastructure - £0.7 billion – US $1.201 billion (DTT/DAB build out; Free Satellite; Internet distribution; HDTV)
  o Local Relevance - £0.6 billion – US $1.029 billion (Local TV; new radio stations, OpenCentres/ Buses, Out of London)
  o Base costs increase - £1.4 billion – US $2.40 billion (\textit{super-inflation in broadcast costs etc})

4.29.12 References

• BBC http://www.bbc.co.uk/
• OFCOM Public Service Broadcasting Review 2005.
  http://www.ofcom.org.uk/media/mofaq/bdc/psb3/#content

\textsuperscript{351} Source: Ofcom March 2004
\textsuperscript{352} 2004
\textsuperscript{353} http://www.bbc.co.uk/pressoffice/pressreleases/stories/2005/10_october/11/lf.shtml
4.30 UNITED STATES

4.30.1 Background

- Population: 297,537,000
- Languages: English, Spanish-speaking minority
- GDP: US$12,589.6 billion

4.30.2 Public broadcasting media & institutions:

- There are no state-owned or state-controlled media in the United States.

4.30.3 Other broadcast media with public-oriented functions

- The public service broadcasting system for television is Public Broadcasting Service (PBS)
- National Public Radio (NPR) delivers public service broadcasting
- Public Radio International (PRI), formerly American Independent Radio, is a private, independent, non-profit program-distribution company, serving 486 affiliates around the world.

4.30.4 Main commercial broadcast media

- The national commercial networks are the American Broadcasting Company (ABC), the National Broadcasting Company (NBC), and the Columbia Broadcasting System (CBS); the latter two had national radio broadcasts beginning in the late 1920s.
- Today hundreds of cable networks operate in the U.S.
- Regional and local commercial stations broadcast free-to-air.
- Historically advertising-free, PBS and its sister radio services require paid advertising revenue to meet their expenses.

4.30.5 Public Broadcasting Funding 2005

- Total quantum for FY 2005: $396.25 million

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### 4.30.6 Breakdown of public broadcasting expenditure, FY 2005

<table>
<thead>
<tr>
<th>Recipient/end user</th>
<th>Function/purpose</th>
<th>Mode of allocation</th>
<th>Level of funding</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporation for Public Broadcasting (CPB). A fund created by Congress for support of public broadcasting is administered by the Secretary of the Treasury.</td>
<td>Regulate broadcasting standards; allocate direct grants to 350 local PBS stations to broadcast public service programming</td>
<td>Congressional appropriation determined on an annual basis. FY2005 Operating Budget was approved on July 27, 2004357</td>
<td>$390,000,000, plus estimated interest on allocation: $3,250,000</td>
<td>CPB submits an annual request for Federal funding of public broadcasting stations and programming</td>
</tr>
<tr>
<td>Corporation for Public Broadcasting</td>
<td>Regulate broadcasting standards; allocate direct grants to 800 local public radio stations</td>
<td>Same as above</td>
<td>Public radio funding is included in the figures above</td>
<td></td>
</tr>
</tbody>
</table>

### 4.30.7 Funding quantum determinants and periodicity

- One basic funding mechanism for allocation of public monies applies: direct appropriation.

- **Direct appropriation**: Direct appropriation to the Corporation for Public Broadcasting (CPB) includes funds for their grants to individual stations. In addition, the appropriation covers television and radio programming grants, national program production and acquisition grants, system support, and the operational costs of the CPB. The program grants and production/acquisition grants are competitive (contestable) by stations applying to the CPB, but the Congressional appropriation is directly given to the CPB.

- By law, 95% of CPB's appropriation from the federal government goes to support local television and radio stations, programming, and improvements to the public broadcasting system.

- The CPB makes grants for production of public television or radio programs by independent producers and production entities.

- The amount of funding is negotiated annually, two years in advance. Regularly the House of Representatives subcommittee (Ways and Means) votes to decrease funding to public broadcasting with a view to eliminating taxpayer funding altogether. The House and Senate restore the cuts, for the most part, every year. As a response, PBS created the PBS Foundation in 2004 with the purpose of raising “extraordinary gifts at the national level” for public broadcasting.358

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357 Corporation for Public Broadcasting: [http://www.cpb.org/aboutcpb/financials/budget/](http://www.cpb.org/aboutcpb/financials/budget/)

• Other funding: Support for public broadcasting comes from a variety of sources. In FY 2003 the total funding received by public broadcasters was $2,333,498,000 ($2.333 billion).\textsuperscript{359}

• The largest percentage of support for public broadcasting in the U.S. comes from individual viewer donations. In 2003 revenues for public broadcasting included:

  o 26.1% $609,210,000: Membership contributions
  o 15.5% $362,809,000: CPB
  o 15.1% $351,398,000: Business
  o 13.6% $317,482,000: State Governments
  o 7.9% $184,493,000: State Colleges
  o 6.7% $155,493,000: Foundations
  o 5.6% $131,055,000: All Other (including major gifts, donations)
  o 3.9% $91,841,000: Federal Grants and Contracts
  o 2.4% $56,263,000: Local Governments
  o 1.6% $36,988,000: Private Colleges and Universities
  o 1.1% $25,112,000: Other Public Colleges and Universities
  o 0.5% $11,354,000: Auction\textsuperscript{360}

• NPR: On average, in 2002 public radio stations received the largest percentage of their revenue (34%) from listener support, 25% from corporate underwriting and foundations, and 13% from CPB allocations, 6% from local and state governments, 15% from institutional support, and 7% from all other sources.\textsuperscript{361}

4.30.8 Political insulation of public broadcasting funding

• The distribution of funding through the Corporation for Public Broadcasting provides the appearance of political distance from government.

• A Board of Directors governs CPB, sets policy, and establishes programming priorities.

• However, the 9-member Board is itself political, inasmuch as its members are appointed by the President of the United States, and confirmed by the Senate. Thus, the party in power chooses Board members who in turn reflect the political agenda of the administration. Each member serves a 6-year term. The Board appoints the president and CEO of the CPB, and the president names the other officers (three plus the president).

• “The political cronyism at the Corporation for Public Broadcasting is nothing new; the history of the CPB is rife with political fear and favor,” write Steve Rendell and Peter Hart in September/October 2005 Extra!, published by FAIR (Fairness and Accuracy in Reporting).\textsuperscript{362}

• In spite of an avowed commitment to objectivity and balance, the PBS/NPR stations are regularly attacked for a bias in programming. Republicans claim a liberal slant, famously in 2005 for children’s programming that allegedly validated same-sex parenthood. Democrats denounce the right-wing bias of CPB directors.

\textsuperscript{359} Who pays for Public Broadcasting? http://www cpb.org/aboutpb/faq/pays.html
\textsuperscript{360} Who pays for Public Broadcasting? http://www cpb.org/aboutpb/faq/pays.html
\textsuperscript{361} About NPR. http://www npr.org/about/privatesupport.html
\textsuperscript{362} http://www fair.org/index.php?page=2671
As an example of the ongoing debate about political insulation of public broadcasting funding, and attacks alleging bias by PBS and NPR programming, see the transcript of a public forum with CPB Board members and individuals with complaints, held in September 2004.363

Congress has supported two-year advance appropriations for CPB in order to help insulate CPB from politically motivated interference with programming.

4.30.9 Ethnic, cultural and linguistic services

- CPB makes strong efforts to encourage programming for ethnic and cultural minorities in the U.S.
- Grants go to producers of national children’s educational programming, and to production entities for programs that address the needs and interests of minorities, as specified by the Public Broadcasting Act of 1967.364
- The Act also specifically allows for programming in languages other than English.

4.30.10 Spectrum allocation and funding

- Spectrum access has no bearing on funding to CPB.

4.30.11 Digital developments and funding

- Congress awarded CPB $49,705,000 for fiscal year 2004 for costs related to digital program production, development, and distribution, to help public broadcasting transition to digital broadcasting, to be awarded to public radio and television stations365
- In 2004 CPB awarded nearly $72 million to 109 TV stations and 263 radio stations to enable them to acquire digital transmission equipment.366

4.30.12 References

- About NPR: http://www.npr.org/about/privesupport.html. (Retrieved 25/10/05.)
- Corporation for Public Broadcasting Board Resolution [for digital technology awards].

363 http://www.cpb.org/aboutcpb/leadership/statements/0409publicforum.pdf
365 Corporation for Public Broadcasting Board Resolution.
• Who pays for Public Broadcasting? http://www.cpb.org/aboutpb/faq/pays.html (Retrieved on 25/10/05.)
4.31 STATISTICAL SUMMARY OF PUBLIC BROADCASTING FUNDING IN OECD COUNTRIES

- Country-by-Country comparison of Population/ GDP/ Public Broadcasting Quantum. (Please note that these figures do not all derive from the same financial year and are intended for approximate comparison only.)

<table>
<thead>
<tr>
<th>Country</th>
<th>Total Quantum $US$m</th>
<th>GDP US$m</th>
<th>Quantum as % GDP</th>
<th>Population 1000</th>
<th>Quantum/capita US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>1175.45</td>
<td>631,500</td>
<td>0.19</td>
<td>20,100</td>
<td>58.5</td>
</tr>
<tr>
<td>Austria</td>
<td>475.69</td>
<td>290,100</td>
<td>0.16</td>
<td>8,185</td>
<td>58.1</td>
</tr>
<tr>
<td>Belgium</td>
<td>505.67</td>
<td>349,830</td>
<td>0.14</td>
<td>10,405</td>
<td>48.5</td>
</tr>
<tr>
<td>Canada</td>
<td>979.88</td>
<td>979,764</td>
<td>0.10</td>
<td>31,902</td>
<td>30.7</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>107.50</td>
<td>107,047</td>
<td>0.10</td>
<td>10,183</td>
<td>10.6</td>
</tr>
<tr>
<td>Denmark</td>
<td>495.0</td>
<td>243,043</td>
<td>0.20</td>
<td>5,397</td>
<td>91.7</td>
</tr>
<tr>
<td>Finland</td>
<td>423.74</td>
<td>179,146</td>
<td>0.24</td>
<td>5,237</td>
<td>80.9</td>
</tr>
<tr>
<td>France</td>
<td>3468.46</td>
<td>2,002,582</td>
<td>0.17</td>
<td>59,991</td>
<td>57.8</td>
</tr>
<tr>
<td>Germany</td>
<td>5,770.54</td>
<td>2,362,000</td>
<td>0.24</td>
<td>82,431</td>
<td>70.0</td>
</tr>
<tr>
<td>Greece</td>
<td>281.5</td>
<td>203,401</td>
<td>0.14</td>
<td>11,075</td>
<td>25.4</td>
</tr>
<tr>
<td>Hungary</td>
<td>419.98</td>
<td>99,712</td>
<td>0.42</td>
<td>10,072</td>
<td>41.7</td>
</tr>
<tr>
<td>Iceland</td>
<td>44.14</td>
<td>12,380</td>
<td>0.36</td>
<td>290</td>
<td>152.2</td>
</tr>
<tr>
<td>Ireland</td>
<td>306.79</td>
<td>183,600</td>
<td>0.17</td>
<td>4,000</td>
<td>76.70</td>
</tr>
<tr>
<td>Italy</td>
<td>1674.27</td>
<td>1,672,302</td>
<td>0.10</td>
<td>57,573</td>
<td>29.1</td>
</tr>
<tr>
<td>Japan</td>
<td>5,800.0</td>
<td>4,623,398</td>
<td>0.13</td>
<td>127,764</td>
<td>45.4</td>
</tr>
<tr>
<td>Korea</td>
<td>527.92</td>
<td>940,000</td>
<td>0.06</td>
<td>22,775</td>
<td>23.2</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>3.83</td>
<td>31,143</td>
<td>0.01</td>
<td>450</td>
<td>8.5</td>
</tr>
<tr>
<td>Mexico</td>
<td>0</td>
<td>676,497</td>
<td>0.13</td>
<td>103,795</td>
<td>0</td>
</tr>
<tr>
<td>Netherlands</td>
<td>798.77</td>
<td>577,259.6</td>
<td>0.13</td>
<td>16,250</td>
<td>49.2</td>
</tr>
<tr>
<td>New Zealand</td>
<td>130.61</td>
<td>85290</td>
<td>0.15</td>
<td>4,106</td>
<td>31.8</td>
</tr>
<tr>
<td>Norway</td>
<td>527.0</td>
<td>250,168</td>
<td>0.21</td>
<td>4,582</td>
<td>115.0</td>
</tr>
<tr>
<td>Poland</td>
<td>155.24</td>
<td>241,382</td>
<td>0.06</td>
<td>38.28</td>
<td>4.1</td>
</tr>
<tr>
<td>Portugal</td>
<td>146.94</td>
<td>168,281</td>
<td>0.09</td>
<td>10,436</td>
<td>14.1</td>
</tr>
<tr>
<td>Slovakia</td>
<td>94.26</td>
<td>84,700</td>
<td>0.11</td>
<td>5,400</td>
<td>17.5</td>
</tr>
<tr>
<td>Spain</td>
<td>98.23</td>
<td>991,441</td>
<td>0.01</td>
<td>41,286</td>
<td>2.38</td>
</tr>
<tr>
<td>Sweden</td>
<td>786.5</td>
<td>346,404</td>
<td>0.23</td>
<td>8,985</td>
<td>87.5</td>
</tr>
<tr>
<td>Switzerland</td>
<td>861.41</td>
<td>359,500</td>
<td>0.24</td>
<td>7,489</td>
<td>115.0</td>
</tr>
<tr>
<td>Turkey</td>
<td>267.62</td>
<td>301,949.9</td>
<td>0.09</td>
<td>71,727</td>
<td>3.7</td>
</tr>
<tr>
<td>UK</td>
<td>5588.9</td>
<td>2,100,000</td>
<td>0.27</td>
<td>59,405</td>
<td>100.9</td>
</tr>
<tr>
<td>USA</td>
<td>396.25</td>
<td>12,589,600</td>
<td>0.003</td>
<td>297,537</td>
<td>1.3</td>
</tr>
<tr>
<td>Means:</td>
<td>1037.88</td>
<td>1,122,781</td>
<td>0.144</td>
<td>36,629</td>
<td>46.43</td>
</tr>
</tbody>
</table>
5.0 ANALYSIS OF MECHANISMS FOR SETTING AND COLLECTING/DISTRIBUTING PUBLIC FUNDING

5.1 CLASSIFICATION OF MECHANISMS FOR SETTING AND COLLECTING/DISTRIBUTING PUBLIC FUNDING

The creation of meaningful typologies of funding systems required a compromise between the elegance and simplicity of identifying a few basic categories and the descriptive comprehensiveness of a more exhaustive and complex list. The following two sets of classifications of funding setting mechanisms and funding collection/distribution mechanisms are complementary and both in principle and practice may be combined.

In each case, the categories are sufficiently discrete so as to avoid easy confusion, but they are not necessarily mutually exclusive (for example, a regulatory agency might be responsible for fixing funding levels contingent on the fulfilment of a contract for public service provision; likewise, an indirect appropriation made available by a broadcasting agency might also be a contingent appropriation if it is derived from a variable levy/tax on commercial revenue or public utility).

It is possible that examples from outside the OECD would not fit neatly into the typologies offered here. As explained in the methodology section, the categories were not pre-specified, but developed through “open coding” to describe the examples as the study progressed. For the purposes of this report, this is not problematic, but it is useful to bear in mind the artificial nature of any such classifications. Given that the broadcasting sector is going through a period of evolution with the rapid adoption of digital multi-media technologies, it is to be expected that new mechanisms for setting and collecting/distributing funding will emerge in the future.

The following tables identify and explain the different mechanisms for setting and collecting/distributing public funding and in the following section a summary of the countries exhibiting particular mechanisms is provided.
## 5.2 TYPOLOGY OF FUNDING SETTING MECHANISMS

<table>
<thead>
<tr>
<th>Mechanism</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Policy</td>
<td>Funding is determined by government, either annually or over a period according to budgetary and policy priorities. (e.g. New Zealand, Spain, Denmark).</td>
</tr>
<tr>
<td>Parliamentary Legislation</td>
<td>Funding is set and changed only through Parliamentary approval of statutory regulations which are then on-going, pending further amendment or abolition. (e.g. Iceland)</td>
</tr>
<tr>
<td>Independent Agency / Authority</td>
<td>Funding is determined by an arms-length agency comprising of ostensibly independent council/board which either has authority to set funding levels or make binding recommendations thereon to government. (e.g. Germany, Ireland, Hungary)</td>
</tr>
<tr>
<td>Inflation/ Index Linking</td>
<td>Funding follows existing ratios/levels but over time, automatic compensation is made for inflationary reductions of purchasing power parity. (e.g. Belgium, Ireland, Finland)</td>
</tr>
<tr>
<td>Commercial Contingent</td>
<td>Funding levels are adjusted according to the commercial performance of the broadcaster/ service provider in order to ensure fiscal viability without providing unnecessary (Belgium, Germany)</td>
</tr>
<tr>
<td>Contract Contingent</td>
<td>Availability of funding (or the continuation of funding) depends on the fulfilment of pre-specified conditions pertaining to public broadcasting provision. (e.g. France, Ireland)</td>
</tr>
</tbody>
</table>
## 5.3 TYPOLOGY OF COLLECTION/DISTRIBUTION MECHANISMS

<table>
<thead>
<tr>
<th>Mechanism</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direct appropriation</strong></td>
<td>Non-contestable quantum of money provided to the broadcaster directly from government. (e.g. TVNZ’s Charter subsidy)</td>
</tr>
<tr>
<td><strong>Indirect appropriation</strong></td>
<td>Non-contestable money government provides to broadcasters but via an intermediary agency. (e.g. Radio NZ’s funding from NZ On Air)</td>
</tr>
<tr>
<td><strong>Contingent appropriation</strong></td>
<td>Variable amount of money provided by government to public broadcaster according to other revenue levels (e.g. Belgian and French state subsidies).</td>
</tr>
<tr>
<td><strong>Contestable appropriation</strong></td>
<td>Money provided by government not allocated to a pre-specified end user but made available to different broadcasters/producers according to merit/policy priority (e.g. NZ On Air’s commissions of local programming, Netherlands’ STIFO fund).</td>
</tr>
<tr>
<td><strong>Direct licence fee</strong></td>
<td>Non-contestable money collected from the public by the public broadcaster or other agency for specific use by the public broadcaster-(e.g. UK’s BBC licence fee)</td>
</tr>
<tr>
<td><strong>Contestable licence fee</strong></td>
<td>Money collected from the public by an intermediary agency but not automatically distributed to a specified broadcaster (e.g. NZ On Air before the licence fee was discontinued; Ireland’s Innovation Fund).</td>
</tr>
<tr>
<td><strong>Industry levy</strong></td>
<td>Money payable to government or public broadcasting agency by other commercial broadcasters as a proportion of revenue which is then used to fund public broadcasting (e.g. progressive fees based on revenue for operating licence in Finland, or original Channel 4 set-up in the UK).</td>
</tr>
<tr>
<td><strong>Voluntary industry levy</strong></td>
<td>Non-statutory funding from broadcasters directed towards specific public service provisions (e.g. Canadian CPAC).</td>
</tr>
<tr>
<td><strong>Utilities levy</strong></td>
<td>Money collected through a levy on some other general public services (e.g. electricity/phone bill) which is then used to fund public broadcasting. (e.g. Turkey’s 2% electricity levy)</td>
</tr>
<tr>
<td><strong>Audiovisual retail levy</strong></td>
<td>Money collected through a levy imposed on audiovisual hardware or software directed towards public broadcasting. (e.g. Turkey’s ‘banderolle tax’)</td>
</tr>
<tr>
<td><strong>Broadcaster operational licence</strong></td>
<td>Fees payable at a set rate to government or intermediary agency for broadcasting spectrum rights for a particular frequency (or access to other transmission mode) which are then used to fund public broadcasting. (e.g. Canada’s CRTC).</td>
</tr>
<tr>
<td><strong>Broadcaster Concession</strong></td>
<td>Government revenue foregone, either in lower taxes or free access to spectrum in return for provision of some level of public service function. (e.g. corporate tax exemption for Iceland’s RUV).</td>
</tr>
</tbody>
</table>
5.4 Country-by Country Breakdown of Mechanisms for Setting and Collecting/ Distributing Public Broadcasting Funds

<table>
<thead>
<tr>
<th>Country</th>
<th>Funding Setting Mechanisms</th>
<th>Collection/ Distribution Mechanisms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>• Government policy</td>
<td>• Direct appropriation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Broadcaster operating licence</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Broadcaster concession</td>
</tr>
<tr>
<td>Austria</td>
<td>• Parliamentary legislation</td>
<td>• Direct Licence fee</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Direct appropriation</td>
</tr>
<tr>
<td>Belgium</td>
<td>• Commercial contingent</td>
<td>• Contingent appropriation</td>
</tr>
<tr>
<td></td>
<td>• Contract contingent</td>
<td>• Direct appropriation</td>
</tr>
<tr>
<td></td>
<td>• Parliamentary legislation</td>
<td>• Indirect appropriation</td>
</tr>
<tr>
<td></td>
<td>• Index link to inflation</td>
<td>• Direct Licence Fee</td>
</tr>
<tr>
<td>Canada</td>
<td>• Government Policy</td>
<td>• Direct appropriation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Contingent appropriation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Industry levy</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Broadcaster concession</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Voluntary industry levy</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>• Parliamentary legislation</td>
<td>• Direct licence fee</td>
</tr>
<tr>
<td>Denmark</td>
<td>• Government policy</td>
<td>• Direct licence fee</td>
</tr>
<tr>
<td>Finland</td>
<td>• Parliamentary legislation</td>
<td>• Direct licence fee</td>
</tr>
<tr>
<td></td>
<td>• Index link to inflation</td>
<td>• Industry levy</td>
</tr>
<tr>
<td>France</td>
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6.0 OVERVIEW OF KEY ISSUES AND COMMON POLICY THEMES CONCERNING FUNDING MECHANISMS FOR PUBLIC BROADCASTING IN THE OECD

Themes and trends

Before embarking on the analysis of the different mechanisms for setting and collecting/distributing funding for public broadcasting, it is important to contextualise the discussion in relation to contemporary broadcasting trends. The broadcasting sector (and indeed, the broader media sector as whole) throughout the OECD is going through a period of technological, economic and regulatory change which has given rise to many questions about the appropriate institutional form and role of public service broadcasting.

