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Public financing of news media in the EU

Final report

A study prepared for the European Commission
DG Communications Networks, Content & Technology
Written by Henningsen Consulting and Technopolis Group

Digital Single Market

This study was carried out for the European Commission by

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Abstract

This study provides an analysis of the current landscape of public news media financing within EU Member States. The study maps public funding and financing measures supporting news media, provides an analysis of financing trends and identifies needs in the current information ecosystem.

At an aggregate level, public allocations dedicated to public service media have increased only modestly in recent years. However, there are substantial variations in allocations (absolute and per capita) across countries. Some Member States have recently increased funding, others have cut back. As regards funding models, a key development is the shift in models from the traditional licence fee to funding via the general state budget.

For private media, the study shows a highly diverse landscape of priorities, approaches, and funding scales across EU Member States. Altogether, support mechanisms are focusing mainly on newspapers and periodicals. Discussions about subsidy options for news media have been revived in many countries. In some Member States, private news media have enjoyed increased public support in recent years.

The study identifies a number of areas for attention, including the need for evidence-based financing practices and reviews of schemes, considerations as regards support for regional and local media, and transparency in the allocation of funds, in particular for state advertising.

Against this backdrop, the study explores a series of case studies of national financing practices showcasing, among other, how Member States support media plurality, innovation, arm's length in public allocations, fairness, and transparency.

Executive summary

This study ("Public financing of news media in the EU") was commissioned by the European Commission, DG CNECT in December 2022. The work was undertaken by Henningsen Consulting in association with Technopolis Group and Delange Analytics.

The aim of this study is to provide an evidence base and an analysis of the current state of public news media financing in Europe, and of financing trends, along with an analysis of funding needs. The study is intended to address a knowledge gap and the lack of systematic and consolidated analysis of public news media financing across the EU. It was conducted against a background of decreasing revenues for private news media, in a context of changing funding models of news media in many Member States and following the Covid-19 pandemic, when additional public financing was made available to privately-owned media in most EU Member States. The study has four operational objectives:

- To map public funding and financing measures supporting news media across EU Member States. The study scope covers Public Service Media (PSM) and private and not-for-profit news media.
- To undertake an analysis of noteworthy trends in news media financing across the EU.
- To identify potential needs in the current financing framework across EU Member States and wider challenges.
- To showcase recent and relevant practices in the area of public financing of news media.

The study covers all EU Member States. Data used were, in general, available in public domains. They were complemented with qualitative data collection through semi-structured interviews and a validation workshop organised with representatives of the news media industry and academia.

While the study aims at being comprehensive, this was not always possible due to a significant variety in the data quality, availability, and transparency. In addition, there is little visibility of financing and financing mechanisms overall. Further challenges have arisen from a short study timeline and uneven response rates from stakeholders and experts. As such, the study serves as a first mapping exercise, paving the way for more thorough research in the future.

Mapping of public funding and financing measures supporting news media

Public service media

In 2021, Member States allocated EUR 22.2 billion (EUR 49.7 per capita) to public service media[1] (PSM). A substantial portion of PSM revenues is allocated to producing, broadcasting, and publishing news media content. The European Broadcasting Union (EBU) estimates that EU public service broadcasters invested EUR 4.8 billion in news and general current affairs content in 2020.[2]

There are large variations in public funding across Member States. Per capita public support to PSM in the top five countries (DE, DK, SE, FI, and AT) is 71% higher than the EU average referred above. Per capita public funding in the countries with lowest financing (PL, BG, LU, MT, and RO) represents only a quarter, or less, of the EU average. Except for Croatia and Slovenia, PSM in newer EU Member States receive lower levels of public funding than PSM in Western Europe.

[1] Public service media (PSM) is generally referred to as TV, radio, or digital media, designed to inform, educate, and serve all audiences. PSM are owned, or funded by, the public, and usually provided by public broadcasters. See for example What is PSM? - Public Media Alliance and the European Broadcasting Union (2018) and European Broadcasting Union (2018) Funding principles for Public Service Media, legal focus

[2] European Broadcasting Union (2021)Public service media and news media intelligence service August 2021

Public Funding Models. State budget allocations, licence fees and earmarked taxes are the primary public funding models for PSM in Europe. These models are typically exclusive, providing the bulk of public funding.

Licence fees, historically dominant, still represent the majority of public funding in the EU (about 57% of total public funding amounts today). As of 2023, 11 Member States (AT, CY, CZ, DE, EL, HR, IE, IT, PL, PT and SI) fund their PSM via licence fees. Over the last decade, many Member States have shifted from traditional licence fee models to funding from the general state budget. By July 2023, 14 EU Member States primarily rely on state/regional budget allocations (BE, BG, DK, EE, ES, FR, HU, LT, LU, LV, MT, NL, RO, and SK). Only Finland and Sweden use earmarked taxes, where taxes are levied on individuals reaching specific income thresholds. Spain's PSM funding model, while largely funded by the general state budget , also includes funds from "alternative taxes" to finance the national PSM.

Strengths, Weaknesses, and Challenges of Funding Models. Public funding models are traditionally assessed based on criteria covering sustainability and adequacy of funding, funding transparency, and the extent to which the funding model respects PSM independence.

Licence fees (in the traditional device-dependent form or in the form of a household fee[3]) carry important strengths. Licence fee payments from the public to PSM contributes to their political independence, funding stability and predictability. However, the licence fee faces challenges in the digital age and there are concerns about its fairness and equitability (resulting from payment evasion or payment without use).

State budget funding of PSM removes the issue of payment collection, ensures that all tax payers contribute, but can increase the risk of political interference and funding volatility of PSM. A specific amount (expressed, for example, as a percentage of GDP) and/or multiannual budgetary planning can help with the funding sustainability as well as political arm's length in the allocation from the state budget. However, there are few PSM funding models within the EU which carry such features.

Earmarked taxes combine advantages of licence fees and state budget funding, supporting independence, fairness, and contributing to establishing a direct link between taxpayers and PSM. However, earmarked funding is only implemented in two countries (FI, SE).

Is there an EU model of public financing of news media? Overall, when considering key indicators (funding models, public funding amounts, the weight of public funding in the funding mix and developments in public funding) it may be concluded that there is not a common, or a few common, EU model(s) of public financing of PSM. While groups of Member States can be identified, the national financing models of PSM are heterogeneous. PSM budgets vary enormously across Europe and organisations do not share a common financial or organisational strategy. This conclusion is confirmed through a comparison with selected third countries.

Public financing of private news media

While overarching aims for public financing of news are similar across Member States,[4] support for private news media within EU Member States exhibits a significant diversity in terms of funding scale, approaches, financing mechanisms, and beneficiaries.

[3] A household fee is a broadcasting fee paid by each household, irrespectively of the extent to which the household has a radio or television receiver. It generally also apply to companies.

[4] Which may be defined as support to a healthy and plural media sector and ultimately a resilient democracy

Scale of Public financing. In 2022, an estimated EUR 1.32 billion[5] was allocated by national governments for direct and indirect support to private news media across the EU, excluding reduced VAT and state advertising. The relatively low level of public aid reflects the prevalence of small-scale support schemes in many Member States. Only six Member States (DK, SE, AT, FR, IT, BE) implemented schemes exceeding a value of EUR 50 million (VAT reductions excluded). Overall, Member States take substantially different approaches to public financing of news media. Some see public financing of private news media as a tool to support plurality and democracy. Others mainly have a "hands-off" approach.

Main beneficiaries. Public support benefits a relatively large and heterogeneous group of private news media, including print newspapers, radio, and TV (this often involves support to community media, local/regional media, and support to production in minority languages) and, to a smaller measure, native digital news media, Support may also be provided directly to newspaper carriers and to journalists. Overall, 62% of the mapped funding was allocated to funding of newspapers and periodicals (incl. distribution). Just over a quarter of the mapped funding (26%) was allocated to subsidies and grants for radio and TV, and 11% was allocated to schemes and programmes which provide support to several types of media (e.g. print, broadcast and/or digital).

Public financing models encompass direct and indirect financing. Subsidies and grants constitute direct financing. Subsidies cover operating cost of news media, or in some cases newspapers distribution. Grants typically target a specific area of intervention (e.g. innovation, development of specific types of content). Indirect financing covers chiefly reduced VAT, newspapers distribution (paid to carriers), tax credits and other tax rebates. Finally, state advertising, despite not falling within the traditional definition of public support, represents a significant source of revenues of news media in many Member States.

Strengths, Weaknesses, and Challenges of Funding Models. Funding mechanisms employed across the EU demonstrate distinct strengths and weaknesses. Subsidies often involve distribution of significant amounts of funding, supporting resilience and media plurality. Generalised subsidies, however, are criticised for their lack of concentration of funds[6] and, in some cases, market distortion and for favouring legacy media. Grant funding has the benefit of targeting selected priority areas and may drive innovation. However, grant funding often has a small financial impact, because the funding is not sustained, and allocation is based on a qualitative assessment of projects.

Reduced VAT rates are consistently assessed as having a positive impact on the financial situation of news media which benefit from the reduced rate. Reduced VAT rates are also seen as fair and predictable. However, there is a potential for discrimination when the reduced VAT rates only benefit certain types of news media. Other forms of tax rebates are also considered fair, but doubts persist regarding their effectiveness.

Finally, distribution support, which constitutes a substantial portion of total public financing in a number of countries, is questioned for its continued viability. Distribution supports accessibility but it comes with high costs and benefits a consumer group decreasing in size, in the context of changing consumption patterns.

State advertising is potentially a significant source of news media revenue. State advertising, however, can be a problematic source of revenue. Past studies found no evidence of models

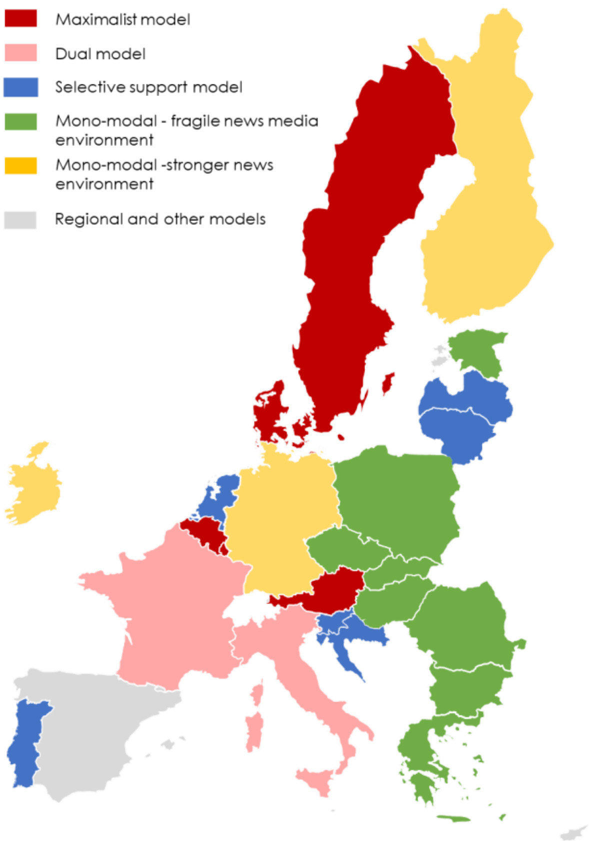
[5] Estimation made based on data available in the public domain

[6] As many funds are distributed on all eligible beneficiaries, rather than a selected few.

ensuring substantive and fair distribution of state advertising in a context of usage of state advertising as a means to support news media. Furthermore, when used in large amounts over time as a media support tool, there is a risk of the instrument being used for media capture.

Is there an EU model of public financing of private media? Support for private news media varies significantly among EU Member States, with notable disparities in funding scale, chosen approaches, financing instruments, and beneficiaries. While there is not a single EU model of public financing for private media, we can identify several common models across Member States[7]:

Approaches to public financing of private media



Source: authors

- Maximalist Model: Characterised by high per capita funding mainly through subsidies and indirect support, with a focus on print and digital news media. Adopted by Austria, Denmark, Sweden, Luxembourg, and partially by Belgium.
- Mixed Model: France and Italy employ mixed models, combining lower levels of direct support with various forms of indirect support, such as tax credits, distribution support, reduced social security contributions, and other measures. Both local and regional TV and radio stations, as well as the press benefit from direct support. Indirect measures primarily target print news media. These countries have the second-highest levels of public support for media and employ a broader range of interventions.
- Selective Support Model: Latvia, Lithuania, the Netherlands, Croatia, Slovenia, and Portugal operate with selective support models, providing targeted assistance through grants and grant-like schemes coupled with reduced VAT rates. Public financing in these countries focuses on content, quality, and innovation in the media sector. Funding levels are relatively low.
- Mono-Modal Support Modes: Czechia, Slovakia, Poland, Hungary, Estonia, Malta, Finland, Ireland, Germany, Greece, Romania, and Bulgaria adopt mono-modal or close-to-mono-modal models, primarily offering support through reduced VAT rates. Some may provide small-scale additional support for news media in minority languages or niche activities. Within this broad category there are two sub-categories: Countries with a mono-modal financing model, in a stronger news environment[8] (DE, IE and FI) and countries operating with a mono-modal

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[7] Outside of these categories are Spain and Cyprus. Spain operates with a regional model for support, guided by regional policies and resulting in relatively large differences between autonomous communities. In Cyprus, current financing policy is guided by the short-term extension of Covid-19 measures.

[8] Stronger news media environment means that there are:

- No widespread concerns as regards media independence and political influence on news media.

financing model in more fragile[9] news media environment (CZ, SK, PL, HU, EE, MT, EL, RO, and BG). In the latter group of countries, news media are due to their more vulnerable media situation, prone to being dependent on state advertising, especially at local levels.

Trends in public financing of Public Service Media

Public service media

Public revenue trends. European PSMs are heavily reliant on public funding, which provides the lion's share of their revenues (80%). At the aggregate EU level, public revenues have increased only modestly between 2016 and 2021 (at a compound annual growth rate (CAGR) of 1.17% in 2016-2021). The growth in CAGR is smaller than the growth in GDP. The overarching trend of stagnating revenues, however, covers a heterogeneous development where a few PSM have seen their revenues increase substantially, some have experienced funding cuts and others have seen public revenues stagnating. When accounting for both absolute revenues and revenue development, country clusters cannot be identified. Several PSM with low per capita public revenues have benefitted from relatively high increases in public contribution over the last five years. However, this is not a uniform trend. Furthermore, there are no links between the funding model and public funding developments.

Public allocation models. Driven by concerns related to high evasion rates and the inadequacy of the traditional device-dependent licence fee in a changing media consumption context, a majority of Member States have reformed, or have initiated a reform, of their public service media funding model in the last ten years. The most frequent change consists in replacing the licence fee with a (non-earmarked) state budget funding model.

As state budget funding is seen as increasing the risk of unstable funding and political interference, reforms of funding have generated calls for change in the institutional structure of public financing and/or changes to the governance structures, so as to mitigate the risk of political interference. Yet, as of spring 2023, no such changes have been observed.

Private and not-for-profit news media

Public financing trends.

The data available suggest that public financial support to private news media has increased somewhat the last five years. However, this trend covers large differences between individual Member States, and there have been significant changes in funding over the years. In general, there are no common policy priorities for private news media financing across EU Member States, and this translates into large differences in financing amounts[10], and large differences in the overall approach taken by countries.

In financial terms, the Covid-19 pandemic has had a substantial impact on public financing of news media. Considerable funding was allocated to mitigate the impact of the pandemic on

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- Moderate overall concerns as regards private news media viability – though specific categories may be considered in greater risk.
- High news media trust and mostly low (lower) levels of news media avoidance within the population.

[9] Weaker news media environment are caraterisied by concerns as regards media independence, political influence on news media and, in some countries' oligarch news media structures. Overall concerns as regards private independent news media viability, especially as local media. Above EU average decreases in newspaper advertising revenues in the 2017-2021 period (exception: Hungary where state advertising represent a very significant share of total newspaper advertising). Mostly low or lower news media trust (compared to the European average) and higher levels of news media avoidance. Sources: interviews, data on news media revenues from and advertising revenues from Eurostat, Reuters Digital news report (and underlying datasets) and other sources.

[10] See section 3.2 for an overview of variety

news media. Measures, however, were chiefly temporary in nature. In contrast, by highlighting the vulnerability of news media, the Covid-19 pandemic has contributed to accentuating the importance of media subsidies in some countries and has helped frame or encourage several of the reform initiatives which have taken place in recent years.

Approaches to public financing. Fuelled by the decreasing revenues of the press sector, and by the questions of efficiency and relevance of existing schemes, debates about the options for subsidies for news media have been revived in many countries in recent years, including in some countries with no tradition of public subsidies for private media. Several proposals have been published in the 2021-2023 period covering, on the one hand, proposals for the modernisation of existing schemes and, to a smaller extent, proposals for new measures (where no direct support measures were in place). These reform proposals are, in a number of cases, potentially wide-reaching aiming, among other, to ensure technological neutrality of support[11] (SE, LU); to address news media deserts (SE, DK, FI) or to support adaptation and development of the media offer (AT, LU). However, these reforms are mainly in the making. Of the Member States which have in recent years published proposals for new (CZ, IE, and FI) or reformed support for private media (AT, DK, LT, LU and SE), only two have, by May 2023, finalised decision-making on funding models (LT and LU).[12]

At the time of writing this report, evidence does not suggest that overarching priorities of news media support are converging across the whole of the EU. However, a number of developments, common to two or more Member States, may be observed. These developments relate to

- The expansion of VAT reductions so as to cover digital news media
- Enhanced focus on regional and local media
- Enhanced focus on innovation support and more widespread support to start-ups (including to native digital news media)
- Increased technology neutrality in support of, and
- Focus on, journalist employment as an eligibility or award criteria.

Problems and needs of news media

Public service media. Beyond issues which are associated with stagnating funding, and low per capita funding in some countries, there are financing issues which relate to, or are a result of Member States' policies, legislation, and regulatory frameworks. The increased use of a general state funding model increases the risk of political pressure and possible editorial interference. Questions of editorial independence, however, are not only limited to funding models. There is an increasing concern among consulted experts as regards the frameworks regulating state influence over managerial appointments and nominations within PSM and the exercise of supervisory roles.

Private and not-for-profit news media. There is a plethora of issues originating in various corners of the news media ecosystem that are linked to the question of public support. Private news media face significant market challenges across most of the EU, resulting from a combination of decreases in advertising and in consumer revenues. Newspapers and magazines' shares of the adverting market are shrinking. On the consumption side, the press, television news and radio have seen a decrease in consumption over the last 13 years. The shift from print to online news consumption has not brought an increase in consumer revenues for news media.

[11] between print and native digital content

[12] With the Czech proposal, additionally, having been rejected by Parliament.

Media concentration is a separate issue. News media concentration does not limit itself to any particular cluster of Member States and is a problem for most EU Member States. The changing media ownership from foreign hands to domestic ownership seen in Central and Eastern Europe following the financial crisis, has generated oligarchic ownership structures of private news media. At the same time independent news media are facing high production costs, fuelled by inflation in the years 2022 and 2023, but also from the fixed costs of smaller news media. This combination is raising the question of news media resilience and the financial sustainability of smaller independent news media.

The EU Copyright Directive has introduced a new right for press publishers in order to increase their bargaining position when negotiating with online services. The Directive has now been implemented in most Member States (in 25 as of summer 2023) and there are positive results in some countries in terms of agreements reached between press publishers and online services.

Unlike revenue related challenges, which are shared by many Member States, policy-related issues vary reflecting national policy contexts. Interviewees across half of the EU Member States expressed concerns about the independence of private news media in their countries. A lack of support, and/or a lack of transparent support, including through state advertising, are seen as key issues, especially for local and regional media which are relatively more reliant on such financing.

Due to concerns about media freedom, media capture and historical experiences, interviewees' attitudes as regards public financing vary considerably. However, where state adverting is seen as a substantial indirect support mechanism for news media, there is a consistent call for transparency in allocation.

Case studies of public financing practices

Case studies have been selected in light of the key challenges and issues presented in the study. The objective has been to provide inspiration to Member States for designing financing schemes or for re-evaluating their existing public financing practices.

For PSM, the emphasis is placed on showcasing examples that establish an arm's-length relationship in the context of state budget-funded PSMs. Case studies cover earmarked PSM taxes, i.e. the Finnish Yle tax, as well as the Swedish example of public funding model, showcasing how long-term funding planning can mitigate political interference in PSM's operations.

For commercial media, the presented case studies delve into examples of comprehensive review processes to identify needs (exemplified by Ireland) and reviews of existing funding models (as evidenced in Lithuania). The case studies also include examples of different approaches to financial support for media, covering generalised support for news media (Denmark); targeted innovation support (the Netherlands); consumption support (France); and targeted support for investigative journalism with a transborder perspective (Belgium). Lastly, the case studies include examples of channelling subsidies towards non-profit news media entities (as observed in Italy), and regulation to ensure transparency in the distribution of state advertising (Portugal).

Conclusions

The findings of this study pinpoint to a number of areas that deserve attention. As regards PSM:

- The significant variety in funding levels and their developments needs to be considered in view of its potential impact on consumption. While PSM are generally trusted among European citizens, high trust does not necessarily translate into high consumption. Consumption and public revenues positively co-variate. Consequently, if PSM are to maintain and develop their market shares and remain relevant, adequate public funding is likely to be necessary. However, it is questionable whether the levels of public funding in some of the EU Member States are currently adequate to meet this objective.

- Funding models for PSM have experienced significant changes in the last decade. The shift from licence fee models to state budget-funded models carries increased risks of funding volatility and political interference. There is a need to consider whether institutional changes and/or better funding planning can help mitigate such risks.

As regards public support to private and not-for-profit news media, the review of Member States' financing mechanisms and funding allocations showcases substantive differences in approach. The study also reveals several challenges, weaknesses, and gaps in current practices, which could be considered going forward. These relate to:

- Lack of evidence on the effectiveness and efficiency of financing practices
- Funding practices which, to a significant extent, are designed implicitly or explicitly to support legacy media, particularly print media, in a context of changing media consumption patterns
- Persisting economic difficulties for regional and local news media, at times creating news deserts, and decreasing pluralism at local level
- The challenge to allocate funding fairly (e.g. considerations to support specific types of media, or provide technology-neutral support for those who employ journalists)
- Lack of transparency regarding the way state advertising is distributed

Addressing such issues could involve national reviews of funding needs and/or evaluation of existing schemes and their continued relevance and effectiveness given set objectives. It may also involve improving the transparency in the public financing for the news media sector, including for state advertising.

Finally, the question of public aid to news media cannot be considered just in terms of ensuring accessibility and quality production, but also needs to consider avenues to enhance consumption. Providing financial consumption incentives alone is not sufficient nor necessarily effective. It is crucial to consider issues of impact, trust, news avoidance, and media literacy.

1 Introduction

This is the Final Report for the assignment study **Public financing of news media in the EU** (Request for service **CNECT/05/2022/Lot3**). The study is undertaken under the Framework Contract between Technopolis Group and DG COMM, COMM/2020/OP/0020-Provision for Impact Assessment, Evaluations and Evaluation-related studies and services in the field of Communication – Lot-3. The work is being undertaken by Henningsen Consulting in association with Technopolis Group and Delange Analytics.

1.1 Study context

1.1.1 A sector under pressure

Media, in particular news media, play an irreplaceable role in society. They keep the public informed about latest political, economic, cultural, and societal developments. Robust news media provide independent and balanced views on government policies and their implementation so that citizens can make responsible and informed decisions. Media supports civic participation and assists political accountability.

Yet, it is generally accepted that news media in the EU, as well as across the world, is under an unprecedented pressure, pressure which comes from various directions:

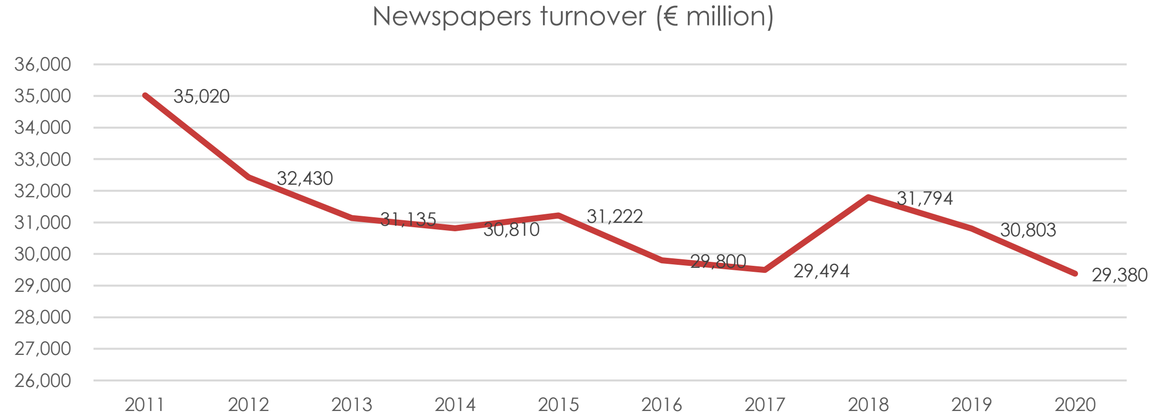
- **Economic Pressures:** Significantly transformative shifts in advertising markets and the evolving structure of news subscriptions have precipitated a decline in revenues for legacy media, especially printed media but also radio and television. Economic pressures can lead to media capture to support specific corporate or political views
- **Political Pressures:** In some countries, governmental bodies attempt to interfere, or inadvertently interfere, with media entities, thereby compromising their editorial independence and freedom
- **Societal trends:** A multitude of contemporary trends, including the erosion of trust in news and news fatigue, encapsulate societal pressures
- **Technological Pressures:** A surge in online news consumption, including on social media platforms, has contributed to the waning readership and viewership of news media. The digitalisation wave has further triggered the gradual convergence of diverse media formats, intricately complicating the formulation of effective support strategies

These evolutions are raising concerns about the viability of news media in the longer-term.

Printed news is a case in point. A core trend is that of a steadily decreasing income for European print news media. Figure 1 shows total newspapers' turnover in the EU from 2021 to 2020. Only in one Member State, Germany, did newspapers' revenue increase during the 2011 – 2020 period. In all other Member States revenues decreased. While private news media has rebounded in 2022, following the pandemic, the medium-term projection is that of continued contraction of print news revenues and decreasing shares of total media revenues.[13]

[13] Statista Market Insights

Figure 1 – Newspapers turnover for the European Union (EUR millions)

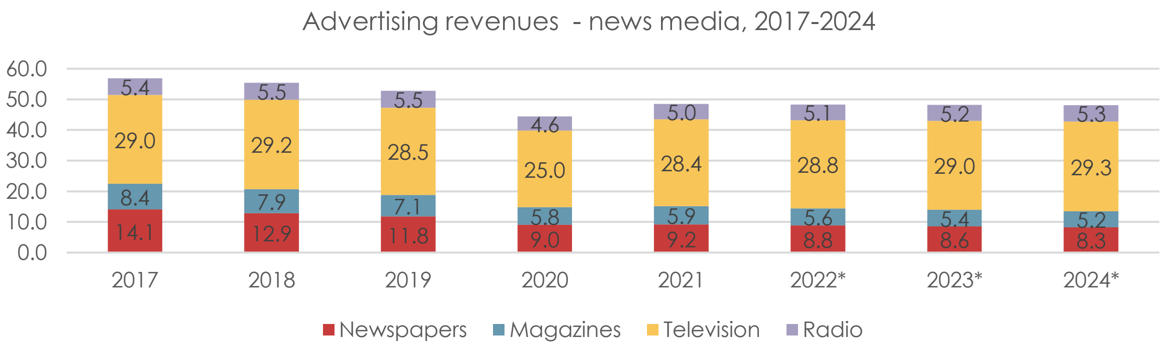


Source: Eurostat, CULT_ENT_VAL Indicator

The decline in newspaper revenues across Europe is not solely attributed to the short-term effects of the pandemic but is primarily driven by changes in media consumption patterns. These changes have significantly affected the traditional two-sided news media market model, which relies on revenues from both advertisers and readers.

