

The use of funds collected for “Public Service Broadcasting”

A RTR-GmbH report
<http://www.rtr.at>

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1 Introduction

1.1 Scope of the Report

The main aim of this report is to produce a fact-based, up to date survey on how the funds, which are collected for "Public Service Broadcasting" are used in the various countries and to provide a picture on the method¹ of funding the Public Service Broadcasters (PSBs) in Europe.

We asked also for a short overview on the status of DVB-T (Digital Video Broadcasting Terrestrial = DTV), which we intentionally kept short.

The forms of financing itself and the situation between the countries differ drastically. Especially data about the quite scattered arena of private broadcasters is not always readily available or lacks substantially on quality. Therefore we put our focus on:

General Principles of Financing the Public Service Broadcaster

General Funding Principles of the Regulatory Authority

Digital Video Broadcasting – Terrestrial (DVB-T)

How is DVB-T financed? Is there e.g. a special project initiated specifically out of public funds?

When compiling the report we took serious efforts in order to get the complete picture.

1.2 Main findings

The picture of the Public Service Broadcasters all over Europe is scattered. This not only for organisational differences, as e.g. some PSBs unite the TV and the Radio arm, in some countries TV and Radio are run by two different organisations. Also the financing of the PSBs itself is disperse. Out of the EC/EFTA states (where we received data) in four states the Public Service TV Broadcaster was completely financed out of the general budget. In the Belgian regions Brussels and Flanders the systems was switched to public budgeting financing recently. The Walloon region is to follow in the beginning of 2003. In Portugal this was done for the PSB-TV in 1990, the PSB-Radio is financed by a fee collected with the electricity bill.

The usage of collected funds "for Public Service Broadcasting" is not very uniform. In those EU/EFTA countries information received from on average 90% of the fees collected "for Public Broadcasting" is directly distributed to the PSB. In Austria 34% are used for other purposes and only 66% are received by the PSB.

Regarding terrestrial broadcasting, digitalisation has started to be implemented commercially in four States (Spain, Sweden, Finland and the United Kingdom) and there are plans to launch in nearly all other States. It should be kept in mind that about 50% of European households currently receive television only through terrestrial reception, while 30% receive it through cable and 20% through satellite dishes. This breakdown reflects the delivery mechanism used for reception on the primary set in the house, but many households who use cable or satellite for their primary set also use terrestrial reception for their secondary or tertiary sets. The question of a viable business case and foremost the question of financing DVB-T remains largely unanswered.

¹ focus on fees vs. state budget

2 Countries

2.1 Austria

General Principles of Financing the Public Service Broadcaster

The licence fee is collected by the *Gebühren Info Service GmbH* (GIS - a 100 % subsidiary of the ORF, the Austrian Broadcasting Corporation).

The Public Service Broadcaster is dually funded, whereby ~50% are based on fees collected from the viewers.

66% of these fees collected for "Public Service broadcasting" are distributed to the PSB, the undistributed rest to the general budget, to the federal states, to art sponsoring and a minor part is used for the financing of the fee collecting organisation.

Reorganisation of the Public Service Broadcaster

On January 1st, 2002, the revised Federal Act concerning the ORF entered into force. It brought a clearer definition of public service broadcasting and some minor restrictions for commercial activities (aimed at reducing product placement, cross promotion and some forms of joint marketing of advertising); also the legal status of the ORF was changed symbolically and the governing bodies were reorganized and restaffed.

General Funding Principles of the Regulatory Authority

The relevant part of the Austrian Regulatory Authority for Broadcasting and Telecommunications² (RTR-GmbH) and The Austrian Communications Authority (KommAustria³) are funded directly by the broadcasting organisations in Austria.

DVB-T⁴

The constraints in available spectrum make it difficult to establish a scenario for digital switchover.⁵

The Austrian government has decided to launch digital terrestrial television next year, bringing the country into line with its European neighbours, committing to an initial DVB-T trial in and around Graz, the second largest city after Vienna, situated in Austria's south-east⁶.

Currently, research is underway to determine how many households in Graz and surroundings can take part. The trials are being coordinated by 'Digitale Plattform Austria'⁷, a consortium founded in Vienna in January 2002 by the regulatory authorities RTR GmbH and KommAustria. The organisation will also work out a concept for the country's nationwide digitalisation and set the timetable for the switch-off of analogue transmissions⁸.

Secretary of State for Arts and Media Franz Morak said that he expects a field trial during 2003. The nationwide roll-out shall be finished by end of 2003.

The modus for financing DVB-T is worked out at the moment.

2.2 Belgium

General Principles of Financing the Public Service Broadcaster

² <http://www.rtr.at>

³ <http://www.rtr.at/web.nsf/deutsch/Ueber+Uns~KommAustria?OpenDocument>

⁴ Further information on the Austrian trials is available (in German) at:
www.rtr.at/web.nsf/englisch/Rundfunk~Digitale+Plattform+Austria

⁵ According to the Act on Private-TV the Austrian Regulatory Authorities RTR GmbH and KommAustria set up an expert group on digitalisation (called "Digital Platform Austria"), comprised of experts from industry (broadcasting, hardware, software, telecommunications), trade, science, consumers and the Regulatory Authority, to work out a roadmap to digitalisation, with emphasis laid on DVB-T. The group has to come up with proposals for regulatory and legislative measures to be taken in order to ensure that Austria does not fall behind the European developments in digital broadcasting.

⁶ <http://www.dtg.org.uk/>

⁷ Information in german language: <http://www.rtr.at/web.nsf/deutsch/Rundfunk~Digitale+Plattform+Austria>

⁸ <http://www.dtg.org.uk/>

The situation is peculiar, as three different fee collection societies are/were responsible for the different parts of the country. One each for Flanders (Dutch speaking), the Walloon region (French speaking) and the Region of Brussels.

Collecting of fees has been abolished by the beginning of the year 2002 for the region of Brussels and Flanders. For Walloon the fee has been severely cut from EUR 186 (BEF 7.500) to EUR 138 (BEF 5.600) p.a. and is to be abolished after 01 Jan 2003.

There is no direct link between the collecting organisation and the public service broadcasters. The collecting societies give/gave all the money to the respective regional budgets. The collected fees are going/went 100% to the respective regional government, the fees collected in Brussels were divided 20% to the flamish and 80% to the walloon regional budget.

The Public broadcasters are then financed from the respective budgets.

As a general principle there is no advertising, but a small amount of sponsoring ("the weather program is offered you by ...").

General Funding Principles of the Regulatory Authority

The VCM (Vlaams Commissariaat voor de Medien) has the responsibility to grant, to prologue and to revoke licences.

The CSA (Conseil Supérieur de l'Audivisuel) in the french language area has next to administrative tasks also advisory, control and sanction functions.

DVB-T

Belgium has very high cable penetration and few households have rooftop aerials, so planning is proceeding on the basis of reception on portable TVs. It is thought that Single Frequency Networks (SFNs) operating at 8K will be the outcome but planning authorities will want to see the performance of receivers in large area SFNs in other countries before committing⁹.

2.3 Czech Republic

General Principles of Financing the Public Service Broadcaster

Czech Television (CT), the public service broadcaster has two channels (CT1 and CT2) and is financed dually:

- 1) Public funding = licence fee that should be paid by each TV-set owner (currently CZK 75/month - the amount is determined by Parliament). This fees are collected by Czech Post, which won the collection in a competition. All the money collected goes to the Public Broadcaster, a part is retained for the collection expenses.
- 2) Some (limited) commercial income: advertising, sponsorship, sale of programmes or TV rights, and some other commercial activities.

CT keeps its income (after tax deduction) to itself and uses it for the funding of its activities. CT financially supports certain outside (cultural or humanitarian) activities (several Czech films were made with financial support of CT), but CT is not required by law to do so.

Next to CT there are two private channels: TV Nova and Prima, financed out of advertising.

General Funding Principles of the Regulatory Authority

The Council for Radio and Television Broadcasting is established by the Broadcasting Act dated 17 May 2001 (No. 231/2001 Coll.) as an administrative authority which shall execute government administration in the area of radio and television broadcasting and transmission.

The Council shall supervise maintaining and further development of programme plurality and information in the area of radio and television broadcasting and transmission. It shall also observe the independence of the content and it shall fulfil other tasks laid down by legal regulations.

Each year the Council shall submit to the House of Deputies the annual report on its activities and on the status of radio and television broadcasting.

The Council for Radio and Television Broadcasting is paid from the state budget.

The Czech Television Council is the body exercising the public's right to inspect Czech Television's operations.

⁹ http://www.dtg.org.uk/reference/DVB-T_world/DVB-T_belgium.htm

Council membership is a public function. Council members are elected and recalled by the Chamber of Deputies. Proposed Council member candidates are presented to the lower house of Parliament by a broad group of organizations and associations. The Council elects a Chairperson from its midst, whom it may also recall.

The Council's powers include: appointing and recalling the Director General of Czech Television and, at his proposal, the directors of the television studios, approving the budget and final accounts of Czech Television and inspecting the adherence to the CT budget, approving, at the proposal of the Director General, the Statutes of Czech Television, presenting the Czech Television Code to the Chamber of Deputies for approval, approving the Director General's proposals for the establishment or discontinuance of television studios, making decisions on complaints regarding the Director General, overseeing the fulfilment of public-service tasks in the sphere of television broadcasting, and the fulfilment of principles issuing from the Czech Television Code, approving long-term plans for the programming, technical, and economic development of CT, appointing a supervisory board, and setting the wages of the Director General.

The Czech Television Council is accountable to the Chamber of Deputies, to which it presents the Annual Report on Czech Television Activities and the Annual Report on Czech Television Financial Performance.

The Council manages its own budget; the costs of Council operations are covered out of a separate expenditure item in the Czech Television budget. In 2001 the budget of Czech Television Council (paid by CT) was EUR 131.000. The Council's activities are governed by rules of procedure, and its meetings are open to the public.

DVB-T

Not introduced yet. The digitalisation of TV broadcasting is not fully treated in the Czech Republic. The Ministry of Transport and the Ministry of Culture which dealt with these issues were to provide a concept for a law by March 2002.

2.4 Denmark

General Principles of Financing the Public Service Broadcaster

The public service broadcaster DR is collecting the service fees and giving a share of 17% to the second public service broadcaster TV2.

DR is not advertising funded, but sponsored broadcasts are allowed to be transmitted. TV2 has a large part of advertising based funding.

The first steps towards privatisation of TV2 are now taken. The privatisation will take place at the latest in the end of 2006. When TV2 is privatised they will not receive any service fee.

General Funding Principles of the Regulatory Authority

The radio- and television board (in Danish 'radio- og TV-nævnet'): The members of the board are nominated by the minister of cultural affairs. The overall tasks of the Board are administration and supervision in the area of Radio and television such as:

- Criticise if law and regulations are broken by the stations
- Decide on different areas of sponsoring and advertising
- Administration of applications to broadcast

The budget is financed by fees from the stations which amount is rising in the future.

- 2001 0,4 mio DKK (EUR 53.875)
- 2002 and 2003: 0,4 mio. DKK (EUR 53.875 - rest is financed out of the general budget taxes)
- 2004 and 2005: 5,8 mio. DKK (EUR 781.188 fees becoming the primary source)

DVB-T

Following parliamentary approval, international co-ordination of a four-multiplex nationwide network was initiated in January 1999. However, the optimistic hope of starting DVB-T broadcasting by early 2000 soon faded. Latest news is that a new political process is now under way which it is hoped will enact the necessary legislative changes by the end of 2001¹⁰.

¹⁰ http://www.dtg.org.uk/reference/DVB-T_world/DVB-T_denmark.htm

The Ministry of Culture is the body responsible for issuing broadcasting licences and it was to issue tenders for DVB-T broadcast licenses during spring 2002 with the aim of starting DVB-T services during 2003¹¹.

Adoption of MHP as the API is anticipated. It is intended that the multiplexes will have a regional structure¹².

