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Plenary I

Public service and public interest content in the digital age:

taking stock of stakeholders' views

Background Document¹

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1 Introduction

The issue of the regulation of public service media (PSM) has featured prominently on the agenda of many meetings ever since the establishment of the EPRA network². Over time, the debates have covered a wide range of issues, encompassing governance and financing aspects, not to forget the role played by regulators in assessing PSM performance.

Recent sessions have focused on the profound challenges faced by PSM in the digital age. Public service media are operating in media landscapes characterised by increasing connectivity, individualisation of content, new consumption patterns, and greater global competition faced by historical national operators. These disruptive elements are impacting PSM's remit, missions and scope of activities and also raise many regulatory questions. The plenary session held in Kraków³ on 8-10 May 2013 addressed emerging issues such as prominence of public service content on Connected TV platforms. In 2015, a bi-annual working group looked at the impact of economic and technological changes brought about by the digital area on the provision of public service content. While the spring session in Berne focused on remit and financing of PSM and content, and addressed regulatory experiences concerning best practices on carrying out the public value test, the definition of new significant services, and pros and cons of European standards on market impact assessments and public value tests⁴, the onus of the autumn session in Nuremberg - entitled "from must carry to must be found"⁵ - was on accessibility and findability of public service content in the new media environment.

¹ Disclaimer: This document has been produced by EPRA, an informal network of 53 regulatory authorities in the field of broadcasting. It is not a fully comprehensive overview of the issues, nor does it purport to represent the views or the official position of EPRA or of any member within the EPRA network.

² Notably in Ljubljana (2002), Naples (2003), Prague (2007), Dublin (2008), Belgrade (2010), Kraków (2013), Berne and Nuremberg (2015)

³ Public Service Media in a Connected Environment, Different Shades of Using New Opportunities:

<https://www.epra.org/attachments/krakow-session-2-psm-in-a-connected-environment-background-document>

⁴ <https://www.epra.org/attachments/berne-wg1-public-service-content-in-a-multiplatform-environment-summary-of-discussion>

⁵ <https://www.epra.org/attachments/nuremberg-wg1-public-service-content-in-a-multiplatform-environment-from-must-carry-to-must-be-found-background-paper>

On 5 July 2017, EPRA and EBU jointly organised a closed, small-scale workshop on "The Future of Public Service Media – Successfully dealing with Disruption⁶", to facilitate the dialogue between PSM and broadcasting regulators on common goals and differing perceptions. The event also appeared to have stimulated the appetite of EPRA members for further discussion on the future of PSM content.

Against this background, EPRA's Work Programme for 2018 included an annual theme on "Public service and public interest content in the digital age". In terms of structure, the objective of the spring session in Luxembourg was to bring together a selection of key stakeholders to report on their perception of current challenges in the provision, distribution and delivery of public service and public interest content. The second session - in October in Bratislava - will focus on the role of regulators and on current experiences and best practices around issues of financing and investment in public interest content.

The present working paper, which aims to provide background information and identify issues for debate for the plenary session held on 24 May 2018 in Luxembourg⁷, is structured around four crucial, interconnected challenges relating to the legitimacy of PSM in a changed media landscape, the production of public value, reaching the public and financing PSM and public interest content.

2 The institution of public service media under pressure: the legitimacy of public service media and public service media content

In Europe, public service media enjoy a high degree of credibility among the population (cf. Radu 2018). And in general, despite increasing national and international competition and changes in usage behaviour, in particular among young people, they continue to register high usage figures (cf. *ibid.*). Despite or because of their strong position, PSM organisations have in recent years come under political pressure world-wide and also in many European countries (cf. Herzog et al. 2018: 4). One expression of this "legitimacy crisis" refers to the discussions about the institution and organisation of public service media which in some respects bring them fundamentally into question. Another expression of this development is the recent wealth of reports commissioned by European governments or regulatory agencies to address the issue of the legitimacy of their PSM from different points of view.

