



The activities of public service media in new media and its funding

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Abstract

With the development of new technologies, the so-called new media are gaining importance and popularity in society. This leads to a strengthening of the presence of public media in the field of new media. In this context, the author examines how they are moving from a long-term licence model aimed at charging for the ownership of the radio or television receiver to generating income for activities in the field of new media. One of the options is to generate income through advertising, sponsorship or product placement in the online space, another option is to change the fee model and shift to tax, respectively charging natural and legal persons regardless of the ownership of the receiver. In this context, the author analyses the situation in three Central European countries (Czechia, Slovakia and Austria) that are currently reforming the funding of public service media. In the research, the author focuses on the activity of public media in the online space and how they are changing the current funding model in this regard. The research methods used are mainly analysis of legislative and budgetary documents. The author concludes that public service media tend to move towards new funding models that are either more universal or secure funding from the state budget. National legislation regulating public service media is also being adapted to the new activities of public service media in new media, with measures to ensure the independence of online broadcasting.

Keywords: funding; new media; public service media; broadcasting; Central Europe

1. Introduction

One of the possible ways, how public broadcasting is defined is as “broadcasting made, financed and controlled by the public, for the public. It is neither commercial nor state owned, free from political interference and pressure from commercial forces“(UNESCO, 2008). Public service broadcasting is realised through public service media, which traditionally carry out their activities through radio, television or print media. The mandatory activities of public service media are often specified in the laws that established a particular national broadcaster and defined its tasks.

In the last two decades, there has been a significant increase in the activities of public service media and services provided by them in new media. This increase of activities in new media is

connected to the phenomenon of digital transformation, which is an umbrella term umbrella term that captures those changes in economy and society that are driven by the pervasion of ever more aspects of every-day life by digital technologies (Hirschmeier et al., 2019). This process goes along with media convergence, which can be understood as the progressive merging of traditional broadcast and internet content (European Commission, 2022). Based on media convergence, audience can often receive information from multiple devices without being limited in the range or quality of information. The positive consequences of media convergence can also be seen in public service media, when the public can receive broadcasting via televisions, computers or smart phones together with written articles, additional videos or graphics.

The term new media as such can be defined as an umbrella term for any type of media delivered digitally (Cote, 2022). Streaming applications, blogs, podcasts or online newspaper articles could be included under this umbrella. Public service media in Central Europe tend to regularly provide news and various types of broadcasting, especially through their social media profiles, websites or apps.

Audiences' preferences are changing hand in hand with the expansion of new media, and public service media should also adapt to these trends, not only in their activities and funding models, but also by adapting the legislation that regulates public service media.

Recently, the public service media in Central Europe have been facing challenges with long-term established models of their funding, which were mostly based on an ownership of a radio or television receiver. The shift of audiences to new media has only added to these challenges.

In this paper, the author will analyse the situation in three Central European countries that have gone through or are going through the reform of their public service media. Due to a significant increase of the popularity of new media, the author poses a research question as to whether recent reforms of funding models and national legislation regulating public service media have also had an impact on the activities of public service media in new media. In particular, the author focuses on the proposed changes to the legislation and the reasons for such changes.

The analysis of legislation reforms and related explanatory memoranda covers the period from June 2023, when legislative proposal in Austria was presented, until the end of October 2024, since the legislative procedure in Czechia, which started in September 2023, has not been finished. Content analysis focuses on the governmental proposals for amendments of acts that are regulating the funding of public service media and the tasks of public service media, including their role in new media. Additionally, author also analyses budgetary documents and financial reports by the public service media, in which he analyses the development of their income, expenses and the number of licence payers from 2021. The documents provided by the Czech Television also include an overview of the overall financial development from 2008, where the last increase of television and radio licence happened. In addition to the aforementioned documents, author also analysed the reaction of parliamentary opposition to the presented reforms. In the analysis author included the most significant statement or legislative proposal from the strongest opposition party in each country.

2. Reform of Austrian Broadcasting (ORF)

Austria's public service broadcaster has been in operation since 1955. In its legal form as a foundation under public law, it comprises national radio and television. Until 2023, its funding model was mainly based on the compulsory payment (radio and television licence). The radio and television licence were based on the ownership of a radio and/or television receiver. The

total payment also included other four fees, either the fees dedicated to federal states or the national budget for the development of the broadcasting infrastructure and culture.