At the moment Denmark is working on a model for DVB-T, no regular transmission has been started yet.

2.5 Finland

General Principles of Financing the Public Service Broadcaster

In Finland television fees are paid by viewers and concession fees are paid by commercial operators. Both are collected by the Finnish Communications Regulatory Authority (FICORA) to the State Television and Radio Fund, which is managed by FICORA. The Council of State decides on the distribution of the fund. FICORA is both, the collector of television and concession fees and the Regulatory Authority (under the Ministry of Traffic and Communications).

Earlier it was possible for the Public service broadcaster (YLE) to sell advertising time in the connections of the big sport events (i.e. Olympic Games, WC Ice Hockey Games, etc.). The State Council gave a permission to this. Nowadays it is not allowed according to the law.

General Funding Principles of the Regulatory Authority

The Finnish Communications Regulatory Authority FICORA (new name since September 2001; former name was Telecommunication Administration Center TAC) has gone through an organisational change at the beginning of 2002. Because of the convergence of communications, it was seen necessary to develop also a more convergent organisation within the authority regulating the communication's field. The former organisation was replaced by media neutral divisions: Communications markets and services and Communications networks. This change means that media (broadcasting) administration is now a part of a larger unit. The supervision of communications services lies within the department of Communications markets and services.

FICORA covers the costs of its operations with the fees it collects. The main sources of income are radio transmitter licence fees, spectrum fees, telecommunications network numbering fees, postal operation supervision fees and Internet domain name fees¹³.

Distribution of income from fee-charging operations in 2001	EUR
Radio transmitter licence fees	4 741 168
Spectrum fees	5 148 101
Telecommunications network numbering fees	3 340 283
Internet domain name fees	828 764
Other fees	1 033 841
Postal operation supervision fees	843 841
Refund from the State Television and Radio Fund	10 122 916

DVB-T¹⁴

The starting phase of digital television in Finland has been slow and cautious. In 1999 the Government granted eight digital licenses to two multiplexes, also the Finnish Broadcasting Company Ltd (YLE) got an own multiplex for five channels. Only few of these channels have started broadcasting and most of them only with test broadcasts. Three of the license holders gave already up their licenses. New licences will be granted next summer after the new Communications Market Law comes into force.

There are several reasons for the complex situation. First of all the economic slowdown on the advertising market has brought financial problems for the commercial operators. Secondly the decision to choose MHP as the standard platform made starting very slow due to the fact that there have not been MHP receivers available in market. Now that other European countries, especially Germany, have chosen MHP, there is more hope of receiver markets becoming activated.

¹¹ http://www.dtg.org.uk/reference/DVB-T_world/DVB-T_denmark.htm

¹² http://www.dtg.org.uk/reference/DVB-T_world/DVB-T_denmark.htm

¹³ <http://www.ficora.fi/englanti/index.html> Annual Report 2001

¹⁴ <http://www.digitv.fi/english/etusivu.asp?path=9>

It is not foreseen to use public moneys for the digitalisation of terrestrial TV broadcasting. There are no direct state subventions or other fundings. The only public source of funds comes out of the PSB, which is budgeted by broadcasting fees paid by consumers and receives concession fees by commercial TV channels. There are no additional payments on the broadcasting fee for the digitalisation. This broadcasting fee has been raised with the argument that two different systems have to be operated simultaneously.

2.6 France

General Principles of Financing the Public Service Broadcaster

France TV is mainly financed by public fees (~72%) and by advertising/sponsoring. The group consists of :



The licence fee is collected by the Service de la Redevance (Ministry of Finance)¹⁵.

General Funding Principles of the Regulatory Authority

The *Conseil supérieur de l'audiovisuel (CSA)*, is an independent administrative authority that was created by the Law of January 17th, 1989 to guarantee broadcasting freedom in the conditions laid down by the modified Law of September 30th, 1986¹⁶.

Nine *Conseillers* are nominated for a period of six years by presidential decree. Three of these members including the President are designated by the French President, three by the President of the Senate, and three by the President of the National Assembly¹⁷.

Three of the mandates are renewed every two years and the functions of the members of the Conseil are incompatible with any other term of office, the civil service or any other professional activity¹⁸.

¹⁵ http://www.finances.gouv.fr/Tresor_public/audiovisuel/tv.htm#p1

¹⁶ <http://www.csa.fr/>

¹⁷ <http://www.csa.fr/>

¹⁸ <http://www.csa.fr/>

Tasks of the CSA are¹⁹:

- The CSA nominates the Presidents of state-owned radio and television stations ;
- The CSA issues broadcasting licences to FM and AM radio and private television companies. It also has authority over radio and television services broadcasted by satellite and/or distributed by cable ;
- The CSA issues opinions on government bills on broadcasting ;
- The CSA manages the frequencies for radio and television ;
- The CSA cares of the pluralist political expression on TV and radio ;
- The CSA oversees the quality of programmes.
- Election campaigns on radio and television
The CSA establishes the rules concerning the production, programming and broadcasting of election campaign programmes that radio stations and television channels have to produce and programme. For the duration of the electoral campaigns, the CSA issues recommendations to radio stations and to public and private television channels.
- Party political broadcasts
Each year, the CSA establishes the terms according to which airtime is granted to political groups represented in the Senate or the National Assembly and to the trade unions and professional organisations that are represented on a national level. These programmes are broadcast by France Inter, France 2 and France 3.
- Right to respond
The CSA establishes the terms for the right to respond to government broadcasts. If deemed necessary, the government can, at any given moment, have public radio and television broadcast its declarations.
- Professional code of ethics concerning programmes and the protection of children and teenagers
The law stipulates that it is the responsibility of the CSA to "oversee the quality of programmes" and to ensure "respect for human dignity", and as such it has significant powers of recommendation. The CSA has the power to make recommendations to broadcasters concerning the respect of principles set forth in the law. It is also within its powers to draw up conventions with private broadcasters which include commitments regarding information and the rights of the individual, but also regarding the protection of children and teenagers, and human dignity (images of violence, racist remarks, broadcast times of films with adult content...).
- Competition and mergers
The CSA can issue recommendations to the government on the development of competition in broadcasting. Its opinion is sought on matters brought before the Conseil de la concurrence (Competition Council).

The budget of the Regulatory Authority CSA is put down in the State budget and voted by the Parliament. In 2002, the budget of the CSA was EUR 33,73 millions. The amount of the budget proposed to the Parliament is decided by the Prime minister after a discussion between the ministry of Finances and the CSA.

DVB-T²⁰

The DBV-B launch is expected in 2003, covering 50 per cent of the country from the outset and ultimately reaching 85 per cent of the population. Most of the country will be served by six multiplexes providing a total of 33 channels (approximately half of them free to air), whilst a seventh will be available for the Paris region, providing six additional channels for use by local services.

No date has yet been set for analogue switch-off, but a decision may be made in a review planned in 2004²¹.

The hope is to balance free- and pay-channels in approximately equal numbers and take up is expected to be driven by the significant number of free channels as well as marketing by the pay operators. Improved reception is also expected to be a major driving force; the French regulator, the CSA, has decided to increase the power level so that indoor antennas can be used²².

¹⁹ <http://www.csa.fr/>

²⁰ <http://www.csa.fr>

²¹ http://www.dtg.org.uk/reference/DVB-T_world/DVB-T_france.htm

²² http://www.dtg.org.uk/reference/DVB-T_world/DVB-T_france.htm

A number of major players have taken a strong public stance against DVB-T, notably TF1, M6 and Canal+. However, TF1 has stated that it already has channels on satellite and will make them available to DVB-T whilst Canal+ is looking to be an operator in exchange for migrating the 5 million subscribers to its premium terrestrial analogue channel onto the platform²³.

To counterbalance the voices of dissent, an industry association, comprised of French public broadcaster France Television, AB Groupe, Lagardère, Netgem, Pathé, Bolloré, and NRJ, was set up in November 2001 to champion the DVB-T cause. France Television has already sold off its stake in DTH platform TPS to help finance its DVB-T plans, and has been awarded a one-time grant of EUR 150 million by the Government. As well as simulcasting its current channels (including 24-hour versions of France 5 and Arte, which share an analogue channel) it will launch a news channel, a replay channel and a regional channel in eight versions, using the regional news gathering capacity of France 3. AB Groupe and Lagardère have also said they plan to launch channels²⁴.

Dominique Baudis president of French broadcasting regulator CSA, has confirmed the widely held view that the launch of DVB-T would have additional delays. He explained in a press briefing that the CSA had received 66 valid applications out of a total of 69 received, considerably more than had been expected.

The CSA has already examined the applications in detail, and produced some 2500 pages of analysis, but further scrutiny of the applications through public examinations of all of the candidates started June 17th 2002. With half an hour devoted to each candidate, the hearings alone will take two weeks.

A new phase has been added after the end of the public hearings at the request of the new Minister of Culture and Communications Jean-Jacques Aillagon, comprising a 'consultation' between the CSA and the government to clear up various technical, legal and economic aspects that were not covered by the previous government and also determine the detailed timetable for deployment.

The DVB-T timetable slipped by two months last year while awaiting the relevant government permissions, but Baudis insisted that the latest setbacks were not a delaying tactic, but merely due caution in coming to the correct decision. "All of this information will take some time to digest, and any decision we take will be irrevocable and valid for 10 years, so we must not rush things," Baudis explained.

The CSA said that it will announce the results by 31 October 2002²⁵.

DVB-T will be financed by subscription fees and advertising for pay services and by advertisement of the free-to-air channels. The state budget will allocate, over three years 2002 to 2004, a budget of EUR 150 millions to France Télévision to set up the 3 new public channels for DVB-T.

Further possibilities for the switch-over are taken in consideration²⁶:

1. Raising the licence fee
2. tax advantages for adaption of the antenna
3. tax advantage for buying the set-top-box.

2.7 Germany

General Principles of Financing the Public Service Broadcaster

The German Public Service Broadcasters with the channels of the ARD and ZDF 3sat, ARTE, DeutschlandRadio, KiKa, Phoenix, ZDF, ZDFdokukanal, ZDFinfokanal, ZDFtheaterkanal are mainly (~80%) funded by the licence fees and also from advertising and sponsoring.

The fees are collected by the GEZ²⁷ (Licence fee collection agency of broadcasting corporations), the cost of collection is around 1,7% of the total fees collected.

General Funding Principles of the Regulatory Authority

In Germany, broadcasting and broadcasting regulation are the responsibility of the federal states (*Länder*). While the public service broadcasting corporations effect their own, internal regulation,

²³ http://www.dtg.org.uk/reference/DVB-T_world/DVB-T_france.htm

²⁴ http://www.dtg.org.uk/reference/DVB-T_world/DVB-T_france.htm

²⁵ http://www.dtg.org.uk/reference/DVB-T_world/DVB-T_france.htm

²⁶ Wirtschaftskammer Österreich

²⁷ <http://www.gez.de/>

regulatory authorities (Landesmedienanstalten) were set up in each state for the private broadcasting sector. Their brief covers licensing and monitoring duties and other functions involved in the setting up and further development of private broadcasting in that country. They cooperate on matters of principle and on national issues in an association of regulatory authorities for broadcasting (*Arbeitsgemeinschaft der Landesmedienanstalten, ALM*).

The general rules underlying this cooperation were revised most recently on 22 April 1997 in a resolution adopted by the General Conference of the ALM. The Preamble to the resulting instrument firmly states the regulators' intention to continue to cooperate efficiently, especially with a view to ensuring the equal treatment of private broadcasters and more effective implementation of decisions.

Cooperation between the regulators in the ALM takes place in three governing bodies: the Directors' Conference (DLM), the Committee Chairpersons' Conference and the General Conference.

In performing its functions, the ALM makes use of joint units (*Gemeinsame Stellen*) and committees (*Arbeitskreise*). Details of cooperation in the joint units and committees are contained in separate internal and procedural rules. Resolutions adopted by the ALM require a two-thirds majority of all members unless the latter unanimously agree on a different quorum for a particular task.

