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FUNDING OF PUBLIC SERVICE MEDIA

PUBLIC VERSION

MEDIA INTELLIGENCE SERVICE
MARCH 2022

ABOUT THIS REPORT



This publication was produced by the Media Intelligence Service (MIS) of the EBU. It provides the main findings and a selection of charts and maps from the latest edition of the EBU's Funding of Public Service Media report, published in March 2022.

It provides a comprehensive and international perspective of the financial situation of Public Service Media (PSM) in the EBU area in 2020.

47 MARKETS

Funding of Public Service Media 2021 includes information on PSM organizations in 47 markets, or 46 countries, in Europe and around the Mediterranean.

The disparity between the number of markets and countries is due to the audiovisual environments of the French-speaking and Flemish Communities of Belgium, which have autonomous arrangements for regulations and public broadcasting. As a result, Belgium is treated as one country but two separate markets.

The report notably includes data on 26 of the 27 EU countries, Malta being the only EU market not included in the analysis this year. As the report is mostly based on 2020 data, the UK is no longer included in EU calculations and averages.

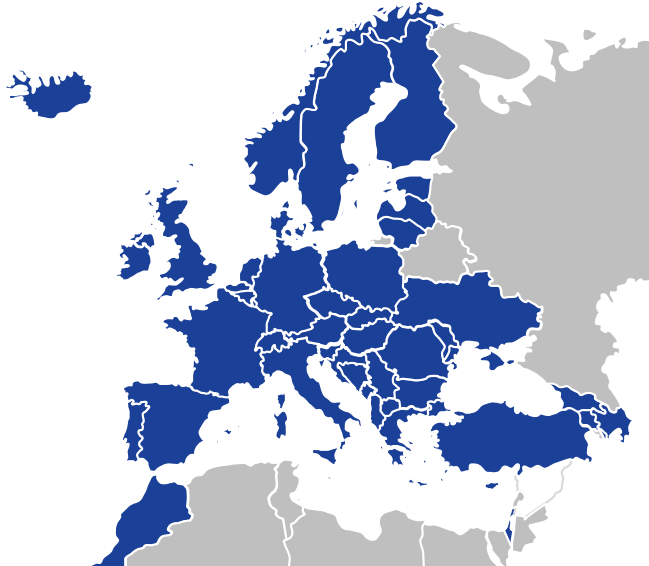
64 ORGANIZATIONS

The report covers 64 publicly-owned organizations that provide PSM services. Appendix 1 gives a detailed list of all 64 PSM organizations covered by this report. For organizations such as ARD (Germany) and NPO (Netherlands) that comprise several broadcasters, data refers to the organization as a whole.

All Members analysed in the previous edition are included in this year's edition, except for PBS Malta, which did not provide its financial data, and BTRC Belarus, whose membership to the EBU has been suspended.

As in past years, several PSM organizations that are not EBU Members have been included, to avoid creating data and analysis biases. Data on Channel 4 (UK) were taken from the group's annual report. The 12 Spanish regional ('autonomous') public broadcasters have also been included. Even though they are separate entities, to maintain readability of the report they have been grouped under one body: FORTA, the Federation of Regional Organizations of Radio & Television, in Spain.

COUNTRIES COVERED IN THE REPORT



Source: EBU.

Please note that the full report – for EBU Members only – is available at: www.ebu.ch/mis