On the one hand, the decrease in newspaper consumption has had a negative impact on consumer revenue. As fewer people engage with news media, the revenue generated from readers has declined. On the other hand, the rise of digital consumption, including the increasing popularity of social media, has caused a profound shift in advertising spending, benefitting digital platforms. Despite an overall projected increase of 41% in advertising expenditure in Western Europe between 2017 and 2024[14], newspapers are stagnating. In fact, newspaper, and magazine advertising revenues for 2022 are expected to be lower than those recorded in the pandemic year of 2020. These trends highlight the significant challenges faced by the news media sector in adapting to evolving consumer behaviours and the digital landscape. News media do invest in digitalising to remain relevant and reach audiences, but in doing so capture a much smaller share of the revenues than in the printed segment (the average return per digital news media consumer was estimated at almost one eighth what it was for the printed press)[15].

Figure 2 - Advertising spending in Western Europe 2017-2024, by news media, in billions



Source: zenithmedia extracted from Statista

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[14] Statista, Advertising expenditure in Western Europe from 2017 to 2024, by medium

[15] European Commission 2020 The European Media Industry Outlook | Shaping Europe's digital future (europa.eu)

Despite the relatively better performance of commercial TV and radio, the traditional revenue streams for these mediums are experiencing gradual stagnation in the long term[16]. This trend is also evident in the case of Public Service Media (PSM). According to the European Broadcasting Union's estimation in 2023, the real growth rate of European PSM revenues contracted by 4.4% between 2016 and 2021, indicating a prolonged period of funding stagnation[17]. While there have been increases in PSM revenues from 2020 to 2021, the risk of further funding contraction in real terms persists due to stagnant public allocations and rising inflation.

The impact of the long-term revenue trends and revenue erosion on media independence and the quality of the information sphere is apparent: without financial independence, editorial independence cannot be guaranteed. The Media Pluralism Monitor 2021[6], for example, highlighted that market viability and market plurality both became areas of high risk in 2020. Although some improvements were observed from 2020 to 2021, new risks are also emerging. Both the 2021 and the 2022 editions of the Media Pluralism Monitor[18] report concerns over state advertising (and political independence) especially in Central and Eastern Europe. Cases of media captures (e.g. to serve political interests) abound[19], and political interference in PSM governance has also raised concerns.

1.1.2 A need for evidence

In the context of decreasing news media revenues, the question of public financing has gained considerable traction across Europe over the last few years. Independent information comes at a cost, and it is acknowledged that independent and plural media are part and parcel of well-functioning societies and accountable political systems. Yet, as the market visibly fails to ensure such independent media is sustainable, public financing emerges as a possible solution to correct imbalances and ensure that information can remain as a public good.[20]

Countries across Europe, of course, have a long-standing tradition of supporting public service media financially. The relevance of public financing has also been on the agenda of regional organisations, such as the Council of Europe which issued, in 2018, a Recommendation on media pluralism and transparency of media[21]. At EU level, the European Commission has encouraged enhanced Member States' support and has called for adequately funded public service media

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[16] European Audiovisual Observatory, database

[17] European Broadcasting Union (2023) Funding of Public Service Media Summary report

[18] Centre for Media Pluralism and Media Freedom (2021) Monitoring media pluralism in the digital era : application of the Media Pluralism Monitor in the European Union, Albania, Montenegro, the Republic of North Macedonia, Serbia, and Turkey, 2021 European university Institute and Centre for Media Pluralism and Media Freedom (2022) Monitoring media pluralism in the digital era : application of the Media Pluralism Monitor in the European Union, Albania, Montenegro, the Republic of North Macedonia, Serbia, and Turkey 2022 European university Institute

[19] See for example Dragomir, M. A.Söderström (2021) A Global Analysis of the Editorial Independence of State Media and an Introduction of a New State Media Typology, Centre for Media, Data and Society, CEU Democracy Institute. • Iva Nenadić, What is state advertising, and why is it such a big problem for media freedom in Europe?, EUI Centre for Media Pluralism and Media Freedom; Isabel Fernández Alonso (2023) Political power's media capture strategies in Spain (2016–2021), 2023 (sagepub.com); Marius Dragomir (2019) Media Capture in Europe, (Budapest: Media Development Investment Fund, 2019)

[20] It must be underlined, as also voiced during the workshop organised in the framework of this study, that not all media representatives agree with the premise that news media should be publicly financed – as it can be an opportunity to interfere in the editorial work of media.

[21] Recommendation CM/Rec (2018)1 of the Committee of Ministers to member States on media pluralism and transparency of media ownership

– as evidenced most recently by the European Commission's Media and Audiovisual Action Plan[22] and the proposal for a European Media Freedom Act[23].

Interestingly, private news media have also been in focus, including in countries which have traditionally had a clear "hands off" approach to public support of commercial media. Some (e.g. Ireland) have commissioned reviews of media viability and funding needs. In others, national senior politicians have called for greater public intervention to ensure news media viability in the longer term.

Insights into EU Member States' public financing practices of news media, however, are mostly lacking, with national financing schemes and approaches varying considerably across EU Member States. While multiple studies covering aspects of public financing of news media are available in the public domain, there has, till date, been no consolidated European overview. This absence of data makes it difficult to look for possible synergies across countries (e.g. to tackle common political priorities with respect to media) and represents a missed opportunity to identify and adapt financing practices from one country to another.

1.2 Objectives of the study

The purpose of this assignment is to provide an evidence base and an analysis of the current[24] state of public news media financing in Europe, and of financing trends, along with an analysis of funding needs.

The study is intended to address a knowledge gap, accepting the lack of systematic and consolidated analysis of public news media financing across the EU. It takes place in a context where funding models of news media are changing in many Member States and, following the pandemic, where additional public financing was made available to privately-owned media in most Member States. It also intervenes at a time when governments are looking for the best avenues to support quality information. Finally, the study fits within the wider context briefly outlined above, marked by falling revenues as well as public and private interferences in news media activities.

Within this context, this study has as its remit:

- To map public funding and financing measures supporting news media across EU Member States; identifying the mechanisms and financing schemes implemented. As required by the tender specifications, this mapping is intended to be as comprehensive as possible, covering:
  - Public funding of Public Service Media
  - Public funding schemes across the EU Member States targeted at commercial and not for profit media (including recent temporary measures resulting from the consequences of the pandemic)
  - Indirect public financing schemes across the EU Member States targeted at commercial and not for profit media – including tax reductions (e.g. lowered VAT on news media

[22] European Commission, 2020 Europe's Media in the Digital Decade: An Action Plan to Support Recovery and Transformation COM(2020) 784 final

[23] European Commission, 2022, Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing a common framework for media services in the internal market (European Media Freedom Act) and amending Directive 2010/13/EU COM(2022) 457 final

[24] Current as of first trimester 2023

publications), along with other indirect public financing mechanisms targeted at news media (to the extent possible)

  - Other national public policies which have a substantive and targeted positive impact on news media revenues (to the extent possible)

- To identify common patterns of public financing practices of Member States and, on this basis, provide a clustering analysis of Member States that identifies broad clusters and models of public financing.
- To undertake an analysis of noteworthy trends in news media financing across the EU.
- To undertake an analysis of potential needs in the current financing framework across EU Member States – with a view of supporting media resilience, freedom, independence, and the supply of diverse, quality, and relevant content to citizens across the EU.
- To provide case study examples of noteworthy financing practices in the realm of public financing of news media, for the information and possible use of Member States.

1.3 Study scope

1.3.1 Scope of public financing mechanisms

The terms of reference for this study were broad and inclusive, incorporating direct and indirect financing, including state advertising, together with other national public policies which have a substantive and targeted positive impact on news media revenues. Both financing of public service media and private news media was to be considered, and this across all of the EU Member States.

In this context, the mapping, the comparison, and the trend analysis were to consider objectives and challenges addressed by the schemes; the type(s) of support; the sectoral focus/coverage of financing; eligibility criteria for support; and the institutional funding model. Attention was also to be given to funding trends, and how public allocation is evolving over time. The study, furthermore, was intended to consider strengths and weaknesses of the different financing practices – and, to the extent possible, their performance.

Further to this analysis and building on consultation of stakeholders, experts, and public sector bodies, the study was to identifying gaps in the current financing framework across the EU, accounting also for EU level public funding initiatives.

As further discussed below, this scope has proven ambitious, especially because of the large variety in the quality and availability of data at Member State level, and the relatively short time frame of the study. Within this framework, the following limitations have been made:

- **Public service media** (PSM) have been covered as the generally accepted definition of the media provided by national (and regional) public broadcasters. In addition to PSM, the state may also own and fund other media. A number of EU Member States operate and fund national news agencies. There are also examples of local gazettes, paid for, and operated by local public authorities. For the purpose of this study, public news media is defined as news media operated and delivered by public service broadcasters. Localised publicly owned media are not covered or considered.
- **Support to commercial and not-for-profit media** covers state level support – and, where relevant and subject to data availability, support managed at regional level (for regionalised countries). Due to lack of data, and the resources and timeline of the study, local level support could not be covered by the analysis.

- **Focus on news media** The study covers news media that focus on delivering news to the public – and that is subject to public financial support. In line with the focus of the assignment, the study did not consider commercial TV and radio that are not subject to public financing. The study team fully recognises that commercial for-profit TV and radio has its own needs, challenges and regulation which will be different to the ones presented in this study. The same could be said about news agencies.

News agencies have a crucial role in the media landscape as vital sources of news and information for media organisations and the public. While some Member States allocate funds to support news agencies, it is important to recognise the diverse range of organisational and funding models that exist.

In certain Member States, publicly owned news agencies operate with a public service mission and receive funding allocations from the state, in addition to generating revenues through commercial activities. Prominent examples include Agence France-Presse[25] (AFP); the Athens News Agency - Macedonian Press Agency[26] (ANA-MPA); and the Cyprus News Agency (CAN). In other Member States, news agencies may be publicly owned and under a public service mission but generate funding exclusively though commercial activities. The Czech News Agency, Česká tisková kancelář (ČTK), serves as an example in this regard.

There are also instances where news agencies operate under a public service mission and are theoretically expected to sustain themselves through commercial means. However, in practice, they may partially depend on public support due to insufficient commercial revenues. The News Agency of the Slovak Republic, Tlačová agentúra Slovenskej republiky (TASR), is such a case.

Private ownership models also exist for news agencies. Some news agencies function as for-profit commercial entities, such as the Dutch Algemeen Nederlands Persbureau (ANP). Others are non-profit organisations or cooperatives owned by news media organisations, such as the German Deutsche Presse-Agentur (DPA) and the Italian Agenzia Nazionale Stampa Associata (ANSA). Additionally, news agency ownership models can involve joint ownership by public and private media organisations. The Danish cooperative Ritzau Bureau which is owned by ten media organisations, including the national PSM Denmark Radio (DR), exemplifies this type of ownership structure.

Similar to publicly owned news agencies, private news agencies may also generate revenues from the public sector. Apart from subscription services, this can include contracts for providing public information services or ad hoc public contributions during times of financial strain.

Acknowledging the complexities involved in comprehensively tracing public funding, especially beyond state budget allocations, and considering the broad scope and time constraints of the study, news agencies could not be subject of a more detailed analysis[27].

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[25] The Greek AMNA receive a grant stemming from the state budget. In 2020 the grant was worth EUR 7.2 million (source: Χρωστάνε στο ΑΠΕ πάνω από 3 εκατ. ευρώ!)

[26] The French AFP receive an annual state grant. the annual grant is worth EUR 134.98 million (source: The French Senate, Projet de loi de finances pour 2023 : Médias, livre et industries culturelles)

[27] An analysis of news agencies, and their financing mechanisms was carried out by the European Alliance of News Agencies in Autumn 2023. While noting the diverse characteristics of news agencies the study concluded that, though the size and financial stability of news agencies vary, commercial contracts represents a key source of revenue, with public subsidies playing a lesser role. See EANA Unveiling Key Insights and Trends of European News Agencies Industry (newsalliance.org)

1.3.2 Coverage

The study has covered all EU Member States, with selected data also collected from a sample of non-EU Member States for the purpose of comparison.

The study has aimed to collect data from the most recent completed year (2022). Data from 2023 has also been collected (with a cut off in data collection of the end of May 2023). Where this has not been possible, 2021 data has been used. Additionally, where available, the study has collected 2016-2021 time series data. Data in the report refers to yearly amounts, unless otherwise specified. Finally, data from 2023 (especially that covering policy reform) has also been collected, with a cut off in data collection of the end of May 2023.

Data used are generally those which are publicly available, drawing from government/Member State/parliament resources and public calls for tenders; as well as existing databases or other documentation compiled by academic institutions (when available); reports and analysis of public financing (academic, grey literature, and media coverage of public financing). Additionally, the team has collected feedback from national administrations, academics, and other experts.

The data are not necessarily comprehensive. There is a great variety in the data quality, availability, and comprehensiveness. Data on beneficiaries are not necessarily available and data on state advertising is recurrently lacking. This not only has impact on the mapping of financing magnitude, but also on the very existence of such financing.

As such, the study serves as a first mapping exercise with more thorough research being possible as a follow up.

1.4 Organisation of the report

The report has been organised in view of the specific task requirements set out by the study requirements. These requirements defined two main tasks: Presentation of public financing schemes in Member States (Task 1); and Trends in public financing (Task 2).

The report has been organised accordingly. Following the introduction, Section 2 maps out and presents public financing schemes in Member States. The section covers:

- A mapping of public financing of news media in Member States, presenting both an overview of public financing in monetary terms and a mapping of public financing measures and instruments. As requested, the mapping is designed to be as comprehensive as possible
- An analysis of strengths and weaknesses of the main funding models
- An analysis of communalities and variations in terms of funding models

Section 3 presents Trends in public financing. This section consists of two main sub sections:

- A trends analysis of public financing of news media in the EU
- A needs and context analysis

Section 4 presents noteworthy examples of public financing practices of news media across the EU. The report is concluded by chapter 5 Conclusions.

1.5 Methodical approach and challenges encountered

1.5.1 Methodology

The methodology was developed taking into consideration the objectives of the study and the research themes identified. To meet the requirements of EU level coverage, the study combined the following main research steps:

- Desk research covering existing academic research and grey literature. This step also involved the collation of transborder statistics of relevance for the study (see Appendix A)
- Consultation with EU level stakeholders and experts with a cross border expertise on public financing of news media within the EU
- In country research – undertaken, by country researchers – covering:
  - Desk research: existing policy documents; funding statistics and statistics on beneficiaries; national legislation; guidance on financing available and eligibility; existing studies and other reports on public financing; and, where relevant, evaluations and other reviews of public financing mechanisms and approaches
  - Semi-structured qualitative interviews with national stakeholders, public authorities and experts working on, or related to, the issue of public financing. When possible[28], interviews have covered: public authorities responsible for the implementation of public financing schemes; academic experts; representatives of the news media industry; organisations representing journalists; and public service media. Interviews with interested parties and experts have been undertaken across all Member States – in addition to EU level interviews. In total we interviewed 120 stakeholders and experts. The list of interviewees is presented in Appendix B.
  - Validation workshop. A workshop with industry representatives and experts was undertaken, to discuss and validate main findings, with specific focus on the case studies, the trends analysis and overall study findings.

1.5.2 Challenges encountered

The study approach, in broad terms, has been implemented as intended. However, the study team encountered a number of challenges during project execution. As these challenges have a direct bearing on some aspects of study delivery, these are presented in conjunction with the specific sections. However, five broad lines of challenges should be noted at the outset:

- **Low visibility of financing and financing mechanisms**. A key challenge encountered across most Member States is the lack of consolidated information about the funding mechanisms in place, their budgetary values, the policy approaches to financing, eligibility criteria, implementation, and effects. As a result, the study team has been reliant – depending on country – on review of legal acts, general information available on various governmental websites, news releases, third party sources and reviews undertaken by the news media and other actors. The variety of data sources, which mostly contain only partial information and lack comparative datasets, provides a weak basis for comprehensive mapping and comparative research. A specific challenge is data on the values of financing (direct, and especially indirect, financing). A separate issue is that of public financing of PSM: while data on public financing is available, no breakdowns are available of the share of funding which is allocated to the production of news and nonfiction news-related coverage.
- **A changing study object**. Numerous changes to public financing over the last years – still ongoing as of 2023, make it difficult to achieve a comprehensive and up-to-date mapping and analysis of financing schemes. Further challenges arise from the fact that reform in some Member States is still under discussion at the time of data collection closure.

[28] Stakeholder and experts in the following categories were systematically invited for interviews: Public authorities responsible for the implementation of public financing schemes (or other public authorities; academic experts; representatives for the news media industry; organisations representing journalists; and public service media. In case of no response, or in case of decline, the potential list of interviewees was expanded.

- **Uneven response from stakeholders and experts**. Despite the attempt to systematically consult Member State representatives, experts and stakeholders across all EU Member States, response has varied. In some countries, there has been considerable interest in the study topic and the issues surrounding it. In other Member States response rate has been low[29].Further challenges arises from the fact that interviewees do not have a comprehensive overview of the variety schemes and practices in place. An additional issue has been that Member State representatives have not systematically responded to requests for interviews.
- **An ambitious study timeline**. The study timeline, from kick-off to delivery of the Draft Final Report, is six months. This is an ambitious timeline for a study with this scope.

A key implication of these challenges is that Member States may be implementing actions other than the ones included in the report (or are planning to do so in the short- or medium-term future).

[29] In total the study team has contacted more than 250 stakeholders across EU-27 and invited these for interviews. In particular, all public administrations have been contacted.

2 Public financing of news media in the EU Member States

2.1 introduction

Public financing of Public Service Media (PSM) and private journalism is an important instrument of public media policy. Ideally, public support is to facilitate the production and consumption of news, which in turn keeps citizens informed, facilitates informed public debate, contributes to citizen engagement, and delivers watchdog reporting.

State support for news media is not a new concept. Besides support to public service media, a number of EU Member States, including France, Sweden, Denmark, Italy, and Austria, have had subsidies in place since at least the 1980s – with more Member States having put in place reduced VAT rates and other mechanisms[30] .

However, the 2009 financial crisis, the significant shifts in news media consumption witnessed throughout the 2010s, the sharp declines in newspaper revenue from advertising and printed newspaper sales, the availability of free news online and, more recently, the rise of disinformation alongside the challenges posed by the Covid-19 pandemic have all sparked heightened interest in public support of news media as a means to help sustainability and survival of quality news media. This focus is illustrated by both policy and academic discussion both during[31] and prior to the pandemic[32].

2.1.1 Forms of public support

Public aid to media in Europe comes in a large variety of models and forms.[33] Support may be one off or continued. It may be selective, benefitting only specific types of news production, or by granting subsidies through open calls for proposals, or non-competitive, benefitting all media (or all media within a category) . Financing may also be targeted at a specific objective – such as innovation of legacy media or availability of news in minority languages or supporting (fixed) employment.

Within the wide range of systems and models to provide public support, two main categories of public support to news media may be identified: **direct** and **indirect**, each having a set of subcategories.

Direct funding, in the form of Public Service Media (PSM) funding and grants and subsidies to private and other not-for-profit news media, are the most obvious forms of funding. Direct funding – in its totality including also PSM - represents the largest share of public financing of news media in the EU. There is, however, a range of other forms of indirect public financing of news media. Such schemes include tax reductions and tax credits for news media companies; reductions of social security contributions for journalists; support for distribution of news media; and tax reductions for subscriptions.

Different types of financing may support identical objectives. For example, distribution support can be provided directly as a subsidy to news media (as in the case of Sweden) or Member

[30] See for example Robert G. Picard (1986) Patterns of State Intervention in Western Press Economics," *Journalism Quarterly* 62:3-9 available here

[31] E.g. Kleis Nielsen et al (2019) What can be done? Digital Media Policy Options for Europe (and beyond), Reuters

32 e.g. Mathew Ingram (2020) What needs to be done to help the media industry? Colombia journalism review

[33] See for example Murschetz, P. C. (2022). Government Subsidies to News Media. Theories and Practices. In J. Krone & T. Pellegrini (Eds.), *Handbook of media and communication economics*. DOI: 10.1007/978-3-658-34048-3_71-2

States may favour indirect support to news media, through funding of postal distribution or other carriers.

Additional to these public support schemes, Member States finance, at national, regional and/or local levels, public advertising campaigns and other paid public communication. The extent to which state advertising may be considered as funding policy instruments aiming to support news media, is debatable. On this question, the study team agree with the approach taken by the project Monitoring Media Pluralism in the Digital Era of the European University Institute, which maps and researches state advertising as separate to public financing. Yet, in recent years, state advertising has been intentionally used as a means to support private news media across some Member States, including during the pandemic years[34].

Within this context, and with a view to the study requirements, the study covers direct and indirect financing, as well as state advertising. The main coverage of the research presented in this section may be defined as follows:

Table 1 – Main forms of public financing

	Direct beneficiary/target	**Main forms of public financing**	**Financing by**
Direct support	PSM	Subsidies stemming from • Licence fees • Earmarked taxes • General state budget • Alternative taxes	Central government/state Regional funds (regionalised countries with regionalised PSM – ES, BE) Secondary: EU level funding (grants)
	Commercial and/or not-for-profit news media (targeted or not)	• Direct operating subsidies • Targeted subsidies for distribution • Grants for specific types of production • Grants for innovation/ development projects • Grants for training or research	Central government/state Regions (regionalised countries: DE, ES, IT, BE Secondary: local authorities Secondary: EU level funding (grants)
Indirect support	Commercial and not-for-profit news media	• Reduced VAT • Tax credits for investment • Reduced social security contributions	State
	Distribution agencies	• Distribution support (distribution costs) • Regulation of maximum distribution costs	State
	Citizens, investors, donors	• Tax credits for investment or donations	State

[34] Centre for Media Pluralism and Media Freedom (2021) *Monitoring media pluralism in the digital era : application of the Media Pluralism Monitor in the European Union, Albania, Montenegro, the Republic of North Macedonia, Serbia, and Turkey, 2021*

	Direct beneficiary/target	Main forms of public financing	Financing by
		• Tax credits for subscription	
State advertising	Advertising/PR agencies – ultimately media (including news media)	State advertising	State, regional authorities, local authorities, state-owned and controlled enterprises

Source: authors, based on the review of financing schemes in Member States

2.1.2 Purpose of this chapter

The purpose of the section is to provide a comprehensive overview of the range of financing models in place across EU Member States, and their relative weight. The section builds on reviews and mapping of public financing in all EU Member States and consultation with various experts and stakeholders in all countries.

To present the range of schemes used, and their weight, this section makes a baseline differentiation between public support of Public Service Media (PSM) and direct or indirect support to private and not-for-profit media.

There are a number of interlinks between PSM funding and public financing of commercial, non-commercial and community media [35]. There are however also substantive differences as regards funding of PSM and other forms of public financing of private and community media. These differences relate to regulation of financing; financing requirements; allocation of funding; and funding envelopes.

Reflecting these features, this chapter maps out PSM and commercial media financing differently:

- Section 2.2 presents public financing of PSM in EU Member States. The section first provides an outline of funding of PSM and funding development, followed by an overview and mapping of funding models used, and their relative strength and weakness. The section finally reviews communalities and differences, assessing the extent to which one or more common funding models can be identified.
- Section 2.3 covers public financing of private media. The section first presents an overview of the scale of funding. Next, the section provides a review and mapping of the public financing practices, schemes and initiatives used across the EU Member States. This is followed by a review of strengths and weaknesses, as well as of the communalities and differences in Member States' approaches to public financing.

2.1.3 Key issues

While the purpose of this chapter has been to provide a qualitative and quantitative review of the financing schemes and practices in place, there are a number of challenges which should be observed at the outset.

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[35] Depending on countries, interlinks include:

- Top slicing of licence fee revenues to dedicated funds providing public support to commercial, not-for-profit and community media
- Funding of production – produced by independent producers, but may contain obligations as regards airing on PSM channels (e.g. documentaries)
- News agencies, which in some countries are publicly owned and funded while providing services to private news companies.

Overall, it has not been possible to provide a fully comprehensive and quantitative overview of the full scale and range of public financing of news media. Data, especially comparative quantitative data on the financial value of the schemes, are lacking. Further challenges arise from the scale and extent of state advertising and from the many reforms and reviews which are currently ongoing in the area of public financing. Specifically, the following challenges should be noted:

- **Regulation, and transparency of public financing varies**. Where direct funding schemes and indirect financing mechanisms are in place at national level, corresponding regulation is generally in place across Member States, providing a basis for a mapping of financing. In contrast, there is little data on state advertising. This not only has impact on the mapping of financing magnitude, but also of the very existence of such financing.
- **Uneven data on regional and local schemes.** The quality of information on regional and local schemes vary. Overall, local, and regional schemes tend to be more ad hoc, and unevenly implemented, without any aggregated data on existence, spend and allocations (as is the case, for example, in Spain).
- **Financing data is chiefly available on direct support**. An aim of the study has been to assess the magnitude of direct and indirect public financing across PSM, private and not-for-profit media. In practice, however, this has not been possible. Beyond the issues mentioned above, data on the financial value of indirect schemes is often not available. Especially, data or estimates of the financial value of VAT reductions are, in a majority of countries, not available. As VAT reduction is the single most widespread support mechanism for private media, the lack of such data means that an aggregated estimation of the total value of public financing is not possible.
- **PSM financing data covers total public financing, not just news media financing.** Available data on PSM financing covers the entire public contribution to news financing. While the study has aimed at collecting data on the share of public financing allocated to news and general affairs, such data is mostly not available. Furthermore, data on shares allocated to news and general affairs (where these exist) cannot be extrapolated, because the relative weight of news and general affairs in the total budget vary across Member States.[36]
- **The pandemic and recent reforms** of public financing for news media sets out a challenging context for mapping, comparison, and data collection. Challenges relate both to the mapping of schemes itself and of the financing.

  As regards these schemes, a challenge is the reform processes which are taking place in a number of countries. Many reform processes, new schemes, or discontinuation of old ones are yet to be finalised or approved, creating challenges to deliver an updated and comprehensive status on the schemes in place, and especially on the schemes which will be in place in 6 months.

