



HANS-BREDOW-INSTITUT

for Media Research at the University of Hamburg

In Search of the Appropriate Licence Fee Base in Times of Media Convergence

Wolfgang Schulz

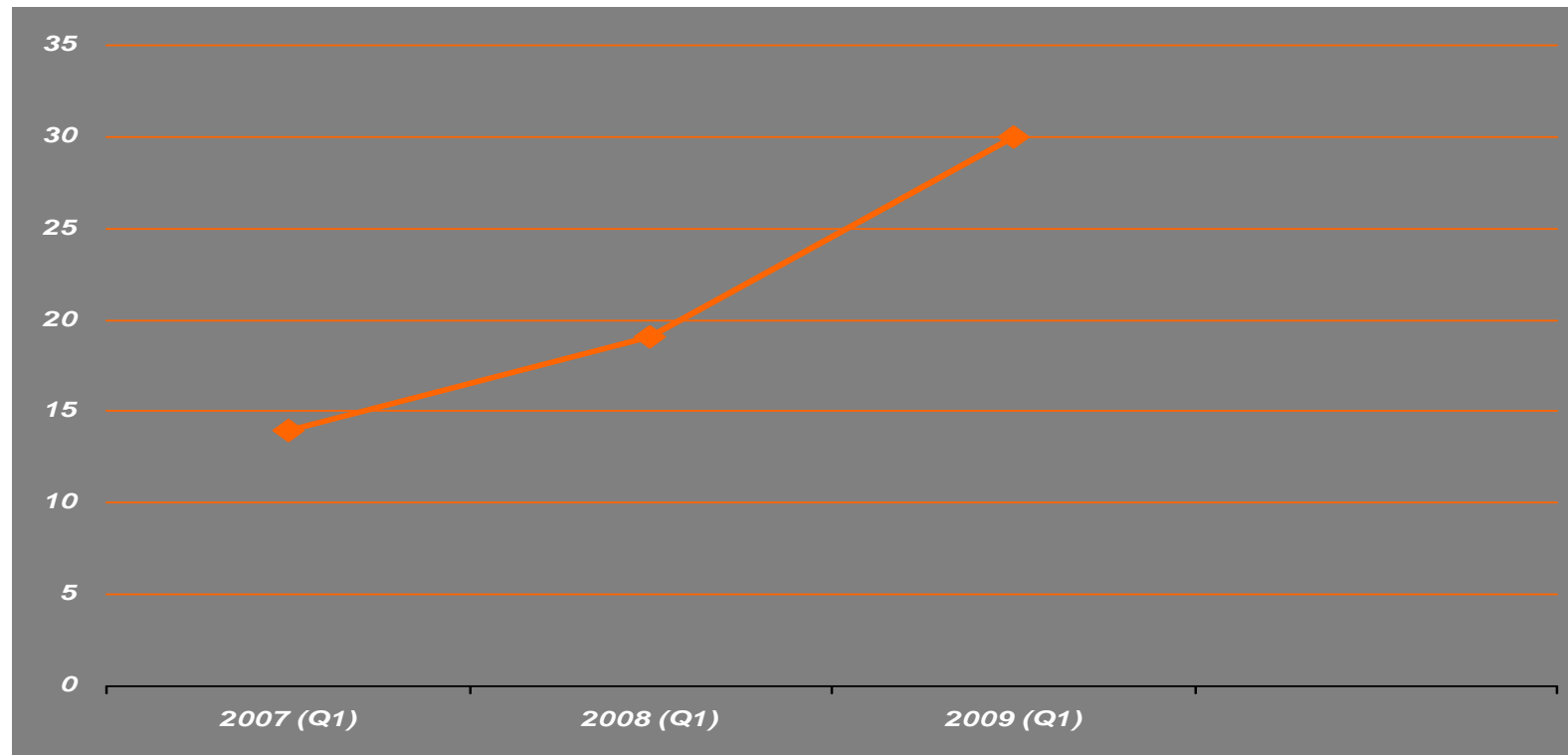
Challenges and Frameworks



Fundamental Changes

- Technical convergence now finally happening
- Content financed by broadcasting fees accessible on different technical platforms
- Increasing mobile use
- Specific device no longer a valid indicator for use of specific content
- Structural changes in public communications
- Declining role of broadcasting (i.e. linear AVS) at least with younger age groups
- “All IP” trend accelerating the fragmentation of audiences
- Demographic changes and loss due to increasing number of exemptions

Use of Radio or TV via Internet in Germany (% of population > 10yo)



Source: Federal Statistical Office 2009

Fundamental Consequences

- What to finance?

