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Citation for published version (APA):

Steemers, J. (2020). The Funding of Public Service Broadcasting in Europe – Funding Systems and Decriminalisation - Selected Territories Information Briefing 30 March 2020.

Citing this paper

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The Funding of Public Service Broadcasting in Europe – Funding Systems and Decriminalisation - Selected Territories

Information Briefing 30 March 2020

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Licence Fee Based Systems

France

The total amount of the “contribution à l’audiovisuel” or licence fee (formerly the “redevance”) is €3,789.02m. France Télévisions receives €2,481.87m, the rest is distributed to arts channel Arte-France; Radio France (public radio); France Médias Monde, a state-owned holding company which supervises and co-ordinates the activities of public media organisations broadcasting or publishing internationally from France (France 24, Radio France Internationale, radio Monte Carlo Doualiya); the institut national de l’audiovisuel, an archive of all French radio and television; and TV5 Monde (Francophone international television). See Table below.

| Par missions et programmes (en millions d’euros TTC) | 2018 (crédits exécutés) | | 2019 (crédits ouverts en LFI) | | 2020 (prévision PLF) | |
|---|----------------------------|-----------------|----------------------------------|-----------------|-------------------------|-----------------|
| | AE | CP | AE | CP | AE | CP |
| Mission « Avances à l’audiovisuel public » | 3 894,62 | 3 894,62 | 3 859,62 | 3 859,62 | 3 789,02 | 3 789,02 |
| dont titre 2 | | | | | | |
| dont autres titres | 3 894,62 | 3 894,62 | 3 859,62 | 3 859,62 | 3 789,02 | 3 789,02 |
| 841 - France Télévisions | 2 567,91 | 2 567,91 | 2 543,12 | 2 543,12 | 2 481,87 | 2 481,87 |
| dont titre 2 | | | | | | |
| dont autres titres | 2 567,91 | 2 567,91 | 2 543,12 | 2 543,12 | 2 481,87 | 2 481,87 |
| 842 - ARTE-France | 285,37 | 285,37 | 283,33 | 283,33 | 281,11 | 281,11 |
| dont titre 2 | | | | | | |
| dont autres titres | 285,37 | 285,37 | 283,33 | 283,33 | 281,11 | 281,11 |
| 843 - Radio France | 608,79 | 608,79 | 604,71 | 604,71 | 599,60 | 599,60 |
| dont titre 2 | | | | | | |
| dont autres titres | 608,79 | 608,79 | 604,71 | 604,71 | 599,60 | 599,60 |
| 844 - France Médias Monde | 263,16 | 263,16 | 261,53 | 261,53 | 260,51 | 260,51 |
| dont titre 2 | | | | | | |
| dont autres titres | 263,16 | 263,16 | 261,53 | 261,53 | 260,51 | 260,51 |
| 845 - Institut national de l’audiovisuel | 90,41 | 90,41 | 89,19 | 89,19 | 88,19 | 88,19 |
| dont titre 2 | | | | | | |
| dont autres titres | 90,41 | 90,41 | 89,19 | 89,19 | 88,19 | 88,19 |
| 847 - TV5 Monde | 78,97 | 78,97 | 77,75 | 77,75 | 77,75 | 77,75 |
| dont titre 2 | | | | | | |
| dont autres titres | 78,97 | 78,97 | 77,75 | 77,75 | 77,75 | 77,75 |

When advertising was removed from PSBs in 2009, the government continued the licence fee but added two new taxes: 3% on sums spent by TV advertisers and a 1.3% tax on telecoms companies (from October 2015).

In 2020, the television licence fee was €138 a year and €89 in overseas territories, a one Euro reduction from 2019. Householders pay for one licence that covers all TVs in your household. The Cope Tax goes to the state, which then allocates funds to French television.

A “loi de finances” (finance law) sets the annual amount of the licence fee to be allocated to the different institutions above. The loi de finances annually defines the State’s revenues and expenditures, and is presented by the government and approved by Parliament.

You are liable to pay the licence fee when you buy a receiving device; it is automatically registered. In the late 1990s the evasion rate was estimated at about 10%, but now that it is collected at the same time as the *taxe d’habitation* (local commune taxes), evasion has gone down, but it is difficult to get a precise figure. Collection through local taxes has also reduced collection costs

The penalty for not paying is a fine of €150, for each year that is not paid. It is a civil offence, and offenders are not sent to jail.