The general brief of the ALM is set forth in the "Principles of ALM Cooperation" dated April 1997 and comprises:

- safeguarding the interests of member regulatory authorities in the broadcasting field at national and international level
- exchanging news and views with broadcasters
- discussing issues of common interest in the field of audio-visual media, specifically: programming, law, technology, research and financing
- commissioning expert reports on issues of fundamental importance for the work of member institutes.

The special brief of the ALM includes:

- establishing that a particular media service is to be classified as broadcasting [second sentence of Section 20(2) of the German Interstate Broadcasting Treaty, the Rundfunkstaatsvertrag, RStV]
- the issue of joint guidelines on measures designed to ensure diversity in line with Sections 31 and 32 RStV
- coordination aimed at a uniform state-level procedure [first and second sentences of Section 38(2) RStV] to ensure adherence to other provisions of the Interstate Broadcasting Treaty prior to and following the approval of nationwide television
- collaboration in preliminary planning and technical work
- issue of and agreement on the use of joint guidelines, specifically as regards inadmissible broadcasts and the protection of minors, advertising and sponsoring, provision for consultation and exchanging experience with Germany's two public-service broadcasting corporations ARD and ZDF and
- questions of freedom of access under the terms of Section 53 RStV

The *Landesmedienanstalten* as relevant authorities receive 2% of the broadcasting fee for their activities.

The amount of this fee is checked by the "Kommission zur Ermittlung des Finanzbedarfs der Rundfunkanstalten" (KEF).

According to section 1 of the „Rundfunkfinanzierungsstaatsvertrag“ ARD, ZDF and DeutschlandRadio have to submit their financial needs every two years to the Commission.

DVB-T²⁸

A working group has been established, the final switch-over is scheduled for 2010.

²⁸ <http://www.ard-digital.de/FAQ>
[http://www.bmwi.de/Homepage/Politikfelder/telekommunikation%20%26%20post/telekommunikationspolitik/digitaler_rundfunk.jsp&SB=idr&host=www.bmwi.de](http://www.bmwi.de/Homepage/Politikfelder/telekommunikation%20%26%20post/telekommunikationspolitik/digitaler_rundfunk.src?url=Homepage/Politikfelder/telekommunikation%20%26%20post/telekommunikationspolitik/digitaler_rundfunk.jsp&SB=idr&host=www.bmwi.de)
<http://www.bmwi.de/Homepage/Politikfelder/telekommunikation%20%26%20post/telekommunikationspolitik/bericht.src?url=Homepage/Politikfelder/telekommunikation%20%26%20post/telekommunikationspolitik/bericht.jsp&SB=frequenz&host=www.bmwi.de>
http://www.bmwi.de/Homepage/download/telekommunikation_post/FGebVAend3.pdf

Germany is another country with a hard slog ahead in the search for DVB-T spectrum, but it also has one of the lowest analogue terrestrial viewerships in Europe, at just 8 percent, given increasingly high penetrations of cable. So DVB-T will be positioned as a competitor to cable, with 20 programme services and regional variations, but also offering mobile reception at "reasonable" driving speeds²⁹.

Germany puts great importance on the proposed revision to the Stockholm plan (which allocated existing frequency use in Europe in 1961) after which nation-wide coverage should become possible. Until then, services will be rolled out - beginning later this year - in seventeen 'island' sites, identified by the Lander (regional governments) and where frequencies can be found, and in some of which pilot services are already in operation.

The advance of the new digital technology has brought with it new tasks, .e.g., the handling of cable networks or the management and safeguarding of access to digital platforms for both public and commercial broadcasters. To deal with all of these issues, the Deutsche Landesmedienanstalten (DLM) set up the Digital Access Commission.

In this Commission, decisions are taken for the association by a board made up of five representatives. The office of the Commission is located with the Berlin regulatory authority. The chairman is Dr. Hans Hege.

The Digital Access Commission main objective is to establish a network for all players and sectors relating to digital access through internal and external communications: It combines and coordinates the technical competence and experience of the regulatory authorities in this field. It acts as a contact for the industry and as a one-stop agency, thus cutting down on red tape and providing a service for all players. It also cooperates with the Federal Cartel Office and the Regulatory Authority for Telecommunications and Post, thereby underlining the federal character of broadcasting and broadcasting regulation in Germany³⁰.

The digital age has started all over the world with countless initiatives and projects. The "Digital 2010" initiative of the German government or the European Commission's "eEurope" project signal the entry into an age which offers many new chances and opportunities for the industry, culture, and the individual alike. However, each change of parameters also bears a number of risks and the danger of misdevelopments, so early assessments and control are necessary³¹.

The mission guidelines are

- ensuring non-discriminatory access / *open access*
- providing a neutral platform for the industry and consumers
- promoting and consulting on technology and cultural developments
- guiding and coordinating for politics and the industry
- safeguarding free media in the digital world

Berlin is to commence the large scale roll-out of DVB-T transmissions and hopes to shut down all analogue transmissions by summer 2003³², turning the German capital into the country's first digital-only region, and catapulting Germany into the lead in the race to convert analogue terrestrial transmissions to digital³³.

Munich is to follow till 2004³⁴.

The timetable, recently finalised between broadcasters ARD, ZDF, SFB, ORB, RTL, SAT.1, Pro Sieben and the local media authority, Medienanstalt Berlin-Brandenburg, affects around 150,000, or 7.4 per cent, of Berlin's TV households who are solely reliant on terrestrial reception without being connected to a cable network or accessing satellite TV. Currently, the households in question can receive 12 channels using with their terrestrial aerial, but after DVB-T conversion, the number of receivable channels will double to around 24, and viewers will benefit from the associated improved picture and sound quality, and access additional multimedia services such as an electronic programme guide.

All broadcasters that form part of the agreement will be granted space on Berlin's digital airwaves. Public broadcaster ZDF, for example, will offer the viewers a special tailor-made DVB-T package called ZDFmobil. The offering contains ZDF's main domestic channel, information channel ZDFinfokanal, children's channel KI.KA and documentary channel ZDFdokukanal, time-sharing with a

²⁹ http://www.dtg.org.uk/reference/DVB-T_world/DVB-T_germany.htm

³⁰ http://www.digitaler-zugang.de/index_e.htm

³¹ http://www.digitaler-zugang.de/index_e.htm

³² see also <http://www.srg.ch/de/home/strassmann.ppt>

³³ http://www.dtg.org.uk/reference/DVB-T_world/DVB-T_germany.htm

³⁴ <http://www.srg.ch/de/home/strassmann.ppt>

multimedia service focusing on news and information.

DVB-T set-top boxes are expected to be available in shops in time for the beginning of the switch-over in autumn 2002, priced at around Euro 200 (GBP123). The first company to announce its production of DVB-T set-tops for Berlin's showcase is Galaxis, and according to the Lübeck-based decoder manufacturer, the delivery of the low-cost boxes to local retailers will commence at the end of August 2002. Doubtless, others will soon follow.

According to Fritz Pleitgen, chairman of public broadcaster ARD, the DVB-T transition in Berlin is "a milestone on the way into the digital TV age". He says that he expects the participating broadcasters to gain valuable experience regarding the nationwide roll-out of DVB-T in Germany, due to be finalised by 2010.

Pleitgen stressed that for the first time both public and commercial broadcasters have jointly agreed on a concept for the launch of digital terrestrial television. He explained that compared with the competing platforms cable and satellite TV, DVB-TV enjoys "unique importance" for ARD: "The terrestrial transmissions are a direct way to the audience on which we don't have to pay additional fees to third parties." He added that terrestrial reception via DVB-T would probably be more affordable for the viewers than cable or satellite.

RTL, Germany's largest commercial broadcaster, will, through the increased capacity DVB-T offers, make its family entertainment channel Super RTL available to terrestrial viewers in Berlin for the first time³⁵.

Concerning financing of DVB-T a distinction between the Public Service Broadcasters (ARD and ZDF) and the commercial broadcasters has to be drawn.

The commercial broadcasters have to cater for DVB-T expenses largely by themselves. Nevertheless the *Landesmedienanstalten* give subsidies. E.g. the *Landesmedienanstalt* for *Nordrhein-Westfalen* budgeted EUR 4 million for subsidising private broadcasters. According to the *Landesmedienanstalt* for *Bayern* a similar process will take place in all German *Länder*.

The PSBs ARD and ZDF have to apply for their financial needs with the KEF, the *Ministerpräsidenten* (prime ministers) of the *Länder* (federal states) have to approve. The PSBs applied for an additional funding to the KEF for the periods 1997-2004³⁶, which was largely granted by the KEF. For the current funding-period (2001-2004) an amount of EUR 94.589 million (DEM 185 million) was granted. For the next funding period (2005-2008) an application of about the same amount is in preparation.

The calculation of the funding is based on following assumptions:

- this additional funding is used for the simulcasting³⁷ period only, as the PSBs have to cater for the costs of analogue transmission also by themselves
- a model calculation estimates that the operation of the digital multiplexes is not more expensive than the operation of the transmission of the analogue programmes (costs for transmission over the frequencies used by the digital multiplex are the same as the costs for transmission over the same frequencies by analogue means) - therefore DVB-T is supposed to be cost-neutral to analogue transmission
- the costs of additional digital equipment (multiplexes, playout, ...) are catered for by the PSBs themselves out of their normal budget (by means of depreciation, innovation cycles, ...)

The field trial in Berlin is run on relatively weak frequencies, the equipment is sponsored by the companies running the antennas, i.e. *Deutsche Telekom AG* and *Sender Freies Berlin (SFB)*³⁸. Some subsidy was granted by the *Medienanstalt Berlin-Brandenburg*³⁹.

2.8 Greece

General Principles of Financing the Public Service Broadcaster

The ERT (*Elliniki Radiofonia Tileorassi* - Hellenic Broadcasting Corporation) is financed by

- a. advertisement
- b. licence fee that every household pays through the electricity bill
- c. on special occasions subsidy from the Government

³⁵ http://www.dtg.org.uk/reference/dt_world/dtt_germany.htm

³⁶ comp. KEF 13.Bericht <http://www.kef-online.de/web/bericht13/13bericht.pdf> pp 87f, 94

³⁷ simultaneous phase of analogue and digital transmission

³⁸ <http://www.sfb.de>

³⁹ see also http://www.garv.de/dvb_t.htm <http://www.mabb.de/digital/dvb-aktuell.html>

General Funding Principles of the Regulatory Authority

The National Radiotelevision Council's budget is granted by the government.

DVB-T

In 1998 a law determined the foundation of a company - digital platform on a subscription basis: ERT together with Alpha channel and Greek Telecom altogether founded the company and they signed a Memorandum of Understanding. Greek Telecom though withdrew, and in 2000 the company was dissolved.

2.9 Ireland

General Principles of Financing the Public Service Broadcaster

Dual funding out of public fees and advertising. The Licence fee is collected by An Post (Post Office).

General Funding Principles of the Regulatory Authority

The Office of the Director of Telecommunications Regulation is funded by frequency licence charges plus 3% of the turnover of Cable and MMDS operators.

DVB-T

The Multiplex Licence has been offered by Government tender. One applicant responded by the closing date of 3 August 2001. An investor is now being sought and a decision is expected shortly. Funding is required to cover transmission charges, set-top boxes and marketing.

Ireland's planned DVB-T service, due to launch this autumn, has been postponed again and is now unlikely to start until some time in mid-2003 amid growing doubts over the project's viability, since the PSB RTÉ decided to put its two TV services on the Sky Digital platform from April 2002. Sky Digital has scored astonishing success in the Irish Republic, with over 200,000 subscribers flocking to the service since launch, and is planning the first launch of Irish interactive digital TV. RTÉ's decision to go on Sky Digital has also been a severe blow to the two main Irish cablecos, Chorus and NTL, which are in the process of rolling out their own digital services. Irish language station TG4 is also planning to go on Sky Digital from April 2002, and TV3, partly owned by Granada, is also in negotiations with the satellite broadcaster⁴⁰.