- In the *United Kingdom*, the renewal of the BBC's Royal Charter in 2017 was preceded by controversial debates. The BBC Trust was abolished and supervisory activity was transferred to Ofcom UK. Consequently the BBC will be supervised by an independent body. The "distinctiveness" of the BBC in relation to its competitors is now enshrined as a public value in the Royal Charter. Ofcom UK also commissioned a public survey on the distinctiveness of the BBC.⁸
- In the *Flemish Community of Belgium*, a renewal procedure of the PSM VRT has taken place since the change of the government in 2014. An enquiry of the "Sectorraad Media" and a benchmark study have been conducted as a result. According to the Management Agreement 2016 – 2020 VRT has to sharpen its profile, reinforce its online presence and work more closely with external production houses and media organisations.⁹

⁶ https://www.epra.org/news_items/the-future-of-psm-successfully-dealing-with-disruption-joint-ebu-epra-workshop

⁷ A summary of the discussions during the Luxembourg plenary session is provided as an Annex of this document, p. 11.

⁸ https://www.epra.org/news_items/bbc-distinctiveness-report-prepared-for-ofcom-by-ipsos-mori

⁹ <http://www.flanderstoday.eu/politics/vrt-and-government-agree-new-management-terms>

- In a recently published report from *Norway*, the Norwegian Media Authority (Medietilsynet) examined whether NRK contributes to media diversity and whether distortion of competition exists.¹⁰
- In *Switzerland*, there were lively discussions concerning the vote on the initiative “Yes to the abolition of radio and television fees”. Acceptance of this initiative would have rendered subsidising radio and television stations impossible.¹¹

It is true that discussions about the justification for and the duty of public service media are almost as old as the public radio and television broadcasters themselves (see below) and, for example, were also fiercely continued ahead of the introduction of private broadcasting in Europe. Digitisation, however, has greatly changed the basic conditions of media production, rekindling the debate about the legitimacy and position of public broadcasting in this “new digital world”.

Since some of the current debates fundamentally target the institution of PSM, in what follows the institutionalisation and legitimisation of PSM are placed in their historical context (Section 3). Against this background, fundamental questions relating to the legitimacy of PSM can be discussed. Various associated aspects follow: the relationship between PSM and the private media and questions of distinctiveness (Section 4); the challenge, in an continuously more convergent media environment in which media are increasingly used independently of location and in a time-shifted manner, of reaching an ever more fragmented audience in its entirety (Section 5); and finally the question of a solid funding basis for PSM (Section 6).

3 Institutionalisation and legitimisation of public service media in a changing media landscape

In Europe, public broadcasters were predominantly founded in the first half of the twentieth century. The institution of public broadcasting and the choice of its specific organisational form - as a public service broadcaster which originally operated as a “natural monopoly” - essentially acquired its legitimacy from three threads of reasoning. First of all for technical reasons (spectrum scarcity), secondly for economic reasons (among other things high production costs and generally because of - imputed - market failure) and thirdly because of social and democratic political interests, including the background of the experience of propaganda in the two world wars.

Generally, what is and will continue to be required of PSM is a service in terms of political and democratic policy. Even if this “public value” is currently being discussed (again) (cf. EBU 2016), a set of core values nonetheless remains. Among other things, PSM are intended to make a contribution to society by establishing openness. There is an expectation of stimuli for public debates and democratic discourse, cultural diversity, creativity, education, social solidarity and social welfare. The overarching media policy objective is to ensure an optimum of liberty and diversity in the expression of opinion.

The criticism of national PSM monopolies is (almost) as old as PSM itself. Even at the end of the 1940s, for example Coase (1947, 1950) criticised the monopolistic position of the BBC and questioned whether state-regulated broadcasting guarantees social welfare better than the free market. Reference is also constantly made to the perceived shortcomings of media providers in fulfilling their service mandate. In the 1980s, the introduction of private radio and television stations was implemented with these arguments, among other things. Greater competition was therefore permitted, bringing massive changes for PSM, as they for the first time entered into competition with

¹⁰ https://www.epra.org/news_items/nrk-s-online-presence-does-not-cause-significant-restrictions-on-competition-in-the-markets-analysed

¹¹ Cf. https://www.admin.ch/gov/en/start/documentation/votes/20180304/popular_initiative_abolition_billag_fees.html

private broadcasters for market shares in the national markets for attention. In its history, the criticism of the institution and organisation of PSM returned again and again to two threads of argumentation: a) changed basic conditions, which would no longer justify their monopolistic position, and later their preferential position (e.g. funding with public money) and b) criticism of the fulfilment of performance mandates by the public broadcasters. This also applies to the current debates. Digitised and rapidly changing media landscapes lead to the question of whether the preferential position of PSM can still be justified. And in the wake of social and political changes, the (substantive) performance of PSM is being called into question.