  As regards financing, recent reforms and funding resulting from the pandemic years have, in some countries, impacted the allocations made. This means that funding vary considerably year on year[37]. Because of these differences, the study would ideally be based on financial

[36] Source: European Broadcasting Union

[37] For example, Finland approved in March 2023 a new – but for the time being only temporary – direct financing scheme, a first since the discontinuation of direct financing of private news media in the years 2010. Austria has for the year 2022 allocated a record high budget of 50 million for a new innovation support scheme. However, funding for the same scheme will decrease to 20 million in 2023. In the case of Latvia, large funds were allocated to direct financing schemes following the pandemic (in part as a specific "pandemic envelope). In 2022, total amounts were 8.0 million including 3 million in Covid related support. However, as for 2023, funding allocations reach only 2.3 million – or 27% of the 2022 total funding

data from 2023, which is likely to be, in financial terms, a more stable year. Unfortunately, data is mostly not available for 2023, but rather for 2021 and/or 2022. And yet, even for these years data are not comprehensive, and the study is, in a number of cases, reliant on older data. Therefore, any comparison of financial data will be inaccurate, and approximate.

- **Performance data and evaluation of the different schemes are mostly lacking**. While the study team has attempted to collect data on evaluation and impact, the main conclusion – also found in other studies[38] - is that such information is largely absent. This is a horizontal problem affecting most schemes. Few schemes have been systematically evaluated. Moreover, when such evaluations have been undertaken, they have often led to – or been undertaken in the context of - reform, meaning that the conclusions drawn may refer to a scheme no longer implemented – or to a scheme being reformed. This means that the study has largely drawn on qualitative assessment collected through interviews, and the review of existing literature to draw up the assessment of strengths and weaknesses, as required by the tender specifications.

Within these limitations, it is, nevertheless, the authors' assessment that the study provides a relatively comprehensive overview of the financing practices in place across the EU Member States.

2.2 Public financing of public service media in the EU

Main findings: Public financing of public service media in the EU

Scale of Public Funding PSM in the EU received a total public allocation of EUR 22.2 billion in 2021, equivalent to EUR 49.7 per capita annually. This makes PSM the largest beneficiaries of direct public support within the news media sector. With the exception of Luxembourg, PSM in EU Member States are operated by public service broadcasters.

A substantial portion of PSM revenues is allocated to producing, broadcasting, and publishing of news media content. There is no publicly available data which allows us to map the share of PSM expenditure allocated to the production of news and general affairs content across Member States. However, the European Broadcasting Union (EBU) estimates that EU public service broadcasters invested EUR 4.8 billion in news and general current affairs content in 2020.[39]

Variations in Public Funding Although per capita and total public revenues are relatively high across European PSM, significant differences exist among Member States. The public revenue per capita in top five revenue-generating countries (Germany, Denmark, Sweden, Finland, and Austria) is 71% higher than the EU average. The lowest five countries (Poland, Bulgaria, Luxembourg, Malta, and Romania) have 5.3 times lower per capita public revenues. Newer EU Member States, except for Croatia and Slovenia, receive comparatively modest public contributions.

Public Funding Models State budget allocations, license fees, earmarked taxes, and alternative taxes are the primary public funding models for PSM in Europe. These models are typically exclusive, providing the bulk of public funding.

Licence fees, historically dominant, represent the majority of public funding in the EU, accounting for about 57% of the total funding. As of 2023, 11 Member States (AT, CY, CZ, DE, EL, HR, IE, IT, PL, PT and SI) fund their PSMs via licence fees.

[38] Murschetz, P. C. (2022). Government Subsidies to News Media. Theories and Practices. In J. Krone & T. Pellegrini (Eds.), *Handbook of media and communication economics*. DOI: 10.1007/978-3-658-34048-3_71-2

[39] European Broadcasting Union (2021)Public service media and news media intelligence service august 2021

Over the last decade, many Member States have shifted from traditional license fee models to funding from the general state budget. By July 2023, 14 EU Member States primarily rely on state/regional budget allocations (BE, BG, DK, EE, ES, FR, HU, LT, LU, LV, MT, NL, RO, and SK).

State budget allocations mostly take the form of direct payments from the state budget to a PSM for their general operation. Only Finland and Sweden use earmarked taxes, where taxes are levied on individuals meeting specific income thresholds. Spain's PSM funding model, while largely state-funded, also includes funds from "Alternative Taxes" to finance the national PSM.

Strengths, Weaknesses, and Challenges of Funding Models Public funding models should be assessed based on criteria covering sustainability and adequacy of funding, funding transparency, and the extent to which the funding model supports PSM's independence.

Licence fees (in the traditional form or in the form of a household fee) carry important strengths. Direct payments from the public to PSM contributes to their political independence. Finally, licence fees are seen as providing a direct and accountable link between consumers and the PSM. However, the licence fee model faces challenges in the digital age and there are concerns about its equitability and fairness.

State budget funding removes the issue of collecting the payments but increases the risk of political interference and funding volatility. A specific amount expressed as a percentage of GDP, a percentage increase of public allocation to the PSM enshrined in law, and/or multiannual budgetary planning can help ensure the sustainability and adequacy of funding, and the political independence in the allocation of funding. However, there are few PSM funding models within the EU which carry such features.

Earmarked taxes combine the advantages of licence fees and that of state budget funding, supporting independence, fairness, and contributing to establishing a direct link between taxpayers and PSM. However, earmarked funding is only implemented in Sweden and Finland.

Is there an EU model of public financing of news media? Overall, when considering key indicators (per capita public funding, funding models, public funding development) it may be concluded that there is not a common, or few common, EU model(s) of public financing of PSM. While groups of Member States can be identified, national PSM funding models demonstrate significant degrees of heterogeneity. PSM budgets vary enormously across Europe and organisations do not share a common financial or organisational strategy. This conclusion is confirmed through comparison with selected third countries.

Public service media (PSM) is generally referred to as TV, radio, or digital media, designed to inform, educate, and serve all audiences. PSM have a public service remit and the public service usually provided by public broadcasters. The European Media Freedom Act Proposal,[40] defines a public service media provider *as a "media service provider which is entrusted with a public service mission under national law or receives national public funding for the fulfilment of such a mission"*. UNESCO defines public service broadcasting as "broadcasting made, financed, and controlled by the public, for the public. It is neither commercial nor state-owned, free from political interference and pressure from commercial forces".[41]

[40] COM/2022/457 final

[41] See UNESCO (2008) Media Development Indicators: A framework for assessing media development. Similar definitions can be found in What is PSM? - Public Media Alliance and the European Broadcasting Union (2018) and European Broadcasting Union (2018) Funding principles for Public Service Media, legal focus

PSM can be financed through a variety of funding sources and funding mechanisms – which globally fall in three main categories:

- Public sources
- Commercial income (advertising and other commercial income)
- Other sources

Revenues may be chiefly either public or commercial. Some PSMs rely on mixed funding that combines public and private revenues. In Europe public funds have historically constituted the backbone of PSM funding and European PSM remain largely reliant on public revenues.

The main value of public funding is its predictability[42]. Public funding enables PSM to plan, innovate and invest in long-term quality content. The importance of adequate public funding has been stressed by public authorities, including at EU level[43]. Most recently the Commission's proposal for a European Media Freedom Act[44] sets out among its objectives to ensure Independent and adequately funded public service media.

Other key principles of public funding[45] relate to the independence from political interference; justifiable and fair funding; transparency and accountability to the public; and ensuring the provision of programming and services that create positive benefits for society and empower citizens.

2.2.1 Scale of revenues and public financing of PSM

With a total public revenue of EUR 22.2 billion – or a per capita allocation of EUR 49.7 per year- EU PSM are the largest beneficiaries of direct public support allocated to news media. In absolute terms, public revenues represent 25% of the total European audio-visual market revenues.[46]

All EU Member States provide funding to public service broadcasting. In 2021 public funding represented 79.6% of their total revenues[47]. With the exception of Luxembourg[48], public service media is operated and provided by public service broadcasters.).

A significant share of PSM revenues is allocated to the production, broadcasting, and other publication[49] of news media. The European Broadcasting Union (EBU) estimates that EU public service broadcasters invested EUR 4.8 billion in news and general current affairs content in 2020[50].

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[42] European Broadcasting Union (2018) Funding principles for Public Service Media. Legal focus

[43] Treaty of Amsterdam amending the Treaty on European Union, the Treaties establishing the European Communities and certain related acts - Protocol annexed to the Treaty of the European Community - Protocol on the system of public broadcasting in the Member States

[44] European Commission, 2022, Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing a common framework for media services in the internal market (European Media Freedom Act) and amending Directive 2010/13/EU COM(2022) 457 final

[45] European Broadcasting Union (2018) Funding principles for Public Service Media. Legal focus

[46] European Audiovisual observatory: Datasets (Section, Pan European tables)

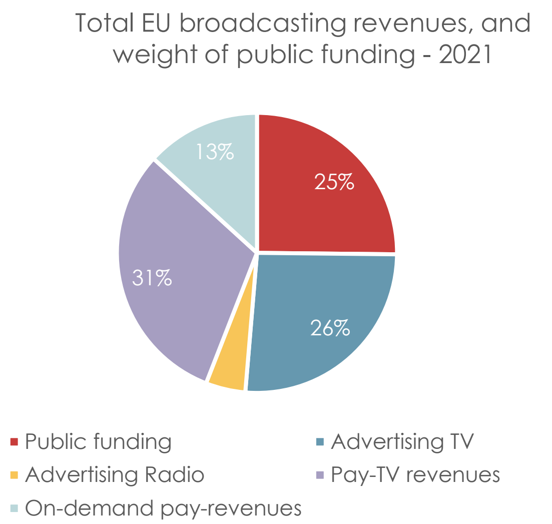
[47] In 2021, total PSM income in EU 27 amounted to EUR 27.9 billion

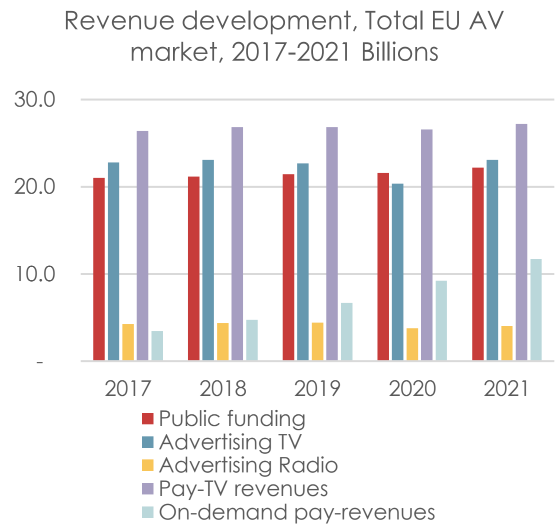
[48] In the case of Luxembourg, public service TV is provided by a commercial provider (RTL Télé Lëtzebuerg) but partially funded by the state (public service content). Radio is provided by the public radio broadcaster 100.7.

[49] I.e. digital formats

[50] European Broadcasting Union (2021)Public service media and news media intelligence service august 2021

Figure 3 -Public revenues and total EU, in % and EUR billions





Source: European Audio-visual observatory database

2.2.1.1 Large differences in public revenues across PSM

If the overarching feature of public revenues of European PSM is that of relatively high per capita average public revenues[51], there are, in practice, substantial differences across Member States.

PSM revenues generated from public sources vary enormously. Accumulated public revenues for German PSM are as high as EUR 8.6 billion (2021)[52]. This compares to just EUR 4.2 million (2019) for the Maltese PSM (PBS) and EUR 6.9 million for Luxembourgish public services[53].

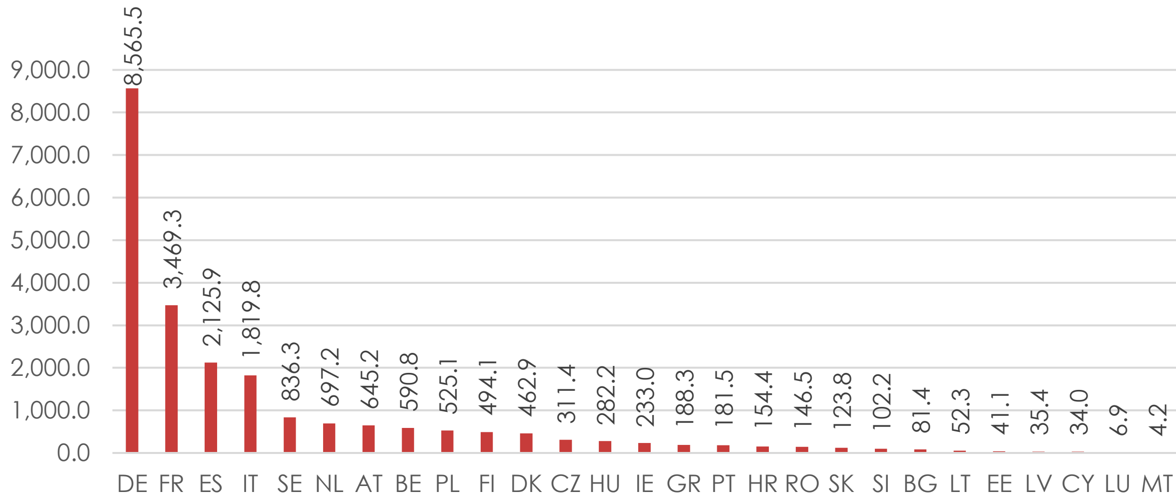
With a public contribution of EUR 5.87 6 billion, the German public service broadcaster ARD is by far the biggest PSM beneficiary across the EU, receiving more public funding than the French and Italian PSM taken together.

[51] See for example Nordicity, 2020, International Comparison of Public Funding for Public Service Broadcasting, 2018

[52] European Audiovisual observatory: Datasets (Section, Pan European tables)

[53]Ibid

Figure 4 - Total public revenues of public service broadcasters, by Member State - 2021 (for Malta 2019), in million euro



Source: European Audiovisual observatory, database

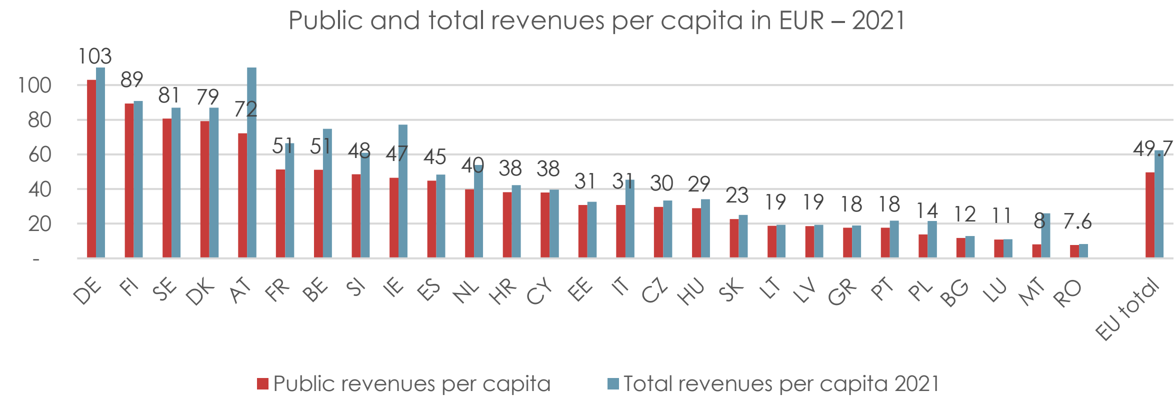
Large differences in public revenues across European PSMs remain when accounting for population.

In 2021 the total per capita public contribution in the EU was EUR 49.7. However, average per capita public revenues in the five top revenue generating countries (Germany, Denmark, Sweden, Finland, and Austria) is 71% above the EU total. It is also 5.3 times higher than in the five Member States with lowest public revenues (Poland, Bulgaria, Luxembourg, Malta, and Romania). In Germany public revenues for PSM per capita was EUR 103.0. This compares to only EUR 7.6 in Romania.

The large differences are also illustrated by the gap between, on the one hand, the total per capita public contribution in the EU (EUR 49.7) and, on the other, the fact that contributions per capita range at EUR 30 or below in half of the European Member States.

PSM in newer EU Member States are (with the exception of Croatia and Slovenia) allocated comparatively modest public contributions. While revenues from private sources in a few countries compensate for low public revenues, this clear divide remains, as is illustrated in Figure 5 below.

Figure 5 - Public revenues of PSM per capita and Member State in EUR – 2021



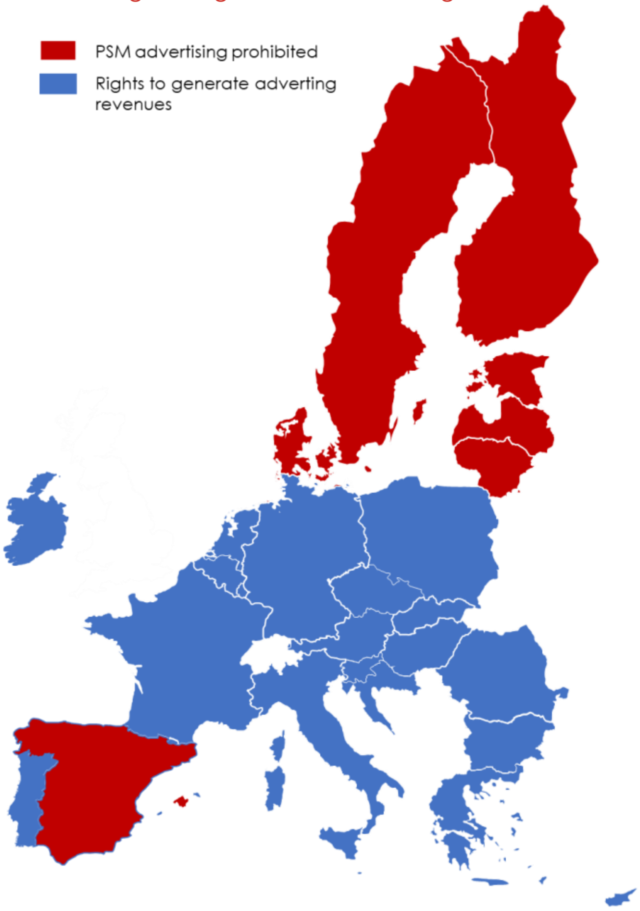
Source: European Audiovisual observatory, database

2.2.1.2 Commercial revenue generation is a secondary source of PSM revenues

Other than public funding, policies which impact on public broadcasters' revenues are those related to advertising and the rights to generate other forms of commercial revenues, such as via sponsorships.

Across the EU, advertising revenues of PSM represented in 2021 9.4% of total PSM revenues[54]. Not all public service broadcasters have a right to generate funds via advertising[55]. The right to generate advertising revenues are limited to 20 Member States, with a strong north-south divide.

Figure 6 – Advertising generation, prohibition, and rights to generate advertising revenues



Source: authors based on country research

PSM in the Baltic and the Nordic Member States, as well as Spain, are prohibited from generating advertising funds. The exception is the Danish state-owned broadcaster TV2 which (similar to Channel 4 in the UK) is fully commercially funded yet carries some public service obligations.

In all the remaining Member States, generation of advertising revenues is allowed, though usually with significant restriction on the frequency and scope of revenue generation[56].

Additionally, most PSM TV broadcasters have the right to fund via sponsorship[57] (this right is more limited for PSM radio) and generate, in addition, other commercial revenues – through, for example, programme sales.

Data on the share of revenues which are generated from public sources showcase that "high reliance" on commercial revenues (+20% of total) is relatively infrequent. High commercial revenue reliance is chiefly found in Western European Member States (France, Netherlands, Belgium, Italy, Austria, and Ireland), along with Poland and Malta.

Among these, only 6 generate 30% or more of their revenues from commercial funds, and only one public broadcaster (Malta) is mainly funded by commercial revenues.

Lowest dependence on commercial revenues (advertising and other) are found in the Nordic and Baltic countries, Cyprus, Greece, and Spain, most of which prohibit their PSM to generate advertising. Public funding rates are likewise high in most of the Central and Eastern European Member States (Romania, Bulgaria, Croatia, Slovakia). In the Netherlands a statutory reduction of

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[54] European Broadcasting Union (unpublished data)

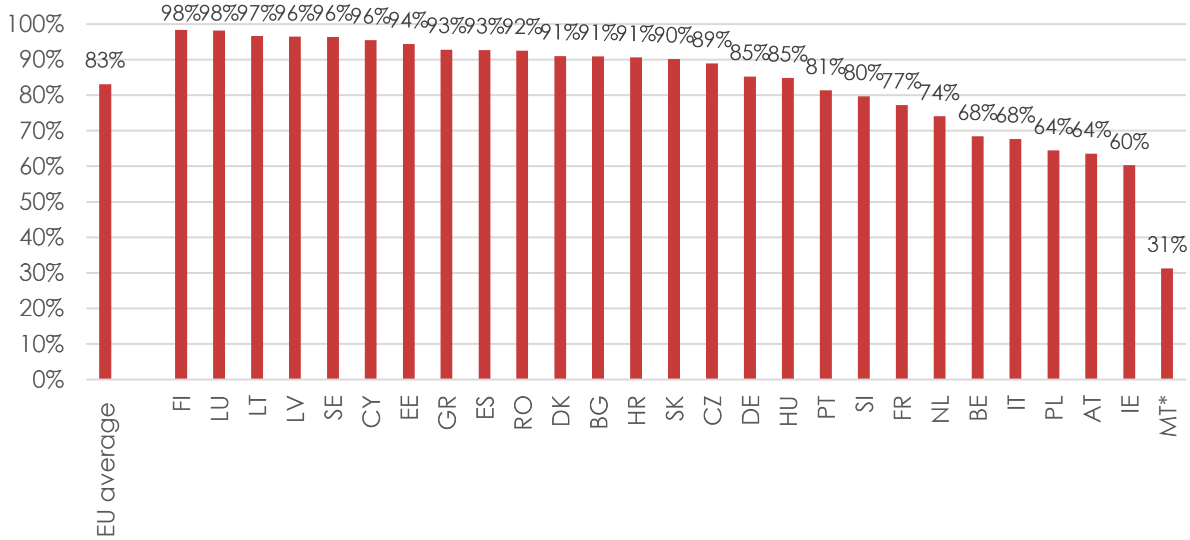
[55] Due, for instance, to risks of unfair competition (as PSM receive public funding).

[56] For example, via restriction on the maximum of advertising minutes per hour

[57] For instance, direct or indirect contribution to the financing of a programme, in exchange of promoting the sponsor's name, logo, image, activities, or products of the company.

advertising is planned for the national PSM NPO, where the PSM will gradually work towards halving the legally allowed number of advertising minutes[58].

*Figure 7 – Share of public broadcaster's revenues stemming from public contributions, 2021 (*Malta 2019).*



Source: European Audio-visual Observatory and contractors' calculations

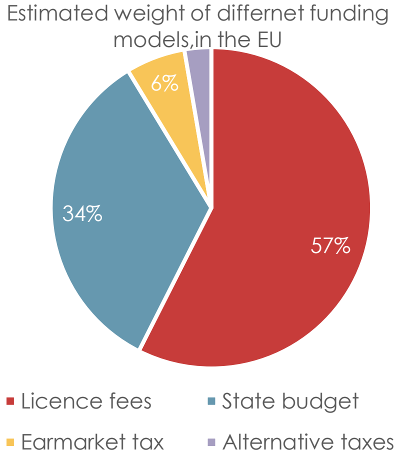
2.2.2 *Main public funding models*

State budget allocations, licence fee and earmarked tax and alternative tax constitute the main public funding models of PSMs in Europe. Alternative tax involves generation of PSM funding by taxing industries rather than the public. Some PSM also benefit from contestable/grant funding (such as specific grants for production), but such revenues constitute only a small share of funding.

Funding models are mostly exclusive, meaning that the main public funding model used provides all, or close to all, of the public funding. Two Member States (Ireland and Poland) however provide significant additional funding from the state budget to fund the PSM, reflecting insufficient revenue generation from licence fees.

[58]The Dutch PSM, will as a result receive a EUR 40 million compensation from public sources.

Figure 8 - Relative weight of main funding models (estimate)



Source: authors, based on PSM public revenues in 2021, and map of main models in 2023

The **licence fee** is the traditional funding model for public media across Europe. It was historically the dominant public funding model in most Western and Central European Member States.

Licence fees may take different forms. The traditional model is TV device dependent, obliging those having a TV set to pay the licence fee. This model is still maintained in Ireland, Poland as well as Austria, where the licence fee is only paid by registered owners of broadcasting equipment (i.e. devices connected by cable TV, terrestrial or via satellite transmission). Most Member States, however, have adapted the licence fees to link payment obligations also to connected devices.

Revenues generated from licence fees represent the majority of the public funding in the EU. Accounting for the planned shift from a licence fee model to a state funded model in Slovakia in July 2023, it may be estimated that funding by licence fees represents some 57% of total public funding across the EU.

Many Member States have, over the last decade, replaced their traditional licence fees models with funding from the general state budget. By July 2023, PSM in 14 EU Member States will have as their main funding model allocations from the state/regional budget (incl. Spain). This compares to 11 Member States funding public service media via licence fees.

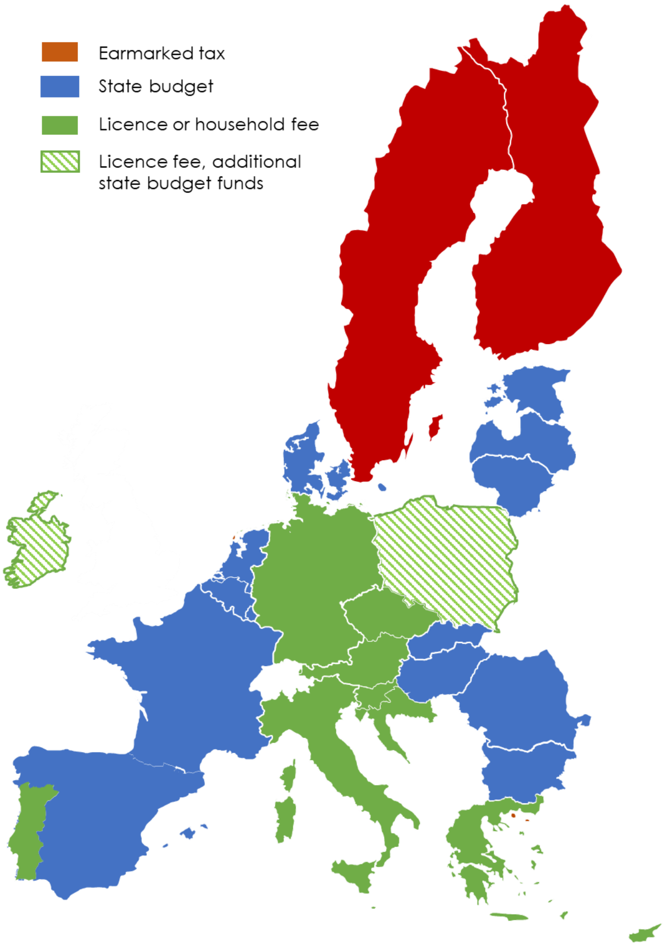
A main reason for this shift is the low sustainability of the (traditional) licence fee model in the context of digital consumption on platforms other than on TV. Other reasons include the perceived unfairness of a fee which is decorrelated from actual PSM consumption.

