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PUBLIC VERSION

LICENCE FEE 2020

MEDIA INTELLIGENCE SERVICE

NOVEMBER 2020

ABOUT THIS REPORT

This public report provides the main findings and a selection of charts and maps from the latest edition of the EBU's Media Intelligence Service Licence Fee Report, published in November 2020.

It aims at providing 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.



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

CONTENTS

KEY FINDINGS

	Page
1 HOW IMPORTANT IS LICENCE FEE FOR PSM?	4
2 WHERE IS THE LICENCE FEE COLLECTED?	5
3 HOW MUCH IS THE LICENCE FEE?	6
4 WHO BENEFITS?	7
5 WHAT LINK WITH PSM PERFORMANCE?	9
6 WHO COLLECTS?	11
7 WHAT SCOPE FOR THE COLLECTION?	12
	13



KEY FINDINGS

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.

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.

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.
- Second homes are subject to the fee in 40% of cases.
- Businesses are included in 91% of the cases.
- Numerous exemptions are in place to correct the regressive nature of the fee.

HOW IMPORTANT IS LICENCE FEE FOR PSM?

LICENCE FEE REMAIN THE MAIN SOURCE OF PSM FUNDING

PSM EARNED

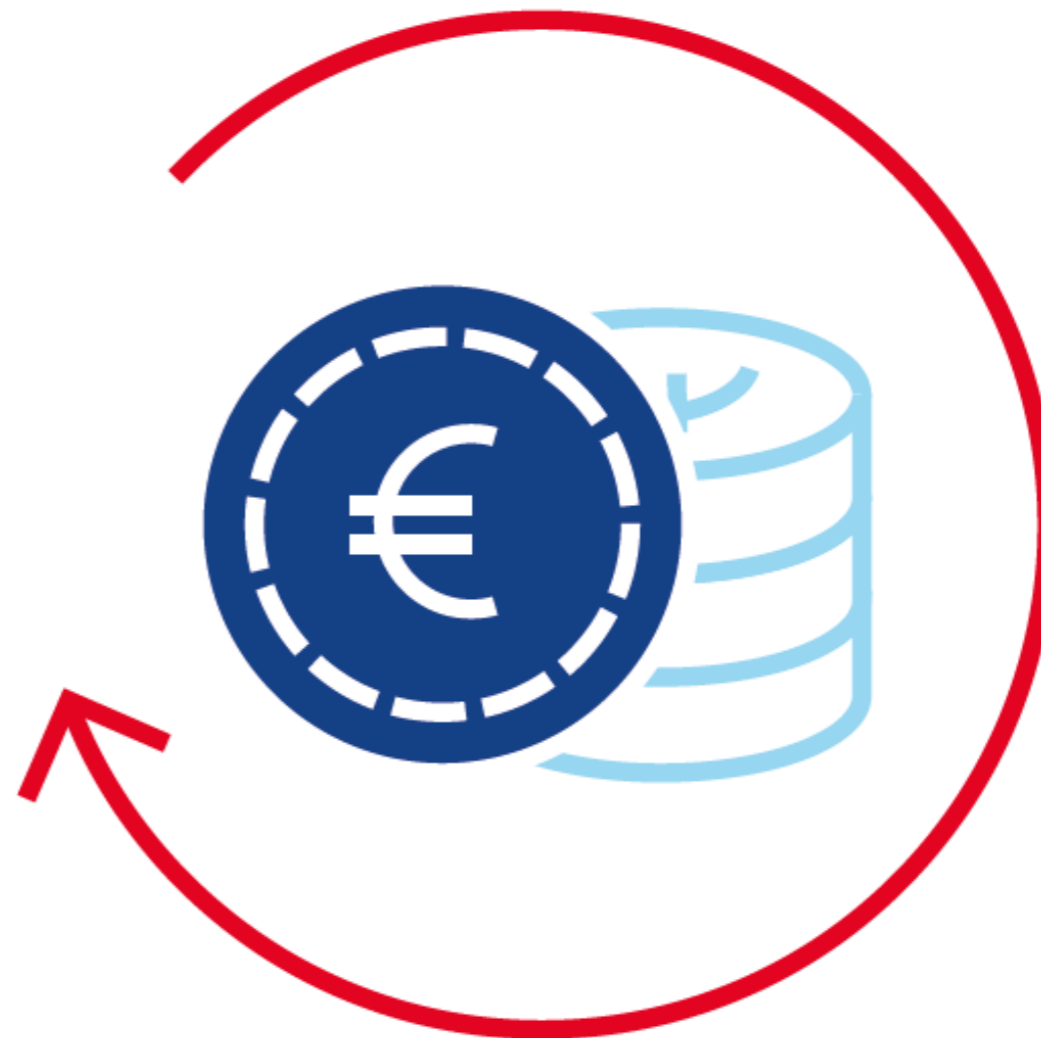
EUR

21.87

BILLION

FROM LICENCE FEE
IN THE EBU AREA
IN 2019,

60% OF TOTAL PSM FUNDING
IN THE EBU AREA



WHERE IS THE LICENCE FEE COLLECTED?