Meanwhile, the announcement of the successful bidder for the planned six DVB-T multiplexes, due in the autumn of 2000, has been postponed, and was supposed to happen till this spring. Similarly, the announcement of the successful bidder for a majority stake in RTÉ's existing transmission network has also been postponed. So far, only one DVB-T bidder has publicly declared its intentions; an Irish-based consortium called it'sTV, headed by Peter Branagan, formerly RTÉ's head of digital development, along with three ex-RTÉ colleagues, and backed by Dublin venture capital firm Delta Finance. The only other possible candidate to be named so far is Esat Fusion, owned by BT⁴¹.

In the DVB-T licence competition, 80 per cent of the marks are being awarded on the basis of the applicant's business and promotional plans, with the remaining 20 per cent awarded on the basis of the amount of finance being put up by the applicant. Each of the six planned multiplexes will have five channels, with the first multiplex being allocated to RTÉ and the second divided between TG4 and TV3. It will be up to the DVB-T franchisee to find content for the other four multiplexes. It'sTV plans to use the WINDS system being developed by RTÉ as a back channel for their interactive services⁴².

It's envisaged that within a year of launch, DVB-T services will be available to about 65 per cent of Irish TV households, provided they have the right set top boxes. The real battleground for DVB-T is seen as rural Ireland, rather than urban areas, where the cablecos are well entrenched. Ironically, Southcoast Community Television, based in Carrigaline, Co Cork, which covers south Co Cork and parts of south Co Kerry and west Co Waterford, planned to start its new 40-channel service this spring, essentially digital MMDS⁴³.

⁴⁰ http://www.dtg.org.uk/reference/DVB-T_world/DVB-T_ireland.htm

⁴¹ http://www.dtg.org.uk/reference/DVB-T_world/DVB-T_ireland.htm

⁴² http://www.dtg.org.uk/reference/DVB-T_world/DVB-T_ireland.htm

⁴³ http://www.dtg.org.uk/reference/DVB-T_world/DVB-T_ireland.htm

2.10 Israel

General Principles of Financing the Public Service Broadcaster

Dual funding out of licence fees and advertising.

The licence fee is collected by the Fee Collection Department of IBA, the national broadcasting corporation.

General Funding Principles of the Regulatory Authority

The board of directors and the plenary council of the Israel Broadcasting Authority are small bodies concerned only with public broadcasting. Commercial TV and cable TV have their own regulatory council, financed by these organizations.

DVB-T

The DVB-T technology is still not applied to public broadcasting and therefore there is no budgeting for that project.

2001 saw increased penetration and expansion of digital television across many households in Israel, spurred by competition between new satellite television company Yes and the three cable companies: Tevel, Golden Channels and Matav. However, the same harsh competition that spurred the rapid expansion has caused heavy losses at all four companies⁴⁴.

Yes started operations July 2000, and the first in Israel's multi-channel television arena to offer the advantages of digital technology to potential subscribers, whilst its cable TV rivals retained the analogue technology. The company invested Shk511 million (EUR121.7 million) on digital installations in 2001, whilst spending Shk291 million (EUR14.5 million) on content, enabling Yes to offer interactive television communication services such as: e-mail, SMS text messaging from television sets and to cellular phones, online chats among the company subscribers⁴⁵.

Yes succeeded in steadily gaining ground against its terrestrial competitors, gaining 81,000 subscribers by the end of 2000. In 2001, the company had 100,000 subscribers at the end of the first quarter, 167,000 subs at the end of the second quarter, and 215,000 at the end of the third quarter. The company finished 2001 with 266,000 subscribers, whilst first quarter growth 2002 shows 300,000 subscribers⁴⁶.

However the satellite company faced several difficulties during the first 20 months of its operation, including delays in supplying services to subscribers, interruptions in broadcasting during heavy winds and rainy weather.

Yes filed huge losses of Shk840 million (EUR200 million) in 2001, raising the question about the future of the company. However, its main shareholder, Israel's national telephony and communication incumbent Bezeq, announced a plan to inject more money to the satellite television company, hoping to lead the firm to profitability and 600,000 subscribers within two years⁴⁷.

Yes's entrance on the Israeli television market shattered the monopoly of the cable companies and faced them with a challenge. The cablecos hit back with a vigorous campaign to convert their subscribers to digital technology, using a series of discounted subscription fees and other incentives⁴⁸.

Despite investing hundred of millions of shekels in building the digital infrastructure the cablecos campaign was only partially successful. According to the cable companies' own data, Golden Channels only succeeded in converting 180,000 out of 450,000 subscribers to digital broadcasting by the end of 2001, whilst Tevel provided digital services to just 140,000 of its 420,000. Matav had 120,000 digital subscribers from a total of 292,000 customers at the end of 2001⁴⁹.

The massive investment were a major factor in the cablecos filing record losses for the year. Tevel, the largest cable company, announced on losses of Shk854 million (EUR 203 million) in 2001, whilst Matav filed record losses of Shk246 million (EUR 58.6 million)⁵⁰.

⁴⁴ http://www.dtg.org.uk/reference/DVB-T_world/DVB-T_israel.htm

⁴⁵ http://www.dtg.org.uk/reference/DVB-T_world/DVB-T_israel.htm

⁴⁶ http://www.dtg.org.uk/reference/DVB-T_world/DVB-T_israel.htm

⁴⁷ http://www.dtg.org.uk/reference/DVB-T_world/DVB-T_israel.htm

⁴⁸ http://www.dtg.org.uk/reference/DVB-T_world/DVB-T_israel.htm

⁴⁹ http://www.dtg.org.uk/reference/DVB-T_world/DVB-T_israel.htm

⁵⁰ http://www.dtg.org.uk/reference/DVB-T_world/DVB-T_israel.htm

As a matter of survival, Tevel, Golden Channels and Matav pleaded with the Israeli Government to approve a three-way merger between them, and after protracted negotiation with the antitrust authorities and the communications ministry, the antitrust commissioner Dror Strum will give the go-ahead shortly. The name of the merged company will be Gvanim and it is hoped that it will commence operations by the end of 2002⁵¹.

2.11 Italy

General Principles of Financing the Public Service Broadcaster

The RAI⁵² (Radio Audizioni Italia) is an public limited company, the shares are hold by the public hand. RAI underlies parliamentary control. The RAI entertains the three public channels RAI 1, RAI 2 and RAI 3, wherewith it has an audience share of around 48%⁵³.

All the different funding sources, both public and commercial together with other sources of public funding, are used to finance the whole range of activities carried out by RAI. Specific activities connected to RAI's public service remit are set in the "Contratto di Servizio", an agreement between RAI and the State. In the "Contratto di Servizio" it is not mentioned which activities are financed by the licence fee rather then by commercial revenues.

A department in RAI is devoted to the collection of licence fee, which carries out the collection of fees on behalf of the Ministry of Finance.

General Funding Principles of the Regulatory Authority

The *Autorità per le garanzie nelle comunicazioni* - Italian regulatory authority in the communications sector - (AGCOM), was established by Law n. 249/1997 (hereinafter "Act"), to carry out the tasks assigned under EU - European Union - directives, both in the field of the telecommunications market and of audiovisual de-regulation. It is thus called, in Europe, "the single regulator" or "the convergence regulator". AGCOM started its operational activities at the end of July 1998. The NRA has an approach which is supportive of competition and encourages players to invest in the country. The NRA has absorbed the functions of the former Authority on Publishing and Press, and as a consequence is also responsible for regulatory affairs in those sectors, with broad responsibilities in supervising and enforcing compliance with legislation in the telecommunications, media and press-publishing sectors. The internal organisation of the NRA is based on the convergence of these related sectors, and its departments and services are therefore integrated to cover both audio-visual and telecommunications.⁵⁴

The overall budget of the NRA in 2001 was EUR million 41,8. The financing of the Regulatory Authority is 68,4% by the state budget, 17,5% by fees/charges paid by Incumbent/SMP operators; 9,8% by fees/charges paid by all other licensed operators (including fees from audio visual und publishing sectors; RAI has contributed in 2000 EUR 878.000). 4,2% are financed by other sources.⁵⁵

The functions of AGCOM are dealt with by the Council (*Consiglio*) and by two Commissions: one deals non-exclusively with issues related to infrastructures and networks (*Commissione per le infrastrutture e le reti*), the other deals (mostly, but not exclusively) with products and services matters (*Commissione per i servizi e i prodotti*).

DVB-T⁵⁶

On November 8, 2000, AGCOM presented to the public its White Paper on Digital Terrestrial TV. The White Paper is the result of the activity of the Committee for the digital systems development, composed by the President and three Commissioners of AGCOM, three representatives of the Ministry of Communications, a representative of the High Institute of Communications and Information Technology, and several broadcasters associations and research institutes.⁵⁷

⁵¹ http://www.dtg.org.uk/reference/DVB-T_world/DVB-T_israel.htm

⁵² <http://www.rai.it>

⁵³ Television 2001 p 194 adults 15+, all day

⁵⁴ http://www.agcom.it/eng/reports_docs/resp_reg.htm

⁵⁵ EC (7th Implementation Report) p 104

⁵⁶ <http://www.agcom.it>

- Annual report on activities and work programmes (6/99)

- The Regulation of Media in Italy (31-8-01)

- Communications in Italy in 2000

⁵⁷ http://www.agcom.it/eng/reports_docs/resp_reg.htm

The White Paper highlights the difficulties – frequencies for broadcaster and set-up boxes for users - of the operational phase of the transition from analogue to digital television. With respect to broadcasters, the Committee has proposed two scenarios: a) implementing the National Plan of Frequencies' Assignment (PNAF) and then pass to digital TV utilizing the frequencies as provided for in the PNAF; or b) identifying the frequencies still available and use them for the digital TV. As to the users the Committee has proposed State's incentives in order to provide each Italian family with a set-up box. The transition to digital TV is expected in 2006-2010, most likely 2010.

In March 2001, legislation was passed setting 31 December 2006 as the analogue switch-off date and requiring the Authority to issue a National Plan for the assignment of DVB-T frequencies before 31 December 2002. Until then, analogue broadcasters may start their own DVB-T trials by converting their analogue services to digital within the broadcasting region allotted to them or that allotted to their subsidiaries. In order to widen the potential number of parties interested in the operation of DVB-T, companies with two or more analogue licences must offer at least 40 per cent of their transmission capacity per multiplex to third parties⁵⁸. Italy is the first country to have fixed a deadline (31st December, 2006) to switch from analogical to digital television. By December 31, 2003, Rete 4 as well as TELE+ shall switch from analogical to digital transmission system. By the same date Rai Tre shall be publicity-free.

The new law transfers the responsibility to issue TV digital licenses from AGCOM to the Ministry of Communication. The main provisions of the law are:

- During an experimental period, which will last until the end of year 2002, the holders of more than one TV concession (i.e. RAI, Mediaset, TMC) shall reserve to entities not linked to the concession holders, including those broadcasting via satellite or cable, at least 40% of their transmission capacity.
- At the end of this period, AGCOM will decide, according to an equity criteria, the distribution of transmission capacity.
- Due to the lack of frequencies, the transfer of equipments and of branches of undertakings, among owners of national and local TV concessions, will be allowed after 3 years from the adoption of the law and on condition to start experimentation.
- Stricter sanctions against electromagnetic pollution are established.

DVB-T pilot trials are currently being undertaken by RAI, Mediaset, and Tele+. RAI's pilot trials are carried out in Turin, Rome, the Aosta Valley and Palermo. Mediaset plans to invest more than EUR 207 million in DVB-T over the next four years, and has already started buying TV frequencies for trials. Tele+ is currently converting its analogue frequencies to digital and is offering its subscribers a pay-TV bouquet in Sant'Agata de'Goti, La Spezia, Palermo, and Brescia⁵⁹.