Changed basic conditions:

Digitisation and the accompanying structural change in media landscapes have changed the basic conditions of PSM. Spectrum scarcity has largely been overcome in the digital world. The technical justification for PSM consequently becomes increasingly invalid. Increasing digitisation, however, has also led to lower production costs, to convergence with the distribution channels (the Internet) and to increasingly internationalised markets. There has arisen a multiplicity of (private) offerings which are disseminated by many different means (cable, satellite, DAB+, the Internet) and which can be used via different devices in a convergent, geographically independent (e.g. smartphones) and time-shifted manner. PSM providers are therefore currently in competition with private national and international providers of audio-visual content, and likewise with publishers who offer their printed products on the Internet. In addition, there are the platforms of the global internet giants which are placing pressure on the providers on national media markets. It is argued that in view of this media diversity (in the sense of a diversity of offerings), it is no longer possible to speak of market failure in terms of monopolistic trends. On the contrary, public broadcasters funded by public money could distort or suppress competition.

The performance of PSM:

Apart from structural arguments, there is also criticism of the performance of PSM. It is argued that PSM are not able to adequately fulfil the high expectations in terms of quality, impartiality, efficiency, innovation and creativity. This criticism should be viewed, among other things, against the background of changes in the political landscapes. There is also criticism of the declining distinctiveness of the PSM offering compared to the offerings of commercial media. Reference is made not least to the fact that PSM could find it increasingly difficult to meet the requirements of all social strata. They would increasingly appeal only to an older audience and would have to struggle with the declining relevance of their programming to young people.

Despite an evident increase in private audio-visual media offerings, the reference to market failure was and remains one of the strongest arguments for defending the existence of PSM as an institution and an organisation. In this connection, reference is made to media's characteristic as public goods or club goods, to external factors, to a lack of information and to economies of scale and economies of scope. These would retain their validity even under digital conditions and would lead to socially undesirable developments in media markets (cf. e.g. EMEK 2018). From the institutional economic viewpoint, it is stated that in the future, quality journalism can at best continue to be funded only in niches as a special interest product. It will also become increasingly more difficult to be able to fund high-quality journalistic offerings aimed at heterogeneous mass audiences. However, it is precisely such offerings which theoretical democracy and society desire and which are expected of PSM (cf. Lobigs 2017).

And yet, the following question is posed: in a world of digitised media, to what extent are national state PSM needed for the fulfilment of the socially desired service? Is only *one* national state public service provider still needed for this, or could private providers produce specific content which is not provided adequately by the market (e.g. quality journalism) just as well, better or perhaps even more economically? Thus, on the one hand, there is the question of the legitimacy of the public service

media institution and its public funding and, on the other hand, the question concerning its adequate organisational form.

Questions:

(To what extent) should PSM be reformed in order to be able to maintain its legitimacy in a changed (digital) environment / market? This means, among other things:

- Which of the historical justifications for the institution and the organisational form are still relevant?
- Is “market failure” (still) a convincing argument, or should more emphasis be placed on social benefit?
- Which functions of PSM (cf. also Section 2) are still essential?
- What are the requirements in relation to the content of PSM to enable it to fulfil these functions?
- What does "distinctiveness" mean? Can this criterion be defined and measured?

