ABOUT THIS REPORT

The annual Licence Fee Report, produced by the EBU’s Media Intelligence Service (MIS), provides a unique international perspective on licence fees – including recent reforms, amounts charged and collection procedures. The issue is crucial for European public service media (PSM) as the licence fee remains the lifeblood of these organizations. Furthermore, having an international benchmark is especially important at this time because many licence fee systems are facing intense scrutiny or are being adjusted to the changing media landscape.

DATA SOURCES

This report mainly uses data provided by PSM organizations that are Members of the European Broadcasting Union (EBU). The information was collected in the financial section of the 2020 Media Intelligence Survey. When necessary, additional information was obtained and/or cross-checked with official sources such as licence-fee collection agencies and regulatory authorities.

Economic and demographic data from the IMF (population, GDP, inflation and PPP conversion rates), Eurostat (households) and Bloomberg (exchange rates) were also used in the report.

COUNTRY SAMPLE

The EBU is a professional alliance of 115 member organizations spread across 56 countries. This particular report focuses on the licence fee and similar forms of contributions paid by households to fund PSM. As at 1 January 2020, 25 markets in the EBU area charged a licence fee.

When data refer to complete years or when exchange rates are needed, 2019 is used as the reference year. In cases where 2020 is already comparable, we provide the latest available data.

Of the 25 EBU countries with a licence fee in 2020, there were eight for which only partial data were collected – Albania, Algeria, Bosnia-Herzegovina, Egypt, Greece, Jordan, Morocco and Tunisia. This explains why statistics do not refer to the same number of countries in all sections.

UK INCLUDED IN EU28 AVERAGES

The report covers 2019, when the UK was still part of the EU, and 2020, when the UK was still in the post-Brexit transition period. Therefore, the EU averages used in the report all include the UK and consequently cover 28 countries.

For the sake of clarity, we specified this by using “EU28” instead of simply “EU”.

ECONOMIC DEFINITIONS

Nominal vs. real values

Any economic variable (GDP, growth rate and so on) may be expressed in nominal or real terms:

- Nominal values are expressed in current prices, i.e. the value of the currency for that particular year. These values reflect inflation.
- Real values are expressed in constant prices, i.e. the prices in a given base year. This eliminates the effects of inflation to measure the underlying change in a data series.

In this report, except when otherwise stated, data are provided at current prices (nominal values).

Currencies and PPS

Economic variables may be expressed in various currencies:

- National currencies;
- A common currency that allows for international comparison, such as the euro;
- An artificial currency, such as the purchasing power standard (PPS), which also tries to eliminate price differences across countries. PPS is based on conversions using the purchasing power parity (PPP) conversion rates supplied by the IMF.

In the report, most monetary values are expressed in euros. Conversion rates correspond to yearly averages provided by Bloomberg.

National currencies are used when calculating change over time. In this way, deviations resulting from changes in the exchange rates to euros are avoided.

DATASETS

Please note that the full licence fee dataset (for EBU Members only) is available on the webpage of the Media Intelligence Service: www.ebu.ch/mis
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EBU Media Intelligence Service – Licence Fee 2020
KEY FINDINGS

EXISTENCE OF FEE AND AMOUNTS

STILL WIDESPREAD
- 25 EBU countries (44%) still had a licence fee in 2019.
- The fee remains by far the main source of PSM funding, providing EUR 21.9 billion, or 60% of the PSM funding mix across the whole EBU area.
- Adequate fees correlate with strongly performing PSM.

QUESTIONED IN MANY MARKETS
- The fee has recently been transformed or dropped in many European countries. Its future is currently at stake in several more. The three most frequent options are: transforming the fee into a household charge (Germany and Switzerland), replacing it with a specific fund ringfenced outside the state budget, financed by a PSM special tax (Finland and Sweden), or simply replacing it with transfers from the state budget (North Macedonia, Norway and Romania).

AFFORDABLE
- The fee costs EUR 0.33 per day per household on average (EUR 121 per year): that is far cheaper than most European pay-tv subscriptions.
- The licence fee amounts to only 0.4% of GDP per capita on average, representing a limited outlay for European households.
- The fee has declined in recent years, in the EBU area: by 0.8% on average from 2015 to 2019, and by a massive 5.8% in real terms (i.e. adjusted for inflation).

PRESSURE TO TOP-SLICE
- There is increased pressure to top-slice the fee (i.e. when part of the licence fee is siphoned off to fund non-PSM organizations). In 2019, PSM received on average 89.1% of the fee income. Increased top-slicing undermines the fee’s legitimacy and acceptance thereof by the public. This factor can be particularly damaging for PSM.

COLLECTION

FLEXIBLE FRAMEWORK AND SCOPE
- There are many methods for organizing collection – the most widespread collection agencies are electricity suppliers (12 countries) and PSM themselves (7 countries). Other possibilities witnessed are tax authorities, postal agencies or private companies.
- The fee is adaptable to new realities: 68% of countries no longer limit the fee to ownership of traditional devices but also link it to connected devices.
- Businesses are included in 91% of the cases.
- Second homes are subject to the fee in 40% of cases.
- Numerous exemptions are in place to correct the regressive nature of the fee: on average 12% of the households pay a reduced rate or are exempted altogether.

LOW COLLECTION COSTS
- The average cost of collection within the EBU area represented on average only 3.7% of the total collected in 2019.
- PSM are efficient at keeping the cost of collection down: it was only 2.6% in the countries where PSM organizations collect the licence fee themselves.

STABLE EVASION
- Public acceptance is key to the future of licence fee. This can be analysed through non-payment, which has been decreasing at EBU level. The EBU average for licence fee evasion was 8.9% in 2019 (and only 6.4% in markets where PSM organizations do the collecting).
1. DEFINING PSM FUNDING MODELS

LICENCE FEE, HOUSEHOLD CHARGE, SPECIAL TAXES, STATE GRANTS
**BROAD DIVERSITY OF PSM FUNDING MODELS**

PSM essentially remain publicly funded. Even so, many different models of public funding co-exist across the EBU area. Although each national funding scheme has its own specificities and revenue mix, a typology of public-funding models can still be elaborated.

This report focuses on licence fees and household charges, the latter being considered as a modernized form of the licence fee.

### PSM FUNDING MODELS IN THE EBU AREA (2020)

<table>
<thead>
<tr>
<th>Funding Model</th>
<th>Countries</th>
<th>Description</th>
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<tr>
<td>Licence Fee</td>
<td>19</td>
<td>Austria, France, Italy, Portugal, UK, etc. The licence fee remains a cornerstone of PSM funding in Europe and is still widespread in western Europe. The conventional licence fee is in place within 23 countries this year; it is the main funding source for PSM in 19 of these markets. Although perceived as the time-honoured way of funding PSM, the fee can be reformed to remain efficient, fair and future-proof.</td>
</tr>
<tr>
<td>Household Charge</td>
<td>2</td>
<td>Germany (2013) and Switzerland (2019) The household charge - a modernized licence fee dissociated from device ownership - exists in two EBU countries. It remains a flat rate and is still based on households, but is platform-neutral and future-proof. Its implementation requires a strong social consensus.</td>
</tr>
<tr>
<td>Specific Fund Outside State Budget</td>
<td>2</td>
<td>Finland (2013) and Sweden (2019) Citizens pay an individual tax on all earned income. The allowance is ringfenced in a specific fund outside the state budget, to safeguard PSM independence.</td>
</tr>
<tr>
<td>State Budget</td>
<td>31</td>
<td>Belgium, Netherlands, Spain, etc. State grants and other transfers from the general state budget. In some cases, the allocations from the state budget are based on macroeconomic indicators such as income tax revenues or GDP, to increase the independence and stability of the funding model.</td>
</tr>
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Sources: EBU based on Members’ data

EBU Media Intelligence Service - Licence Fee 2020
PSM FUNDING MODELS BY COUNTRY

**MAP 1. LICENCE FEE**
- Licence fee
- Household charge
- Licence fee in place but state budget main funding source
- Other / n.a.

Licence fee as main funding source: Albania, Austria, Bosnia-Herzegovina, Croatia, Czech Republic, Denmark, France, Greece, Ireland, Israel, Italy, Poland, Portugal, Serbia, Slovakia, Slovenia, Tunisia, Turkey, UK.

Household charge: Germany and Switzerland.

**MAP 2. SPECIFIC FUND OUTSIDE STATE BUDGET**
- Specific fund outside state budget (special taxes)
- Other / n.a.

Specific fund outside state budget as main funding source: Finland and Sweden.

**MAP 3. STATE BUDGET**
- State budget
- Licence fee in place but state budget main funding source
- Other / n.a.

State budget as main funding source: Andorra, Armenia, Azerbaijan, Belarus, Belgium, Bulgaria, Cyprus, Estonia, Georgia, Hungary, Iceland, Latvia, Lebanon, Lithuania, Luxembourg, Malta, Moldova, Montenegro, Netherlands, Norway, North Macedonia, Romania, Russian Federation, San Marino, Spain, Ukraine and Vatican.

Licence fee in place but state budget as main funding source: Algeria, Egypt, Jordan and Morocco.

Sources: EBU based on Members’ data
The licence fee guarantees stable funding for PSM, which in turn allows medium-term planning.

However, stability should not mean stagnation: the fee should be periodically reviewed and, at the very least, adjusted for inflation - the fee has been frozen for years in too many EBU markets.

The licence fee mechanism is less flexible than state grants, which can be reviewed at almost any time and are therefore subject to political bargaining and arbitrary cuts. In that sense, the fee ensures independent funding for PSM.

Crystal-clear fee setting and review processes are key to guaranteeing independence of PSM funding. The risk is that, though funded via a fee, i.e. outside the state budget, PSM remains subject to political pressure in the fee-setting process.

Overall, the licence fee is more transparent for citizens than other funding mechanisms.

The fee establishes a direct link between broadcasters and the public, making the former more accountable to their audiences. This link is unique to this funding system and should be fully embraced by PSM.

However, PSM organizations on average receive 89.1% of all licence fee revenues, and this proportion is decreasing year after year. Top-slicing of the fee reduces PSM revenues for the purpose of financing other activities which, in most cases, would be or were previously funded by the government. Increasing pressure in favour of top-slicing licence fee revenues is therefore particularly damaging in terms of PSM accountability.

The fee is compulsory and paid even by those who claim they do not consume PSM. Concretely speaking, over 200 million households were paying a licence fee in the EBU area in 2019.

The universality of PSM funding goes hand in hand with the universality of its remit. It ensures PSM benefits all citizens. Collective funding is absolutely vital to have properly functioning, universal PSM.

In that sense, transforming the fee into a household charge is totally compatible with PSM public-funding principles.

The regressive nature of the fee is often criticized - some taxpayers, especially among low-income households, may consider the flat rate unfair. There are many possibilities to deal with this issue. Fee reduction is one; exemption schemes is another. In many countries, for instance, low-income households do not have to pay the fee at all.

That being said, the funds ringfenced outside state budgets, financed by PSM special taxes based on individual income, are probably better at addressing the fairness issue than fees or household charges.

See also EBU (2017), Public Funding Principles for PSM. Sources: EBU based on Members’ data

EBU Media Intelligence Service - Licence Fee 2020
FOR READIBILITY PURPOSES,
IN THE REPORT,
THE TERM ‘LICENCE FEE’ COVERS
BOTH TRADITIONAL LICENCE FEES
AND HOUSEHOLD CHARGES.
2. ADAPTING OR DROPPING THE FEE?

CASE STUDIES
CASE STUDY – REFORMING THE FEE
THE 2016 COLLECTION REFORM TACKLED EVASION IN ITALY

Evasion stood at 31% in Italy in 2015, demonstrating the obsolescence of the collection system. The system was therefore completely overhauled and a new one was launched in July 2016, run by electricity and gas providers.

2016 reform: more efficient collection, allowing for a cheaper fee
The updated licence fee has been collected through electricity billing since 2016. The new system remains based on the ownership of a traditional TV set. Tablets and smartphones are clearly excluded from the scope of collection. Only computers fitted with a tuner incur a fee for the owner. However, all Italian households are assumed to possess a TV set and are therefore charged the licence fee unless a household makes a formal declaration of non-possession.

At the same time, the fee was reduced from EUR 113.50 in 2015 to EUR 100 in 2016, when payment was split into ten instalments of EUR 10.

Ultimately, the effectiveness of the new system, financially speaking, was based on the postulate that a drastic decrease in the fee amount should be more than compensated by the increased number of payers. The reform was therefore mainly intended to increase the number of households paying the fee, thereby generating extra revenues for RAI.

Impact of the reform
Analysis showed that the reform was successful. Evasion immediately dropped from 31% of households in 2015 to an estimated 7% from 2016. The number of households paying the fee increased from approximately 15 million in 2015 to more than 21 million in just one year. The total amount collected from the fee grew from EUR 1.74 billion in 2015 to EUR 2.21 billion in 2016.

Despite increased top-slicing, RAI’s licence fee revenues jumped by 16.6% from 2015 to 2016, which drove a 12.7% increase in the RAI’s operating revenues that year.

Evasion decreased to such an extent that the fee was reduced again in 2017 to EUR 90 per year per household. This further reduction led to a 7.0% contraction in RAI licence fee revenues between 2016 and 2017.

RAI revenues recovered in 2018 and 2019, but the analysis highlights the high risk of seeing the benefit of the reform being captured by the State rather than benefiting the PSM. For more details on top-slicing in Italy, see p. 42.