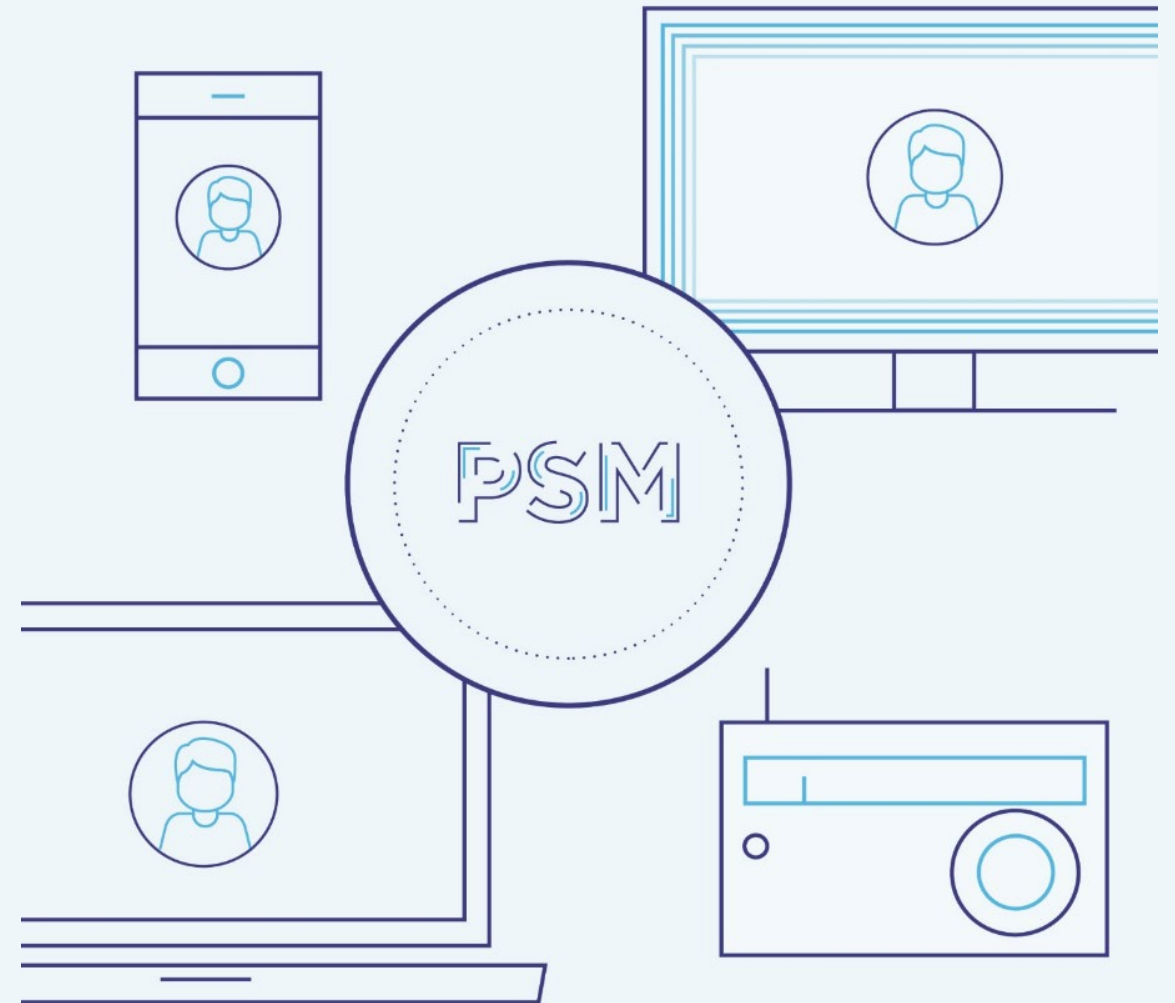
PSM INCOME
AMOUNTED TO

EUR

35.52

BILLION

IN THE EBU AREA
IN 2020



Note: based on 64 organizations in 47 markets.
Source: EBU based on Members' data.

PERSISTENT EROSION OF PSM FUNDING IN THE MEDIUM TERM

Total 2020 operating revenues of the 64 PSM organizations for which data have been gathered, covering 47 markets in 46 EBU countries, amounted to EUR 35.52 billion.

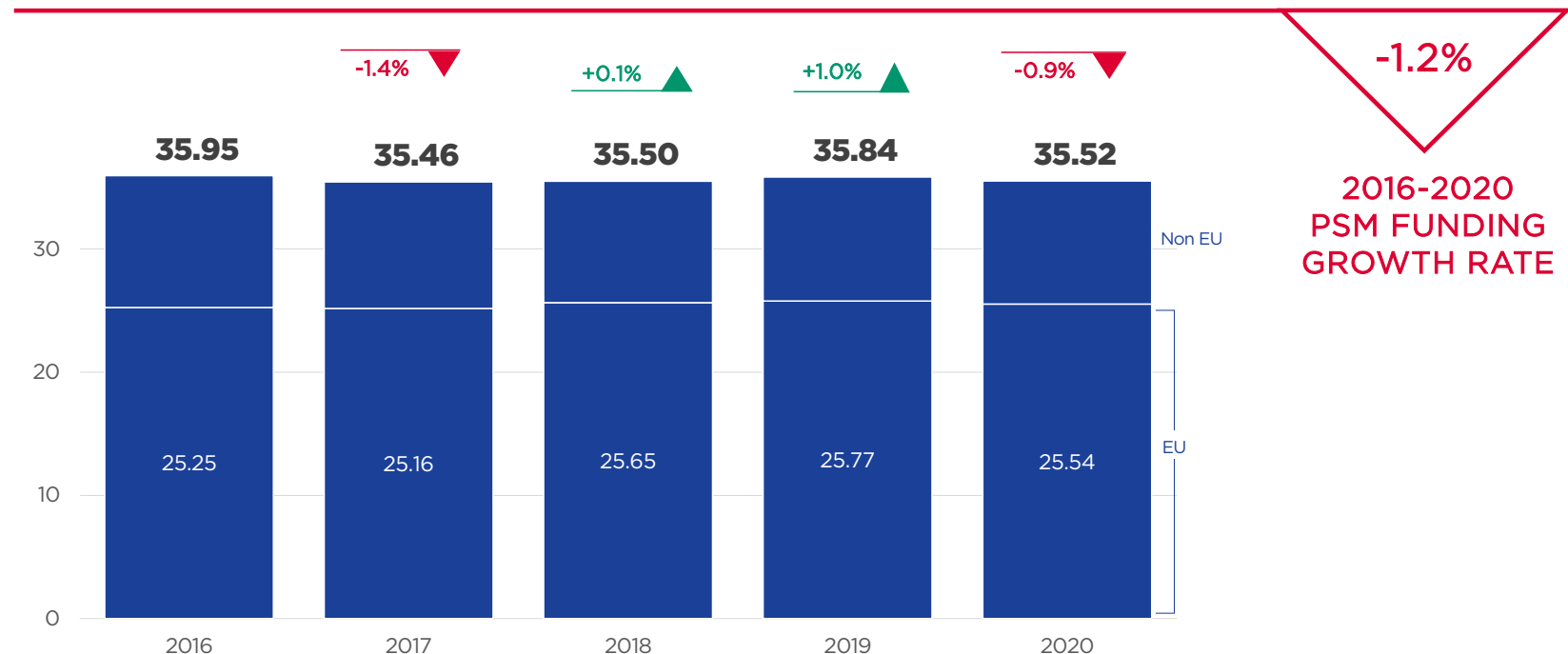
PSM funding contracted by 0.9% in the EBU area in 2020 compared with 2019. While still limited in the context of the pandemic and the widespread recession in 2020, this still meant a EUR 320 million contraction across the EBU area.

Additionally, this contraction halted a positive trend initiated in 2018. COVID-19 hurt PSM funding just as it was finally starting to recover from the 2009 crisis and the subsequent decade of austerity it had to endure.

From a medium-term perspective, PSM funding is again on a downward trend. Overall, cumulative PSM funding dropped by 1.2% from 2016 to 2020, with total PSM resources decreasing from EUR 35.95 billion in 2016 to 35.52 billion in 2020.

