

The Situation of Public Broadcasting in Europe

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Good morning, ladies and gentlemen. I am very pleased to be in the beautiful city of Vilnius for the first time. I thank Dainius Radzevicius very much for his kind invitation.

The topic before me is *The Situation of Public Broadcasting in Europe* – a huge subject to address in a short intervention. But first let me say a few things about the European Broadcasting Union, which I have the honour to represent here.

Briefly, the EBU is an association which unites and serves 85 national broadcasters from 56 countries in and around a “Europe” – a Europe far larger than the Europe of our school atlases, or of the European Union, as it reaches the eastern Mediterranean and into northern Africa.

What does the EBU do?

Some of you may know and watch the Eurovision Song Contest, which has been going for 55 years. (Of course you may be among those, like my father, who *avoid* the Contest like the plague.) But anyway, more than a hundred million viewers, including many Lithuanians, will be glued to their televisions to watch the Song Contest broadcast on LRT from Baku, the capital of Azerbaijan, in May.

Yes, the EBU is responsible for the Eurovision Song Contest. Many people know us only for that. But I promise you: that is just the tip of a far more important iceberg. Our 350 staff in Geneva and Brussels – and in operational offices in Moscow, Washington, New York and Singapore – offer legal, technical and operational services, exchanges and co-productions of

quality programming in both radio and television, and promotion of the values and importance to society and democracy of public service in the media.

The EBU was founded in 1950 and initially drew its membership largely from western Europe, while a rival sister organization based in Prague, the OIRT, served the state broadcasters under Soviet domination the other side of the Iron Curtain. After the fall of communism, the OIRT collapsed and the EBU supported the transformation of state broadcasters in the East into public service ones. LRT is a case in point.

The key feature of a public service broadcaster is that it does what it says on the can: it serves the *public*, not a particular party or government. It serves *citizens* rather than consumers, providing independent and pluralistic programming which feeds the kind of wide-ranging national conversation necessary for any society to operate as a well-informed democracy.

This at least is the ideal. Very few public service broadcasters, if any, can claim to reach that ideal and be perfect. But it is the trying – and getting close – that counts.

So how are public service broadcasters faring in the second decade of the 21st century, at a time of digitalization and increasing competition not only from a proliferating number of commercial channels but also from new platforms competing for attention – smart phones, iPads and so on.

The picture varies greatly from country to country – and I'll give more detail on that later.

Across Europe, the transition to digital terrestrial TV is evolving across Europe and by last year 15 countries had already switched off their analogue transmissions. The total number of DTT channels rose to almost 1,500, including a large number of local and regional channels available in some markets.

This digital expansion has fragmented audiences as the choice in programming has obviously grown in line with the rising number of channels. The intensified competitive climate has eroded the audience share of many public service broadcasters, especially as audiences have moved away from the main channels. Nonetheless, thanks to continued successful programming and the

great attraction of the many major international sports events – many of them bought through the EBU - other public broadcasters are managing to maintain their total shares at a broadly stable level.

In 2010, the audience share of public service broadcasters in the European Union countries averaged 28.8% - just one fifth of a percentage point down on 2009. General interest channels were down, in most cases, while the digital theme channels offered by public broadcasters are attracting larger audiences, with positive developments in virtually all markets where such new theme channels have become available.

Despite competition from all the new platforms, and from other demands on our time in this accelerating world, daily TV viewing time was higher than ever in Europe in 2010, rising by seven minutes on 2009 to an average of 210 minutes in EU member countries. On the face of it this may seem surprising, but the explanation may lie in the large number of international events which took place in 2010, and in other factors such as the growing penetration of attractive flat-screen TVs. The EBU is currently compiling data for 2011, and it will be interesting to see if viewing time continued to rise last year.

The main European public broadcasters are continuing to provide a diverse range of genres with a mixture of news, sport, factual, fiction and entertainment. According to a recent study, they are generally more focused on original, local, factual and news programming than their commercial counterparts. And so they should be, of course, because of the funding advantages enjoyed by public service broadcasters to serve the public with quality programming – not just delivering eyeballs to advertisers and dividends to shareholders, which of course are the *raison d'être* of their commercial competitors.

Although leading private and public channels in certain European countries may be similar in terms of the programme genres offered, a comparison across channel families, where these exist,

suggests that commercial groups are more likely than public service broadcasters to rely on acquired series and movies to raise the profiles of their smaller channels.

Public broadcasters tend to use their secondary channels to provide local or factual formats with narrower appeal. Numerous public broadcasters offer theme channels as a complement to their main general interest channels. The most common formats are news & information, children & youth and arts & education.