It is not the purpose of this report to argue a case for or against a particular version of public service broadcasting (PSB), or to make specific recommendations about particular funding arrangements. However, the particular institutional forms which exist in any given national context will inevitably have some bearing on the utility and practicability of any particular funding arrangement. For that reason some broad indications of the key issues which are likely to frame any policy debate on funding and the theoretical and normative premises which will underpin the subsequent analysis need to be outlined.

Long-term shifts in the configurations of relations between state, market, and civil society on local, national and supranational levels (‘globalisation’ for short) manifest themselves in manifold ways across different sectors of society. In this regard broadcasting has much in common with other social institutions whose form and function are going through periods of redefinition. However, insofar as broadcasting (in all its forms) remains a primary mode of communication in most countries, it is appropriate for a society to take steps to ensure that the political and economic forces to which broadcasters are subject and which demarcate their arenas of operation do not erode or circumscribe their capacity to provide services which underpin and reinforce democratic process and cultural identity.

A common theme in current policy literature and discourse is the claim (whether celebratory or pessimistic) that PSB in its traditional form is in terminal crisis and cannot be sustained. There is a parallel here (albeit on a different level) with certain proponents and opponents of globalisation who predict the decline of the state and the dominance of global markets. Both types of analysis have a tendency to over-generalise and/or exaggerate the extent to which particular regulatory, technological or market trends will be uniform and homogenous in their local manifestations.

Without dismissing the potential substance of such arguments, it is important to recognise that the various trends to which they allude are often tacitly conceived as autonomous forces which somehow impose themselves on society. This is problematic. It is reasonable to suppose that macro-level factors (such as the tax base and overall audience size) demarcate the broad parameters of what institutional forms and policy options are sustainable. However, the development and diffusion of new technologies, the formulation of new regulatory systems and the evolution of new media markets are not independent of human agency and institutional motive. On the contrary, politicians, broadcasters and audiences play an active role in structuring the local environment. Indeed, the way various actors engage with and respond to regulatory, technological and market conditions ultimately determine which possibilities become realities in their respective national and local contexts.
The reason for stressing the above points is to provide a caveat against assuming that any particular policy option is a priori untenable, unaffordable or impractical. It is not a foregone conclusion that New Zealand’s broadcasting sector must follow trends manifested in other OECD countries. For example, a 2004 report reviewing public service broadcasting around the world by McKinsey & Company found that public funding levels do not have a significant effect either on the quantity of output in PSB genres or on local content production. However, the report notes that in New Zealand’s case there was in fact a high correlation between public funding and local content production (largely explained by the much higher levels of local content production in many other countries and also NZ On Air’s commissioning of individual programmes). The potential folly of basing policy on such a general trend without closer contextual examination should be self-evident. Indeed, if key actors presuppose that some particular state of affairs is inevitable, that will reflexively predispose the sector towards that state of affairs. To avoid such self-fulfilling prophecies, it is important to reflect critically on trends evidenced elsewhere and consider whether the contextual factors which underpin them in one national context would also apply in New Zealand.

Changes in the broadcasting sector

The growth of the broadcasting sector in the OECD over the last thirty years has seen a proliferation of channels and services through a variety of media. There has been a shift in the political culture and technological conditions which used to underpin the central role in the traditional state monopoly broadcaster. Two (inter-related) trends are particularly significant in this regard. Firstly, technological developments such as the capacity to deliver broadcasting services through more efficient use of the electromagnetic spectrum and through new channels such as satellite, cable and the internet undermine the justification of state monopolies on the basis of limited spectrum capacity and/or the need to regulate a necessarily limited number of available services to ensure broadcasting addressed basic social functions. These technical developments have also weakened the basis for generic public funding irrespective of actual audience usage because it is now possible to monitor and bill individual reception/consumption of broadcast services. While technological developments render the rationale for state broadcasting monopolies largely redundant, they do not constitute an argument for the removal of state-sector involvement in broadcasting or provision of funding for PSB.

Secondly, there has been a shift in the centrality of the state in civic affairs following a change in political-economic consensus away from Keynesian welfarism towards a more Friedmanite-inspired market liberalism. Along with market de/reregulation, the frames of reference used to define and debate socio-political issues have altered. Thus citizenship and political rights are conceived increasingly in terms of consumer rights, while the idea of broadcasting as a public good is superseded by the notion of broadcasting as a market sector like any other, producing and distributing audiovisual commodities (in regard to New Zealand, the free market reforms of the 1980s and 1990s were more extensive than most other OECD nations). Crucially, the taken-for-granted central role of the state in civic life has largely given way to the notion that a minimally regulated market place is a natural state of affairs wherein state intervention is regarded as intrinsic distortion. Such a view overlooks the important point that all markets are social constructions which presuppose particular regulatory/policy decisions and institutional arrangements. Even so-called ‘deregulation’ involves deliberate policy intervention reflecting particular normative assumptions; thus any form of ‘free market’ emerges not from the state’s insulation/isolation from the market but through its particular mode of political engagement therein. This is an important ideological issue because the notion of the free market as a ‘state of nature’, untarnished by artificial policy interventions, underpins much of the criticism levelled at public broadcasting by political and commercial opponents.

Proponents of free market principles often point to the range of broadcasting services which commercial competition can provide. However, there is ample evidence stemming from decades

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367 See Nissen (2005) for a fuller discussion of these issues
of media research which demonstrates that a proliferation of commercial channels does not imply any increase in the range or quality of content. On the contrary, there is much evidence of market failure insofar as a purely commercial model of broadcasting tends to overlook the needs of commercially unattractive segments of the audience (such as ethnic minorities), avoid innovation and risk-taking in favour of commercially tried-and-tested formulae, avoid content that is liable to conflict with the interests of shareholders/advertisers (to the detriment of informed civic debate), and generally sacrifice the quality of service when choices between worthy-but-expensive and inferior-but-cost-effective have to be made (in New Zealand’s case, that is evidenced by the importance of public funds in overcoming the commercial opportunity costs which would otherwise inhibit much local content production.)

That is certainly not to say that commercial broadcasters can never produce high quality content, but where they do so on a consistent basis there are usually factors other than market forces and commercial revenue at work. Detailed arguments concerning market failure will not be reiterated here, partly because the empirical evidence demonstrating it (both from New Zealand and from overseas) is, by and large, compelling, and partly because the policy initiatives to which this report is intended to contribute are premised on the recognition that some PSB functions are performed sub-optimally in a purely commercial broadcasting sector. Having said that, it is also important to note that there are political and economic interests which dispute the evidence and the post-1999 broadcasting policy trajectory. Insofar as this has some bearing on the way that funding mechanisms may be legitimated or contested, some specific contentions concerning the role of PSB and the extent to which public funds ought to be made available to support it do need to be addressed.

Revenue streams and audience share

The OECD itself has not paid a great deal of attention to public broadcasting issues other than sustaining an interest in the media sector as a critical dimension of the contemporary economy. Other forums such as the European Commission and European Broadcasting Union have been more active in their involvement in PSB related issues. Indeed in several European countries, the expansion of commercial broadcasting has given rise to questions about the future and sustainability of PSB and concerns that public broadcasters are becoming increasingly marginalised in terms of audiences and, in some cases, commercial revenue 368.

The increasing availability of broadcasting channels and the apparent range of content audiences can choose to watch/listen to contrasts with the relatively static overall size of the audience. Although channel proliferation does not translate proportionally into audience fragmentation, there is a gradual decline in the audience share any major free-to-air broadcaster can reliably depend on. Intensification of competition for audiences and advertising revenue primarily affects commercial broadcasters, but it also affects public service broadcasters insofar as many are partially (or in TVNZ’s case, primarily) dependent on commercial revenue. Indeed, even PSBs which are fully funded from public sources are influenced by the intensification of commercial sector competition. The continued legitimation of their public funding is often premised on the provision of universal service/ extensive audience reach. The intensification of competition for consistent audience share has profound implications both for the relation between PSBs and commercial operators and for the legitimation of different mechanisms of public funding.

For commercial operators, the existence of a PSB in receipt of public funding is not automatically considered a threat, especially if their respective functions and target audiences are complementary. PSBs which cater to audience segments that are commercially unappealing are not in direct competition for advertiser revenue. However, PSBs whose remits are sufficiently broad to engage in content provision which competes for more valuable audience segments (high substitutability) invoke critical scrutiny from their commercial rivals. Even if the PSB receives all its revenue through public sources and does not compete for commercial revenue, mainstream

368 see Gambardo, 2003
Audience share is a zero-sum market. Therefore any level of audience share gained by the PSB may be perceived as revenue denied to the commercial operators.

Consequently, public funding mechanisms may be challenged by the commercial broadcasting lobby if they are deemed to facilitate the PSB’s engagement in direct competition for audiences. The corollary of this is a tacit assumption that the only legitimate form of PSB function and funding is at the unprofitable margins of the market and moreover, that the commercial operators have a natural right to the lucrative audience segments. There are four broad counter-arguments here:

- The legal and institutional structures which permit the market to exist in the first place are underwritten by the state and civil society has a legitimate interest therein. In other words, the right to operate in and profit from the broadcasting market does not ‘naturally’ belong to private commercial interests.
- Insofar as PSBs receive public money from all members of society (whether that be via license fees or state appropriation) they have a responsibility to cater to mainstream as well as marginal audience interests.
- The insulation from commercial pressure provided by public funding allows PSBs to provide a range of content extending beyond the commercial norm. This would entail the ability to make investments in quality productions and take innovative risks which might otherwise be inhibited by the imperative to serve advertisers/shareholders.
- Any market competition represented by the function of the PSB is not primarily for ratings and revenue but for quality. The PSB therefore helps anchor industry standards across the broadcasting sector and thereby exerts a positive structural influence on commercial rivals.

However, these defences of PSBs and public funding are made considerably more complicated in cases where the PSB is dually funded from both public and commercial revenue streams, which is a common arrangement in Europe (and also the case with TVNZ). Where the public broadcaster does compete directly for audience share and advertiser revenue, commercial operators have an arguably stronger case for contending that the availability of public revenue distorts the market and provides the PSB with an unfair commercial advantage.

**Approaches to intervention**

For reasons mentioned earlier, the notion that markets are natural phenomena which are ‘distorted’ by state intervention is untenable. Indeed, this objection to PSB funding overlooks the point that ‘distortion’ of an otherwise commercial sector is precisely what the funding is intended to achieve. Such ‘distortions’ are not intrinsically positive or negative except in relation to the policy outcomes desired. More specifically then, the objection about ‘distortion’ made by commercial operators is that public funding entails a reduction of available commercial revenue. However, one recent study provided evidence against this claim: The 2004 McKinsey & Company report examined the effect of public funding, GDP and language on the level of commercial funding across a number of countries. It concluded that there was no evidence that commercial revenue was “crowded out” by high levels of public funding, and that despite complaints from commercial operators, public funding did not reduce the availability of advertising and subscription funding.

However, there is another allegation of negative ‘distortion’ which is more difficult to dismiss. Particularly in cases of PSBs which depend on both public and commercial revenue, public money cannot be said to be used only to compete for quality, because audience share is needed to attract revenue. If public money is used to acquire or produce content which then generates audience share and commercial revenue, commercial operators may claim that there is a ‘double

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369 see Oliver, 2005
370 European Broadcasting Union, 2000
funding’ system at work which unfairly increases the PSB’s ability to compete for revenue. Although the EBU 371 has rejected this line of criticism, in cases where the PSB uses public money to, say, outbid rivals for commercial programming rights or to produce imitative programme formats which merely replicate existing commercial content, such objections arguably have some validity. There is therefore pressure on PSBs to demonstrate that public money achieves proportionate content outcomes which would not otherwise be possible.

In the EU, the European Commission plays an important role in regulating PSB funding structures and passing rulings on commercial sector claims of disproportionate levels of public funding. The Commission has been criticised both by PSB proponents (who regard its function as a political threat to the continuation of PSB funding) and by commercial interests (who have pointed to inconsistent criteria deployed in its rulings and reluctance to restrain PSB pursuit of commercial interests). It would probably be fair to say that while the Commission’s function is symptomatic of the prevailing free-market framework wherein PSBs are increasingly subject to legal challenges to justify their continued public subsidies, in practice, it has often ruled in favour of continuing levels of PSB funding 372.

Two interesting points need to be noted here. Firstly, the Commission’s role has been defined not in terms of a set of universal principles/functions of PSB against which appropriate levels of public funding are gauged, but in relation to the respective statutory PSB remits in the country in question. This is important because even within an increasingly liberalised European market, it recognises the sovereign right of the state to determine its PSB requirements. (Note, however, that this also premises the defence of public funding mechanisms on statutory law which can vary between countries and may or may not be extensive in its specification of PSB functions.) Secondly, in making its rulings, the Commission has sought to differentiate between allocations of public money to PSB and commercial provision. This has involved significant legal complications, not least because of PSB claims that, on the one hand, they provide something distinct from their commercial rivals while on the other hand, their claim to universal service and collective public funding and/or their simultaneous reliance on advertising revenue obliges a broad remit which includes competing for commercial audience share 373.

While arguments based on arbitrary distinctions between PSB and commercial genres are rarely sustainable (for instance, both PSBs and commercial broadcasters have a legitimate interest in producing news and current affairs), arguments based on distinctions of quality (consider the variations within the aforementioned genres between the BBC and Fox News) often result in intractable tensions between competing subjectivities 374. Space precludes a full discussion of these issues, but the notion that such distinctions can and must be made is an important element in the arguments concerning the legitimation of PSB funding.

This is a potential problem in the case of funding mechanisms which sustain a low ratio of public to commercial revenue for PSBs. The 2004 McKinsey & Company 375 report identifies three broad intervention approaches to encourage PSB. These are demarcated as follows:

- Minimalist: No regulation of genre/quality by commercial sector with low levels of funding for PSB. (New Zealand is classified in this category in the report, along with Portugal, Spain and the USA).
- Cultural exception: Regulation compelling public broadcasters to provide particular types of content, often related to national/cultural identity (e.g. local content quotas), along with low levels of PSB funding (Australia, Canada and France are suggested as examples).

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371 European Broadcasting Union, 2000
372 See Ward, 2003
373 See O'Hagan & Jennings, 2003
374 See Thompson, 2005a
375 McKinsey & Company, 2004
o Broad PSB intervention: Regulation requires commercial broadcasters to provide particular types of content, but PSB funding levels are high. (Germany, Netherlands, Sweden and the UK are cited as examples).

Although the report notes that public funding was increasing in many smaller countries, it is inevitable that the typical level of funding made available in the OECD (predominantly between 0.1% and 0.25% GDP: See table 4.4) translates into vastly different quantities of revenue. The type of PSB which can be sustained with $100 million is obviously going to be very different from what would be possible with $1000 million. Moreover, the basic opportunity cost of establishing and operating a public broadcasting service is not proportional to population size. Whether the PSB serves five million or fifty million people makes minimal difference to the base cost of service provision. The economies of scale enjoyed by larger, wealthier countries are therefore not available to smaller countries.

This may represent a potential challenge to the legitimation of PSB funding in smaller economies if the criterion for sustaining and increasing funding is premised on demonstrating a clear distinction between commercial and PSB functions. For the reason stated above, the relation between public funding levels and the degree of impact the funding will have on the broadcasting sector is not in linear proportion. Rather, the relation might be better represented as an ‘S’-curve where lower levels of funding have a relatively limited impact up to a point of “critical mass” when a sufficient level of funding becomes available to make a substantial difference to PSB outputs and exert a structural influence on the sector. Increasing funding over the level of ‘critical mass’ may also have a positive impact but at a less efficient rate (arguably up to the point where additional funding ceases to have any positive impact on the market and may even begin to exert a negative impact if the surplus funding is used to inhibit the operation of other broadcasters, e.g. buying up quality content regardless of whether it is used to prevent rivals from accessing it). The same process could be argued to apply to individual PSBs which have dual public/commercial funding in regard to the ratio of public to commercial revenue.
The difficulty for smaller economies is that to move from a position of low funding/low impact to the point of ‘critical mass’, funding levels must be increased. But if it appears that the existing lower level of funding has had minimal impact (i.e. the distinction between the PSB provider and the commercial operators is not obvious), it will be more difficult to justify appeals for substantial increases. Interests opposed to public funding will be able to point to the limited results and argue against “throwing good money after bad”, so to speak.

**Tensions and contradictions in the legitimation of funding arrangements**

Legitimation is not the same thing as rational justification, nor can it be equated with public approval. For instance, people do not generally enjoy paying compulsory license fees, but many countries have sustained them over long periods without major controversy or contention. It is possible to rationalise any public funding mechanism without making anyone feel better about having to pay it. It is evident that the legitimation of any process of allocating public money is unlikely to be either universal or permanent, particularly during a period where technical developments and market conditions are rapidly evolving. Legitimation is therefore better understood as a continuum of evolving tensions rather than as an absolute condition.

Funding mechanisms do not operate in isolation from the operational functions of the institutions which distribute and spend public money. On the contrary, they have a significant influence on the beneficiaries. While this largely stems from manifest policy intention (e.g. increasing local content), latent and unintended consequences can emerge from the interplay between institutions as they instrumentally reposition themselves in response to changing revenue streams. The priorities and agendas of various government portfolios/ministries, broadcasting agencies and market actors are rarely in perfect alignment.
There are some further complexities which need to be outlined here. The legitimation of public broadcasting funding is most open to challenge from commercial interests when PSBs and commercial operators overlap in their respective audience and advertiser appeal, implying a high level of replacement/substitution\textsuperscript{376}. Thus PSBs which need to compete for commercial revenue are particularly subject to pressure to demonstrate that any public revenue is used for ostensibly non-commercial purposes. However, if that means that public funds are directed only towards marginal PSB functions (such as providing content for commercially unattractive market segments) it becomes more problematic to justify their allocation. Thus the legitimation of such funding may be challenged by the general public if they perceive no direct benefits from its provision. Public funding is therefore more easily legitimated among the audience where it can be seen to be used to provide quality mainstream programming (which would ironically have the commercial potential to invoke complaints from the commercial sector). Having said that, if the public funding produces mainstream content which is largely indistinguishable from that provided by commercial operators, then both audiences and commercial operators have a pretext for questioning its rationale\textsuperscript{377}.

A rather paradoxical scenario thus emerges. The legitimation of public funding provision would seem to depend on its use in securing content outcomes of a nature and quality which would not be available in a purely commercial sector\textsuperscript{378}, but this cannot be sustained only through productions addressing commercially marginal interests. If commercial broadcasters are able to provide content of comparable range and quality, then the case for continuing public funding of the PSB is weakened. This implies an imperative for demonstrating that the PSB provides some kind of superior quality or other beneficial cultural/ democratic function that the commercial sector does not (i.e. evidence compensation for market failure\textsuperscript{379}).

However, that basis of accountability would presuppose the formulation of criteria to provide an objective benchmark (which would be inevitably contested\textsuperscript{380}). As Brown succinctly remarks, “The structure of PSB organizations, how they should be funded, the extent of their funding, whether they should carry advertising, and whether their programming should be comprehensive or confined to PSB-type programs are all issues that involve subjective judgements about cultural and social values and are not adequately handled by economic benefit cost analysis.”\textsuperscript{381}

In the absence of such benchmarks, there is often a default to ratings and revenue as an index of public approval, which translates into precisely the commercial pressure on the PSB which the public funding is intended to circumvent. The pressure on PSBs to differentiate themselves from their commercial counterparts in order to justify their continued receipt of public funds is therefore difficult to avoid. Nevertheless, it should be noted that even if commercial operators do provide content of comparable range and quality, this does not necessarily constitute evidence that the PSB has failed in its function or that public funding is not justified. While a clear distinction between PSB and commercial broadcaster provision would suggest that public funds are compensating for market failure in some way, a lack of distinction does not imply the converse.

Even if commercial operators do provide content of comparable range and quality to that of the PSB, this could be evidence that the latter is exerting a positive structural influence on the commercial sector by setting industry standards and quality benchmarks (the implication being that if the funding were withdrawn, the positive influence would also discontinue). One might therefore expect a successful PSB operation to inhibit market failure across the sector and thereby reduce the distinction between it and its commercial rivals. The paradox here is that the evidence for both market failure and PSB/public funding failure would be ostensibly identical if differentiation between PSB and commercial operator outputs is the only criterion assumed. The

\textsuperscript{376} See Gambardo, 2003
\textsuperscript{377} See O’Hagan & Jennings, 2003
\textsuperscript{378} See Robinson, Raven & Low, 2005.
\textsuperscript{379} Davies, 2005
\textsuperscript{380} Thompson, 2005a, as above.
\textsuperscript{381} Brown, 1996, p.77
issue is largely resolved by recognising that the efficacy of public funding cannot be gauged only on the basis of the programmes the PSB produces itself. While this does not entirely escape the qualitative issue of how to gauge the extent to which the PSB has succeeding in inhibiting market failure or become complicit in its production, it does invoke a different frame of reference for posing the question.