Overall, the five-year change represents a compound annual growth rate of -0.24%, highlighting the progressive erosion in PSM funding in the EBU area over the past five years.

CHART 1.
PSM OPERATING REVENUES IN EBU AREA
(EUR MILLION, 2016-2020)



Note: based on 64 organizations in 47 markets. UK not included in EU for the full historical series.
Source: EBU based on Members' data.

FIVE-YEAR DROP WHEN TAKING INFLATION INTO ACCOUNT

In fact, when considering inflation, this five-year drop in PSM funding (-1.2%) turns into a massive contraction in financial resources when expressed in real terms: -6.9% for the whole EBU area. And this phenomenon will get more acute with inflation reappearing in Europe from 2021.

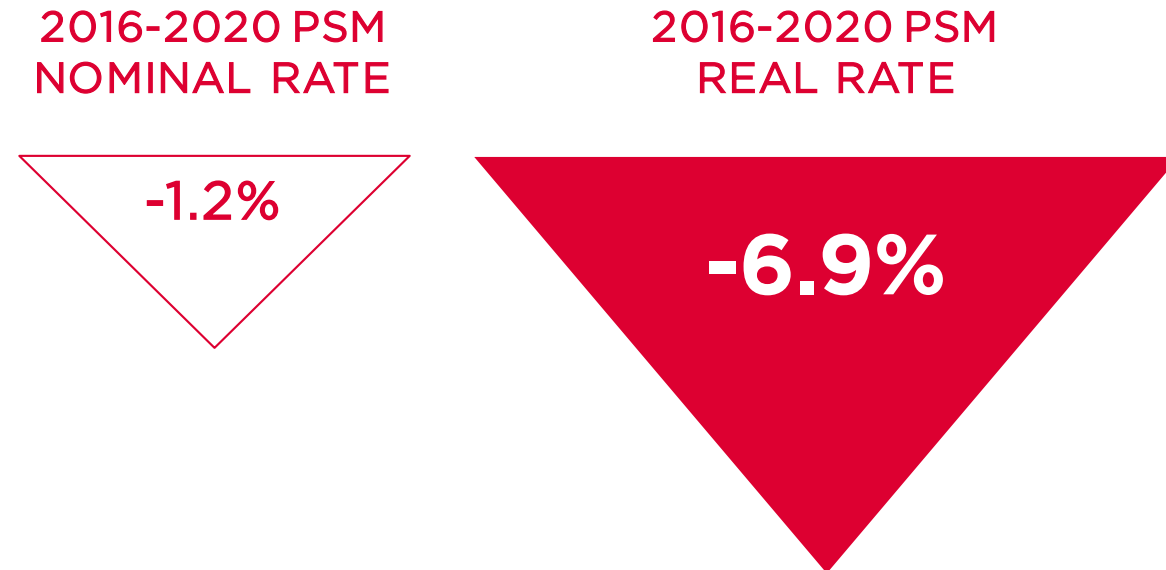
Having to operate under the constraint of almost frozen budgets means that most EBU Members are functioning with decreasing resources in real terms, when taking inflation into account.

Isolating inflation enables us to calculate the real change in PSM funding. In 2020, EU inflation stood at 0.7% (Eurostat data), a particularly low level compared with 2017-2019, which is explained by the pandemic and the economic slump. Despite the unusually low inflation encountered in 2020, the gap between nominal and real growth rates in Europe persists.

At EBU level, the 1.2% drop in PSM funding between 2016 and 2020 represents a significant contraction in financial resources when expressed in real terms: -6.9% for the whole EBU area.

Furthermore, since early 2021, inflation has been spiking in Europe, with prices rising over 5% on an annual basis. Erosion of PSM funding will become even more acute in a context of renewed higher inflation. Consequently, the valuation of PSM funding should reflect the expected price increases, and PSM institutional frameworks should provide public broadcasters with guarantees regarding prices adjustments.

CHART 2.
5-YEAR NOMINAL AND REAL GROWTH RATES OF PSM OPERATING REVENUES IN EBU AREA
(%, 2016-2020)



Note: based on 64 organizations in 47 markets.
Source: EBU based on Members' data, IMF and local sources.