The world economic crisis of recent years has placed public broadcasters in a difficult financial situation, and the current Eurozone crisis will only worsen that. Many public broadcasters experienced serious income shortfalls due to the weak advertising market in 2009 and virtually all EBU Members which carry advertising lost income from that source. In addition, those countries which support their public broadcasters directly from the national budget have reduced their level of funding, resulting in staff redundancies and fewer investments in new programming.

Within the generally gloomy economic picture, there are some general trends in the television market affecting both public service and commercial broadcasters which are worth noting:

- growing consumption and multi-platform distribution of on-demand TV content/services;
- growing consumption and availability of HDTV content/services;
- growing penetration of Internet-enabled TV sets and the continued development and launch of hybrid broadband broadcast platforms;
- rapidly increasing consumption of TV content on mobile devices such as laptops, tablet PCs and smartphones;
- continued convergence between television and the Internet with greater focus on socialization and personalization.

But now I should like to look in a little more detail at the audience figures of different EBU

Members, and seek to identify the secrets of success.

Overall, most public general interest channels lost audiences while theme channels gained. Recipes for success include locally produced shows – which can be much more expensive than programmes bought in - and family shows.

However, seven public broadcasters in the European Union did manage to report higher audiences for their combined general interest channels. The most significant increases were seen at SVT (Sweden), VRT (Belgium Fl.) and TVE (Spain):

- SVT increased its total share by 2.1% owing to an increase in share for its first channel SVT 1 and also for digital theme channels.
 - VRT continued increasing its share, which was up by 1.7 points to 43.0% for its two channels. The most significant growth was noted for the first channel één, which increased by 1.2%.
 - TVE increased its total share by 1.4 share points to 24.1% for its five channels. Both main general interest channels lost audiences while the three theme channels all gained (+2.6 share points). Unfortunately TVE's achievements must now be threatened by the heavy funding cuts announced recently by the Spanish government.
- The most significant losses were reported by TVP (Poland), CyBC (Cyprus) and STV (Slovakia).

In Europe's four largest countries – Germany, France, Italy and the UK – four of the five public broadcasters (remember, Germany has two: ARD and ZDF) reported stable or positive market share developments in the past year. In Italy, RAI also increased its total market share thanks to the good results of its theme channels. The market shares of ARD, ZDF and the BBC remained stable while France Télévisions (FTV) lost market share.

Coming close to where we are gathered today, 2010 was a successful year for public broadcasting in Estonia - although, as in all the Baltic countries, the audience share is below the

EU average for public service broadcasters. Although the share of its main TV channel (ETV) decreased somewhat (-0.4), the combined share of the two channels ETV and ETV2 resulted in an increase (+0.6) coming out at 17.4%. The growth was entirely related to the positive results achieved by ETV2, the second public general interest channel, which gained new audiences and to some extent viewers from the first channel. It almost doubled its share in 2010 compared to 2009, mainly due to: a) the analogue switch-off in July 2010, resulting in smaller digital channels such as ETV2 reaching new and wider audiences and b) the channel's increasing its broadcast output.

Latvia has seen the launch and rapid development of digital terrestrial television over the last couple of years, with analogue switch-off taking place in spring 2010. Like its main commercial competitors, Latvian TV has been hit by the rapid fragmentation of the audiences, despite gains in second-line channels. LTV's aggregated audience share dropped to 13.6% in 2010 from 14.6% in 2009, despite a boost to its young people's channel LVT 7 from the World Cup and the Winter Olympics.

Here in Lithuania, DTT is expanding rapidly but analogue switch off has yet to occur. Nevertheless, audiences have been eroded by the fragmentation already caused by digitalization. Aggregate audiences for LRT's two domestic TV channels fell in 2010 to 12.1% from 13.7 in 2009.

At this point I should like to pay tribute to the EBU's Strategic Information Service, which provided me with all these figures through its annual "European TV Market" report.

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The figures I have cited have shown that the situation of public service broadcasters is, well, not so bad in most EU countries. But the picture is often worse outside in countries outside the European Union. Not just financially, but also politically.

It was in response to the growing number of broadcasters facing obstruction and intrusion as well as financial, technical and political hurdles, that in 2009 the EBU launched its Special Assistance Project, to provide case-by-case support to Members in need – financial, political, technical or whatever. Most of the broadcasters we have helped are outside the European Union. But not all.

Our assistance has included the provision of more than 700 hours of quality European programming, made available in a spirit of solidarity by some of the EBU's more prosperous Members – notably ZDF and RAI.

And with support from the OSCE, the Slovenian Government, the United Nations Development Programme and the Open Society Institute, we are providing training for editorial staff and consultancies on such areas as management and strategic reform.

The EBU's Director General and Vice-President have met prime ministers, finance ministers and other senior officials to promote reform, adequate financing and an appropriate legal framework for the national public broadcasters in the countries in question. Our Vice-President, Claudio Cappon, was in Vilnius only a few months ago, among other things stressing the need for LRT to have multi-year financing guarantees.