25 EBU COUNTRIES COLLECT A LICENCE FEE IN 2020

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 still 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.

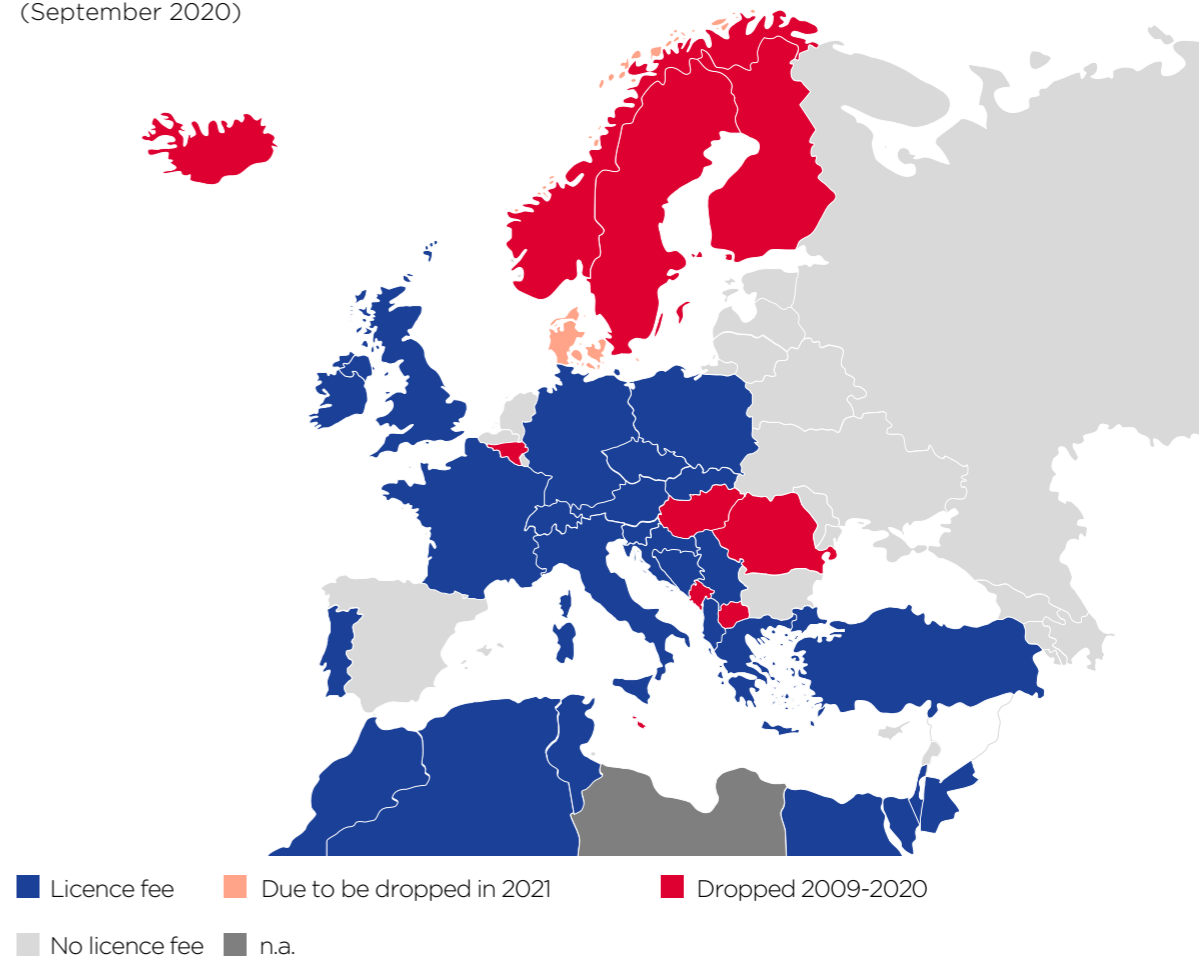
A licence fee is also collected in most southern Mediterranean EBU countries, such as Algeria, Egypt, Morocco, Jordan and Tunisia. However, the amounts collected are generally not substantial and PSM organizations mostly rely on supplementary state funding.

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.

MAP 1.
COUNTRIES WITH A LICENCE FEE
(September 2020)



HOW MUCH IS THE LICENCE FEE?
LICENCE FEE IS AFFORDABLE

THE FEE COSTS
ON AVERAGE
ONLY

EUR
0.33

PER DAY AND
PER HOUSEHOLD
IN THE EBU AREA



HOW MUCH IS THE LICENCE FEE?

EUR 121 PER YEAR ON AVERAGE IN THE EBU AREA

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).

Chart 1 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.