Sources: EBU based on Members’ data
EBU Media Intelligence Service – Licence Fee 2020
Germany’s household charge was introduced in 2013. By dissociating the fee from device ownership, it is platform-neutral and future-proof. However, its implementation requires a strong social consensus in favour of the PSM corporations.

**GERMAN HOUSEHOLD CHARGE: A SUCCESSFUL REFORM**

The German licence fee used to be linked to ownership of a reception device. Since 2013, it has been replaced by a household charge, the Rundfunkbeitrag (broadcasting contribution), which is payable regardless of the existence, type and number of reception devices.

The reform has so far been considered successful. In particular, it has halted the downward trend in German PSM revenues. The steady decline in the number of households liable to pay the fee has been halted and broadcasters have been able to generate increased revenues compared with 2012. The combined licence-fee revenues of German PSM organizations – ARD, ZDF, DW and Deutschlandradio - amounted to EUR 7.76 billion in 2019, compared with EUR 7.26 billion before the reform, in 2012. This represents a 6.9% increase in seven years.

German PSM are not entitled to spend the surplus revenues generated from the reform, i.e. revenues exceeding an amount set by the KEF, an independent industry commission, which also issues recommendations on the amount charged. Extra revenues must instead be set aside in a reserve fund.

The fee was lowered slightly after the reform

The extra revenues enabled the monthly fee to be reduced from EUR 17.98 to EUR 17.50, from 1 April 2015.

This was the first time it had ever been reduced in Germany. In April 2016, the KEF even proposed an additional reduction, to EUR 17.20 per month, for the 2017–2020 period. This proposal was not adopted by the German federal states, which left the fee at EUR 17.50 per month (until 2021, when it will increase to EUR 18.36 per month).

**Sources:** EBU based on Members’ data and KEF data.
The household charge system has attracted considerable attention in Europe. In 2019, Switzerland became the second European country to introduce it.

A LONG AND CONTROVERSIAL PROCESS

This major reform of the licence fee was set forth in the amended Radio & TV Act, approved by the Swiss parliament as early as September 2014. Partly because of the changes introduced for treating businesses, the amended act was submitted to popular referendum through the efforts of the USAM (Union Suisse des Arts et Métiers), an organization representing small and medium enterprises, which was opposed to the amended act. The referendum, held in June 2015, approved the new law and therefore the principle of the household charge, but by the narrowest margin ever seen in a Swiss referendum (50.08%).

This first 2015 referendum directly precipitated a fierce debate about the role and funding model of Swiss PSM, culminating in the so-called No Billag vote. This second referendum on PSM was held in 2018. It aimed not only to eliminate TV and radio fees but also prohibit the federal government from subsidizing radio or TV channels in any way whatsoever (for more details about this vote, see p. 70).

SWISS HOUSEHOLD CHARGE SINCE 2019

Following the rejection of the ‘No Billag’ initiative in 2018, the new household charge finally replaced the former ‘Billag’ fee in January 2019.

As in the case of other successful reforms of the fee, such as Germany and Italy, the Swiss reform allowed for a reduction of the fee paid by households, to a symbolic amount of one franc per day. Concretely, the fee was reduced from CHF 451 to CHF 365 per year from January 2019, representing a substantial 19% drop.

Following the increase in the number of households paying the new fee, the amount was reviewed again in 2020 and will be further reduced from 2021 to EUR 335 per year. When compared with the pre-reform 2018 fee, this represents a 26% contraction in three years.

PSM REVENUES CAPPED

As a result of the heated debates about the introduction of the household charge, the Swiss PSM, SRG SSR, has had its revenues from the household charge capped at CHF 1.2 billion. Additional revenues are top-sliced and shared with commercial broadcasters. More details are provided on p. 42.
In Finland, allowances to a specific fund are financed by individual taxes on all earned income. Introduced in 2013, the Finnish tax has attracted significant attention in Europe since coming into force.

**Yle tax in place in Finland since 2013**

New media consumption habits had led to a steady decline in the number of households subject to the licence fee in Finland, as well as to higher levels of evasion. As a result, there were 100,000 fewer paying households in 2010 compared with 2006. This ultimately led to the abolition of the licence fee in Finland in 2013.

The amount paid by citizens is no longer a flat amount but is instead proportional to an individual’s income.

At first, the Yle tax initially consisted of a 0.68% levy on all earned and capital income. It was not collected below EUR 70 and was capped at EUR 143 (2017 thresholds). The exemption threshold for low-income people was regularly raised, from an initial amount of EUR 50 when the tax was introduced to EUR 70 in 2017.

**2018 reform**

In 2018, the tax was transformed into a 2.5% tax on all earned and capital income exceeding EUR 14,000 (the EUR 70 threshold was therefore cancelled). The maximum levy is now EUR 163 per year. Businesses still pay 0.35% of their taxable income.

**Independence and automatic increases**

The model includes legal safeguards guaranteeing independence and a stable level of funding for Yle. The allowance is ringfenced outside state budget negotiations. The law also permits annual increases in the allowance.

However, following cuts in other sectors, the automatic increase in the Yle allowance was temporarily suspended both for 2015 and 2016. The law was temporarily changed again in December 2016, cancelling the index-linked increases for 2017 and 2018 as well. This meant that the amount transferred to Yle was identical from 2014 to 2018. In 2019, the index-related financing was finally enacted, based on the original Yle Act.
CASE STUDY – QUESTIONNING THE FEE
DISCUSSIONS ON THE FUTURE OF THE FEE IN THE UK

Since January 2017, the UK licence fee has been governed by a new settlement between the government and the BBC. Discussions over the next funding settlement have begun.

2017-2021 licence fee funding settlement
The 2017 settlement brought about many changes, the most significant ones being:

- Closing the iPlayer loophole: since September 2016, the fee has been covering not only live TV on all devices, including smartphones and tablets, but also catch-up viewing and listening on the BBC’s on-demand service, the iPlayer.
- Adjusting the fee in line with inflation: another major change resulting from the 2017 licence fee funding settlement related to indexing. The cost of the licence fee, which had been frozen for seven years (from April 2010 to April 2017), was then linked to inflation and has been adjusted yearly since 2017.
- Transferring the cost of free licences for the elderly: the BBC has gradually been assuming the cost of licence fees for the over-75s. The transfer to the BBC was phased in from 2017 to 2019, with the BBC bearing the full cost of these free licences from 2020 (GBP 725 million per year). For more details on this specific change, see p. 56.

Preparation the 2022-2026 settlement
According to the latest BBC Charter (2017-2027), the BBC will remain funded by a licence fee during the next settlement period, 2022-2026. However, the new settlement could usher in several changes, effective from 2022, such as the fee amount, the fixing process and scope for adjustments.

A point of current discussion relates to the decriminalization of licence fee non-payment. The government initiated a consultation in February 2020 on that specific topic. The BBC warned that decriminalization would increase evasion and cost approximately GBP 200 million per year.

Recent discussions over abandoning the fee and adopting a new funding model for the BBC would apply to the next Charter period, starting in 2028.

Sources: EBU based on Members’ data

CHART 9.
THE FUTURE OF THE UK FEE: TIMELINE AND MILESTONES

- **Current licence fee funding settlement** period, providing with licence fee applications modalities. Was negotiated in 2015/16.

- **Current BBC Charter.** The Charter guarantees a licence fee funding model for the BBC until the next Charter period, starting in 2028.

- **2017/21**
  - Dec. 2019: Prime Minister initiates a debate about the future of the fee.
  - Feb. 2020: UK government launches a consultation over decriminalisation of licence fee evasion. BBC fears this might encourage evasion and lead to a yearly loss of GBP 200 million.
  - August 2020: following months of discussion, the BBC ends over 75 free licences, except for poorer pensioners.

- **2017/27**
  - Could see the end of fee evasion as a criminal offense;
  - Amount and yearly adjustment of the fee to be reviewed.

- **2019/20**
  - Beginning of next licence fee funding settlement period (2022/26).
  - Could see the end of fee evasion as a criminal offense;
  - Amount and yearly adjustment of the fee to be reviewed.

- **2022**
  - Beginning of the next BBC Charter.

- **2028**
OVERVIEW OF RECENT CHANGES

Several major European markets have already reformed or altered their collection arrangements: Italy, Germany, Switzerland and the UK.

Following the cases of Iceland (2009) and Finland (2013), the fee is currently being dropped or phased out in all other Nordic countries: Sweden (2019), Norway (2020) and Denmark (2019-2021).

In 'status quo' countries such as Ireland, France and Poland, PSM organizations are pleading for an in-depth reform of the collection process on account of current systems, which are described as no longer fit for purpose.

RECENT LICENCE FEE REFORMS

2019 - SWITZERLAND: Following the successful 2018 referendum on licence fee and PSM funding - the 'No Billing' vote, the household charge was introduced early 2019. On that occasion, the fee was reduced by 19%, from CHF 451 to CHF 365 per year (approx. EUR 330).

2017 - UK: The 2017-2021 licence fee funding settlement was negotiated in 2015-16, expanding the fee to BBC iPlayer usage from 2017, linking the fee to inflation from 2017 and progressively transferring the cost of free licence fees (for the over-75s) from the Government to the BBC. This led the BBC to limit free licences to low-income pensioners from August 2020.

2017 - BOSNIA-HERZEGOVINA: Agreement to swap collection from telecom operators to electricity providers, aiming to reduce the high level of non-payment.

2016 - ITALY: Collection successfully transferred to electricity suppliers, resulting in a drastic reduction in evasion. The fee was consequently reduced: from EUR 113.50 in 2015 to EUR 100 in 2016 (-11.9%) and even EUR 90 from 2017 (-10%).

2016-2020 - SERBIA: Licence fee dropped in 2014 and reintroduced at a lower amount (70%) in early 2016. The fee was finally increased in 2019 (+47%) and 2020 (+16%). However, the 2020 fee remains just half of the 2014 amount.

2015 - ISRAEL: TV fee abolished in 2015. The “additional sum for IPBC” (formerly called the radio fee), collected on top of annual motor vehicle tax, remains in place.

2013 - GERMANY: First household charge successfully introduced in Europe. Since then, the licence fee was reduced (albeit slightly) for the first time ever on 1 April 2015, from EUR 215.76 to EUR 210 per year (-2.7%). It might, however, increase to EUR 220 in 2021.

STATUS QUO / DISCUSSIONS

FRANCE: The reform of the PSM was postponed again in 2020. It is unsure whether this will address the funding of PSM or not. In any case, collection will have to be transformed: it has since 2003 been bundled in with the housing tax, which is being phased out.

IRELAND: Long-awaited reform of the collection, currently carried out by the postal administration, with a 14% evasion rate. In August 2019, the government announced that a public tender for a five-year contract on licence fee collection would take place before the end of the year. The fee will be replaced by a household charge after this five-year period.

POLAND: No recent developments related to the long-awaited reform of collection to tackle high evasion. Since 2017, Polish PSM have been granted several compensations from the state budget for last fees. The Law and Justice (PiS) party, which won the October 2019 parliamentary election by a wide margin, had announced it would scrap the licence fee if it won.

PORTUGAL: RTP asked for an adjustment of the 2019 fee in line with inflation, which was refused by the government. The fee remains unchanged since 2017.

SLOVAKIA: Several partial compensations were granted to PSM in 2019 and 2020 for the loss of income caused by expanded social exemptions, Pensioners, for example, have enjoyed a full exemption (instead of a 50% discount) since September 2019.

UK: Discussions have started for the next licence fee funding settlement, covering the period 2022-2026. Licence fee funding is guaranteed until 2027, which marks the end of the current Charter period. However, under the 2022-2026 fee settlement, licence fee evasion may no longer be treated as a criminal offence. The future of the licence fee from 2027 hangs in the balance.

FEE DROPPED OR PHASED-OUT

2019-2021 - DENMARK: According to the new media agreement for 2019-2023, the fee will be progressively phased out (2019-2021). The new 2022 PSM funding model will be a public service tax, within the state budget.

2020 – NORWAY: The licence fee was replaced by a public service tax, within the state budget, from early 2020.

2019 – SWEDEN: The licence fee was replaced with an earmarked tax, ringfenced outside the state general budget, based on individual income.

2018 – BELGIUM FR: The licence fee was dropped in 2018. The fee was not funding Belgian PSM anyway.

2017 – NORTH MACEDONIA: The fee was abolished and replaced by transfers from the state budget.

2017 – ROMANIA: The fee was abolished and replaced by transfers from the state budget.

2013 – FINLAND: The fee was replaced by an individual income-based levy, outside the general state budget.

2009 – ICELAND: The fee was replaced by a lump-sum tax levied on individuals and businesses.

Sources: EBU based on Members’ data EBU Media Intelligence Service - Licence Fee 2020

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3. CORNERSTONE OF PSM FUNDING IN EUROPE

- Almost EUR 22 billion collected in the EBU area in 2019
- Exactly three-fifth of all EBU PSM income (60% in 2019)
- 25 EBU countries collect a licence fee in 2020 (43.9% of all EBU countries)
- Adequate funding is key to PSM performance
LICENCE FEE REMAIN THE MAIN SOURCE OF PSM FUNDING

PSM EARNED

EUR

21.87 BILLION

FROM LICENCE FEE IN THE EBU AREA IN 2019

Data based on 65 organizations in 48 EBU markets.
Sources: EBU based on Members’ data
EBU Media Intelligence Service - Licence Fee 2020
**ALMOST TWO-THIRDS OF ALL EBU PSM INCOME**

The licence fee remains the bedrock of PSM funding in the EBU area. Its weight in the PSM funding mix has remained stable in recent years.