State budget allocations generally take the form of direct payments to PSM for their general operation[59]. How the budget allocation from the state budget is defined varies considerably. In most countries, the state budget allocation is decided annually by the national parliament – and thus forms part of general negotiation of the state budget. However, other models are used, such as calculating state revenues based on expenses incurred per hour of programming (Bulgaria) or a fixed share of the state budget and excise duties (Lithuania).

Across the EU, only two Member States (Finland, and Sweden) have opted for funding models involving **the full funding via earmarked PSM taxes**, i.e. taxes levied on individual income that meets certain income thresholds, (not necessarily high ones). Funds raised though this tax are earmarked for the funding of the national PSMs.

[59] There are exceptions however, (Malta and Luxembourg), where PSM funding is granted in the form of subsidies for specific programmes of a public service nature.

Figure 9 – Models of public finance – main funding 2023



Source: authors, based on country research

The Spanish model of PSM funding is also worthy of interest. While often classified under the broad category of state funding - since the majority of funds are allocated via the state or regional budget to national and regional PSM - the national broadcaster is, in part, funded through "Alternative Taxes". These taxes are levied against linear open TV channels (3% of gross income); pay-tv operators (1.5% of gross income); and (until 2022) telecommunications companies (0.9% of gross income).

In 2022 the Spanish government reformed its system for "alternative taxes" imposing a tax on conditional access linear services and on demand audiovisual media service providers as well as video sharing platform service providers so as to fund the national Spanish PSM RTVE. This change is catered for in the new audiovisual law[60] which foresee a 1.5% tax on on-demand and video sharing service providers to fund the RTVE.

2.2.3 *Strengths, weaknesses, and challenges of the public funding models*

Any assessment of strength and weaknesses of public funding models of PSM needs to account for the criteria of sustainability, adequacy, transparency, and independence[61]. The EBU operationalise these criteria as follows:[62]

- **Stable and adequate**. For PSM to meet their obligations, a predictable and stable source of funding is necessary. A sufficient and stable funding provides the basis for delivery of quality journalism and other content, in formats which meet the needs of the digital media age
- **Independent from political interference**. A key element of any PSM funding mechanism is independence from political interference. Trust in public service media, as well as the fulfilment of its role as a reliable and critical source of information, can only be ensured through guaranteeing media independence
- **Fair and justifiable**. Funding needs to be fair and justifiable to the public which ultimately pay for the media. The service provided must reflect the associated costs

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[60]LGCA 13/2022

[61] Recommendation CM/Rec (2018)1 of the Committee of Ministers to member States on media pluralism and transparency of media ownership

[62] European Broadcasting Union (2018) Funding principles for Public Service Media. Legal focus

- **Transparent and accountable**. The funding mechanism must be transparent. Only through transparency in revenues and expenditure can the public trust in the PSM be maintained

2.2.3.1 Licence fees

Licence fees (in the traditional device dependent form, or in the form of a household fee) have historically been the cornerstone of funding public radio and television in Europe and they are seen to carry important strengths. The fact that the public directly pays for public service media is seen to:

- **Contribute to arm's length with policy makers**. While policy makers define the fee to be paid, funds are separately and directly allocated to PSM[63], ensuring some independence from policy makers, at least in terms of funding.
- **Funding stability and predictability**. While licence fees may be changed, they are normally not up for revision, ensuring long-term visibility of revenues and consequently allowing for long-term planning.
- **Provide a direct and accountable link between consumers of news media and the PSM**). This direct link between consumers and broadcasters is seen to ensure (or promote) compliance with PSM values such as diversity, innovation, pluralism, and access. It is also seen to oblige public broadcasters to create high quality content - informing, entertaining, and educating audiences. It is also seen to promote news which remains free from political and commercial influence and interference.

However, the suitability of the licence fee model in the digital age has been questioned. Weaknesses of licence fees (especially the device dependent models) relate to overall low funding sustainability and evasion. The multiplication of commercial offers, decreasing consumption of linear TV and the rise in consumption on new platforms and devices, has decreased both the willingness to pay and the potential revenues to draw from licence fees. Device dependent forms of licence fees have been criticised for high evasion rates and, as a result, lower public contributions to the public broadcaster. Free-riding also raises the question of fairness and equitability, with some households paying for content consumed by others.

Challenges with the traditional device-dependent model has caused significant policy reform of the PSM financing models used in Europe over the last decade. Besides widespread discontinuation of the licence fee as a funding model, many Member States have revisited the licence fee model – opting for variants of the fee, expanding the definition of devices for which a fee is to be paid, and/or improved collection models.

As a result, the number of countries relying on the traditional definition of radio and TV sets as a basis for collecting the licence fee is decreasing. In 2023 only Ireland and Poland operate with a licence fee model tied to traditional devices. More countries, however, operate with definitions covering TV, radio, and tuners only (Austria, Italy, and Czechia).

In Austria, the implication is that the licence fee is only paid by registered owners of broadcasting equipment (i.e. devices in connection with cable TV, terrestrial or satellite transmission). Ownership of computers or mobile devices are excluded. In Italy, the same principle applies. However, Italy in 2016 reformed the licence fee collection system. The revision implied installing a system where households automatically pay their licence fee with their electricity bills (i.e. automatic opt in).

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[63] Though In several countries the licence fee revenues are top sliced, i.e. the total amount collected is shared between various beneficiaries.

Other European countries operating with licence fees have moved away from the criteria of radio/TV reception-devices ownership in favour of a licence fee in the form of a fixed household fee (Germany, Portugal, and Greece) or are in the process of doing so (Austria).

Household fees can ensure some contribution fairness and equitability (everybody pays) and a larger payment base and may therefore – compared to the traditional licence fee - also deliver reduced contributions for the individual, as the revenue base is larger. The planned changes to the Austrian funding model illustrate this point. The forthcoming household fee is set no higher than EUR 15.30 per month, a considerable decrease compared to the existing licence fee of about 22.45 Euro. Despite the decrease of the fee per household, the total amount of public funding for the public broadcaster is expected to increase to at least EUR 710 million per year[64], due to the increased number of payers (which not only includes private households but also commercial firms).

At the same time, household fees also raise questions of fairness and equitability. Questions of fairness and equitability both relate to payment of a fee for a service which may not be consumed, and to a pay per household (rather than an individual payment).

Substantive issues also remain as regards the adjustment/increases of the licence fees to meet public broadcasters funding needs[65]. In Ireland and Poland, for example, the amounts to be paid are fixed for years, requiring in effect top-up state budget contributions to cover increasing PSM costs – which thus undermines what is seen as some of the core benefits of the model. The scale of such challenges can be illustrated by the Irish example where the unsustainability of the existing licence fee funding model in early 2023 was made apparent with a gross debt of above EUR 50 million accumulated between 2016 and 2020 by Irish PSM RTÉ.

In Germany, where a household fee was introduced in 2013[66], there has been significant controversies around the increases in the fees in 2021[67], with regional governments blocking revenue increases. The issue was only resolved following the intervention of the German Federal Constitutional Court. More recently, several Minister Presidents have signalled that they would not support a further increase of the licence fee at the moment[68]. Consequently, the public service media are expected to cut costs.

Table 2 - An overview of key strengths and weaknesses of licence fees

	Strengths	**Weaknesses and risk**
Licence fee	• Establishes a direct link between broadcasters and the public. (accountable to its audience)	**Device dependent and other not obligatory measures**

[64] Public funding in 2021 was EUR 645 million

[65] In the majority of current national license fee systems, public service media operates with the revenues collected through license fee collection (with potential top slicing deductions). The practice of adapting fees based on actual needs (i.e. "responsive" or "needs-based," fees) is uncommon. Most of the current fees have not been adjusted since 2017. In several instances the nominal value of the fees have not been adjusted in the last decade. Exceptions are Austria, (which reviews the fee every 5 years) and Germany, in which the amount is regularly updated by a commission of experts (in place since 2019).

[66] In Germany each household or business pays the contribution (with specific social exceptions). The "household charge" is justified on the premise that every household, wherever situated, has access to the PSM offer and possesses some kind of receiving device. In Germany, this is known as the "solidarity model", where the public is expected to fund an "independent, high-quality, and diverse" public media system that everyone can benefit from.

[67] See for example Public Media Alliance Broadcast fee increase approved for German public media - Public Media Alliance

[68] Die Zeit Öffentlich-rechtliche Sender melden Finanzbedarf für 2025 bis 2028, 28 April 2023

	Strengths	Weaknesses and risk
	• Stable and predictable (longer term funding visibility). • Relatively independent from political interference. More limited governmental opportunities to change funding • Household charges ensure equal contributions ((all households effectively contribute)	• Traditional/device dependent models of licence fees not reflecting changing consumer patterns. Links to TV ownership outdated • Risk of payment evasion **All models of licence fees** • Unfairness of a flat rate household fee, levied irrespectively of revenues. • Forces viewers to pay for something they may not use • Risk of policy objection to adjustment of licence fees to meet public broadcasters funding needs • Where separate collection systems are used: administrative and cost burden

2.2.3.2 Funding the PSM though the state budget

In response to the challenges surrounding licence fees, many Member States have moved towards state funding as the funding model for broadcasters. State funding from the general state budget has the advantage of simplicity from an administrative perspective: the budget allocation to broadcaster is performed via the generate state budget, and there is no need for special collection and enforcement mechanisms. Taxpayers indirectly contribute to the state budget through paying their taxes.

State funding, however, also has important weaknesses. Key challenges are related to governmental arm's length. By placing funding under the general state budget, the model increases the risk of political interference in the operation of the public broadcaster. Funding cuts can be used as a means to control editorial independence and priorities, and funding can be affected by other governmental priorities (in yearly budgets).

The state budget model also implies enhanced risks of funding volatility and funding cuts, resulting from the fact that PSM funding becomes a part of the general budgetary discussions. State budget funding is therefore generally seen as requiring enhanced safeguards – compared to the licence fee model.

Experts in several EU Member States which have replaced licence fees with state funding in the last decade have expressed concerns over the sustainability of the funding to PSM. For example, in the case of Malta, there are reported concerns surrounding independence, governance and funding[69].

Likewise, a 2022 reform in France (which replaced the licence fee with a state budget funding model, implemented as part of a wider financial package of financial aid to help people cope with the spiralling cost of living), was criticised for threatening PBS independence from government[70]. Different stakeholders expressed strong concerns regarding both independence and funding sustainability. While a state funding model was

[69] See for example Dragomir Editorial Independence of State Media, see M Dragomir A.Söderström (2021) A Global Analysis of the Editorial Independence of State Media and an Introduction of a New State Media Typology, Centre for Media, Data and Society, CEU Democracy Institute

[70] See for example France Info, 3 July 2022 L'article à lire pour comprendre le débat sur la suppression de la redevance audiovisuelle and Olivier Alexandre et l'économiste Françoise Benhamou, La suppression de la redevance TV pose la question de l'indépendance des médias publics, editorial in Le Monde 16 mars 2022

proposed to ensure public funding replacement, the strategy only covers the short term (till 2024), after which a new public funding strategy will need to be devised.

More recently, in Slovakia the Parliament abolished licence fees with effect from 1 July 2023. The public broadcaster RTVS and some Members of the Parliament subsequently criticised the government[71] expressing concerns about the independence of RTVS.

Denmark is another example of shift to state budget – due to concerns over evasion rates under the licence fee model. Yet the Danish example is illustrative of the risks associated with state funding. In 2018 the Danish government decided to replace the licence fee, with a "non-earmarked" public service tax. While the reform in itself was not much debated, the change went in pair with a 20% funding cut of PSM revenues and imposed restrictions on the operation and content to be provided by the main national broadcaster. Public funding was subsequently increased in 2019 following government change.

A specific amount expressed as a percentage of GDP or a percent increase of public allocations to the PSM enshrined in law can help ensuring funding sustainability and adequacy as well as arm's length in the allocation of funding. Lithuania is one such example, where the PSM funding model is based on a fixed percentage of the annual state revenues (1%) as well as excise duties (from alcohol, tobacco, and energy products) received (1.3%) from the prior year – so as to ensure that the budget for PSM is not under direct control of any political party at any given time. However, this model is vulnerable to increases or decreases in public revenue.

Other models to ensure funding visibility can revolve around multi-annual funding planning, which, in Europe, is used in Norway, and in principle also Denmark. However, in the Danish case reviews of the media policy agreements have set out an unstable basis for public funding[72].

Table 3 - An overview of key strengths and weaknesses state budget funding

	• **Strengths**	• **Weaknesses and risk**
General state budget	Advantage of simplicity • No special collection or enforcement mechanisms are required • Universal contribution (all tax payers) • Less public debate about the necessity to fund the PSM	• Annual allocations, used in many Member States, generate little long-term funding visibility • Lack of arm's length/ risks of political interference though economic reward or reduction in funds (or treats of cuts) • Risk of greater volatility in funding allocations – resulting from annual allocations, and integrating of PSM funds in the general budget discussions

2.2.3.3 Earmarked tax funding

Earmarked tax, in the form of a dedicated tax specifically designed to fund the PSM, addresses many of the weaknesses associated with general state budget funding, while having many of the advantages of the licence fees. Because taxes are earmarked, the model contributes to

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[71] See, for example, Startitup Odvádza ho takmer každá rodina: Pri „podaní rúk" sa Sulík a Heger rozhodli zrušiť kľúčový poplatok, 21 December 2022

[72] In principle, the multi-year budgets are set out in the Danish Media Agreements (available here) and cover four years. Historically these Media Agreements have been reached with a wide political majority, ensuring their implementation, also in case of Governmental change. Since 2018, however, three different Danish Media Agreements have been published following governmental change, and the PSM budget has been reviewed.

arm's length with policy makers. While policy makers define the tax levels, generated taxes are separately and directly allocated to PSM ensuring independence from policy makers in terms of funding.

The model also contributes to ensuring high levels of funding stability and predictability: while the specific tax to be paid may change, they are, like licence fees, not subject to annual reviews.

The collection model is also rather simple. All taxpayers contribute as it is collected together with other taxes (e.g. income tax), in turn ensuring efficiency. It may also be argued that the model is fairer, in so far as all taxpayers contribute on the basis of their revenues (though ceilings are applied in both of the EU Member States which operate earmarked taxes). Earmarked taxes also provide a direct link between consumers and the PSM. Experts interviewed, however, note that the model, due to the universal requirements for funding, has generated more public debate about the needs for, and benefits of, public broadcasters to citizens.

In view of the advantages of the model, several academics interviewed as part of the study and others[73] have pointed towards this model as a long-term sustainable alternative to state funding. In practice, however, only two European countries have implemented this model (Sweden and Finland).

Table 4 - An overview of key strengths and weaknesses PSM funding via earmarked taxes

	Strengths	**Weaknesses and risk**
General state budget	• Establishes a direct link between broadcasters and the public – through direct and specific contribution • Relatively independent from political interference. More limited governmental opportunities to change funding • Stable and predictable (longer term funding visibility) Advantage of simplicity • No special collection or enforcement mechanisms are required • Universal contribution (all tax payers)	• Risk of reinforced /continuous public discussion on the needs and appropriateness of public/tax payers funding of the PSM on the citizen benefits generated from contributions, resulting from universal yet specifically allocated public contribution

2.2.4 Takeaways: variation and commonalities in public financing of PSM across Europe and beyond

2.2.4.1 Heterogeneity rather than homogeneity defines PSM funding in the EU

Public financing of PSM may be mapped by the form of funding (the funding model); the nature of what is being funded; the scale of funding (amount allocated through public funds); public funding dependency (the share of total PSM revenues which stem from public funding versus other independent sources of funding); and with reference to how funding amounts are defined as arm's length in relation to funding allocations. As regards arm's length and independence, it

[73] See for example Julia Cagé (2023) Another License Fee is Possible, For an Earmarked and Fair Funding of Public Service Media; Jean Jaurez Editions. Or Teledrama Pourquoi la suppression de la redevance va secouer l'Assemblée, 22 July 2022

appears that a given funding model does not provide guarantee of altogether greater PSM independence.

The sections above have reviewed variations and commonalities across different indicators related to PSM: funding amounts, scope of public funding, shares of public funding, and funding models. This section aims to aggregate this data, discussing the extent to which there is one or more common funding models for public service media in the EU, and the extent to which this/these model(s) is/are distinct from models in other European and third countries.

First, in terms of similarities, a key feature of PSM funding across EU Member States is that of high dependency on public funding for PSM operations. Public financing of public service broadcasters is, by far, the most substantive, and systematic form of public financing of news media in the EU. In 2021, 79.6% of total revenues of public service broadcasters in the EU stemmed from public funding.

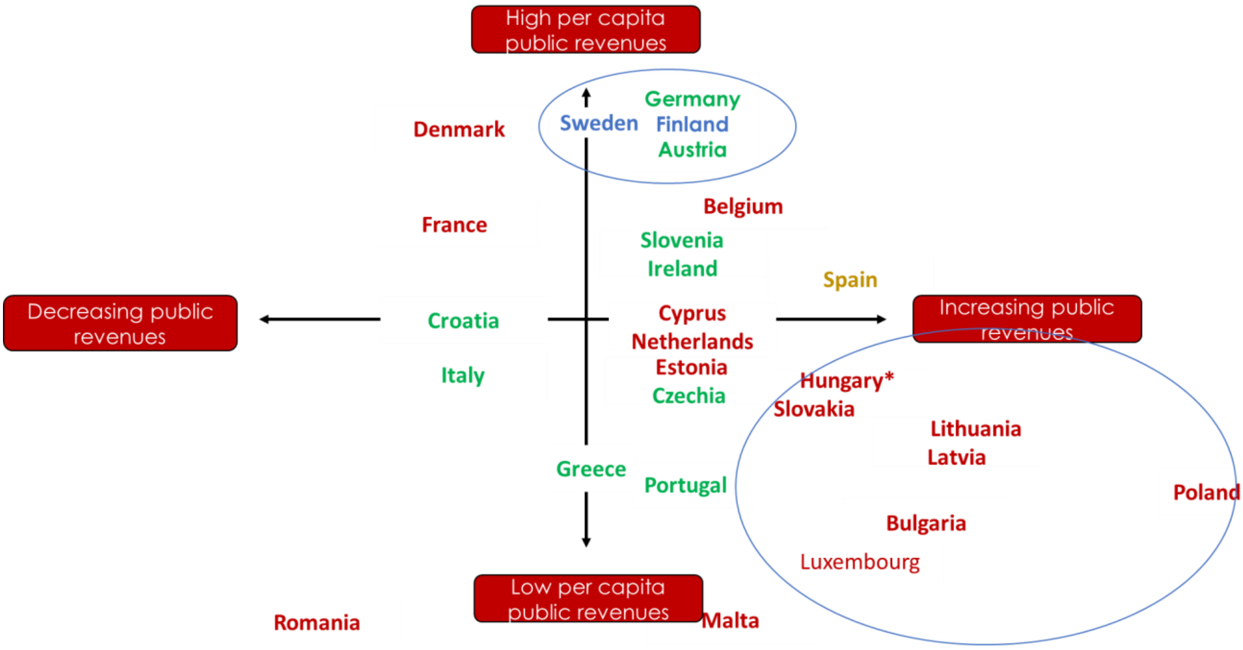
The share of public funding was higher (83.1%) in 2020, reflecting decreases in advertising revenues in a pandemic context. However, when considering the last six years the overall trend is that of stable and high[74] public funding shares of total PSM revenues. While public funding rates vary, public funding represents at least 60% of total revenues in all Member States, except Malta. A second feature across a number of Member States is that of (rapid) reform, either discontinuing licence fees (and turning to state budget models), or of turning licence fees into a household levy.

In terms of other public funding attributes (funding models, scale of funding per capita and public revenue developments), there is, in contrast, less similarity. This is true when considering all EU Member States, but also when considering groups of countries which use the same funding models, or which provide similar per capita funding to PSM.

Figure, 10 maps PSM in Member States in terms of per capita public revenues, revenues development and funding models. PSM funded with licence fees are indicated in green, state budget funded in red, earmarked tax in blue. Using the indicator of public revenues per capita, groups of "higher public funding", and "lower public funding" countries can be identified – broadly reflecting an East-West and, to a lesser extent, a North-South division:

[74] When comparing with other world regions

Figure 10 - Map of PSM public revenues – using nominal per capita revenues (2021), and revenue development (2016-2021[75]-



Source: authors, building on European Audiovisual observatory, database, and other sources

When considering potential groups, the research shows that public funding has significantly increased in selected Central European Member States with low per capita public revenues (Hungary, Lithuania, Latvia. Poland and Bulgaria – and more modest increases in Slovakia). Overall PSM in these countries have similar characteristics in terms of public revenues, funding model and revenue development.

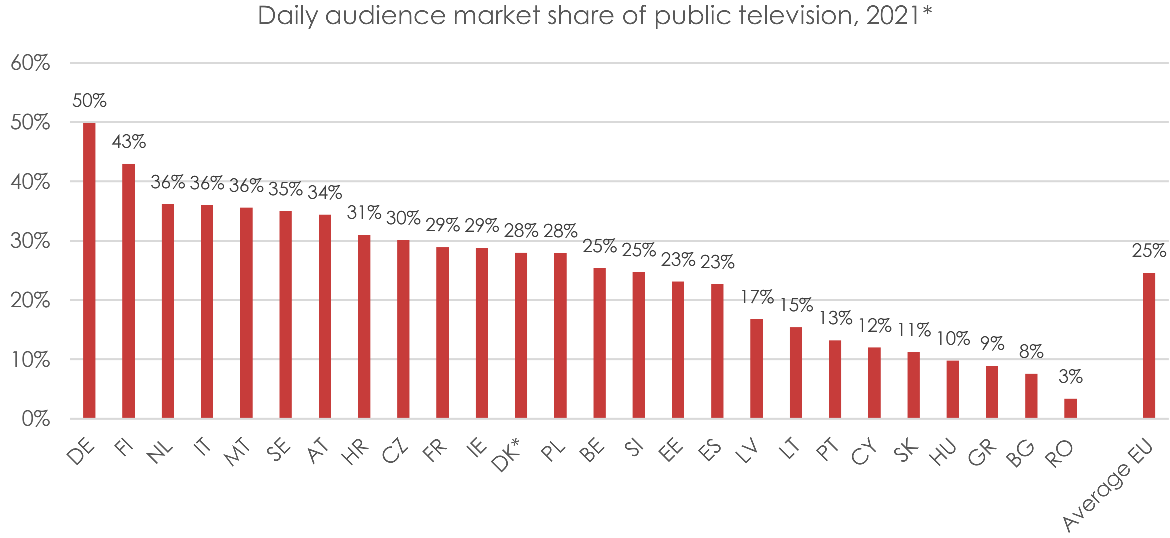
When looking at trust and consumption indicators, PSM in these countries are characterised by low audience shares[76] as illustrated in Figure 11 below. In contrast, they vary in terms of commercial revenue generation and in terms of public trust[77].

[75] Ranges are per capita revenue: from EUR 7.6 (Romania) to EUR 103.6 (Germany), Decreases in revenue for the 2016-2021period -20% (Romania) to +290% Poland (followed by LT +79%)

[76] For audience shares TV audience shares are used a proxy. Comparative data is not available for radio or digital channels.

[77] With Hungarian and Poland scoring <32% by far the lowest in EU-27, considerably lower than Lithuania, Latvia, Poland, and Bulgaria (see section 3.2 for trust data).

*Figure 11 - Daily audience market share of public television, 2021**



Source: European Audiovisual observatory, database. *Denmark: Nielsen, data from 2022, collected from Statista

A second group of Member States is composed of Germany, Finland, and Sweden. PSM in these countries all benefit from high and stable public funding ensured by effective funding models (earmarked taxes or household charges) and systems generally ensuring regular review of public funding revenues. The vast majority of revenues stem from public sources (+85%). PSM in these countries benefit from high public trust and consumption. Austria partially belongs to this group – in so far that it is characterised by high and stable public revenues, high public trust, and consumption. However, in this case, stable funding is ensured by "top up" funding from the state budget. The Austrian PSM is furthermore characterised by high commercial revenues representing a significant share of share of total revenues.[78] Denmark also shares some similarities (high budget, high public trust), but differs in its funding model and the lack of de facto long-term funding visibility in practice (as of early 2023)[79].

Beyond these two groups, identifying other clusters of countries is challenging. A general clustering of PSMs funding in categories of "high and predominantly stable revenues" versus "low but increasing" public revenues, would not be relevant as it would not capture a relatively large group of Member States which fit poorly into this broad differentiation. It also does not capture a reality of varied contexts and situations within such broad categories – where funding increases may result from imminent risks (e.g. the PSM bankruptcy risk in the case of Bulgaria[80]) or, on the contrary, reflect more substantive policy changes, including abolishment of PSM rights to generate advertising revenues and/or objectives to ensure stable and sufficient PSM funding aiming to reach EU Member States' funding averages (Latvia).

Finally, as Figure 10 shows, there is no correlation between funding models and revenues or revenues development – besides the category identified in the circles. Overall, besides the groups identified above, there is little communality as regards the funding models used; increasing or decreases in public funding; the extent to which there has been reform of funding

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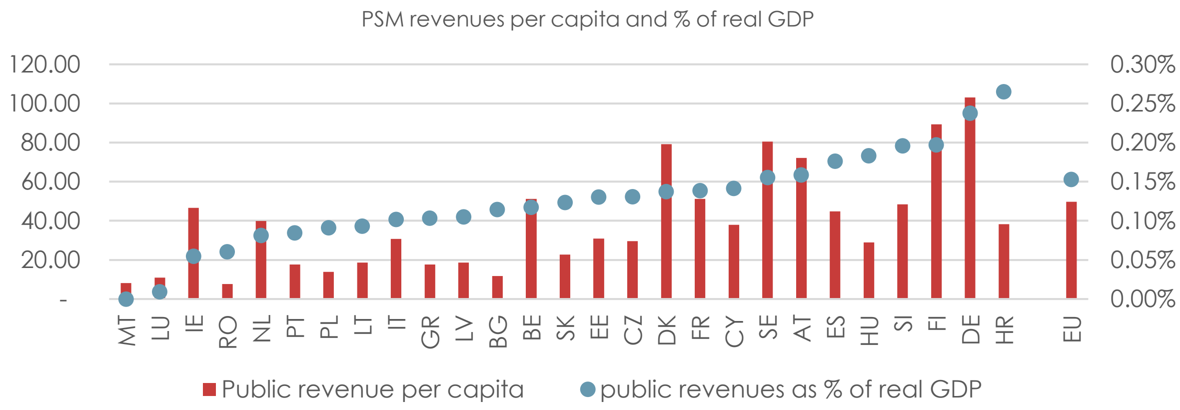
[78] 36% of PSM revenues in Austria are commercial revenues (Source: European Audiovisual Observatory. database)

[79] More explanation in footnote 69.