However, in 2021, the ORF filed a complaint with the Austrian Constitutional Court against the provisions of the ORF Act and the ORF funding model. At the time, the ORF was facing a massive decline in licence fee payers, some 60,000 households per year, while the use of web streaming and the reception of ORF programmes online remained free of charge (Constitutional Court of Austria, 2022). The provisions of the Austrian Broadcasting Act were declared unconstitutional, one of the main reasons being the existence of a specific constitutional law guaranteeing the independence of public broadcasting (Federal Constitutional Act of 10 July 1974 on the Guarantee of the Independence of Broadcasting).

The Austrian Constitutional Court concluded that if a law guarantees the independence of public broadcasting, the state must also ensure the sustainable and adequate financing of broadcasting.

The decision was followed by a proposal for a complex reform of the ORF, which established a new form of compulsory payment - the ORF contribution for households and legal entities that are entrepreneurs (Austrian Parliament, 2023). Each household is currently obliged to pay € 15.30 per month as a contribution to the ORF budget. In addition, some provinces charge up to € 4.70 per month as a state contribution for the development of local cultural activities (ORF-Beitrags Service GmbH, 2024). The nature of the ORF contribution corresponds to the nature of the services provided by the ORF, which are no longer provided only via television and radio, but also online, in particular on the websites or social network profiles of the ORF. As entrepreneurs also receive the content provided by the ORF, they are also obliged to pay the contribution based on the total amount of salaries paid to their employees. The maximum number of contributions per entrepreneur is limited to 100 contributions per month.

Together with the reform of the model of funding the tasks of ORF, through which it performs the duty of public service media, went through reform. The reform enabled the ORF to offer new forms of online broadcasting, which would be broadcast exclusively online (online-only) or before being broadcast on television (online-first). In addition, the ORF was to focus more on online content for children. On the other hand, the legislator decided to limit the total number of news articles published on the ORF website to 350 per week according to § 4e Par. 2 of the Austrian Broadcasting Act (Österreichisches Rundfunkgesetz, 2023). The motivation for this step was to strengthen the role of ORF as a provider of audio and audiovisual content, not text content.

After the reform came into force, the ORF set up a new media portal, ORF ON, with audiovisual content, including films, series and children's content. Some of the content is restricted to the territory of Austria and some is only available to registered users who pay ORF fees. Together with the reforms of the financing and the main tasks of the ORF, the ORF has new obligations under § 31 Par. 12 of the Austrian Broadcasting Act with regard to the transparency of funding of the ORF and the measures to reduce its costs. Additional sources of revenue could also come from commercial communication, which is also allowed on ORF websites. This type of commercial communication is only regulated by the annual income limit. Furthermore, according to § 18 of the Austrian Broadcasting Act, the income should not exceed 5% of ORF's total annual income.

In conclusion, the reform of the ORF had to be carried out in order to ensure the sustainable funding of Austrian public service media. Hand in hand with the funding reform is a partial shift of some activities towards the new media, in particular the provision of video content available online, including some content that is available online in advance or even exclusively.

However, the reform is not widely accepted by the whole of society. The current model is strongly criticised by the Austrian opposition party FPÖ, which refers to ORF fees as "compulsory taxes" (Kickl & Hafenecker, 2023). They also highlight the lack of differentiation as to whether and how often the payer receives the content. Furthermore, they criticise the lack of objectivity and media pluralism. Therefore, the activities of the ORF in traditional and new media should also focus on gaining the trust of the Austrian population, including those who do not use its services.

3. Reform of Czech Television and Czech Radio

Services of public service media in Czechia are provided by the Czech Television (ČT) and the Czech Radio (ČRO), both of which were in their current form established in 1991. The Czech Press Agency (ČTK) not fully meets the definition of public service media, because it is not directly funded by the public and its only source of income is from its activities.

Tasks in terms of fulfillment the tasks of public service in radio broadcasting and in television broadcasting are specified in the Czech Radio Act and Czech Television Act respectively. These tasks are very vaguely defined, while § 3 Par. 1 Letter i) of Czech Radio Act is mentioning that Czech Radio develops activities in the field of new broadcasting technologies and services. The tasks of Czech Television are more detailed and, in addition to the identical task, Czech Television should also provide a media-on-demand service and make television content available on its website and applications.