First introduced in the UK as early as 1923 for public radio transmissions, the licence fee was quickly adopted as a way of funding national public broadcasters by most western European countries, such as Finland in 1926 and France in 1933.

**Public funding principles**

There are almost as many PSM funding models as PSM organizations throughout Europe, and there is no one-size-fits-all approach to such a complex issue. However, it is worth mentioning that licence fee income, which may be perfectly combined with other relevant sources of income in a mixed model, is expected to meet the four EBU public funding principles:

1. **Stable and adequate**
2. **Independent from political interference**
3. **Fair and justifiable**
4. **Transparent and accountable**

**Licence fee essential to political independence**

In particular, the licence fee proved to be not only stable and resilient to adverse economic circumstances, but also less subject to political upheaval than other public funding schemes.

That is illustrated by the Dutch case: since 2000, when the licence fee was replaced with direct state funding, NPO has been suffering from regular cuts in its budget.

The compatibility of the licence fee with core public funding principles might explain why, almost a century after the introduction of the first radio licence fee, almost half of all EBU countries (25 out of 56) still have a broadcasting licence fee.

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*EBU (2017), Public Funding Principles for PSM*

Note: Chart based on 65 organizations in 48 markets.
Sources: EBU based on Members’ data

For more details please refer to:

Funding of Public Service Media 2019 report
25 out of 56 EBU countries have collected a licence fee in 2020 (44%). As the licence fee is more widespread in western Europe, this proportion grows to exactly 50% when considering EU countries only (14 out of the 28 EU countries).

The most recent changes in licence fee countries were the abolitions in Romania and North Macedonia in 2017, the French-speaking community of Belgium in January 2018, Sweden in January 2019 and Norway in January 2020.

**Licence fee about to be dropped from all Nordic markets**

All the Nordic countries have replaced or are about to replace their fees by public service taxes.

The Icelandic public service tax was introduced in 2009. Finnish PSM has been funded since 2013 thanks to a special income-based tax, outside the state budget. Since January 2019, Sweden has replaced its fee by a similar earmarked tax on individual’s income. Norway followed in January 2020, with also an individual income-based tax within the State budget. In the case of Denmark, the fee has been phased out since 2019 and Danish PSM will be funded via allocations from the state budget from 2022.

**Widespread in western Europe and Mediterranean countries**

Most western and central European countries sill have a licence fee, some of the most notable exceptions being Spain, and Benelux countries. However, the licence fee remains the preferred way of funding PSM in western and central Europe.

A licence fee is also collected in most southern Mediterranean EBU countries, such as Algeria, Egypt, Morocco, Jordan and Tunisia. However, the amounts collected are generally not substantial and PSM organizations mostly rely on supplementary state funding.

**No tradition in south-eastern and eastern Europe**

The situation is more varied in south-eastern Europe, where there is less of an established licence fee tradition.

Finally, countries in eastern Europe and the Caucasus region have experienced drastically different media funding traditions. Licence fee systems have never been introduced in these countries, where PSM still rely heavily on state grants and subsidies.
Despite being considered as a particularly stable revenue stream for PSM, licence fee collections might be impaired by the lockdowns and challenged by the resulting recession.

Business fees
The main risk identified by EBU PSM Members during the first wave of lockdowns in April/May 2020 was the difficulties for businesses to pay their fee.

Businesses are indeed subject to the fee in 23 or the 25 EBU countries with a licence fee, and they represent on average 7% of the paying units.

Companies suffering from the crisis might experience difficulties to pay their fee and delay their payment. Additionally, expected bankruptcies will lower the number of companies subject to fee. More directly, in five EBU countries (France, Germany, Slovakia, Slovenia and Switzerland), the business fee is based on size/turnover and will mechanically drop with the lockdown and/or recession.

See pages 57-59 for more details on business fees.

Household fees
Private households will also suffer from the socio-economic crisis.

In half of the countries with a licence fee, low-income households or unemployed people are exempted or pay a reduced rate. In most cases, PSM receive no compensation for these exemptions.

The crisis is therefore expected to increase this number of exempted households. Besides, the growing difficulties to pay the fee might also lead to a surge in evasion.

See pages 51-56 for more details on exemptions.

Lockdown-related difficulties
In a few countries, namely the Czech Republic, Ireland and Poland, the fee can be paid in cash, and/or in post offices. Generalized lockdowns made these modes of payment impossible during several months, generating immediate cash-flow difficulties for PSM.

Drop in the amount of the fee
The recession is putting the fees at risk, as the trend in recent years has already been downward. Where not guaranteed by independent setting processes, the fees could be challenged as a supporting measure to households and businesses purchasing power.

Sources: EBU based on Members’ data – May 2020 survey on impact of COVID-19 crisis on PSM funding.
ADEQUATE FUNDING IS KEY TO PSM PERFORMANCE

The higher the licence fee, the larger the PSM market share in their domestic markets. This clearly speaks in favour of guaranteeing sustainable, stable levels of funding for PSM organizations.

Licence fee amounts are closely correlated with annual PSM radio and TV market shares. The correlation should not be considered as showing an exclusive, one-to-one link between public funding and performance, as PSM may only receive a limited share of the total licence fee, and they may also receive supplementary funding.

**Licence fee and PSM TV market shares**

In Italy, France and Germany, i.e. three out of the “Big-Five” markets, PSM were relatively outperforming on their TV markets, given the amount of their national licence fee. This was also the case in the Czech Republic, in Poland and in Serbia, where the fee was set at particularly low levels. In these countries, the licence fee remains therefore relatively low compared with PSM organizations’ performances.

**Licence fee and PSM radio market shares**

In terms of PSM radio market share, the organizations that outperformed the trend curve in 2019 were ORF (Austria) and DR (Denmark), as well as ARD (Germany), NRK (Norway) and the BBC (UK). Interestingly, PSM in Israel and Slovakia also performed relatively well, despite their low licence fee.

**Interpreting the correlations**

The fact that the level of the licence fee correlates with PSM performance raises several questions.

Are well-funded institutions more inclined to develop appealing, innovative programming, allowing them to perform better on their market?

Or, on the contrary, are the best-positioned organizations on the markets also better armed to negotiate with the political sphere for an appropriate licence fee?

Finally, are the more popular PSM organizations rallying massive public support, explaining the higher public acceptance of the licence fee and the opportunity to charge more?

Source: EBU based on Members’ data

Note: Israel radio audience data 2018.

Sources: EBU Media Intelligence Service - Licence Fee 2020
ADEQUATE FUNDING IS KEY TO PSM PERFORMANCE

When analysing separately the link between the fee and radio and TV market shares, the correlation appears stronger with radio market shares, but remains positive in the case of TV market shares.

Note: Israel radio audience data 2018.
4. FEE AMOUNTS

- EUR 0.33 per day and EUR 121 per year on average
- 0.4% of GDP per capita on average
- VAT rates vary from zero to 25%
LICENCE FEE IS AFFORDABLE

THE FEE COSTS ON AVERAGE ONLY EUR 0.33 PER DAY AND PER HOUSEHOLD IN THE EBU AREA

Note: 2019 data based on 22 EBU markets.
Sources: EBU based on Members’ data and data from official websites and collection agencies.
In 2019, households in EBU countries with a licence fee paid an average of EUR 121 (and a higher EUR 135 in EU countries). This was EUR 0.33 per day per household in the EBU area (EUR 0.37 in the EU). This represents a significant drop compared with previous years (EBU yearly average was EUR 137 in 2018).

Chart 15 displays annual licence fees in the 22 EBU countries collecting a fixed licence fee in 2019. Owing to the following factors, an international benchmark of licence fees must however be defined very carefully:

- **VAT** - Whether VAT is charged or not creates a methodological caveat for licence fees, since the 2019 VAT rates ranged from 0% to 25% from country to country (see p. 30 for more details on VAT).

- **Top-slicing**: PSM do not always receive full fee - In several countries the total amount collected is shared between various beneficiaries. The fee may therefore be set at a higher level than in comparable countries where it exclusively funds the activities of the PSM (see p. 37-42 for more details on top-slicing).

- **PSM rely on the fee to differing extents** - In several markets, PSM do not rely heavily on licence fee income as they have other significant sources of revenue in their funding mix, typically state grants or advertising.

- **National specificities and scope of remit** - A striking case is that of Switzerland, where the licence fee converted to EUR remains the highest of all EBU countries: under its public service remit, SRG SSR provides broadcasting services in the four national languages. Such a pluralistic policy results in significant additional costs compared to other markets of a similar size.

- **Exchange-rate volatility** - The benchmarking exercise also involves converting the fees from national currencies to euros. Exchange-rate volatility may have strong implications for data comparability and may affect the results in euros, such as in the case of Switzerland and the UK with the major fluctuations in the CHF/EUR and the GBP/EUR exchange rates in the last few years.

Note: fee was dropped in 2020 in Norway. Top slicing not available for Serbia.
Note: Does not include countries where fee is a proportional amount - Turkey, Egypt, Morocco and Tunisia.
Note: Amounts to PSM include collection costs when it is organized by PSM themselves.
Note: 2019 data, last year for which yearly euro exchange rates and top slicing were available.
## Table 1. Annual Licence Fee
(National Currencies, EUR, 1 January 2015-2020)

<table>
<thead>
<tr>
<th>Market</th>
<th>EU Member</th>
<th>National currency</th>
<th>NAT CURRENCY</th>
<th>EUR CURRENCY</th>
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<td></td>
<td></td>
<td>2016</td>
<td>2017</td>
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<tr>
<td></td>
<td></td>
<td>2016</td>
<td>2017</td>
<td>2018</td>
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</tr>
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<td>145.50</td>
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<td>122.33</td>
<td>121.81</td>
<td>131.50</td>
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</table>

Sources: EBU based on Members' data, and data from official websites and collection agencies.

EBU Media Intelligence Service - Licence Fee 2020
Differences between the fees can be partly explained by the various costs of living across the EBU area. Purchasing power parity conversion offers a more accurate benchmark. Fees appear closer from each other in Nordic and western European countries, as well as in several Balkan countries.

As explained in the previous pages, differences between national licence fees can be partly explained by the national particularities in the PSM funding and licence fee collection systems.

They also can be linked to different costs of living in EBU countries.

This is why Charts 15 and 16 also display annual licence fees in purchasing power standards (PPS), an artificial currency that equalize the amount according to cost of living and inflation.

**Taking costs of living into account**

PPS conversion enable more accurate comparisons between countries. As expected, the conversion partly reduces the spread between the various national fees: the ratio between the most expensive and the cheapest fees drops from 110 when expressed in EUR to only 27 when considered in PPS.

After purchasing power parity conversion, licence fees appear in a similar range in Austria and Norway. After these two markets, another group of five countries with similar fees in PPS terms can be distinguished: Switzerland, Germany, Croatia, Denmark and Slovenia. The fees in Ireland and France remain relatively similar in PPS to those practised in the Czech Republic and Poland.

PPS conversion does not eliminate all geographical disparities; the fee remains higher in Nordic countries and western Europe. As it was already the case when expressed in Euros, the 2019 fees converted to PPS still appeared inadequate in Serbia, Greece, Portugal, Israel, Jordan, Albania and Algeria.
The licence fee represents a very small proportion of the GDP per capita in the various EBU countries, illustrating that the households’ contribution remains minimal and affordable.

Converting licence fees into proportions of GDP per capita gives us a better understanding of the relative financial contribution per household for funding their respective PSM. In 2019, the licence fee was on average 0.42% of GDP per capita in EBU countries (0.45% in EU countries).

**Higher relative cost in central Europe**

The findings from these calculations are surprising, resulting in a drastically different ranking of countries than when using headline amounts (in both EUR and PPS).

Three of the four European countries where the relative licence fee cost was the highest in 2019 were in the Balkans: Croatia, Bosnia-Herzegovina and Slovenia.

On the other hand, the situations in Ireland, Greece and Portugal, where PSM largely rely on the revenues from the licence fee, appeared worrying, with fees amounting to less than 0.25% of GDP per capita.

**Erosion of the relative contribution**

The trend toward a disconnection between the dynamic of PSM funding and European countries’ economies continued in 2019. The fee calculated as a proportion of GDP per capita has been steadily decreasing within the EBU area: 0.57% in 2014, 0.53% in 2015, 0.50% in 2016, 0.45% in 2017, 0.44% in 2018 and finally 0.42% in 2019.

In Ireland, for instance, the licence fee represented 0.29% of GDP per capita in 2014 but only 0.23% five years later in 2019.

This trend is particularly worrying for PSM as it illustrates the erosion of their financial firepower and the relative marginalization of public service media within European economies.
Whether VAT is charged or not, and the various rates that are applied, creates true disparities between European households. These disparities do not affect the real income received by the beneficiary PSM, but have a major impact on the amount actually paid by households.

Chart 18 shows 2020 VAT applied to licence fees in 21 EBU countries where data were available. In the vast majority of cases – in 16 countries out of 21 (76.2%) – the fees were not subject to VAT or had a zero-rate VAT rate.

Only in Denmark were households paying full VAT on their licence fee (25%). In the four other countries, the fee was subject to reduced-rate VAT. This was the case in Austria (10.0%), Portugal (6.0%), Italy (4.0%) and France (2.1%).

Noticeably, before the fee was dropped in 2020 in Norway, the VAT imposed there on the licence fee had been raised from 8.0% in 2015 to 10.0% in 2016-2017 and increased again to 12.0% in 2018.

**VAT dropped in Switzerland**

In April 2015, the fee paid by Swiss households for radio and TV reception was reduced from CHF 462 to CHF 451 when the Federal Supreme Court ruled that the fee was no longer subject to VAT. Until then, households had been paying 2.5% VAT on their licence fee.