Concerning the financing of the DVB-T there is no specific allocated sum resulting from licence fee for DVB-T but in the formula that sets the amount of the licence fee each year there's a figure to be invested generally in new technologies by RAI. Therefore it's up to RAI to determine on how to use this amount.

2.12 Liechtenstein

General Principles of Financing the Public Service Broadcaster

In 1978 the *Post- und Fernmeldevertrag* (Postal and Telecommunications Contract) with the Swiss Public Broadcaster was concluded. According to this the Swiss PSB catered for the Liechtenstein public service remit and received a compensation payment for this.

This contract was cancelled later on. Also in this context licence fees were abolished.

The public service remit is now catered for by Radio-L⁶⁰ a private company that holds the status of the "official country broadcasting station". For the public service remit Radio-L receives an undisclosed

⁵⁸ http://www.dtg.org.uk/reference/DVB-T_world/DVB-T_italy.htm

⁵⁹ http://www.dtg.org.uk/reference/DVB-T_world/DVB-T_italy.htm

⁶⁰ <http://www.radiol.li/>

amount, which is provided for in the “*Medienförderungsgesetz*” (law for the support of media) and decided about by the *Medienkommission* (Media Commission) for the *ordentliche Medienförderung* (Media Support) and the Government for *allfällige Leistungsvereinbarungen* (contractual activities) to be performed by Radio-L annually.

Another radio station, Radio Ri, entertains a studio in Liechtenstein, but is located itself in Switzerland.

Besides Radio-L following programmes are receivable via terrestrial means:

- Swiss Radio: DRS1 DRS2 DRS3
- Swiss TV: SF1, SF2; TSI, TSR,
- Next to German and Austrian stations.
- Private Radio stations and Sat-TV-programmes

Further it has to be noted that Liechtenstein is excellently supplied by cable TV with a household connection rate of 90%+.

General Funding Principles of the Regulatory Authority

The *Amt für Kommunikation*⁶¹ (Authority for Communication) is an independent authority of the *Landesverwaltung* (State Administration) and responsible for Telecommunications, Radio and TV. *The Amt für Kommunikation* is financed out of the State Budget.

DVB-T

DVB-T is a topic, as TV concessions were awarded exactly for this purpose.

IBC was an original licence holder for a DVB-T licence, but failed to go on air within the stipulated period. After revoking the licence it was auctioned off again 15 July 2002. Tele2 Tango was the winner in the auction and has to start operation within one year. The actual start will be possible after the government has passed on the licence – this process has already been started.

Cablecom GmbH Liechtenstein also has a licence for DVB-T and was supposed to go on air end of Mai 2002, but failed to do so. Now the process of revoking the licence as an option is under consideration. Up so far a short term prolongation of the business-uptake has been granted.

2.13 Luxemburg

General Principles of Financing the Public Service Broadcaster

The public broadcaster is one radio station, which is funded from the general budget, the projected amount for 2002 is EUR 2.739.150. No advertising is allowed, only a minor income from sponsoring.

General Funding Principles of the Regulatory Authority

Authorities have only partially competence, financed via the budget.

DVB-T

Around 90% of the households are connected to cable-TV, therefore no immediate need for DVB-T.

2.14 Netherlands

General Principles of Financing the Public Service Broadcaster

Since 2000 the Public Service Broadcasting is mostly funded out of the income tax, whereby the citizens pay a certain contribution for the public media. EUR 215 million is out of radio/TV advertising.

The Netherlands have a rather exceptional public broadcasting system. There is a Broadcasting Foundation (NOS) with the following tasks:

- Promotion of cooperation and coordination within national broadcasting
- Coordination on and between the different programme service networks
- Provisioning of a programme service
- Furthermore there are eight broadcasting associations with the following tasks
- To reflect a particular social, cultural, religious or spiritual movement within society
- To satisfy social, cultural, religious or spiritual needs existing amongst the public by providing a programme service

⁶¹ <http://www.ak.li>

- And finally there is the Programme Service Foundation (NPS) that should
- Make programmes which satisfy social, cultural, religious or spiritual needs amongst the public
- Provide a programme service, which together with the programme services of the other establishments provides a balanced reflection of the social, cultural, religious and spiritual diversity in the Netherlands.

Together the broadcasters received a budget of EUR 652 million in 2001. The budget is paid to the NOS who takes care of the distribution to the other public service organisations.

Besides there are regional public broadcasters, who are only partly funded by the media budget. The rest of their budget (EUR 52 million) is financed by the provinces. In total they received in 2001 EUR 95 million.

The international broadcasting organisation RNW is also part of the public service broadcasting system and receives a budget of EUR 42 million.

General Funding Principles of the Regulatory Authority

The Regulatory Authority in the Netherlands is the Ministry of Education, Culture and Science, which is financed by national taxes.

DVB-T

In the Netherlands Digitenne is the organisation that develops DVB-T. Digitenne is a platform in which several organisations are working together. Among them are the public broadcaster NOS as well as the commercial broadcasters. The project is not directly funded by public sources, only indirectly by participation of the public broadcaster NOS.

After the Dutch Ministry of Transport found a singular lack of interest by individual companies in launching DVB-T in the Netherlands a consortium of companies, consisting of Nozema, public broadcasters NOS and commercial broadcasters Canal+ and KPN, was established last year under the name of Digitenne to develop a DVB-T platform. However, Digitenne fell foul of regulatory problems on the road to a planned launch this Autumn and has suffered a delay which, in retrospect, was probably a good thing. Now they are back, firing on all cylinders, so to speak, with trials starting this month and a planned soft launch in April 2002⁶².

The Dutch regard portable DVB-T as a must, and fully mobile reception highly desirable, not least because the country has the highest cable penetration in Europe, with hardly an outside antenna to be seen anywhere. Five multiplexes are planned, but with coverage limited by frequency planning constraints to the north and west of the country⁶³.

Digitenne intend to start directly with MHP. Legislation is expected to limit data transmission to 80% of transmitted bandwidth⁶⁴.

2.15 Norway

General Funding of the public service broadcaster

Funded by fees. The fees are collected by the licence fee unit of NRK.

General Funding Principles of the Regulatory Authority

Financed out of the general budget (State financed).

DVB-T⁶⁵

At the moment all activities in this area are financed by the ordinary licence fee.

Norway has around 1,9 mio. households, whereby 1,42 mio. are supplied by cable TV. The terrestrial network is operated by the Telenor daughter Norking AS. This network is to be converted to digital by 2005.

⁶² http://www.dtg.org.uk/reference/DVB-T_world/DVB-T_netherlands.htm

⁶³ http://www.dtg.org.uk/reference/DVB-T_world/DVB-T_netherlands.htm

⁶⁴ http://www.dtg.org.uk/reference/DVB-T_world/DVB-T_netherlands.htm

⁶⁵ http://www.startside.no/radio_og_tv/norske_stasjoner/

http://www.startside.no/radio_og_tv/digital-tv/

<http://www.odin.dep.no/kkd/engelsk/>

<http://www.npt.no/no/system/html/index.html>

<http://www.smf.no>

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-operation 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.

The Norwegian Ministry of Culture has produced a green paper on proposals for DVB-T. The opportunities for new multiplexes is somewhat limited by the very high number of low power analogue transposers serving this mountainous country; also, channel 61 - 69 is currently used by radio links. So the plan is for two multiplexes with the possibility of a third, which will be sufficient for simulcasts plus a few new services. A period of one to two years will be needed to change frequencies for many transposers in the analogue networks before the third DVB-T multiplex can be introduced⁶⁶.

Ambitions to start services in the autumn of 2000 have now passed. It would appear that the government want the main broadcasters to agree rules of operation amongst themselves, which the government will cement with enabling legislation. Most assumed a launch in September 2001⁶⁷.

In the meantime, there is a pilot transmitter running in Oslo. During the autumn of this year, it will be replaced by one operating at the final planned power, together with a test SFN relay. A pilot transmission will also be started in the Bergen area later in the year. All of these transmissions are for tests of coverage and general engineering experience. They will not carry any programme service. Network planning is mainly based on multi-frequency networks (MFN), but there will be some single-frequency networks (SFN) used for limited areas. Both MFNs and SFNs are based on the 8 K mode⁶⁸.

2.16 Portugal

General Funding of the public service broadcaster

The public service radio broadcasting (RDP) and the Public Service TV broadcasting (RTP) organisations are dually funded.

There is a license fee for public service radio broadcasting, collected with the electricity bills (EUR 1,39 per household, per month). The license fee for public service TV broadcasting was abolished 1990.

General Funding Principles of the Regulatory Authority

The Regulatory Authority is funded from the budget of the Portuguese parliament, which is part of the state budget.

DVB-T

Last August, the Portuguese government granted a license for the operation of a digital terrestrial television platform in Portugal to be launched until 31 August 2002, allowing for 28 frequencies and comprising the following "must-carry" obligations:

1. Until the transition to digital broadcasting is completed, access must be provided for the two national and two regional public service broadcasting channels, as well as for the two commercial channels already operating on analogue frequencies;
2. Access must also be provided for three new free-to-air channels, one of them to be operated by the public service broadcaster, the other two by new operators.

The awarding process of these two new operators - as well as of any other that will use the digital frequencies - falls under the scope of AACCS but was delayed due to the general elections and the change of government that took place recently.

2.17 Romania

General Funding of the public service broadcaster

Collection of fees via the Romanian Postal System.

⁶⁶ http://www.dtg.org.uk/reference/DVB-T_world/DVB-T_norway.htm

⁶⁷ http://www.dtg.org.uk/reference/DVB-T_world/DVB-T_norway.htm

⁶⁸ http://www.dtg.org.uk/reference/DVB-T_world/DVB-T_norway.htm

The Romanian PSB is financed via:

- license fees 65%
- advertising: 13,5%
- state budget (for covering the costs of the transmission network: 11,3%)
- other income sources ~ 10%

General Funding Principles of the Regulatory Authority

The Regulatory Authority - The National Audiovisual Council - is entirely financed from the state budget.

DVB-T

DVB-T is now tested by National Radiocommunication Company, the owner of the whole terrestrial transmission network. As soon as they will finish digital transmission could start.

2.18 Spain

General Principles of Financing the Public Service Broadcaster

TVE, the public broadcaster is financed out of the budget and out of its own television advertising and sponsorship.

General Funding Principles of the Regulatory Authority

The CMT (Comision del Mercado de las Telecomunicaciones⁶⁹) is in the area of broadcasting responsible for solving infrastructure conflicts between broadcasters. Each autonomous region has the right to have its own Media Council (Consejos Audiovisuales), which solves conflicts about content issues. At the moment there exists one for Madrid and one for Catalonia.

The main financing source of the CMT is the 1,5 %o of the annual turnover of all authorized parties (Licensed Telecom operators, Broadcasters not licensed as "telecom operator", do not finance CMT, TVE does not have a telecommunications license and therefore does not finance the NRA). The CMT has the aim to safeguard, for the public benefit, conditions of effective competition in the audiovisual market, supervising correct pricing and act as an arbitrating body for such conflicts which may arise in the audiovisual sector.

DVB-T⁷⁰

There is no special project initiated. DVB-T is financed by the Government.

A part of the General Budget goes to the Public Broadcaster, but not specifically for DVB-T.

Spain is generally reckoned to have around 12 million homes. Cable penetration is low (at around 300,000 homes receiving a combo service of telephony, internet and analogue TV. Canal+ established an analogue premium channel some years ago which has achieved around 900,000 subscribers. Sogetel, Canal+'s Spanish subsidiary launched a digital satellite bouquet and passed the 1 million barrier in October 2000. Rival Via Digital, having launched later, passed the 500,000 subscriber threshold during 2000 and ended the year with some 633,000.