As in Austria, the Czech public service media are suffering from a decline in the number of viewers and therefore also in revenues. Since 2008, ČT has recorded a total decrease of 86,895 viewers (Czech Television, 2024). According to ČRO, since 2020 there has been an annual decline of about 20,000 receivers per year (Czech Radio, 2024). Another problem faced by ČRO and ČT is the inflation of the value of the TV and radio licence, which was set at 135 CZK and 45 CZK respectively in 2008 and has not increased since then, despite a cumulative increase in inflation of 73% (Czech Television, 2024). The Director General of ČT had already proposed a series of austerity measures in 2022, focusing on reducing the number of employees, television channels and programmes, or sports broadcasting (Czech Television, 2022).

The difficulties of financing Czech public service media are currently being widely discussed in Czechia, as the Czech government presented a reform proposal to the parliament in June 2024. The key element of the reform is a change in the mechanism of collecting the radio and television licence, which should be paid by all households that own any device capable of receiving radio or television broadcasts. This means that devices such as laptops, computers or most mobile devices would fall under this definition.

Similar to the Austrian model, legal entities that are entrepreneurs with more than 25 employees will also be obliged to pay the radio and television licence according to the total number of employees. Private households will pay 55 CZK per month for the radio licence and 150 CZK for the television licence. In addition, a new mechanism against inflation will be introduced if inflation exceeds 6% since the last increase of the radio and television licence. In this case, an increase of 6% will be imposed. In the case of legal entities, the largest entrepreneurs will pay 100 radio and television licences per month (Parliament of Czechia, Chamber of Deputies, 2024). The author appreciates the fact that the increase of the radio and television licence is proposed together with the automatic mechanism ensuring the increase of the licence due to inflation. On the other hand, the increase does not respect the total inflation since 2008.

Along with the reform of funding, the reform of the main tasks of the ČT and the ČRO is proposed. Both media should contribute to the fight against disinformation, while respecting freedom of expression. In addition, ČT should explicitly provide television broadcasting through the electronic communications network, and ČT should also use new technologies for production and broadcasting directly related to television broadcasting. The reform will make a clear commitment for the ČT to develop its activities in the field of new media. This commitment will be further strengthened by the Memorandum on the Method of Fulfilling the Public Service, which ČT will conclude with the Minister of Culture. This memorandum will set specific goals in the area of fulfilling the public service of television broadcasting for the period of 5 years. The memorandum is concluded by the Director General with the prior approval of the Council of ČT, which is a body composed of various representatives of society elected by Parliament. Failure to achieve the goals set out in the memorandum could be a reason for the Council to dismiss the Director General (Parliament of Czechia, Chamber of Deputies, 2024).

On the other hand, the reform has been strongly criticised by the parliamentary opposition during the plenary debates. The opposition parties do not agree with the increase in the financial burden on citizens and legal entities compared to the decrease in the popularity of television and radio among young generation (Schillerová, 2024).

Currently, ČT offers a wide range of content in new media, including a web TV archive, a mobile app, websites dedicated to children, podcasts or popular profiles on social networks. As the commercial communication of ČT online is not regulated, ČT offers its clients opportunities to advertise online (Czech Television, 2024). According to the reform proposal, ČT would not be allowed to carry out commercial communication on its websites or in its applications, with specific exceptions (Parliament of Czechia, Chamber of Deputies, 2024). This ensures that public service media are free from commercial pressure, but on the other hand it makes them even more dependent on other sources of funding. However, the author understands that it may be difficult for the government, as the author of the reform proposal, to impose another financial burden on citizens. The same provisions are also proposed for the ČRO.

In conclusion, it has been confirmed that the proposed reform of the financing of the ČT and the ČRO also takes into account the current trends in the new media and regulates the financing of the activities of the ČT and the ČRO in this field. Both media will also have to commit to specific goals for a five-year period in the memorandum to be signed with the Minister of Culture. This will make it possible to set more specific and flexible goals than the general ones listed in the Act on Czech Television and Act on Czech Radio. On the other hand, there is a risk of political interference in the activities of the public media and their independence.

4. Transformation of Radio and Television of Slovakia to Slovak Television and Radio

Slovak Radio began broadcasting in 1984 and Slovak Television in 1991, the two media continued to operate separately after dissolution of Czechoslovakia until 2011, when they merged to form Slovak Radio and Television (RTVS). Since 1 July 2024, following the adoption of the controversial media reform, RTVS has been transformed into Slovak Television and Radio (STVR).