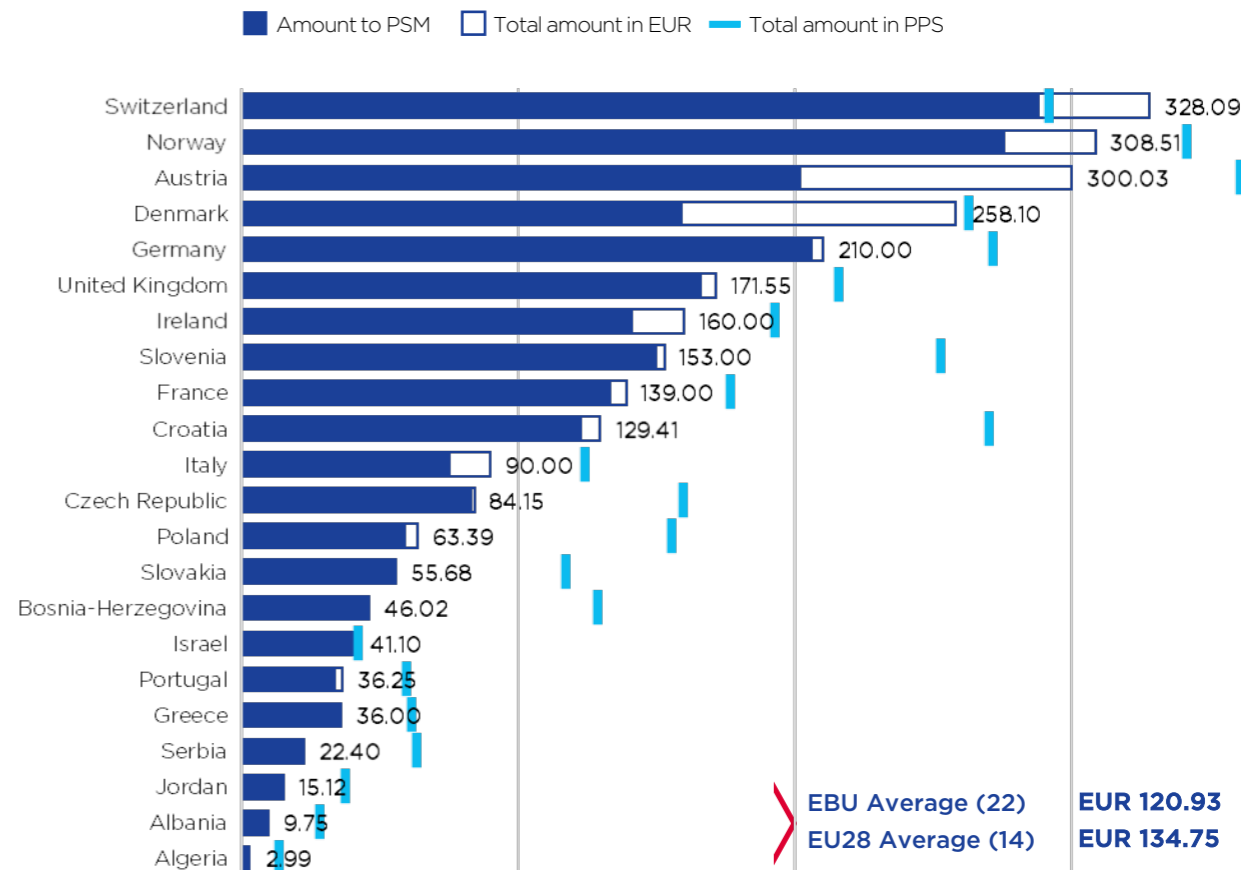
Top-slicing: PSM do not always receive full fee - In several countries the total amount collected is shared between various beneficiaries. The fee may therefore be set at a higher level than in comparable countries where it exclusively funds the activities of the PSM.

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.

CHART 1.
ANNUAL LICENCE FEE
(EUR, PPS, 1 January 2019)



Note: fee was dropped in 2020 in Norway. Top slicing not available for Serbia.

Does not include countries where fee is a proportional amount - Turkey, Egypt, Morocco and Tunisia.