It would seem that whatever the rationale and function of public funding, it will be open to contestation from different stakeholders. The changes in the broadcasting sector being driven by current policy imperatives and rapidly evolving technologies create a climate of uncertainty where all stakeholders have a vested interest in protecting their revenue streams. Intensification of competition and audience fragmentation lead to all broadcasters—public and commercial—positioning themselves strategically in relation to available—and anticipated—funding mechanisms. Self-interest always needs to be considered when evaluating the claims made by parties who make claims about funding.

Commercial operators may oppose public funding simply because its erosion makes it harder for PSB rivals to compete (although increasing the reliance of the PSB on commercial revenue is a potentially self-defeating outcome), but the availability of public funding for which commercial operators are eligible rarely incurs complaints about market distortion. However, PSBs also have a potential interest in denying rival broadcasters (both public and commercial) access to public revenue if there is an opportunity to divert it in their favour. This means that public funding influences not only the direct recipient but the inter-relations between the recipient and other actors in the broadcasting sector.

Socio-cultural aspects of funding mechanisms

Even if PSB funding in widely legitimated in principle, that does not mean that the particular mechanisms for setting and/or collecting/distributing funding will not be contested (see discussion of specific mechanisms in the subsequent section). An important point to consider here is the cultural and psychological dimension of public funding arrangements. As Picard 382 has pointed out, the degree to which public funding is commonly perceived to be a matter of compulsion or necessity versus a matter of personal choice or loyalty can radically affect the degree to which the public will tolerate it. While the quantum is evidently one key factor of concern (particularly for less affluent segments of the audience if flat-rates apply) the perception of value is perhaps more critical. People who complain about compulsory licence fees are often happy to pay much greater rates for subscription channels which they perceive to provide direct value. Conversely, Picard also points out that efforts to obscure public subsidies (e.g. through abolishing separate licence fee payments and either collecting them through levies on public utilities or by substituting appropriations from general taxation) may erode the sense of ownership that can exist between the public and the PSB.

Research in the sociology and anthropology of finance and economics 383 has shown that monetary forms are more than ‘neutral’ units of value, but that their usage and meaning is culturally inflected. We understand that the normative demarcations of the ‘housekeeping’ money or the children’s ‘pocket money’ promote a range of legitimate ends for which it can be used and inhibit alternative uses (one would not expect the children to pay the electric bill with their pocket money or the housekeeping money to be blown on a night on the town). In a similar fashion, it is important to note that not all funding mechanisms for public broadcasting are culturally equivalent even if the quantum of economic value thereby provided is nominally identical. Thus a dollar provided through a licence fee payment has a potentially different normative inflection from a dollar provided through state appropriation. This is what underlies the principle of ‘ringfencing’ public broadcasting funds so that they are not calculated in the same frame of budgetary reference as hip operations or motorway construction.

382 Picard, 2004
Related to this socio-cultural dimension of monetary forms is the issue of framing. The way particular monetary transactions are conceived can have a significant effect on legitimation. By way of example, consider the following two scenarios 384: First, imagine you are on the way to the theatre to see a play. When you arrive at the ticket office, you realise that you have lost a $50 note you thought was in your wallet. The ticket costs $50, but you have a credit card which you can use to make the purchase if you so choose. Secondly, imagine going to the same theatre having purchased the ticket for the play in advance. This time, when you arrive, you realise that you have lost the ticket. However, you can purchase another with your credit card. The question here is whether you would still choose to use the card to purchase the ticket in both situations. Interestingly, research suggests that considerably more people would proceed to buy a ticket in scenario one compared with scenario two. Although the loss of economic value is identical in both situations, in the latter case people include the original cost of the lost ticket in the same frame as the cost of buying a replacement, whereas in the former case, the lost note is framed separately.

The reason for providing this example of framing is to highlight the fact that attitudes and behaviour relating to public funding involve more than the (relatively) simple matter of determining whether or not there is an rational economic argument for its provision. Indeed, the legitimation of a funding mechanism may have relatively little to do with the quantum of money involved or the nature of services thereby provided, and depend more on the cultural norms and frames that are assumed by respective stakeholders. For example, if one compares public licence fees and commercial subscriptions, it is interesting to note that there are cases where audiences may resent the compulsory nature of the former even if they recognise its overall value, and yet happily choose to pay considerably larger sums to a commercial provider for a package of lower value which supplies a single desired service (such as live sports coverage or a movie channel). Similarly, the requirement to actively write and post a cheque to pay a public licence fee accentuates one's awareness of being compelled to hand over money, whereas more passive forms of payment such as a levy added to a utilities bill or automatic bank payments involve minimal action and are easier to overlook. To further illustrate these points and to place the preceding overview in a more concrete context, some examples of public funding arrangements in New Zealand will be considered.

**Legitimation of funding mechanisms in New Zealand**385

There are currently three principal mechanisms of collecting/distributing public funding for broadcasting in New Zealand (see section 4.20 for a full breakdown). These include:

- Direct appropriations: Funds are provided from general taxation to fund the activities of New Zealand On Air and Te Mangai Paho, as well as the Maori Television Service and TVNZ's Charter.
- Indirect appropriations: NZ On Air provides the funding for Radio New Zealand and Te Mangai Paho provides a significant portion of MTS's funding.
- Contestable funding: NZ On Air and Te Mangai Paho administer a contestable fund for which broadcasters and independent producers may apply to facilitate local and Maori programmes.

The discontinuation of the public licence fee after 1999 and the introduction of direct appropriation to fund NZ On Air and Te Mangai Paho generated little public or political debate. Insofar as the government had undertaken to maintain (and in due course, increase) the funding levels, the change in the mode of allocation appeared to be of minimal concern despite the fact that direct appropriation would be subject to government policy and budget priorities. One factor here is that previous governments (notably in the 1970s) had been known to arbitrarily withhold licence fee increases for BCNZ (allowing inflation to reduce its value over time), so in that respect the

384 See Tversky and Kahneman, 1986
385 See Thompson, 2004, and Thompson, 2005b for more discussion of the politics of funding broadcasting in NZ.
‘ringfencing’ of the licence fee as a separate revenue stream from the main budget had, in practice, failed to provide insulation from government policy decisions. For the general public, while the requirement to pay the fee (a relatively modest $110) was not popular, the level of evasion was not extensive. Nevertheless the removal of what was framed as an additional (flat rate) tax and the move to a more-easily-ignored direct appropriation was welcome.

Since the broadcasting commissions were set up as independent agencies (under a “Public Choice” framework, separating funder and provider), there was apparent insulation between the government and the actual programme producers/broadcasters. In spite of the potential increase of proximity to the government entailed in this mechanism of allocating funds, there were few challenges to the legitimation of direct appropriations which funded independent agencies. However, the same could not be said for the direct appropriations which were introduced in 2003 to support TVNZ’s implementation of the Charter and (later) the Maori Television Service. To understand why that was, the contestable funding systems need to be noted first.

Both NZ On Air and Te Mangai Paho allocate a significant amount of their funding through one-off programme commissions (promoting local content and Maori language content respectively) intended to extend the range of content beyond the commercial norm. Both public and private broadcasters/producers are eligible to apply for funding. In regard to television, until recently this required a guarantee of national transmission from one of the two national television networks, TVNZ and TV3 (Prime and some regional stations are now eligible). Although this has at times allowed the main broadcasters to act as ‘gatekeepers’ (refusing to agree to broadcast content which did not fit into commercial scheduling requirements), and despite the fact that they are the primary beneficiaries of the contestable fund (either through receipt of funds to make their own programmes or through indirect receipt of other independent productions which they agree to broadcast), the contestable funds have been essential in sustaining many local independent production companies.

While the independent production sector sometimes criticises the bureaucratic restrictions of the broadcasting commissions, both they and the main commercial broadcasters strongly support the contestable fund as an important revenue stream. The contestable fund is largely irrelevant to the general public in terms of its operation, but the fact that local content levels are relatively low in New Zealand (largely due to the lack of economies of scale and the ready availability of imported English language media products) means audiences tend to support efforts to increase it. The explicit mention of the broadcasting commissions’ support at the end of programmes they have funded helps to maintain public awareness of what the funding provides. This has sometimes led NZ On Air to hail the ratings success of local productions, raising questions about how far some commissions extend beyond the commercial norm: Once local content levels increase to the point where they no longer enjoy “novelty value”, imitative populist formats may fail to distinguish themselves from other commercial content and undermine the legitimation of the contestable fund. Another key point to note is that the NZ On Air contestable fund is politically uncontroversial across the mainstream parties, which arguably provides stronger “ringfencing” than other, more controversial mechanisms.

The legitimation of the contestable fund is particularly interesting in terms of its normative framing. In financial terms, the arrangement has undoubtedly benefited TVNZ more than any other broadcasting actor but because the fund is independent and relatively transparent, and also because it provides financial benefits to commercial broadcasters and the independent production sector, there is minimal dissent in political or public forums (the regional broadcasters used to complain about their exclusion from eligibility but recent policy changes have made some allocations to them, and some pro-public service critics oppose funding commercial broadcasters on the basis that it constitutes corporate welfare).

To return to the direct appropriation for the TVNZ Charter, the operation of the contestable fund simultaneously provided both the political rationale and the pretext for criticism from various quarters. Although the direct Charter subsidy has been modest in scale (NZ$16.26m for 2005-6)
its introduction has met with opposition from the political right, the commercial broadcasting sector, the independent production sector and NZ On Air. The aim of the funding was to enable TVNZ to address its public service Charter and, crucially, extend its production of content both beyond the commercial norm and NZ On Air’s mere provision of local content. This represented an important government policy position, underlining the point that public service required more than local content provision. NZ On Air objected to this change, ostensibly because it violated the principle of contestability (although its political concern was that the direct appropriation set an unwelcome policy precedent undermining NZ On Air’s institutional standing).

Meanwhile, TVNZ was lobbying to have the entire television budget of NZ On Air reallocated to it on the pretext that it was the only television broadcaster with Charter obligations. This provoked objections from the commercial broadcasters (who were concerned about the loss of a valued revenue stream) and the independent production sector (which feared a further compromise of creative autonomy if their access to public funds were to be re-routed through a single broadcasting outlet, i.e. TVNZ might become the independent sector monopsonist).

Politically, the right-wing parties have tended to object to non-contestable funding, partly because of adherence to “public choice” philosophy (splitting funders and providers to ensure fiscal transparency and accountability), partly because of ideological misgivings over direct state involvement in what some regard as a purely commercial sector, and partly because direct appropriations invite relentless scrutiny of government and broadcaster for any sign of interference which might provide an opportunity to attack parliamentary opponents. Particularly in the latter case, the mass media have tended to willingly amplify any suggestion of political impropriety or misuse of public funds involving TVNZ—something that clearly has implications for the legitimation of funding mechanisms. The fact that TVNZ has consistently maintained an overall dominant share of the television market and generated profits while commercial rivals have regularly struggled to avoid losses is another factor to consider. Market incumbents do not attract much political or public sympathy.

There is an interesting contrast here between the apparent tolerance for TVNZ’s receipt of NZ On Air funding funds and the indignant complaints levied at the Charter subsidy. In base economic terms, TVNZ receives more from NZ On Air than any other broadcasting actor, and indeed, its proportion of the Contestable Fund exceeds the revenue from the Charter appropriation. Criticisms of market distortion and disproportionate levels of public funding facilitating TVNZ’s commercial functions would therefore be levelled more logically at the mechanism which consistently provides the most revenue. However, as noted earlier, normative framing does not follow economic rationality. Two factors can be identified here:

Firstly, TVNZ’s commercial rivals view the Charter appropriation as political favouritism which prevents them from accessing public revenue to which they presume a natural right. Thus even small direct appropriations are framed not as funding legitimately provided to a PSB with special responsibilities, but as funding being provided on a discriminatory pretext to a state-sector competitor (which also competes for highly-substitutable audience/advertiser share) while being denied to commercial operators. In contrast, the contestable fund is administered through an independent agent and even if the PSB is the principal beneficiary, the funding is viewed by commercial operators not as something they were denied but as something for which they were potentially eligible and, in the future, may well receive. Secondly, the level of funding TVNZ receives does not insulate it from the need to compete commercially, and therefore the apparent impact the Charter appropriation has on the schedule may not be sufficient to differentiate TVNZ from the commercial broadcasters (who may feel that they are not dissimilar in their provision of public service-oriented content).

The issue of differentiation between PSB and commercial broadcaster being a pretext for legitimation of the former’s receipt of public funding can also be seen in relation to the Maori Television Service’s direct appropriation and Radio New Zealand’s indirect appropriation via NZ On Air. In the case of MTS, the provision of direct government funding for specific services in Te
Reo Maori clearly provides a point of differentiation from the commercial mainstream which significantly under-represents Maori. Interestingly, because MTS does not compete for substitutable audience/advertiser share, it does not appear to have attracted much opposition from other commercial broadcasters. Indeed, other broadcasters may welcome the provision of a specialist service for an important ethnic minority because it helps reduce the political (if not moral) pressure to cater for that audience. (There are complex arguments for and against different models of minority/mainstream broadcasting services, but these extend beyond the scope of this report).

However, the service has met opposition from the political right and some sections of the general public who question the level of funding made available to a service which is not nationally accessible and which from their perspective serves only an ethnic minority. The question of universal service is complicated by the issue of whether public funds for Maori language content ought to be made more widely accessible through the introduction of English subtitles. While that would seem to extend the potential appeal of the content to a broader audience (including the large proportion of Maori who do not speak Te Reo) there is an argument that this would undermine the intended function of the service in promoting and preserving the language as a cultural treasure (taonga). The political (and legal) pretext for the provision of Maori-specific broadcasting services has emphasised the language is a key factor in regard to the framing of Maori broadcasting services and hence its legitimation (also see language section, section 6.1).

In regard to Radio New Zealand’s receipt of an indirect appropriation via NZ On Air, the NZ$26 million it receives is considerably more than TVNZ’s direct Charter appropriation. Radio NZ nevertheless enjoys broad legitimation across the political spectrum. A similar argument to the MTS case applies here, in that National Radio and Concert FM are quite distinct from the commercial mainstream. Although the former does enjoy a significant audience share in some regions, there is low substitutability in regard to the audience segment, and because Radio NZ is a fully-funded public broadcaster, it does not compete for commercial revenue. The service is available nationally, and therefore universal service can be claimed. These factors, rather than the superficial insulation from direct appropriation (provided courtesy of NZ On Air acting as fiscal intermediary) explain why its funding mechanism is not controversial.

The overview provided above has introduced a range of issues concerning the legitimation of different funding mechanisms and policies. While there are some common trends and themes across the OECD, as the New Zealand examples demonstrate, local contextual factors have to be considered when evaluating the potential utility of any particular funding mechanism. Section 7 will examine the specific mechanisms for setting and collecting/distributing funding in more detail.

References

• Thompson, P.A. (2005b), Calling the Tune Without Paying the Piper? The political economic contradictions of the TVNZ Charter. Paper presented in the refereed stream at the ANZCA Conference *Communication at Work*, University of Canterbury, Christchurch, 4-7 July 2005
• Zelizer V. (1994), *The social meaning of money*, New York, Basic Books
6.1 PUBLIC BROADCASTING AND LANGUAGE POLICY
ISSUES

There are evidently many different languages spoken throughout the OECD, but the extent to which these are represented in the broadcasting services in each respective country varies. Likewise, the provision of funding for language-specific radio and television services can differ enormously between countries. The relationship between the state and a particular language group in the population can be complex when translated into broadcasting policy. While many nations recognise more than one official national language, the extent of public broadcasting provision for the respective language communities varies according to specific historical, political/legal, cultural and economic factors in the national context. Language-specific broadcasting policies have significant funding implications, but in most cases they form part of the implicit rationale for PSB funding provision rather than representing an explicit component of funding setting mechanisms per se.

Two important policy issues need to be noted in regard to the provision of ethnic/linguistic-specific broadcasting services and funding. Firstly, the language group’s size/ demographic proportion, national origin (indigenous or migrant) and magnitude of political or economic influence will clearly have some bearing on whether or not government policy recognises its needs in its broadcasting policy. If a language community constitutes a viable market segment for commercial services (or if broadcasting in a particular language is available via overseas satellite signals or audiovisual imports), that may reduce overt demands on the state for special provision to prevent marginalisation/ exclusion (which, following from the discussion in 6.0, raises questions about whether generic market failures are overlooked when minorities are affected).

However, the mere existence of a radio or television service ostensibly devoted to serving a specific language community does not guarantee that the group in question receives public service per se. The corollary of this is that a language community which is demographically too small to attract a viable level of commercial broadcasting investment may also be too small to be of concern (or at least priority) to policy makers. Clearly, there are practical limitations here, particularly in smaller countries with multi-ethnic/linguistic populations because the base cost of service provision does not decrease in linear proportion to the population; there is minimal difference in opportunity cost between providing television for a community of a thousand or a million.

Secondly, while the provision of language-specific services for a particular community may be welcome, there is a question about the extent to which this implicitly exonerates other PSBs from taking their particular needs into consideration. The reason this is important is the risk of creating what is sometimes termed “ghetto broadcasting”, i.e. a situation where the distinct division between mainstream and minority service provision leads to the minority community being overlooked in the mainstream media (insulating the wider population from their affairs) while helping- albeit inadvertently- to marginalise rather than integrate them in wider society. Ethnic/language-specific services might therefore be considered a necessary but not sufficient criterion of public service provision. (Note also that there is a legitimation issue which emerges in regard to minorities receiving both mainstream and specialist services, particularly if the latter are not accessible to mainstream audiences).

Language is clearly a central component of cultural and (usually) national identity, but the reinforcement or promotion of language is often taken-for-granted in the provision of public broadcasting services for mainstream cultural/language. It is therefore worth noting some different contextual rationales for public service provisions that include language-specific functions. Some countries do have PSB policies which specifically include promoting the mainstream language to strengthen national/cultural identity (e.g. France and Italy) while smaller countries (such as Iceland) often have specific concerns about the vulnerability of their linguistic
identity to erosion by foreign cultural influence. Other countries exhibit a demographic mixture significant indigenous language communities which could not be adequately served by monolingual PSB provision (e.g. Belgium has separate Flemish and French PSB broadcasting and Switzerland allocates funding appropriations according to a formula based on the needs of four language communities- see below).

In other cases, the prevailing political culture may recognise all language communities as having equal civic rights which extend to broadcasting services, even if some groups are distinct minorities (e.g. Finland and Sweden both have dedicated radio and television channels in each other’s languages). Language-specific broadcasting policies may also arise where a unique indigenous language is endangered (particularly if another mainstream language is also widely used within that language community, such as Welsh and Te Reo Maori). The risk of extinction usually merits special efforts to preserve and promote usage. Constitutional and/or legal obligations are also a factor in some countries (The Treaty of Waitangi and the legal rulings concerning the Crown’s obligation to preserve Te Reo Maori is an important consideration in New Zealand. In Turkey, legislation was required to deprohibit non-Turkish language broadcasts).

The legitimation of language-specific broadcasting and funding allocations therefore depends in part on the public articulation of the policy rationale. As was suggested in the preceding section, the “ringfencing” of any funding allocation entails the development of specific normative expectations about how it can and cannot be legitimately used. It also depends on the “framing” of the policy in public discourse (in which the media play a significant role). In regard to the New Zealand context, low-level funding of radio services for indigenous and minority language groups is relatively uncontroversial. However, the levels of funding provided for the Maori Television Service (and to some extent the separate Maori broadcasting commission, Te Mangai Paho) have at times been challenged in political circles.

Two issues emerge here. Firstly, although legal rulings via the Waitangi Tribunal, High Court and Privy Council confirm the Crown’s obligations to preserve Maori Language through broadcasting they do not specify the extent of services to be provided or the levels of funding. Some sections of the NZ public (and Parliament) are unsympathetic to any specific provisions made to the Maori community under the Treaty of Waitangi. Maori broadcasting funding allocations are therefore liable to be framed by opponents as disproportionate special treatment (such opposition is probably related in part to a tacit assumption that funding allocations should be demographically proportional and a failure to appreciate that opportunity costs for provision of basic broadcasting services are not reduced by the fact that they are intended to serve a minority group). It is not the purpose of this report to resolve such matters, but in regard to the issue of framing revenue streams, it is interesting to consider the policy rationales underpinning language-specific broadcasting provisions in other countries, (particularly in regard to those which have made substantial commitments to indigenous, minority, and/or endangered languages) and consider whether they might usefully inform the framing of such services in New Zealand.

Secondly, while the legal rulings are specific to the preservation of Te Reo Maori, there is obviously a close- arguably inseparable- relation between the linguistic and the cultural. Yet this is the basis for another point of debate, since it is not inconceivable that a Maori broadcasting service emphasising a generic cultural remit might dilute the linguistic focus by providing Maori content with English subtitles (or content in English with a Maori focus). In other words, is the rationale for funding Maori broadcasting services framed in terms of providing a service which preserves Te Reo Maori and thereby promotes Maori culture or framed as providing a Maori cultural service which would thereby promote Te Reo as part of a more generic remit? The

386 Te Punī Kōkiri (2004) notes that “the principles of the Treaty impose a continuing obligation on the Crown to take such active steps as are reasonable to assist in the preservation of the Maori language by the use of both radio and television broadcasting”. http://www.tpk.govt.nz/publications/docs/MTVtimeline_2004.doc
387 Scepticism about Maori broadcasting allocations has also been expressed by some pro-PSB commentators who are not opposed to Maori funding per se, but who regard the separation of services and funding streams to be a factor inhibiting the formation of a dedicated non-commercial PSB. (see ‘critical mass’ argument in section 6.0).
former has a legal basis, but that does not guarantee legitimation if it is also framed purely as a Treaty concession. The latter would potentially be easier to legitimate in terms of providing content which a broader section of the audience (including non-Te Reo speaking Maori) could appreciate. Again, these points are made not to propose particular Maori broadcasting policy outcomes, but to highlight the factors which might influence how such policy is legitimated.