- Institutions

- Content

- Who should pay?

- Individuals, depending on use (individual content, type of service)

- Individuals, depending on access to content

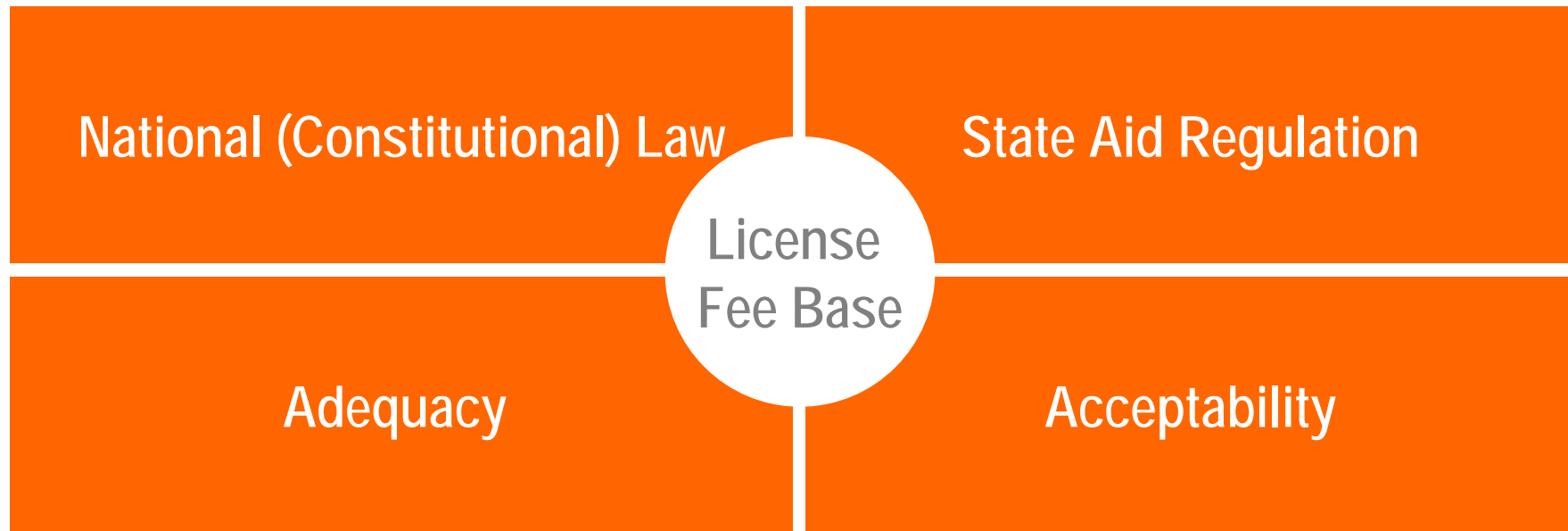
- Individuals, depending on benefit

- All, qua citizenship

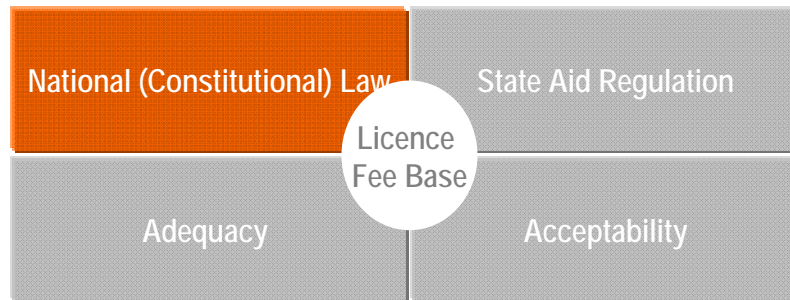
- Households / business establishments as such

- Other criteria?