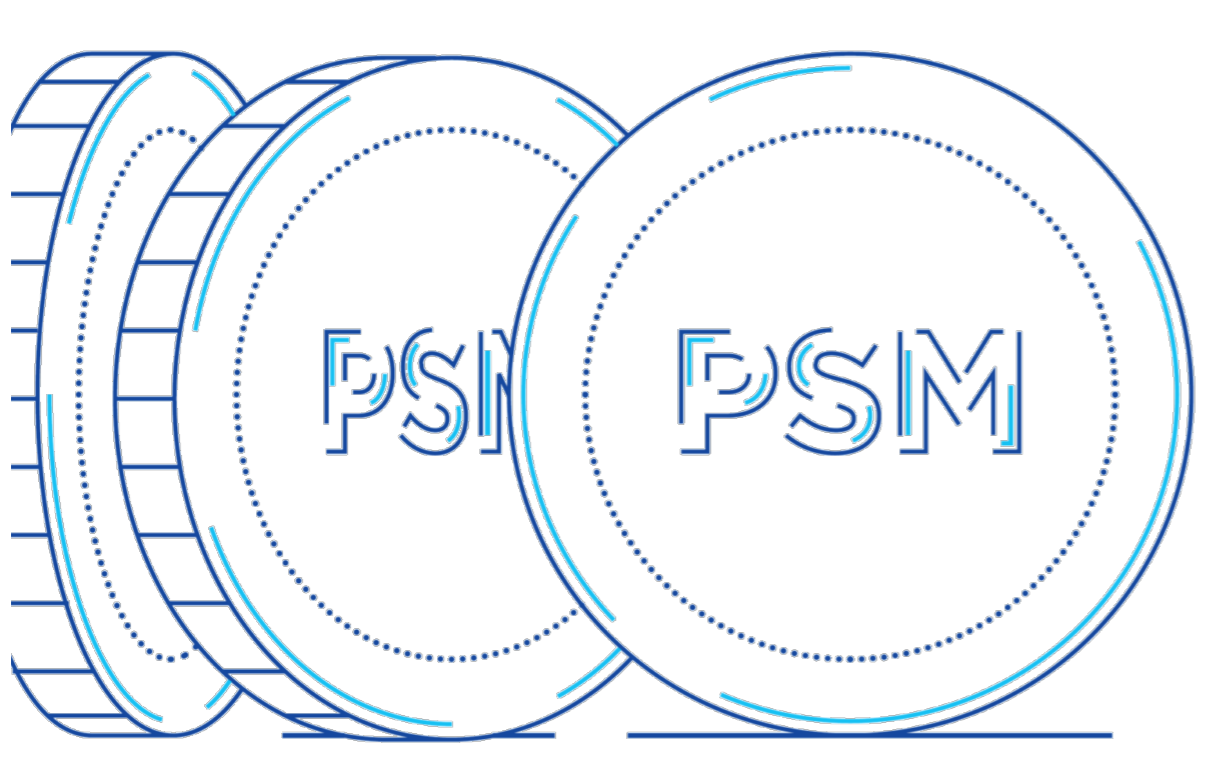
Note: Amounts to PSM include collection costs when it is organized by PSM themselves.

Note: 2019 data, last year for which yearly euro exchange rates and top slicing were available.

Note: UK still included in EU28 calculations. Sources: EBU based on Members' data, IMF data (PPS) and data from official websites and collection agencies.

WHO BENEFITS?

LICENCE FEE SHOULD MAINLY FUND PSM



PSM RECEIVED
ON AVERAGE

89.1%

OF THE FEE INCOME
IN THE EBU AREA

WHO BENEFITS?

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.

WHAT LINK WITH PSM PERFORMANCE?

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.

Interpreting the correlations

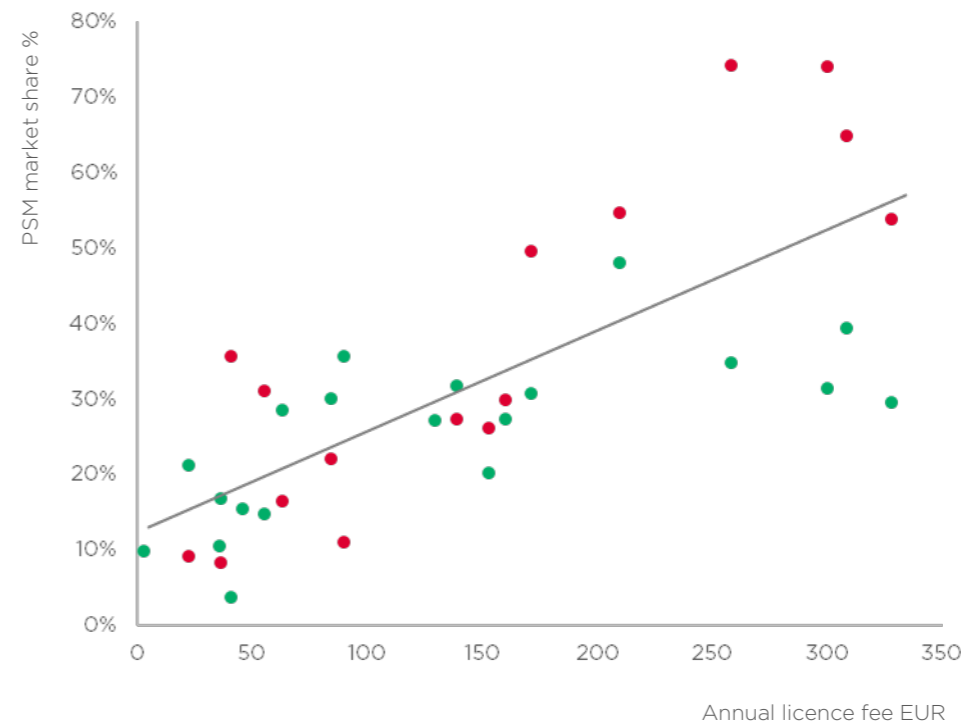
The fact that the level of the licence fee correlates with PSM performance raises several questions.