Examining the approaches to language-specific broadcasting in the OECD suggests a number of discrete (but not mutually exclusive) policy rationales that may assist in the legitimation of particular funding mechanisms.

### 6.2 TYPOLOGY OF POLICY RATIONALES FOR LANGUAGE-SPECIFIC BROADCASTING POLICIES

<table>
<thead>
<tr>
<th>Policy Rationale</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minority recognition</td>
<td>Acknowledgement of non-indigenous minority group needs through requirement on PSB to provide relevant content and/or separate radio or television service to serve that language community. Services are typically far less extensive than mainstream PSB provision and higher levels may be difficult to legitimate.</td>
</tr>
<tr>
<td>Indigenous recognition</td>
<td>Acknowledgement of indigenous minority needs through requirement on PSB to provide relevant content and/or separate radio or television service to serve that language community. Extent of services usually lower than mainstream PSB, but the indigenous status of the language may provides greater legitimation for public funding.</td>
</tr>
<tr>
<td>Civic equality</td>
<td>Multiple language communities are recognised in principle as being equally deserving of broadcasting services irrespective of demographic proportions. While in practice this may not provide broadcasting services equally across all language communities, there is more likelihood of parallel radio and TV channels for mainstream and minorities.</td>
</tr>
<tr>
<td>National identity</td>
<td>Promotion of national language(s) to reinforce national cultural identity is specifically recognised as a PSB broadcasting function. (This may in some cases, promote the preferred national language over and above others and discriminate against non-indigenous minority language communities).</td>
</tr>
<tr>
<td>Demographic significance</td>
<td>Multiple language communities exist in comparable demographic proportions and large sections of society would be disadvantaged by a monolingual PSB system. Parallel radio and television services and comparable funding levels are therefore provided for all major language communities.</td>
</tr>
<tr>
<td>Language preservation</td>
<td>Recognition that an indigenous language (possibly national and/or official) is endangered (e.g. due to prevalence of another national language) and therefore requires specific broadcasting services/ funding to preserve a living language community. Legitimation of funding enhanced if the country is the only place where the language is spoken.</td>
</tr>
<tr>
<td>Legal obligation</td>
<td>Statutory/constitutional/legal conditions oblige the state to provide language-specific broadcasting services, either because the language is endangered or because of other rulings concerning the state’s obligations to a minority group.</td>
</tr>
</tbody>
</table>
### 6.3 TABLE SHOWING BREAK-DOWN OF COUNTRIES AND LANGUAGE-SPECIFIC BROADCASTING SERVICES

<table>
<thead>
<tr>
<th>Country/Policy rationale</th>
<th>Language-related service provision</th>
<th>Language policy context</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Australia</strong></td>
<td>Imparja TV- Northern territory aboriginal service • SBS- national multicultural</td>
<td>• Imparja TV promotes Aboriginal Culture and language; • SBS has a multicultural remit which includes minority culture/language content.</td>
</tr>
<tr>
<td><strong>Austria</strong></td>
<td>No language-specific services identified</td>
<td></td>
</tr>
<tr>
<td><strong>Belgium</strong></td>
<td>VRT and RTBF serve the Flemish and French speaking communities respectively</td>
<td>• French and Flemish are official languages. • Both language communities are demographically significant, although Flemish (related to Dutch) is a specifically indigenous language.</td>
</tr>
<tr>
<td><strong>Canada</strong></td>
<td>CBC operates both English and French services • ATPN operates a national aboriginal TV service</td>
<td>• English and French are both official languages (French predominates in the Quebec region). • Other indigenous/minority languages also have their own specific services.</td>
</tr>
<tr>
<td><strong>Czech Republic</strong></td>
<td>Radio Prague operates a Romany service.</td>
<td>• Indigenous/minority language provision</td>
</tr>
<tr>
<td><strong>Denmark</strong></td>
<td>No language-specific services identified</td>
<td></td>
</tr>
<tr>
<td><strong>Finland</strong></td>
<td>YLE operates a TV service (FST) and two radio services (Vega, Extrem) in Swedish, plus a Sami Radio service in the Lapp region*</td>
<td>• Finnish and Swedish are both official languages. Although the Swedish language community is a distinct minority they have equal citizenship status. • Sami language is semi-official but indigenous to the Lapp region.</td>
</tr>
<tr>
<td><strong>France</strong></td>
<td>FT and Radio France have French language promotion in their PSB remits</td>
<td>• French is the national language but the government nevertheless specifically includes its promotion and preservation in public service obligations.</td>
</tr>
<tr>
<td><strong>Germany</strong></td>
<td>No language-specific services identified</td>
<td></td>
</tr>
<tr>
<td><strong>Greece</strong></td>
<td>No language-specific services identified</td>
<td></td>
</tr>
<tr>
<td><strong>Hungary</strong></td>
<td>Magyar Televizio and Magyar Radio have PSB remits which require inclusion of cultural/linguistic minorities</td>
<td>• Ethnic/linguistic minority identified in PSB remits</td>
</tr>
<tr>
<td>Country</td>
<td>National identity</td>
<td>Indigenous recognition</td>
</tr>
<tr>
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<td>------------------------</td>
</tr>
<tr>
<td>Iceland</td>
<td>Both RUV and commercial broadcasters have statutory requirement to promote and protect Icelandic language</td>
<td>Iceland's small size requires specific cultural and language protection.</td>
</tr>
<tr>
<td>Ireland</td>
<td>RTE operates a television service (TG4) and an radio service (Radio na Gaeltachta) in Irish (Gaeilge)</td>
<td>Although Irish (Gaeilge) is the official national and indigenous language, it is spoken by a minority. Consequently, its promotion and preservation is specific to the public broadcaster's remit.</td>
</tr>
<tr>
<td>Italy</td>
<td>RAI's PSB remit includes promotion of Italian</td>
<td>Although Italian is the national language, as recently as 1950, 80% of the population spoke their regional dialect. RAI's original remit therefore included the promotion of Italian to reinforce national identity.</td>
</tr>
<tr>
<td>Japan</td>
<td>No language-specific services identified</td>
<td></td>
</tr>
<tr>
<td>Korea</td>
<td>No language-specific services identified</td>
<td></td>
</tr>
<tr>
<td>Luxembourg</td>
<td>CLT/RTL operates a radio and television service in Letzeburgish</td>
<td>French and German are official languages in Luxembourg, but the indigenous language is Letzeburgish. Given the small population, the remit of CLT/RTL is specific to preserving and promoting this language.</td>
</tr>
<tr>
<td>Mexico</td>
<td>Numerous regional/ethnic-linguistic radio stations operate, some supported by charitable foundations.</td>
<td>The central government does not fund broadcasting services</td>
</tr>
<tr>
<td>Netherlands</td>
<td>Public service channels provide content in Frisian as well as Dutch</td>
<td>Dutch and Frisian are both official languages. The NOS has responsibility for ensuring that public broadcaster provide services for all groups in society.</td>
</tr>
<tr>
<td>New Zealand</td>
<td>MTS provides television in Te Reo Maori</td>
<td>Following historical repression of Te Reo Maori, English became the predominant language and many Maori still do not speak Te Reo. Interestingly, efforts to redress the harm done to the indigenous language led eventually to statutory rulings requiring the Crown to preserve Te Reo through broadcasting. Both English and Te Reo Maori are official languages. Pasifika languages are not technically indigenous, but Pacific</td>
</tr>
<tr>
<td>Country</td>
<td>Regional TV stations broadcast some minority language programmes</td>
<td>Communities are a substantial ethnic minority (and in some cases their NZ contingent exceeds that of their Island of origin).</td>
</tr>
<tr>
<td>-----------------</td>
<td>---------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Norway</td>
<td>• Indigenous recognition</td>
<td>• NRK Sami operates radio services in the Lapp region as part of the NRK’s PSB remit. Sami is an indigenous minority language and Sami radio provision reflects the NRK’s broad public service obligations.</td>
</tr>
<tr>
<td>Poland</td>
<td>• National identity</td>
<td>• Poland has Polish language/culture quotas for broadcasters but no other language-specific services.</td>
</tr>
<tr>
<td>Portugal</td>
<td>• No language-specific PSB services have been identified, but A Dois caters to an ethnically diverse audience.</td>
<td></td>
</tr>
<tr>
<td>Slovakia</td>
<td>• Minority recognition</td>
<td>• Slovak Radio’s Radio Patria broadcasts in Hungarian as part of its PSB remit. Slovenska Televizia also carries some content in Ukrainian and German. While Slovak is the official language, Hungarians comprise 10% of the population and Slovak Radio provides a non-indigenous service to this minority.</td>
</tr>
<tr>
<td>Spain</td>
<td>• Indigenous recognition</td>
<td>• The Basque radio network operates several regional Basque-language stations. The Catalan broadcasting Corporation provides indigenous Basque is an indigenous minority language in Spain, (actually pre-Indo-European) language spoken in a region which has claims to cultural and political autonomy. The Catalan region has its own indigenous language. As a sizeable minority group, there is a separate Catalan broadcaster and broadcasting council.</td>
</tr>
<tr>
<td>Sweden</td>
<td>• Civic equality • Indigenous recognition</td>
<td>• SVT, SR and UR have statutory PSB obligations towards minority languages. SVT2 broadcasts content in Sami and Finnish (also sign language) Sveriges Radio operates a Finnish Radio service The public broadcasters have a statutory obligation to serve a diversity of cultural interests and both indigenous and non-indigenous minority languages are specifically identified in their remits: Lappish (Sami), Finnish, Meänkieli and Romany Chib.</td>
</tr>
<tr>
<td>Switzerland</td>
<td>• Demographic significance • Indigenous recognition</td>
<td>• SBC operates a number of services in four official languages: German (5 radio, 2 TV) French (4 radio, 2 TV) Italian (3 radio, 2TV) Switzerland recognises four official languages, German, French, Italian and the indigenous Romansch. On the principle of citizen equality, public funding is not proportional to the language communities. A part of</td>
</tr>
<tr>
<td>Region</td>
<td>Language and Identity Issues</td>
<td>Actions/Remarks</td>
</tr>
<tr>
<td>----------</td>
<td>---------------------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Turkey</td>
<td>National identity now limited by legal obligation</td>
<td>Turkish broadcasting of minority languages has been a contentious issue and has involved challenges by the EU. Legislation was passed in 2002 to permit broadcasts in languages other than Turkish. The RTUK is currently reviewing language communities with a view to policy development.</td>
</tr>
<tr>
<td>UK</td>
<td>Indigenous recognition, Language preservation, National identity</td>
<td>Although English is the dominant language, Wales (and Scotland) are nations with a degree of political autonomy. S4C reflects the need to protect an indigenous minority language and Welsh national identity. Proposals to establish a Gaelic broadcasting service in Scotland are being discussed.</td>
</tr>
<tr>
<td>USA</td>
<td>CPB promotes the production of content to serve diverse cultural/linguistic communities</td>
<td>With the exception of PSB, the USA's linguistically diverse communities are served primarily by commercial broadcasters (as market segments permit).</td>
</tr>
</tbody>
</table>

- Romansch (1 radio, 1 TV) the German ‘share’ goes into French and Italian content production.
7.0 ANALYSIS OF MECHANISMS FOR SETTING AND COLLECTING/DISTRIBUTING PUBLIC BROADCASTING FUNDING.

Section 6 provided an overview of political and economic issues which influence public broadcasting funding policies and noted several potential tensions which are liable to emerge out of the interplay of different actors/institutional interests in the broadcasting sector. The overview also identified how certain of these have been manifested in the New Zealand context. Bearing these points in mind, this section will proceed to take a more focused look at the individual mechanisms for setting funding levels and collecting/distributing moneys for public broadcasting identified in section 5. Each particular system will have its formal advantages and disadvantages identified, and some substantive comment relating to the New Zealand policy context will also be included. In line with the terms of reference, where a mechanism has particular implications in respect to providing broadcasters with funding certainty, minimising perceptions of undue political influence, moderating pressures of competing claims on government, and/or providing a justifiable basis for public funding, commentary is provided.

It is worth reiterating that the extent to which a particular mechanism functions effectively and enjoys widespread legitimation cannot be predicted from its formal characteristics. Contextual factors and the position the mechanism occupies in the overall broadcasting system (including the way in which broadcasting actors strategically position themselves in relation to it) ultimately determine how far the mechanism succeeds in delivering the policy outcomes desired/anticipated by policy makers. While such contingencies mean it is prudent to be cautious about predicting context-specific advantages and disadvantages, there are nevertheless certain common features which, when combined with an informed perspective of the broadcasting system in a given country, permit conclusions to be drawn with a degree of reliability.

7.1 MECHANISMS FOR SETTING LEVELS OF FUNDING FOR PUBLIC BROADCASTING

7.1.1 Government Policy

- **Advantages:** If governments are able to set funding levels either over a period or on an annual basis, it allows flexibility of response to changing priorities in a broadcasting sector which is undergoing rapid change without "locking in" an on-going funding commitment that may cease to be salient over time. Indeed, some commitments of public money in response to significant but transitional sector priorities (such as facilitating the switch from analogue to digital) need not be on-going. Setting funding levels via government policy allows an easily-adjustable alignment between short-term policy goals and public expenditure. Because government funding policies are subject to generic budgetary diligence and have to be justified alongside other policy priorities, a greater degree of fiscal discipline is imposed, thereby ensuring that funding is kept proportional to overall welfare considerations. The ease with which funding committed to broadcasting through government policy can be reviewed also prevents particular funding mechanisms from becoming institutionalised with the result that recipients/ beneficiaries (both in the commercial and state sector) begin to frame public funds as an automatic entitlement. Recipients are more likely to ensure appropriate usage of public funds and remain cognizant of intended policy outcomes if funding is subject to regular review and can be rescinded. This may increase accountability and enhance the legitimation of public broadcasting funding.
• **Disadvantages:** Many of the points made above can be framed negatively. The flexibility of funding set via government policy means that there will be uncertainty in the sector about long-term availability of funds (although that does not rule out longer-term commitments) which can encourage risk-aversion in broadcasters’ strategic planning and inhibit innovation and new ventures. The government’s policy goals do not necessarily align with the priorities of the broadcasting sector, and short-term changes in policy priority will imply changes in whatever funding benchmark has been assumed. Indeed, because decisions about broadcasting funding will be framed alongside other budgetary claims, it is likely to be subordinated to the changing policy priorities of competing ministerial agendas, i.e. there is a lack of “ringfencing”. The need to ensure that whatever public funding made available is not rescinded may generate a political climate whereby funding beneficiaries/recipient feel obliged to ensure that they maintain a harmonious relation with the government of the day. Meanwhile, there may be a lack of transparency concerning the criteria by which funding allocations are made. In the absence of transparent benchmarks, policy decisions may be subject to negotiation and lobbying by different actors in the broadcasting sector intent on impressing their needs upon government. Together, these factors can translate- intentionally or inadvertently- into inappropriate political influence and/or perceptions of interference, and also encourage short-term strategies designed to ensure broadcasting outcomes that win popular approval. Importantly, setting funding levels by government policy means that long-term policy goals may be unachievable because any change in government allows funding mechanisms that have not been ringfenced (either via legislation or via broad legitimation and public approval) to be rescinded or redirected.

• **NZ considerations:** Since the discontinuation of the licence fee, Government broadcasting funding since 1999 has relied predominantly on appropriations from the Consolidated Fund. While the statutory obligations of state-sector institutions necessarily merit a certain level of public funding to continue basic services, the total quantum is not derived from any clear mechanism or fixed by any objective benchmark. Consequently, the disadvantages of setting funding levels via government policy are more apparent in New Zealand than any potential advantages: While public funding for broadcasting is relentlessly scrutinised by the opposition and the media, the government is subject to incompatible funding claims from different broadcasting interests (whose motives probably have as much to do with securing the continuation of revenue streams than any particular commitment to the government’s vision for public broadcasting- see section 6.0). Particularly in the case of TVNZ, policy decisions concerning Charter subsidy levels and dividend obligations have not always been transparent and have, on occasions, appeared to be rationalised in hindsight. Indeed, recent controversies over the perceived use of public funding have led to allegations of undue political influence (which, justified or not, threaten to delegitimate certain policy initiatives). Although broadcasting policy outcomes have been indicated in terms of their overall direction, in the absence of more specific criteria to indicate what outcomes are considered to be proportional to the available funding, existing funding mechanisms have not enjoyed broad legitimation.

7.1.2 Parliamentary legislation

• **Advantages:** Statutory legislation may appear to exhibit some of the same features of government policy, but it is distinct in several respects. Passing legislation on funding levels immediately “ringfences” the allocation and separates it from annual budget negotiations. Because legislation requires Parliamentary approval, the rationale for the
funding will be politically transparent and subject to open debate. Although that may invite political criticism, amendments may broaden the scope of political approval, and the very process of passing statutory legislation assists in the legitimation of the funding mechanism. If the legislation is permanent or medium-long term ("sunset clauses" may indicate a finite period of application or specify conditions when it no longer applies), this will help prevent the need for continuous budgetary negotiations which are subject to lobbying by interested parties in the broadcasting sector. In turn this will provide more transparency and certainty of funding for recipient broadcasters over the designated period. For example, the periodic review of the BBC’s Royal Charter requires UK Parliamentary approval and guarantees funding levels for its duration. Funding Legislation also inhibits any subsequent administration from arbitrarily rescinding funding commitments (i.e. it “locks in” policy trajectory), and although abolition of the legislation is possible, this will likely be subordinate to other legislative priorities (particularly if "sunset" clauses will permit it to expire automatically in the medium term). One enacted, legislation can meet with approval or disapproval, but it is far less likely than government policy to invite perceptions of political interference, and/or create a political climate where broadcasting actors feel the need to compromise their autonomy to appease a government which controls their funding.

• **Disadvantages:** Statutory Legislation is a relatively inflexible way to address issues such as broadcasting funding levels. It may be subject to delays in enactment as it passes through Parliament (creating a period of policy vacuum during which time the broadcasting sector will be subject to funding uncertainty), and moreover, in a rapidly evolving broadcasting sector it is difficult to modify quickly. There is therefore a risk that both government and the broadcasting sector could get locked into a funding mechanism that ceases to be relevant and serves no-one’s interests. Legislation therefore requires careful long-term planning which is difficult in an evolving sector. Meanwhile, periodic legislation does not necessarily insulate government from lobbying by interested parties in the broadcasting sector. Indeed, if decisions are likely to be locked in for a medium-long term period, it may even exacerbate the intensity of lobbying as different actors seek to secure their future revenue streams. Finally, passing legislation is all very well, but it presupposes that the government has already identified a benchmark for desired policy outcomes and appropriate funding levels.

• **NZ considerations:** The broadcasting sector in New Zealand is likely to go through a period of potentially wide-reaching change as digitalisation progresses and the relations between broadcasters, content producers, audiences, and advertisers shift. Legislation could be used to fix particular levels of funding over an extended period, but because of the likely changes in the sector over medium-long term such calculations are difficult. Legislation is unlikely to prevent political lobbying because broadcasting institutions will probably make significant efforts to ensure their public revenue streams are protected. Moreover, insofar as existing revenue systems have led to intense media scrutiny, there is little doubt that any related legislation would be contentious and newsworthy. The need for benchmarks for policy outcomes and funding levels again comes into focus because without these, it will not be clear what legislation would be appropriate. Nevertheless, if the Programme of Action is intended to shape the New Zealand broadcasting sector for a period beyond the current administration’s term in office, then legislation could be one way of “ringfencing” funding mechanisms.

### 7.1.3 Independent agency/ authority

• **Advantages:** The establishment of an agency or authority independent of government and state ministries with the role of setting funding levels (or making binding recommendations thereon) has the immediate advantage of removing decisions on
funding from the direct jurisdiction of government or parliament and thus minimising the likelihood of perceptions of undue political influence. (For example, Hungary’s funding administrator, ORTT, has strict appointment criteria to avoid political influence; Meanwhile the UK’s OFCOM has indicated its independence by considering proposals which do not align with the preferred policies of the government or the BBC). If the government does not directly determine funding levels, it also provides the government with insulation from direct lobbying by interests in the broadcasting sector. It also allows recommendations about funding levels to be insulated from the pressures of budgetary negotiations and other policy priorities. Depending on the composition of the agency, a broad range of non-partisan expertise could be drawn upon in determining what levels of funding are reasonable, and this will assist in the legitimation of funding decisions. (for example, the KEF in Germany comprises of experts appointed from different provinces and independently sets licence fee levels; Ireland uses a panel of economists to determine licence fee increases based on their evaluation of RTE’s performance). Assuming the agency has a statutory remit, then it would help “lock in” the independent funding-setting process and inhibit arbitrary cancellation by subsequent administrations. Having funding levels subject to independent assessment and review would also cultivate a political climate where broadcasters are reminded of the potential impermanence of their receipt of public money.