Following this decision, several consumers called for the retroactive reimbursement of amounts paid before 2015. Over 30 000 cases were brought by individuals, together with four “typical cases” brought by consumer associations.

In November 2018, the Federal Administrative Court ordered the reimbursement of the 2010-2015 VAT in the framework of these four “typical cases”.

The Swiss government has since then been developing a legal framework allowing to refund all households and not only the persons who have made the request. In April 2019, it proposed a flat-rate CHF 50 reimbursement in the form of a credit to all households.

The proposal was adopted by the Parliament in September 2020 and the CHF 50 amount will therefore be deducted for all Swiss households from their 2021 licence fee payment.

It is estimated that this total VAT reimbursement will cost around CHF 165 million.

Sources: EBU based on Members’ data

<table>
<thead>
<tr>
<th>Country</th>
<th>VAT Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denmark</td>
<td>25.0%</td>
</tr>
<tr>
<td>Austria</td>
<td>10.0%</td>
</tr>
<tr>
<td>Portugal</td>
<td>6.0%</td>
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<tr>
<td>Italy</td>
<td>4.0%</td>
</tr>
<tr>
<td>France</td>
<td>2.1%</td>
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<td>Switzerland</td>
<td>Not subject to VAT or zero-rate</td>
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<td>United Kingdom</td>
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</tbody>
</table>

Chart 18. VAT Rates Applied to Licence Fee (% 2020)
5. PRICE TRENDS

- On average, 0.8% drop over the past five years
- Including inflation, the decline is a massive 5.8%
- Frozen for more than five years in nine countries
- Rarely adjusted to inflation
LICENCE FEE IS ERODING IN MANY COUNTRIES

THE FEE CONTRACTED ON AVERAGE BY

0.8%

OVER THE PAST FIVE YEARS IN THE EBU AREA
The licence fee has long appeared relatively constant from a medium-term perspective. However, it has started to decline, and sometimes quite dramatically, in several countries.

2015-2019 evolution

When looking at five-year evolutions, from 2015 to 2019, the fee only increased in seven of the twenty markets with comparable data (Austria, France, Israel, Norway, Poland, Portugal and the UK). This means that the fee was frozen or even cut in two thirds of the markets analysed, as illustrated in Map 8.

Hence, the average trend appears as negative, with -0.8% since 2015 in the EBU area. Noticeably, the average five-year evolution for EU countries is negative for the first time, with an average -1.4% change from 2015 to 2019 for the 15 EU countries considered.

Five-year contractions in four markets

The annual fee was drastically reduced in Denmark for the first time in 2019 (-24% on a yearly basis, and -22% when comparing to the 2015 amount). This was a consequence of the decision to phase out the fee over a three-year period. Further reductions are therefore being implemented in 2020 and 2021.

The 21% drop noticed in Italy follows the 2016 licence fee collection reform and the decision to reduce the fee from EUR 113.50 in 2015 to EUR 100 in 2016 (-11.9%) and even EUR 90 from 2017 (-10%).

In Germany, the licence fee was slightly reduced for the first time ever on 1 April 2015, from EUR 215.76 to EUR 210 per year (-2.7%).

In Switzerland, the total amount paid by households was reduced a first time in May 2015 from CHF 462.40 to CHF 451.10 (-2.4%) after the associated VAT levy was cancelled. The fee was further reduced in 2019 when it was transformed in a household charge, from CHF 451.10 to CHF 365.00 (-19%). These two evolutions combined explain the five-year massive 21% drop experienced in Switzerland.

2020-2021 perspectives

In 2020 and 2021, it is expected that the fee continues to decrease in Denmark (p-30% in 2020), but also in Israel (-5%) and France (-1%). The EUR 1 drop of the fee in France in 2020 is the first drop ever in this market, following years of regular indexation of the fee on inflation.

Note: fee was dropped in 2020 in Norway.
Note: no 2015-2019 evolution for Serbia as the fee was temporarily suspended in 2015.

Sources: EBU based on Members’ data
EBU Media Intelligence Service – Licence Fee 2020
ON AVERAGE, 5.8% DECREASE IN REAL TERMS

Once inflation is taken into account, the decreasing trend of the fee in Europe turns into a drastic drop in real terms, resulting in a decrease in PSM resources and complicating their ability to operate.

By taking into account the impact of inflation, the real change in the data series can be measured. Following the average erosion of the fee in nominal terms over the past five years, the real trend, including the impact of price changes, appears even more negative. The real average growth rate among all EBU countries for 2015-2019 stands at an alarming -5.8%.

Negative trend also hitting EU countries

When limiting the analysis to EU28 countries, the average 2015-2019 real change was identical to the EBU rate, standing at -5.8%.

EU countries have long been experiencing regular increases of their fees. This is no longer the case. EU trends are now quite comparable with trends experienced at EBU level, where the fee has not only been stagnating but also frequently contracting.

Fee freeze leads to funding erosion

The real evolution for 2015-2019 was positive in only three EBU countries: Israel, Portugal and Poland, where the fee is set at very low levels (respectively EUR 41, EUR 36 and EUR 63 per year).

In all other countries, the real evolution was negative, meaning a decreased ability for most EBU PSM to fulfil their missions, remain relevant and innovate.

A perfect illustration is provided by the Czech Republic, where the fee has been frozen for more than a decade. As a result of inflation, the real evolution of the fee was -7.5% in the 2015-2019 period.

The gap between trends in nominal and in real terms varies from one country to another, depending on the strength of inflation. For instance, despite a significant 10.2% nominal increase from 2015 to 2019 in Norway, the real change was in fact a 0.1% decrease.

Sources: EBU based on Members’ data and IMF inflation data.

Note: fee was dropped in 2020 in Norway.
Note: no 2015-2019 evolution for Serbia as the fee was temporarily suspended in 2015.
The fee has not been adjusted since 2003 in Slovakia nor since 2008 in the Czech Republic and Ireland. This obviously jeopardizes the PSM’s ability to innovate and launch new services.

As at the end of 2020, the fee has been frozen for more than five years in nine countries: Slovakia (2003), the Czech Republic (2008), Ireland (2008), Croatia (2010), Albania (2011), Slovenia (2013), as well as Algeria and Jordan.

Frozen fee: the Slovak case
Slovakia is a stand-out example, as the fee was last adjusted there in 2003.

The adjustment was a focus of political attention throughout 2016. Despite a draft amendment of the Licence Fee Act by the Ministry of Culture, which foresaw an increase from EUR 55.68 to EUR 84 per year, no political compromise has yet been reached.

The public broadcaster RTVS was granted a first partial compensation of EUR 9 million in May 2019, followed by a EUR 16 million compensation in December 2019 for the loss of income caused by expanded social exemptions, but the fee has still not been adjusted.

Frozen fee: the Irish case
The fee has been unchanged in Ireland since 2008. This, combined with evasion and top-slicing, has led to decreasing fee income for RTÉ.

The PSM, as well as the broadcasting regulator, have repeatedly called for the fee to be adjusted or for more in-depth reform of the system.

However, since 2017, debates have focused on the switchover to a new collection agency in order to combat evasion, or on the adoption of a household charge to adapt to new consumption realities, rather than increasing the amount of the fee.

Reviewing does not mean adjusting the fee
It is important to specify that the actual date of the last fee adjustment is not necessarily linked to the frequency of its review.

In particular, a regular review of the fee does not guarantee a regular increase as the review may conclude that it is necessary to freeze it. This was most recently the case in countries such as Croatia and Ireland.
LIMITED CASES OF INDEXATION TO INFLATION

Only in the UK is the fee amount adjusted to inflation on a yearly basis. It has also long been the case in Denmark, France, Poland, but this is not happening anymore.

There are only a limited number of countries in Europe where the fee is adjusted each year in order to reflect the impact of inflation. It has been the case in the UK since 2017. It was also done in France until 2019, when the fee was frozen for the first time since 2009, in Denmark until 2019, when the decision was taken to phase it out, in Poland until 2016, when the fee was frozen and in Norway until 2020 when the fee was abandoned.

Denmark
In Denmark, the setting and evolution of the fee was defined by a multi-year political agreement. The 2015-2018 agreement included a yearly adjustment based on the evolution of the consumer price index. From 2015, the fee therefore increased each year by DKK 15 to DKK 24 (EUR 2.30 to EUR 3.09). The media agreement for the period starting in 2019 however includes to phase out licence fee.

France
The fee has been indexed on inflation since 2009 in France. The adjustment could only be superior to the inflation indexation. From 2015 to 2018, the fee was raised by EUR 1 per year (approx. 0.7% per year). However, in 2019, the fee was remained unchanged for the first time since the indexation was put into place. It was even dropped by EUR 1 in 2020.

UK
The indexation of the fee on inflation is a relatively new development in the UK. It was introduced by the updated licence fee settlement in 2017. The previous 2010 settlement froze the fee at GBP 145.50 (EUR 167.65 in 2011) for the six years ending in March 2017.

Starting from April 2017, the fee will be inflated every year by the average increase in the Consumer Price Index (CPI) over 12 months to September of the previous year. Thanks to the new settlement, the fee increased to GBP 147 in April 2017 (+1.0%), to GBP 150.50 (+2.4%) in April 2018, to GBP 154.50 in April 2019 (+2.7%) and again to GBP 157.50 in April 2020 (+1.9%).

Sources: EBU based on Members’ data

MAP 11.
REGULAR ADJUSTMENT OF FEE ON INFLATION
(September 2020)
6. BENEFICIARIES AND TOP-SLICING

- Licence fee does not fund only PSM organizations
- PSM received on average 89.1% of the fee income
- There is an increased pressure toward top-slicing the fee
LICENCE FEE SHOULD MAINLY FUND PSM

PSM received on average 89.1% of the fee income in the EBU area.

Note: 2019 data based on fee redistribution in 18 EBU markets. Sources: EBU based on Members’ data and data from official websites and collection agencies.
TOP-SLICING: THE FEE DOES NOT FUND ONLY PSM

The licence fee was originally introduced as a way to fund public broadcasters. However, in the last few years some licence fee revenues have been used for purposes other than those originally stated.

Redistribution of the licence fee is one of the most crucial issues for PSM organizations. As the licence fee remains linked to the funding of public broadcasters in the minds of many citizens, the use of these funds for other purposes can give the impression that they are receiving less value for money.

Collection costs and VAT

Chart 12 shows the full breakdown of gross amounts collected in 20 EBU countries. It includes not only the amount received by PSM and other beneficiaries, but also, where applicable, VAT and external collection costs.

PSM still the main beneficiaries

On average, PSM received 89.1% of the amount collected in 2019. In exactly half of the markets (10 out of 20), over 98% of the licence fee revenue were used to fund PSM and to cover the collection costs.

In a number of countries, amounts distributed to PSM were split between several national PSM organizations (radio-only and TV-only PSM, international PSM, etc.). Interestingly, the main generalist regional broadcasters also receive part of the licence fee revenues in Bosnia-Herzegovina, Poland and Serbia.

In five additional countries, the PSM and collection agencies were receiving between 90 and 98% of the full amount. In these markets, PSM remain by far the main beneficiaries of the fee, but have been sharing the revenues with other stakeholders, for instance with regulatory authorities in Croatia and Ireland.

Austria and Denmark: only two-thirds collected for PSM

The most worrying cases are Switzerland, Italy, Austria, Denmark and Morocco, where the PSM share of the licence fee was below 90%, implying a potential bias in the households’ perception of the amounts perceived by the PSM organizations.

ORF’s share of licence fee revenues was for instance only 67% of the total amount collected in 2019, distorting the public perception of the fee value and, more specifically, the link between the amount of the fee in Austria and ORF resources.

See p. 40-41 for more details on other beneficiaries.

<table>
<thead>
<tr>
<th>Country</th>
<th>PSM</th>
<th>External collection costs</th>
<th>Other beneficiaries</th>
<th>VAT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Slovakia</td>
<td>100%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Turkey</td>
<td>100%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Greece</td>
<td>100%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Czech Republic</td>
<td>99%</td>
<td>1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poland</td>
<td>93%</td>
<td>7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Albania</td>
<td>90%</td>
<td>10%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bosnia-Herzegovina</td>
<td>88%</td>
<td>12%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>United Kingdom</td>
<td>37%</td>
<td>2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>38%</td>
<td>6%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Slovenia</td>
<td>98%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>96%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Croatia</td>
<td>95%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Portugal</td>
<td>93%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ireland</td>
<td>88%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Norway</td>
<td>83%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Switzerland</td>
<td>88%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Italy</td>
<td>84%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Austria</td>
<td>77%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Denmark</td>
<td>67%</td>
<td>23%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Morocco</td>
<td>62%</td>
<td>20%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No licence fee</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Data below 3% is not labelled
Note: Fee was dropped in 2020 in Norway
Note: Albanian and Norwegian top-slicing 2018. No top slicing for Serbia.
Note: PSM share includes collection costs when collection organized by PSM itself.

Sources: EBU based on Members’ data
A LONG LIST OF BENEFICIARIES FROM TOP-SLICING

When the licence fee is not allocated in full to PSM, it is normally used for related audiovisual activities. In several cases, however, the fee is also transferred to non-media institutions, putting the public’s acceptance of the fee at risk.

Redistribution, or top-slicing, of the licence fee is one of the recurrent issues brought to the public debate by those challenging PSM access to the revenues generated.

Who are the various stakeholders also benefiting from the fee in the EBU area?