The funding model of STVR has remained unchanged compared to RTVS, which has been financed by direct budgetary payments since 2023. STVR is mainly financed by the annual direct payment from the state budget in the minimum amount of 0.12% of the country's GDP together with the revenues from commercial communication (National Council of the Slovak

Republic, 2024). The author emphasises the strong increase of the state influence not only through the change of the financing model, but mainly through the possibility to influence the main collective decision-making body. These reforms, combined with several public statements by representatives of the ruling majority, have led to criticism from civil society regarding the threat of a possible loss of independence.

The most important change in the latest transformation is the increase of the government's influence in the management. Along with the Director General, the second body of the STVR will be the Council, which will consist of nine members. Four of them are appointed by the Minister of Culture and five are elected by the unicameral National Council of the Slovak Republic (National Council of the Slovak Republic, 2024). The author believes that it can be expected that these members will be elected according to the preferences of the ruling majority. The Council will also be responsible for electing the Director General. The proposed reform has been criticised not only by all Slovak opposition parliamentary parties, which requested the review of the constitutionality of the reform at the Constitutional court of Slovakia, but also by the employees of the Slovak public media (TASR, 2024).

The reform did not regulate STVR's activities in new media. Like its predecessor, the STVR must develop and provide digital and multimedia content and provide information, content and live broadcasting through its websites and applications (National Council of the Slovak Republic, 2024). Any form of commercial communication in STVR's new media (websites and application) is not explicitly allowed and is now not offered (Slovak Television and Radio, 2024). This differs from the situation in Czechia.

The adopted media reform in Slovakia did not directly include changes in the financing and tasks of the newly created STVR in new media. In this case, the author believes that media financed from the state budget instead of direct payments from the public are more dependent on the current political structures, therefore there is less stress on following the current trends and meeting the demands of the viewers, including their preferences for broadcasting content in new forms of media.

5. Conclusion

After analysing the situation in selected Central European countries (Czechia, Austria and Slovakia), the author concludes that these countries have recently undergone, or are currently undergoing, significant complex reforms of public service media. Although these reforms have led to different results and characteristics of public service media, all of them have led to the abandonment of financing models based on the ownership of television and radio receivers. In the case of Austria and Czechia, the proposals have led to a strengthening of the presence of public service media in new media forms, while the funding model is becoming more universal. The compulsory payments in Austria and Czechia are becoming more tax-based, affecting a large majority of the population regardless of whether they receive the broadcasting and information provided by their public service media. The shift to a more universal model of payment is economically sustainable and represents the ideal way to ensure the ability of public service media to fulfil their role and tasks, while preserving the main element of public service media - funding by the public. The models implemented should be effective in managing the obligation to pay, so that all citizens contribute fairly to the financing of public service broadcasting, and the mechanism for easy recovery of claims should be introduced in order to minimise cases of fee avoidance. This could be strengthened by restricting some parts of the online content (such as the video archive) to those citizens and households that do not have unpaid fees. The author also recommends the introduction of an automatic valorisation of fees, so that there is no real loss of revenue due to inflation. After analysing the situation in Czechia

and Austria, the author concludes that legislation is becoming more adapted to current media trends (e.g. with explicit task to provide broadcasting via a network electronic communications) and is also creating measures to ensure the independence of public service media in online broadcasting, like with the regulation of the share of commercial communication on its websites. This is important for perceiving the share of audience in the future.

Although the Slovak reform differs significantly from the reforms in the other two countries, since this reform focused on the transformation of the previous public service media RTVS to new STVR, it does not reduce any of the tasks of the STVR in new forms of media. Moreover, freedom from commercial pressures is ensured by not presenting any form of commercial communication on its websites and in its applications.

In the European context, it can be recommended, based on the conclusions from the above-mentioned countries, that attention should be paid to the activities of public service media in new media, as further strengthening of the importance of new media can be expected. In this context, the legislation regulating public service media should also be amended to reflect the tasks of public service media in the new media environments, while considering the role of public service media and protecting its independence. This means, for example, specifying what types of programmes and broadcasting should be covered by public service media in new media, and possibly what kind of commercial communication should be permitted in new media of public service media.

Based on the mentioned conclusions, it can also be expected that in other countries there will also be a shift to a universal model of financing public service media. Such funding models should be sustainable and efficient. Hand in hand with this kind of reform of funding of public service media, it must also be remembered that the public service media should provide an adequate public service, i.e., provide attractive content for all age and other groups in society, including minority audience. For future research, the author recommends further monitoring of the activities of public service media in new forms of media, as the services of public service media become more personalised and allow the audience to decide when and on which device they receive the broadcast, this may lead to a reduction in the number of channels in the future and a further increase in activities in new forms of media.

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