- **Disadvantages:** There are several potential disadvantages entailed in establishing a “quango” of this nature. For a start, the agency would require a clear remit requiring its decision processes and funding criteria to be specified as well as the scope of its authority. This would still require that desired policy outcomes be indicated and prioritized, and in turn that would mean the legal framework within which the agency would operate was subject to political definition (e.g. not everyone would agree that a panel of economists would provide the most valid interpretations of broadcaster needs and/or performance). Likewise, appointments to the agency could be perceived to be political in nature, and because these would not be elected officials formally accountable to the public, legitimation is not guaranteed. Moreover, while the agency might insulate the government from direct lobbying, it is likely to be exposed to such pressures itself. There is also a risk of “bureaucratic capture” by client groups if the agency’s legitimation comes to depend on their approval and support. Even assuming that does not occur, there is the possibility that the agency could make recommendations that do not align with government budget priorities and/or broadcasting sector needs. Funding agencies therefore do not sit outside the broadcasting ecology- they are an integral part of it and they can become political agents in their own right. Moreover, unless the guidelines for its funding decisions are transparent, broadcasters may be left uncertain about future revenue, particularly if this is subject to annual review.

- **NZ considerations:** As suggested above, the establishment of an independent agency to set funding levels presupposes that desired policy outcomes and decision-making criteria can be identified. In terms of appointments, New Zealand has an interesting dilemma. Being a small country, the broadcasting sector exhibits an unusual degree on institutional inter-connections and interpersonal relationships which at times can seem politically incestuous. There is therefore a challenge in identifying persons who have a close knowledge of the sector who do not have connections or commitments which might in theory bias their judgments or inhibit open debate. One option would be to appoint persons from outside the sector, but this carries the risk of decisions being made without a sound appreciation of the pressures and constraints faced by broadcasters. Of course, one independent state agency with a specific funding role already exists in the form of NZ On Air. While it has no direct role in determining the actual levels of public funding, its operation in commissioning the production of local content could be informative. NZ On Air certainly enjoys a broad level of legitimation across the political spectrum and the broadcasting sector, and because of the transparency of its funding processes has not been subject to allegations of political interference. However, its reliance on government
for continued funding and its need to ensure mainstream broadcasters will air the content it funds have arguably reduced its autonomy, while the pressure to maintain the confidence of the independent broadcasting sector in order to legitimate its function has at times led to NZ On Air exhibiting symptoms of bureaucratic capture. If an independent funding-setting agency is contemplated by New Zealand policy makers, care would be needed to ensure that its institutional form and function were not prone to bureaucratic capture, and that broadcasters were not left fiscally uncertain about non-transparent agency decisions. An independent agency/authority would, however, reduce the likelihood of perceptions of political interference and direct lobbying pressure on government.

7.1.4 Inflation/ Index linking

- **Advantages**: A number of countries have introduced some form of inflation/ CPI-related mechanism to provide incremental increases of public funding for broadcasting. There are several reasons behind such a policy. Most obviously, index-linked increases to appropriations or licence fees permit policy outcomes secured by existing funding mechanisms to continue without being compromised by a gradual decline in the purchasing power of the funding over time. This entails two spin-off benefits. Firstly, the government does not need to make annual budget decisions under lobbying pressure from industry interests concerned that their public revenue is declining, and secondly, broadcasters have greater certainty about their funding levels over the foreseeable future. Because it is a transparent mechanism which would be consistent with common – sense notions of fairness, it would also help to inhibit perceptions of political interference and thereby face few legitimation challenges. In some countries such as Finland and the UK, indexing against inflation has been supplemented by additional fixed incremental increases over time in line with anticipated costs of delivering respective policy outcomes. In Ireland, indexed increases to licence fees are contingent (see below) on PSB performance. In Belgium, inflation indexing for some public revenue streams is undertaken through periodic adjustment, while other public funds gain an indexed increase which still requires government budgetary approval.

- **Disadvantages**: Indexing public funding to inflation takes account of some, but not all of the broadcaster's increasing costs. Particularly in a smaller countries, a substantial amount of broadcaster expenditure will involve purchases in international media markets which are subject to different rates of inflation and moreover, entail specialist goods and services which are not included in standard inflation / CPI calculations. Periodic increases may also result in funding levels always lagging behind actual increases in costs. Inflation indexes may therefore fail to supply the broadcaster with real purchasing power parity over time. Another important factor here is the substantial level of capital investments to which broadcasters will probably need to commit in order to survive the transition to digital multimedia broadcasting. Although this will often involve one-off or short-term outlays of capital, there may be a significant impact on broadcasters’ strategic planning over a longer period. Even the establishment of an indexing system permitting public funding increases above the rate of inflation may be insufficient to cover short-term investment requirements. Once the “natural” link to basic inflation is lost, increases above that rate may lose their transparency and be subject to political scrutiny (and, ironically, thereby become more difficult to legitimate because they are framed alongside CPI). Depending on whether the indexing is a statutory mechanism, there is no guarantee that

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389 Although NZ On Air’s remit is to produce local programmes that would not otherwise be commercially viable, at times the mainstream broadcasters have used NZ On Air funds to make highly commercial productions which rate well in prime time. More recently, NZ On Air opposed TVNZ’s receipt of a direct appropriation to implement the Charter and extend content provision beyond that of NZ On Air- a position which coincided with the interests of its client base and also defended its rather narrower institutional conception of public broadcasting. While NZ On Air has been a success in many respects, it is not neutral in its engagements with broadcasting policy issues.
subsequent administrations would not rescind it. In other words, indexing is not an intrinsic guarantee of “ringfencing”. Indexing also presupposes that existing funding levels are adequate for the delivery of desired policy outcomes and enjoy broadly legitimation: indexing a contentious and controversial public funding mechanism would exacerbate, not ameliorate political criticism. It may also promote a political climate wherein public funding comes to be regarded as a natural entitlement by recipient broadcasting institutions.

- **NZ considerations:** Certain administrations in the 1970s were noted for allowing licence fee levels to be eroded by inflation, raising questions about political influence over broadcasters. The indexing of funding levels may carry a political significance in New Zealand which would not be apparent in other national contexts, i.e. it could be framed as the symbolic antithesis of political interference in contrast to previous practices. Indexing would certainly help reduce the need for government to be involved in annual budget negotiations and possibly reduce pressure from broadcasters to compensate for declining purchasing power by giving them more certainty over future purchasing power. However, because of the small scale of the broadcasting sector, actual costs may increase at a rate above local inflation, while the costs of the transition to digital would be unlikely to be covered by such mechanisms. Moreover, indexing would presuppose that the current questions concerning appropriate funding levels for public broadcasting are largely resolved. While indexing would probably be welcome by current recipients of public broadcasting money, it may not remove the pretext for lobbying if the base levels are considered to be incongruent with policy outcome expectations.

### 7.1.5 Commercial Contingent

- **Advantages:** An approach adopted in a few countries is to modify funding levels according to certain commercial criteria in the broadcasting sector, such as the PSB’s commercial performance or the overall advertising revenue generated in the broadcasting sector. There are two parallel ways this can work. First, a variable rate of public funding based on reducing/increasing public subsidies according to the PSB’s commercial income can ensure a consistent level of overall revenue and thereby prevents public funding levels from either underfunding or overcompensating the broadcaster for delivering PSB outcomes. Second, a variable rate of public funding maintaining a consistent ratio of public to commercial revenue can ensure a certain proportion of overall income will be always devoted to non-commercial PSB provision. These two modes of setting funding levels on a commercially contingent basis are based on different assumptions and desired outcomes. With the first mode, the adjustment of funding up or down according to commercial revenue creates a negative correlation between public and commercial funding levels. While this may keep overall income constant, it tacitly assumes that money is just money and that its source is of minimal consequence to broadcasting outcomes so long as its availability is stable. In contrast, the second mode creates a positive correlation between public funding and commercial revenue, and assumes that funding derived through public means will be used somewhat differently from commercial revenue (i.e. the normative inflections of the revenue streams are distinct- see section 6) and moreover, that to ensure PSB provision and avoid market failure, a minimum ratio of public funding to commercial revenue must be maintained.

- If the contingent mechanism is clearly set out, then funding decisions are made transparent and less vulnerable to allegations of political interference. In Belgium, the Flemish PSB (VRT) is obliged to generate a certain level of commercial revenue (within a pre-specified range demarcating upper and lower thresholds) which is then topped up with a direct appropriation. Meanwhile, the (French language) RTBF had its direct appropriation reduced to take account of extra revenue generated by the sale of shares
in a subsidiary company. In Germany, the KEF may modify the licence fee payments to the ARD broadcasters according to their levels of commercial revenue. If commercial revenue exceeds an upper threshold, then the levels of indirect appropriation are reduced. (Note that these mechanisms are like the first mode above). In the Netherlands, an independent agency (STER) administers the sale of advertising on public television, the revenue from which goes into a fund for public broadcasting (the mechanism therefore results in public funding being correlated with commercial revenue). The funding for the cultural production fund (STIFO) is also guaranteed a minimum level of public funding in ratio to the advertising generated in the public television sector (one sixteenth of the revenue for public broadcasting generated by STER’s sale of advertising, which is more like the second mode, above). Further advantages can be derived from commercially contingent funding mechanisms (and may be particularly applicable in cases where PSBs have both public and commercial revenue streams). These depend on the commercial thresholds imposed. Three variants can be identified:

- **Lower threshold only**: By setting a minimum level of commercial revenue without a maximum, the broadcaster would be encouraged to optimise commercial revenue, possibly receiving additional public funding in ratio to commercial earnings above the minimum (no examples of this have been identified).

- **Upper threshold only**: By setting a maximum level of commercial revenue with no minimum, the broadcaster is inhibited from optimising commercial performance at the expense of other policy outcomes. Commercial earnings over the threshold will reduce the levels of public funding, and therefore remove the incentive for commercial over-performance at the expense of PSB obligations. If the broadcaster is aware that its overall revenue is going to be stable, it will have greater certainty in its financial planning. Moreover, assuming public funding is consistent (particularly if shortfalls of commercial earnings below the threshold are “topped up”), the broadcaster will be insulated from constant pressure to include commercial performance criteria in every programming decision and thus encouraged to invest in innovative and high quality content which might otherwise be inhibited. Commercial revenue thus becomes an incidental bonus rather than the raison d’etre. Importantly, such a mechanism would also have the benefit of minimising complaints from commercial rivals about public funding distorting the market or allowing public funds to be used for purposes of commercial competition.

- **Upper plus Lower thresholds**: By setting a target “band” of commercial earnings, the broadcaster is obliged to ensure a minimum level of commercial performance (thereby obliging it to take account of audience appeal in a good proportion of its productions), but is also inhibited from commercial over-performance at the expense of PSB obligations. Assuming public funds are consistent (and/or “top up” any commercial shortfall) the broadcaster will be encouraged to invest in innovative and quality productions without being subject to constant commercial pressure. Again, there is also the benefit of minimising complaints from commercial rivals, since the upper limit removes the potential for public funds to be used to enhance commercial performance.390

**Disadvantages**: The major criticism of a commercially contingent mechanism is that it presupposes that reasonable benchmarks for funding levels can be agreed. Even if the mechanism is accepted in principle, in practice the both the base levels of funding and

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390 Another version of the lower + upper threshold variation of the commercial contingent mechanism would fix a single commercial threshold, rather than a “band”, with any earnings above that level reducing the total amount of public funding while any shortfall would not be compensated. This would encourage the broadcaster to optimise its commercial performance up to a certain point but no further.
the commercial thresholds would be contested. Mechanisms promoting negatively correlated levels of public-commercial funding might be (mis)interpreted to suggest that public revenue is not needed if commercial revenue is available in sufficient quantity, undermining the rationale for constant levels of public subsidy. As a corollary, positively correlated levels of public-commercial revenue might be (mis)interpreted to mean that public funding is being provided when it is least needed. In the Netherlands, because the levels of public funding depend partly on the sale of commercial advertising on public television (which goes into a central fund), it can fluctuate and increase the degree of uncertainty for public broadcasters. Furthermore, in an environment undergoing rapid change where new and unpredictable costs are likely to be encountered over the short to medium term, there would need to be regular modifications of funding levels which would both complicate the mechanisms and possibly reduce their political transparency. Some further disadvantages of each system are noted below:

- **Lower threshold only:** This variant would be open to strong objections from the commercial sector which would question the rationale for rewarding a commercially successful broadcaster with additional public funds which a) it evidently does not need, and b) would be used to further enhance its commercial performance. The market distortion argument would be difficult to avoid. Moreover, in giving the broadcaster unlimited incentive to increase commercial performance, it is highly likely to compromise any PSB obligations.

- **Upper threshold only:** This variant may prevent market distortion but it may diminish the broadcaster’s incentive to maintain its commercial appeal, particularly if commercial shortfalls are “topped up”. In turn, this may lead to the allocation of funding to productions which fail to sustain audience appeal and this would undermine the legitimisation of the funding stream as well as eroding the commercial shareholder value of the broadcaster through the loss of commercial revenue to commercial rivals.

- **Upper plus Lower threshold:** Although this variant does specify a minimum level of commercial performance, it nevertheless removes the incentive to optimise commercial revenue and may therefore harm commercial shareholder value.

- **NZ considerations:** A commercially contingent mechanism would require careful consideration of how base levels of broadcaster income would be calculated and any upper or lower thresholds would need to take account of the desired balance between the policy outcomes public funding is intended to deliver and the continuation of commercial performance. The relevance of a mechanism setting upper and lower thresholds for commercial performance to New Zealand is evident when one considers the dual public/commercial funding streams of TVNZ (particularly since there is currently a lack of clarity concerning the kind of balance between the commercial and Charter aspects of its remit that might be reasonably expected), but such a system might conceivably assist in maintaining consistent ratios of local content investment in the case of NZ On Air’s contestable fund. While there is reason to suggest that a commercially contingent mechanism might reduce commercial concerns that public funding helps state sector broadcasters gain an unfair commercial advantage and make some funding decisions more politically transparent, the establishment of such a mechanism might entail extensive disputation from various broadcasting interests. To avoid constant political tinkering, it may be necessary to provide a statutory basis (or a period of operation before review) for such a mechanism. However, that would presuppose that the initial formulation of benchmarks and thresholds would a) be appropriate for the attainment of desired policy outcomes and b) factor in changes to the broadcasting sector liable to influence funding systems over the short-medium term (including potential problems of audience fragmentation and declines in commercial revenue share).
7.1.6 Contract Contingent

**Advantages:** Contract contingent mechanisms bear some similarity to commercially contingent mechanisms insofar as they provide set funding levels at a varying level according to a set of specified criteria. Insofar as those criteria define PSB objectives clearly, an obvious advantage of this sort of mechanism is the establishment of a transparent relationship between the receipt of public funding and the delivery of desired policy outcomes. The fact that funding depends on the fulfillment of PSB conditions helps ensure that the broadcaster is seen to be held accountable for its usage, thereby helping legitimate the funding and reducing perceptions of undue political interference. The direction of public revenue streams towards specified PSB functions also minimises the possibility that they will be diverted to commercial ends, and hence reduces the likelihood of complaints from the commercial sector that public money is distorting the market by providing the PSB with funds to increase its commercial competitiveness. Meanwhile, assuming the criteria of the contract are clear, there would be less need for broadcasting interests to lobby government for additional funds. There are several examples of contract contingent mechanisms in operation. In Belgium, the VRT’s eligibility for continued/increased public funding depends not only on its commercial revenue (see 7.1.5) but also on its performance as gauged against its PSB remit (including criteria such as programme quality and diversity- conditions apparently lobbied for by its commercial rivals). The RTBF meanwhile has a PSB service contract with the government which sets out conditions of performance. Similarly, in France, the CSA and the government oversee PSB service contracts. France Televisions’ current contract for 2001-5 is currently being renegotiated, but future levels of public funding will take into account how well it has fulfilled its contractual remit. In Ireland, as mentioned earlier, index-linked increases to RTE’s licence fee are contingent on a satisfactory review by an independent panel of economists. Shortcomings in performance could in principle result in the licence fee level being frozen. Contract contingent mechanisms of this sort ensure that broadcasters pay close attention to their PSB obligations and operate in the knowledge that they will be held responsible for delivering specified policy outcomes with the public funding they receive.

**Disadvantages:** There are several potential shortcomings with a contract contingent mechanism for setting funding levels. As with commercially contingent systems, an important issue is determining what levels of funding are proportional to the delivery of PSB policy outcomes. If contractual obligations are extensive and funding is minimal, then it may be difficult for broadcasters to justify their continued receipt of public funds, even if they have operated responsibly. Whereas commercially contingent systems have the advantage of easily measurable benchmarks, basing funding levels on contractual fulfillment presupposes that there are objective criteria for determining the extent to which the broadcaster has succeeded therein. Unfortunately, there is no standard method of measuring/evaluating public service provision, and as soon as funding decisions were linked to some set of criteria, they would become highly politicised and enormously contentious. It would therefore be difficult to legitimate a contract contingent mechanism without establishing some explicit and unambiguous performance indicators which all interested parties could agree on. The formulation of the criteria of measurement would be complex and open to allegations of political influence and/or non-transparency, and insofar as these would require interpretation, the independence of the institution responsible and the appointment of its members would be closely scrutinised for signs of political impropriety. Meanwhile, unless the broadcaster’s failure to meet its contractual obligations was highly obvious, the members would probably need to demonstrate significant political courage to make rulings against continued/increased funding.

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391 See Thompson, 2005a
funding. The more likely scenario is that broadcaster performance would be approved by default so long as it avoided significant failures- a recipe for satisficing rather than optimising. The need to demonstrate fulfillment of contractual obligations before being eligible for a continuation/increase in funding might also reduce the broadcaster’s certainty of future revenue, and in the event of this being declined, conflicts in legal interpretations have the potential to lead to litigation. Finally, when funding depends on the measurement of a given set of criteria, broadcasters will inevitably feel pressure to “play the rules rather than the game”. In other words, contract contingent mechanisms deliver what they measure: performance indicators would be interpreted instrumentally to deliver what has been specified according to the letter rather than the spirit of the law, which could lead to a subversion of the desired policy outcomes.

- NZ considerations: In regard to the New Zealand context, contract contingent mechanisms may appeal to commercial broadcasters who have concerns that public broadcasting funding is not always used for public service provision, and to some of the political right who oppose state intervention unless clear accountability mechanisms are in place. There may therefore be some potential for building a broader political consensus for PSB funding levels. However, the establishment of performance criteria and responsibility for interpretation would need very precise formulation and probably require the involvement of an independent agency to avoid perceptions of political interference (see discussion of independent agency/authority). Lobbying during the period of formulation would most likely be intense unless the broadcasters likely to be subject to the contracts were involved. A philosophical issue which arises here, particularly in regard to TVNZ’s Charter, is the argument (made by TVNZ and government) that good television delivers both commercial and PSB functions and therefore cannot be simply differentiated (see section 6 discussion). While that does not mean that any content that rates well can be considered to be public service, it complicates the issue of how one would evaluate the level of performance based on a combined PSB/commercial remit. However, assuming some basic criteria could be agreed, one advantage of contract contingent mechanisms would be a clearer sense of mission for PSB institutions in New Zealand (although there would need to be safeguards against instrumental efforts to “play the rules”) and perhaps the encouragement of a more progressive framework for public and mass media debate about PSB performance.
7.2 MECHANISMS FOR COLLECTING/DISTRIBUTING FUNDING FOR PUBLIC BROADCASTING

The data in section 4 and 5 classified 12 types of mechanisms for collecting/distributing funding. These will be addressed below via a similar format and thematic focus to the previous discussion of funding setting mechanisms. There is obviously a relationship between some funding setting mechanisms and collection/distribution mechanisms, and in some places these are sufficiently connected to generate a degree of overlap. For example, the fact that direct appropriations are typically set by government means that there are some formal convergences of relative advantage and disadvantage. However, it is important to note that such connections between the funding setting and collecting/distributing mechanisms are not necessary ones. In principle, one could imagine any combination of the two categories (such as a direct appropriation or licence fee that was fixed by an independent agency or contingent on PSB commercial revenue). Insofar as the analysis below repeats points made in 7.1, it is intended to maintain the distinction between the two types of mechanism even if the issues which emerge from them are similar.

7.2.1 Direct Appropriation

- **Advantages:** Direct appropriations evidently have a close relation to government policy and share some of the features of that funding setting mechanism. A key advantage of direct appropriations is that they allow funding provision to respond to changing broadcasting priorities. Allocating funding directly from government thus allows an easily-adjustable alignment between short-term policy goals and public expenditure. Unlike public funding mechanisms which require households or individuals to pay a “flat tax” fee, direct appropriations are less likely to be perceived as an undue or unfair expense, and because they are derived from general taxation, contributions are proportional to income. Direct appropriations are subject to generic budgetary diligence and have to be justified alongside other policy priorities, a greater degree of fiscal discipline is imposed, thereby ensuring that funding is kept proportional to overall welfare considerations. The fact that funding decisions can be reviewed and revised regularly prevents the cultivation of expectations whereby broadcasters begin to frame public funds as an automatic entitlement. Recipients are therefore more likely to ensure appropriate usage of public funds and remain focused on delivering the outcomes for which the appropriation was provided. If the criteria and function for the appropriation is transparent, accountability will be more apparent and this will assist in the legitimation of public broadcasting funding (for example, see the service contracts which underpin appropriations in Belgium and France).