Regulatory authority

One of the most common uses of the portion of the licence fee not allocated to PSM is to pay for the broadcasting regulatory authority.

In 2019, in at least four countries (Croatia, Germany, Ireland and Switzerland), the regulators were funded from the licence fee, from minimal amounts (0.3% in Switzerland) to the 6.6% normatively fixed for the Irish authority.

In the case of Ireland, this transfer has a specific purpose, the Sound and Vision scheme, which funds independent television and radio programmes on a series of topics that are later distributed by eligible broadcasters (not only PSM) under certain conditions specified by law. In this sense, part of the money used under this scheme indirectly helps to fund programming at the two Irish PSM.

Other broadcasters

The licence fee also funds public service programming in Denmark: 11.1% of the amount collected in 2019 went towards public service programming on the regional network of TV2 (commercially funded but publicly owned).

In Switzerland, the licence fee is used to subsidize local and regional television and radio stations (5.9% of the total amount in 2019), most of which are privately owned. The share of the fee allotted to local and regional broadcasters has increased in Switzerland from 4.8% in 2018 to 5.9% from 2019, when the country replaced the traditional fee by the modernized household charge. The fee also pays for the Swiss audience measurement system with 0.2% of the amount collected.

Local channels in the UK also benefited in the past from a small amount of income derived from the fee (0.1% of the total amount in 2017). This was to support the launch of local TV channels in the UK. However, this scheme did not prove very successful and was phased out.

Cinema activities

Another purpose of top-slicing is to pay for cinema and other audiovisual activities in general. In 2019, this was seen in France (2.3% allotted to the audiovisual archives, INA), Slovenia (2.0% to the Slovenian Film Centre) and Croatia (1.8% to the Croatian Audiovisual Centre).

Government departments

Government departments were also allotted variably significant proportions of the fee in 2019. The amounts transferred to the state were quite substantial in several markets, ranging from 5.4% for the ministry of culture in Denmark, 16.4% (incl. 4% VAT) for the ministry of economic affairs and finance in Italy and a breathtaking 23.4% in Austria (shared between the federal states, the ministry of finance and the ministry of art and culture, and not including a 6.9% share for VAT).

Top-slicing and public acceptance

Top-slicing of the fee may prove to be highly problematic for PSM, undermining their financial resources and ability to remain relevant and to innovate.

On the other hand, the sharing of the licence fee income between various media stakeholders might help in creating alliances and building the case for preserving the fee and this particular funding model.

However, top-slicing sometimes also benefits activities which are far removed from those originally intended for the licence fee. Such a phenomenon clearly undermines the legitimacy of the fee and its public acceptance, and this kind of top-slicing should be avoided.

Top-slicing in a context of crisis

Regular calls from commercial media groups to benefit from licence fee income were brought to the public debate in recent years in several EBU countries, such as Germany, Ireland and Albania, for example.

Further calls were repeated and amplified in the COVID-19 crisis context and further calls to amplify top-slicing are expected as a consequence of the forthcoming recession in Europe.

Sources: EBU based on Members’ data
TABLE 2.
DETAILED BENEFICIARIES OF THE LICENCE FEE
(2019, %)

<table>
<thead>
<tr>
<th>Market</th>
<th>Kind of organization</th>
<th>Name of beneficiary</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>PSM</td>
<td>RTSH</td>
<td>90.0%</td>
</tr>
<tr>
<td></td>
<td>Collection agency</td>
<td>OSHEE (National operator of the electricity distribution)</td>
<td>10.0%</td>
</tr>
<tr>
<td>Austria</td>
<td>PSM</td>
<td>ORF</td>
<td>67.3%</td>
</tr>
<tr>
<td></td>
<td>Collection agency / PSM</td>
<td>GRS (ORF subsidiary)</td>
<td>2.4%</td>
</tr>
<tr>
<td></td>
<td>State / Government</td>
<td>Federal States</td>
<td>15.5%</td>
</tr>
<tr>
<td></td>
<td>State / Government</td>
<td>VAT (Republic of Austria/Ministry of Finance)</td>
<td>6.9%</td>
</tr>
<tr>
<td></td>
<td>State / Government</td>
<td>Republic of Austria/Ministry of Finance</td>
<td>5.6%</td>
</tr>
<tr>
<td></td>
<td>State / Government</td>
<td>Ministry of Art &amp; Culture</td>
<td>2.0%</td>
</tr>
<tr>
<td>Bosnia-Herzegovina</td>
<td>PSM</td>
<td>BHRT</td>
<td>50.0%</td>
</tr>
<tr>
<td></td>
<td>PSM</td>
<td>RTV</td>
<td>25.0%</td>
</tr>
<tr>
<td></td>
<td>Other organization</td>
<td>Teljesítőkölcsön (National operator of the electricity distribution)</td>
<td>25.0%</td>
</tr>
<tr>
<td>Croatia</td>
<td>PSM</td>
<td>HRT</td>
<td>93.2%</td>
</tr>
<tr>
<td></td>
<td>Collection agency / PSM</td>
<td>HRT (HRT subsidiary)</td>
<td>1.7%</td>
</tr>
<tr>
<td></td>
<td>Regulatory authority</td>
<td>Agency for Electronic Media</td>
<td>3.3%</td>
</tr>
<tr>
<td></td>
<td>Other organization</td>
<td>Croatian Audiovisual Centre - HAVC</td>
<td>1.8%</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>PSM</td>
<td>CS</td>
<td>13.0%</td>
</tr>
<tr>
<td></td>
<td>PSM</td>
<td>CS</td>
<td>25.6%</td>
</tr>
<tr>
<td></td>
<td>Collection agency</td>
<td>Česká pošta</td>
<td>1.4%</td>
</tr>
<tr>
<td>Denmark</td>
<td>PSM</td>
<td>DR</td>
<td>61.3%</td>
</tr>
<tr>
<td></td>
<td>Other broadcaster</td>
<td>TV2 regional network</td>
<td>11.1%</td>
</tr>
<tr>
<td></td>
<td>State / Government</td>
<td>VAT</td>
<td>20.0%</td>
</tr>
<tr>
<td></td>
<td>State / Government</td>
<td>Ministry of culture</td>
<td>5.4%</td>
</tr>
<tr>
<td></td>
<td>Regulatory authority</td>
<td>Surplus licence fee</td>
<td>2.0%</td>
</tr>
<tr>
<td>France</td>
<td>PSM</td>
<td>France Télévisions</td>
<td>64.3%</td>
</tr>
<tr>
<td></td>
<td>PSM</td>
<td>Radio France</td>
<td>15.3%</td>
</tr>
<tr>
<td></td>
<td>PSM</td>
<td>Arte France</td>
<td>7.2%</td>
</tr>
<tr>
<td></td>
<td>PSM</td>
<td>France Médias Monde</td>
<td>6.6%</td>
</tr>
<tr>
<td></td>
<td>PSM</td>
<td>TV5 Monde</td>
<td>2.0%</td>
</tr>
<tr>
<td></td>
<td>Other organization</td>
<td>Institut National de l’Audiovisuel</td>
<td>2.3%</td>
</tr>
<tr>
<td></td>
<td>State / Government</td>
<td>VAT</td>
<td>2.2%</td>
</tr>
<tr>
<td>Germany</td>
<td>PSM</td>
<td>ARD</td>
<td>69.3%</td>
</tr>
<tr>
<td></td>
<td>PSM</td>
<td>Bayerischer Rundfunk (BR)</td>
<td>11.4%</td>
</tr>
<tr>
<td></td>
<td>PSM</td>
<td>Hessischer Rundfunk (HR)</td>
<td>5.1%</td>
</tr>
<tr>
<td></td>
<td>PSM</td>
<td>Mitteldeutscher Rundfunk (MDR)</td>
<td>7.3%</td>
</tr>
<tr>
<td></td>
<td>PSM</td>
<td>Norddeutscher Rundfunk (NDR)</td>
<td>12.0%</td>
</tr>
<tr>
<td></td>
<td>PSM</td>
<td>Radio Bremen (RB)</td>
<td>0.5%</td>
</tr>
<tr>
<td></td>
<td>PSM</td>
<td>Rundfunk Berlin-Brandenburg (RBB)</td>
<td>5.4%</td>
</tr>
<tr>
<td></td>
<td>PSM</td>
<td>Saarländischer Rundfunk (SR)</td>
<td>0.8%</td>
</tr>
<tr>
<td></td>
<td>PSM</td>
<td>Südwestrundfunk (SWR)</td>
<td>12.5%</td>
</tr>
<tr>
<td></td>
<td>PSM</td>
<td>Westdeutscher Rundfunk (WDR)</td>
<td>14.4%</td>
</tr>
<tr>
<td></td>
<td>PSM</td>
<td>Zweites Deutsches Fernsehen (ZDF)</td>
<td>23.7%</td>
</tr>
<tr>
<td></td>
<td>PSM</td>
<td>Deutscher Fernsehen</td>
<td>2.9%</td>
</tr>
<tr>
<td></td>
<td>PSM</td>
<td>Arte</td>
<td>2.3%</td>
</tr>
<tr>
<td></td>
<td>Regulatory authority</td>
<td>Landesmedienanstalten</td>
<td>1.9%</td>
</tr>
<tr>
<td></td>
<td>Regulatory authority</td>
<td>ARF</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

Note: fee was dropped in 2020 in Norway. Albanian top-slicing 2018. No top slicing for Serbia.
Sources: EBU based on Members’ data
EBU Media Intelligence Service - Licence Fee 2020
CASE STUDY - BENEFICIARIES:
INCREASED PRESSURE TO TOP-SLICE IN SEVERAL EBU MARKETS

Both media and non-media organizations have gradually increased their pressure to top-slice. As a result, the average PSM share of the fee income was again below 90% in the EBU area in 2019, and stood at worrying low levels in several EBU markets. Italy, Switzerland and Slovenia are among the most striking cases illustrating what has become a worrying trend.

Italy
The 2016 reform of the fee was successful in tackling the high rate of evasion in Italy. However, the reform also resulted in a sudden increase in top-slicing. RAI was allotted 92.7% of the licence fee in 2014. That was reduced to only 83.6% in 2019. The difference was captured by the Italian economic affairs and finance ministry.

Interestingly, in 2020, the Italian organization of producers (APA – Associazione Produttori Audiovisivi) has called for the government to re-direct its share of the licence fee to RAI so that the broadcaster could maintain its efforts to support the audiovisual sector. Doing so, the producers’ association fully recognizes the vital role expected from RAI in the recovery of the Italian cultural sector in the context of the COVID-19 crisis.

Switzerland
In the run-up to and following the referendum on PSM public funding held in March 2018, the Swiss fee has been under scrutiny. In that difficult context, private media organizations have obtained a 20% increase in their share of fee revenues with the instalment of the updated universal fee in 2019. Concretely speaking, commercial broadcasters’ share of the fee revenues increased from 4.8% to 5.9% of the total revenues.

Additionally, SRG SSR revenues from the fee have been capped at CHF 1.2 billion since 2019 (versus CHF 1.25 billion in 2017). The proportion of licence fee income allotted to SRG SSR will therefore decrease from 91.6% in 2014 to 87.7% in 2019, and even a planned 86.5% in 2022.

Slovenia
RTVSLO funding model has been the object of heated discussions in Slovenia since mid-2019, following an unsuccessful attempt to increase the fee.

The government has prepared a package of media-related laws reforms, including a potential change in the distribution of the fee revenues. The proposed amendments, published during over the summer 2020, foresee to assign 3% of the fee revenues to the press agency STA and another 5% for contestable funding schemes.

Sources: EBU based on Members’ data. Map 13 from Ofcom/Bakom (Swiss regulatory authority).

MAP 13. BROADCASTERS BENEFITING FROM TOP-SLICING OF THE FEE IN SWITZERLAND (2020)
7. COLLECTION METHODS

- Wide variety of collection methods
- Collection costs average 3.7% of the total
- PSM are efficient at collecting the fee, with an average collection cost of only 2.6%
There are almost as many collection methods as countries charging a licence fee in the EBU area. Four main types of collection agents were active in 2020: the PSM itself, electricity suppliers, postal operators and the tax authority.

**Electricity suppliers:** they are the most widespread type of collection agency, collecting the licence fee in 12 of the 25 EBU countries with a fee: Albania, Algeria, Egypt, Bosnia-Herzegovina (under a July 2017 agreement switching from telecom operators to electricity companies), Greece, Jordan, Italy (since 2016), Morocco, Portugal, Serbia, Tunisia and Turkey. As illustrated by Map 10, all the countries with a fee collected by electricity providers are southern European and northern African countries.

**PSM:** in seven EBU countries, collection is directly or indirectly enforced by the PSM itself. More precisely, in five cases (Croatia, Denmark, Slovakia, Slovenia and the UK), the fee is collected by specific departments of the PSM. However, the work involved in collecting the fee might be so burdensome that the PSM organization decides to outsource it, while maintaining ultimate responsibility. In the UK, the BBC Licence Fee Unit has delegated licence fee collection to private companies. The latest BBC TV licensing contract was signed in 2011, for a period of eight years, with the private company Capita Business Services. The partnership was expanded in 2016 for two additional years, extending the contract to June 2022.

PSM organizations may also set up a licence fee collection subsidiary. This is the case in Austria with the GIS Gebühren Info Service GmbH and in Germany with ARD ZDF Deuschlandradio Beitragservice.

**Post offices:** they are responsible or co-responsible for the collection in three countries: the Czech Republic (partially in conjunction with the PSM), Ireland and Poland.