PSM FUNDING IS FALLING IN THE LONG TERM

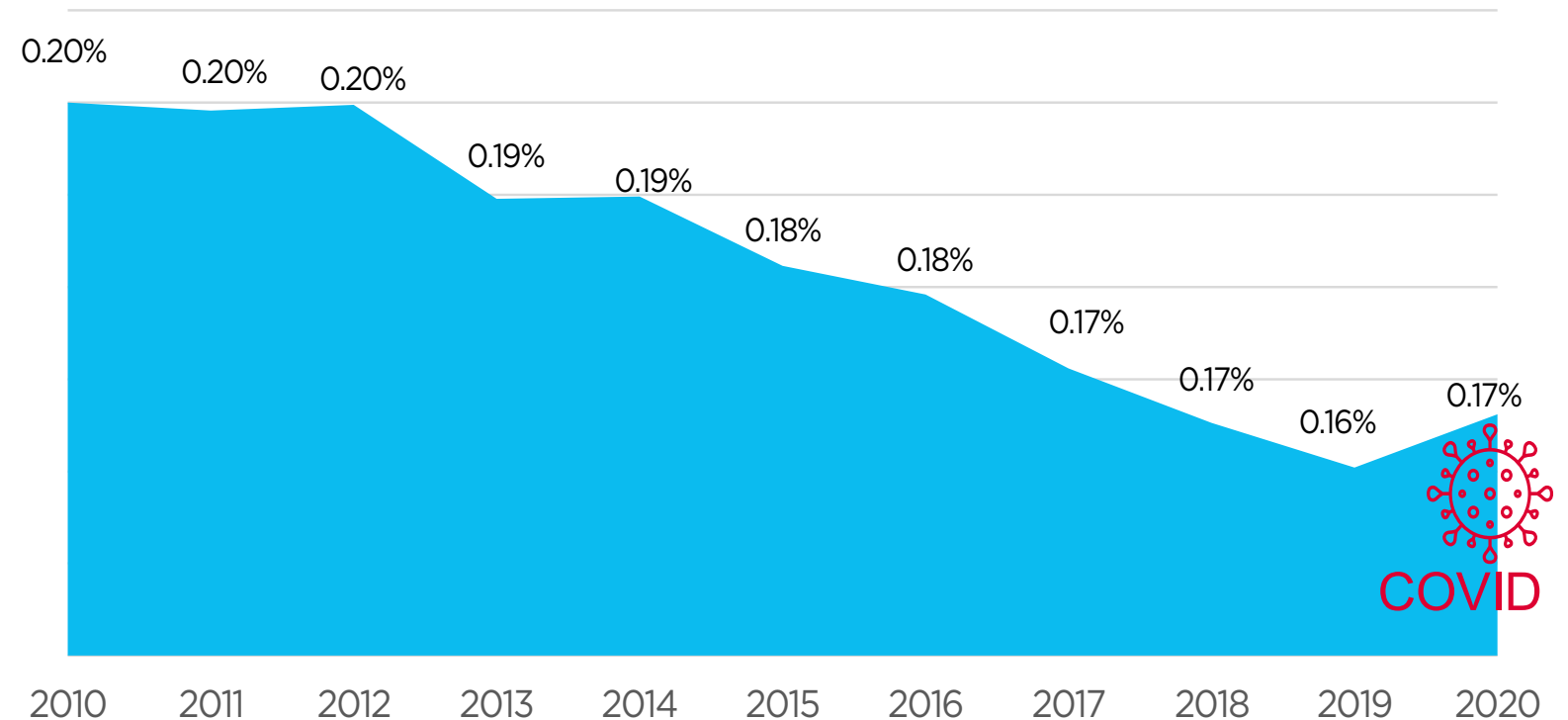
When placed in a broader economic perspective that takes GDP growth into account, stagnation in PSM revenues can actually be seen as an erosion of their financial resources, in both real and proportional terms.

PSM funding is falling in the long term. It represented on average 0.202% of GDP in 2010, but this ratio had shrunk to 0.166% by 2020. The ratio slightly increased between 2019 and 2020 as a mechanical consequence of the global recession. However, PSM funding continues to trend downwards in European economies.

Will PSM funding benefit from the economic recovery experienced in 2021 across the EBU area? This is uncertain. Over a decade ago, when the 2008-2009 financial crisis broke upon us, it affected the ability of governments to guarantee stable and sustainable funding for PSM in the short term, with several PSM being severely hit. But the most worrying problem was that PSM revenues never recovered from these exceptionally adverse circumstances.

When European economies reverted to sustained growth, the contraction in PSM funding proved being structural. A similar scenario can be feared post-pandemic.

CHART 3.
PSM OPERATING REVENUES AS PROPORTION OF GDP IN EBU AREA
(%, 2016-2020)



Note: based on 64 organizations in 47 markets.
Source: EBU based on Members' data, IMF and local sources.

MORE ACTIVITIES WITH LIMITED RESOURCES

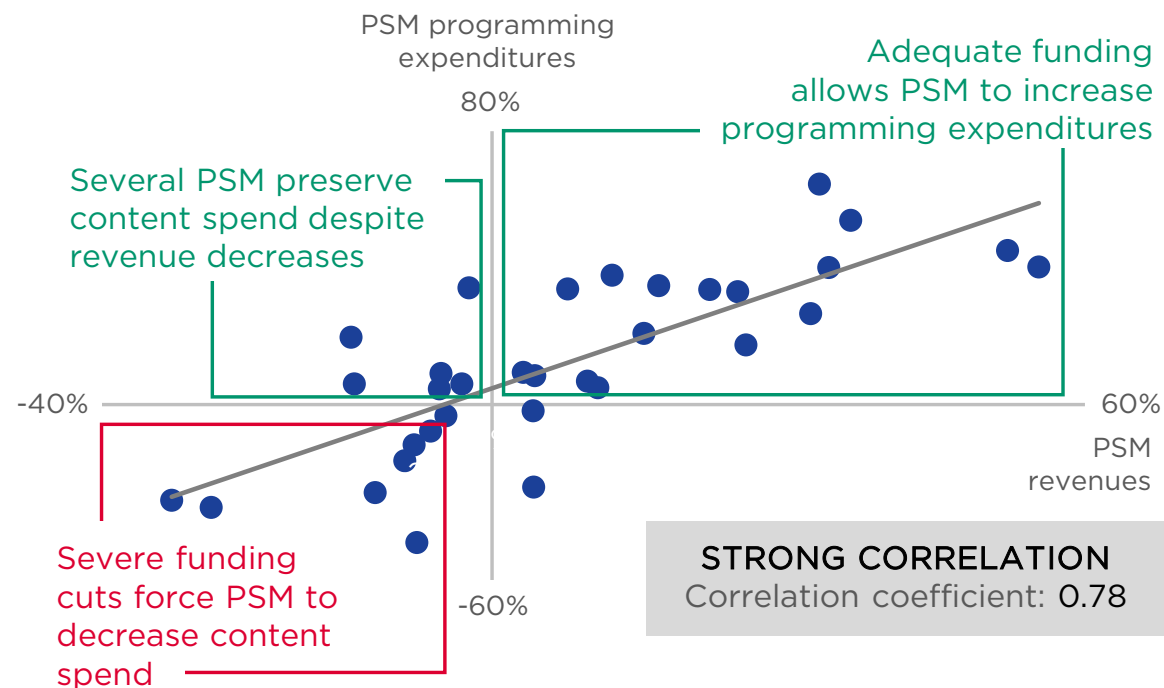
Revenues of PSM organizations in real terms keep decreasing while the scope of their activities is expanding and certain specific programming costs, such as sport rights, are rising as well.