- **Disadvantages:** The major shortcoming of direct appropriations is that they do not allow broadcasters long-term certainty of funding and thereby may encourage risk-aversion in broadcasters’ strategic planning and inhibit risk-taking. Indeed, they may oblige broadcasters to take steps to secure commercial revenue streams which in turn may take their attention away from PSB objectives. If funding is uncertain and dependent on government decisions, this will tend to generate lobbying pressure from interested parties. Because direct appropriations are framed alongside other budgetary claims, broadcasting policy priorities may be subordinated to those of other government agendas. In other words, there is no “ringfencing”. Because the government makes the decisions on the quantum of the direct appropriation, it may cultivate a climate where broadcasters feel (or are perceived to be) inhibited from doing anything which may incur ministerial disapproval. While it is entirely appropriate for the government to expect funding to modify broadcaster behaviour in line with specified policy goals, perceptions of other influence (whether justified or not) can threaten to delegitimate the funding and the
policies associated with it. That becomes even more likely of the criteria by which funding allocations are made are not transparent. Another consideration is that direct appropriations may obscure, rather than cultivate a sense of public ownership in relation to the PSB. Finally, direct appropriations which do not have a statutory basis are subject to arbitrary review or cancellation by future administrations.

- **NZ considerations:** The direct appropriations which have been provided to NZ On Air after the abolition of the licence fee have not been controversial partly because of the government’s undertaking to maintain (and increase) its budget, and partly because NZ On Air acts as an intermediary. However, TVNZ’s direct appropriations have been questioned by the commercial television sector and the political right as well as NZ On Air. Policy decisions concerning Charter subsidy levels and dividend obligations have not always been transparent. This has fuelled relentless media attention, threatening to undermine the legitimation of both the funding and the policy rationale. For example, the combined PSB/commercial remit of TVNZ means that public revenue can be framed with commercial activity, giving rise to allegations of market distortion; likewise, in the case of MTS’s direct appropriation, legitimation has been complicated somewhat by the different framings of the rationales underpinning Maori broadcasting policy (see sections 6.0 and 6.1). Furthermore, direct appropriations mean the government is subject to competing claims from different broadcasting interests. The Programme of Action’s aim of providing a more certain and justifiable basis for funding decisions indicates that direct appropriations are not an entirely satisfactory mechanism for collecting/distributing public funding.

### 7.2.2 Indirect appropriations

- **Advantages:** Non-contestable direct appropriations from government which are provided via an intermediary institution or funding agency are in many respects identical to direct appropriations. However, the channels through which the public money is directed are not insignificant. Even if the quantum is fixed by government or parliament, its distribution through an ostensibly independent third party provides a degree of political insulation which direct appropriation does not. Put simply, the less it appears that there are governmental fingerprints on a public revenue stream, the easier that funding will be to legitimate. If the intermediary agency is also the authority which makes decisions on funding levels (see, for example the KEF in Germany) then indirect appropriations will probably be even less vulnerable to political criticism or perceptions of potential interference. Meanwhile, the Netherlands uses a complex form of indirect appropriation: Advertising on public television is administered and collected by an independent agency (STER) and then allocated to the public broadcasting fund from which public broadcasters are subsidised.

- **Disadvantages:** Indirect appropriations may provide the semblance of independence from political deliberation, but unless the funding decisions are made by the independent agent, this could render the actual funding process less transparent. By obscuring the origins of and decisions behind the funding, direct appropriations may fail to foster a sense of stakeholder interest/ownership of the PSB thereby supported. Moreover, irrespective of the channels through which the funds are directed, if the indirect appropriation is subject to regular review and revision, it may fail to provide broadcasters with certainty of funding. Finally, if the actual quantum of funding is determined at

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392 The Netherlands arrangements are complicated, but it appears that this particular mechanism appears to exhibit some features not dissimilar to the original UK Channel 4 arrangement, insofar as the public broadcaster is indirectly funded and forfeits the advertising revenue it generates, thereby insulating it from pressures and incentives to base content decisions on commercial criteria. One might alternatively consider this mechanism as a kind of PSB-sector industry levy which is then used to fund public broadcasting.
government/parliament level, then allocating the funding through an intermediary agency will entail superfluous bureaucratic expenses.

- **NZ considerations**: Indirect appropriations are provided to several broadcasting institutions via NZ On Air. The most significant example is Radio New Zealand, which operates on the basis of an on-going government commitment to fund its operation. There are few political concerns with this arrangement, but this may reflect the fact that Radio New Zealand is a) a dedicated public service broadcaster which does not compete for advertiser revenue, b) not in the same market for audience share as commercial rivals, and c) relatively inexpensive. Although there would appear to be minimal difference between Radio New Zealand being supported by funds directed via NZ On Air as opposed to a direct appropriation (which would be administratively more transparent), a policy change to the latter may generate perceptions of the broadcaster’s increasing proximity to government.

### 7.2.3 Contingent appropriation

- **Advantages**: The major advantages of contingent appropriations based on commercial performance are twofold: First, they can help ensure appropriate ratios of public to commercial revenue and thereby ensure that public funding levels do not overcompensate the broadcaster for delivering PSB outcomes (See Belgium’s VRT) Secondly, they can maintain a constant ratio of public to commercial revenue and ensure that a certain proportion of programming decisions are made without direct commercial pressure (see Netherlands’ STIFO fund). If the mechanism is based on contractual performance instead/as well, the fact that funding depends on the fulfillment of PSB conditions helps ensure that the broadcaster is seen to be held accountable for its usage, thereby assisting in the legitimation of the funding and reducing perceptions of undue political interference. Importantly, contingent mechanisms also help minimise complaints from the commercial sector about market distortion or public funds being used for commercial competition.

- **Disadvantages**: In both contract and commercial-based variations, the major disadvantage to contingent mechanisms is that they require very clear benchmarks and criteria to be established in advance (either in terms of what constitutes a reasonable level of funding and/or ratio of public to commercial revenue, or in terms of how PSB performance is going to be gauged). Such judgements are open to interpretation and hence on-going disputation, which is liable to generate higher levels of lobbying, media attention and political criticism. Once such a system is implemented, uncertainties about performance criteria and evaluation could lead broadcasters to be risk averse, and less confident about future financial planning, thereby undermining the delivery of PSB outcomes. Another problem is that by removing financial incentives for improving commercial performance, the PSB will not be encouraged to take audience approval into account and may allow its commercial shareholder value to decline.

- **NZ considerations**: In regard to the New Zealand context, contingent mechanisms may appeal to commercial broadcasters who have concerns that public broadcasting funding is not always used for public service provision, and to some of the political right who oppose state intervention unless clear accountability mechanisms are in place. There may therefore be some potential for building a broader political consensus for PSB funding levels. If basic performance criteria could be agreed (not an simple endeavour), one advantage of contract contingent mechanisms would be a clearer sense of mission for PSB institutions in New Zealand. Particularly in the case of TVNZ, a clarification of both the appropriate levels of public to commercial revenue and the respective performance indicators to be used in gauging its delivery of policy outcomes could help
defuse some of the contentious political arguments and media coverage surrounding its balancing of commercial and PSB imperatives.

7.2.4 Contestable appropriations

- **Advantages:** Depending on the criteria used to determine allocation, contestable appropriations may offer several advantages over funding mechanisms which direct public funds towards pre-specified end users. Most obviously, they provide an ostensibly meritocratic distribution of funds towards broadcasters/ producers who undertake to deliver content that best fulfils desired PSB policy outcomes. Funding recipients cannot assume that public revenue received one year will be allocated to them again, thereby encouraging competition for quality, not just ratings. The distribution of contestable funds to a broad range of producers is more likely to promote innovation and risk-taking than funding allocated automatically and repeatedly to the same institution. If commercial operators are eligible to apply, it will help remove the basis for criticism about public funding unfairly distorting the market (and even help foster a culture of quality production in the commercial sector). Moreover, if the criteria for allocation are transparent, and/or if the fund is administered by an independent agency, there is less likelihood of generating perceptions of political interference and a higher chance of achieving broad legitimation.

- **Disadvantages:** Contestable appropriations may also entail some disadvantages. The diffusion of public funding across a range of end users may provide some worthwhile content production, but this may fail to provide any institution with the “critical mass” to have a positive structural influence on the sector as a whole. If a range of policy outcomes are desired, then a range of criteria covering different genres (and proportions of genres) may need to be developed, entailing further administrative complications. On the other hand, if allocation criteria are quite general, some PSB functions may end up being addressed more than others, possibly implying a narrowing of the broader PSB remit. Depending on the institutional form of the funding body, there is a risk of bureaucratic capture whereby the funder becomes dependent on the end user to legitimate the mechanism. That problem can be magnified if the funder is not vertically integrated (i.e. have the ability to guarantee that content is actually broadcast; e.g. broadcasters may refuse to broadcast programmes that do not fit scheduling priorities). Meanwhile, contestability is not in itself a guarantee of quality. Once operational funding criteria are understood by the client base, they may modify their applications instrumentally to optimise their chances of funding, compromising the spirit, if not the letter of the funding policy.

- **NZ Considerations:** The contestable fund operated by NZ On Air (and, on a smaller scale, Te Mangai Paho) has become a well established component of the broadcasting system and enjoys broad legitimation across a range of industry and commercial interests. It has helped foster and sustain a base of broadcasting production talent in the independent sector and increase the levels of local content on television and radio. The fact that content thus produced is clearly marked as having been made with NZ On Air or Te Mangai Paho funds helps raise public awareness of how public funding is being used. While in many respects, the NZ On Air contestable fund has been a success, its institutional basis is not entirely without shortcomings. In some respects, the contestable fund has become something of a “sacred cow” which politicians and policy makers are loathe to call into question lest they invoke the wrath of the commercial and independent production sector. However, as mentioned earlier, NZ On Air’s lack of vertical integration circumscribes its autonomy and in some respects, subordinates the fund to the scheduling priorities of mainstream broadcasters while risking bureaucratic capture.

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393 See Mayhew and Bradley-Jones, 2005; Thompson, 2004.
The administration and contractual obligations/restriction incurred by funding recipients is also a source of contention, particularly in regard to intellectual property and re-selling rights.

7.2.5 Direct licence fee

- **Advantages:** Licence fees which directly fund public broadcasters remain common in many OECD countries (although not all countries which have licence fees require separate payments from the public, and not all licence fees go directly to the broadcaster). One key advantage is that when operated as a separate fee payable directly by households/ individuals, the flow of revenue does not involve government. Although the government may determine licence fee levels, the fact that it is a separate fee which does not come from government budgets means that it is effectively “ringfenced”. Licence fees and the ends to which they are put are therefore largely insulated from allegations of political interference. Indeed, in Portugal, the radio licence fee was abolished and then reinstated partly because of the political pressures it represented for the budget. In the UK, the BBC’s licence fee has often been the subject of debate, but even when subjected to reviews by seemingly unsympathetic governments, the arguments for its retention have always outweighed the case for its redirection or abolition. Licence fees make the relation between the public and the broadcaster transparent, and assuming the broadcaster provides a service the public use, promotes a sense of ownership and accountability respectively. Licence fees are generally fixed over a period of time (although incremental increases may be included, e.g. Finland) which means the broadcaster has a level of certainty about future revenue.

- **Disadvantages:** Licence fees are usually an obligatory “flat tax” which means that ability to pay is not taken into consideration. Likewise, the fact that some people do not make use of the services which are provided via the licence fee may give rise to discontent or evasion of payment (collection enforcement may remedy the latter but at the expense of exacerbating the former). The public may also question their requirement to pay a licence fee if the services thereby provided are seemingly no different from other commercial content available on free-to-air channels. Even though licence fee revenue does not derive from the government, the fact that the government generally makes the decision about the quantum involved means that the potential for undue political influence is not avoided. Licence fees are sometimes difficult to sustain in line with inflation, partly because they tend to be fixed over a period of time and partly because when reviews come round, large increases to compensate may not be accepted by the public. The basis for licence fee liability usually stems from household use of radio and/or television. However, in a digital multi-media environment, this criterion may become increasingly redundant (Denmark and Norway are currently considering whether to extend the licence fee to cover all audiovisual reception equipment—which may include computers and cellphones).

- **NZ considerations:** Between 1989-2000, the licence fee in New Zealand was collected and distributed by NZ On Air rather than going direct to a broadcaster (see next section). While it was not a popular fee, collection rates were relatively high, and there seemed to be minimal debate about the rationale or implications of abolishing the licence fee when decisions were taken in 1999 (an election year). Comparing the licence fee system with the direct appropriations which replaced it, particularly in regard to TVNZ’s direct Charter subsidy, the former would certainly have provided more political insulation than the latter. There appears to be a common assumption that even if a licence fee mechanism offers advantages, reinstating such a fee would be publicly and politically untenable. No doubt such a move would meet with opposition from some quarters. However, considering the nature of reviews of public funding being undertaken via the Programme of Action, and
the likely development of digital services over the next decade or so, this is perhaps a claim that needs to be empirically substantiated before being taken for granted by policy makers. It is interesting to note that voluntary subscriptions to Sky’s pay-TV services have increased enormously despite its annual cost being far greater than the former licence fee. Whether that reflects public demand for live rugby or just avoidance of saturation-level advertising on free-to-air television, it is clear that the public is willing to pay for broadcasting services if it offers something they consider to be of value and/or unavailable elsewhere. On a related point, were the market penetration of an existing subscriber service like Sky to become near-universal (particularly if its digital conditional access system becomes the default industry standard for) it could be worth investigating the technical and legislative logistics of “piggy-backing” some sort of compulsory public service “licence fee” on top of the existing payment mechanism (thereby “packaging” the provision of public service channels along with other channel packages and “framing” public service fee payments alongside those for commercial movie and sports channels.)

7.2.6 Contestable licence fee

- **Advantages:** This variation of the licence fee collects funding directly from the public but makes it available on a contestable basis for PSB-oriented production. The pros and cons of contestable mechanisms and licence fees have already been discussed, but it is worth noting some distinct features of this variation. One particular advantage is the extension of the licence fee’s legitimation among the commercial sector operators when they become eligible for a proportion of it (even if this remains fractional and the PSB continues to receive the majority of the funds). By making the fee applicable to a broader range of end users, the responsibility for PSB content provision is extended to other institutions, rather than being concentrated in a single PSB provider. The corollary to this is that greater diversity will be encouraged and with it a greater likelihood that a broad section of the public will feel that their licence fee provides them with something of value.

  A contestable licence fee was the system operating from 1989-2000 in New Zealand, whereby NZ On Air collected the fee and distributed a large proportion through its contestable mechanism. Ireland also operates a contestable innovation fund, which operates through a “top slice” proportion of the licence fee (most of which goes to fund RTE). OFCOM has been contemplating the potential benefits of such a system in the UK, where increasing competition and fragmentation of commercial sector revenue streams has intensified commercial broadcaster resentment at the BBC’s scale and stability of funding (although whether that is an argument for or against retaining the existing system is a moot point).

- **Disadvantages:** Apart from the generic shortcomings of licence fees and contestable systems, this sort of mechanism may dilute not only the licence fee (making it less likely that any individual provider will gain a sufficient proportion of public to commercial revenue to significantly affect its commercial orientation) but also dilute the public sense of ownership and/or the PSB’s notion of accountability. The diffusion of the licence fee across a variety of functions/end users makes it more difficult to see the specific benefits that payment of the fee provides, while for the PSB, the sense of special responsibility which may derive from being entrusted with the entire fee might be diminished.

- **NZ considerations:** While the New Zealand version of this mechanism was discontinued, it is not self evident that the switch to direct appropriation has offered any significant improvement in terms of the realisation of PSB policy outcomes. If a reinstatement of some form of licence fee system were to be contemplated, the contestable version (or at least the eligibility of more than one provider) might facilitate a broader degree of legitimation than if it were directed toward a single institution.
12.2.7 Industry Levy

- **Advantages:** There are several possible modes of industry levy, but the most common is the appropriation of a proportion of advertising/sponsorship revenue generated by the commercial broadcasting sector which is then redirected towards PSB provision (either through direct subsidy of a dedicated PSB broadcaster or via a contestable fund). The broad advantage of this sort of mechanism is that the commercial broadcasting market itself compensates for its own market failure. The more advertising revenue that is available, the greater the funding to ensure that a proportion of content production decisions are insulated from commercial pressures. Industry levies also serve as a reminder that the broadcasting market is neither natural nor just another commercial sector, but has crucial cultural and democratic functions which need to be protected. Contributions are also proportional to income, so a small commercial operator will not make the same contribution as a major corporation with a significant market share. In Finland, the industry levy is progressive to minimise the obligation of marginally profitable operators and increase the contribution of operators who gain significant profits (although the system is being phased out as part of the strategy to expedite the transition to digital). This currently helps fund the main PSB provider, YLE. In Hungary, the ORTT also redistributes a proportion of the commercial broadcasting revenue towards non-commercial programmes via a contestable fund (note that this also maintains a positive correlation between public funding and commercial revenue - see contingent mechanisms in 7.1). In other countries, industry levies fund non-mainstream broadcasting services. In Canada, commercial television operators pay a subscriber fee set by CRTC to help fund indigenous television services (APTN), while in France, there is a 1% levy on commercial advertising revenue which provides funding for independent public radio (not dissimilar to access radio in New Zealand). The original UK Channel 4 model also relied on industry levies to support the PSB’s non-commercial remit. Some similarities to this model can be seen in the Netherlands’ system of appropriating public broadcaster advertising revenue to fund PSB provision. Industry levies, like public licence fees are not channelled through government budgetary systems, and therefore enjoy a degree of “ringfencing”, and insulation from perceptions of political interference. If the levy is not onerous and is allocated transparently to PSB provisions which do not compete for substitutable audiences and advertising revenue, it may be legitimated among commercial operators.

- **Disadvantages:** Under most circumstances, commercial broadcasters will oppose mechanisms which threaten to reduce profits. If one assumes that markets are a natural condition and that broadcasting is an enterprise like any other, then industry levies are likely to be interpreted as a form of arbitrary secondary taxation. From this perspective, standard business taxation and the levy are framed together: if a business has paid it taxes, why should it be made to pay again to help provide services that the government could provide from tax revenue? In a highly competitive market where many broadcasters are struggling to maintain market share, and where the quantum of advertising revenue is either diminishing or fragmenting, then an additional tax may well be opposed as an unreasonable burden (particularly if it is at a flat rate and unprofitable or marginally profitable operations are not exempt). If significant capital investment to facilitate the transition to digital broadcasting is likely to be needed over the short to medium term, the broadcasters may be inhibited from committing themselves to the

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394 Channel 4 was set up to provide non-mainstream content and commission innovative programming. It was funded by a levy on the commercial ITV companies. In return, the ITV companies gained the revenue from Channel 4’s commercial advertising, thereby ensuring that the broadcaster had a reliable revenue stream that would not be subject to direct commercial pressure. Channel 4 became a victim of its own success when its commercial revenues reached the point where its independent commercial viability appeared to be secure. As a commercially funded PSB, Channel 4 has survived but commercial pressure and the transition to digital broadcasting have put a strain on its original “alternative” remit. Ironically, OFCOM is now considering proposals to establish a “Public Service Publisher” which sounds remarkably similar to the original Channel 4 remit.
switchover if they are burdened with extra financial obligations (Finland’s decision to
phase out its levy reflected the recognition that broadcasters would need additional
capital to invest). Levies are likely to be particularly unwelcome if they are directed
toward PSB provision of a type which facilitates mainstream competition for substitutable
audience share/revenue, because that would mean that the commercial broadcasters are
being made to fund their PSB competitors. While some low-level levies to aid marginal
broadcasting activities may be tolerated, levies intended to support mainstream PSB
provisions are becoming increasingly unreliable as a source of revenue because of
changes in the broadcasting sector.

• **NZ considerations:** Considering the struggle for survival faced by several commercial
broadcasters over the past decade, the proposal of a levy which would take advantage of
their quite recent progression into marginal profitability would be strongly opposed,
particularly if the revenue were to be redirected to PSB operators like TVNZ which also
compete for audience share and advertiser dollars (although a levy on advertising would
presumably apply to TVNZ too). Meanwhile, the political right and the mass media would
very likely align themselves with the commercial operators’ objections, making the
mechanism difficult to legitimate. Any such proposal would have to make allowances for
marginally profitable operations, affect state-sector broadcasters as well as private
commercial operators, and probably undertake to redirect the revenue back into the
sector in a way that allowed the commercial operators to benefit (contestable funds for
local content and/or PSB genres, for instance). Such a mechanism would also have to
take account of digital strategy in New Zealand, and any expectation of future capital
investment from broadcasters. In a sector which has seen a high level of commercial
saturation over the preceding decade, the symbolic value of an industry levy might
nevertheless help cultivate an awareness that PSB provision is a collective broadcasting
responsibility. A progressive levy based on net profits or audience share above a certain
level would also avoid penalising marginally-profitable commercial operations while
ensuring that the largest commercial operators made the largest contribution towards
compensating for potential market failures.

### 7.2.8 Voluntary industry levy

• **Advantages:** The notion of a voluntary industry levy sounds rather strange, and indeed,
it is questionable whether it should be classified as a mechanism of public funding. However, it is included here both for interest and also because it helps illustrate an
approach to policy which is easily overlooked. Commercial broadcasters themselves will,
under some circumstances, allocate revenue towards public service provision. The
clearest example of this is Canada’s Cable Public Affairs Channel (CPAC). CPAC is a
not-for profit bilingual 24-hour parliamentary affairs service funded and carried by cable
operators. It was originally provided by CBC which withdrew the service in 1991. The
cable industry’s rationale for agreeing to continue the service has not been identified, but
it seems possible that their profitability generated a sense of noblesse oblige and/or a
political climate in which further industry regulation was being mooted made it prudent to
demonstrate public good faith without incurring crippling expense. It is the notion that
industry can take positive steps to enhance PSB provision in order to foster favourable
political relations and perhaps pre-empt formal regulation that is emphasised here as a
“mechanism”.