So far the Project has been active in Albania, Bulgaria, Croatia, Georgia, Hungary, Kosovo, Macedonia, Malta, Moldova, Montenegro and Romania, among other countries. LRT has benefited from a swathe of free programming through direct help from RAI. And more recently we were very active in assisting Tunisian Television and Radio is providing free, pluralistic and independent coverage of the first free elections since the "Arab Spring".

The EBU is convinced that public service media are more important than ever as we leave the analogue age and enter the digital era. With the multiplying number of TV channels and other information platforms of often dubious reliability – including blogs, social networking sites, twitter, and so on – true public service broadcasters are vital as trusted filters of reality. And as providers of quality content to all citizens – and not only to those who can afford highly-priced premium services.

Even at a time of enormous media fragmentation, European PSM are still regarded as guiding lights whose insights and information can be trusted, and should be sought.

There is no question about it; well-functioning public service media – *if* they are well-functioning, and of course this is a big *if* – are guarantors of social inclusivity and cohesion. They occupy and shape the 'public space'. They encourage and provide a platform for a national dialogue, opening windows through which citizens can gain a deeper understanding of the socio-political realities of the society in which they live, and enrich their experience.

Late last year the EBU's Executive Board and Director General had a lengthy discussion with Jose Barroso, President of the European Commission, on the importance of sustainable independent public service media. I am glad to report that he agreed wholeheartedly with the views of the EBU, whose Members are the main providers of news about Europe and its institutions.

Public broadcasters should also be a creative force, driving and leading innovation in programme making, finding and fostering new talent, pushing boundaries and challenging expectations.

Every year public service broadcasters invest about 10 billion euros in diverse, original European content. On average, about 65% of our programming consists of self-made and commissioned productions. But it is their unique position that means that we are able to invest in programme genres that would otherwise be underserved, such as children's programmes - including kids' news; drama; cultural programmes; documentaries and educational formats.

So public service *media* – we are in the internet era – are, should be and can be, if adequately supported, and properly managed and regulated, truly pivotal to guarding and promoting the culture of each individual country.

That is why the EBU is working hard to create a community of public media working together at European level.

We already exchange approximately 4,000 high-quality performances yearly in radio, including live events, concerts, opera, jazz and festivals.

The Eurovision News Exchange offers more than 100 news items daily between broadcasters.

EBU active Members count 237 correspondents in Brussels alone – by far the greatest such presence in the European capital.

And this year the EBU will organise a European cinema week, showing the finest examples of European cinema production on Television screens across Europe.

Of course the EBU accepts and supports the so-called 'dual system' of public alongside commercial broadcasters. But a well-functioning dual system is possible only if the public service broadcasters are given the means to fulfil their role in society.

Public service media, as I already mentioned, are facing new and increasing challenges; the digital world will create new competition and require new investments to allow them to be at the forefront of the new multiplatform developments.

In such a context the greatest challenge is certainly adequate funding. And medium- or long-term guarantees of such funding, without which it is impossible to plan.

Governments need to realise that money spent on a good public service broadcaster is not a cost, but an investment. The activities of properly-funded public service broadcasters have a significant positive impact on the economies of their countries. To take one example, the BBC's privilege of licence fee funding makes the BBC a major player in the UK's creative industries. In 2008 a study exploring the economic impact of its activity calculated that the BBC generated € billion of benefits in economic value to digital and creative businesses across the UK.

Unfortunately, like the BBC, many public service broadcasters in Europe are today facing deep budget cuts.

Some EBU Members in South East Europe struggle to operate on annual budgets of less than 10 million euros. These chronically underfunded broadcasters face a double dilemma, as they are in dire need of modernising their infrastructures and training staff at a time when they are facing the high additional costs of digitization and the preservation of those national treasures that are the audiovisual archives.

In such a situation the EBU is doing its best to make a difference.

And if we are to make a difference, it is essential for us that any changes and support in the media are made in synchrony with sustainable political progress.

But the European Union does now have some very useful levers at its command, in particular with regard to candidate countries.

President Barroso has said that public service media play an essential role in guaranteeing freedom of expression and media pluralism. And in its recent enlargement strategy document, the Commission said it will consider the independence and sustainability of public broadcasters and other media outlets as a key element in the overall assessment process of candidate countries.

Late last year the European Parliament's Foreign Affairs Committee underlined – and I quote - *“the importance of independent, sustainable and accountable public media services, to provide quality, pluralistic and diverse content, reminding that free and independent public media always plays a crucial role on the deepening of democracy, in the greatest involvement of the civil society in public affairs and for empowering citizens on the path to democracy; ...”*

So the thinking at European level is clearly running in favour of the view that public service broadcasters – let us say, public service *media* - have an important role to play in the 21st century.

The EBU could not agree more!

Thank you.