Financial attrition in PSM is all the more worrying since it does not reflect a decreasing role or remit for PSM organizations. On the contrary, this slump may damage PSM abilities to fulfil their growing missions, at a time when PSM continue to play an essential role within the European audiovisual value chain and in maintaining pluralism in globalized media markets.

EBU Members were operating 473 TV channels and 699 radio stations by end 2021. Additionally, they were broadcasting almost 600 local radio and TV windows. PSM channels and stations have almost universal coverage. Above all, they remain essential players in their respective markets: in 2020, the weekly reach of public service TV in the EBU area was 61% and the equivalent data for radio was 45%.

As most of their revenues are reinvested in European content, PSM organizations are essential contributors to European creative industries. Each year EBU PSM invest over EUR 18 billion in programming. 84% of PSM programming expenditure is spent on original productions. PSM therefore emerge not only as major players within the audiovisual value chain, but also as key partners for the European creative sector.

CHART 4.
PSM OPERATING REVENUES EVOLUTION (% , 2009-2019) VS. PSM PROGRAMMING EXPENDITURES EVOLUTION (% , 2009-2019)



Note: based on 33 PSM in 26 markets for which 2009-2019 historical series were complete and comparable.
Source: EBU based on Members' data.

66% OF MARKETS HIT BY 2020 FUNDING CUTS

PSM funding trends at country or organization level paint a very different picture from the overall impression, which – on the basis of aggregated figures – seems to suggest that funding for PSM has been stable in recent years. On an individual basis, however, some regions are seeing some alarming funding trends.

Due to the impact of the COVID-19 crisis in 2020, a larger number of PSM have experienced short-term cuts, and a reduction of their funding between. Between 2019 and 2020, PSM funding fell in 31 of the 47 markets analysed, or exactly two-thirds of EBU countries.

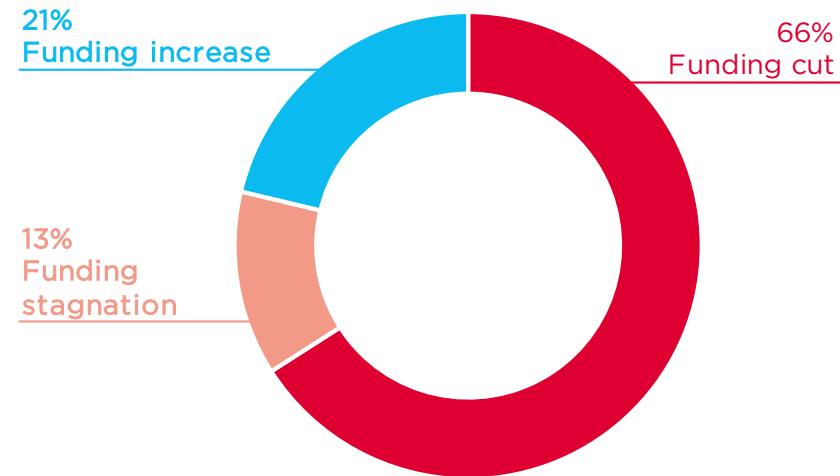
Impact of funding cuts

Significant, repeated cuts cannot be fully compensated by efficiency gains. PSM organizations suffering budgetary restrictions need to adapt to their downsized resources.

One of the first consequences are direct cuts in programming expenditures. PSM inject on average more than half of their financial resources directly into programming. Therefore, content spend is unsurprisingly negatively impacted by budget cuts and other austerity measures.

Another visible range of consequences are those affecting the portfolio of services offered: closure of radio stations or TV channels, reduction in the number of online services or apps, cancellation of R&D projects. This directly affects the diversity of content offered to citizens.

CHART 5.
EVOLUTION OF PSM FUNDING BY MARKET
(%, 2019-2020)



Note: funding cut defined as <0% evolution, funding stagnation as <3% evolution and funding increase as >3%.
Source: EBU based on Members' data.