4 The legitimacy debate 1: Challenges concerning the organisation of the production of public value

PSM are organised differently in different countries. Nevertheless, a set of typical ideal characteristics of the public service media institution can be identified. Among other things, they include (cf. Blumler 1992 and Barendt 1995, for an overview Burri 2015: 4-11):

- a) A “comprehensive task”: PSM must not only inform or educate but also entertain.
- b) “Generalised mandates”: The mission of PSM is formulated in the form of general functions such as, e.g., “to educate”, “to inform” or “to entertain” and *not* in the form of specific broadcasts with specific content.
- c) “Diversity, pluralism and objectivity” of offerings;
- d) Non-commercial configuration and (partial) funding through a fee or taxation: PSM must provide a service for the community and not operate with a view to profit. They are (ideally and typically) funded wholly or mainly by fees or taxes.
- e) “Universal service” (geographically and socially): PSM also have the task of providing the population in remote areas with their programmes and they should offer content for all different social groups.
- f) Contribution to “national identity and culture”;
- g) Independence from state and commercial interests: PSM should fulfil their mission in the service of the public and not in the service of particular political or economic interests.

In an increasingly convergent media environment in which, on the one hand, in the audio and audiovisual sphere, more and more private producers are producing, re-using and distributing more and more (niche) offerings and, on the other hand, the funding of quality journalism is increasingly made more difficult, the question is now posed (also with reference to regulation) concerning the relationship between PSM and private media providers. This relationship can take the form of co-operation and of rivalry.

In the first case (co-operation), the question is posed as to how such forms of co-operation can be organised so that they are beneficial for society. Some examples:

- "Radioplayer Worldwide" has existed for some time; it is a standardised web player and app operated by the radio industry. This was launched on the initiative of the BBC and makes it possible to bundle the connected radio stations with a platform of one's own, as a "gatekeeper". In the *United Kingdom, Austria and Switzerland*, commercial and PSM radio stations together operate the respective national Radioplayer.
- In *Germany*, PSM ARD has presented the idea to establish a platform, which would consist of a joint media library supplied by free content of German PSM and private media players. One of the largest private broadcasting companies, ProSiebenSat.1 has welcomed this initiative as it could help maintain a well working German media industry for the future. However, the German Association of Press Editors is more reluctant. It calls for creating a better competition environment in order to guarantee media pluralism.
- In *Switzerland*, the SRG SSR PSM, together with the traditional telecom provider (Swisscom) and a large publishing house (Ringier) has outsourced the advertising marketing activities to a joint venture, in order to keep pace with the large Internet companies and to stem the outflow of advertising revenue. The resulting company can access a large collection of data and has available a multimedia portfolio from the areas of print, TV, radio, online and cross-media. This joint venture caused a large amount of criticism from the media sector and politicians, above all because publicly financed companies are involved, thereby allegedly distorting competition.
- In *Switzerland* also, a "shared content model" is currently under consideration. The SRG SSR is, it is claimed, to offer private media providers specific media content at a uniform price for further use. This co-operation model enjoys broad agreement in the private sector. However, there is criticism that this could be counter-productive for diversity.

In the second case (demarcation), among other things there is generally the question of regulatory demarcation between the two forms and, for example, whether PSM should withdraw from specific areas. This question is often discussed from the viewpoint of distinctiveness or subsidiarity (PSM should produce only that which the market does not provide). It is demanded, on the one hand, that PSM should withdraw from certain areas: where the market "functions" - for example in the entertainment sector - PSM should no longer make productions. However, the "universal service" would then be abandoned.

On the other hand, there are calls for private organisations to be allowed to produce at least part of the public service offerings on their behalf and receive part of the national PSM budgets for this. There are already some examples in Europe.

- In *Norway*, measures exist to secure the presence of a commercial television broadcaster with a headquarters and newsroom outside Oslo and to establish a public funding scheme for PSM content to the tune of a maximum of 15 million euros.
- In *Switzerland*, regional and local private commercial broadcasters receive a limited PSM mandate to broadcast information from their transmission area at prime time. For this they receive a share of the reception fees and must-carry status. There is currently discussion about whether electronic media offerings of a public service character should in the future be provided with public financial support.