In common with most European countries, Spain is short of spectrum but this did not deter Spanish enthusiasm for digital terrestrial. In February 1999, the Spanish government passed the necessary legislation to permit the setting up of a DVB-T network as follows:

- The five existing national broadcast channels, TVE1, TVE2, Antena 3, Socecable / Canal+ and Telecinco are allocated one network in which to operate five new channels. Transmitters operate as a single-frequency network within each autonomic region. There is no requirement to simulcast.
- A second network is allocated to regional broadcasters for four regional based services. These are also operated as an single frequency networks (SFN) within each autonomic region.
- Similarly, a third multi-frequency network (MFN) is allocated to local broadcast services throughout Spain

⁶⁹ <http://www.cmt.es>

⁷⁰ http://www.dtg.org.uk/reference/DVB-T_world/DVB-T_spain.htm

- Three multiplexes plus one half of a fourth are allocated to a commercial pay-tv licence to provide national services on large SFNs using currently empty channels at the top of band V (half of channel 66 plus 67 - 69).
- The other half of channel 66 plus channel 65 are available for future licences

Existing broadcasters were barred from applying for the pay-tv franchise and the result is that a consortium led by Retevisión, the alternative telecoms operator in Spain, was the only applicant for the licence. The Onda Digital consortium bid Pts 40bn (GBP158m) for the contract to operate 14 channels across 3 multiplexes. It has the following main shareholders: Retevisión (49%), Spanish investment group Sofisclave (15%), programme supplier Media Park (15%), Carlton Communications (7.5%). Carlton has an option to take a further 10%.

Licences were granted to Onda Digital in June 1999 but plans for a services launch on November 15th were binned as the government struggled to resolve the conflicting views of the multiplex operators on CA and API. There was also intense lobbying by the commercial broadcasters to bump TVE from the platform. Analogue broadcasting licences were renewed to 2010 on condition that services would be simulcast on DVB-T, with analogue switch-off planned at the end of the licence period.

Quiero TV, as Onda Digital re-branded itself, eventually placed contracts with Open TV for the API, but with the statement that it would migrate to the MHP API. Nagra was chosen to supply the CA system and an order totalling 50,000 set-top boxes was made to Sagem, based on their ability to deliver integral internet access. The platform launched in May 2000.

In July 2000, the government invited bids for two new free-to-air services to run alongside existing broadcasters on the DVB-T platform. Five consortia applied. The successful bidders were VeoTV and NetTV, both backed by Spanish national daily newspapers. The licences run for 10 years. But, with the licenses secured, neither consortia seemed keen to commence broadcasting and, in June 2001, the government imposed a deadline of June 2002 by which services should start.

Neither have existing analogue broadcasters shown any signs of committing to digital terrestrial, although under the legislation, they risk losing renewal of their licences to broadcast in analogue. They clearly want to postpone the investment as long as possible, hoping that the population of subscribers will magically grow without their involvement. The government has set a deadline of April 2002, by which time they must start broadcasting on digital terrestrial.

The government has set a date of 2012 for analogue switch-off. Operators would like that brought forward to facilitate a quick migration to digital.

02.05.2002 Spanish DVB-T goes Dark⁷¹

On April 25, at a tense meeting of Quiero's main shareholders, the decision was taken to close the Spanish DVB-T platform, as attempts to find a buyer had failed. The shareholders, which included telco holding AUNA, Spanish content provider Media Park, publishing house Planeta and the British ITV group Carlton Communications, among others agreed to liquidate the company arguing that operating the company under the current circumstances of Spain's digital TV market "isn't viable", with the exception of Media Park, which has announced that it will contest the meeting. Quiero is to return its operating licence to the Government and hopes to reclaim its EUR 34 million DVB-T operator's deposit.

18.06.2002 Spain Launches two new DVB-T Channels⁷²

Just two months after the launch of five free-to-air DVB-T channels, two new national free-to-air digital terrestrial channels have launched to the Spanish market as required by legislation, but both are entering the digital arena under tough conditions with capacity severely limited.

Despite a theoretical coverage of 80 per cent, Veo TV, backed by the *El Mundo* newspaper, and media group *Correo's* Net TV will only be able to reach just 90,000 Quiero subscribers in a country of 11.7 million TV households, due to a lack of widely availability of MHP-capable set-top boxes. To complicate matters, Quiero's subscribers are now rapidly migrating to digital DTH platform Canal Satelite Digital, following the DVB-T firm's closure, leaving the new free-to-air operators with little or no audience.

28.06.2002 Incomplete Documentation Hinders Spain's Digital Merger⁷³

The merger between two Spain's digital satellite platforms, Canal Satelite Digital, owned by Sogecable, Via Digital, led by Telefónica, has stalled after the European Commission rejected the operational information it requested from Sogecable, as being incomplete. The initial rejection represents a setback to both Sogecable and Telefónica, which were hoping to speed up all the merger process to get the new joint digital platform up and running by the end of the year, and the deadlock is

⁷¹ http://www.dtg.org.uk/reference/DVB-T_world/DVB-T_spain.htm

⁷² http://www.dtg.org.uk/reference/DVB-T_world/DVB-T_spain.htm

⁷³ http://www.dtg.org.uk/reference/DVB-T_world/DVB-T_spain.htm

likely to delay operational initiation, should the merger be finally sanctioned, until the first quarter of 2003.

2.19 Sweden

General Funding of the public service broadcaster

The public service TV broadcaster (STV) 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 (a subsidiary company of the SVT (Swedish Television), SR (Swedish radio) and UR (Education Radio/TV).

General Funding Principles of the Regulatory Authority

The National Post- and Telecommunications Agency (PTS)⁷⁴: responsible for technical co-ordination.

For content and ownership issues, therefore the right to broadcast in TV is the Ministry of Culture⁷⁵. The Media Division is responsible for matters concerning public service broadcasting [Sveriges Television, the Swedish Broadcasting Corporation (Sveriges Radio) and the Swedish Educational Broadcasting Company (Sveriges Utbildningsradio)], 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 broadcasters⁷⁶.

Authorities and companies

Several different authorities operate in the media sector, including⁷⁷:

- THE RADIO AND TV AUTHORITY (RADIO- OCH TV-VERKET⁷⁸) a licensing and supervisory authority. All those who broadcast programmes in accordance with the Radio and Television Act are registered with the Authority⁷⁹.

The Swedish Radio and TV Authority is a government authority within the media field. The authority grants licences for local and community radio transmissions and for temporary transmission. The agency also designates local cable broadcasting companies. Concerning licences to transmit digital terrestrial television, it is one of the authority's task to submit proposals to the Government as to how the licences should be distributed. The authority also issues regulations on television standards and exercises a supervisory role in this area.

The authority is also required to monitor developments in the media field. This means that the authority gather, compile and publish statistics and other relevant information concerning ownership and sector structure, technology and economics in the media field.

In September 1999 the Government decided that the authority should annually submit to the EU statistics relating to the audiovisual field. The authority is also required to conduct analyses of user needs and existing statistics in the audiovisual field.

The Swedish Radio and TV Authority registers all those who carry on transmission activities according to the Radio and TV Act. The authority also register the designation that these use for their transmissions. The authority therefore also registers those who conduct transmission activities for which no licence is required, i.e. those initially carrying out transmissions by cable or transmitting programmes via satellite or lease satellite capacity. Radio newspapers are also registered. Listings magazines are also registered.

A further task of the authority is to register legally responsible person for community radio, local commercial radio, cable transmissions, temporary transmissions and legally responsible person for information from certain databases. Furthermore, the Swedish Radio and TV Authority deals with matters concerning fees for local commercial radio and terrestrial TV financed by advertising.

The Swedish Radio and TV Authority can decide on sanctions if certain rules for transmission activities are not complied with.

The Swedish Radio and TV Authority is headed by a director-general with executive power. The director-general is appointed by the Government and holds the highest decision-

⁷⁴ http://www.pts.se/index_eng.asp?avdelning=hem_english&language=eng

⁷⁵ <http://kultur.regeringen.se/inenglish/>

⁷⁶ <http://kultur.regeringen.se/inenglish/responsibility/media.htm>

⁷⁷ <http://kultur.regeringen.se/inenglish/responsibility/media.htm>

⁷⁸ <http://www.rtvv.se/>

⁷⁹ <http://www.rtvv.se/english/index.htm>

making level in the authority. At present the Swedish Radio and TV Authority has fifteen employees. A special supervisory council made up by three members, appointed by the Government, is responsible for ensuring that the activity of the authority is continuously supervised.

- THE BROADCASTING COMMISSION (GRANSKNINGSNÄMNDEN FÖR RADIO OCH TV) scrutinise Swedish radio and television programmes after they have been broadcast.
- THE PRESS SUBSIDIES COUNCIL (PRESSTÖDSNÄMNDEN) safe-guards diversity in the newspaper industry by allocating state subsidies to newspaper publishers.
- THE COUNCIL ON MEDIA VIOLENCE (RÅDET MOT SKADLIGA VÅLDS-SKILDNINGAR) 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).
- THE SWEDISH TALKING NEWSPAPERS COUNCIL (TALTIDNINGSNÄMNDEN) works to increase access to newspapers by the visually impaired, people with aphasia or dyslexia, and those with functional disabilities that prevent them from holding or turning the pages of a newspaper.
- TERACOM AB is a state-owned company which transmits the programmes of, among others, the Swedish Broadcasting Corporation (Sveriges Radio), Sveriges Television and TV 4 via a nationwide terrestrial network.

DVB-T

Law and ordinances⁸⁰

The framework for radio and TV activities is given by the Fundamental Law on Freedom of Expression (1991: 1469) and accompanying legislation and in the Radio and Television Act (1996: 844). The Radio and TV Act contains provisions for transmissions of sound radio and TV programmes directed at the general public and intended to be received with the technical aids. There are no special provisions for digital terrestrial TV in the Radio and TV Act, but the general provisions applicable to TV shall apply. On 13 November 1997, the Government made a decision on the Ordinance (1997: 894) on Digital terrestrial TV, which regulates the granting of licences for terrestrial TV in more detail.

General⁸¹

In spring 1997, the Swedish Parliament decided that digital terrestrial TV was to be introduced in Sweden. Digital terrestrial TV is to be introduced in a number of stages, so that the state is given the opportunity to decide whether and in what way this activity should continue. In the first stage, transmissions will take place in a limited number of areas.

Transmissions started on the 1st of April 1999 in the following areas:

- Stockholm, including Mälardalen and Uppsala
- Northern Östergötland
- Southern and north-eastern Skåne
- Gothenburg and district
- Sundsvall, Östersund and district

Approximately 50% of the Swedish population can receive the digital terrestrial transmissions.

The Swedish Parliament decided on 30 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.

On the 28 June 2001 the Government decided that further transmission capacity might be used for digital terrestrial TV transmissions over the entire country. The following day the Swedish Radio and TV Authority notified that there were vacant licences for digital terrestrial TV transmissions.

34 programme companies applied for licences. On the August 27 the Radio and TV Authority made its recommendation to the Government on which applicants should be granted the DVB-T licences. The Authority proposed 15 companies for broadcasting all over Sweden and four companies for regional broadcasting. The Government so far has granted licences to the following seven channels; Eurosport, MTV Nordic, Discovery Channel, Animal Planet, Nickelodeon, VH 1 and Mediteve (TV4).

⁸⁰ <http://www.rtvv.se/english/index.htm>

⁸¹ <http://www.rtvv.se/english/index.htm>

In October 2001 the Authority revoked Modern Times Group MTG AB's, TV 3 AB's and Televisionsaktiebolaget TV 8's licences to broadcast digital terrestrial TV. The reason for the revocation was that the companies after 15 August 2001 had not broadcasted their programmes to the public. The conditions of the licences stated that the companies had a duty to broadcast the programmes nationwide. According to the Authority, the companies have not fulfilled this duty to broadcast. Recently, a Swedish administrative court dismissed the companies' appeals against the Authority decision.