WELL-FUNDED PSM ACHIEVE A BETTER MARKET POSITION

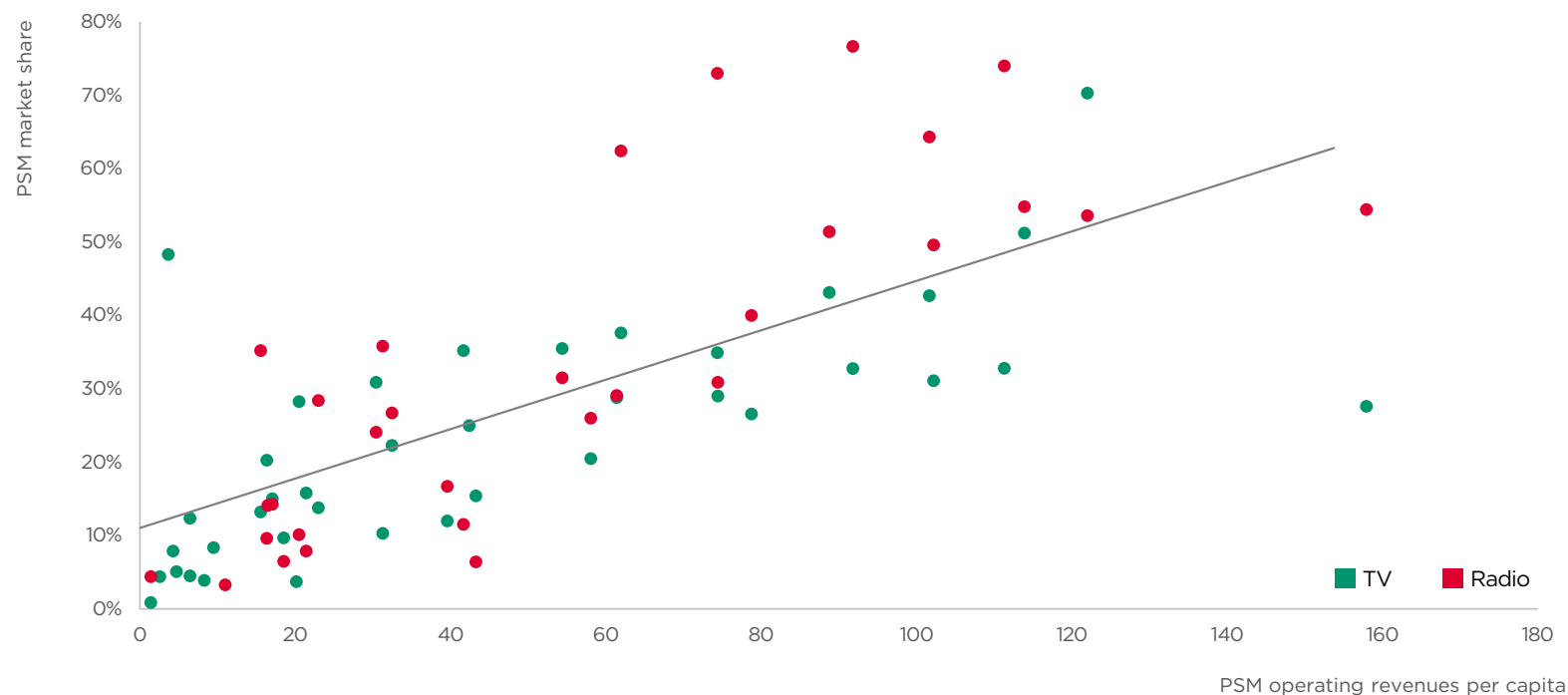
Limited resources may not only jeopardize the central role of PSM in the European media environment, but may also damage their ability to fulfil their expanding public service remit.

Financial constraints have the potential to jeopardize PSM organizations' ability to stay relevant in evolving media markets. When facing budget cuts, PSM organizations may find themselves in a downward spiral, forcing them to take drastic action such as reducing programming expenditures or increasing repeat rates. Such a trend may in turn cause viewers to lose interest in their PSM, thereby weakening their position even further.

On the other hand, adequate funding is crucial if PSM are to continue as a trusted source of information; produce quality content, high-end fiction and innovative programming; acquire major rights in the sports sector as well as in entertainment; and pursue technical innovation, with its spill-over effects into other areas of the market. In other words, limited financial resources may not only jeopardize the central role of PSM in the European media environment but may also damage their ability to fulfil their expanding public service remit.

As shown in Chart 6, similarly to previous years, PSM funding per capita correlated positively with PSM TV and PSM radio market share in 2019. Putting it another way, properly funded PSM organizations in relative terms tend to perform better in their respective radio-and-TV markets.

CHART 6.
PSM OPERATING REVENUES PER CAPITA (EUR, 2020) VS. PSM TV AND PSM RADIO MARKET SHARE (% , 2020)



Note: based on 42 markets.

Source: EBU based on Members' data and Glance (and its relevant partners).

PSM ARE ESSENTIALLY PUBLICLY FUNDED

In accordance with their public service remit and missions, PSM organizations rely on specific funding mechanisms, and their funding mix comprises a delicate balance between essential public revenues and supplementary commercial revenues.

Public service media rely on a broad range of income sources that can be grouped into three categories: public income, commercial income and other sources.

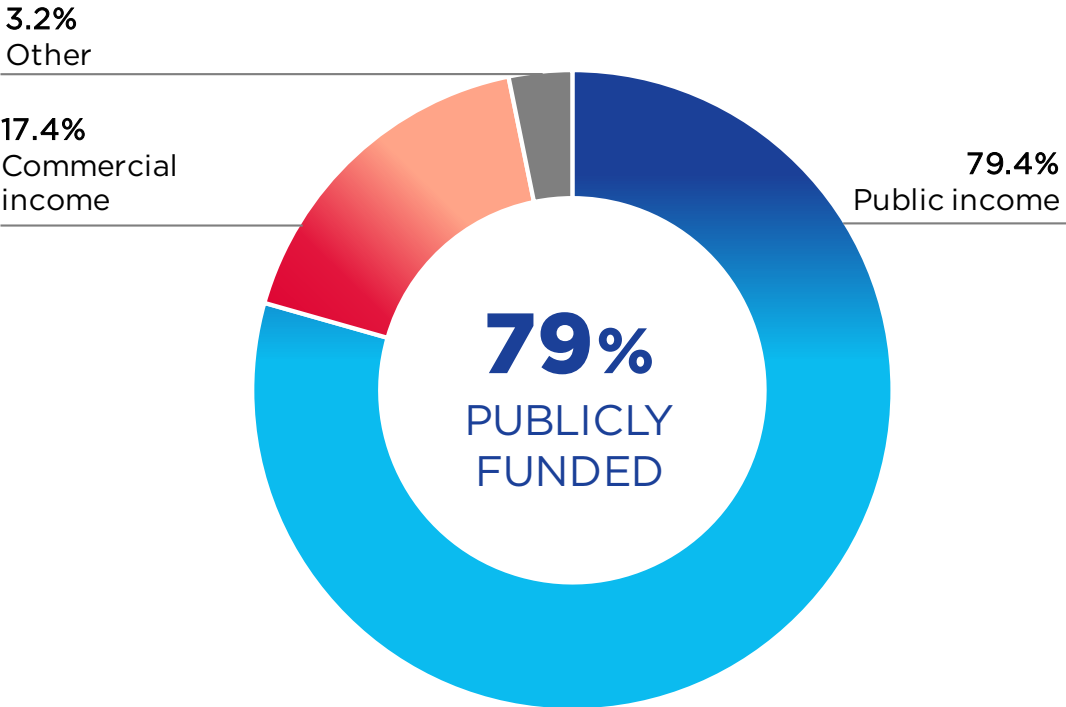
PSM organizations are by and large publicly funded: in 2020, 79.4% of all PSM funding in the EBU area was public while commercial sources accounted for only 17.4%.