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?

CHART 2.
ANNUAL LICENCE FEE VS. PSM TV AND RADIO MARKET SHARE
(EUR, %, 2019)



■ Radio ■ TV

Note: trend line in Chart 2 stands for both correlations with TV and radio shares.

Note: Israel radio audience data 2018.

WHO COLLECTS?

WIDE VARIETY OF COLLECTION METHODS

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 2, 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.

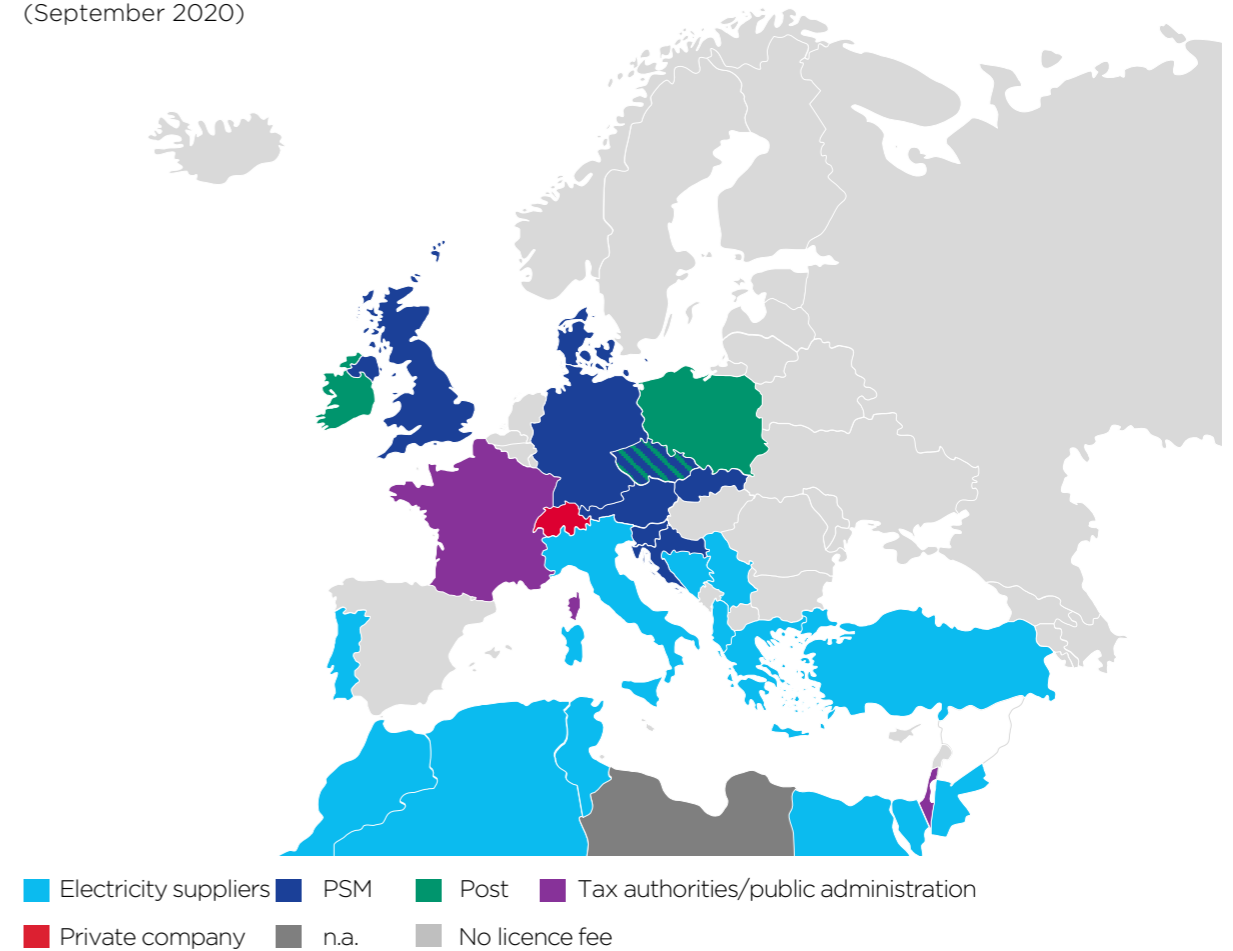
PSM organizations may also set up a licence fee collection subsidiary. This is the case in Austria with the GIS Gebühren Info Service GmbH and in Germany with ARD ZDF Deutschlandradio Beitragsservice.

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.

MAP 2.
TYPE OF COLLECTION BODY
(September 2020)



Note: In the Czech Republic, collection is organized jointly by the PSM and the post office.

WHAT SCOPE FOR THE COLLECTION?

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 3 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.