You do not pay the licence fee if you are exempt from paying the tax d'habitation because of your low income. As the tax d'habitation will be abolished in 2022, a reform will be implemented before this deadline, but the government has not reopened this debate for the moment because it has other pressing issues.

Other options that have been considered include: 1) widening the scope to include other devices 2) extending the fee to second homes 3) the partial return of advertising after 8pm – but none of these have been implemented.

PSBs are keen to see changes as consumer habits change. A report in 2018 compiled by French parliamentarians ruled out an extended tax on computers and proposed a universal payment.

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<https://www.digitaltveurope.com/2018/09/17/french-government-mixes-messages-on-future-of-tv-licence/>

Ireland

Since 2016, the annual licence fee has been €160. It is administered by the Dept of Communications, Climate Action and Environment and collected by An Post, the Irish postal service. The bulk of the fee (about 85% goes to Raidió Teilifís Éireann (RTÉ); the rest goes to the BAI Sound and Vision Fund (a form of contestable funding), TG4, the Irish-language broadcaster and for the cost of collection. In 2018 it raised €221m, with €189.1m allocated to RTÉ (RTE 2019a). Apparently Ireland has one of the highest collection costs in Europe at €12m a year and one of the highest evasion rates (14%) (RTE 2019b) resulting in €20m in lost revenues a year .

The licence must be paid for any premises that has any equipment that can potentially decode TV signals, even those that are not RTÉ's. Viewing any TV programme broadcast for general reception over broadband on your monitor requires a TV licence, which includes computers, laptops, tablets (<https://www.tvlicence.ie/home/general-faqs.html#monitor>).

The licence is free to anyone over the age of 70, some over 66, some Social Welfare recipients, and the blind. The fee for these beneficiaries is paid by the state. The fee is governed by the Broadcasting Act 2009. Devices which stream TV via the internet do not need licences, nor do small portable devices such as mobile phones. In 2015 the LF accounted for 55 percent of RTE revenues (Ramsey 2018)

In August 2019, Richard Bruton, the Minister for Communications, announced that from 2024 the licence fee would be replaced by "a device independent broadcasting charge."

The Varadkar Government set out plans in the new Broadcasting Bill in August 2019, which also aimed at reducing the 12 percent of householders who evade payment. But all of these plans were put on hold when the last Fine Gael-led Government lost the election. In its Manifesto, Sinn Féin appears to not deviate from the TV licence, while calling for wider media reform (https://www.sinnfein.ie/files/2020/SF_GE2020_Manifesto.pdf)

An Post is responsible for commencement of prosecution proceedings in cases of non-payment. In 2019 minister Bruton announced a public tender for licence-fee collection for the five years to 2024, but this was also implemented by the previous Fine Gael government, so it's unclear what will happen next.

More than 90 An Post employees work in licence collection, including the inspectors, who visit premises to verify if TV receiving equipment is present. If speedy payment of the licence is not made following an inspection, court proceedings are commenced by An Post.

In 2012 most of those given jail sentences for failing to pay TV licence fines were freed within hours. In 2012, there were 11,500 prosecutions, an increase of 10% over 2011. Of those convicted, 242 were sent to jail, of these 236 for a few hours, six overnight. This compared with 49 jailed in 2008. In 2014, 411 were jailed for non-payment of fines associated with not paying the licence fee.

The Irish Times reported in 2019 that the burden of proof for conviction was high, since proof of occupancy is needed before issue of a summons, which must then be personally served. The evasion rate was 14% in 2014 (Ramsey 2018)

Conviction for non-payment of a television licence (first offence) is a fine of up to €1,000. If you are convicted a second time or more for not paying your television licence, you will be fined up to €2,000. Similar to the UK, imprisonment is for avoiding the fine, rather than not paying the licence, but very few people have been imprisoned, mostly for a few hours.

If you are aged over 70, you can get a television licence free of charge as part of the Household Benefits package, which also helps with electricity and gas bills. You don't need to be in receipt of a state pension and it is not means-tested. Some people under 70 may also qualify for the Household Benefits Package and a free television licence.

11% (and growing) of households do not pay the TV Licence, but can still consume RTÉ programming and content on the RTÉ Player. This means a further loss of €20 million in public funding annually.