PSM's heavy reliance on public income throughout the EBU area clearly illustrates the uniqueness of PSM funding.

Thanks to public resources, PSM may be less subject to short-term market imperatives than their commercial counterparts. Nevertheless, PSM remain subject to other pressures and the public nature of their funding puts them under permanent scrutiny, either from politicians or directly from the public. The public nature of PSM funding makes PSM highly accountable to the citizens behind their funding.

At EBU level, detailed analysis of PSM revenue streams still clearly designates, by far, the licence fee as the main source of income for PSM activities, contributing 59.5% to total funding in 2020.

CHART 7.
PSM FUNDING MIX IN THE EBU AREA
(%, 2020)



Notes: based on 64 organizations in 47 markets. Funding mix based on the sum of the revenues, before the intra-group eliminations.
Source: EBU based on Members' data.

WIDE VARIETY OF FUNDING MODELS

Of the 56 PSM markets that make up the EBU area (i.e. adding to the countries covered in detail by this report markets such as Algeria, Egypt and Russia), 31 are mostly financed by public funds, 20 rely mainly on the licence fee, 2 rely on funds outside state budget. Data were unavailable for only three markets.

Public funds (mostly from state budget) were the most widespread source of funding, representing the dominant source of income in 31 of the EBU markets for which the information was available with regard to 2020 (58.5%).

A minor but growing source of PSM funding consists of an allocation from a specific fund located outside the state budget. This is the case whenever PSM financing stems entirely or partly from funds flagged, or earmarked, for that specific purpose.

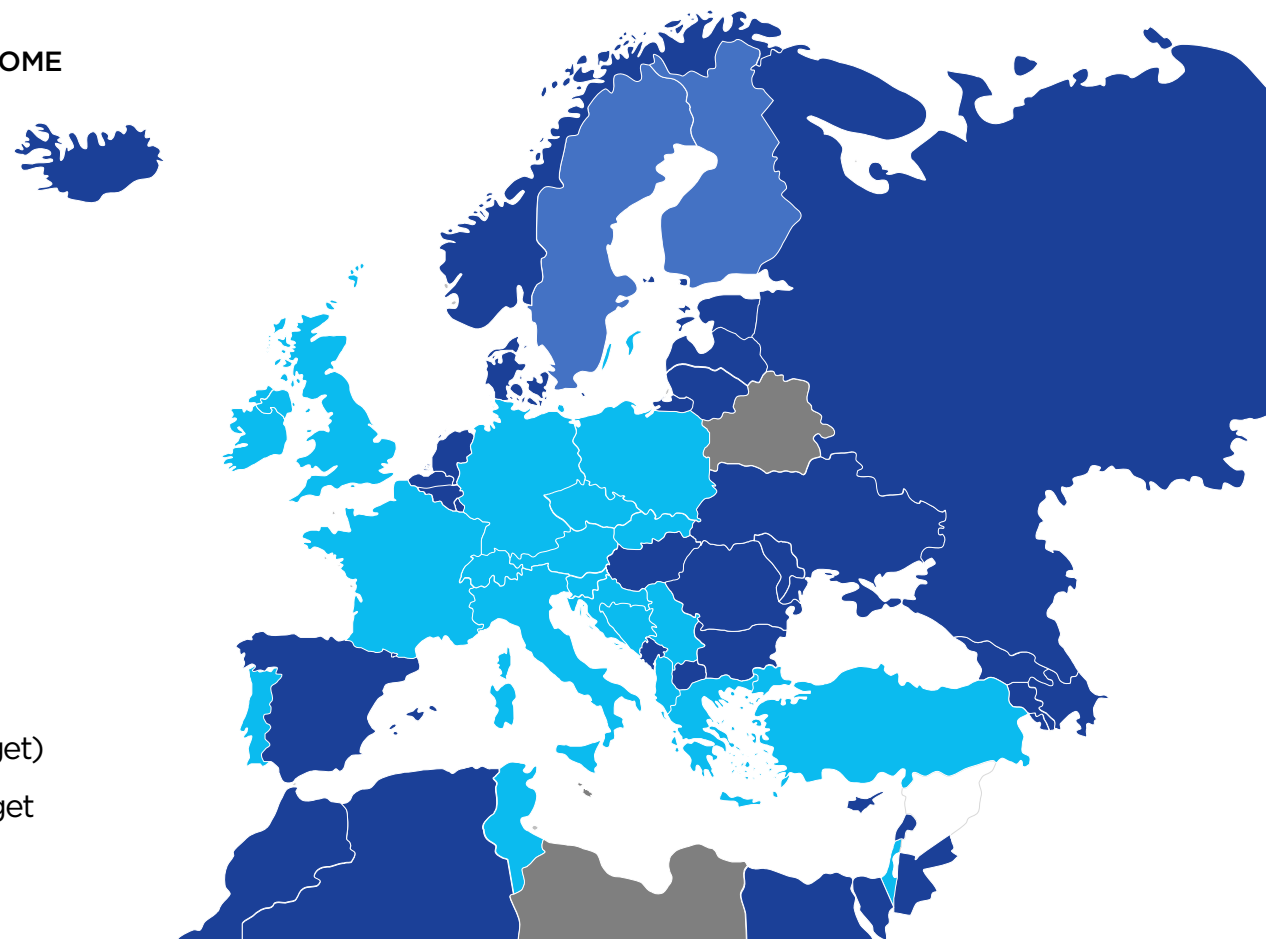
The best-known example of a PSM earmarked tax in the EBU area is the Yle tax in Finland, introduced in 2013. A similar model entered into force in Sweden in 2019.