**Tax authorities/public administration:** in France, the licence fee has been collected by tax authorities since 2005, when the fee was coupled with the housing tax. In Israel, the “additional sum for IPBC” is coupled with the motor vehicle fee, collected yearly by the ministry of transport.

**Private companies:** in Switzerland, the fee is collected by a private company. The current company is Serafe AG, a subsidiary of the Secon AG group. It was chosen thanks to a public tender covering the period 2019-2025. Serafe replaced the company Billag, which had long been collecting the fee. Billag was a wholly owned subsidiary of Swisscom, the 51% state-owned Swiss telecommunications operator.
COLLECTION COSTS AVERAGE 3.7% OF THE TOTAL

One traditional argument against the licence fee is that it costs more than any direct grant from the state budget, which would only involve marginal and hidden costs. This is not necessarily the case.

In 2019, the total cost of collecting the licence fee in the EBU area varied from less than EUR 1 million to over EUR 260 million. However, to assess the efficiency of the collection, this cost should be associated with the total amount collected.

Relative collection costs vary tremendously across the EBU area, from less than 1.0% to 12.5% of the total amounts collected in 2019. The EBU average dropped from 4.4% in 2017 to 3.7% of the total amount collected two year later.

It cannot be excluded that the methods used for assessing collection costs are different from one country to another, which explains the large disparity between EBU countries.

Most of the more cost-efficient collection systems were in western and Nordic European countries, whereas relative costs were generally higher in eastern European countries.

The two western European countries with higher relative collection costs were Ireland (5.3%) and Switzerland before the system was reformed in 2019 (4.5% in 2018). In both cases, the licence fee collections were organized by bodies totally independent from the PSM. The cost of collection slightly increased in the UK in 2019 to 3.4% versus 2.2% in 2016.

Benchmarking collection costs with non-EBU countries illustrates the cost-effectiveness of most collections in the EBU area: the cost of collection was, for instance, 10.7% in Japan and 6.7% in South Korea in 2018 (data from annual reports).

Sources: EBU based on Members’ data and data from annual reports of non-EBU PSM

EBU Average (18) 3.7%
EU Average (12) 3.0%

Upper third
Middle third
Lower third
n.a.
No licence fee

Note: the fee was dropped in 2020 in Norway.
Note: Albania and Israel 2018 data.
Network operators, in particular electricity providers, are said to be more efficient than other collection bodies, but they are not systematically as cost-effective as PSM organizations themselves. In fact, unlike external agencies, PSM organizations have a strong incentive to maximize the revenues from collection, as this directly improves their financial position.

Network operators need to be remunerated for their services

Collections carried out by network operators, such as electricity companies, are often said to be cost-effective as they should enable administrative costs to be kept down, compared with the full cost of designing and implementing a stand-alone collection system.

In 2019, this was confirmed by several cases, such as Portugal, where the cost of collection was only 1.2% of the total amount collected. The system appears efficient in Portugal: the 2003 regulation stated that a set fee may be charged by electricity providers on every electricity bill, but this should not exceed the strict compensation of the expenses related to collecting the licence fee.

However, in most cases, the remuneration of third-party operators such as electricity, post office, or telecom operators resulted in substantial commissions being charged on the amount collected.

There is therefore an underlying risk that, unless the commission charges are regulated, the cost-effectiveness of this collection system might be lower. The average collection cost by electricity providers stood at 5.4% of the amount collected in 2019, to be compared with the EBU-area average cost of 3.7%. Similarly, the cost of collection for post office operators stood well above the EBU-area average in 2019, at 5.1%.

PSM have a strong incentive to keep collection costs under control

These numbers must be compared with the average cost of collection by the PSM themselves, which was only 2.6% in 2019. This was significantly lower than the average cost of collection (3.7%) in the EBU area. This demonstrates that when it comes to collecting the licence fee, PSM organizations are no less appropriate as collection agents nor less efficient than other external bodies.

Interestingly, the average cost of collection organized by the PSM themselves has decreased significantly in recent years: from 3.4% in 2015 to 2.6% in 2019, illustrating the constant efforts made by PSM to increase their net revenues.

Sources: EBU based on Members’ data
EBU Media Intelligence Service - Licence Fee 2020

Note: fee was dropped in 2020 in Norway.
Note: Albania and Israel 2018 data.
Note: in the Czech Republic, collection is organized jointly by the PSM and the post office.
8. SCOPE: DEVICES

- Radio-only fee only remains in four countries
- Fee covers connected devices in over two thirds of markets (68%)
While specific fees for the ownership of a radio set were not unusual in EBU countries in the past, nowadays most have been abolished.

Most European radio-only fees have been abolished: in the UK in 1971, Ireland in 1972, Albania in 2008 and, more recently, Denmark in 2014 and Romania in 2017 (when radio and TV licence fees were dropped altogether).

The most recent abolition of a radio-only fee happened in Switzerland in 2019 with the adoption of the household fee.

In Israel, a car radio fee has long been collected. This fee still exists but is no longer linked with the ownership of a car radio receiver as it covers all cars. The fee is a fixed sum collected with the car licence and imposed yearly on all motor vehicles. The radio car fee was therefore renamed in 2015 (when the TV fee was dropped) into “additional sum for IPBC”.

Consequently, in 2020, there were only four EBU countries still charging a specific radio fee: Austria, the Czech Republic, Poland and Slovenia. Those countries still charging a radio-only fee were all located in central or eastern Europe.

Interestingly, the radio-specific fee has by and large nothing to do with the existence of a radio-only PSM organization, since this was only the case in two of those four countries (the Czech Republic and Poland). In France and Sweden, for instance, the fee is strictly based on the ownership of a TV set but funds both TV and radio PSM organizations.

Regarding collection itself, TV and radio fees are collected separately only in the Czech Republic.

28% of the full radio+TV fee on average

In 2020, the radio-specific fee on average represented 28.0% of the full broadcasting fee, with quite comparable proportions between the four markets considered, ranging from 25% to 31% of the total fee.

Noticeably, in the Czech Republic, the proportion of licence fee revenues allotted to the radio PSM reflects effectively the proportion of the radio-only fee in the total price of the fee: the radio fee indeed represents 25% of the total fee, and Čro received 25.6% of the fee revenues in 2019.
LICENCE FEE AND RECEPTION DEVICES

The broadcasting licence fee has traditionally been governed by well-defined criteria of device ownership. However, the definition of devices requiring a licence has become increasingly complex due to changes in the equipment used by European consumers.

Disconnecting the licence fee from ownership

In response to the increasing complexity in defining what devices are subject to the licence fee, Germany revised its system in 2013, abandoning the criteria of device ownership. This is the household charge model, where all households pay the fee, regardless of their audiovisual equipment and connectivity. Switzerland also adopted this model in 2019.

Several other countries have also disconnected the fee from any device-related criteria. This has been the case in Portugal, Serbia, Turkey and most North African countries, where the fee has been collected for the last few years by electricity providers.

Extending the fee to all connected devices

In countries such as Croatia, Denmark and Slovenia, the fee remains linked to a well-defined set of devices, including not only traditional broadcast devices but also connected computers, tablets and smartphones.

For instance, in 2019 in Denmark, all computers, tablets and smartphones with internet access are listed as devices subject to the licence fee.

The UK case: licence fee covers BBC iPlayer

The UK defines the scope of the licence fee based on the use of the device, i.e. on the type of content consumed by the device owner.

Until September 2016, connected devices were covered, provided viewers used them to watch live TV programmes. Devices solely used for accessing on-demand or catch-up programmes were not concerned.

Since 1 September 2016, smartphone and tablet owners in the UK have had to pay the licence fee if they watch live and/or on-demand programmes on the BBC iPlayer.

Devices solely used for accessing on-demand or catch-up programmes from other players (Netflix, on-demand content from other broadcasters, etc.) still fall outside the scope of the fee.

Fee only extended to devices with a tuner

In some other countries, such as Austria, the Czech Republic and Italy, the definition of reception devices only includes computers equipped with a tuner.

In other words, computers are covered by the licence fee, but only if they contain a tuner enabling broadcasting signals to be received. Internet-only reception of the signal by computers does not fall within the scope of the licence in those countries.

Fee still restricted to traditional radio and TV sets

In Albania, Bosnia-Herzegovina, France, Ireland and Poland, the licence fee remains restricted to traditional reception devices, i.e. radio and TV sets.

In these countries, even computers equipped with a tuner are not subject to the fee.

In two countries, court narrowed definition

Despite the widespread trend to include new connected devices in the scope of the licence, the opposite also occurred in two countries.

In June 2014, the Swedish supreme court ruled that only traditional TV sets were covered and the collection agency had to reimburse around 85,000 fee payments to households that claimed they only had computers, tablets or smartphones. Following the regular decrease in the number of households subject to the fee, the system was finally abandoned in 2019 and replaced by an individual contribution based on income tax, similar to the Finnish system.

In June 2015, the Austrian administrative court also ruled against the inclusion of devices receiving streamed content from the internet, on the grounds that streaming was not broadcast reception, and such devices were therefore not subject to the broadcasting licence fee.
FEE COVERS ALL CONNECTED DEVICES IN TWO-THIRDS OF COUNTRIES

There is a growing trend to include connected devices in the licence fee. In 2020, 17 EBU countries (68%) no longer limited the scope of their licence to traditional TV sets.

No geographical trend
Map 17 shows that there is no geographical trend for the inclusion of connected devices within the scope of the fee.

The group of countries where the fee is no longer based on any specific reception device is very diverse. It includes Germany and Switzerland thanks to their household charge, but also several North African countries plus Turkey, Portugal and Serbia, where the fee is collected together with electricity bills and has long been disconnected from any notion of device ownership.

Recent reforms expand scope of the fee
The licence fee has been reformed in many countries over the last few years to expand its scope to include reception devices. Recent examples are not only the German and Swiss cases, but also the renegotiation of the licence fee settlement in the UK with the inclusion of the BBC iPlayer.

Fewer countries have a strict definition of radio and TV sets
Two-thirds of European countries with a fee have moved away from the traditional criteria of radio/TV reception-devices ownership. The number of countries relying on the most traditional definition of radio and TV sets is therefore decreasing year after year.

In 2020, only five countries were still operating on the basis of this restricted definition: Albania, Bosnia-Herzegovina, France, Ireland and Poland. In three additional markets, Austria, Czech Republic and Italy, the fee was also covering devices including a tuner, which remains a rather restricted definition of a reception device.

Before it was dropped in 2019 and 2020, the Swedish and Norwegian fees were both based on rather traditional definition of reception devices. It is worth noting that one of the main motivation for abolishing the fee in the Nordic countries was the need to adapt to new consumption patterns and the growing number of households not owning any TV set.
9. SCOPE: SECOND HOMES AND EXEMPTIONS

- Second homes are subject to the fee in 40% of the markets
- Exemptions adapt the fee to social realities - on average 12% of the households are exempted or pay reduced fees
- Specific social exemptions for the disadvantaged households are in place in over half of markets
- State compensations for the cost of these exemptions remain rare and not regular
SECOND HOMES ARE SUBJECT TO FEE IN 40% OF THE COUNTRIES

Defining which households are subject to the licence fee is less complex than defining what devices are covered. However, the definition of what constitutes a household, for licensing purposes, may also vary from one country to another.

Fee is usually charged to a group of persons

In almost two thirds of EBU countries (60% of the markets considered), for the purpose of the licence fee, a household is defined as a group of persons sharing a housing unit. This corresponds to the traditional definition of a household.

In such cases, the fee needs only to be paid once, and second homes are not subject to the fee. This is the case in countries such as France, the Czech Republic, Slovakia and Switzerland.

Sometimes, the fee is per home

In other cases, the licence fee applies to homes rather than households. A single household, with several dwellings, may be subject to several licence fees. In other words, second homes become liable to the fee. This was the case in at least eight EBU countries in 2020 (40% of markets where information was available).

The countries requiring an additional licence for second homes are often those where the fee is collected through the electricity billing system (Greece, Morocco, Portugal, Turkey), as the fee naturally relates to the home.

However, second homes are also subject to the fee in several countries where the collection is organized differently, such as Austria, Ireland and the UK.

The 2018 ruling in Germany

In Germany, the fee has long been collected on a per-domicile basis. However, a decision by the Federal Constitutional Court in July 2018 (which found the fee constitutional) ruled that owners of more than one home should not have to pay the full fee for private use more than once. A fee-payer should not have to pay more than once for the same benefit, since this was incompatible with the principle of equality.

Collection of the fee was therefore adapted end 2019 and owners of several dwellings no longer pay several fees.

MAP 18. LICENCE FEE FOR SECOND HOMES
(September 2020)

Sources: EBU based on Members’ data
See also European Audiovisual Observatory/IRIS Merlin’s article on the German decision by Sebastien Klein.

EBU Media Intelligence Service - Licence Fee 2020
EXEMPTIONS ADAPT THE FEE TO SOCIAL REALITIES

In all EBU countries with a licence fee, apart from Israel and Turkey, there are exemptions or reductions for specific categories. This is actually a very important tool to make it less regressive.

In 2019, the proportion of households receiving full exemptions and reductions ranged from less than 1% in countries such as the Czech Republic and Italy half of all TV households in Poland, where 3.8 million households are exempted, and Ireland, with approximately half a million households exempted.

Exemptions based on disabilities in 70% of countries

In 14 of the 20 EBU countries for which categories of exempted households were available in 2020 (70%), people with disabilities were entitled to reduced rates (Croatia, Germany and the UK) or, in most cases, full exemptions.