In November 2001 a Parliamentary Commission (The Digital TV Committee) issued a report that assesses the results of the digital terrestrial TV policy and makes recommendations on the definitive scheme and the analogue turn-off process. The task of the Commission has been to observe and evaluate the first stage of the rollout of DVB-T in Sweden. In the Commission's assessment DVB-T is a simple and efficient way of reaching all citizens. The transition to digital broadcasting is a logical development of television and analogue terrestrial broadcasting can be phased out in 2007.

The Government considers that 98 percent of the population should be able to receive digital transmissions during 2002.

At present 18 channels are involved in digital TV broadcasting. There has been digital radio broadcasting (DAB) in Stockholm, Göteborg and Malmö since 1995⁸².

2.20 Switzerland

General Principles of Financing the Public Service Broadcaster

The SRG SRR is divided in region companies, according to the language groups: SRG idée Suisse Deutschschweiz, Radio-Télévision Suisse Romande (RTSR)⁸³, Società cooperativa per la radio-television nella svizzera italian (CORSI), Cuminanza rumantscha radio e television (CRR) and located in Bern.

The SRG SSR is financed mainly out of licence fees (> 70%). Concerning advertising it is to note that public radios are not allowed to send advertising, sponsoring is possible. Only private (commercial) radios are allowed to send advertising. Very small local private radios also get some funding out of public moneys. Concerning TV both public and private stations are allowed to send advertising and have sponsoring. Some stricter regulation on advertising applies for the Public Broadcaster.

The fees are collected by Billag⁸⁴ (controlled by Swisscom), whereby the collection expenses are around 4% of the fees collected.

General Funding Principles of the Regulatory Authority

The Regulatory Authority Bundesamt für Kommunikation (BAKOM) establishes a yearly budget.

The licence fee collection agency deducts the corresponding part to cover those expenditures directly from the licence fees. This fees were EUR 6,75 million in 2001 (~1% of the fees collected) and are to be used for frequency co-ordination and prosecution of unlicensed viewers/listeners.

DVB-T⁸⁵

DVB-T can only to be introduced when during a certain period of time analogue and digital broadcasts are transmitted simultaneously. This in order to give viewers a time to adapt their receiving equipment. For this simultan period Switzerland lacks frequencies. As the second and third frequency chain are only scarcely used for the submission of the first TV programs in the respectively other language region this frequencies will be used and an the relevant transmitters will be switched off⁸⁶. Currently 1.721 TV-sending stations are in operation, after the introduction of DVB-T 771 sending stations will be subsidized, leaving a total of 950 TV sending stations⁸⁷.

Responsible for the frequency co-ordination is the Bundesamt für Kommunikation (BAKOM). In terms of time Switzerland pursues a Follower-Strategy, whereby the national developments will be co-ordinated with the bordering neighbouring countries⁸⁸.

⁸² <http://kultur.regeringen.se/inenglish/responsibility/media.htm>

⁸³ http://www.srg-ssr-idee-suisse.ch/fr/corporation/rtsr/fr_rtsr_statuts.html

⁸⁴ <http://www.billag.ch>

⁸⁵ <http://www.srg.ch/de/home/dvb.doc>

⁸⁶ <http://www.srg.ch/de/home/dvb.doc>

⁸⁷ <http://www.srg.ch/de/home/strassmann.ppt>

⁸⁸ <http://www.srg.ch/de/home/strassmann.ppt>

The SRG SSR has the test-net in the Unterengadin taken in operation in December 2001. A second test-net in Oberwallis is in operation since October 2001⁸⁹.

According to actual planning DVB-T will be operational in France and Germany in 2003. One to two years later with broadcasts coming from these countries will reach Switzerland. The SRG SSR is prepared to emit its program in the affected areas digitally as well. High emphasis is put on the reception in all four languages also during the switch-over phase⁹⁰.

Until the nationwide DVB-T network has been set up, however, viewers wishing to maintain access to SRG's complete package of language services can receive them on SRG's digital package on Hot Bird 3 at 13 degrees East. Since the signals have to be encrypted to ensure that their reach is limited to Switzerland, a smartcard is required, which is available for a one-off payment of SFR 50 (EUR 34,20). As another alternative, the complete range of SRG's TV channels is also available on cable networks, but to make satellite reception more attractive, SRG has commenced broadcasting all of its 18 radio channels within the digital package on Hot Bird. Until now, only a selection has been available⁹¹.

A telephone hotline has been set up by SRG, which offers viewers advice on ways to continue receiving the whole range of SRG's TV channels. A special subsidy programme has been arranged for households that cannot afford to buy satellite reception equipment. The programme, which is limited to people that live below the poverty line and are therefore released from paying the monthly TV and radio licence fee, comprises a financial contribution to the acquisition of DTH equipment. It is estimated that about 10,000 people will be eligible to take advantage of the offer. Although a firm strategy and timetable for the implementation of DVB-T have yet to be arranged, its forethoughtful move has set the foundation for Switzerland to become one of Europe's leading DVB-T countries⁹².

The actual tests are financed by regular licence fee income of the SSR SRG idée suisse.

The financing of the simulcast period is still to be determined. Also financing of simulations⁹³ and of the definitive operation of network has not yet been decided.

2.21 United Kingdom

General Funding of the public service broadcaster

The BBC does not sell advertising space to fund public service broadcasting in the UK. It is mainly financed out of the licence fee, which is the most important source of income. The improvements in collection of the licence fee saw evasion fall to a record low from 8.8% at the start of the year to 7.9% at 31 March 2002. During the year 2001 a new main contractor for licence collection, Capita, was appointed. The change in contractor saw a significant reduction in collection costs including a rebate from Consignia for non-performance of contractual obligations⁹⁴.

As part of the current licence fee settlement, the Government challenged the BBC to increase the commercial earnings amount it raised from commercial operations. This year the three commercial subsidiaries have together contributed GBP130million in cash to the BBC and generated savings in support costs of over GBP12million for the BBC. Next year the newly incorporated BBC Broadcast Limited, offering playout and channel management services, will also contribute to the BBC's finances.

Total Expenditure in 2001 for the BBC was GBP 2.591million⁹⁵.

⁸⁹ <http://www.srg.ch/de/home/strassmann.ppt>

⁹⁰ <http://www.srg.ch/de/home/strassmann.ppt>

⁹¹ http://www.dtg.org.uk/reference/DVB-T_world/DVB-T_switzerland.htm

⁹² http://www.dtg.org.uk/reference/DVB-T_world/DVB-T_switzerland.htm

⁹³ Simulation refers to a computer based model for the optimal planning of the masts and further equipment needed for the specific Swiss topography.

⁹⁴ comp <http://www.bbc.co.uk/info/report2002/facts/index.shtml>

⁹⁵ <http://www.bbc.co.uk/info/report2002/overview/licence.shtml>

Television GBP1,372m

BBC One GBP962m
 BBC Two GBP410m

Nations & Regions GBP416m

Nations & Regions television GBP252m
 Nations & Regions radio GBP164m

Radio GBP302m

BBC Radio 1 GBP38m
 BBC Radio 2 GBP43m
 BBC Radio 3 GBP53m
 BBC Radio 4 GBP90m
 BBC Radio Five Live GBP77m
 BBC Asian Network GBP1m

Digital services GBP278m

BBC One and BBC Two Digital GBPnil
 CBBC, CBeebies GBP20m
 BBC Choice GBP53m
 BBC News 24 GBP50m
 BBC Parliament GBP4m
 BBC Four/Knowledge GBP32m
 Digital text and interactive GBP11m
 Digital radio GBP8m
 BBCi (internet) GBP100m

Transmission and collection costs GBP223m

Licence fee collection costs GBP95m
 Analogue transmission costs GBP75m
 Digital transmission costs GBP52m

BBC World Service expenditure was GBP205million. The BBC World Service is funded by the Foreign and Commonwealth Office through a Grant-in-Aid. This cannot be used to cross-subsidise other parts of the BBC and is only used to fund the BBC World Service.

General Funding Principles of the Regulatory Authority

ITC's⁹⁶ (Independent Television Commission) total income for 2001 was GBP 17,874 mill. The ITC's income was derived mainly from licence fees paid by Channel 3, Channel 4, Channel 5 and the Public Teletext licensees (GBP13.9m), satellite television services (STS), licensable programme service (LPS) and commercial additional service (CAS) licensees (GBP2.8m) and by local delivery service (Cable) licensees (GBP0.8m)⁹⁷.

The ITC licenses and regulates commercial television services in the UK except S4C in Wales.

⁹⁸Tasks of the ITC are:

- Issuing licences that allow commercial television companies to broadcast analogue and digital services in and from the UK, whether the services are received by aerial, dish or cable
- Setting standards for programme content, advertising, sponsorship and technical quality
- Monitoring broadcasters' output to ensure that it meets those standards and applying a range of penalties if it doesn't
- Ensuring that broadcasters operate in an environment which encourages innovation and widens viewer choice
- Ensuring that viewers can receive television services on fair and competitive terms
- Investigating complaints and regularly publishing our findings

The structure of the ITC

The Commission consists of a Chairman, Deputy Chairman and up to 10 Members including National Members for Scotland, Wales and Northern Ireland, all appointed by the Secretary of State for Culture, Media and Sport. The Commission is supported by a full-time staff with specialist regulatory and licensing expertise, and by a range of advisory committees. It meets eleven times a year to determine ITC policy, with advice and information from the chief executive and the directors and staff of the principal ITC groups and departments.

The ITC employs around 200 permanent staff to carry out its licensing and regulatory work. They include specialists in licensing, economics, technology, public affairs and the regulation of programmes and advertising. The ITC also has six national and regional offices which maintain contact with viewers and with locally based licensees.

OFCOM

Through the publication of the draft [Communications Bill](#) the Government is continuing the process to create an Office of Communications (OFCOM), the new regulator for the converging communications sectors. Likely to be operational by the end of 2003, OFCOM will have regulatory powers covering broadcasting and telecommunications networks and the services delivered on them. OFCOM will merge the functions of five existing regulatory bodies: The Independent Television Commission, [The Broadcasting Standards Commission](#), [Of tel](#), [The Radio Authority](#) and [The Radiocommunications Agency](#). These five organisations have pledged to work closely together to manage their transition into

⁹⁶ <http://www.itc.org.uk>

⁹⁷ http://www.itc.org.uk/uploads/Annual_Report_2001.pdf

⁹⁸ http://www.itc.org.uk/about_the_itc/what_we_do/index.asp

a single world class regulator for the UK's flourishing broadcasting and telecommunications industries⁹⁹.

OFCOM will be operational by November 2003 at the latest. Lord Curry, Labour leader of the House of Lords, was appointed as OFCOM's provisional (and most likely definite) chairman end of August 2002. ITC's Patricia Hogson is reported to be likely to take over the operational management.

DVB-T¹⁰⁰

One of the Government's criteria for digital switchover is that it must be affordable for the vast majority of people.

The Government is committed to achieving the switchover from analogue to digital television as early as possible, within a target time frame of 2006-2010. Crucial tests are set out which must be met before the analogue signal is fully switched to digital. Under the availability test, all viewers who can receive analogue television now (99.4%) must be able to receive the main free-to-view channels digitally. Under the affordability test, consumers must not face unacceptable switching costs when converting to digital services - either for their televisions or their video recorders. This means that prices must be within reach of people on low or fixed income, particularly elderly people. As a target indicator of affordability, a look at take-up of digital equipment will be taken; 95% of consumers must have digital equipment in the home before the signal is switched over. Full switchover will take place only when these conditions are met and the target timetable for meeting them is between 2006 and 2010. The government also wants to ensure that all citizens have access to other interactive, digital information services.¹⁰¹

BBC digital services are all paid for from the licence fee. In 2001 GBP 144 million were spent on digital activities. Other digital services (public service broadcasters or other) are paid through various sources including advertising, subscription.

The financial problems at ITV Digital, which held three of the six digital terrestrial (DVB-T) multiplex licences, came to a head in March 2002, with lower than expected subscriber numbers and unable to agree with the Football League a reduction in the cost of football rights. ITV Digital decided to place itself in administration and ceased operation thereafter.