<https://about.rte.ie/2019/11/06/rte-announces-plan-to-address-key-issues-fight-for-its-future-and-for-public-service-media-in-ireland/>

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Italy

In 2020 the licence fee is €90 a year per household with a TV set. This was reduced from €113.5 in 2014. Those with more than one TV on a public premise pay more. Effectively RAI gets about 83% of the total income from the licence fee (see here:<http://www.today.it/economia/canone-tv-quantifiniscono-rai.html>). Although evasion has greatly reduced (see below), RAI's income has also decreased because of the combination of the reduction in the household fee since 2014 and the share of licence fee income that the state withholds from RAI.

Since 2016, the fee has been paid through the electricity bill in 10 instalments, and this has reduced evasion substantially from estimates of about 30% to 5%. As this change raised more money, the licence fee was reduced. There is no registration. The fee is liable whether Rai is watched or not.

Sanctions for not paying range from €200 to €600 and there is a criminal sanction of up to 2 years in prison. It is a criminal offence to not declare ownership of a radio/TV set. Although prosecutions are very rare, they are not unknown and have included sentences of up to six months.

Watching TV on a computer via the Internet e.g. Rai Play, Netflix, Amazon Prime does not "in itself give rise to requirement to pay the licence fee"

People over 75 with a household income under €8000 are exempt as are members of the military and diplomats. Exemption has to be claimed and needs to be presented annually before 20th December.

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Household Fee-based Systems

Germany

In 2013 the German licence fee was replaced by a blanket household contribution of €17.98 per month for all households, secondary residences, holiday homes as well as summer houses and is payable regardless of equipment or television/radio usage. Businesses and institutions also pay depending on factors such as number of employees, vehicles and, for hotels, number of beds.

The fee is collected by a public collection agency called the Beitragsservice von ARD, ZDF und Deutschlandradio.

Every household pays regardless of how many people are in the household. Since 2013 those in receipt of student grants or student loans from the state not living at home can apply for exemption. All pensioners have to pay the fee, but if they are in receipt of welfare benefits they can apply for an exemption, and they may be subject to reduced fees if they are disabled (see below). Only those in receipt of a certain type of unemployment benefit (Arbeitslosengeld II) can apply to for exemption. Those in receipt of other types of unemployment benefit, housing benefit or transitional payments are not exempt, nor is low income a reason for exemption. Some disabled citizens are allowed to pay a reduced fee of €5.83 a month; and if they are in receipt of certain other social benefits, then they

can apply for exemption. See

https://www.rundfunkbeitrag.de/e175/e218/Merkblatt_Befreiung_und_Ermaessigung.pdf

The key document is the annual report of the *Beitragservice* (the agency which collects the household levy). The most recent report is from 2018.

According to this report:

In 2018 the total household levy income was approximately €8bn. It costs about €173.5m a year to run the system or 2.17% of total household levy income. (p. 8). 45.8m households and firms pay and about 3.5m are exempt or pay a reduced payment (p. 9). In 2018 there were about 3.5m (about 7.7%) cases of non-payment. These have either received a notice of payment (including additional fees) or the *Beitragservice* has initiated enforcement. (p. 9). In 2015 3,900 cases went to court (in 2014 there were 3,100).

In 2018 over 90% of households and firms paid on a regular basis and on time. If not, the *Beitragservice* is required by law to enforce payment.

Evasion is not unknown and the fee is unpopular with some.

A multi-stage procedure applies before the fee is enforced. In 2018 1.21m cases were pursued for enforcement. If a household or firm doesn't pay they get a written reminder. If they still don't pay within a set period then a further written demand is sent for the fee plus a late payment surcharge. Those who are repeatedly in arrears receive the demand with a late payment surcharge without prior reminder. Individuals can appeal within a legally prescribed time. If the appeal is unsuccessful the contribution service can issue a further warning of impending enforcement.

If the outstanding amounts are still not paid, the responsible state broadcaster of the ARD asks the local enforcement body (tax office, bailiffs, council depending on federal state) to pursue enforcement. As it's a multi-stage procedure, at any one time 3.5m cases may be subject to reminder, but in 2018 the number of enforcement measures dropped by 4.95% (pp. 20-21)

There are very few examples where people had to go to jail (coercive detention) because they didn't pay. In theory failure to pay the fee could saddle you with 61 days jail. According to this 2016 article, one AfD politician, Beatrix von Storch who insisted on not paying had her bank account seized in 2016. In the same article a woman from Chemnitz stated she'd rather go to prison than pay the fee. She spent one night in jail, having not paid since 2013, because she claimed she didn't use PSB services and she thought the fee was unconstitutional (the courts have ruled this is not the case). She was also jailed because she refused to provide bailiffs with property information.