Questions:

- **Must the services provided by PSM be provided by one organisation or can its services (which ones?) also be provided by private organisations?**
- **This means: Which content can be provided only or best (and most efficiently) by PSM?**
- **What are the social consequences (pros and cons), if PSM tasks, for example, are entrusted to private and possibly commercial organisations via service agreements and appropriate financial remuneration?**

5 The legitimacy debate 2: Challenges concerning the reachability of the public

In Europe in general, despite increasing national and international competition and changes in usage behaviour, in particular among young people, public service media continue to register high usage figures (cf. *ibid.*). In the *radio sector*, the market shares of various public broadcasters examined in 2013 were *predominantly between 50% and 80%*; in the *television sector*, they were *between 20% and 40%* (cf. Puppis/Schweizer 2015: 127). A more recent study, however, indicates that there are significant differences between different countries (cf. Radu 2018).¹² For example, the Czech, Latvian and Romanian public radio sectors have a 30 to 35 per cent market share; the Polish figure is approximately 20 per cent. In 2016, the Latvian and Portuguese public television stations still achieved approximately 15 per cent and 16 per cent, respectively, whereas Romanian television reported a historic lowest value of 3.5 percent market share. This indicates a connection between the financial endowment of a PSM organisation and its market share: the higher the budget of a PSM organisation, the higher, generally, its market share and vice versa (*ibid.*).

As explained above, it is a characteristic of PSM that they provide a social “universal service”. Their content is wholly targeted at the entire population of a country. This also means in particular that they have produced and broadcast offerings for social minorities (e.g. linguistic minorities) and did not focus only on (e.g. economically particularly interesting) target groups.

Against the background of increasing social differentiation and the divergence of political currents, this mandate will become increasingly more difficult to fulfil. In addition, this fulfilment will (also) be made more difficult because of the digitisation of media landscapes. First of all, available media offerings are increasing, so the “findability” of PSM offerings is (also) made more difficult. Secondly, the programming of private broadcasters is no longer serving only “special interests” (e.g. by niche broadcasters, e.g. in sport), but increasingly also “very special interests” (e.g. golf broadcasters, football broadcasters or ice hockey broadcasters). Social differentiation corresponds to a growing media “longtail” in which specialised offerings which are differentiated (“disaggregated”) over ever more interests can find their niche and survive economically. The question arises as to whether and to what extent PSM should compete with such offerings. Thirdly, digitisation has also led to changed media usage behaviour. Young people in particular use media in a more mobile, more time-shifted manner and via different channels (e.g. social media), compared to the older generation. If PSM are

¹² <https://en.ejo.ch/media-economics/accountable-and-or-responsible-public-service-media-in-europe>

also to find legitimacy among young people, they must produce offerings which correspond to the interests of this social group and disseminate them on the channels which are used by them.

- In *Germany*, PSM ARD and ZDF have launched in 2016 the online format “Funk.de”. It provides online content for the target group of 14 to 29 years old, which is available on a dedicated website, and on other social platforms. In parallel ARD and ZDF have switched off two linear special channels dedicated to the young audience (EinsPlus and ZDFkultur).

Questions:

- How should PSM react to these developments: with offerings which are produced for ever more disaggregated target groups? This would run contrary to the contribution to “national cohesion”. Or by focusing on far-reaching content for mass consumption? This would possibly have an adverse effect on distinctiveness.

- What can PSM do to be received by young people and at the same time fulfil the requirements imposed on them (e.g. in terms of quality)?

6 The legitimacy debate 3: Challenges relating to the funding of public service media and its content

In the PSM sector, hybrid funding dominates. In most European countries, PSM organisations receive public resources and also generate revenue from advertising. Only in few countries, amongst them the Nordic countries, Great Britain and Spain is there no advertising at all. The proportion of public resources in all the European countries surveyed amounted to more than 50% of revenues (cf. Puppis/Schweizer 2015).