The BBC and Crown Castle are to operate the multiplex licenses, allocated by ITV, vacated by the failure of ITV Digital¹⁰².

In order to spur the growth in digital television, the UK Government has launched a 'Digital Television Action Plan' outlining steps for government, broadcasters, manufacturers and retailers to take to achieve the criteria that must be met before analogue terrestrial transmissions can be switched off. The most important proposal is to increase transmitter powers to reflect the experience that DVB-T transmissions cause much less visible interference onto analogue transmissions on the same channel than was expected. Trials are taking place with certain digital transmitters to see how much increase in power can be achieved without complaints from analogue viewers. Early indications from the trial are very encouraging, with a doubling of the power output twice, without significant complaint¹⁰³.

Undoubtedly, the UK is still leading the way in the overall global digital TV market, and plans for analogue switch-off in 2010 are still thought to be achievable. But with three of the four main digital pay TV operators in financial difficulties, indications are that the UK is not immune to the problems facing television operators worldwide¹⁰⁴.

The digital satellite broadcaster BSkyB could present strong half-year figures¹⁰⁵, but the dominant Cable TV Operators Telewest and NTL are further in financial troubles and likely to merge under John Malone's (Liberty Media, UPC) leadership.

⁹⁹ <http://www.itc.org.uk/ofcom/index.asp>

¹⁰⁰ <http://www.bbc.co.uk/info/report2001/review/value.shtml>
http://www.bbc.co.uk/info/bbc/pdf/london_economics_report.pdf
<http://www.digitaltelevision.gov.uk>
<http://www.culture.gov.uk>

¹⁰¹ Digital TV and T-commerce - still no lift off September 2002 <http://www.endersanalysis.com/reports/digitaltv.htm>

¹⁰² http://www.digitaltelevision.gov.uk/pdfs/information_for_landlords.pdf

¹⁰³ <http://www.dtg.org.uk/>

¹⁰⁴ http://www.dtg.org.uk/reference/DVB-T_world/DVB-T_uk.htm

¹⁰⁵ http://www.dtg.org.uk/reference/DVB-T_world/DVB-T_uk.htm

¹⁰⁵ <http://media.guardian.co.uk/broadcast/story/0,7493,763565,00.html>

Concerning DVB-T financing, proposals to top-up the BBC's licence fee specifically for DVB-T have been rejected in February 2000 by the government. The general licence fee will rise at 1,5% above inflation for subsequent years, from this amount also DVB-T expenses have to be catered for. This was announced by Culture Secretary Chris Smith. The licence fee funding will rise on average GBP 200 million a year between 2000 and 2006, but the BBC in return must make severe efficiency savings in return. Mr Smith said he had thrown out the proposals for a digital supplement fee because "it would be wrong to signal that there was something special and only for the few" about DVB-T¹⁰⁶. It is understood that the BBC has to cater for its digital offer out of this fees. According to different methods of calculation GBP 12, respectively GBP 20 out of the annual GBP 120 licence fee are to be used for DVB-T.

Furthermore it has to be noted that the Royal Charter, on which basis the BBC operates, expires 2006. For the next period of validity, i.e. 10 years, DVB-T is a strong issue, as the BCC is in charge of the DVB-T project.

3 Sources

3.1 Statistical Base

The addressed counterparts in the several countries were in principal the Fee Collecting organisations. If this was not suitable the Public Broadcaster (fee collecting department) or the Regulatory Authorities have been addressed.

AT	GIS Gebühren Info Service GmbH (fee collecting organization)
BE flamish part	Cipal (fee collection organization)
BE BXL part	-
BE walloon part	-
CH	Billag (fee collecting organisation) – some data was confidential Data from the SRG (public broadcaster) was used
CZ	CT - Czech Television (Public Broadcaster)
DE	GEZ (fee collecting organization)
DK	DR and T2 (Public Broadcaster)
ES	CMT (Regulatory Authority)
FI	Ficora (Regulatory Authority)
FR	CSA (regulator authority)
GR	ERT (Public Broadcaster)
IE	RTE (Public Broadcaster)
IL	IBA (Public Broadcaster)
IS	RUV (Public Broadcaster)
IT	RAI (Public Broadcaster)
LI	Amt für Kommunikation (Regulatory Authority)
LU	Service des Médias et des Communications
NL	Ministry of Education, Culture and Science
NO	NRK (public broadcaster)
PT	AACS (Regulatory Authority)
RO	TVR (public broadcaster)
SE	Radiotjänst (Collecting Organisation)
UK	BBC (Public Broadcaster)

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3.3 Contacts

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4 Annex – Underlying Figures

						Amounts in EUR million for 2001 - unless otherwise indicated - Broadcasting fees paid by viewers/listeners/taxpayers collected by [A1]																				
G:\AR\AR\Funkfinanzierung\Report Data 2001\0721.xls\Summary 24.08.2004 AM						A1	A2	A3	A4	A5	A6	A7	A8	A9	A10	A11	A12	A13	A14	A15	A16	A17	A18	A19		
						Total Amount (100%)					For the Public Broadcaster (VAT Excluded)					For the General Budget (Ministry of Finance)	VAT to the Ministry of Finance	For the Provinces (Federal states)	Dedicated for "Air" that going to the Public Broadcaster	For the financing of the collecting organisation	For Digital Platform (D-TTY (DVB-T), D-TAB (DAB-T))	Any other purpose - please specify	For the funding of the Regulatory Authority	For Private Broadcasters		
						Broadcasting fees paid by viewers/listeners collected by:																				
						(a) collection by the public service broadcaster themselves, or by a collecting agency set up by them (e.g. the GZ2 in Germany)																				
						(b) collection by public authorities (in particular, tax or trade authorities)																				
						(c) collection by third parties which have been entrusted by law with the task of collecting the fees (e.g. electricity, post/telecommunications or other utility companies)																				
						(d) collection by third parties which have been given this task following a public tendering procedure.																				
						(e) financed via the general budget.																				
EW/EFTA	rank	Inhabitants 1000s	Households 1000s	TV Households	Cable HH connected	Remarks	a	per inhabitant	inhabitant rank	per household	hh rank	% to public broadcaster	rank	% used otherwise	rank											
1 AT	1	8.109	3.141	3.212	1.200		a	540,20	67	7	172	6	369,50	66%	16	34%	1	49,60	37,50	67,30	13,70	13,60				
3 CH	1	7.164	3.036	3.006	2.600	SRO date	d	784,18	109	1	258	2	719,39	92%	9	8%	8		17,65			32,39			6,76	8,10
5 DE	1	82.194	36.879	37.902	22.000		a	6.650,03	81	5	195	5	6.399,33	96%	7	4%	10					116,30	2,00		132,40	
6 DK	1	5.330	2.575	2.401	1.350		a	548,52	103	2	213	4	427,62	78%	15	22%	2		110,15			5,72	4,98		0,05	
7 ES	2	39.442	11.809	12.308	157		e	876,35	22	14	74	13	876,35	100%	1	0%	14									
8 FI	1	5.171	2.320	2.214	920		b	335,90	65	9	145	9	295,80	88%	12	12%	5		25,70			9,80	4,50		0,40	
9 FR	1	59.225	22.867	22.627	2.835	2000 figures	b	2.126,33	36	11	93	11	2.082,60	98%	5	2%	12		43,73						0,00	0,00
11 IE	3	3.777	1.144	1.154	470		c	104,68	28	12	91	12	94,90	91%	11	9%	6					9,82			0,14	
13 IS	2	279	99	97	n.a.		a	26,30	94	3	266	1	20,90	79%	14	21%	3		3,30	0,90	1,20					
14 IT	2	57.690	20.168	19.319	65		a	1.430,95	25	13	71	14	1.310,00	92%	10	8%	7	60,00	60,00		0,67	9,40			0,88	
16 LU	2	436	160	178	134	2002 budget	e	2,74	6	15	17	16	2,74	100%	1	0%	14								0,00	
17 NL	2	16.964	6.475	6.797	6.122		e	682,00	42	10	102	10	574,00	87%	13	13%	4							89,00	0,00	
18 NO	2	4479	1651	1.909	769		a	409,80	91	4	221	3	402,70	98%	4	2%	13					7,10				
19 PT	3	9.998	3.236	3.017	760	2000 figures	a/c	61,56	6	16	19	15	61,56	100%	1	0%	14									
21 SE	2	8.961	3.974	3.936	2.200		b	650,00	73	6	164	7	634,00	98%	6	2%	11					15,60			0,60	
22 UK	2	59.623	23.754	23.951	3.245	04/2000-03/2001	a	3.674,00	65	8	153	8	3.658,00	94%	8	6%	9					216,00				
Other																										
4 CZ	4	10.278	3.984	3.436	860	2000 figures	d	95,55	9		24		91,98	96%		4%						3,57				
12 IL	5	6.369	1.752	1.998	1.162		a	110,00	17		63		103,40	94%		6%						6,60				
20 RO	3	22.456	6.416	6.555	2.600		c	59,70	3		9		60,80	87%		13%		2,80				5,00				

*fees mostly supplied by collecting organisations (and PSBs)

C: VRA-Rundfunkfinanzierung (Raport Date 20020721.xls) Summary 24.12.2008 AM						Concession fees paid by commercial operators		Radio/television advertising			Radio/television sponsorship			Subscription fees for pay services			Other sources of (public) funding – please specify			
						B1	B2	C1	C2	C3	D1	D2	D3	E1	E2	E3	F1	F2		
						Concession fees paid by commercial operators	For the Public Broadcaster (VAT Excluded)	For the Public Broadcaster (VAT Excluded)	For the Private Broadcaster (VAT Excluded)	VAT to the Ministry of Finance	For the Public Broadcaster (VAT Excluded)	For the Private Broadcaster (VAT Excluded)	VAT to the Ministry of Finance	For the Public Broadcaster (VAT Excluded)	For the Private Broadcaster (VAT Excluded)	VAT to the Ministry of Finance	For the Public Broadcaster (VAT Excluded)	For the funding of the Regulatory Authority		
EU/EFTA		scale	Inhabitants 1000s	Households 1000s	TV Households	Cable HH connected	Remarks													
1	AT	1	8.103	3.141	3.212	1.200			365,10		37,40						165,40			
3	CH	1	7.164	3.036	3.006	2.600	SRO date		206,51	193,75	included in advertising									
5	DE	1	82.164	35.979	37.902	22.000			503,53	4.154,53	n/a	n/a	n/a	n/a						
6	DK	1	5.330	2.575	2.401	1.350			135,40		1,51									
7	ES	2	39.442	11.809	12.309	157			572,12		70,78							13,46		
8	FI	1	5.171	2.320	2.214	930		45,30	45,30	-	-	-	18,80							
9	FR	1	59.235	22.667	22.627	2.835	2000 figures	0,00	0,00	680,40	2.878,00	897,45	67,20		13,17	10,80	2.249,00	442,92	62,00	31,48
11	IE	3	3.777	1.144	1.154	470			152,80	36,30	5,30									
13	IS	2	279	99	97	n.a.			6,70		1,00		0,20							
14	IT	2	57.680	20.168	19.319	65		18,00	18,00	1.100,00		80,00		-				69,00		
16	LU	2	436	160	178	134	2000 budget	0,00	0,00											
17	NL	2	15.864	6.475	6.787	6.122			215,00											
18	NO	2	4.479	1.951	1.909	789														
19	PT	3	9.938	3.235	3.017	760	2000 figures			69,33		325,38						75,82		
21	SE	2	8.851	3.974	3.936	2.200														
22	UK	2	59.623	23.754	23.951	3.245	04/2000-03/200					3,00								
Other																				
4	CZ	4	10.278	3.984	3.405	890	2000 figures	1,47		31,02		4,64						53,25		
12	IL	5	6.369	1.752	1.598	1.162						77,00								
20	RO	3	22.456	6.416	6.556	2.500			10,30									8,70		