In June 2016 the Federal Administrative and Constitutional courts declared the fee legal. Apparently in September 2016, the PSBs decided to waive the jail term for those who refused to pay fees, but I've only seen this in one news report.

Failure to pay the household levy is treated as a minor breach of the law (*Ordnungswidrigkeit*). It only becomes serious and possibly liable to imprisonment after several steps (see above).

In advance of enforcement the respective enforcement agents request information on the assets from the non-payer. The following measures are then available: seizure of funds, wages and salaries, seizure of social benefits (sickness benefit, pension, unemployment benefit), account balances, life insurance claims and movable property (jewelry, technical equipment, etc.). It would appear that detention is not for the non-payment of fees, but failure to provide information to enforcement authorities about assets to recover the sum owed. (<http://www.rundfunkbeitrag.de>). If the non-payer refuses to provide information about their assets then the situation escalates and can lead to court proceedings.

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Funding by Government Grant/General Taxation

Denmark

The Danish media agreement on Public Service Media, agreed in June 2018 by the Danish Parliament, abolished the Media Licence fee and replaced it by funding from general taxation, allocated by the Ministry of Finance to national broadcaster DR, 8 regional TV stations, the PS-Puljen contestable fund, local radio and TV. At the same time DR's funding was reduced by 20%, it was required to close 3 out of its six channels, and DR's remit was narrowed much more to content not provided by commercial media.

In 2018 the previous Media Licence, which replaced a broadcast licence in 2007, was DKr2527 a year and applied to all TVs, computers with internet access or devices capable of receiving broadcast TV including smartphones.

The decision to replace it occurred in two steps. On 16 March 2018 ahead of negotiations on a renewal of the 2015-2019 political agreement on Danish Public Service-media (similar to the BBC's "Royal Charter" for the BBC) the government together with the Danish People's Party presented an agreement, which was a spin-off from failed negotiations about a larger tax reform. Under the March agreement the media license fee was replaced by tax funding of DR and other PSM-activities (including the Public Service Puljen contestable fund and regional TV). The changes are scheduled to occur over a period of three years starting in January 2019 to 2022.

Acceptance of this agreement by the government was a condition for participating in broader PSM-negotiations that began on April 10 2018 with all 9 political parties in parliament. By June 20 2018 the 5 opposition parties had left the negotiations and ten days later a general media agreement was made between the four remaining parties who had formulated the March agreement. In addition to confirming the March agreement, other elements limiting DR's future role were agreed and later incorporated into a new "Public Service-contract" between DR and the Ministry of Culture in September 2018.

From January 2019 DR started to be funded from general taxation, like NPO in the Netherlands. It is not funded from a special fund, kept separate from the state fiscal budget, like other Nordic countries and often called "The Finnish model". According to some reports the "Finnish Model" was rejected by the Danish People's Party to achieve greater political control over DR, and the negotiations for the new contract were problematic because of this.

After a general election a new Social Democratic minority government took over in June 2019. According to an agreement between the new government and center-left parties, the 2018-agreement will be renegotiated, but it is currently unclear when this will take place and how much of the 2018 agreement will be rolled back.

DR and the 8 regional “TV 2”-stations (and TV 2 although its is commercially financed) are regulated through a “Public Service-Contract” with the Ministry of Culture covering five years (2019-2023). Some view the change as a significant drawback because of the danger of more direct parliamentary control and less institutional independence. However, PSB funding is now cheaper to collect.

Evasion rates for years were about 9% (Nissen 2018) and possibly higher in later years. Evasion was a civil offence and was “punished” with a fine. If the fine was not paid within a certain time limit, the matter was transferred to the tax authorities. There were no jail terms for non-payment, but there were serious technical (IT based) problems with the whole Danish tax-collecting system in recent years, which caused parallel problems in collecting the fine for non-payment of the license fee.

Under the old Media Licence fee system out of a total of 2.5 million Danish households some 240,000 were granted a 50% reduction of the license fee based on socio-economic criteria (Nissen 2018). In 2015 85% of the fee went to DR; 1% went to contestable funding – public service puljen; and 12% went to regional TV (Nissen 2018).

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Finland

A new tax-based funding model was introduced in January 2013 and is grounded in The Act on Public Broadcasting Tax (Laki yleisradioverosta). Funding was fixed at €500m, when the new financing model came into force in 2013.