6.1 Challenges relating to the funding of PSM organisations

With the legitimisation of PSM its funding also comes under pressure. On the one hand, public funding is generally called into question. In Switzerland, in March 2018 there was a vote on whether subsidies for radio and television should continue to be possible in future. However, just 30% of citizens voted for the abolition of subsidies. In Austria, Denmark and the United Kingdom the abolition of fees is being demanded by (some elements of) the political right. And in France, a substantial budget cut is being debated. On the other hand, funding of public broadcasting by advertising is also under debate. But budget cuts also threaten public broadcasters even in countries in which the legitimacy of public funding in principle is not being called into question. Against this background it is telling that between 2011 and 2016 PSM revenues only increased by a modest 0.4%. Excluding Germany, where a new license fee scheme boosted the revenues of the public broadcasters, the increase was 0.2% per year. Portugal, Spain, Romania and Poland experienced a significant decline of their revenues (European Audiovisual Observatory: 64; EBU 2017: 3-4). In real terms, this is a downward trend. Other examples:

- In *Denmark*, the government has concluded a new contract with the PSM provider DR, which will enter into force in early 2019 and which among other things envisages a budget saving of 20%.
- In *the Netherlands*, the government has reduced state funding of media in two waves (2013-2015 / 2016-2017). It was primarily the PSM organisation NPO which was affected by the

cuts. It was also required to become leaner, more efficient and more innovative. NPO reacted by reforming its organisational structure.

- In *France*, on 31 August 2017 the government announced that the PSM providers France Télévisions, Radio France and arte should save a total of 80 million euros in 2018. The discussions between PSM and the government about the scope of these cost saving measures have not yet been concluded.

Clearly, the question is also posed as to how PSM can be put on an acceptable long-term funding basis and what form of public funding is adequate. Traditionally, most European countries have funded their public broadcasting by means of a charge based on the possession of a television receiver. Because of technical developments, however, more and more countries have switched to decoupling funding from reception equipment. However, the arrangements differ. For example, Germany and Switzerland have switched to a household-based fee, whilst Finland has introduced an individual media tax, collected by the taxation authority. The Netherlands and the French and Flemish Communities of Belgium fund their PSM from the regular national budget. According to statements by scientists from both countries, this method of funding is, however, facing growing problems, since adoption of the budget gives parliament the option of cutting the subsidy for (party) political reasons.

Questions:

- How can PSM be put on an acceptable long-term funding basis?

- How will the editorial independence of PSM be safeguarded if parliaments increasingly determine the level of funding?

- From the viewpoint of more stringent "ethical" requirements, where do the frontiers of funding through advertising, sponsorship and product placement lie?

- Should, for example, PSM also disseminate commercial communication in their online offerings?

6.2 Challenges relating to the funding of content

In Europe, PSM are a guarantor of high-quality and innovative audio-visual productions for national markets. PSM originated 73% of TV fiction and 44% of TV fiction hours produced each year in Europe. They focus in particular on short formats (TV films and TV series with 26 or fewer episodes), for which they contribute to 66% of hours produced. Moreover, seven public groups appear in the ranking of the top 15 broadcasters involved in the production of TV fiction in the European Union (European Audiovisual Observatory: 64). In this sphere, they are now in more intense competition with private European broadcasters, US media companies and financially strong cable and telecoms companies. In recent times, financially powerful global businesses with their Subscription Video on Demand (SVOD) products have penetrated this market very successfully. These players are hardly regulated or at least less strictly regulated nationally and they have many times larger budgets for high-quality audio-visual productions. European PSM cannot exercise this financial power. The operational revenue of all 64 EBU members amounted to 35.8 billion euros in 2016. That of the five largest internet organisations (Apple, Facebook, Amazon, Alphabet and Netflix) are approximately twelve times higher (432.21 billion euros). Also, the five largest European telecoms companies or the

five largest US media companies generate seven and five times, respectively, higher operational revenue than all the EBU members combined (EBU 2017).

The presence of the global SVOD providers need not be detrimental in all cases. European PSM, particularly in the UK, also co-operate with these providers as co-producers. The question, however, is how much longer will the SVOD providers be ready to enter into such co-operation. And generally, how can PSM deal with this competition strategically.

- In *Ireland*, the Sound & Vision Broadcasting Funding Scheme has been around for some time. This contestable funding scheme is financed from the Irish Broadcast Fund which comprises 7 per cent of the annual net receipts from television license fees. The scheme offers grant funding to new television and radio programmes which contribute to public service goals, such as the promotion of Irish culture, heritage and experience or improving adult or media literacy.
- PSM organisations France Télévisions (France), RAI (Italy) and ZDF (Germany) build an alliance in order address the challenge posed by Netflix and other SVOD operators. Together they invest their efforts to co-produce a range of high-end programmes across multiple genres. Other PSM organisations will be privileged partners of the alliance, such as RTVE (Spain), RTBF (French Community of Belgium) and SRG (Switzerland).