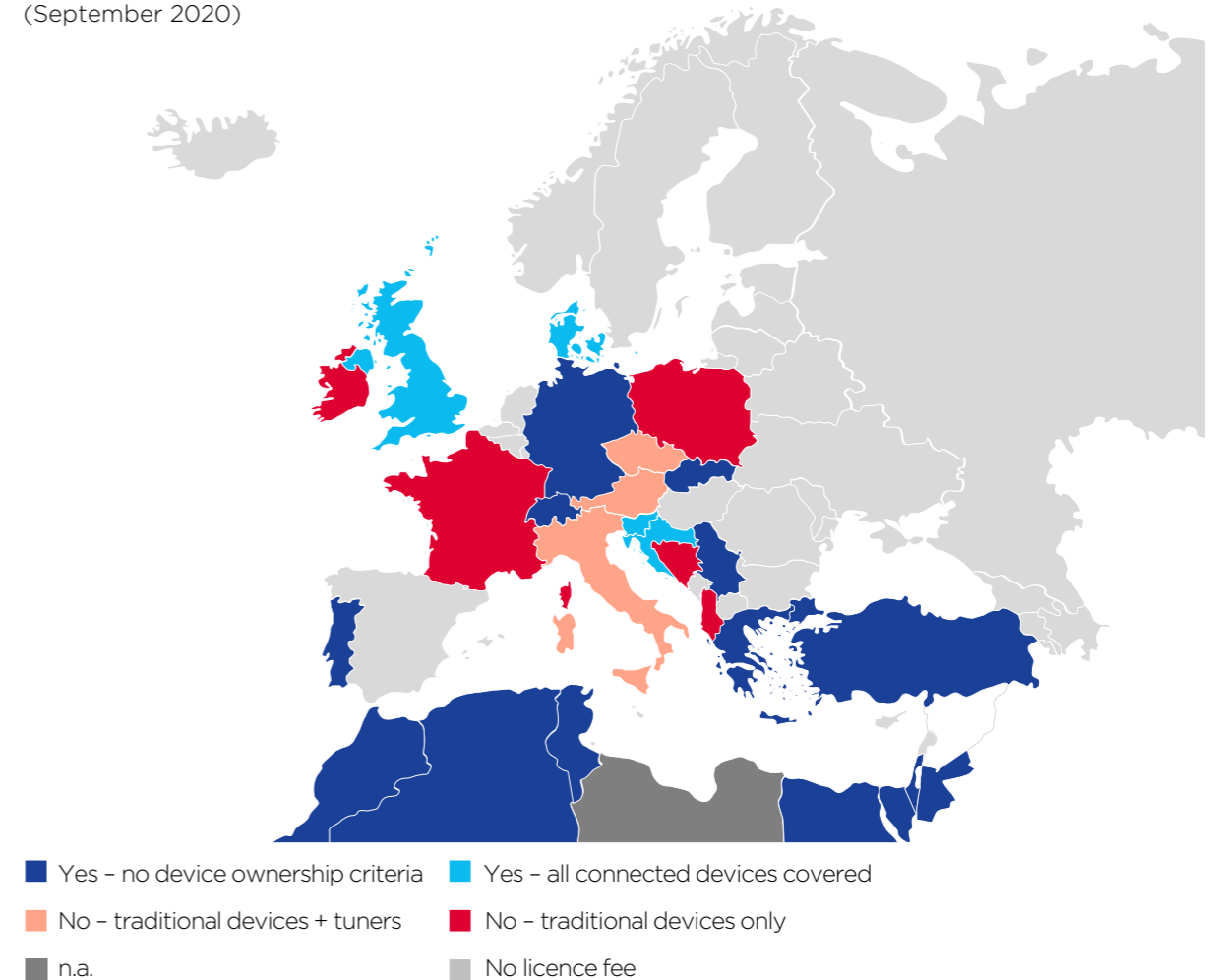
Fewer countries have a strict definition of radio and TV sets

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 motivations 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.

MAP 3.
LICENCE FEE COVERS ALL CONNECTED DEVICES
(September 2020)



WHAT SCOPE FOR THE COLLECTION?

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.