Payment of the Yle tax is compulsory for people over 18 and organisations engaged in business operations, vocational practice or agriculture. People with a low income and those under 18-year-olds are exempt. The Yle tax for each adult amounts to €50-163 a year depending on income exceeding €14,000 a year. The tax for businesses and other taxable entities is €140–3 000 based on taxable income. Individuals pay 0.68% of their annual income up to a maximum of €163 per year with those earning less than €14,000 a year exempt.

The Yle tax is collected by the tax authorities and transferred into the State Television and Radio Fund, which is separate from the annual state budget. Yle’s funding is allocated in accordance with the allocation plan and financing need. Parliament decides on the yearly amount of Yle’s financing, and any expansion of the scope of the fund would require a 2/3 majority in Parliament. Any changes concerning YLE need parliamentary approval.

In 2014-2018 there was no index increase which means, that net revenue from the tax remained the same €461.8m (after VAT rate 10%). Yle’s total income in 2018 and other details can be found in a summary [here](#). Turnover is expected to rise slightly in 2019 and 2020. YLE is prohibited from taking advertising or sponsorship.

The tax-based and technology/platform-neutral funding model has made financial planning and income more stable and predictable, and YLE has been able to maintain financial balance. 74% of Finnish people feel they get good value for their Yle tax payment (Nieminen, 2020).

The YLE tax was set to produce about the same level of income as that from the licence fee. The main benefit was to stabilize YLE finances and to allow for long-term planning, while minimizing

external pressures. The disadvantages were very short term and were linked to the general anti-taxation attitudes (“not by my money”) – these voices were the minority and raised by True Finns activists.

Evasion has been removed with the new system. There are no official figures, but it is estimated that between 10–25 percent of households were evaders under the old system.

From 1927 to 1998 those who refused to pay the licence could be punished both by fines and by having their radio/television confiscated by the State. If you declined to pay the fine, you could be imprisoned. The punishment was based on the YLE Act, not the criminal code. The fine could be heavy, e.g. in 1981 the level was about €2000 in today’s currency. From 1999 onwards the system was changed and in 2012 instead of a fine you had to pay both the “inspection fee” (€100) plus the retrospective licence fee (ca €600).

The funding model means that the YLE tax remains outside the state budget, but it was frozen from 2017-19 – with calls for more independent commissioning and greater cooperation with private media. At the time Karppinen and Ala-Fossi suggested that YLE had been the victim of “the government’s austerity agenda, new political polarization, and the lobbying of private media” which lead to a hostile climate (p. 115)

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Flanders – Belgium

Flanders, the Flemish-speaking part of Belgium abolished the licence fee in 2002 and funding was replaced by Government Grant. Under the previous system VRT did not receive all the income derived from the licence fee, which was distributed by the Flemish regional government.

VRT is funded out of a separate budget which is administered by the Flemish regional government, as part of the government’s overall budget. The amount is not negotiated separately and the downside is that if the government imposes overall budget cuts of 6% on the economy then this affects VRT and the Flemish Film Fund (Film Fonds) as publicly funded operations. Since abolition there have been many budget cuts and no indexation, even though costs including wages have grown. There was a special arrangement for pensions .

The agreement on the level of VRT’s Grant is tied to a Management Contract which was last negotiated in 2016. The funding is supposed to be worth €41 for every Flemish citizen (including children). It’s not visible in the taxes paid by individuals and of course there is no evasion.

The pressure point comes with the Management contract which gets negotiated every 5 years between VRT and the Government. It’s like VRT’s charter and contains performance indicators on matters like diversity, commercial income, levels of cultural and educational programming. The last agreement ran from 2016-2020, and the goals set within the agreement cannot be changed.

The new Flemish government took office in October 2019, and it announced budget cuts before the latest Management Contract was signed. The main points and performance indicators have already been negotiated with the government, and critics say it's unfair that budget cuts are being instituted against obligations that are fixed.

The Licence fee was abolished in Wallonia, French-speaking Belgium in January 2018, and replaced by government grant, administered by the regional government.

Sources

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Iceland –

The TV licence was abolished in 2007 and replaced by a tax, collected from all people who pay income tax.

Norway

The licence fee in Norway was abolished in January 2020. Before abolition the fee was about NKR3000 a year for every household with a TV (ca €305) in 2019. The fee was mandatory for any owner of a TV set, and was the primary source of income for Norsk Rikskringkasting (NRK). Under the old system there were exemptions for those who are “permanently severely handicapped” making it difficult for them to move outside the home or to get in touch with others, and who do not have the financial ability to pay the broadcasting fee themselves.