[80] See for example European Journalism Observatory, 2020, Bulgarian public service media under threat available here and IBC, 2020 Bulgarian PBS faces bankruptcy available here

models; population size or other attributes. Even the links that groups identified can be questioned if the scale of public financing is measured as a share of GDP (Figure 12):

Figure 12 – Public revenues er capita and % of real GDP, 2021



Source: European Audiovisual observatory database and Eurostat

High levels of heterogeneity to some extent also holds true when considering arm's length to political intervention, and editorial independence of PSMs. While PSM benefitting from high (EUR >70) per capita funding (Germany, Austria, Sweden, Denmark and Finland) also are considered (by stakeholders and experts consulted) to be anchored in financial and governance mechanisms that generally insulate them from governmental intervention, and the opposite holds true for most PSM with very low (EUR <15) per capita funding[81] (Romania, Bulgaria, Poland), there is a large variety within the middle group of Member States, where little or no systemic interlinks can be observed.

Similar observations apply when considering the funding model used and recent funding model reforms. While some countries which have shifted from a license fee funding model to a state budget funding model (Denmark, Romania) also experience recent decreases in public allocations in nominal terms, there is no general trend in recent years suggesting that shifts in main funding models, from license to state budgets, has gone in pair with short term changes to public revenues. Nor is there a trend suggesting that state funded PSMs overall have been more prone to decreasing public allocations, or that licence fee funded PSMs overall have been better shielded from funding cuts.

Finally, it may be observed that whether or not a PSM has the right to generate commercial revenues appears to have a modest overall impact on public funding levels. While prohibition on advertising goes in pair with high per capita public financing in the Nordic countries, this is not a general feature outside of these countries, as Germany and Austria illustrate.

What is thus apparent, from both qualitative and quantitative data, is fairly high levels of heterogeneity when considering public financing of PSM and financing models. This heterogeneity is further illustrated by the qualitative data, which showcase a large number of country-specific challenges that, to a significant extent, are independent of the funding models, and scale of funding. This result is not new. A 2017 study, covering nine Member States, likewise

[81] For a mapping of Editorial Independence of State Media, see M Dragomir A.Söderström (2021) A Global Analysis of the Editorial Independence of State Media and an Introduction of a New State Media Typology, Centre for Media, Data and Society, CEU Democracy Institute

concluded that PSM budgets vary enormously across Europe and organisations do not share a common financial or organisational strategy[82].

Building on the qualitative evidence collected though the interview programme, we also find that the model under which a PSM is funded does not appear to influence the level of independence it experiences – although there is evidence that PSMs which are funded via the state budget have experienced more funding volatility, either in the form of funding cuts or in the form of funding increases. This is not to say that PSM have not experienced political pressure in recent years, but rather that overall, we do not find evidence of more political pressures in state funded versus licence fee models.

Table 5 below provides a comparative overview of headline quantitative indicators and descriptors of EU PSM funding models:

82 Raluca Radu (2017) Europe's Public Service Media: No Common Strategy

Table 5 - Overview of Public funding of PSM

	Funding model	Public revenue per capita (€)*	% revenues from public funds 16-2021**	P. revenue develop. 2017-21	P. revenue per capita (2021)	public rev,% of GDP	% of rev, public funds	P. revenue develop 2017-21	Comments
HR	Licence fee	Medium	High	Decrease	38.25	0.26%	91%	-5.84%	
DE	Licence fee (household fee)	High	Medium	Increase - below inflation	103.01	0.24%	85%	5.66%	Licence fee in the form of a solidarity which aims at ensuring the greatest possible equity in financing – with all citizens, companies, institutions, and public welfare organisations contributing, irrespectively of consumption. Discussion about reorganising the financing of public service media in order to change the automatism of regularly rising fees. Multi-stage process of deciding the amount of the broadcasting fee and the public financing of the broadcasters through the broadcasting fee, which is decoupled from the state.
FI	Earmarked tax	High	Very High	Increase - below inflation	89.29	0.20%	98%	6.93%	Earmarked tax funding model, generating high and stable public financing.
SI	Licence fee	Medium	Medium	Increase - below inflation	48.45	0.20%	80%	5.83%	Public funding (as % of GDP), ranging EU averages in nominal terms. Stagnant funding development.
HU	State budget	Low	Medium	Large increase	29.00	0.18%	85%	20.01%	Large increases in public funding of PSM since 2016 (especially counting in the national currency)
ES	State, and regional funds, alternative tax,	Medium	High	Large increase	44.85	0.18%	93%	21.94%	Only example of alternative tax funding model. With BE, only example of a partially regionally funded PSM. A decade long deficit situation of national PSM, (debt burden of around EUR 284 million[83]).
AT	Licence fee	High	Low	Increase - below inflation	72.23	0.16%	64%	8.46%	Austria is expected to introduce a household levy in 2024 – similar to the model practiced in Germany

[83] Vox Populi, La deuda de RTVE aumenta en 37 millones en tres meses y ya se aproxima a los 300, 31 May 2023

	Funding model	Public revenue per capita (€)*	% revenues from public funds 16-2021**	P. revenue develop. 2017-21	P. revenue per capita (2021)	public rev,% of GDP	% of rev, public funds	P. revenue develop 2017-21	Comments
SE	Earmarked tax	High	Very High	Stagnant	80.58	0.16%	96%	2.15%	
CY	Licence fee	Medium	Very High	increase	37.96	0.14%	96%	14.90%	
FR	State budget	Medium	Medium	Decrease	51.28	0.14%	77%	-7.08%	Device dependent licence fee abolished in 2022 and replaced with revenues from the state budget. In the form of a fraction of the VAT revenue until the end of 2024[84].
DK	State budget	High	High	Decrease	79.27	0.14%	91%	-6.76%	Since 2018 and the reform of the funding model, funding fluctuation. Currently, lack of long-term visibility as regards funding and funding ceilings – though multiannual media plans are intended to ensure stability.
CZ	Licence fee	Low	Medium	Increase - below inflation	29.67	0.13%	89%	6.24%	The nominal value of the licence fees not reviewed since 2000's. No plans for changing the licence fee funding model of the PSMs (though there has been continued debate).
EE	State budget	Medium	High	Increase - below inflation	30.88	0.13%	94%	6.32%	State funding revenues are low but stable, after substantial cults of public allocations, following the 2009 financial crisis.
SK	State budget	Low	High	increase	22.67	0.12%	90%	15.44%	Slovakia abandons licence fee July 2023 for a state funding model
BE	Regional budget	Medium	Low	increase	51.13	0.12%	68%	13.03%	Regionally funded (within regional competencies exclusively).
BG	State budget	Very low	High	Large increase	11.77	0.11%	91%	47.66%	Revenues stemming from the state budget based on a "per hour of programming".
LV	State budget	Low	Very High	Large increase	18.68	0.11%	96%	68.75%	In 2021, the PSM left the advertising market. Ongoing discussions on a new funding model as of early 2023–

[84] No funding clarity post 2024.

	Funding model	Public revenue per capita (€)*	% revenues from public funds 16-2021**	P. revenue develop. 2017-21	P. revenue per capita (2021)	public rev,% of GDP	% of rev, public funds	P. revenue develop 2017-21	Comments
									with consideration of an earmarked tax, fixed shares of the state budget or fixed share of income tax and excise duties.
GR	Licence fee (household fee)	Low	High	Stagnant	17.63	0.10%	93%	3.13%	Collection of the licence fee is done by the electricity companies (automatically charged in the electricity bills).
IT	Licence fee	Medium	low	Decrease	30.72	0.10%	68%	-4.71%	Collection of the licence fee is done by the electricity companies (automatically charged in the electricity bills).
LT	State budget	Medium	Very High	Large increase	18.72	0.09%	97%	71.57%	Fixed shares of the state budget and excise duties constitute the budget allocations (1% and 1.3% annually). In 2021, advertising revenue generation was abolished.
PL	Licence fee, complemented by state funding	Very low	Low	Large increase	13.88	0.09%	64%		Inadequate licence fee funding, requiring substantive direct contributions from the state budget.
PT	Licence fee (household fee)	Low	Medium	Increase - below inflation	17.63	0.08%	81%	7.66%	Government, has noted that RTP needs more financial support[85].
NL	State budget	Medium	low	increase	39.90	0.08%	74%	15.28%	Complex PSM structure with main PSM, and other media appointed PSM like service.
RO	State budget	Very low	High	Large decrease	7.63	0.06%	92%	-20.44%	Very low per capita funding, substantive decreases in public funding between 2016 and 2020 (PSM rescued from near bankruptcy in 2016).
IE	Licence fee - with additional state contributions	Medium	Low	Increase - below inflation	46.54	0.05%	60%	9.64%	Inadequate device dependent licence fee, along with decreasing commercial revenues requiring top up funding from the state budget (43% of total public allocations in 2020). The unsustainability of the current PSM funding model was made apparent with a significant debt accumulated between 2016 and 2020

[85]RTP Governo mantém o valor da contribuição para o audiovisual da RTP 12 October 2021

	Funding model	Public revenue per capita (€)*	% revenues from public funds 16-2021**	P. revenue develop. 2017-21	P. revenue per capita (2021)	public rev,% of GDP	% of rev, public funds	P. revenue develop 2017-21	Comments
									by main PSM RTÉ. Replacement with reformed licence fee is in discussion.
LU	State budget	Very low	Very High	Large increase	10.90	0.01%	98%	19.93%	PSM operated by private provider, with public funding paying for public service content. (RTL Télé Lëtzebuerg). Radio is provided by the public radio broadcaster 100.7.
MT	State budget (and private revenues)	Very low	Low	Increase - below inflation	8.10	0.00%		7.18%	Prior to 2012, the public funding consisted of all TV license sale and government subsidies. In 2011, the government announced the removal of TV licence from 2012. resulting in a loss of annual revenue of around EUR 4 million to PBS. In 2021, EUR 4.1 million subsidy and EUR 2.4 million in advertising plus other direct government grants were given to PBS to help avoid bankruptcy amid concern of state intervention[86],

"" Medium means around EU average (EUR 30 to 70, high means EUR >70 , low EUR <30 very low EUR <15*
*** Medium means around EU average (70% to 90%) high means >90% , low EUR <70% very high EUR >95%*
Source: interviews and desk research undertaken across the EU, and data from the European audiovisual observatory, and Eurostat

[86] Public Media Alliance Malta: PBS labelled 'state controlled' amid press freedom concerns, 26 October 2021 /

2.2.4.2 Heterogeneity in PSM funding in EU confirmed when comparing to selected non-EU countries

As required, a high-level analysis of PSM funding in selected third countries (Norway, Iceland, Switzerland, Canada, and Australia)[87] has been undertaken to identify if, and how, public funding of PSM in EU Member States differ from public funding in comparable third countries – later referred to as "comparators". The purpose has been to assess if, and to what extent, EU models of public financing – distinct from that of third countries - can be identified.

Overall, we find that:

- There are marked differences in between the comparators in terms of public PSM revenues. Large differences are found between European countries (Norway, Switzerland, Iceland, and the UK) and non-European countries (Australia and Canada). PSM from European comparators generate, in absolute terms, high per capita revenues ranging, or exceeding, those of the top public revenues generating EU PSMs. Public per capita revenues of the Australian and Canadian PSM are markedly lower – yet higher than those found in EU Member States where PSM have low per capita public revenues.
- If public revenues are measured as a share of GDP, the same differentiation may be made. Public revenues of PSM in European non-EU countries range 0.14%-0.19% of GDP (within the range of countries such as Denmark, Spain, Austria, and Finland – but lower than Germany), whereas for the Canadian and Australian PSM the shares are 0.05% and 0.06% (ranging with those of Ireland and Romania and among the lowest in the EU). This variation is significant but is smaller than that found between different EU Member States.
- Overall, there is nothing to suggest that EU PSM overall are more reliant or less reliant on commercial revenues than those of the European comparators. Rather, some of the comparators show similarities with those of selected EU Member States:
  - As with its Nordic neighbours, the Norwegian PSM NRK, is prohibited from generating advertising revenues[88]. Norway also operates with a non-earmarked dedicated tax (as in Denmark) and allocates high per capita funding.
  - The UK PSM media model involves the publicly funded BBC, which generates advertising revenues, but only on its global offer (i.e. not within the UK). The British publicly owned broadcasters with public service obligations also include Channel 4 which, similar to the Danish publicly owned but commercially funded TV2 channel, carry public service obligations.
  - The Swiss public service broadcasters all generate advertising revenues, but the share of commercial funding in the total revenue envelope is on a par with the EU average.
- Commercial revenues of PSM are more widespread among other comparators, with the Canadian broadcaster CBC generating in the range of 35% of its revenues from commercial activity. Compared to most PSM in the EU, this share is high, but it is lower than that of PSM in Poland, Austria, Ireland, and Malta. A specific and marked difference with European PSM is that of revenue generation via subscription which, in the case of the CBC, generates 24.5% of commercial revenues[89].
- There are also in-country differences. In the case of Australia, the main public broadcaster, Australian Broadcasting Corporation (ABC), is prohibited from carrying advertising whereas

[87] Which were chosen because of broad societal, political, and economical similarities.

[88] Public allocations, however, are allocated to the commercially broadcaster TV2, so as to provide commercial public broadcasting (until end 2023)

[89] CBS, Annual Report 2019-2020

the Special Broadcasting Service (SBS) is a hybrid-funded public service broadcaster that generates about 31% of its funding though commercial activity, primarily advertising[90].

- As with many EU broadcasters – and especially those with large per capita revenues - most PSM comparators have been subject to mostly very small public revenue increases over the last years. As it is the case with European PSM, there is no clear trend in terms of public revenue expectations in the short and medium term. In the UK, a two-year licence fee freeze was agreed early January 2022,[91] after which the licence fee is expected to rise in line with inflation until 2027. In Australia, an increase in real term revenues has recently been agreed to cover the next five years, an increase which follows funding cuts put in place under the previous government[92].

In terms of funding models, comparators mirror patterns found within the EU with reliance on state budget funding (Iceland, Norway, Australia, and Canada).

Licence fees are collected in Switzerland (in the form of a universal household fee) and in the UK (as a device dependent fee). There is, however, uncertainly as regards their potential long-term sustainability – especially in the UK, where a bill to abolish the licence fee as from 2027 is, as of early 2023, tabled in its Parliament.[93] In Switzerland, a referendum was held in 2018, where the proposal to abolish the licence fee was rejected – suggesting potential longer-term sustainability. However, it is understood that policy groups and business associations are working towards another referendum targeting Switzerland's PSM funding model[94].

A feature, however, which appears prominent in the comparator cases which are reliant on state funding, is the overall higher levels of funding visibility (compared with the EU) in the form of multiannual governmental planning (Norway, four years[95] and Australia, five-year funding cycle[96]) or in the form of funding via a fixed tax rate (Iceland).[97]

Selected data from comparators are included in the table below:

Figure 13 – PSM data from comparators

	Public funding model	**Public revenue per capita (EUR)**	**% of revenues from public funds**	**Public revenues given GDP**
Australia	State budget funding	34.4	93%	0.06%
Canada	State budget funding	22.8	65%	0.05%
Switzerland	Licence fee	132.9	82%	0.17%

[90] SBS, Annual Report 2021

[91] BBC Licence fee freeze will hit programmes, BBC director general says - BBC News, 18 January 2022

[92] Ministers for the Department of Infrastructure National broadcasters finally have funding certainty as a result of Albanese Government's 2023-24 Federal Budget.

[93] UK Parliament BBC Licence Fee (Abolition) Bill - Parliamentary Bill

[94]Reuters Institute: 2022 Digital News Report; Country report Switzerland

[95] Nordicom, The Nordics replace licence fee with public service tax, 18 September 2019

[96] Ministers for the Department of Infrastructure National broadcasters finally have funding certainty as a result of Albanese Government's 2023-24 Federal Budget

[97] Ibid

	Public funding model	Public revenue per capita (EUR)	% of revenues from public funds	Public revenues given GDP
Iceland	State budget funding	84.1	66%	0.14%
Norway	State budget funding	107.6	98%	0.14%
UK (BBC only)	licence fee	72.0	77%	0.19%

Source: calculations based on Eurostat, European audiovisual observatory, Statista, and public broadcasters Australia and Canada

Altogether, the available data does not allow to point to a specific EU, or European model of financing of news media. Rather, (and despite further research being necessary, in particular on comparisons with other non-EU countries) one may identify different European models based on variation in per capita expenditure, public service media independence and funding models.

2.3 Public financing of private news media in the EU

Main findings: Public financing of private news media in the EU

Support for private news media exhibits significant variations among EU Member States. Large disparities exist in terms of funding scale, chosen approaches, financing instruments, and the entities benefiting from this support.

Scale of Public Funding It may be estimated, based on the data which is publicly available that national governments in Member States allocated, in 2022, in the range of EUR 1.32 billion of direct and indirect financial support to private (incl. not-for-profit) news media across the EU. This number excludes the value of reduced VAT and state advertising, contributions to the operation of national press agencies and funding for documentaries (no systematic data available).

This fairly low level of public aid reflects that many Member States (including a number of larger Member States) have only implemented small size public support schemes – additional to VAT reductions and state advertising. In 2022, only Austria, Belgium, Denmark, Italy, France, and Sweden have implemented schemes, exceeding a value of EUR 50 million in (VAT reductions excluded). Highest per capita funding is in Luxembourg (a per capita of EUR 16.5), followed by Belgium, Denmark Austria, and Sweden, each with a per capita allocation of more than EUR 9.5. In total, 18 EU Member States provide an estimated per capita allocation of less than EUR 2.

Main beneficiaries Public direct and indirect support benefit a relatively large and heterogeneous group of news media. Media support includes aid to print news media, radio, and TV (often support to community, local/regional and minority languages) and, to a smaller measure, native digital news media, Support may also be provided directly to carriers and to journalists, either in the form of project funding for documentaries or other content, or in terms of training and other professional support.

Overall, 62% of the mapped funding was allocated to funding of newspapers and periodicals (incl. distribution of print media and native digital news media), 26% was allocated to subsidies and grants for radio and TV. In total, 11% was allocated to schemes and programmes which provide support to different forms of media, either through separate calls for specific media types of through calls which may benefit several types of media, or directly producers of news content.

Public financing models, strengths, and weaknesses. Public aid comes both in the form of direct and indirect financing. Direct financing covers subsidies and grant. Subsidies generally cover operating cost of news media (radio, TV, newspapers, and native digital news media), or in some cases newspapers distribution paid directly to the publication houses. Grants typically target a specific area of intervention (e.g. innovation, development of specific types of content). Indirect financing cover mostly reduced VAT, newspapers distribution (paid to carriers), tax credits and other tax rebates. Finally, state advertising, despite not falling within the traditional definition of public support, represents a significant source of revenues of news media in many Member States.

Funding mechanisms employed across the EU demonstrate distinct strengths and weaknesses. Subsidies often involve distribution of significant amounts of funding, supporting financial resilience of news media and media plurality. Some models used, however, are criticised for a lack of funding concentration on pressing needs, market distortion, favouritism of legacy media and in some cases also unfair distribution. Grant funding has the benefit of targeting selected priority areas, and may drive innovation, experimentation, and new forms of journalism. However, grant funding often has a small financial impact, funding is not sustained and stakeholders' express concerns about subjectivity in the selection process.

Reduced VAT rates are consistently considered to have a positive impact on the financial situation of news media which benefit from the reduced rate. Reduced VAT rates are also seen as fair and predictable. However, there is a potential for discrimination when the reduced VAT rates only benefit certain types of news media. Other forms of tax rebates are also considered fair, but doubts persist regarding their effectiveness.

Finally, distribution support, which constitutes a substantial portion of total public financing in a number of countries, is questioned for its continued viability and relevance. While distribution supports accessibility to news media, it comes with high costs, potentially crowding out other forms of support. Distribution support also benefits a consumer group which is decreasing in size and does not encourage digital transformation and modernisation of news media in the context of changing consumption patterns.

Besides its function to serve public campaign objectives, or other awareness raising activities, state advertising is in some cases a significant source of news media revenue. State advertising can quickly be deployed. As a support mechanism, however, state advertising, can be a problematic source of revenue. Past studies found no evidence of substantive and fair distribution of state advertising in the context of usage of state advertising as a means to support news media. Furthermore, when used in large amounts over time as a media support tool, there is a risk of the instrument being used for media capture.

Is there an EU model of public financing of private media? Support for private news media varies significantly among EU Member States, with notable disparities in funding scale, chosen approaches, financing instruments, and the beneficiaries of this support. While there is not a single EU model of public financing for private media, we can identify several common models across Member States:

- *Maximalist Model*: The Maximalist model entails high per capita levels of funding through direct support coupled with indirect support in the form of VAT reductions. Funding is characterised by blanket or semi-blanket support measures primarily focused on the print news media and, to a varied degree, on the electronic and native digital news media. Support for innovation and start-ups is sometimes also provided. Austria, Denmark, Sweden, Luxembourg, adopt this model. Belgium also falls into this category due to the significant amounts allocated to press distribution (substantive direct support is only provided in Wallonia).

- *Mixed Models*: France and Italy employ mixed models, combining lower levels of direct support with various forms of indirect support, such as tax credits, distribution support, reduced social security contributions, and other measures. Both local and regional TV and radio stations, as well as printed press, benefit from direct measures. Indirect measures, including distribution support, primarily target the print media. These countries have the second-highest levels of public support for media and employ a broader range of interventions.
- *Selective Support Models*: Latvia, Lithuania, the Netherlands, Croatia, Slovenia, and Portugal operate with selective support models, providing targeted assistance through grants and grant-like schemes coupled with reduced VAT rates. Public financing in these countries focuses on content, quality, and innovation in the media sector, rather than blanket support. Funding levels are relatively low.
- *Mono-Modal Support Models*: Czechia, Slovakia, Poland, Hungary, Estonia, Malta, Finland, Ireland, Germany, Greece, and Bulgaria adopt mono-modal or close-to-mono-modal models, primarily offering support through reduced VAT rates. Some may provide small-scale additional support for news media in minority languages or niche activities. Within this broad category there are two sub-categories: Countries with a mono-modal financing model, in a stronger news media environment (DE, IE and FI) and countries operating with a mono modal financing model in fragile news media environment (CZ, SK, PL, HU, EE, MT, EL, RO, and BG). In the latter group of countries, news media, are due to their vulnerable media situation, prone to being dependent on state advertising, especially at local levels.

Support for private news media exhibits significant variations among EU Member States. Large disparities exist in terms of funding scale, chosen approaches, financing instruments, and the entities benefiting from this support.

Public aid comes both in the form of direct and indirect financing. Indirect financing, such as tax rebates, reduced VAT rates and distribution support are managed by the state. Direct support, in the form of grants, subsidies and non-monetary support may be implemented at national, and regional levels and in some cases at local level.

Additional to direct and indirect media support, is state advertising. State advertising does not fall under what is generally considered as direct and indirect press and media support. In practice, however, state advertising operates as indirect aid in some countries.

Public direct and indirect support benefit a relatively large and heterogeneous group of news media. As well as support to written news media support also includes aid to radio and TV – often in the form of support to community, local and/or regional private media. Support may also be provided directly to journalists, either in the form of project funding for documentaries or other content, or in terms of training and other professional support.

The objectives of such schemes vary. Besides overarching aims to support media pluralism, dissemination and ensuring citizens access to information – schemes may support a variety of more specific objectives including innovation or news media modernisation, qualitative media coverage, and support to news in minority languages (the latter usually in the framework of cultural policies, to support ethnic minority activities).

In terms of financing practices, there are similarities as well as large differences. All Member States have introduced reduced VAT rates for print media (though reform and increase of the Czech reduced VAT rate is expected). Most have also expanded the reduced VAT rates in recent years so as to cover digital editions of print newspapers and native digital news media content, and in some cases other forms of written news media (e.g. news magazines).

As regards other forms of support, there are substantive differences. Some Member States have implemented large generalist subsidy schemes for the print press (or written press more broadly so as to cover native digital news media also), some have implemented relatively targeted schemes to address specific needs and priorities, and others again have taken a more "hands off" approach by implementing only few and small, or no support schemes besides reduced VAT rates. There are also differences in the extent to which Member States have favoured direct and indirect subsidy schemes, and the impact of Covid measures on subsidy measures.

In line with the requirements set out in the tender specifications, this section aims to present a comprehensive overview of public financing of private news media in the EU. The section is organised in 3 main subsections:

- Section 2.2.1 provides a headline overview of financing mechanisms in place across the EU, considering scale and budget allocations, main intended beneficiaries, and main intervention areas.
- Section 2.2.2 provides a detailed qualitative overview of the financing practices in place and their strengths and weaknesses.
- Finally, section 2.2.3 provides an analysis of differences and communalities in Member States approaches.

The baseline data used for the section covers 2022 – while also referencing measures undertaken during the pandemic. The section does not consider ongoing reform, and reforms which have been agreed in 2023. These are covered in section 3.1, which discusses and reviews trends in public financing, including current reforms and reform discussions as of early 2023. The coverage of the analysis includes written as well as audiovisual news media, as required by the study specifications.

As an introductory overview, Table 6 presents a concise summary of the main practices implemented in the year 2022. State advertising is not included in the table due to the limited availability of comprehensive data on this particular topic.