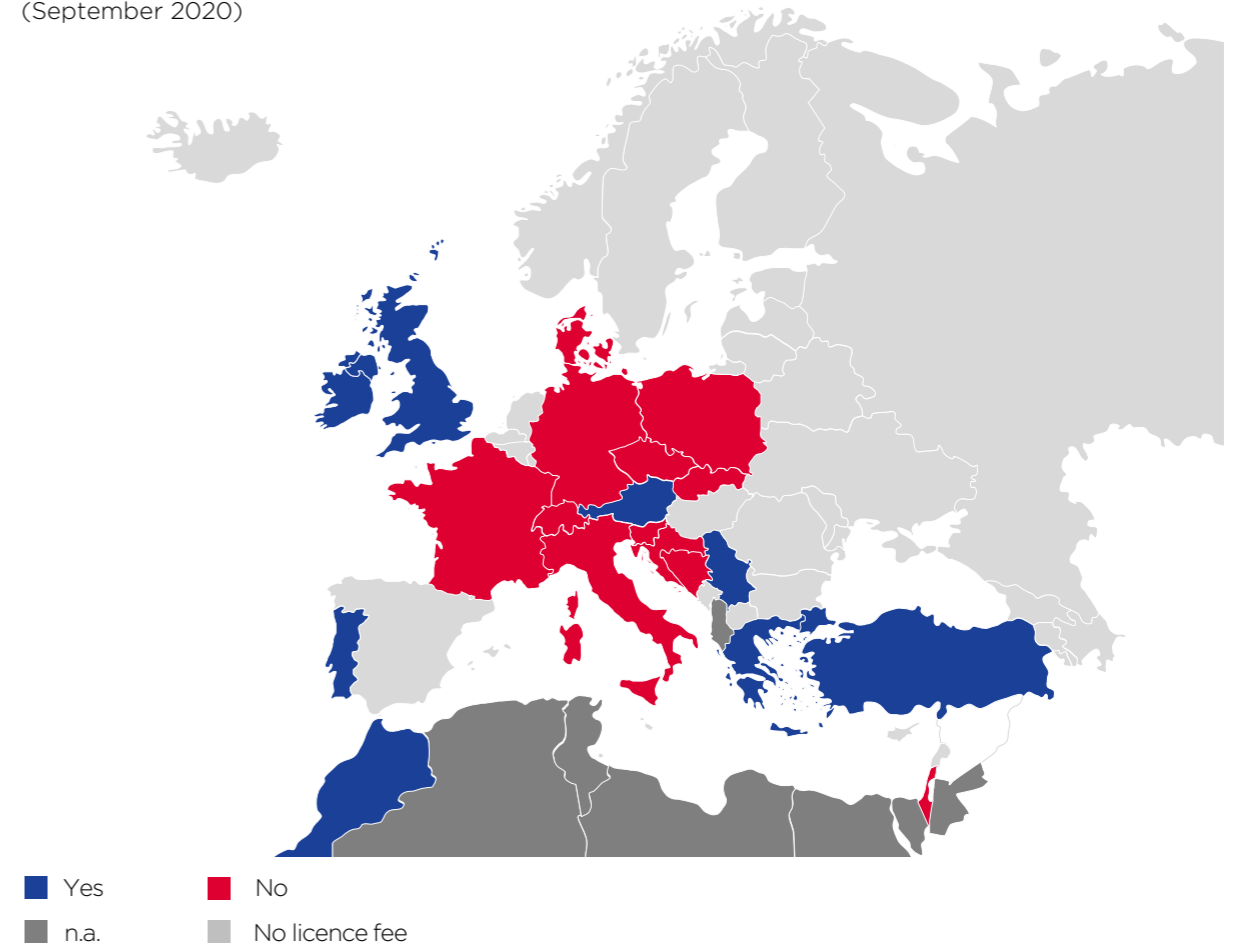
However, second homes are also subject to the fee in several countries where the collection is organized differently, such as Austria, Ireland and the UK.

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 4.
LICENCE FEE FOR SECOND HOMES
(September 2020)



WHAT SCOPE FOR THE COLLECTION?