Now Norwegian residents will fund NRK by paying an additional individual and income-based tax through their annual tax return. From 1 January, 2020, an individual's tax will be calculated on the basis of their personal income, as follows:

- * Annual income up to 150,000kr = NRK tax of 100kr
- * Annual income 150,000 – 200,000 = NRK tax of 900
- * Annual income of 200,000 – 250,000 = NRK tax of 1,400
- * Annual income of 250,000 – 350,000 = NRK tax of 1,600
- * Annual income above 350,000 = NRK tax of 1,700

Because the tax is progressive some individuals will pay less e.g. single parents, pensioners, but households with more than one taxpayer will pay more.

According to the Norwegian Government's 2019 Media Report (see below):

“The Government will adjust NRK's financial framework for the years 2020 to 2022 annually in line with price and wage growth, minus an efficiency requirement of 0.5 per cent. The financial framework is determined on the basis of an estimate for NRK's broadcasting income in 2019, with a deduction corresponding to the cost reduction in the transition to a new financing scheme.” (p. 89). The same document also notes that “A reduction in NRK revenues of NRK is probably not a sufficient tool to improve the competitiveness of commercial media.”

The money is transferred by the Ministry of Finance to the Ministry of Culture. The Government wanted to set up an independent media support council to administer the money, but that has been dropped. All the money collected goes to NRK, but the government wants to collect all public media support money (including press subsidies) in one pool, which might in the future make it easier for Governments to make general cuts.

Levels of NRK Funding and its remit will be discussed in Parliament every 4 years, based on Government proposals.

The benefits of the new system include more stability, a 4-year agreement as opposed to an annual agreement and less opportunity to evade. The possible drawbacks are that it has become less clear that the public are paying for NRK, since the cost is hidden within general taxation. There is also greater potential for political changes.

Sources

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Sweden

The Swedish television licence fee (*TV-avgift*) was abolished and replaced by a "general public service fee" (*allmän public service-avgift*), on 1 January 2019 to be paid by all whether you own a TV set or not.

This is a flat income-based public broadcasting tax of 1% per person, capped at SKr1,300 a year (€126). Those who earn less than SKr13,600 a month pay a reduced tax and those without an income or students on student funding pay nothing.

The previous licence fee was payable if you owned a "TV receiver" (TV set, digital box, DVD player with channel selector or a computer with a TV card). It cost SWKR 2400 a year.

The new tax was proposed in 2016 by a cross-party parliamentary committee set up to look into a new way of financing public service broadcasting. The committee established that 11 to 15 percent of people in Sweden had a TV but evaded the licence fee. It recommended ensuring the independence of public service broadcasters from politics. For example, parliamentarians should not be appointed to the boards of the broadcasters.

The new tax is collected and administered by the Swedish Tax Authorities, who transfer the money to a special public service account in the Swedish National Debt Office for distribution to three public broadcasters Sveriges Television, Sveriges Radio and Sveriges Utbildningsradio. The ringfenced funds pay for 5 TV channels, 45 radio channels, and TV and radio on the internet. The public service account is managed by the Chamber of Commerce. The funds are managed in a closed system separate from the state finances/budget. The fee is automatically collected (i.e. no invoices). Instead, the fee is reported on your income tax return. The new public service law stipulates that the money can only be allocated to the PSBs.

According to a 2018 estimate, 67 percent of all adult Swedes would pay the full tax in 2019; 24 percent would pay a reduced tax; and 9 percent would not pay anything.

The new fee-based system generated approx. MSEK 8,400 in 2019. The new system was agreed in 2018 by the Swedish parliament in a new PSB law. The present license period covers six years (2019-2024). The following periods will then cover eight years each (to coincide with the national elections which are held every four years). The new system removes the annual governmental examination of the allocation of PSB funds. The fee will be raised automatically by 2 per cent every year.

The old system was based on household possession of TV sets. With a decreasing number of households with TVs, the old license system was becoming increasingly underfunded. With the new compulsory fee, evasion is no longer an issue. Also the cost of collecting the license fee is removed. The new system is financially beneficial for single households or those who are exempt such as students, but households with more than one tax-paying adult pay more. Evasion is now virtually

impossible because payment is automatically drawn from your salary. Before this change evasion was estimated at between 11-15%, and subject to a fine, but it was not a criminal offence. Under the old system there were no exemptions. What finally broke the system was a supreme court decision that computers, laptops, cell phones etc. were not considered TV sets (which the PSBs tried to claim that they were).

Sources

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