The licence fee was collected in 25 of the 56 EBU countries (44.6%) as at 1 January 2022. However, where it existed, the fee was not necessarily the main source of income for PSM. Consequently, when analysing 2020 revenues by source, the licence fee was the main source of PSM income in only 20 EBU countries (37.7%). Four of the Big Five markets (France, Germany, Italy and the UK) mainly rely on licence fee revenue. That explains why the licence fee remains the main source of PSM income in the EBU as a whole, even if it is no longer the most widespread.

MAP 1.
MAIN SOURCE OF PSM INCOME
(2020)

Main funding source:

- Public funds (state budget)
- Fund outside state budget
- Licence fee
- n.a.



Notes: several countries not covered in this report have been included for informative purposes.
Source: EBU based on Members' data and on desk research for countries not covered in the report.

10 CENTS A DAY: A SMALL COST FOR EMORMOUS VALUE

PSM public revenues ultimately derive from citizens – either directly through licence fees or indirectly through taxation. Therefore, a monthly cost per citizen can be calculated, and used as a reference when comparing PSM with other commercial media.

Since citizens do not pay PSM commercial revenues directly, only public income constitutes a direct and/or indirect PSM contribution from citizens. As a result, the PSM contribution per citizen can be calculated by dividing PSM public income by population.

On average, in 2020, citizens living in the EBU area paid – directly or indirectly – EUR 3.06 per month to finance PSM in their respective countries.

This contribution per citizen represented only 10 cents per day, a minimal cost for the essential service that PSM provides to populations.

These amounts need to be put into perspective. In 2020, pay-TV operators' average monthly revenue per user (ARPU) was much higher compared with the public cost for PSM. For instance, the average ARPU for cable TV stood at EUR 14.74. The equivalent numbers for IPTV and satellite TV were even higher (respectively EUR 17.34 and EUR 21.92).

The equivalent number for the streaming platform Netflix was EUR 9.67 on average in Europe, a lower price compared with pay-TV but still more than triple compared with PSM.

CHART 8.
PSM CONTRIBUTION PER CITIZEN VS. PAY-TV ARPU
(2020)



Source: EBU based on Members' data and Datisis for all ARPU data.

WHAT SHOULD I READ NEXT?



LICENCE FEE AND HOUSEHOLD CHARGE

This report takes a closer look at recent reforms, amounts charged and collection procedures. It provides you with an international perspective which is especially important at a time when many licence fee systems are facing intense scrutiny or are being adjusted to the changing media landscape.

[Download the report](#)

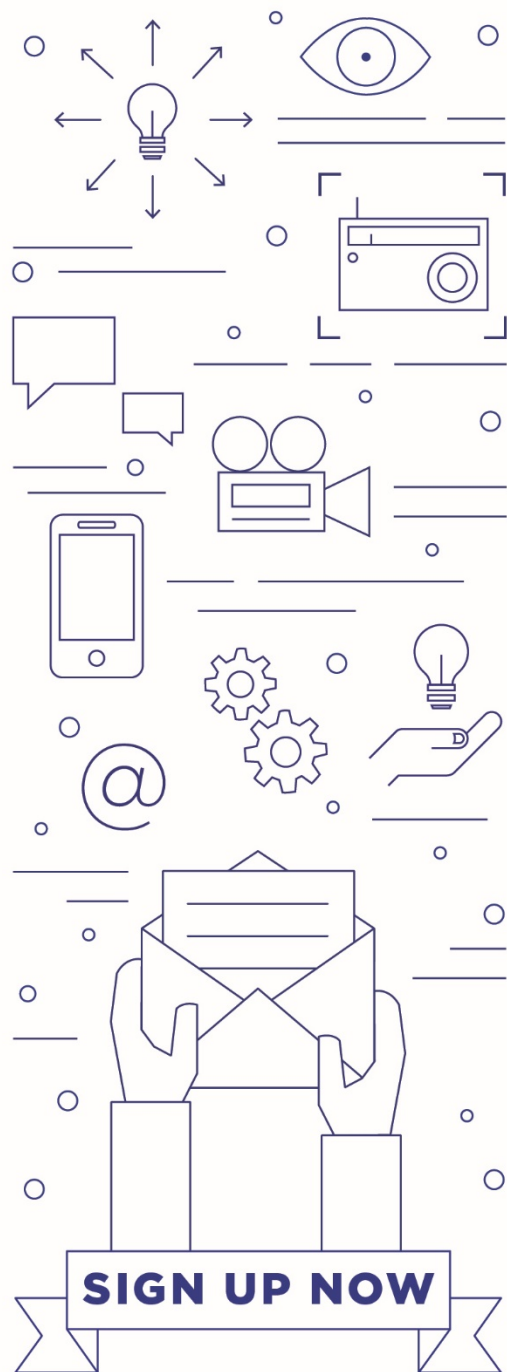


HOW PUBLIC SERVICE MEDIA DELIVER VALUE

Find out the many ways public service media deliver value to society by fostering well-being, developing informed citizenship and strengthening democratic societies. This latest publication offers simple headline slides to support PSM organizations in building strong and fact-based arguments about the value they deliver European citizens.

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