Exemptions based on social criteria in 55% of cases

Households with low incomes or fulfilling other social criteria are exempt or partially exempt from the fee in 11 of the 20 countries for which information was available (55%). The unemployed are for instance exempt from the licence fee in Austria. Most exemptions based on social criteria are linked to public income-based welfare benefits.

Exemptions based on age in 50% of cases

Senior citizens or pensioners benefit from exemption or reduction schemes in ten EBU countries. In most cases these are coupled with income criteria. In Denmark, pensioners are exempt under specific social conditions. In France and Italy, people over 75 can also be exempt, but only if they meet social criteria. The situation is similar in Croatia, Ireland and Germany.

Only in a limited group of countries are senior citizens granted a reduced rate (50% rate in Slovakia for all pensioners) or a full exemption (Poland and the UK for people over 75 until August 2020), irrespective of social criteria.

Other criteria

Each licensing system has, of course, a range of additional exemption categories, such as diplomats (Norway), war veterans (Croatia), religious communities (Albania) or overseas territories (France).

Sources: EBU based on Members’ data
<table>
<thead>
<tr>
<th>Country</th>
<th>People with Disabilities</th>
<th>Low-Income Households</th>
<th>Seniors/Pensioners</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>Full exemption</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Austria</td>
<td>Full exemption</td>
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<td></td>
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<tr>
<td>Croatia</td>
<td>Full exemption</td>
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<tr>
<td>Czech Republic</td>
<td>Full exemption</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Denmark</td>
<td>Full exemption</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>Full exemption</td>
<td>Reduced rate</td>
<td></td>
<td></td>
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<tr>
<td>Germany</td>
<td>Full exemption</td>
<td>Reduced rate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Greece</td>
<td>Full exemption</td>
<td></td>
<td></td>
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<tr>
<td>Ireland</td>
<td>Full exemption</td>
<td>Reduced rate</td>
<td></td>
<td></td>
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<tr>
<td>Israel</td>
<td>Full exemption</td>
<td>Reduced rate</td>
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<tr>
<td>Italy</td>
<td>Full exemption</td>
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<tr>
<td>Morocco</td>
<td>Full exemption</td>
<td>Reduced rate</td>
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<tr>
<td>Poland</td>
<td>Full exemption</td>
<td>Reduced rate</td>
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<tr>
<td>Portugal</td>
<td>Full exemption</td>
<td></td>
<td>Reduced rate</td>
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<tr>
<td>Serbia</td>
<td>Full exemption</td>
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<td>Reduced rate</td>
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<td>Slovakia</td>
<td>Full exemption</td>
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<td>Slovenia</td>
<td>Full exemption</td>
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<td>Reduced rate</td>
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<tr>
<td>Switzerland</td>
<td>Full exemption</td>
<td>Reduced rate</td>
<td></td>
<td></td>
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<tr>
<td>Turkey</td>
<td>Full exemption</td>
<td>Reduced rate</td>
<td></td>
<td></td>
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<tr>
<td>United Kingdom</td>
<td>Full exemption</td>
<td></td>
<td>Reduced rate</td>
<td></td>
</tr>
</tbody>
</table>

Sources: EBU based on Members’ data

For more details on exemptions, please refer to:
EBU MIS Licence Fee dataset
In most cases, the financial burden for decisions originally taken as part of the welfare policy has been passed on to the PSM organizations. PSM should not bear the full cost of fee exemptions.

Exemptions do not necessarily mean that beneficiaries of the fee are deprived from the corresponding amounts. The public administration might indeed cover these payments at least partly. However, such cases are rare: regular and transparent compensation schemes are in place in only three countries – France, Ireland and Italy. Ad hoc compensations also recently happened in Poland and Slovakia.

France: regular compensation for low-income households
The full compensation, from the state budget, of all the exemptions granted on the basis of social criteria became law in 2000. The amount transferred from the state budget was EUR 552 million in 2019.

Ireland: regular compensation for low-income households over 70
In Ireland, the compensation mechanism partially covers the social exemptions. The Department of Social Protection has been covering the licence fee for certain defined recipients of social welfare schemes. However, in the 2014 state budget, the amount transferred to RTÉ to cover those free licences was unilaterally reduced by EUR 5 million. This was in addition to the Department of Social Protection's only paying RTÉ EUR 145 of the standard TV licence fee of EUR 160. The global amount was however increased in 2018 by EUR 1.6 million.

Italy: regular compensation for low-income households over 75
In Italy a compensation mechanism was set, but only for exemptions granted to people aged over 75 and who have a low income.

Exceptional compensations in Poland and Slovakia
An exceptional partial compensation of EUR 9 million was granted to RTVS from the state budget in May 2019, followed by an additional EUR 16 million in December 2019, to compensate for the recent expansion of exemption criteria.

In Poland, the state compensated for exemption with PLN 980 million in 2017, PLN 673 million in 2018 and PLN 1.26 billion in 2019.

When exceptional and not enshrined in regulation, compensations provide with short-term financial relief but do not allow for long-term planning and financial stability. More regular compensation schemes should therefore be favored.
Since January 2017, the UK licence fee has been governed by a new settlement between the government and the BBC. The new settlement has brought about many changes, starting with the BBC gradually taking on the cost of licence fees for those aged 75 or over.

From free licences for all senior citizens
In the UK, free licence fees for those aged 75 or over were introduced in 2001. The Department for Work and Pensions took over the payment so that there was no impact on the BBC’s income.

According to the 2017 licence fee settlement, the government handed over this financial responsibility to the BBC in stages, with the BBC covering the full cost of these free licences by 2020/2021.

The yearly cost of these free licences was estimated around GBP 745 million for the BBC (approx. EUR 840 million). This represents over 15% of the BBC’s operating revenues, a cost which was expected to raise with the increasing life expectancy.

To free licences for senior citizens under social benefits
The BBC therefore decided to review the scheme. A consultation was launched in November 2018 and the BBC Board announced its decision in June 2019.

Those aged 75 or over who receive Pension Credit will still be granted free licences. Other citizens aged 75 or over will start paying their licence fee. Around 1.5 million households could be eligible to the new scheme, with an estimated cost for the BBC of GBP 250 million (EUR 282 million).

Reform implemented in August 2020
The decision was supposed to be implemented from June 2020, but this was delayed until August 2020 as a consequence of the COVID-19 outbreak in the UK.

TV Licensing, the company collecting the fee on behalf of the BBC in the UK created a new over 75 Plan, offering smaller, more manageable payments, such as weekly or monthly instalments.

Sources: EBU based on Members’ data. Visual taken from the BBC press office.
10. SCOPE: BUSINESSES

- Businesses are subject to the fee in 91% of countries
- Arrangements vary significantly between countries
BUSINESSES: FROM 0 TO 25% OF ALL PAYING UNITS

Only in Albania and Denmark are privately owned businesses exempt from the licence fee. In all other countries (90.9% of the total), they are liable. The payment system for privately owned businesses is less uniform than for households; hardly any countries operate the same system.

**Fixed fees**

Fixed fees may be set per company, per business premises or per receiving device. In the first instance, companies pay the same as a household, i.e. the price of just one licence per company. This is the case for Austria and the UK, for most businesses.

Meanwhile, in Greece, Ireland and Portugal, the fee is paid according to the number of premises (sites).

Finally, in three other cases, the fee depends on the number of devices, with each one requiring a licence. This is the procedure in Croatia, the Czech Republic and Poland.

**Variable fees**

The unit price of the fee might also vary, depending on the size or the type of company.

The first option is to base the unit price on the number of receivers. This happens, for instance, in France, where the fee is based on the number of TV sets. Another possibility is to link the unit price with the number of employees as is the case in Slovakia and Germany, where companies pay from one-third of a licence (up to eight employees) to the equivalent of 180 licence fees (for companies with more than 20,000 employees). In Switzerland, the system changed in 2019. Swiss companies pay a variable fee, depending on their turnover - fees varies from CHF 365 to CHF 35,590, and companies with annual turnover <500,000 CHF are exempted.

Another way to distinguish between companies is through the nature of their business. In France, there is a specific regime for businesses selling alcoholic drinks. Hotels also benefit from specific regulations in the UK and Slovenia, where the first fee covers a certain number of TV sets and a reduced fee applies for every additional one. In Italy, the fee also depends on the type of activity - hotels, bars and restaurants, retail premises, etc.

The final distinction applied in some countries is the public or private use of the receiving device. In Slovenia, a higher fee is charged for receivers intended for public use.

**Note:** France, Italian and Swiss data are proportions of total fee revenues. Data for France from 2020 budgetary planning.

Sources: EBU based on Members’ data and additional public data (audit court, parliamentary document, regulatory authority)
### TABLE 4.
**LICENCE FEE REGIMES FOR BUSINESSES**
(September 2020)

<table>
<thead>
<tr>
<th>Market</th>
<th>FIXED FEE</th>
<th>VARIABLE FEE DEPENDENT ON:</th>
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<tr>
<td></td>
<td>Per Company</td>
<td>Per Premise</td>
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<tr>
<td>Austria</td>
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<td>Bosnia-Herzegovina</td>
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<td>Turkey</td>
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<tr>
<td>UK</td>
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</tbody>
</table>

Sources: EBU based on Members’ data
EBU Media Intelligence Service - Licence Fee 2020

For more details on exemptions, please refer to:
EBU MIS Licence Fee dataset
11. UPDATE AND REVIEW PROCESSES

- In most cases, PSM are involved in fee reviews
- The fee remains often set by political institutions
- Fee reviews should happen regularly
THE FEE IS OFTEN SET BY POLITICAL INSTITUTIONS

Once PSM needs have been analysed, the decision on the amount of the licence fee is in most cases taken by the government or approved by the parliament.

In the vast majority of European countries, the body setting the level of the fee is a political institution, either the government or the parliament.

**Governments and parliaments**

It is the government that sets the licence fee in countries such as Albania, Croatia, Italy, Slovenia, Turkey and Switzerland. These countries are mostly located in southern Europe.

In other cases, the national parliaments have the final say on the amount of the fee, such as in the Czech Republic, Denmark, France, Portugal and Slovakia. This may be because a specific law needs to be approved or amended, as in the Czech Republic, Greece and Slovakia, or because the amount of the fee is included in the general state budget for the next year, as in France and Portugal.

**Regulatory authorities**

In most countries, the regulatory authorities do not play an active role in adjusting the licence fee unless this is merely a formality.

In others, such as the Czech Republic and Ireland, the authority is one of the stakeholders whose opinion is taken into consideration during the review process. In Switzerland, the licence fee is set by the Federal Council based on recommendations from the Federal Office of Communication (OFCOM, the regulatory authority) and the DETEC (Department of Environment, Transport, Energy and Communications).

Finally, the regulatory authorities take the final decision in two countries: Bosnia-Herzegovina and Poland. In Poland, for example, the National Broadcasting Council (KRRiT) assesses the needs of the various PSM organizations and decides how much the fee should be in order that PSM can fulfil their remit, taking into account the legal limit.

**PSM**

A specific case is Austria, where the fee is fixed by the board of ORF’s foundation.

Sources: EBU based on Members’ data

EBU Media Intelligence Service – Licence Fee 2020

MAP 21.
BODY IN CHARGE OF SETTING THE LICENCE FEE
(September 2020)
When deciding on the licence fee model, legislators may opt to allow short- or medium-term adjustments to the fee, according to well-defined criteria. In 2020, regular reviews of the fees (annual or pluri-annual) were happening in 12 of the 25 EBU markets with a fee (48%).

**Reviewing the fee on a yearly basis**

In only a very limited set of countries, Israel and the UK, the fee is reviewed and adjusted each year. In Denmark and France, the amount has long been automatically adjusted at least according to inflation. However, the fee is currently being phased-out in Denmark and it was decreased by EUR 1 in 2020 in France for the first time ever (see p. 35-36 for more details on fee trends and inflation indexing).

In some other countries, such as Croatia, Ireland, Poland and Portugal, the fee is reviewed on a yearly basis but often not adjusted. It might even be frozen, as in Ireland and Poland.

A yearly review of the licence fee is not a good or bad option per se for PSM. If it is automatically indexed to inflation and includes some independence safeguards, it grants PSM a predictable future. This gives those organizations certainty, guarantees them a real stable level of resources and facilitates management as well as medium- and long-term planning. However, if the amount is set yearly and is discretionary, this results in the PSM organization being perceived by citizens as non-independent.

**Periodic review of the fee**

In order to seek stability, the amount of the fee might be set for a multiannual period of time. This avoids short-term discussions and prevents the decision from being influenced by recent controversies.

In Germany, the licence fee is set for a period of four years. The same period is used in Switzerland. In Austria the period is five years.

Finally, there is greater uncertainty in countries where there is no formal mechanism to adjust the licence fee; instead, it is fixed by law and, consequently, can only be modified by an amendment to the law or a new law. That process takes time, and hence those countries are among those where the licence fee has been frozen for a longer period; Slovakia (2003) and the Czech Republic (2008 for television and 2005 for radio).

**MAP 22. PERIODIC REVIEW OF THE LICENCE FEE**

(September 2020)
In Germany, the fee is set by political decision-makers following the recommendation of a specific independent regulatory authority, the KEF (Kommission zur Ermittlung des Finanzbedarfs der Rundfunkanstalten).

**Political decision based on the KEF’s recommendation**

In Germany, the licence fee is adjusted in a complex process that culminates in an amendment to the Inter-State Treaty on Broadcasting - the legal basis for licence fee collection, which has to be ratified by all German federal states (Länder).

Before that can happen, an independent industry body makes a recommendation on the amount: the KEF ([https://kef-online.de/de/startseite/](https://kef-online.de/de/startseite/)).