Questions:

- **What is currently happening in relation to genre investment?**
- **Which incentives do the large SVOD players have for co-operating with PSM?**
- **Is co-operation between PSM and other commercial media providers a possible solution?**
- **What are the pros and cons of such co-operation?**

Annex 1: Summary of the 1st plenary session in Luxembourg

Content producer *Samuel Studer*, OFCOM (CH), introduced the session by stating a paradox: even though enjoying a high degree of credibility among the population and continuing to register high usage figures in Europe, PSM is facing an unprecedented legitimacy crisis - most recently illustrated by the “no-Billag” vote which saw 30% in favour of abolishing PSM in Switzerland. This legitimacy debate raises at least three challenges relating to the organisation: delivering public value, reaching/serving the public and the funding of public service media and its content. When addressing these challenges, however, the fundamental goals of PSM should be kept in mind.

[Matthias Künzler](#), from the University HTW in Chur (CH), highlighted the challenges for the legitimacy of PSM against the backdrop of digitisation and changing media usage habits. In his view, there are still strong arguments for a public media organisation with a universal mandate in our society but a new approach is required to legitimise the organisation in the eyes of the citizens. While the legitimacy debate has recently abated in Switzerland following the clear rejection of the “no-Billag” referendum, it has intensified in other parts of Europe. One argument is the demand for distinctiveness and the complexities of defining it. Some proponents suggest decentralising the public service remit by tendering the production of such programmes to private companies and limiting the activity of public broadcasters to a niche strategy. However, the experience from countries that have implemented such models (e.g. New Zealand or US) shows that the high expectations were not fulfilled or were only partially met. By contrast, proponents of the traditional PSB model consider that a sharp distinction is not desirable, and that only PSM as a form of organisation makes it possible to align production routines on non-profit objectives in order to produce “a trusted brand”. Professor Künzler’s favoured approach is that of the “shared-value” according to which PSM organisations need to be more accountable towards the audience than towards political administration and create value for the whole society and stakeholders. It is proposed to implement the concept by regularly monitoring the needs of stakeholders and turning it into a clear strategy. A lesson learned from the referendum is that even if PSM are well interconnected in Swiss society, public awareness about this is lacking. Adopting the “shared value approach” may help strengthen the already existing relationship between PSM and civil society and thus raise the legitimacy of PSM.

[Florence Hartmann](#), from the EBU-MIS, reported on the relevance, robustness and flexibility of PSM in Europe based on data, facts and figures with a focal point on financing challenges. She emphasized that PSM remain key players in most European markets and that they contribute positively to media pluralism. She pointed at the correlation between PSM market shares and high levels of trust in radio and TV. PSM are key contributors to Europe’s creative sector, especially concerning original content, they proportionally invest more in content than GAFAs (Google, Apple, Facebook and Amazon). In terms of distinctiveness, PSM broadcast largely European programmes as well as a diverse selection of programmes. PSM remain a vital component of the European audio-visual sector in terms of revenues, even though revenues have been stagnating in recent years. She explained how the financing basis of European PSM erodes in a steady manner and that this can have alarming consequences for the fulfilment of their remit, owing to the correlation between funding and performance. Licence fee remains the cornerstone of PSM and is considered the most stable funding system. New fee models, as in Germany or Switzerland, cover all connected devices. The Finnish system, a tax-based model, is growing in importance in Nordic regions. While PSM demonstrate their flexibility with online presence and innovation, they cannot really compete with the commercial sector in terms of diversification of income: the gap between PSM and the four main categories of commercial competitors is increasing. She likened PSM to a palm tree which remains flexible in the storm.