Table 6 - Approaches to support to private and not-for-profit media in 2022 – an overview (VAT excluded)

	Value of support per capita, VAT reduction excluded*	**Main implementation mode (VAT excluded)**	**Mains type of support (in terms of % of total financial aid – direct or indirect – VAT excluded)**	**VAT reductions in place**	**Indirect other than VAT reductions**	**Main beneficiaries (VAT excluded)**	**Main funding body**	**Regional schemes (local excl.)**
Austria	High	Direct support	Grants (since 2022), subsidies	Yes	No	Print news media	National	X
Belgium	High	Indirect support Direct support (Wallonia)	Distribution support W: subsidies, F: investigative journalism	Yes	Yes (distribution)	Print news media	National	X
Bulgaria	Not known (distribution support only)	Indirect support	Distribution support	Yes	Yes (distribution)	Print news media	National	
Croatia	Medium	Direct support	Operating production subsidies	Yes	No	Radio and TV	National	
Cyprus	Low	Direct support	Operating production subsidies	Yes	No	Print news media	National	
Czechia	Low	Direct support	Project support	Yes	No	Community media in minority languages	National	
Denmark	High	Direct support	Operating production subsidies innovation a	Yes	No	Written general news media (both print media and native digital)	National	
Estonia	Medium-low	Indirect support	Distribution support (rural only).	Yes	Yes (distribution)	Print news media	National	
Finland	Low	Direct support	Distribution Subsidies (minority languages)	Yes	No	Newspapers minority languages	National	
France	Medium	Indirect and direct support	Distribution, tax and social security reductions, subsidies	Yes	Yes (several)	Print news media	National	
Germany	Low	NA (only minor national scheme)	Grants at regional level	Yes	No	Not known (other than for VAT)	Regional	X
Greece	None			Yes	No		NA	
Hungary	Low	Direct support	Operating production subsidies	Yes	No	Local TV and radio	National	

	Value of support per capita, VAT reduction excluded*	Main implementation mode (VAT excluded)	Mains type of support (in terms of % of total financial aid – direct or indirect – VAT excluded)	VAT reductions in place	Indirect other than VAT reductions	Main beneficiaries (VAT excluded)	Main funding body	Regional schemes (local excl.)
Ireland	Low	NA	The only scheme available relates to documentary like production.	Yes	No	Journalists	National	
Italy	Medium-high	Indirect support	Tax reductions inc. for distribution and advertising, direct subsidies, and grants	Yes	Yes (several)	Print news & regional radio and TV	National	x
Latvia	Medium	Direct support	Grant support for specific production	Yes	No	Press, radio, and television	National	
Lithuania	Medium-low	Indirect support	Distribution support (rural only). Grant support for specific production	Yes	No	Print news media	National	
Luxembourg	High	Direct support	Operational production support	Yes	No	Written general news media (both print media and native digital)	National	
Malta	Low	NA	Ad hoc paper subsidy (one off in 2022)	Yes	No	Print news media	National	
Netherlands	Low	Direct support	Grants	Yes	No	All forms of news media	National	
Poland	Estimated low	Direct support	Competitive subsidies	Yes	No	Minority language press	National	
Portugal	Low	Indirect support	Distribution support	Yes	Yes (distribution)	Local and regional media (press and radio)	National	
Romania	Estimated low	Direct support	Competitive subsidies	Yes	No	Minority language press	National	
Slovakia	Estimated low	Direct support	Grants (content production)	Yes	No	Periodic minority language media	National	
Slovenia	Medium-low	Direct support	Grants (content production)	Yes	No	Print and radio	National	
Spain	NA/estimation not possible	Direct support	Operational production support	Yes	No	Print news	Regional	X
Sweden	High	Direct support	Operational production support	Yes	No	Print news media	National	

*High: >€9; Medium-high: €6-9; Medium: €4-6, Medium-low: €1-3, low: <€1, Source; desk research in all EU Member States (multiple sources, and interviews)

2.3.1 *Overview of public financing practices targeted private media*

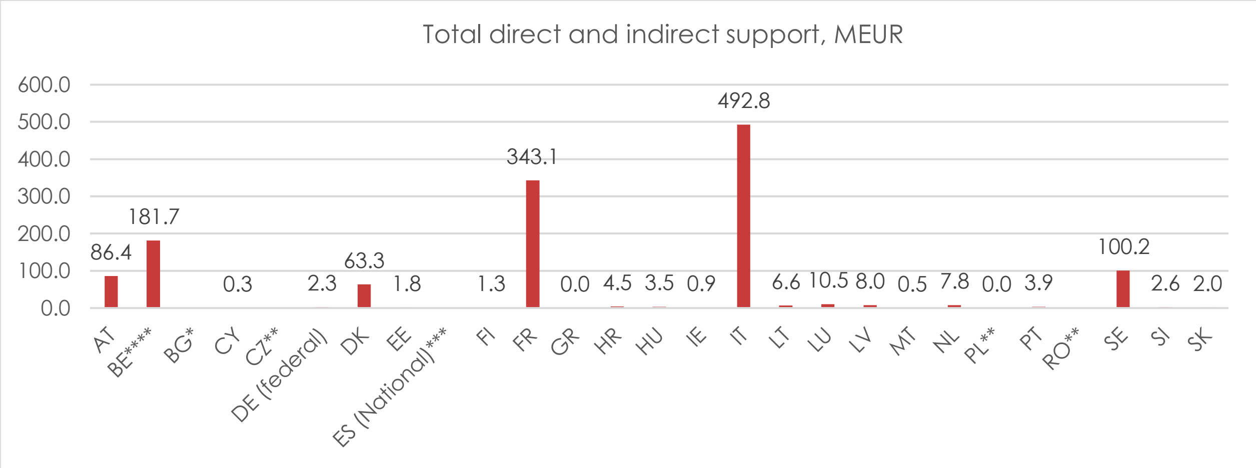
2.3.1.1 Scale of measures

Based on the data, which is publicly available, it may be estimated that national governments in Member States allocated some EUR 1.32 billion in 2022[98] to direct and indirect support other than VAT (for which there is no systematic data available) to commercial and not-for-profit media across the EU.

This number includes support to radio, TV, print and digital newspapers (incl. native digital) and excludes PSM support, public subsidies, and grants at regional level in countries (other than in Belgium) as well as local support. It also excludes contributions to the operation of national press agencies and funds which finance documentaries (film funds and other targeted support for production of documentaries[99]). Finally, it excludes the value of reduced social security contributions[100].

This fairly low level of public aid reflects that many Member States (including a number of larger Member States) have only implemented small size public support schemes – additional to VAT reductions. Only a handful of Member States allocated in 2022 direct or indirect support, exceeding a value of EUR 50 million in (VAT reductions excluded). These countries are Austria, Belgium, Denmark, Italy, France, and Sweden.

Figure 14 - Estimated total value of direct and indirect support per Member States (VAT and state adverting excluded), 2022 (or latest available year)



*BG: Distribution support: no information on the value ** only schemes covering minority languages, budgetary data not available (CZ, RO, BG), ***ES: no schemes at the national level **** BE: regional support included (as media policy exclusively is a regional competence)
Source: authors, building on country research (sources include State budgets, governmental reports, official webpages covering financing schemes. Parliamentary reports, Nordicom, and articles)

[98] The amount account for the budgets which have been traced in publicly available data across Member States

[99] Documentaries have been excluded as costs mostly are available per fund, and these funds mostly fund fiction along with documentaries.

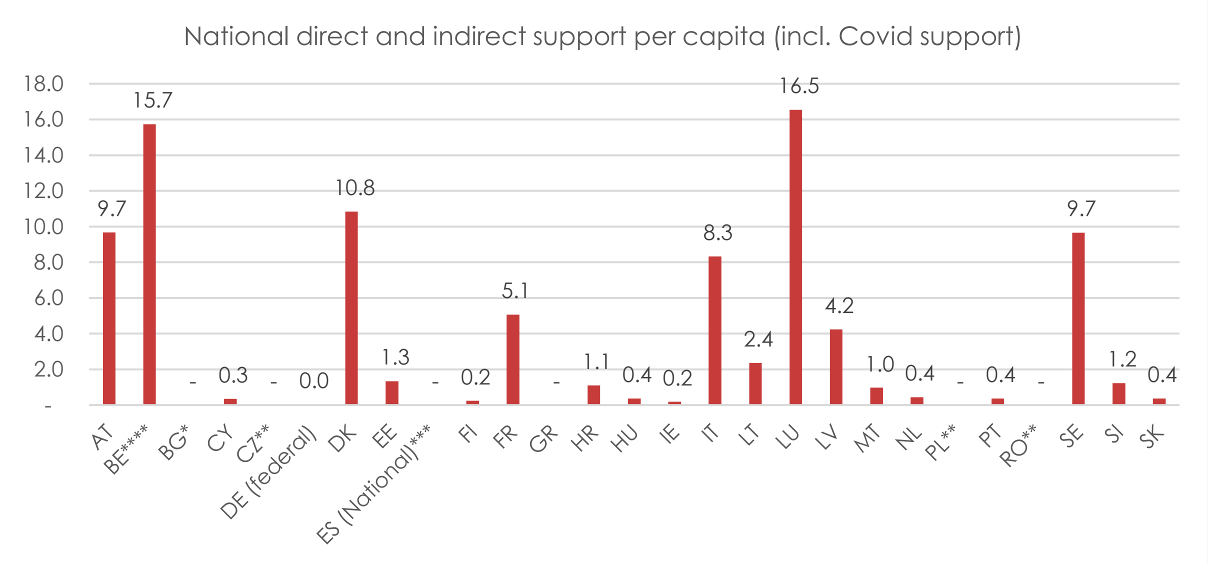
[100] Reduced social security contributions are in place only in France and no estimates are available in their official data. It can however be assumed to represent a significant indirect contribution. The data should be seen as providing an approximate estimate of totals. The quality of data vary across Member States .

Overall, the highest support per capita is found in Luxembourg, followed by Belgium. In Belgium the high level is chiefly explained by a EUR 170 million annual allocation to press distribution operated by the Belgium post until 2022. Belgium and Luxembourg are followed by Austria, Sweden, and Denmark. Support in these countries is mainly composed of direct news media subsidies and grants.

Finally, the high per capita allocated aid in Italy is explained by large scales of indirect support in the form of tax rebates and other tax credits (expanded during the pandemic covering 2022 included), along with relatively large subsidies to both written press and regional and local radio and TV (including in minority languages).

The high per capita value found in the case of Latvia, is explained by temporary COVID-19 support measures which remained in place in 2022. For 2023 the value is considerably lower.

Figure 15 - Per capita support: direct and indirect measures, value of VAT reductions excluded



*BG: Distribution support: no information on the value ** only schemes covering minority languages, budgetary data not available (CZ, RO, BG), ***ES: no schemes at the national level **** BE: regional support included (as media policy exclusively is a regional competence)

Source: authors, based desk research and Eurostat data

Data, when available, suggests that VAT reductions for the written press represent significant amounts of indirect financing. For the countries where estimates are available (Germany, Denmark. France, Sweden, Belgium, and Czechia) the total represents more than EUR 900 million.

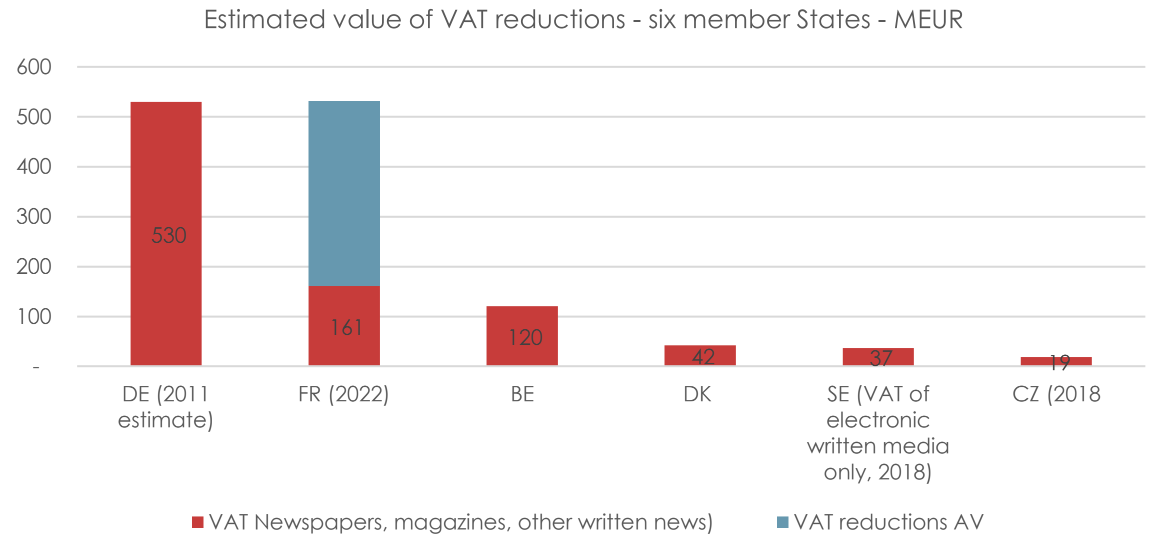
These numbers are estimates and are in some cases old. They nevertheless indicate that for many Member States, the most substantive supporting intervention across the EU is that of reduced VAT. Judging from the data available, the per capita value of reduced VAT amounts to between EUR 1.8 (Czechia[101]) and EUR 10.3 (Belgium[102]) - considerably higher than the per capita support of other direct and indirect schemes in most countries (see above).

[101] Impact assessment of the accompanying the Czech Act 33/2017 Coll., amending the VAT Act.

[102] Calculated based on estimate available here

The actual value of the VAT reductions cannot be calculated due to lack of data. For illustrative purposes, however, an extrapolation of the lowest per capita value of VAT reductions found across EU Member States (from Czechia) on the total EU population, would give a value of more than EUR 800 million for the EU. If the French estimate is used as a basis for extrapolation, the value of VAT reductions would be in the range of EUR 1.06 billion, Overall, it is only in Member States which have significant systems in place to support news media directly or indirectly (Austria, Latvia, Denmark, Sweden, France, Italy, Luxembourg, and Belgium) where other financing forms are likely to outweigh those of VAT reductions

Figure 16- Estimated value of VAT reductions (MEUR)- six exemplary Member States



Sources: Desk research

Differently from direct and indirect support, there is no data which may allow to provide a potential estimate of the value of state advertising that benefits news media. There are two substantive issues with state advertising: the first relates to coverage; the second relates to transparency.

All Member States procure/fund state advertising. However, the degree to which this financing can be considered as support to the news media sector varies.

Besides being highly variable in scale, state advertising may be concentrated on other forms of media (e.g. social media platforms or out-of-home advertising) rather than legacy news media outlets. This means that the value of state advertising does not provide information about the potential news media revenues.

Related hereto is the function of state advertising. State advertising typically occurs within the framework of national campaigns or other awareness-raising initiatives. Media purchasing is strategically executed to align with campaign objectives and is directed towards specific target audiences. In that context advertising spend may be allocated across different media outlets, so as to best meet the set targets. As a result, stakeholders in various countries, such as Denmark and Sweden, argue that state advertising should be considered outside the scope of discussions regarding state support for the news media sector. Their perspective is rooted in the understanding that state advertising serves campaign objectives rather than providing indirect financial support to news media organisations.

In contrast, state advertising is viewed as a significant element in discussions about public financing of news media in several other countries, including Hungary, Romania, Bulgaria, Austria, and Malta.

Transparency regarding state advertising has been a recurring issue in discussions surrounding public financing of the news media sector. The "Monitoring Media Pluralism in the Digital Era"[103] report by the European University Institute has consistently highlighted challenges in this area, a finding that aligns with the interviews conducted during this study.

According to the 2022 Monitoring Media Pluralism in the Digital Era report, regulation of state advertising was deemed "high risk" in 20 out of 27 Member States. The report also noted that state advertising, funded by governments or state-owned companies, is often used as a covert means of providing support to specific media outlets with favourable relations to those in power. The lack of oversight in the allocation of state advertising and the absence of safeguards to prevent its misuse as a tool for political control over the media were identified as significant problems.

Unfortunately, comprehensive data on the scale of state advertising is only available for a few countries. In most cases, such data either does not exist or relies on estimations rather than actual figures. However, where data is available, it suggests that larger funds are allocated to state advertising compared to direct and indirect subsidies, as depicted in Figure 17 below).

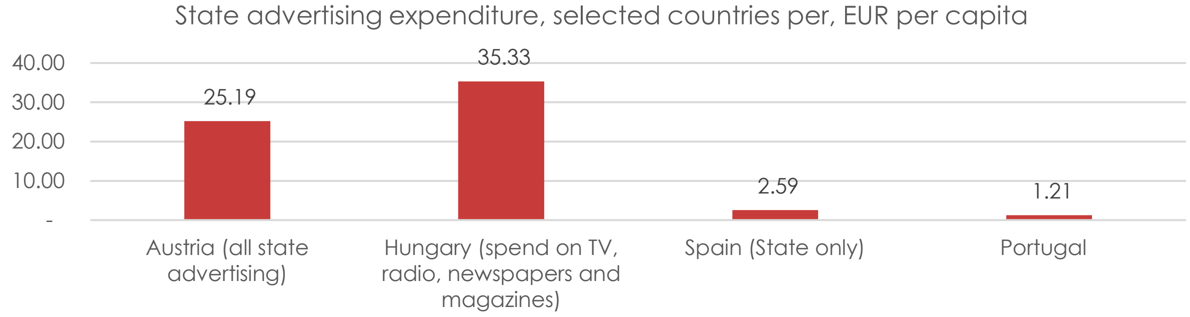
The use of data on state advertising, however, faces certain challenges. Firstly, it is unclear to what extent state advertising actually benefits news media compared to other forms of media, such as digital channels, public relations activities, and other communication initiatives.

Secondly, as also noted above, it is important to recognise that far from state advertising which benefits news media cannot necessarily be considered as support for the news media sector. State advertising serves as part of the government's broader outreach efforts, which may include generating public awareness, promoting behavioural change – and is, in this context, a fully legitimate part of governmental policy and expenditure aiming at other policy objectives.

Against this backdrop it has not been possible to provide a quantitative estimate and overview of state advertising benefitting news media across the EU. Nor is it possible to map out in a systematic fashion the nature of such practices across countries. Instead, in the next sections we rather refer to a qualitative overview of state advertising across the EU, complemented where possible with quantitative data .

[103] For the latest annual report see Centre for Media Pluralism and Media Freedom, 2022 The Monitoring media pluralism in the digital era European University Institute

Figure 17 – State advertising expenditure, selected countries per, capita, 2021



Source: authors based on desk research[104] and Eurostat data

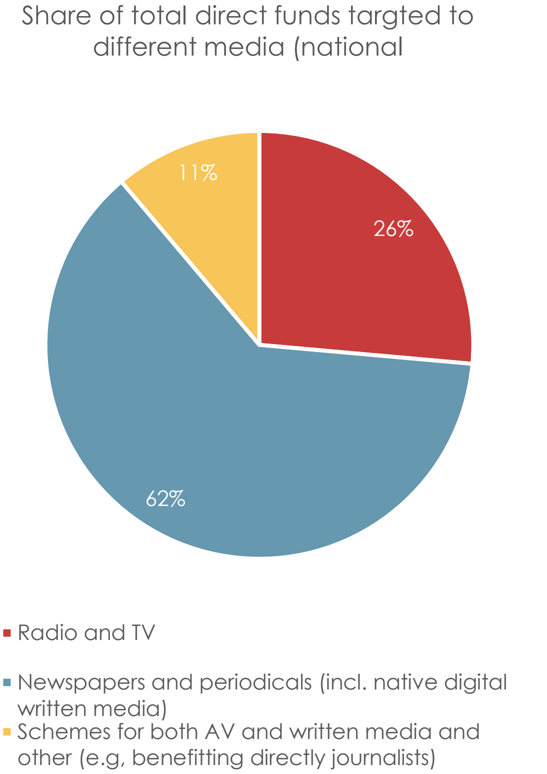
2.3.1.2 Main beneficiaries

Overall, main beneficiaries of direct and indirect financing of news media are the print newspapers and, to a smaller scale, digital newspapers (including native digital news media). VAT reductions mostly apply to the written press (print and digital). Indirect support is chiefly distribution support, benefitting only print media and many of the direct schemes are likewise designed for the written (chiefly print) news media.

The exception is found in France where VAT reductions for TV and radio and public support to local radio represents more than half of accumulated public aid.

[104] Sources can be here found here here here, and here. Note that only the Austrian, Portuguese, and Spanish data are official.

Figure 18 - Direct funding of different news media



Sources: multiple, mostly stemming from state budgets, and governmental reports

In other countries providers of radio and TV – typically regional and local and/or community TV/Radio – are a secondary category beneficiary.

It may be estimated that about a quarter of total direct public subsidies across the EU are allocated to private radio and TV broadcasters (mostly local and regional radio and TV, community radio and TV and other nor-for-profit) – or about EUR 182 million. Support typically takes the form of operating subsidies for regional, local and community radio and TV – and in some cases grants. About 62% of direct support (EUR 431 million) is allocated to print newspapers, and to a smaller extent native digital news media and periodicals,

Additionally, about 10% of direct funding is allocated to grants schemes which may benefit both radio and TV operators and the written press – with different calls addressed at different audiences. In numeric terms, there are many of such smaller schemes, but their financial value is mostly low. An exception is the Austrian Fund for the Promotion of Digital Transformation, which is targeted at both radio and print media, and which was allocated EUR 50 million in 2022.

An exception is the Austrian Fund for the Promotion of Digital Transformation, which is targeted both radio and print media, and which was allocated EUR 50 million in 2022.

More than half of the direct support allocated to radio and TV (+EUR 100 million) across the EU is allocated in Italy and reflects the implementation of relatively large number of public subsidies and other budget allocations for Italian local and regional radios and TV (including for funds for radio and TV in community languages). Other countries also have allocated funding for local and/or community radio and TV, but funding tends to be much lower.

Table 7 provides an overview of the main beneficiaries (2022) of public financing across the EU, in 2022. The table indicate the nature of beneficiaries within the broad categories of "print news media" and "radio and TV". It is important to review the table in conjunction with Figures 14 and 15 presented above, which provide insights into financial values. Overall, there is more public financing and more schemes for print news media, in part explained by the fact that indirect financing essentially benefit print media, but also by the fact that many of the larger subsidy schemes are designed for print media.

Given the general lack of data on state advertising, it is not possible to map beneficiaries of state advertising.

Table 7 - An overview of main beneficiaries of direct funding, and indirect support, 2022

	Radio and TV	Written media	Other
AT	**Direct:** • Private commercial broadcasters • Non-commercial broadcasters	**Direct**: Print newspapers and periodicals (national and regional) **VAT:** newspapers and other periodic print media (incl. online editions)	
BE	**Direct:** Regional radio, French speaking	**Direct:** French-language newspapers and periodicals (print) **VAT:** newspapers in electronic and print formats **Other indirect:** Print newspapers (distribution)	**Direct:** FL: Journalists
BG		**VAT:** Print and online publications **Other indirect:** Print newspapers (distribution)	
HR	**Direct:** • Local and regional radio and TV • Community radio and TV		
CY		**VAT:** Print news media **Direct:** Print newspapers	
CZ	**Direct:** content produced in ethnic minority languages **VAT:** TV & radio broadcasting	**Direct:** Funds only relate to content produced in ethnic minority languages **VAT:** Print news media	
DK	**Direct:** Community radio and TV	**Direct:** • Print and electronic news media dailies and periodicals (national and regional) • Non-commercial general interest publications (distribution only) **VAT:** Print and online newspapers (native digital)	
EE		**VAT:** Print and digital news media **Other indirect:** Print newspapers (distribution – rural areas)	
FI		**Direct:** newspapers in ethnic minority languages **VAT:** Print and digital news media	
FR	**Direct:** Regional/local radio **VAT:** TV & radio broadcasting	**Direct:** • National and regional printed press (main) • Native digital news media (separate scheme, secondary) • News agents **VAT:** newspapers and periodicals of general interest, print and digital	
DE	**Direct:** Community radio and TV regional funds)	**Direct:** grant based small scale projects – for example for innovative local media products (regional funds. For example, in North Rhine-Westphalia and Bavaria) **VAT:** newspapers and other periodic print media (incl. online editions)	**Direct:** Journalism training and development Projects to promote media literacy

	Radio and TV	Written media	Other
GR		**VAT:** Print newspapers and electronic publications	
HU	**Direct:** • Commercial and non-commercial Radio and TV • Community media	**VAT:** Printed media products	
IE		**VAT:** Print and digital news media	Journalists (production on specific content)
IT	**Direct:** • Local and regional radio • Content produced in minority languages	**Direct:** • Written press • Community press **VAT:** Print and digital newspapers – only subscription **Other indirect:** Print and digital newspapers	
LV	**Direct:** Local and regional radio and TV	**Direct:** Regional and local press, **VAT:** Print and digital news media	
LT	**Direct:** All forms of news media. Funds supports production of content for the TV, radio, digital and print press - which may be produced by a third party **VAT:** Printed and digital news media		
LU		**Direct:** Written news media, daily and periodicals (digital and print) **VAT**: print and digital newspapers and other periodicals	
MT		**Direct:** Print newspapers (costs of paper - only 2022) **VAT**: print and digital newspapers	
PL	**Direct:** only content produced in ethnic minority languages	**Direct:** only content produced in ethnic minority languages **VAT**: print and digital newspapers	
PT	**Direct:** Regional radio	**Direct:** Regional newspapers and other regional digital news media **VAT**: print and digital newspapers and other periodicals	
RO	**Direct:** only content produced in ethnic minority languages	**Direct:** only content produced in ethnic minority languages **VAT**: print and digital newspapers	
SK	**Direct:** only content produced in ethnic minority languages	**Direct:** only content produced in ethnic minority languages **VAT**: print and digital news media	
SI	**Direct:** Regional radio	**Direct:** Print newspapers **VAT**: print and digital newspapers	
ES	**Direct:** Regional and local TV and radio (regional funds)	**Direct:** Written regional press (regional funds) **VAT**: Print and electronic dailies and periodicals	

	Radio and TV	Written media	Other
SE		**Direct:** Written news media - print and digital - only secondary media in catchment area, and digital news media, able to evidence funding needs **VAT**: Print and electronic newspapers and other periodicals	
NL	**Direct:** Local radio	**Direct:** Print and digital news media **VAT**: Print and electronic dailies and periodicals	**Direct:** Journalists

2.3.1.3 Schemes financed and their coverage

Within the variety of schemes which are funded across the EU broad clusters of financing mechanisms can be identified, that are additional to VAT reductions. These are:

- Operational production support for established media. Allocated as a direct subsidy, operational and production support may be allocated as a general subsidy, or a competitive subsidy/grant
- Grant support for specifically developed content allocated for the development and production of agreed content, based on a proposal (including investigative journalism)
- Distribution support – which may be allocated as a direct subsidy or as indirect support, with direct state funding of distribution
- Innovation support for existing media
- Support for start-ups, in the form of project specific grants, operational subsidies and other specifical targeted support for digital only media
- Support for journalist training and other professional development
- Support to address rising paper costs (subsidy, or as a tax credit)
- Tax credits for advertising in news media
- Tax reductions for investment
- Support to encourage consumption. These include tax credits for consumers, but also direct support in the form of public financing of subscriptions.

Member States that have allocated significant resources generally combines different sorts of schemes – typically including some form of operational subsidies, support to distribution and one or more forms of support to innovation of the news media sector – as well as VAT reduction.

Indirect subsidies including distribution support and operational production support, constitute most of the accumulated financing in 2022. Grant based support for specific content are widespread but total budget allocations tend to be small. Similarly, innovation support, support for startups, and journalist development, are, while being relatively widespread, subject to mostly relatively limited financing. The main exceptions are found in Austria and Italy.

Outside of VAT reductions and indirect distribution support, tax credits, and other forms of indirect support, are relatively rare. Most of such schemes are found in France and Italy. Additional to these measures is state advertising – a common practice in all Member States.

Table 8 provides an overview of the distribution of different type of interventions in place in Europe in 2022. The detail of these schemes and practices are presented in the next section.

Table 8 - Coverage of schemes in place, documentaries excluded

	Operational production support for established media	**Grant to develop specific content (inc. investigative)**	**Distribution**	**Innovation support**	**Support for start-ups/native digital**	**Journalists: professional development**	**Paper costs**	**Consumption support**	**Tax credits for adverting**	**Tax credits investments**
AT	X	X		X						
BE	X (Wallonia)	X (Wallonia & Flanders)	X	X (Wallonia)						
BG			X							
HR	X									
CY	X		X							
CZ	X - Minority language only (i.e. small scale)									
DK	X		X (general interest publications only)	X	X					
EE			X							
FI	X - Minority language only (i.e. small scale)		X							
FR	X		X	X	X		X(2023)	X		X
DE		X (regional)				X (national)				
GR										
HU	X - Minority language only (i.e. small scale)	X (TV & radio)								
IE										
IT	X	X (regional)	X				X	X	X	
LT		X								

	Operational production support for established media	Grant to develop specific content (inc. investigative)	Distribution	Innovation support	Support for start-ups/native digital	Journalists: professional development	Paper costs	Consumption support	Tax credits for adverting	Tax credits investments
LU	X				X (incl. also citizen/non for profit)					
MT							X			
PL	X - Minority language only (i.e. small scale)									
PT			X	X		X				
RO	X - Minority language only (i.e. small scale)									
SK	X - Minority language only (i.e. small scale)									
SI		X								
ES	X (regional – especially for minority language, larger scale)									
SE	X		X							
NL		X (investigative journalism)		X	X	X				
LV		X	X							

Source: desk research in EU Member States

2.3.1.4 COVID-19 related measures

Funding provided during and in the immediate aftermath of the pandemic follow, in part, main subsidy trends listed in the table above.