BUSINESSES CONTRIBUTE IN 91% OF COUNTRIES

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

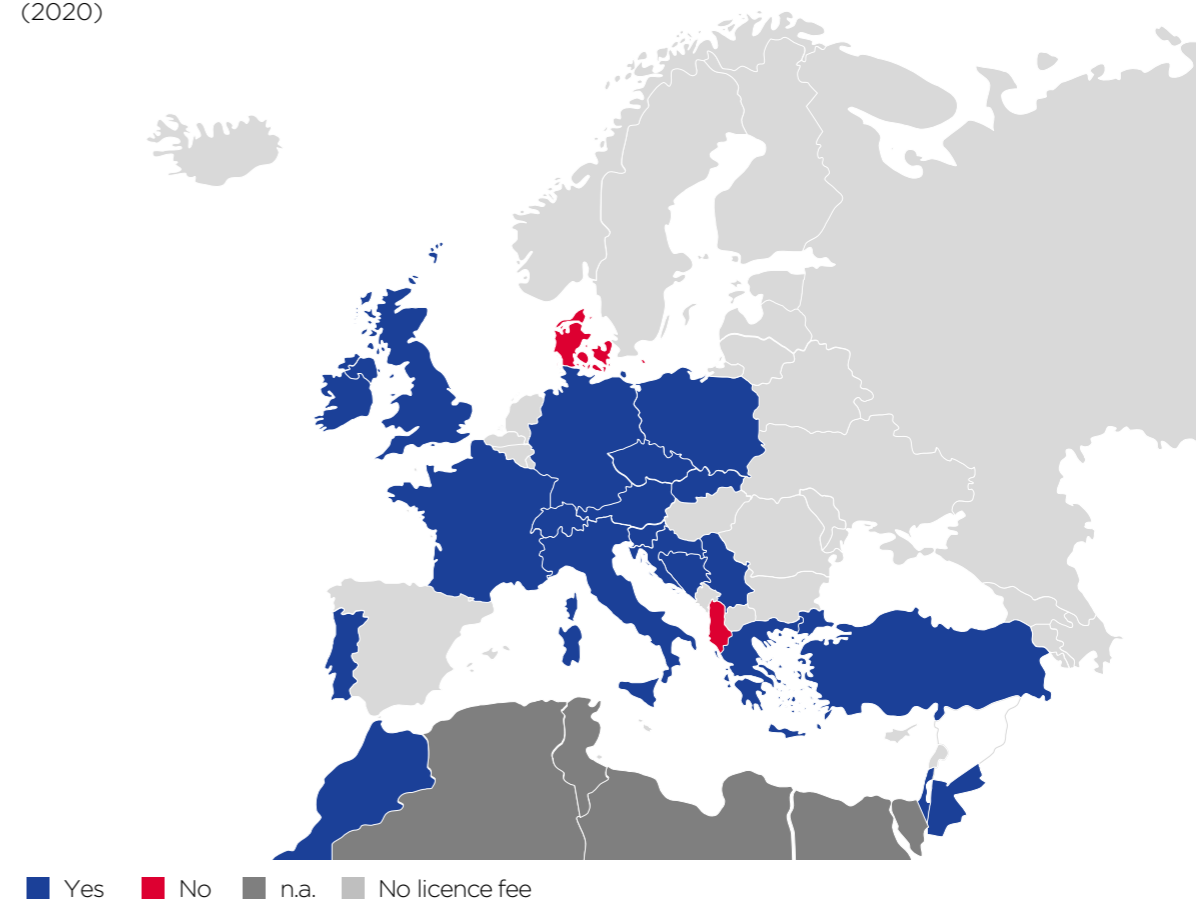
The unit price of the fee might also vary, depending on the size or the type of company.

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.

MAP 5.
LICENCE FEE FOR BUSINESSES
(2020)



WHAT SHOULD I READ NEXT?

2020 updated edition will be available in December



FUNDING OF PUBLIC SERVICE MEDIA

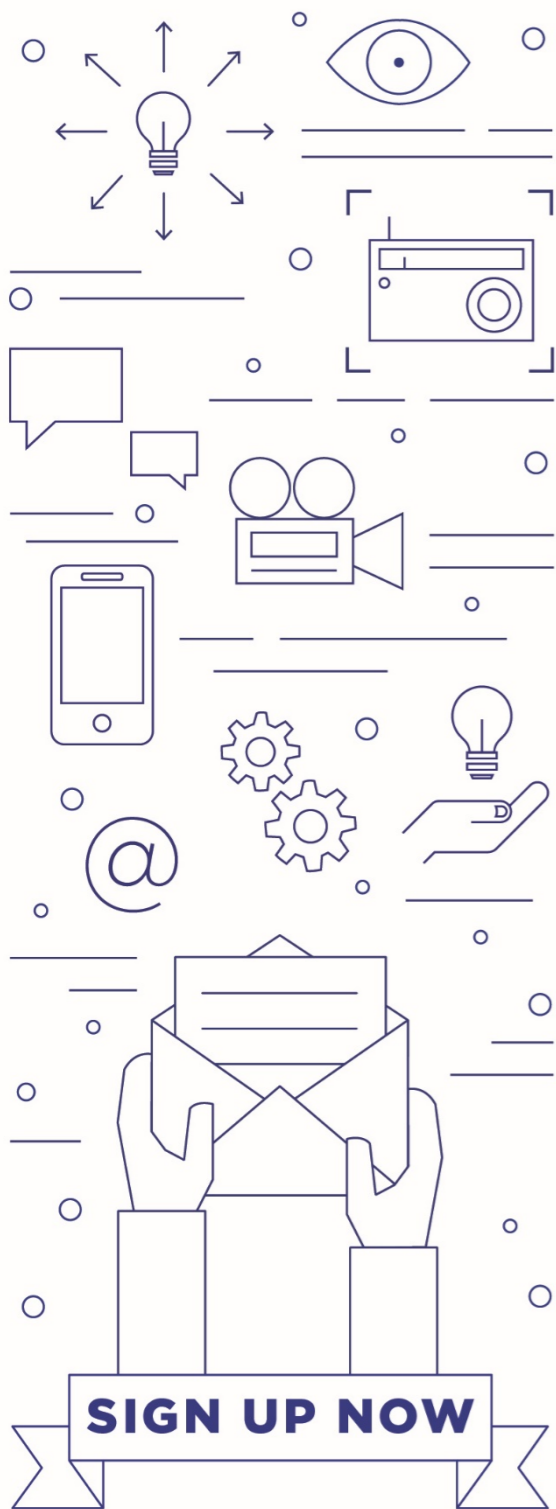
Take a look at a study that offers an accurate and comprehensive picture of the financial situation of our Members, providing valuable data and arguments for their advocacy activities.

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

Take a look at our funding [infographic](#) as well.

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