• **Disadvantages:** Such arrangements, by their nature, cannot be predicted or guaranteed.
Industry will not voluntarily undertake major financial commitments to provide PSB, and
will not voluntarily fund services which compete with their own. Small scale, marginal
services are therefore likely to be the limit of commercial goodwill.
• **NZ considerations:** New Zealand already has what might be argued to be a type of voluntary industry levy, in the form of industry local content target agreements. Insofar as local content production entails an opportunity cost compared with readily-available overseas content, this constitutes a form of voluntary levy. Moreover, the formulation of the informal local content targets emerged from a political climate in which formal regulation (which the commercial sector opposed) was being discussed. The targets are non-binding and reflect a realisation that there is a commercially viable audience who appreciate local content as well as a desire to promote a Kiwi brand identity. Nevertheless, the valorisation of local content across the sector has helped secure PSB policy outcomes without formal regulation.

### 7.2.9 Utilities levy

**Advantages:** Utilities levies are typically used as a collection mechanism for a pre-specified quantum of public licence fee. The principal advantage of this mechanism is that because the fee is paid in instalments as an addition to a regular bill for an essential service (typically electricity), it minimises the possibility of evasion and arguably reduces any public resentment at paying an additional "flat tax". The funds thereby collected are then allocated to PSB providers. Because the funds still come from the general public, the government’s budgetary considerations do not affect their appropriation or distribution, and so the system is "ringfenced". Low level levies are also less likely to be considered by the public to be an unacceptable burden. A system of this type operates in Greece. However, there is a variant form, which collects revenue for public broadcasting as a proportional levy on the respective utilities bill. This means that high users of the particular utility pay proportionally more than low users in terms of their contribution towards public broadcasting. In Turkey, the TRT is partly funded by a 2% levy on the electricity bill. In a digital multimedia environment where licence fees based on radio/television in the home provide a less valid link between the public and the PSB provider, levies on utilities such as telephone and other widely-used and regularly billed telecommunication services could provide an alternative.

**Disadvantages:** The lack of a natural relationship between the use of electricity or other utility and use of broadcasting services may undermine the legitimation of the utilities levy. Efficiencies in collection may not be compensated for by additional administration costs, particularly if the utilities provider is not a national, centralised organisation. In the case of a proportional levy on the utilities bill, income levels may not be consistent throughout the year (people use more electricity during winter).

**NZ Considerations:** While a low-level utilities levy might offer an alternative way of generating public appropriations to fund PSB activities in New Zealand, if it were based on the electricity bill, it would meet with significant complications. This is because the liberalised market has given rise to multiple operators in different regions and a complex division between the companies which generate power and those which provide the transmission line infrastructure. The level of levy would have to be modest in order to avoid a negative impact on sales or an additional burden on poorer households struggling to pay the existing utilities bills, and in a small market, that could reduce the likelihood of generating a meaningful quantum. As the New Zealand media sector becomes increasingly digitalised and multimedia services begin to overlap or supersede traditional broadcasting, telecommunication levies could offer a more viable alternative then electricity levies (particularly since telephone services are currently less diversified in terms of service provision).
7.2.10 Audiovisual Retail Levy

**Advantages:** The imposition of a proportional charge on the sale of audiovisual communications hardware and software is another mechanism that provides a public revenue stream outside government budget processes and thereby provides a degree of “ringfencing”. Unlike a flat licence fee charge or the somewhat tenuous link between the use of utilities services and broadcasting services, a levy on audiovisual goods exhibits a more natural and income-proportional connection. Thus people who spend a lot of money on audiovisual hardware and software would pay proportionally more towards public service provision. Moreover, the charges are dispersed across a range of products (many of which would be considered luxury items) and thus unlikely to be resented. If implemented through an existing goods/services tax scheme then the administrative infrastructure for collection may already exist. In Turkey, the “banderolle” tax collects a proportional levy on the sale of televisions, videos/DVD players, CDs, DVDs and other related products which is used to fund TRT.

**Disadvantages:** The administrative complexity and expense of operating a separate tax scheme would be an impediment to implementation, particularly if other goods and services taxes are already collected by retailers. Even the modification of an existing scheme would be inconvenient and would require the separation of the audiovisual proportion of a more generic stream of tax revenue. If the levy were collected through government, the “ringfencing” benefit could potentially be lost. Audiovisual retail would not necessarily provide a consistent source of revenue because of seasonal trends and also periodic market fluctuations (complicated by the diffusion patterns of new technologies: sudden surges in sales as a new technology takes off followed by a tail-off as the market becomes saturated). Insofar as digital strategies wish to encourage the take-up of new reception hardware, an additional tax could impede rapid diffusion. Retailers of physical products may feel disadvantaged compared with on-line providers of audiovisual software (which is far more difficult to monitor). Finally, there may be a negative correlation between the purchase of audiovisual goods and the use of PSB services: people may buy a DVD player because they do not want to watch free-to-air television.

**NZ Considerations:** The introduction of such a mechanism in New Zealand would probably be opposed by the retail sector unless it could be smoothly incorporated into or “piggy-backed” alongside existing GST collection systems. There would also be some complex debate about which goods and services to include or exempt from the levy. The levy would have to be kept at a minimum level in order to avoid inhibiting sales, which would reduce the level of revenue that could realistically be collected in a relatively small market.

7.2.11 Broadcaster operational licence

**Advantages:** A number of countries have traditionally charged broadcasters for their rights to operate broadcast services. In some cases, the operating fees are fixed rate (e.g. Canada’s CRTC is funded through operating licence income) but they may be linked to earnings (e.g. ACMA’s operating fees in Australia) or audience size/signal reception (in Poland, the KRRIT administers progressive operational licence fees according to the potential size of the audience within signal reception range, thereby obliging major national broadcasters to pay proportionally more for accessing a larger proportion of the audience). One advantage of the operating licence fee as a funding mechanism is that it provides a stable, transparent revenue base which (especially in the case of revenue-proportional fees) obliges broadcasters to pay appropriate compensation for their
broadcasting privileges. Insofar as the revenue is not channeled through government or subject to budgetary considerations, it is also “ringfenced”.

- **Disadvantages:** In the digital multi-media environment, the scarcity of spectrum is no longer a serious impediment to broadcasting service provision. The principle of paying for access to zero-sum resources where one person’s allocation reduces availability to others therefore no longer applies. If an increasing number of services are available through transmission media which do not require electromagnetic spectrum allocations, then operating licence fees may become redundant or discriminate against traditional broadcasters. Operating licences may also represent an additional financial burden for broadcasters at a time when investment in new transmissions infrastructure is needed to facilitate the transition to digital broadcasting.

- **NZ Considerations:** Spectrum access in New Zealand has been overseen by the Communications portfolio under the Ministry of Economic Development. Spectrum management rights for most broadcasting/telecommunication frequencies have been auctioned off for periods of up to 20 years. It would therefore be politically and legally impractical to charge operating licence fees in addition or instead.

### 7.2.12 Broadcaster concession

- **Advantages:** An indirect way of providing revenue to PSB providers is to make them exempt from other financial obligations to the government which would normally represent a financial cost. One advantage of this mechanism is that it reduces unnecessary administrative processes that might be entailed if public broadcasters pay revenue via taxes, operating licence fees, or industry levies, only to receive the money back from government. It may also assist with cash-flow for the broadcaster if budgets are marginal and help differentiate between the expectations of public broadcasters providing non-commercial public services and commercial operators which operate as businesses. Concessions could also be considered on a conditional or periodic basis to allow broadcaster to retain more of their revenue for infrastructure reinvestment.

- **Disadvantages:** Concessions of this type are not always visible and may reduce the transparency of accounting reports for the PSB. Meanwhile, commercial sector broadcasters may oppose such concessions on the grounds that it provides special privileges to the state sector operators and creates an uneven playing field (effectively a variation of the market distortion argument). Politically speaking, concessions can be largely invisible, which means that public contributions to broadcasters are not noticed or duly acknowledged.

- **NZ Considerations:** Given the political and media interest in the financial transparency of the public broadcasting sector, introducing broadcaster concessions might be contentious if applied only to the state sector broadcasters. In the case of TVNZ, its current simultaneous receipt of Charter subsidies and payment of dividends has been questioned, and insofar as dividends are a shareholder issue not a matter of general taxation, a concession which removed dividend repayments could conceivably increase transparency. In regard to the promotion of investment in digital transition, temporary tax concessions to broadcasters committing funds to public infrastructure development could help provide incentives to expedite digital transition.
7.2.13 References

8.0 CONCLUSIONS & RECOMMENDATIONS

The project has provided an overview of the institutional and funding arrangements for public broadcasting across 30 OECD countries. As section 4 demonstrates, there is clearly considerable diversity in both the form and function of public broadcasting institutions in each country reflecting a variety of historical, political, economic and cultural factors in each country. The range of mechanisms used to determine funding levels and collect/distribute public broadcasting funds is similarly diverse and reflects the particular structural features of the broadcasting sector in the respective countries (4.4 & 5.4).

From the data provided on the 30 OECD countries, the project has developed three working typologies to assist in the classification and comparison of different policies and funding arrangements. Six classifications of funding setting mechanisms were identified (5.2), and twelve classifications of funding mechanism (5.3). In addition, seven classifications of language-specific broadcasting policy rationales were identified (6.1). These typologies are by their nature not definitive, and may well require revision or modification in the future. However, they have served their working function of differentiating between different funding systems sufficiently clearly to allow some distinctive characteristics to be discerned and their respective advantages and disadvantages to be discussed. The extended discussion on some of the public broadcasting policy trends and issues which are likely to have an impact on funding policy arrangements (6.0) provided the context for the subsequent analysis of each funding setting mechanism (7.1) and collection/distribution mechanism (7.2).

The report therefore covers a wide range of material which resists any simple summary. By and large, the findings confirm the report’s initial premise that the utility of any particular mechanism for setting and collecting/distributing public funding cannot be inferred from its formal characteristics and must take account of the specific features of each national context. A system that functions well as a component of one country’s broadcasting system may not produce equivalent benefits if transplanted into another. Whether or not a funding setting mechanism can sustain the provision of public broadcasting services and secure desired policy outcomes over time depends on what sort of services are supported and the nature of the policy outcomes desired.

Likewise, the effectiveness of a particular mechanism for collecting and distributing public revenue depends in part on the type of services provided, the institutional form of the PSB, the level of commercial competition, the amount of commercial revenue available, and so forth. With change likely in the broadcasting sector as digital broadcasting services evolve, these variables cannot be regarded as static. Consequently, the extent to which a particular set of funding arrangements is able provide certainty of funding to allow strategic planning, exhibit insulation from political interference (or perceptions thereof), moderate demand-driven pressures on policy makers, and/or enjoy broad legitimation within the broadcasting sector and society at large is liable to change too. The respective interests of different institutions and agents in preserving, modifying or abolishing a particular set of funding arrangements may alter over time and they adapt their strategies to shifting conditions in the sector (and each other).

One interesting finding of the report is that none of the OECD countries have an explicit, quantifiable mechanism, process or benchmark for determining the appropriate level of public funding for broadcasting. There are several mechanisms through which funding levels are set and increases determined, but none that boil down to a neat algorithm or ratio. In some respects, this is not surprising, since normative assumptions about what kind of PSB provision is appropriate, affordable, and justifiable in each national context.

It is interesting to note that two thirds of the OECD countries provide public funding for broadcasting at a rate between 0.10% and 0.25% of GDP (see 4.4). Although that represents significant differences in the total level of funding and per capita ratios (and therefore very
different types of PSB service provision), it might indicate a broadly similar degree of broadcasting policy priority across a range of national contexts. It would be premature to suggest that is some manifestation of deep structural processes, but if one considers the OECD to represent a group of industrialised economies with ostensibly democratic polities and (in most cases) a relatively developed civic culture, then one would expect a broadly similar range of pressures, priorities and circumstances to shape policy priorities and funding commitments.

It is important to bear in mind that policy is not developed in a vacuum. The practical reality is that funding mechanisms operating in any given country are likely to reflect budget constraints, political expediency, legislative compromises and incremental responses to circumstantial pressures as much as any coherent philosophical position or consistent set of values. Contextual pressures such as the precedents set through existing policy/legislation, existing statutory functions of broadcasting institutions, budget limitations, degree of political consensus on broadcasting, public attitudes towards licence fees or public broadcasters, frames of reference in media reports on broadcasting, demographic/linguistic composition, technological infrastructure and structural configurations of the broadcasting market will all have some bearing on funding decisions. The political space remaining after all these factors have been accommodated is where policy developments normally have room to manoeuvre. Indeed, this is supported by the fact that over half the countries in the OECD rely government policy as a mechanism for determining funding levels.

In regard to New Zealand, it is interesting to note that when the government initiated its reforms of what was a highly commercialised and liberalised broadcasting sector, the scope of policy options under consideration was shaped by budgetary advice on what was likely to be affordable (even before the commissioned reports on delivery mechanisms and transmission platforms were complete 395). Thus in practice, the pragmatics of budget negotiations have tended to provide the benchmarks for the levels of broadcasting funding, which in turn have shaped the scope of broadcasting policies deemed to be feasible. This point is being raised because if the aim of the Programme of Action is to establish a clear mechanism/benchmark for determining appropriate funding levels, at some point there will be a need to specify what kind of policy outcomes are actually desired. But if the desirability of policy outcomes is dependent on budget availability, one risks entering a (viciously) circular argument where what is considered desirable is defined by what is regarded as affordable and vice versa. To avoid continuously “begging the question”, funding decisions need to be benchmarked against policy outcome definitions that are, in the first instance, not circumscribed by budgetary considerations (even if the latter compromises the former in the final instance). Approaching the development of funding mechanisms from premises which conflate the desirable with the affordable is likely to lead to issues being defined from within the existing policy and institutional framework.

Because of the contextual issues outlined, above, it is clearly not possible to identify empirically demonstrable laws of how different mechanisms for setting funding levels and/or collecting and distributing revenue will function in a way that promotes the policy outcomes desired by the Programme of Action. However, the issues and processes identified in the report may provide a basis for some hypothetical principles to be outlined by way of conclusion. These are not intended to be prescriptive or exhaustive, but to provide some specific themes for reflection.

8.1 HYPOTHETICAL PRINCIPLES GOVERNING FUNDING MECHANISMS FOR PUBLIC BROADCASTING:
(Listed in no special order of importance/priority)

- Mechanisms for setting funding levels usually presuppose that an appropriate benchmark for determining funding levels has been established.

- Funding mechanisms that appear to function effectively in country A may not function effectively if implemented in Country B. The position of the mechanism in the overall broadcasting system always needs to be considered.

- Funding setting mechanisms are dependent on the policy environment and reflect pragmatic responses to extraneous pressure as much as coherent policy philosophy and values. There are no simple, fixed-formula benchmarks.

- Funding mechanisms which increase financial transparency and broadcaster accountability are less likely to generate perceptions of undue political influence or misuse of funds.

- Funding mechanisms which take account of general inflation and changing pressures/priorities in the broadcasting sector will increase broadcasters' financial certainty and reduce the likelihood of lobbying pressure.

- Funding mechanisms that are determined by government may be less vulnerable to perceptions of political interference if funds are seen to be administered through an intermediary agency.

- Mechanisms which do not channel funds through government or which are determined by an independent agency can be framed separately from budgetary considerations and "ringfenced".

- Funding mechanisms which support only state-sector PSBs are more likely to be opposed by the commercial sector, especially if the PSB is a) not clearly differentiated from the commercial operators and/or b) also funded by commercial revenue, and/or c) likely to compete for substitutable audience share.

- Funding mechanisms for which all broadcasters are nominally eligible enjoy broader legitimation than those which direct funds only to PSBs (even if the PSB are systematically guaranteed to benefit most).

- As competition for commercial audiences and revenue streams increases, so does commercial intolerance of public funding perceived to facilitate PSB competition for substitutable audience/revenue.

- Funding mechanisms which support PSB providers whose functions are clearly differentiated from commercial operators are likely to be less contentious.

- Funding mechanisms which “piggy-back” on existing broadcast/telecom service payment systems are likely to encounter less political or logistical resistance than new, separate payment systems.

- The legitimation of funding mechanisms supporting language-specific broadcasting policies is influenced by the framing of policy rationale.
• Recipients of public funding will strategically modify their operation to optimise/ increase certainty of that funding. Contingent funding mechanisms will encourage broadcasters to modify operations in line with whatever criteria are being measured.

• Funding mechanisms which source public revenue in ways that do not require active bill payment or flat-tax sums are less likely to be contentious.

• Funding mechanisms which require the public to actively pay for services received may foster a stronger sense of ownership/ stakeholder interest.

• The general public does not in principle object to paying for broadcasting services that clearly deliver something of value to them.

• Commercial operators will sometimes accept opportunity costs of investing in PSB provision if there are indirect benefits and the PSB service does not directly compete for substitutable audience/revenue.
8.2 RECOMMENDATIONS OF COUNTRIES FOR FURTHER INVESTIGATION

The terms of reference ask that the report make some recommendations about countries whose broadcasting funding arrangements would seem to merit further attention by New Zealand policy makers. The terms of reference stop short of requesting recommendations of specific mechanisms or policies. The report will therefore identify a number of countries which would merit further investigation in terms of achieving the stated policy outcomes of the Programme of Action.

The recommendations have been broken down into four categories on two levels. The four categories identify countries which exhibit potentially relevant funding setting mechanisms, funding collection/distribution mechanisms, demographic/economic similarities to New Zealand, and language-specific broadcasting policies. The countries identified under each category are broken down into two levels of relevance. High relevance denotes that the country is deemed to be of particular interest to policy makers and highly likely to be informative and/or instructive in that regard. Moderate relevance denotes that the country is also deemed to be of relevant policy interest, but more by way of useful comparison or exemplification of particular policies or funding mechanisms. The countries are listed in alphabetical order in each section. This does not denote ranking or priority.

Recommendations of OECD member nations meriting further attention: (lists are in not in order of priority)

<table>
<thead>
<tr>
<th>Reason for Recommendation: /Relevance:</th>
<th>Funding Setting Mechanism</th>
<th>Funding Collection/Distribution Mechanism</th>
<th>Demographic/ Economic Similarity to New Zealand</th>
<th>Language-Specific Broadcasting Policy</th>
</tr>
</thead>
</table>
| High relevance: Further Investigation Recommended | • Belgium
 • Finland
 • Germany
 • Ireland
 • Netherlands | • Belgium
 • Finland
 • Germany
 • Ireland | • Finland,
 • Ireland | • Finland
 • Ireland |
| Moderate relevance: Worth noting for comparative examples | • France
 • Hungary
 • Norway
 • UK | • Australia
 • Canada,
 • France
 • Netherlands
 • Norway
 • Poland
 • Portugal
 • Spain
 • Sweden
 • Turkey | • Denmark
 • Norway
 • Slovakia | • Iceland
 • Spain
 • Sweden
 • Switzerland
 • UK (Wales) |
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- BBC News UK Edition www.news.bbc.co.uk/1/hi/world/europe/country_profiles/1047864.stm DOR 19.10.05
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11.0 APPENDIX 1: RESEARCH TEAM

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## 12.0 APPENDIX 2: QUICK REFERENCE TABLES

### Statistical Summary of public broadcasting funding in OECD countries

Country-by-Country comparison of Population/ GDP/ Public Broadcasting Quantum. (Please note that these figures do not all derive from the same financial year and are intended for approximate comparison only.)