Discretionary subsidy support, provided either within the general subsidy mechanisms or as a separate crisis measure, was granted in countries with a pre-existing tradition for news media subsidies: Austria provided emergency funding worth EUR 32 million; Denmark provided emergency funding worth EUR 24 million; Sweden provided emergency funding worth EUR 60.3 million and Wallonia provided emergency funding worth EUR 10 million. Emergency funding was also provided in Luxembourg. Additionally, some of these countries complemented subsidies with advertising spend labelled as indirect subsidies to the press (Austria, Belgium).

France and Italy both published multi-measure programmes covering a two-year period[105]. The Italian "Decreto Rilancio" of May 2020, catered for a set of tax credit measures covering paper expenses; technological expenditure of news media; increased tax credits for advertising expenditure on audiovisual media; as well as EUR 4,000 in tax credits for kiosks that sell newspapers.

France provided for emergency funding worth EUR 106 million in 2020 via state-backed loans; a solidarity fund for kiosks and news publishers, and subsequently for a two-year recovery plan, the so-called "Plan filière"[106], which was allocated a total of EUR 140 million over 2 years (2021-2022) – chiefly to fund modernisation of the sector (incl. distribution), worth EUR 50 million; restructuration (EUR 32 million); ecological transition (EUR 16 million); and the precarious situation of journalists (EUR 30 million). Extra tax credits were also allocated. This means that 2022 data represent higher levels of funding than what has been allocated in 2023.

For other countries – notably Germany, Greece, Finland, Spain, the Netherlands - the pandemic represented a clear break with previous subsidy practices. Though budgets differed markedly, the pandemic implied a first allocation of direct, and in most cases significant, subsidies to the private news media allocated from the state.

The Netherlands allocated over a set of calls a total of EUR 35 million for local news media including door-to-door newspapers, local public broadcasters, local newspapers, and local news websites – which lasted over a two-year period. [107] In Greece the government introduced a temporary support scheme worth EUR 20 million with direct grants for newspapers, magazines, regional media service providers and radio stations affected by the pandemic. In Finland an emergency relief package directed at journalistic content affected by the COVID-19 pandemic was introduced in 2020. The funding total was EUR 7.5 million which was granted to 97 companies to support 236 news media platforms. Finally, Germany allocated first a dedicated envelope of EUR 20 million to support the written press as an aid measure to compensate for the advertising losses caused by Corona. A subsequent EUR 200 million package was proposed, though it is unclear if it was actually implemented[108].

Other countries provided more modest, and more ad hoc, support. Latvia provided extra funds to the existing grant support mechanism, an increase which lasted over two years. Lithuania and Estonia expanded eligibility criteria for reduced VAT. Malta allocated EUR 0.95 million as a one-off cash injection for both audiovisual and print media, Cyprus allocated EUR 0.7 million

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[105] Both financed by the EU Recovery plan,

[106] The French Senat Projet de loi de finances pour 2022 : Presse

[107] Ministry of Culture and Science Mediabegrotingsbrief 2022

[108] Deutscher Kulturad, Pressemedien in der Subventionsfalle? 29. September 2020

for the same purposes. In Spain a one-off injection of EUR 10 million was allocated to private national, regional, and local televisions[109] whereas another planned cash injection of EUR 15 million intended for the print press ultimately was abandoned. Ireland provided support for radio content through its Sound and Vision scheme worth EUR 2.5 million, Finally, Portugal allocated EUR 15 million for a public health campaign, which was intended to provide support for the sector.

In the remaining countries, the response to support news media was either modest or non-existent. Targeted measures specifically aimed at news media were not identified in Bulgaria, Czechia, Slovakia, Slovenia, Croatia, Poland, and Ireland. In Hungary, the intervention was limited to the continuation of the 0% tax on advertising, which was initially planned to be abolished but was extended as a COVID-19 measure. It is worth noting that despite the limited targeted measures, some of these countries increased their state advertising funds. An overview of identified measure is presented in Table 9.

Table 9 - Direct and indirect state measures to mitigate the impact of Covid-19 on the media – and heir sustained impact: allocated amounts

	State advertising*	***Media subsidies and grants***	**indirect support**	**Measures for the creative industry**	**VAT reductions**	**Continued measures post 2022**
Austria	NA – but increased by 43%*	32m			Temporary	No
Latvia		€4.25 million in 2020-21				Only until 2022
France		443 million in direct and indirect support, for 2020-21				Only: Subscriptions (in reduced format)
Finland		€7.5m				No
Germany		€220 million[110]				No
Sweden		€ 60.3 million				No
Denmark		€24 million				No
Hungary			Reduced Advertisement tax (0%)			Yes – reduced advertisement tax
Portugal	€15 million					
Italy			Various tax credits and distribution and consumption support – representing more than €300m, compared to			Yes, tax credits (but only until 2023[111], where tax credit ceilings are reduced.

[109] Though the cash injection was to compensate private entities for the costs derived from the changes realised in their transmission equipment for their adaptation to the new frequencies.

[110] See Kulturat. Pressemedien in der Subventionsfalle? 29 September 2020. Note it is unclear what shares of the allocated amounts were actually distributed

[111] Dipartimento per l'informazione e l'editoria, Credito di imposta per gli investimenti pubblicitari

	State advertising*	*Media subsidies and grants*	indirect support	Measures for the creative industry	VAT reductions	Continued measures post 2022
			pre-pandemic support.			
Spain		€10 million			Yes	No
BG	No measures					
CZ	No measures					
SK	No measures					
HR				Yes, loan guarantee		no
EE				Yes, crisis measures	Yes	Yes – reduced VAT
Ireland	NA* no but €12.5 million allocated to campaigns	2.5 million for radio content				No
Luxembourg		Support package (amount not known)				No
Malta		€0.95 million				No
NL		€35 million for local news				no (only 2021)
Poland	NA* an Increase of 79% of state advertising observed in 2020					NA
Lithuania			0.6 million for postal deliveries		Yes (for digital)	Yes
Slovenia	No measures					
Cyprus		0.7 million				yes - support of print media renewed for three years
Greece	€25.9 million	€20 million				
Romania	€40 million					
Belgium	€4.2 million (Federal)	€10 million (Flanders) €3 million (Wallonia)				Yes - Investigative fund permanent feature of media support (Wallonia)

*Source: country research (mapping of funding). *Only campaigns/funding which is seen as measures (also) to support news media. – but many more Member States allocated funding for Covid19 related campaigns. Where data is available, it is included. However, it is not possible to ascertain to what extent this was implemented as a covid support measure. Where % increases are included, but not actual values, it reflects that the amounts are not available.*

2.3.2 *Models of public financing for private and not-for-profit news media*

Having provided a headline overview of public financing of private media, beneficiaries, and main type of schemes in the previous section, this section provides a more in-depth mapping of the practices in place across Europe, as of 2022. These practices are mapped under the headings:

- Direct support
- Indirect support
- State advertising

Direct support, indirect support and state advertising are modes of financing. Different modes may aim at the same operational objectives. An example hereof is distribution support, which across Europe is provided both as a direct subsidy to news media (e.g. Denmark and Sweden) and as an indirect support measure (e.g. Belgium, Bulgaria, and Greece).

Across Europe, Member States combine different financing models that tailor eligibility and allocations to the national context. All Member States have implemented tax advantages in the form of reduced, or 0%, VAT rates. Additionally, most Member States support private news media, directly or indirectly through one or more of the above models.

2.3.2.1 Direct support

Direct support, - in the form of grants and subsidies news media– covers a relatively large number schemes and funding lines targeted at the printed press, digital news media, private, non for profit and community radio and television, and to a smaller extent journalists and other actors involved in the news media chain.

It may be estimated that Member States governments in spend in 2022 in the range of EUR 690 million annually on direct support schemes benefitting news media – understood in its widest form but excluding PSM and support to news agencies. 26% of that support is earmarked to audiovisual content. 94% of these subsidies are allocated by seven countries only: Italy, France, Austria, Sweden, Belgium, Luxembourg, and Denmark. In absolute terms, these are the only countries which have allocated +EUR 10 million to media subsidies in 2022. Direct support globally is constituted by two broad types of support:

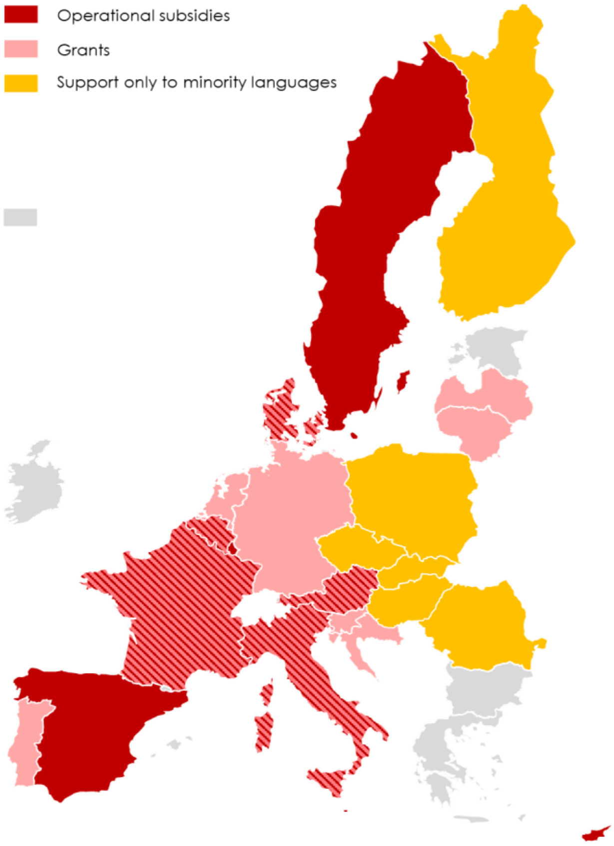
- Subsidies, which for example take the form of direct operating support to the news media – supporting production, and/or distribution (additionally, distribution may be supported indirectly) as well as other running costs (e.g. rent)
- Project-based grant funding – i.e. funding in the form of grants designed to meet specific needs or issues, or to generate specific types of production.

Most Member States have some form of direct support mechanism in place. Figure 19 map out the extent to which Member States provide some form of direct financing to news media.

However, the financial scale and scope of such mechanisms vary considerably. Some schemes are significant and are available for all or most news media meeting specific requirements. Others are small scale.

The subsequent sections map out funding covering both subsidies and grants under these headings. It should be noted that there are areas where the distinction between grants and subsidies is blurred. This is because funds in some cases, while allocated though competitive grants, operate in practice as subsidies.

Figure 19 – Grants and subsidies for news media in the EU, 2022 – documentaries excluded



Source: authors. based on county research

2.3.2.1.1 Subsidies

Subsidies are used unevenly across Europe. They are prominent in the Nordic countries (Sweden, Denmark – and as since 2023 Finland[112]), Italy, France, Luxembourg and in Austria. Direct subsidies are also allocated in Cyprus, Belgium (Wallonia) and at the regional level in Spain.

Across Member States subsidies are mostly focused on the printed press, though some countries provide significant targeted support to audio-visual media, especially local and regional media (Italy and Austria in particular). Some (Sweden, Denmark, Luxembourg) also subsidies which are equivalently available to print press and to native digital (written) media.

The scale of subsidies varies significantly. In some countries, such as Denmark, Sweden and Luxembourg, direct subsidies represent the bulk of what may be considered a large-scale system of public financing of news media. In other countries, allocations are small (e.g. Cyprus) or, while significant in monetary terms, represent only a share of total support to news media (e.g. France and Italy). There is also "in-country variation" in terms of use. In Belgium only Wallonia allocates subsidies. In Spain, where subsidies are only provided at sub-national levels, large subsidies are chiefly allocated in the Autonomous communities with minority languages (i.e. Catalonia, Galicia, and the Basque country).

[112] Kommunikationsministeriet (lvm.fi). Statsrådet utfärdade en förordning om mediestöd, 23 March 2023

2.3.2.1.1.1 Types of funding

Denmark, Luxembourg, and Sweden have some of the most comprehensive models of public subsidies. While the specific schemes differ in terms of beneficiaries and eligibility, a key common characteristic is that they constitute the lion's share of public financing to news media. A second defining feature is that subsidy allocations are defined based on (objective) eligibility criteria and automatic calculation of the subsidy. There are also explicit criteria for journalistic standards to be met.

There are also other differences between the Danish, Swedish and Luxembourgish models. The Danish and Luxembourgish models provide subsidies for independent printed and written internet-based news media meeting set criteria for production and journalistic staff irrespective of potential needs for financing (i.e. minimum staff numbers, generalist coverage). Denmark also includes minimums of self-produced content; while in Luxembourg there are other criteria (see below). Swedish subsidies, in particular the main press subsidy, aim to support newspapers that are in a vulnerable situation and, to that end, define specific eligibility criteria[113].

Austria has similar measures in place, though subsidies are smaller and concentrated on print newspapers only. Both print and electronic newspapers (including native digital news media) are eligible in Sweden, Luxembourg, and Denmark – though only the Luxembourgish and Danish model treat print and native digital news media on an equal setting. The Swedish and Danish subsidy systems are under revision as of early 2023, with the aim of providing more targeted subsidies to regional and local media, and, in the case of Sweden also, to ensure neutrality between print newspapers and digital news media.[114]

Other Member States use different subsidy models. France privileges distribution support, along with coupled targeted subsidies for print news media of specific categories. Since 2021 France also provides targeted support for native digital news media (and grant support for innovation).

Wallonia and Italy, as a difference from other Member States, provide subsidies that encourage employment in news media (for details see Table 10 below).

In Spain subsidies are not systematically organised across the country, and any such support provided is at the discretion of regional authorities with no consolidated data on the scale of subsidies. Similar support (albeit at a much smaller scale) can be found locally in the case of Czechia and Slovenia.

Other than these main subsidy mechanisms, selected Member States fully or partially fund the operation of the national news agencies (France and Greece). There are also some examples of ad hoc schemes, such as the 2023 Hungarian subsidy support scheme which provided subsidies to pay for the utilities of local community media.

A list of all subsidy instruments in place by EU Member State is presented in a headline fashion in Table 10. Small and very localised schemes are not considered. Because subsidies and grants, where both are in place, tend to complement each other, the table also provides a headlines overview of other (grant) measures (further presented in the subsequent section).

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[113] To ensure that newspapers meet this requirement there is a cap on the % of households in the publishing zone that can subscribe to the newspaper. newspapers whose subscriber base represent more than 30% of the households in the area at not eligible

[114] As in Denmark and Luxembourg, this is done by making support independent of circulation and subscription – linking the subsidy to the editorial costs.

Table 10 - subsidies across Member States

Country	overview
Denmark	In Denmark, three types of subsidies are in place[115]: • Editorial production support (main scheme and supplementary scheme for media with low advertising revenues) • Subsidies for community TV and radio and • Subsidies for distribution of periodicals other than traditional news media. A small allocation for grants supporting innovation is also in place along with support for documentaries. Direct funding in 2022 represented EUR 72.1 million (including support for documentaries and fiction). The editorial production support represents 70% of total support (EUR 50.6 million). 10% is allocated to subsidies for community TV and radio production. The remaining funds are allocations to documentaries and (12%), with 4% allocated to innovation and the same share to distribution of associative magazines. Eligibility requirements for editorial production subsidies cover: • Media coverage (generalist), at least half of the content must be editorial material within a broad subject area • Requirements relating to press ethics • Independence and staff (an editor-in chief and an editorial team with at least three FTE) • Scale of own production (one-sixth of the content must be independently processed journalistic material) • Frequency and availability (published at least ten times a year and be available to readers throughout the country) The model represents one of the only examples of generalised (blanket) subsidisation of news media. All media titles in print and digital form are eligible, subject to meeting the requirements listed above. The subsidy amounts to a maximum of 35% of news media's editorial costs (capped to avoid funding concentration). Reflecting the blanket coverage, 77 news media (national, regional, local) titles received funding under this scheme in 2022. Further aspects of the model are presented in section 4.
Sweden	Sweden has five different subsidy schemes under two headings (**press subsidies** and **media subsidies**), representing a total value of EUR 97.6 million. Press subsidies are available for press (print and digital) whereas the others are for all general news media, regardless of distribution platforms. There are no project-based grants. **Press subsidies** consist of an operational subsidy and two type distribution subsidies provided to print media[116]. **Operational subsidies** represent by far the largest share of total media support to private media (66%). The scheme aims to support media that is in a "vulnerable market position" Eligibility criteria relate to: • **Scope** of the publication. It must be a general newspaper (general interest coverage). The format can be print or digital. • **Frequency** of publication. The newspaper must be published regularly, at least once a week. • **Subscription** The newspaper must have at least 1,500 paying subscribers (circulation). Both print and digital subscriptions are counted. • The newspaper may have a maximum **coverage rate** of 30 percent, i.e. a paper is not eligible if more than 30% of the population originating from the area it covers it already subscribing. The size of the operating subsidy is determined by how often a newspaper is published and how many subscribers it has. The support may only constitute certain shares of the operating costs (40 or

[115] Kulturministeriet, Mediestøtte til trykte og digitale medier

[116] Digital news media is eligible to operational subsidies, but by design press subsidies are in practice are rather targeted to print media

Country	overview
	75 percent depending on the frequency of publication). In 2022, support was provided to[117] all weeklies, 67% of bi-weeklies and 58% of all dailies. **Distribution subsidies** are press subsidies with two different distribution supports for printed daily newspapers. One aims to support joint distribution of newspapers, while the other supports postal distribution of newspapers in sparsely populated areas. The latter was introduced in 2021 to enable newspaper delivery every weekday in areas affected by less frequent postal delivery (porting). Funds are guaranteed until 2025. There are specific requirements in order to benefit from both schemes. To benefit from joint distribution, eligible publishers must refrain from self-distribution (i.e. collective mechanisms must be used). To benefit from postal distribution of newspapers, they must, furthermore, comply with the criteria set out for operational subsidies. Designed for all generalist news media, **"Media" subsidies** are composed by editorial subsidies (calculated based on editorial costs) and local journalism subsidies (subsidies aiming to combat so-called news deserts in sparsely populated areas). All news media (including native digital news media) not eligible for press subsidies are eligible for media subsidies. To receive support, news media must produce original content with independent editorial team, observe good media ethical practice and promote accessibility[118]. Innovation and development subsidies, which was a part of the media subsidies have been discontinued in 2022. The Swedish model is under substantive reform as of early 2023, replacing all subsidies (besides distribution subsidies) with a system providing editorial subsidies.
Austria	Introduced in 1975, the subsidies for print media in Austria are one of the longest-standing examples of direct subsidies. Subsidies for the print press are awarded in three categories:[119] • *General subsidies*: These funds are distributed equally to all the daily newspapers that are eligible for the scheme. • A publisher that owns more than one newspaper in the country gets 20% less for each of its newspapers. In the case of weeklies, the subsidy is calculated according to the number of sold subscriptions with the magazines with a slimmer subscription base receiving larger subsidies. In 2022, a total of 11 dailies and 33 weeklies received state funding. • *Special diversity subsidies*: This fund is used to finance daily newspapers that are not dominant (i.e. that have readership and ad sales revenues under certain thresholds). In 2022, the fund was distributed to four dailies. • *Quality media subsidies*: These subsidies are allocated to newspapers that promote quality. They include financing of training activities for journalists, costs incurred by hiring foreign correspondents, or the cost of offering newspapers free of charge to various institutions (i.e. schools). In total, 50 newspapers received funding for these purposes in 2022. Total value of the subsidies is EUR 8.9 million. Key eligibility criteria relate to[120]: • General newspaper or publication of a daily or periodical press nature • Editorial content: at least 50% must be own production

[117] Nordicom 2023 Media Sverige – underlying data sets

[118] The following criteria apply for all media subsidies:

- Media must be "a general news media" (irrespectively of format) aimed at a Swedish target group
- Editorial content must represent at least 50% of total content, and at least 20 percent of the total content must be editorially self-produced
- The media must be publicly available, have its own title with independent editorial resources, and a responsible editor/editor-in-chief (editorially self-produced)
- The media must follow good media ethics
- It must be published at least 45 times per year (high regularity,) and
- It must have at least 1,500 regular users (good user base)

[119] Marius Dragomir (2021) State financial support for print media Council of Europe standards and European practices, for the Council of Europe

[120] KommAustria Richtlinien für Förderungen gem. PresseFG 2004 (Beobachtungszeitraum 2023)

Country	overview
	• Staff requirements: at least six FTE (two FTE for periodicals) – and minimum gross salary requirements • Frequency of publication • Sales (copies sold) Additionally, Austria has funding schemes available for private broadcasting; non-commercial broadcasting, and grant schemes for projects related to digital transmission technologies and digitalisation of print, television, and radio media (the Fund for the Promotion of Digital Transformation). These subsidies are worth EUR 35 million, of which EUR 20 million is allocated to the Private Broadcasting Fund. Similar to the press subsidy scheme, the Private Broadcasting Fund is designed to support private commercial broadcasters in Austria.[121] The fund provides funding for content (programmes and programme categories), training and studies. Besides this, there are several special funds for supporting commercial and non-commercial broadcasting television – as well as a significant fund to promote digital transformation though grants and (incentive funding (see below). At regional level, the Vienna Media Initiative is an example of a regional, project-based funding scheme, that supports innovations in quality journalism.
Cyprus	In Cyprus a Payment Plan for the support of the Press, is implemented[122]. The scheme, which in 2022 had a total value of EUR 310K, aims to support print newspapers meeting criteria on employment and production. It entitles newspapers to grants between EUR 8,000 and EUR 67,000 over a three-year period. Digital publications are excluded. In 2020, the scheme supported 6 news outlets and the national press distribution agency. No other schemes are in place.
France	France has a relatively complex system of support to news media. French direct support for news media is composed of subsidies and grants mainly targeted and designed for the printed press. Total direct support in 2022 (grants and subsidies) for the press (including direct subsidies for distribution and distributors) represented EUR 179.2 million[123] . In addition, smaller schemes provide subsidy funding for community radio[124] and project grants for podcast development[125], in total worth EUR 34.7 million. More than half of the total value of the regular press subsidies are support to distribution (Aides à la diffusion). Distribution subsidies take the form of support to distribution of newspapers under subscription (portage) and support to distribution of newspapers to local point of sale (distribution). These two schemes represented in 2022 EUR 101.7 million or 52% of total regular press subsidies (i.e. disregarding extra funds allocated for the 2020-21 period following the pandemic). Another share of subsidies (11%) is allocated to plurality schemes **(**Aides au pluralisme) – most of which is allocated to daily newspapers with low advertising revenues[126]. There are various criteria and sub-schemes under these[127]. There is also a targeted subsidy for emerging news media (Bourse pour les entreprises de presse émergentes[128]), offering a one-off subsidy aimed at supporting the design, launch and early development of new publications or new online press services[129].

[121] KommAustria Privatrundfunkfonds

[122] De Minimis Aid

[123]The French Senat Projet de loi de finances pour 2022 : Presse - Sénat (senat.fr)

[124] Ministère de la Culture Fonds de soutien à l'expression radiophonique locale (FSER)

[125] Ministère de la Culture Aide sélective aux autrices et auteurs de podcasts et de créations radiophoniques (culture.gouv.fr)

[126] Advertising revenues must be less than 25% of total revenues.

[127] See Ministère de la Culture Le fonds d'aide aux quotidiens nationaux d'information politique et générale à faibles ressources publicitaires Ministère de la Culture Le fonds d'aide aux quotidiens nationaux d'information politique et générale à faibles ressources publicitaires Ministère de la Culture L'aide au pluralisme de la presse périodique régionale et locale and Ministère de la Culture L'aide au pluralisme de la presse périodique régionale et locale

[128] Ministère de la Culture Bourse pour les entreprises de presse émergentes

[129] Di minimis aid

Country	overview
	The last main scheme in place is the Strategic fund for the development of the press (Fonds stratégique pour le développement de la presse) which supports investment projects carried out by publishers and press agencies[130] (28% of total direct support). With requirements associated with circulation[131], all measures (besides the scheme targeting launch of new publications) are, in practice, targeted to media which are (also) published in a print form. As from 2022, a specific subsidy schemes targeting digital news media has started to operate, with an annual budget of EUR 4 million[132] - or about 2% of total direct subsidies in 2022.
Italy	Italy has a two-sided subsidy system, providing support to both the press and audio-visual media (other than the national PSM). Funds for audio visual content support regional and local TV. Total funds allocated for direct support represent EUR 198.2 million. A total budget of EUR 104.8 million is allocated for subsidy support to local radio and TV for 2022.[133] This includes funds allocated to radio and TV operating in the minority languages of Italy, and Italian TV abroad under the budget "Extraordinary fund for interventions in support of publishing" (Fondo straordinario per gli interventi di sostegno all'editoria). Support to newspapers and periodicals represents in 2022 EUR 94 million[134]. Allocations are granted through a general system of subsidies for the press based on applications to reimburse expenses incurred. Subsidies for the press are available under 4 main headings: • publishers of newspapers and periodicals (EUR 90 million) • publishers of newspapers and periodicals for Italians abroad (EUR 2+2 million) • publishers for blind and visually impaired (EUR 0.5 million) • publishers of the periodicals of consumer associations (EUR 0.5 million) In 2022, this budget funded the following lines of action for newspapers and periodicals [135]: • Support measures for local newsagents (EUR 15 million for a newsstand bonus as a lump sum of EUR 2,000 per stand) • Support based on copies sold in 2021 (EUR 28 million) • Support for the hiring of young professionals and professionals with digital skills (EUR 12 million) – a lumpsum of EUR 8,000 per person employed and a EUR 12,000 lumpsum for a change of a temporary contract to a fixed contract. • Investments in innovative technologies (EUR 35 million), which is allocated to written press, as well as national and local TVs, radio stations and publishing companies of newspapers and periodicals, including press agencies (no further information available, as subject to EC approval in May 2023). Key eligibility criteria: the pool of subsidies for publishers of newspapers and periodicals is available to journalistic cooperatives, publishing companies owned by cooperatives or non-profits, and newspapers in minority languages (in general it is closed to listed companies). Support for publishers of political newspapers was abolished in 2016 (see also section 4).

[130] Ministère des Finances Modernisation du fonds stratégique pour le développement de la presse, 21 July 23021.