[Mika Rahkonen](#) presented the innovative and successful approach of the Finnish PSM YLE to reach young audiences. Many PSM have tried to boost their audience share of under-20 year-olds, most of them have invested a lot of money, without any success. In his view, PSM needs to be more courageous, change their mindset and adopt a bolder approach. The approach chosen by YLE has been risky as the content did arouse the interest of young people, but was sometimes controversial, thus triggering debates and criticism. There is always a conflict with quality standards as it is expected that PSM will respect these. But the question is how you define “quality”. The same goes for distinctiveness from commercial actors. One important pre-

condition if you want to address and reach young people with PSM offerings is the ability to be present on certain platforms (such as Instagram etc.) and, as a long term strategy, drive young audiences to the platforms YLE controls.

[Tomas Myrbostad](#) presented the innovative public funding scheme recently introduced in Norway for commercial PSM. TV 2 was founded in 1992 as a competitor to licence-fee funded PSM NRK, and has been under a public service remit for 25 years. The strong competition between NRK and TV 2 has been positive for local production, and has contributed to higher quality and interest for local content. It has also forced other commercial broadcasters to compete on high quality local content. In the fully digitized Norwegian TV market, distribution revenues are key for financing commercial broadcasters. Realizing that previous regulatory advantages, such as must-carry regulation, were no longer working, the government decided to offer a new tender for a commercial PSM. Under the new commercial PSM model, a financial compensation of up to EUR 15 million is offered to cover net costs of the PSM remit. The obligations include own-produced daily news, programming for children and young, local drama and the location of editorial headquarters outside of the capital Oslo. Further to a tender in June 2017, TV 2 was the only applicant. TV 2 and the Ministry of Culture (with assistance from the Norwegian Media Authority) have been discussing the implementation, notably the regulations and principles of accounting separation, an essential component of the model.

Discussion:

- *On the use of social media platforms to reach young people:*
Mika Rahkonen replied to a participant enquiring about YLE's philosophy on platforms that their strategy is to reach young audiences on the platforms that they use - rather than developing their own platforms and apps. Social media is seen as a promotion vehicle for added value. NRK's web show about Oslo high-schoolers *Skam* proved hugely popular among young people in Norway.
- *On the role of PSM to broadcast free-to-air sport events:*
Generally it was remarked that the 'ballooning' of costs for sport rights makes it difficult for PSM to keep competing for the acquisition of rights. However, the possibility of [developing provisions to ensure that events of major importance for society are broadcast free-to-air](#) - though not necessarily on PSM - is enshrined in the AVMS Directive (and the ECTT). For *Matthias Künzler*, it is not the distinctiveness of the content that matters but the difference in editorial work processes, i.e. in how the programmes are produced.
- *On alliances between PSM and commercial, and between PSM in Europe:*
Generally, EBU sees partnerships between PSM and commercial players positively: joint projects on streaming are currently being developed. However, major alliances often face difficulties in practice. In Switzerland, 'Admeira', the joint venture aimed at combining the marketing and advertising powers of Swisscom, Ringier and PSM SRG SSR as a counterweight against global players met with resistance from commercial operators and the press. Meanwhile, [SRG SSR plans to drop out of Admeira as a partner](#) and to sell its share in the company. For *Matthias Künzler*, such alliances require a broad consensus between the partners; diversity of content - not uniformity - should be the driving force. Reference was made to the recent announcement of an alliance between France Télévisions, Rai and ZDF to co-produce a range of high-end programmes across multiple genres. *Florence Hartmann* remarked on the difficulties of implementing co-operation agreements as markets are still very national in terms of distribution; Nordic PSM have a very efficient system in place though.
- *On efficiency and contestable funding:*
BAI reported a shift in the notion of efficiency in their assessment of PSM which might include, not only economic efficiency (i.e. about cost savings), but extending the concept to cover efficiency in meeting audience needs (i.e. use of funding to serve a wide variety of audiences and to maximise its public value). In Ireland, a model for contestable funding ([Sound & Vision 3](#)) coexists with the PSM RTÉ who occupies a unique space. *Florence Hartmann* considered that contestable funding schemes can be of benefit and contribute to more transparency as long as they do not lead to deinstitutionalization and are a complementary to, but not a replacement for, existing PSM organisations.

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