The role of the KEF is to determine the financial needs of the public broadcasters, namely ARD, ZDF, Deutschlandradio and ARTE.

The KEF was founded in 1975. The institution comprises 16 experts from various backgrounds (economists, auditors and researchers), appointed by the 16 regional parliaments for a renewable period of five years.

**KEF reports every two years and issues a fee recommendation every four years**

This independent commission evaluates the PSM organizations’ budgets, determines their financial needs, then issues a recommendation to the prime ministers of the Länder on the amount of the fee, based on this calculation.

Specifically, the commission reports to the Länder on the financial situations of the PSM organizations every two years. It alternates between so-called contribution reports, which include a recommendation on the fee amount, and interim reports, with contain no such recommendation.

In its latest report, the KEF recommended an increase of the monthly fee from EUR 17.50 to EUR 18.36 from January 2021. This has still to be ratified by all the Parliaments from the German states (only Saxony Anhalt was missing as at November 2020).

**Involvement of German PSM**

German PSM report their financial requirements to the KEF every two years. The commission then reviews these figures in the macroeconomic and public-finances context.

Additionally, when needed, representatives from the broadcasters are involved in the KEF’s deliberations and can also comment on the draft report.

Sources: EBU based on Members’ data.
12. EVASION AND PUBLIC ACCEPTANCE

- Evasion vary from 0.5% to 30% across the EBU area
- Evasion is not linked to the fee amount and can be more accurately correlated with collection bodies
- Evasion is closely linked with public acceptance for paying the fee and public support for the PSM
Gauging evasion rates is crucial for assessing the efficiency and viability of the licence fee. In 2019, the picture varied considerably from one country to another.

Evasion rates are not systematically measured by the agencies in charge of monitoring licence fee payments. Moreover, methods for estimating evasion are not always transparent and are far from harmonized in the EBU area.

However, 2019 evasion rates have been collected for 13 EBU countries, the only major western European market missing being France.

Evasion was significantly reduced in Italy by the successful reform of the collection system in 2016, dropping from 31% in 2015 to 7.7% nowadays.

The average evasion rate in all EBU countries stood at 8.9% of households in 2019, the figure being inflated by the high rate in Poland (30.2%).

However, the downward trend in evasion in Poland is worth noting. Evasion was above 70.0% until 2014 but has started to decline steadily since then, to 68.8% in 2015, 66.0% in 2016, 50% since 2017 and 31.2% in 2019.

No geographical trend

There is no geographical trend for evasion: countries encountering significant evasion could just as well be located in eastern (Poland) or western Europe (Ireland).

The picture was totally different in Austria, Germany, Portugal and Slovakia where evasion was kept under 5%.

It is worth noting that fee evasion is no higher in the EBU area compared with other regions. For instance, in Japan, licence fee evasion stood at 20% in 2016-17.

### CHART 28 and MAP 23.

<table>
<thead>
<tr>
<th>Licence Fee Evasion Rates (% of households, 2019)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EBU Average (15)</strong></td>
</tr>
<tr>
<td>8.9%</td>
</tr>
</tbody>
</table>

- **Low evasion (<5%)**
- **Moderate evasion (5%-10%)**
- **Significant evasion (10%-20%)**
- **Severe evasion (>20%)**
- n.a.
- **No licence fee**

Note: Ireland and Italy 2018 data, Norway 2017 data.

Sources: EBU based on Members’ data
EVASION IS NOT LINKED TO THE FEE AMOUNT

A low licence fee does not necessarily decrease evasion rates. Nor does a higher fee increase the probability of non-payment.

One recurring argument against raising or adjusting the licence fee is that this would make households less likely to pay. According to this logic, the higher the fee, the higher the evasion rate.

Evasion is not correlated with the amount

Interestingly, the countries where the licence fee was higher were all countries with only moderate evasion rates. On the other hand, low licence fees in Poland, Ireland and the Czech Republic did not discourage citizens from evading.

In other words, the amount of the fee is not positively correlated with evasion. The two metrics appear to be disconnected. This means that there is no particular incentive to avoid paying the licence fee beyond a certain amount.

One could even reckon that an appropriate fee, adjusted to PSM needs, enables a sustainable and well-performing public service audiovisual sector, which would in turn encourage citizens to pay.

Another way to interpret the negative link between the fee amount and evasion rates is that only an appropriate fee provides PSM with the resources to combat evasion efficiently.

Nor is evasion correlated with penalties

Although penalties may be laid down in licence fee regulations or tax laws, in various EBU countries it is not always clear whether the penalties are systematically charged. Only in the UK can non-payment result in prosecution and, if the individual still refuses to pay, the person can be sent to jail for non-compliance with a court-imposed decision.

However, penalties seem not to play a dissuasive role, as analysis does not show a correlation between the level of penalties and evasion rates in EBU countries. Lowering the fee or raising penalties may therefore not be the most appropriate incentives to encourage people to pay their licence fee.
PSM have a strong incentive to prevent evasion, and are therefore ultimately effective in enforcing the licence fee.

Network operators are not systematically efficient

Collection by network operators results in varying levels of evasion: the two countries with the highest (Poland) and the lowest (Portugal) evasion rates both collect the licence fee through network operators. This highlights the fact that there is no collection system that in itself is more efficient than others.

Ultimately, the most important criteria for efficient collection may instead be the policy environment and the incentives for external agencies to collect the fee efficiently, rather than the kind of collection agency.

For instance, in Portugal, licence fee regulations state that an electricity supplier cannot collect payment for the electricity bill without including the licence fee. But this best practice, which helps to explain the low level of evasion in the country, does not exist in all countries where electricity providers collect the fee.

Tax authorities may not be best suited to fighting evasion

Collection enforced by tax authorities, where the costs of collection have usually been kept quite low (see p. 46), may encounter relatively high evasion rates, such as in North Macedonia before the fee was dropped (28.2% in 2017). This was also the case in Italy before the 2016 reform. Evasion rates are not available for France and Israel.

The tax authority can be deemed to be a relatively cost-efficient, though perhaps not a profit-maximizing, solution.

PSM have a strong incentive to fight evasion

Wherever the PSM organization itself has been in charge of collecting the licence fee, evasion is low to moderate, with an average 6.4% and with no market seeing evasion rates above 11% in the EBU area in 2019.

PSM organizations, which of course have a strong incentive to prevent evasion, are therefore ultimately effective in enforcing the licence fee.
HOW TO FIGHT EVASION? SETTING AN APPROPRIATE FRAMEWORK

Maintaining a smooth cooperation with relevant external stakeholders (collection agencies, public authorities, etc.) is crucial for setting an efficient licence fee collection and ensuring PSM access to payers’ data.

Identifying unlicensed households is a crucial step against evasion. However, this requires close collaboration with the collection agency, when external, as well as with other external bodies, such as TV set retailers, such as in France and Norway, or the resident-registration office, in the case of the German and Swiss household fee.

Cooperation between the various bodies involved in enforcing payment may not always work properly. The tax authorities may, for instance, be reluctant to cooperate with PSM organizations.

On the contrary, a well-defined institutional framework may help to efficiently monitor and combat evasion. In Germany, for example, the Beitragsservice works in cooperation and exchanges data with the resident-registration office. In Slovakia, the PSM cooperates with electricity suppliers as well as with the social insurance office. In Slovenia, the electricity suppliers are obliged to provide RTVSLO with information on their consumers.

Cooperation with external collection agencies, when relevant, is crucial, but collection agencies should have strong enough incentives to combat evasion.

Keeping ownership of payers’ data

PSM should strive to monitor the licence registries and related contact databases. They are a direct link to the citizens that fund them.

This may not always be straightforward, notably in cases where the fee is collected by the tax authorities or by third-parties, such as electricity providers or postal agencies. For instance, RTSH in Albania don’t have access to the licence fee payers’ database from the electricity suppliers.

However, creating a direct link between PSM and citizens was one of the fundamental reasons for introducing licence fee schemes. Loosening this link might jeopardize public support for the licence fee, which remains a cornerstone of PSM funding.

Therefore, PSM should systematically be entitled to keep ownership of the licence fee-related data and registers.
Various types of campaigns might be undertaken to fight evasion, gain public support and convince citizens of the legitimacy of the licence fee.

To combat evasion most EBU Members employ conventional measures, which remain indispensable.

**Field visits**

A first method is to contact the unlicensed households, via e-mail, letters, reminders and text messages. This is done in countries such as Austria, Czech Republic, Slovakia and the UK.

Most Members also organize field visits (Austria, Croatia, Denmark, Turkey, UK, etc.), with notable exceptions being the Czech Republic, Germany and Slovakia. However, in Italy and Slovenia, they are restricted to business licences.

The inclusion of the use of BBC iPlayer in the fee in the UK in late 2016 led to discussions about new technical approaches to tracking evasion and detecting unlicensed online users. The BBC ran a special campaign about changes in the scope of the fee, including messages on the iPlayer itself displayed as the programmes were launched by the viewer.

**Direct communication**

Most PSM are running direct communication campaigns on the need for the licence fee, including dates and payment procedures. This is done by direct mail (the Czech Republic, Slovakia and the UK), outbound calling (Austria, Denmark, the UK) as well as through their own PSM outlets.

In Germany, where the fee was turned into a household charge linked to the domicile, letters and reminders are sent to owners of habitations who are not registered in the collecting unit; in the absence of reaction, they automatically get a bill.

**Public communication campaigns**

Interestingly, many PSM have also been airing public campaigns on the benefits of paying the licence fee, in terms of content and programming, in terms of impact and unmissable moments. Recent campaigns were for instance “Supported by your Licence Fee” in Ireland or “Moments worth the Licence Fee” in the UK.

It is essential for PSM organizations and collection agencies to evaluate whether the positive or negative tone of the messages, i.e. focusing on enforcement or the benefits of PSM, undermine or reinforce the broadcaster’s image and public support for the system in the medium and long term. Without public support it is harder to enforce collection, making the system more costly and less effective.

**HOW TO FIGHT EVASION? TRACKING EVADERS AND COMMUNICATING VALUE**

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**IRELAND – RTÉ CAMPAIGNS**

“Supported by your Licence Fee” (2018-2019)

**UK – TV LICENSING CAMPAIGN**

“Moments worth the Licence Fee” (2019)

Sources: EBU based on Members’ data, TV Licensing /UK and RTÉ (Ireland).

EBU Media Intelligence Service - Licence Fee 2020
CASE STUDY – PUBLIC ACCEPTANCE: HOW DID SWISS CITIZENS REAFFIRM THEIR ACCEPTANCE FOR PAYING THE FEE?

Switzerland is a unique case of public referendum on PSM public funding. The popular vote took place on 4 March 2018; the initiative was rejected by 71.6% of the Swiss citizens who voted.

What was at stake?
The text aimed at eliminating TV and radio fees (known as "Billag") and prohibiting the Confederation from subsidizing radio or TV channels in any way. The result would have been an exclusively commercial funding arrangement for the Swiss broadcasting sector.
The Swiss PSM, SRG SSR, might have been forced to close, meaning the end of public service broadcasting in Switzerland. Losing the licence fee would have affected not only SRG SSR but also most of Swiss commercial broadcasters. Without any public support, many of them would have disappeared, especially in non-German-speaking Switzerland.

Result of the vote
The Swiss citizens voted overwhelmingly in favour of retaining the licence fee; the "No Billag" initiative was rejected by 71.6% of voters. The initiative was rejected in all Swiss Cantons and across all Switzerland’s linguistic regions. The latest surveys leading up to the vote, the results of which were released in January and February 2018, correctly suggested that a growing number of respondents were planning to reject the initiative (60% in January, 65% in February), illustrating the successful campaign organized by SRG SSR’s supporters.

PSM funding supported by young adults
Chart 32 highlights one of the most interesting results from the referendum: the younger generations did not support the proposal to scrap the fee. A full 80% of 18 to 29-year-olds and 79% of the 30-39 age bracket voted against dropping the fee and jeopardizing the future of public service media in their country.
Surprisingly, the 40-49 bracket was the most favourable to the “No Billag” initiative, with only 60% rejecting this radical proposal.

Sources: EBU based on Members’ data and VOTO study (FORS, ZDA, LINK)
For more details please refer to: No Billag: A Swiss vote on PSM Funding report
WHAT SHOULD I READ NEXT?

FUNDING OF PUBLIC SERVICE MEDIA 2019

Take a look at a study that offers an accurate and comprehensive picture of the financial situation of our Members, providing valuable data and arguments for their advocacy activities.

Stay tuned for the Funding of PSM 2020 report in December!

Download full report here (Members only)

LICENCE FEE 2020 DATASET

Check out the dataset from the MIS Survey 2020 highlights the vital importance the licence fee has for public service media.

Download full dataset here (public)

COVID-19 CRISIS: PSM FUNDING AT RISK

How will COVID-19 affect PSM funding? Europe is going to be confronted to the worst economic recession in the post-war era and media will suffer its effects: the short-term shock on advertising revenue is likely to be followed by additional pressure on public income in the longer term.

Download full dataset here (public)

Visit www.ebu.ch/mis for more Media Intelligence publications.
This report is published by the European Broadcasting Union’s Media Intelligence Service (MIS).

MIS provides Member broadcasting organizations with the latest market data, research and analysis needed to plan their future strategies and stay ahead of the game.

Our experts cover a broad range of topics, including TV and radio trends, new media developments, market structure and concentration, funding and public policy issues.

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This publication is available for EBU Members to download at www.ebu.ch/mis