Normative Framework



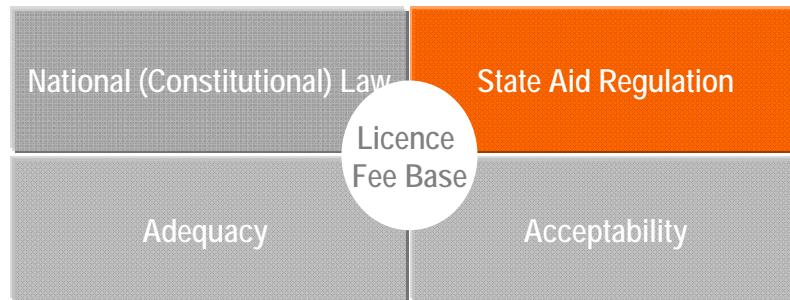
Framework



The German Example

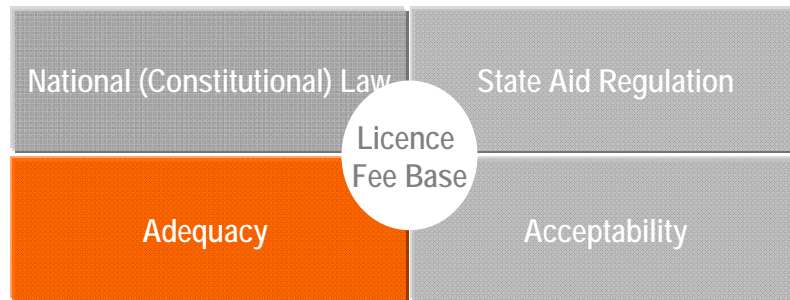
- Limitation of State influence
- Accessoriness to public service remit
- Fiscal sovereignty of the parliament
- Keeping in mind the burden for the payers
- Requirements for specific types of dues
 - Proportionality ("Gebühr")
 - Specific benefit for the group the members of which are obliged to pay ("Sonderabgabe")

Framework



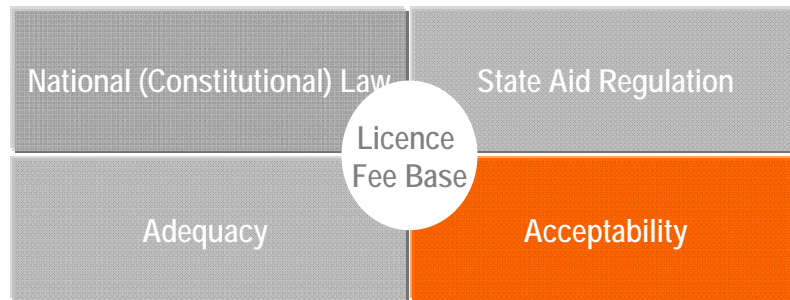
- Specific bases might not be considered as state aid, but ...
- ... most models that are considered are; at least as the EC sees it.
- Leeway for the member states as regards the model of financing
- Requirements:
 - No overcompensation
 - Proportionality

Framework



- Fair balance of benefits and burdens
- Foreseeability of generated total income
- Costs of the procedure of collection
- Accessibility of necessary data
- Technical neutrality
- Openness for developments

Framework



- Distributive justice
- Appreciability for the payers
- Openness for exceptions
 - for financially disadvantaged citizens
 - for commercial use
- Costs of the procedure of payment

Conceivable models and their pros and cons



Starting points and models

1. Use of fee-financed content
 - Pay per Channel
 - Pay per Content

2. Access to fee-financed type of media
 - Device based fee
 - Network access fee
 - All of type 3 with exception, in case there is no device or network access

3. Benefit from functioning public communication or simply being a citizen
 - Special tax
 - Quota from other Tax
 - VAT
 - Income Tax
 - Pay per household / dwelling place / business establishments
 - "Citizen fee"

- Many countries obviously have problems to adapt their system to convergence
- No tool so far to evaluate complex models
- Following idea based on joint considerations of the Institute for Broadcasting Economics and the Hans-Bredow-Institut



Evaluation matrix (0-10)

	Device based fee
Limitation of State influence	5
Accessoriness to public service remit	4
Control of overcompensation	5
Fair balance of benefits and burdens	6
Costs of the procedure of collection	3
Technical neutrality	2
Openness for developments	4
Foreseeability of generated total income	6
Appreciability for the payers	5
Openness for exceptions	3
Costs of the procedure of payment	5

Possibility of weighting

		Device based fee
Limitation of State influence		5
Accessoriness to public service remit		4
Control of overcompensation		5
Fair balance of benefits and burdens		6
Costs of the procedure of collection		3
Technical neutrality	7	2
Openness for developments		4
Foreseeability of generated total income		6
Appreciability for the payers		5
Openness for exceptions		3
Costs of the procedure of payment		5

Some conclusions



Choosing a future-proof model

■ Preconditions

- Clear definition of the content (-production) to be financed by fees in future
- From a (dual) broadcasting order to an information order?

■ Main criteria

- Costs of the procedure of collection
- Foreseeability of generated total income
- Better not substitute one flexible term ("television set") by another ("dwelling place")
- Assessing (supposed) weak factors: What factor influence acceptability?