<table>
<thead>
<tr>
<th>Country</th>
<th>Total Quantum $US$m</th>
<th>GDP US$m</th>
<th>Quantum as % GDP</th>
<th>Population 1000</th>
<th>Quantum/capita US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>1175.45</td>
<td>631,500</td>
<td>0.19</td>
<td>20,100</td>
<td>58.5</td>
</tr>
<tr>
<td>Austria</td>
<td>475.69</td>
<td>290,100</td>
<td>0.16</td>
<td>8,185</td>
<td>58.1</td>
</tr>
<tr>
<td>Belgium</td>
<td>505.67</td>
<td>349,830</td>
<td>0.14</td>
<td>10,405</td>
<td>48.5</td>
</tr>
<tr>
<td>Canada</td>
<td>979.88</td>
<td>979,764</td>
<td>0.10</td>
<td>31,902</td>
<td>30.7</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>107.50</td>
<td>107,047</td>
<td>0.10</td>
<td>10,183</td>
<td>10.6</td>
</tr>
<tr>
<td>Denmark</td>
<td>495.0</td>
<td>243,043</td>
<td>0.20</td>
<td>5,397</td>
<td>91.7</td>
</tr>
<tr>
<td>Finland</td>
<td>423.74</td>
<td>179,146</td>
<td>0.24</td>
<td>5,237</td>
<td>80.9</td>
</tr>
<tr>
<td>France</td>
<td>3468.46</td>
<td>2,002,582</td>
<td>0.17</td>
<td>59,991</td>
<td>57.8</td>
</tr>
<tr>
<td>Germany</td>
<td>5,770.54</td>
<td>2,362,000</td>
<td>0.24</td>
<td>82,431</td>
<td>70.0</td>
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<td>Greece</td>
<td>281.5</td>
<td>203,401</td>
<td>0.14</td>
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<td>Hungary</td>
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<td>99,712</td>
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<td>12,380</td>
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<td>Ireland</td>
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<td>183,600</td>
<td>0.17</td>
<td>4,000</td>
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<td>1,672,302</td>
<td>0.10</td>
<td>57,573</td>
<td>29.1</td>
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<td>Japan</td>
<td>5,800.0</td>
<td>4,623,398</td>
<td>0.13</td>
<td>127,764</td>
<td>45.4</td>
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<td>Korea</td>
<td>527.92</td>
<td>940,000</td>
<td>0.06</td>
<td>22,775</td>
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<tr>
<td>Luxembourg</td>
<td>3.83</td>
<td>31,143</td>
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<td>450</td>
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<tr>
<td>Mexico</td>
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<td>Netherlands</td>
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<td>577,259.6</td>
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<td>49.2</td>
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<td>New Zealand</td>
<td>130.61</td>
<td>852,900</td>
<td>0.15</td>
<td>4,106</td>
<td>31.8</td>
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<tr>
<td>Norway</td>
<td>527.0</td>
<td>250,168</td>
<td>0.21</td>
<td>4,582</td>
<td>115.0</td>
</tr>
<tr>
<td>Poland</td>
<td>155.24</td>
<td>241,382</td>
<td>0.06</td>
<td>38,28</td>
<td>4.1</td>
</tr>
<tr>
<td>Portugal</td>
<td>146.94</td>
<td>168,281</td>
<td>0.09</td>
<td>10,436</td>
<td>14.1</td>
</tr>
<tr>
<td>Slovakia</td>
<td>94.26</td>
<td>84,700</td>
<td>0.11</td>
<td>5,400</td>
<td>17.5</td>
</tr>
<tr>
<td>Spain</td>
<td>98.23</td>
<td>991,441</td>
<td>0.01</td>
<td>41,286</td>
<td>2.38</td>
</tr>
<tr>
<td>Sweden</td>
<td>786.5</td>
<td>346,404</td>
<td>0.23</td>
<td>8,985</td>
<td>87.5</td>
</tr>
<tr>
<td>Switzerland</td>
<td>861.41</td>
<td>359,500</td>
<td>0.24</td>
<td>7,489</td>
<td>115.0</td>
</tr>
<tr>
<td>Turkey</td>
<td>267.62</td>
<td>301,949.9</td>
<td>0.09</td>
<td>71,727</td>
<td>3.7</td>
</tr>
<tr>
<td>UK</td>
<td>5588.9</td>
<td>2,100,000</td>
<td>0.27</td>
<td>59,405</td>
<td>100.9</td>
</tr>
<tr>
<td>USA</td>
<td>396.25</td>
<td>12,589,600</td>
<td>0.003</td>
<td>297,537</td>
<td>1.3</td>
</tr>
<tr>
<td><strong>Means:</strong></td>
<td><strong>1037.88</strong></td>
<td><strong>1,122,781</strong></td>
<td><strong>0.144</strong></td>
<td><strong>36,629</strong></td>
<td><strong>46.43</strong></td>
</tr>
<tr>
<td>Mechanism</td>
<td>Description</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-------------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government Policy</td>
<td>Funding is determined by government, either annually or over a period according to budgetary and policy priorities. (e.g. New Zealand, Spain, Denmark).</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Parliamentary Legislation</td>
<td>Funding is set and changed only through Parliamentary approval of statutory regulations which are then on-going, pending further amendment or abolition. (e.g. Iceland)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Independent Agency / Authority</td>
<td>Funding is determined by an arms-length agency comprising of ostensibly independent council/board which either has authority to set funding levels or make binding recommendations thereon to government. (e.g. Germany, Ireland, Hungary)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inflation/ Index Linking</td>
<td>Funding follows existing ratios/levels but over time, automatic compensation is made for inflationary reductions of purchasing power parity. (e.g. Belgium, Ireland, Finland)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial Contingent</td>
<td>Funding levels are adjusted according to the commercial performance of the broadcaster/service provider in order to ensure fiscal viability without providing unnecessary (Belgium, Germany)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract Contingent</td>
<td>Availability of funding (or the continuation of funding) depends on the fulfilment of pre-specified conditions pertaining to public broadcasting provision. (e.g. France, Ireland)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Typology of Collection/ Distribution Mechanisms

<table>
<thead>
<tr>
<th>Mechanism</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct appropriation</td>
<td>Non-contestable quantum of money provided to the broadcaster directly from government. (e.g. TVNZ’s Charter subsidy)</td>
</tr>
<tr>
<td>Indirect appropriation</td>
<td>Non-contestable money provided to broadcasters but via an intermediary agency. (e.g. Radio NZ’s funding from NZ On Air)</td>
</tr>
<tr>
<td>Contingent appropriation</td>
<td>Variable amount of money provided by government to public broadcaster according to other revenue levels (e.g. Belgian and French state subsidies).</td>
</tr>
<tr>
<td>Contestable appropriation</td>
<td>Money provided by government not allocated to a pre-specified end user but made available to different broadcasters/ producers according to merit/ policy priority (e.g. NZ On Air's commissions of local programming, Netherlands’ STIFO fund).</td>
</tr>
<tr>
<td>Direct licence fee</td>
<td>Non-contestable money collected from the public by the public broadcaster or other agency for specific use by the public broadcaster- (e.g. UK's BBC licence fee)</td>
</tr>
<tr>
<td>Contestable licence fee</td>
<td>Money collected from the public by an intermediary agency but not automatically distributed to a specified broadcaster (e.g. NZ On Air before the licence fee was discontinued; Ireland’s Innovation Fund).</td>
</tr>
<tr>
<td>Industry levy</td>
<td>Money payable to government or public broadcasting agency by other commercial broadcasters as a proportion of revenue which is then used to fund public broadcasting (e.g. progressive fees based on revenue for operating licence in Finland, or original Channel 4 set-up in the UK).</td>
</tr>
<tr>
<td>Voluntary industry levy</td>
<td>Non-statutory funding from broadcasters directed towards specific public service provisions (e.g. Canadian CPAC).</td>
</tr>
<tr>
<td>Utilities levy</td>
<td>Money collected though a levy on some other general public services (e.g. electricity/phone bill) which is then used to fund public broadcasting. (e.g. Turkey’s 2% electricity levy)</td>
</tr>
<tr>
<td>Audiovisual retail levy</td>
<td>Money collected through a levy imposed on audiovisual hardware or software directed towards public broadcasting. (e.g. Turkey’s 'banderolle tax')</td>
</tr>
<tr>
<td>Broadcaster operational licence</td>
<td>Fees payable at a set rate to government or intermediary agency for broadcasting spectrum rights for a particular frequency (or access to other transmission mode) which are then used to fund public broadcasting. (e.g. Canada’s CRTC).</td>
</tr>
<tr>
<td>Broadcaster Concession</td>
<td>Government revenue foregone, either in lower taxes or free access to spectrum in return for provision of some level of public service function. (e.g. corporate tax exemption for Iceland’s RUV).</td>
</tr>
</tbody>
</table>
## Country-by Country Breakdown of Mechanisms for Setting And Collecting/Distributing Public Broadcasting Funds

<table>
<thead>
<tr>
<th>Country</th>
<th>Funding Setting Mechanisms</th>
<th>Collection/ Distribution Mechanisms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>• Government policy</td>
<td>• Direct appropriation</td>
</tr>
<tr>
<td></td>
<td>• Broadcast operating licence</td>
<td>• Broadcaster operating licence</td>
</tr>
<tr>
<td></td>
<td>• Broadcaster concession</td>
<td>• Broadcaster concession</td>
</tr>
<tr>
<td>Austria</td>
<td>• Parliamentary legislation</td>
<td>• Direct Licence fee</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Direct appropriation</td>
</tr>
<tr>
<td>Belgium</td>
<td>• Commercial contingent</td>
<td>• Contingent appropriation</td>
</tr>
<tr>
<td></td>
<td>• Contract contingent</td>
<td>• Direct appropriation</td>
</tr>
<tr>
<td></td>
<td>• Parliamentary legislation</td>
<td>• Indirect appropriation</td>
</tr>
<tr>
<td></td>
<td>• Index link to inflation</td>
<td>• Direct Licence Fee</td>
</tr>
<tr>
<td>Canada</td>
<td>• Government Policy</td>
<td>• Direct appropriation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Contingent appropriation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Industry levy</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Broadcaster concession</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Voluntary industry levy</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>• Parliamentary legislation</td>
<td>• Direct licence fee</td>
</tr>
<tr>
<td>Denmark</td>
<td>• Government policy</td>
<td>• Direct licence fee</td>
</tr>
<tr>
<td>Finland</td>
<td>• Parliamentary legislation</td>
<td>• Direct licence fee</td>
</tr>
<tr>
<td></td>
<td>• Index link to inflation</td>
<td>• Industry levy</td>
</tr>
<tr>
<td>France</td>
<td>• Contract contingent</td>
<td>• Direct licence fee</td>
</tr>
<tr>
<td></td>
<td>• Government policy</td>
<td>• Contingent appropriation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Industry levy</td>
</tr>
<tr>
<td>Germany</td>
<td>• Independent agency</td>
<td>• Licence fee</td>
</tr>
<tr>
<td></td>
<td>• Commercial contingent</td>
<td>• Licence fee (via utility surcharge)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Direct appropriation</td>
</tr>
<tr>
<td>Greece</td>
<td>• Government policy</td>
<td>• Licence fee</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(via utility surcharge)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Direct appropriation</td>
</tr>
<tr>
<td>Hungary</td>
<td>• Parliamentary legislation</td>
<td>• Indirect appropriation</td>
</tr>
<tr>
<td></td>
<td>• Independent agency</td>
<td>• Industry levy</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Contestable appropriation</td>
</tr>
<tr>
<td>Iceland</td>
<td>• Government policy</td>
<td>• Direct licence fee</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Broadcaster concession</td>
</tr>
<tr>
<td>Ireland</td>
<td>• Index link to inflation</td>
<td>• Direct licence fee</td>
</tr>
<tr>
<td></td>
<td>• Contract contingent</td>
<td>• Contestable licence fee</td>
</tr>
<tr>
<td></td>
<td>• Independent agency</td>
<td>• Direct appropriation</td>
</tr>
<tr>
<td>Italy</td>
<td>• Government policy</td>
<td>• Direct licence fee</td>
</tr>
<tr>
<td>Japan</td>
<td>• Government policy</td>
<td>• Direct licence fee</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Broadcaster concession</td>
</tr>
<tr>
<td>Korea</td>
<td>• Parliamentary legislation</td>
<td>• Industry levies</td>
</tr>
<tr>
<td></td>
<td>• Independent agency</td>
<td>• Broadcaster Operating Licence</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Direct licence fee</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Indirect appropriation</td>
</tr>
<tr>
<td>Country</td>
<td>Policy</td>
<td>Financial Mechanism</td>
</tr>
<tr>
<td>----------</td>
<td>--------</td>
<td>---------------------</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>Government policy</td>
<td>Direct appropriation, Broadcaster concession</td>
</tr>
<tr>
<td>Mexico</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Netherlands</td>
<td>Parliamentary legislation, Index link to inflation, Commercial contingent</td>
<td>Direct appropriation, Indirect appropriation, (of commercial revenues), Contingent appropriation, Contestable appropriation</td>
</tr>
<tr>
<td>New Zealand</td>
<td>Government policy</td>
<td>Direct appropriation, Indirect appropriation, Contestable appropriation</td>
</tr>
<tr>
<td>Norway</td>
<td>Parliamentary legislation, Government policy, Index link to inflation</td>
<td>Direct Licence fee</td>
</tr>
<tr>
<td>Poland</td>
<td>Independent agency</td>
<td>Direct licence fee, Direct appropriation</td>
</tr>
<tr>
<td>Portugal</td>
<td>Government policy</td>
<td>Direct appropriation, Direct licence fee</td>
</tr>
<tr>
<td>Slovakia</td>
<td>Government policy, Index link to inflation</td>
<td>Direct appropriation, Direct licence fee</td>
</tr>
<tr>
<td>Spain</td>
<td>Government policy</td>
<td>Direct appropriation</td>
</tr>
<tr>
<td>Sweden</td>
<td>Government policy</td>
<td>Licence fee, Indirect appropriation</td>
</tr>
<tr>
<td>Switzerland</td>
<td>Parliamentary legislation</td>
<td>Direct appropriation, Indirect appropriation, Licence fee</td>
</tr>
<tr>
<td>Turkey</td>
<td>Parliamentary legislation, Government policy</td>
<td>Utility Levy (electric), Audiovisual retail levy</td>
</tr>
<tr>
<td>UK</td>
<td>Parliamentary legislation, Index link to inflation, Government policy</td>
<td>Direct licence fee, Direct appropriation</td>
</tr>
<tr>
<td>USA</td>
<td>Parliamentary legislation (Congress/Senate)</td>
<td>Direct appropriation</td>
</tr>
</tbody>
</table>
## Typology of policy rationales for language-specific broadcasting policies

<table>
<thead>
<tr>
<th>Policy Rationale</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Minority recognition</strong></td>
<td>Acknowledgement of non-indigenous minority group needs through requirement on PSB to provide relevant content and/or separate radio or television service to serve that language community. Services are typically far less extensive than mainstream PSB provision and higher levels may be difficult to legitimate.</td>
</tr>
<tr>
<td><strong>Indigenous recognition</strong></td>
<td>Acknowledgement of indigenous minority needs through requirement on PSB to provide relevant content and/or separate radio or television service to serve that language community. Extent of services usually lower than mainstream PSB, but the indigenous status of the language may provides greater legitimation for public funding.</td>
</tr>
<tr>
<td><strong>Civic equality</strong></td>
<td>Multiple language communities are recognised in principle as being equally deserving of broadcasting services irrespective of demographic proportions. While in practice this may not provide broadcasting services equally across all language communities, there is more likelihood of parallel radio and TV channels for mainstream and minorities.</td>
</tr>
<tr>
<td><strong>National identity</strong></td>
<td>Promotion of national language(s) to reinforce national cultural identity is specifically recognised as a PSB broadcasting function. (This may in some cases, promote the preferred national language over and above others and discriminate against non-indigenous minority language communities).</td>
</tr>
<tr>
<td><strong>Demographic significance</strong></td>
<td>Multiple language communities exist in comparable demographic proportions and large sections of society would be disadvantaged by a monolingual PSB system. Parallel radio and television services and comparable funding levels are therefore provided for all major language communities.</td>
</tr>
<tr>
<td><strong>Language preservation</strong></td>
<td>Recognition that an indigenous language (possibly national and/or official) is endangered (e.g. due to prevalence of another national language) and therefore requires specific broadcasting services/ funding to preserve a living language community. Legitimation of funding enhanced if the country is the only place where the language is spoken.</td>
</tr>
<tr>
<td><strong>Legal obligation</strong></td>
<td>Statutory/constitutional/legal conditions oblige the state to provide language-specific broadcasting services, either because the language is endangered or because of other rulings concerning the state’s obligations to a minority group.</td>
</tr>
</tbody>
</table>
## Table showing break-down of countries and language-specific broadcasting services

<table>
<thead>
<tr>
<th>Country/Policy rationale</th>
<th>Language-related service provision</th>
<th>Language policy context</th>
</tr>
</thead>
</table>
| **Australia**           | • Imparja TV- Northern territory aboriginal service  
                          • SBS- national multicultural | • Imparja TV promotes Aboriginal Culture and language;  
                          • SBS has a multicultural remit which includes minority culture/language content. |
| **Austria**             | • No language-specific services identified |                          |
| **Belgium**             | • VRT and RTBF serve the Flemish and French speaking communities respectively | • French and Flemish are official languages.  
                          • Both language communities are demographically significant, although Flemish (related to Dutch) is a specifically indigenous language. |
| **Canada**              | • CBC operates both English and French services  
                          • ATPN operates a national aboriginal TV service | • English and French are both official languages (French predominates in the Quebec region).  
                          • Other indigenous/minority languages also have their own specific services. |
| **Czech Republic**      | • Radio Prague operates a Romany service. | • Indigenous/minority language provision |
| **Denmark**             | • No language-specific services identified |                          |
| **Finland**             | • YLE operates a TV service (FST) and two radio services (Vega, Extrem) in Swedish, plus a Sami Radio service in the Lapp region* | • Finnish and Swedish are both official languages. Although the Swedish language community is a distinct minority they have equal citizenship status.  
                          • Sami language is semi-official but indigenous to the Lapp region. |
<p>| <strong>France</strong>              | • FT and Radio France have French language promotion in their PSB remits | • French is the national language but the government nevertheless specifically includes its promotion and preservation in public service obligations. |
| <strong>Germany</strong>             | • No language-specific services identified |                          |
| <strong>Greece</strong>              | • No language-specific services identified |                          |
| <strong>Hungary</strong>             | • Magyar Televisio and Magyar Radio have PSB remits which require inclusion of cultural/linguistic minorities | • Ethnic/linguistic minority identified in PSB remits |
| <strong>Iceland</strong>             | • Both RUV and commercial | • Icelandic language preservation is a statutory requirement of all |</p>
<table>
<thead>
<tr>
<th>Country</th>
<th>Language Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iceland</td>
<td>Broadcasters have statutory requirement to promote and protect Icelandic language.</td>
</tr>
<tr>
<td>Ireland</td>
<td>RTE operates a television service (TG4) and an radio service (Radio na Gaeltachta) in Irish (Gaeilge).</td>
</tr>
<tr>
<td>Italy</td>
<td>RAI’s PSB remit includes promotion of Italian.</td>
</tr>
<tr>
<td>Japan</td>
<td>No language-specific services identified.</td>
</tr>
<tr>
<td>Korea</td>
<td>No language-specific services identified.</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>CLT/RTL operates a radio and television service in Letzeburgish.</td>
</tr>
<tr>
<td>Mexico</td>
<td>Numerous regional/ethnic-linguistic radio stations operate, some supported by charitable foundations.</td>
</tr>
<tr>
<td>Netherlands</td>
<td>Public service channels provide content in Frisian as well as Dutch.</td>
</tr>
<tr>
<td>New Zealand</td>
<td>MTS provides television in Te Reo Maori. Regional Iwi radio services operate in Maori. Te Mangai Paho commissions Maori programming. Radio Niu FM provides Pasifika language services, as does Radio 531PI and SCR. Triangle TV and other regional TV stations broadcast some.</td>
</tr>
<tr>
<td>Country</td>
<td>Minority language programmes</td>
</tr>
<tr>
<td>-------------</td>
<td>-----------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Norway</strong></td>
<td>• Indigenous recognition</td>
</tr>
<tr>
<td></td>
<td>• NRK Sami operates radio services in the Lapp region as part of the NRK's PSB remit</td>
</tr>
<tr>
<td><strong>Poland</strong></td>
<td>• National identity</td>
</tr>
<tr>
<td></td>
<td>• Poland has Polish language/culture quotas for broadcasters but no other language-specific services</td>
</tr>
<tr>
<td><strong>Portugal</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• No language-specific PSB services have been identified, but A Dois caters to an ethnically diverse audience.</td>
</tr>
<tr>
<td><strong>Slovakia</strong></td>
<td>• Minority recognition</td>
</tr>
<tr>
<td></td>
<td>• Slovak Radio’s Radio Patria broadcasts in Hungarian as part of its PSB remit.</td>
</tr>
<tr>
<td></td>
<td>• Slovenska Televizia also carries some content in Ukrainian and German.</td>
</tr>
<tr>
<td><strong>Spain</strong></td>
<td>• Indigenous recognition</td>
</tr>
<tr>
<td></td>
<td>• The Basque radio network operates several regional Basque-language stations</td>
</tr>
<tr>
<td></td>
<td>• The Catalan broadcasting Corporation provides indigenous</td>
</tr>
<tr>
<td><strong>Sweden</strong></td>
<td>• Civic equality</td>
</tr>
<tr>
<td></td>
<td>• Indigenous recognition</td>
</tr>
<tr>
<td></td>
<td>• SVT, SR and UR have statutory PSB obligations towards minority languages.</td>
</tr>
<tr>
<td></td>
<td>• SVT2 broadcasts content in Sami and Finnish (also sign language)</td>
</tr>
<tr>
<td></td>
<td>• Sveriges Radio operates a Finnish Radio service</td>
</tr>
<tr>
<td><strong>Switzerland</strong></td>
<td>• SBC operates a number of services in four official languages: German (5 radio, 2 TV)</td>
</tr>
<tr>
<td></td>
<td>• French (4 radio, 2 TV)</td>
</tr>
<tr>
<td></td>
<td>• Italian (3 radio, 2TV)</td>
</tr>
<tr>
<td></td>
<td>• Romansch (1 radio, 1 TV)</td>
</tr>
<tr>
<td>Country</td>
<td>National Identity</td>
</tr>
<tr>
<td>---------</td>
<td>------------------</td>
</tr>
<tr>
<td>Turkey</td>
<td>National identity now limited by legal obligation</td>
</tr>
<tr>
<td>UK</td>
<td>Indigenous recognition, Language preservation, National identity</td>
</tr>
<tr>
<td>USA</td>
<td>CPB promotes the production of content to serve diverse cultural/linguistic communities</td>
</tr>
</tbody>
</table>
**Recommendations of OECD member nations meriting further attention:**
(lists are in not in order of priority)

<table>
<thead>
<tr>
<th>Reason for Recommendation: /Relevance:</th>
<th>Funding Setting Mechanism</th>
<th>Funding Collection/Distribution Mechanism</th>
<th>Demographic/Economic Similarity to New Zealand</th>
<th>Language-Specific Broadcasting Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>High relevance: Further Investigation Recommended</td>
<td>• Belgium • Finland • Germany • Ireland • Netherlands</td>
<td>• Belgium • Finland • Germany • Ireland</td>
<td>• Finland, • Ireland</td>
<td>• Finland • Ireland</td>
</tr>
<tr>
<td>Moderate relevance: Worth noting for comparative examples</td>
<td>• France • Hungary • Norway • UK</td>
<td>• Australia • Canada, • France • Netherlands • Norway • Poland • Portugal • Spain • Sweden • Turkey</td>
<td>• Denmark • Norway • Slovakia</td>
<td>• Iceland • Spain • Sweden • Switzerland • UK (Wales)</td>
</tr>
</tbody>
</table>