[131] Eligibility criteria refers to individual copies

[132] Ministère de la Culture Aide au pluralisme des services de presse tout en ligne (SPTEL) (culture.gouv.fr)

[133] Ministerio delle Imprese Radio e TV - Contributi per l'emittenza locale

[134] Dipartimento per l'informazione e l'editoria, Presidenza del Consiglio dei Ministri dpcm-fondo-pluralismo-19_9_22_cdc.pdf (informazioneeditoria.gov.it)

[135] Dipartimento per l'informazione e l'editoria, Presidenza del Consiglio dei Ministri Fondo Straordinario per gli interventi di sostegno all'editoria, 18 novembre 2022 and Decreto recante le disposizioni applicative per la fruizione dei, contributi di cui agli articoli 2 e 4 del d.p.c.m. 28 settembre 2022 ai sensi dell'articolo 1, commi 375- 377, della legge 30 dicembre 2021, n.234 (Fondo Straordinario per gli interventi di sostegno all'editoria

Country	overview
Belgium/ Wallonia	Support to news media in Wallonia is composed of measures supporting the printed press[136] and support for local radio. In 2018 (latest year for which data is available [137]), allocations for the press represented EUR 9.69 million. Direct support to radio represented EUR 1.51 million in 2019.[138] (latest year for which data is available). There are no subsides in Flanders. The lion's share of press funding is allocated [139]: to newspapers and other periodicals. • **Subsidies aimed at maximising diversity of the daily press**. Subsidies are calculated based on the economic results of each title according to a method of calculation that favours the least profitable titles (40% of the total amount). • **Support for hiring journalists (48% of total).** With the aim to contribute to the editorial quality of the publications – this scheme funds he salaries of professional journalists, with subsidies being calculated based on number of salaried professional journalists and circulation figures. The subsidy is allocated proportionally. 38% of the total funding is allocated to each daily press title, based on the number of salaried professional journalists employed under an employment contract. the remaining 10% is distributed proportionally, allocated to each daily press title and group of titles, based on the ratio obtained after applying the following formula: Number of salaried professional journalists employed under an employment contract / Number of thousands of copies distributed per day on average annually. • **Creation of daily press titles or groups of titles during their first three years of existence** (5% of total support to written dailies). Funding is noncompetitive is in so far that funding is allocated in equitable way-based ion requests for funding • **Supporting the development of original programmes to encourage people to read newspapers** (5% of total support to written news). This is a grant type of funding to support the development of original programmes to promote newspaper reading, educate readers about citizenship, and provide media education. If it concerns media education programmes, after consultation with the Higher Council for Media Education, the Government distributes the aid based on the requests and quality of the projects submitted to it • **Project support to adapt to modern communication technologies** (2% - grant funding). This aid is allocated as grant funding supporting projects involving adaptation to modern communication technologies. After consultation with LaPresse.be (a group of press companies), the Government distributes the aid based on the requests and quality of the projects submitted to it. Key eligibility criteria for subsidies (which are common for all types of support) are: • Application of journalistic principles and code • Journalistic employment must respect the collective agreements in force for salaried journalists • Type of press – the relevant legislation state that only press in print format is eligible[140]. • Language coverage (French) • Frequency of publication • Compliance with, and promotion of, democratic values • Editorial content volume • Number of print titles sold and physical availability

[136] L'Administration générale de la Culture, Aide à la presse écrite

[137] L'Administration générale de la Culture Zoom Aide à la presse écrite en FW-B

[138] Fonds pour le journalisme and L'Administration générale de la Culture, Fonds d'aide à la création radiophonique

[139] See Le Conseil de la Communauté française Décret relatif aux aides attribuées à la presse quotidienne écrite francophone et au développement d'initiatives de la presse quotidienne écrite francophone en milieu scolaire

[140] Ibid

Country	overview
	In addition to the subsidy mechanisms, Wallonia also funds (outside of the general news media subsidy[141]), the journalistic fund (Le Fonds pour le journalisme[142]), which provides grants for investigative journalism (total contribution EUR 0.275 million).
Luxembourg	Luxembourg has revised its subsidy schemes in 2022, The new press aid scheme, worth EUR 10.5 million establishes a single, technologically neutral framework for online and offline media. Subsidies for the news media are awarded in four categories: • **Maintenance of pluralism** - aimed at established media with at least 5 professional journalists. The annual allocation is calculated based on Journalist /FTE numbers – with a cap of EUR 200k • **Promotion of pluralism** aimed at emerging publishers with an editorial team made up of at least 2 professional journalists – Maximum of EUR 100k and is limited to 3 consecutive years (with a maximum of 50% coverage of expenditure) • **Media and citizenship education** for citizen publishers[143], Annual subsidy amounts to a maximum of EUR 100k • Transitional provisions[144] Key eligibility criteria for "Maintenance" and "Promotion": • General news media coverage, and publicly accessible to the entire population (for at least 1 year for Maintenance of pluralism and 6 months for Promotion of pluralism • Minimum employment (see above) • 50% is editorial production (own production) • Training plan for journalists (for maintenance of pluralism only) • Actions taken in favour of media education • Transparency of advertorials[145] and other paid for content • Measures to fight against illegal user-generated content (Promotion of pluralism) • Transparency: obligation to publish the editorial line, as well as an annual report that includes actions carried out in favour of media education; training; and access to content for people with disabilities For the **Media and citizenship education** scheme • Minimum of 1 FTE journalist and 2 employees • Non-profit status • Actions carried out in favour of media education, integration, the promotion of citizenship and the fight against discrimination. • The subsidy must be allocated to expenses directly linked to the publishing, the promotion, or the innovation of the publication
Spain	Spain provides another example of regional and localised public subsidies to news media. Subsidy systems are not in place at national level. In contrast, subsidies are a key instrument at more local level, providing a source of financial stability for many local media in Spain. Subsidies are administered at different institutional levels: regional, provincial (Diputaciones) and municipal. They follow the "linguistic rationale", that is to say that support is also provided to media operating in the co-official languages (Basque, Galician, and Catalan) In this respect Cataluña, Galicia and the Basque Country stand out, distributing larger subsidies overall. Subsidies are

[141] Le Conseil de la Communauté française Projet de Décret relatif aux aides pour le journalisme d'investigation en Communauté Française, 21 October 2020 (approved text)

[142] Le Fonds – Fonds pour le journalisme

[143] This status is subject to complying with several criteria, such as collaborating with volunteers, contributing to media literacy and social cohesion, having a non-profit objective, and diversifying revenue sources.

[144] For those previously receiving larger subsidies than those covered for by current schemes

[145] advertisement in the form of editorial content

Country	overview
	allocated on the basis of criteria defined at regional level. Each administration establishes its own criteria regarding eligibility, selection and financing rates and amounts. As such, subsidies may or not be competitive. This generates a large variety in the subsidy practices across the country. Illustratively, Galicia assigned in 2023 some EUR 2 million to private media, most of which is allocated to the press (EUR 1.26 million) The Basque Autonomous Community (with a similar same population size) allocated some EUR 6 million in subsidies in 2022 – including that to local radio and TV. There are also differences in the value of subsidies, with, for example, a 100% funding rate for "structural subsidies" for the editing of private digital news media in Catalan on the basis that this contributes to the "consolidation of the national identity" of the Catalan region.
Finland (As from 2023)	Finland has, in March 2023, approved a EUR 7 million subsidy scheme intended to support information and news media. The system is discretionary and covers only 2023[146]. Moreover, it is expected that subsidies for distribution of print newspapers, worth EUR 15 million, will be approved later in the year. Additionally, Finland has a state subsidy scheme in place to fund newspapers published in national minority languages (such as Sami and Romani) worth EUR 0.5 million. Project based grant funding is not used.

2.3.2.1.1.2 Advantages and drawbacks: subsidies

Direct subsidies can be a key instrument of support for private media, supporting and ensuring high levels of media plurality.

In Denmark and Sweden, for example, the subsidy models, which provide funding by title (subject meeting specific criteria related to aspects such as editorial independence[147] and staff requirements) are considered to having been effective in terms of sustaining a large number of titles in the context of media concentration. In Austria the entirety of subsidy measures are seen as being essential for the conservation of what is seen as a plural and diverse news media offer particularly in the area of regional print media - even if the total volume of subsidies is comparably small. In Spain, subsidies represent a fundamental source of financial stability for local media, operating in "minority language" regions.

Experts and other stakeholders from Member States in which direct subsidies dominate as the main funding model, further also highlight transparency, predictability, and neutrality as assets of the subsidy model. Many subsidy models generate subsidy amounts based on quantitative criteria rather than what is seen as "subjective" quality criteria (i.e. funding based on award criteria). Depending on the country these quantitative criteria may involve a subsidy calculated on number accredited journalists employed (Luxembourg), a subsidy calculated as share of total editorial costs (Denmark)[148], a subsidy calculation based on number of copies, subscriptions or other forms of circulation and subsidies combining different criteria.

Subject to meeting eligibility criteria, funding is allocated within the limitations of ceilings established. This is also seen as providing relative arm's length in funding allocation. Finally, subsidies supporting distribution are seen as critical to ensure local accessibility, especially in more isolated areas.

[146] Kommunikationsministeriet (lvm.fi). Statsrådet utfärdade en förordning om mediestöd, 23 March 2023

[147] Editorial independence requirements mean that each title which receive funding must have its own editor and own editorial team, with minimum staff requirements.

[148] Each title report on actual costs of the editorial activity, and the subsidy constitute a share of that cost (35%)

However, direct subsidy schemes also face criticism.

First, state subsidies allocated directly by the government to media outlets risk distorting the level of competition in the media market, especially when the state awards sizable subsidies to print media publishers only. It contributes to favouring a few titles at the expense of the wider number. In France, for example, of the EUR 97 million distributed in subsidies in 2021, 43% went to a handful of the large national dailies (Le Parisien, Le Figaro, Libération; Le Monde; L'Humanité and La Croix). Le Parisien and Le Figaro in particularly benefitted, being allocated 20% of total.[149]

Second, and related, subsidies tend to favour the (legacy) players in the press market. In many countries where subsidies are used, eligibility criteria have been designed with a view to the printed press – covering criteria such as frequency of publication, subsiding distribution (France) and/or outrightly only benefitting news media which is published in printed format (Austria, Belgium and for the core of its subsidies, France). Likewise, the Swedish operational subsidy in practice as of early 2023 tends to favour larger titles. Originally designed to support the "second newspaper" within each territory and thereby support media plurality, market developments have meant that most general dailies and weeklies are eligible for subsidies – with subsidies calculated based on subscription figures and frequency of publication.

This in turn may hamper media innovation and adaptation to consumer demand.

The challenges associated with outdated subsidy mechanisms and criteria have been highlighted in interviews conducted during the study and in public reports, such as those from France[150] and Sweden[151]). These reports have emphasised the need to revisit existing subsidy programs to ensure they do not disproportionately favour legacy players, particularly in the print media sector, thereby perpetuating outdated support structures. There have also been calls for a review of these schemes to promote neutrality across outlets and technologies, prioritise funding for news media in genuine need, and place a stronger emphasis on quality.

While such criticism is especially focused on subsidies to printed media, some interviewees also highlight challenges related to audiovisual subsidies, noting the need for adaptation, in terms of subsidy design, since it is still based on a logic of linear broadcasting.

As discussed in section 3.1, both the Austrian and the Swedish subsidy models of written news media are currently in the process of reform in order to address weaknesses in subsidy design. Experts in Austria, however, argue that reforms are not taken far enough.

Finally, direct subsidies inherently associated with risks. Without transparent (and open) funding criteria, and effective implementation of arm's length principles, subsidies can be used to control and reward news media aligned with governmental interests. These risks are amplified changing eligibility criteria governs subsidy distribution (e.g. regional subsidies in Spain).

These advantages and drawbacks of state subsidies may be summed up as follows

Strength	**Weakness and risks**
• Potential distribution of significant amounts of funding, supporting financial resilience of news media and media plurality	• "Watering can" principle – lack of concentration of funds on most pressing needs Risks, which are associated with eligibility criteria

[149] Ministère de la Culture, Tableau des titres de presse aidés en 2021 avalable here

[150] The French Senat, Projet de loi de finances pour 2023 : Médias, livre et industries culturelles

[151] Statens Offentliga Utredningar (2022) Ett hållbart mediestöd för hela landet Ds 2022:14,

Strength	Weakness and risks
• Less bureaucratic model than other modes of direct funding (grants) • Longer term financing visibility (expected subsidies are known subject to meeting criteria for eligibility)	• Distribution of funds may distort the market and favour large market players • Subsidy models may favour legacy news media hampering innovation Risk associated with award of funding • Can be misused by authorities to achieve editorial influence/control over media outlets. • Without clear and transparent criteria (and implementation) can be misused by authorities to support news media favourable to government

2.3.2.1.2 Grant funding

2.3.2.1.2.1 Types of funding

A relatively large number of Member States have systems of financial support for private or non-profit media where funding is awarded on a (competitive) project basis, involving a jury or other body, to select and award funding.

Grant funding is found in Czechia, Estonia, Slovakia, Latvia, Lithuania, Denmark, Austria, the Netherlands, Hungary, France, Belgium (Regional), Ireland, Portugal, Romania, and Slovenia. There are also examples of grant funding at regional level in Spain, Germany, and Austria.

Project based grants mainly fall into the following categories (which are further described in the subsection below):

- Support to the development of specific news products
- Support to the development of products other than being news (i.e. documentaries, and other media products)
- Innovation and development support (including for digitalisation)
- Support to regional, local or community TV and radio, or to minority media

Globally, grant funding (as funding by the national level) represents some EUR 90 million per year– though funding in reality is likely to be somewhat higher, accepting that publicly available data on grants often does not include the allocated budget.

These funds benefit TV, radio, and written news media (print media and native digital) – as well as individual journalists. The relative weight of the beneficiaries cannot be assessed since many of the fund's benefit in more than one category. Additionally, the European Union provide grant funding to news media (see section 2.4).

Support to the development of specific news products

Grants to support development of specific editorial production are found in a number of European countries. Funding under this heading covers support to the development of quality journalism content, investigative journalism, grant support of documentaries and similar content. Some examples are developed hereunder.

The Baltic countries provide examples of the diversity of grants intended to support quality in news production. In the case of Latvia, grants are allocated to projects developing socially significant journalism, selected through a competitive process. Each year, the Latvian Media

Support Fund[152] defines priority themes or genres for which support is available, after which calls for proposals are published. Grants are in the range of EUR 50-150k with projects reported to have generated innovative and investigative journalism outputs.

In Lithuania, grants are allocated to the production of media content that could be distributed across both public and private media channels. Funding is distributed across six different programmes: 1) cultural periodicals; 2) national periodicals; 3) regional periodicals; 4) national radio and television; 5) regional radio and television; 6) digital news media. Content must be related to culture; media literacy; public information and security; or education. The subsidies favour printed news media rather than radio and TV - with cultural, national, and regional periodicals receiving 60% of the annual subsidy allocations. In Estonia, a fund worth EUR 1.3 million has been launched to strengthen Russian-speaking media in Estonia in light of the war in Ukraine. This is a one-off measure in 2023 targeting private newspapers.

Specific and targeted funds for investigative journalism[153] are relatively rare and are concentrated in Belgium, Luxembourg, and the Netherlands. Wallonia provides, since 2020, targeted support to the Fonds pour le Journalisme, managed by the Walloon association of professional journalists[154]. The Netherlands finances the Dutch Fund for In-depth Journalism (Fonds Bijzondere Journalistieke Projecten), which provides funds for investigative journalism and in-depth journalism in all formats. The fund is managed by an independent group of journalists. The Dutch state also support investigative journalism via the Journalism Promotion Fund (Stimuleringsfrond voor de Journalistiek), with targeted calls supporting collaboration between local and regional news media around investigative journalism (Investigative Journalism Collaboration projects) and training and coaching of journalists in the field of investigative journalism (Investigative Journalism Development calls).

Flanders finances the operation of the Fund Pascal Decroos which provides three different grants, covering investigative journalism and science communication[155]. The fund is managed by Journalism Fund Europe,[156] which is a Belgian-registered independent non-profit organisation. Among the Flemish grants are the “Lage landen”, scheme, which supports transborder journalism between Flanders and the Netherlands. Besides their thematic focus, a key feature of these funds are that they are managed by an independent designated organisation Budgets are small (EUR 1.8million in the case of the Netherlands and EUR

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[152] The Media Support Fund (MSF) was established in Latvia in 2017 for commercial media that create content in the Latvian language, direct funding available to produce quality journalism. Grants are awarded in a competition organized by the MSF. The purpose of the competition is to select projects whose implementation will make a significant contribution to the achievement of the programme’s objectives (to support the media in the creation of socially significant, informative, and educational content and to strengthen the national cultural space in the Latvian language by supporting the creation of non-commercial, socially significant journalism in the media). MSF tender submissions are evaluated by a commission of 7 independent experts. The commission is formed by sending out requests to media professionals NGO’s and academic institutions to nominate their representatives to the commission. The projects evaluated by the Commission are approved by the SIF Council. It consists of the Minister of Education and Science, the Minister of Culture, the Minister of Welfare, the Minister of Environmental Protection and Regional Development, as well as the Minister of Justice; A representative of the Prime Minister and four representatives of non-governmental organisations. Thus, the final decision on MSF projects is made by a council headed by a politically elected official.

[153] Other than funding of documentaries – which in many countries are funded under fiction and documentaries funds.

[154] l’Association des journalistes professionnels

[155] Scholarships | Pascal Decroos Fund for Special Journalism (fondspascaldecroos.org)

[156] Journalismfund.eu

0.275million in the case of Flanders). Finally, France provides selective grants for the development of podcast and radio content of an investigative nature[157].

Other examples of grants to support the production of specific news content are the Hungarian grant schemes TVALLANDO and RADIOALLANDO. These schemes, with a respective value of EUR 1.4 million and EUR 0.9 million annually, intend to support the production of TV/radio news, cultural magazine programmes, and other form of public service content – with recurrent and regular broadcasting of the funded programmes. Both schemes are targeting private TV/radio operators. Similarly, Slovenia operates a grant funding mechanism (the Media Pluralism Fund) which provides support to both newspapers and broadcasters in the form of grants for co-financing of content.

Additional to these schemes, most Member States provide funding for the development of documentaries and other similar content (usually as part of a dedicated fund for production of fiction and documentaries). Examples include Chechia, the Netherlands[158], Denmark and Wallonia.

Some Member States also have targeted measures for the production of other in-depth specific content. For example, the Irish Simon Cumbers Media Fund, established by the Irish Department of Foreign Affairs, provides grant support to reporting on stories in developing countries that highlight work carried out by NGOs and nationally funded projects (maximum amount of EUR 10,000 awarded per project). The Irish Department of Foreign Affairs also manages the Global Ireland Media Challenge Fund (EUR 900,000 per annum) which funds projects that promote and engage in geopolitical international events, and public understanding of Ireland's changing role in the world.

Finally, there are a number of examples of grants for specific content at regional level, that funds innovative content based on proposals. For example, the Media Authority North Rhine-Westphalia provides funding of up to EUR 15,000 per project for the realisation of innovative local media products that sustainably develop local media offerings in the region. Similarly, the Media Authority Berlin-Brandenburg supports journalistic-editorial broadcasting and web-based media offerings with predominantly local reporting with the aim of securing local media diversity and counteracting a deficit in the supply of information. In 2021, 35 projects were funded with a total of EUR 1 million.

Innovation and development support

Innovation and development support is provided in a range of Member States, including the Netherlands, Denmark, Portugal, Austria, and France.

In Portugal, a set of project measures are intended to support the development of regional newspaper and radios. Of the total budget of EUR 979.5K, support is chiefly allocated to Technological modernisation (30%) and digital transformation[159] (53%) with smaller allocations for Media literacy related projects (4%) and support for media accessibility (11%). Funds are also available for employment and professional training.

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[157] 157 Ministère de la Culture Aide sélective aux autrices et auteurs de podcasts et de créations radiophoniques (culture.gouv.fr)

[158] Home - NPO fund (npo-fonds.nl)

[159] Digital transformation includes projects that promote digitalisation of production and content, purchasing of new technologies, streaming services, and other similar initiatives. Technological modernisation funding includes projects to update tools (software, hardware).

In the Netherlands the Journalism Promotion Fund (Stimuleringsfrond voor de Journalistiek) provides grant funding to media outlets experimenting with new platforms or business models to improve their economic viability or the quality of their output. The fund provides grants under four schemes: Accelerator, providing funding for media start-ups or established media companies for test new platforms or solutions; Accelerator Light, a programme assisting journalists to fund their innovation-focused projects; Booster, a scheme aimed at supporting digital or print media that are published at least monthly; and Research funding. The fund had, in 2019, an annual allocation of EUR 6 million, which was the second largest targeted fund for innovation across Europe .

In Austria, the Fund for the Promotion of Digital Transformation started operating in 2021. The fund, which aims to strengthen media companies and their digital services and reinforce the role of media in a democratic society, offers two types of funding. The first category is for project funding for transformation and digitalisation (including measures to strengthen journalism; measures to improve the protection of minors and make content accessible). The second category is for incentive funding provided to businesses that are working towards a specific development objective that is within the remit of the fund. Radio and print newspapers are eligible. As a difference from most grant funds, the budget is significant (EUR 54 million in 2022, though it will decrease to EUR 20 million in 2023).

Innovation grants supporting the establishment of new media and the development of existing written media are also in place in Denmark (with an annual allocation of EUR 2.8 million) and in France. Danish funds are available for development of startups, as well as for innovation projects for established media. In France, the Strategic Fund for the development of the press (Fonds strategies pour le développement de la Presse), co-funds investment projects carried out by publishers and press agencies. France also support business incubation projects (Programmes d'incubation presse et medias[160]) intended to support startups with the skills and tools essential to their successful start-up and development,

Finally, Wallonia has a small scheme providing project grants for projects supporting the adoption of digital communication technologies, with an estimated value of about EUR 0.2 million.

In Germany, there are no federal grant (or subsidy) schemes targeted directly at news media. However, a pilot project by the State Minister for Culture and the Media was launched in September 2021.[161] This grant-based funding mechanism called "Promotion of projects to protect and structurally strengthen journalistic work" finances scientific research into alternative business models, development projects in journalism schools and other forms of journalistic training; projects that offer advice/support to journalists who are persecuted; and networking by journalists. The pilot scheme has a total budget of EUR 2.3 million to support selected projects covering all media types. It is currently expected to expire by the end of 2023.

In addition to national grant funding, some regions allocate grants for innovation. The Vienna Media Initiative (Wiener Medieninitiative) offers an example of a regional funding scheme. Since 2019, the initiative supports innovative projects that promise to increase the quality of journalism, drawing on a fund of the City of Vienna.[162] In the funding line "Media Project", media companies and start-ups are supported with up to EUR 100,000. The funding line "Media Startup"

[160]Ministère de la Culture Aide aux programmes d'incubation presse et médias

[161]Staatsministerin für Kultur und Medien, Förderprogramm geht in zweite Runde, Roth: „Qualitätsjournalismus braucht starke Strukturen"

[162]Wirtschaftsagentur Wien Wiener Medieninitiative: Schon über 100 Medieninnovationen für Wien

subsidise the conception and feasibility testing of ideas by individual journalists or small teams with up to EUR 10,000. In contrast to the federal press subsidies, the funding is distributed according to journalistic quality, sustainable economisation, and innovation. The allocation of the awards is decided by an independent jury of experts and has an overall budget of EUR 7.5 million. To date, more than 100 journalistic innovations have received this funding.

Minority, local and community media

Dedicated grant schemes for media in minority languages are mostly concentrated in Central Europe (Czechia, Slovakia, Poland, Finland, Estonia, and Romania) where grants are provided for press in all countries. Audio-visual production is also covered in Czechia, with funding being targeted at not-for-profit community media. Information on allocations and individual grants is not available[163].

Additionally, both Spain (at the level of the autonomous communities), and Italy, have specific schemes for minority languages. In monetary terms these schemes are significant. They cover both radio and the press. However, these schemes operate rather as subsidies (not as grants). They are therefore presented in the previous section.

Finally, other than support to minority media, some Member States provide grant support to non-commercial community or other local media .

2.3.2.1.2.2 Advantages and drawbacks: Grant funding

Funding schemes are generally built around a set of specific criteria, targeting news media with specific needs and/or those or with a project idea. A number of Member States have provided such schemes as an alternative to direct subsidy schemes, as they are seen as more effective and/or targeted.

Feedback collected on existing schemes suggests that grants may have a substantial impact in terms of supporting media to implement projects with a positive impact on content development, innovation in content, and/or more broadly innovation in the services offered, thereby contributing to resilience.

For example, the strategy for media support of the Flemish government is to focus on projects that have a distinct element of innovation in order to encourage media publishers to find for themselves ways to improve their journalistic content and business model. As outlined, similar approaches are found in Latvia and Lithuania – where stakeholders point toward quality improvement in content.

Funding schemes, however, also have a number of drawbacks. A first issue is the overall modest level of financial support that grant funding provides, in view of the challenges, it may try to address. As the various European examples show, grant programmes and funds mostly have relatively limited budgets, with many funding schemes covering smaller scale, time-bound projects. Only the recent Austrian Fund for the Promotion of Digital Transformation has a budget of +EUR 10 million.

Stakeholders in several countries where grant funding is the main source of direct funding have highlighted those existing schemes as of early 2023 are inadequate to match needs – especially for local and regional media, where financing needs are seen as particularly widespread. As such, grant funding is seen as a beneficial supplement but not sufficient to address current funding needs.

[163]But it is understood that, in financial terms, these schemes are small

A second issue is that funds, because they are project linked and subject to application processes, do not provide a continued or reliable source of revenue. Grants are usually competitive. There is thus no reassurance of funding beyond the individual grant. News media consequently cannot plan long term. This issue has been highlighted, in several countries where grant funding in the main funding model for content development (e.g. Slovenia, Latvia and Croatia).

A third issue is in that grant funding is not necessarily specifically targeted at news media. While news media may benefit, directly or indirectly (i.e. via content which is produced by content producers but made available for free to news media) other actors may benefit too. Grants schemes with this wider coverage are found, for example, in Latvia and Lithuania.

other actors may benefit too. Grants schemes with such a wider coverage are found, for example, in Latvia and Lithuania.

Other weaknesses pointed out by stakeholders relate to:

- **The subjectivity of the selection process,** Over and above meeting set eligibility criteria, grant projects are subject to qualitative reviews, and judgement of project proposals. Assessing projects for their potential quality and impact, has the advantage of maximising the potential impact of the project and of targeting funding on projects best meeting set objectives. However, several interviewees have also pointed out that qualitative assessment implies judgement of what constitutes quality in content (as opposed to subsidy mechanisms that allocate funding once eligibility criteria are met). In a few countries, interviewees have also noted that the allocation processes have been influenced by policy makers.

  There are, among the stakeholders consulted opposing views on the desirability of competitive funding – especially when funding relates to production of content. While some see competitive grant funding as a way to improve quality, other are strongly opposed to the idea of funding models based on qualitative review and judgment.

  Two main arguments are put forward. First, qualitative assessment of project proposals decreases arm's length, and increases potential for interference and influence on the content produced. Second, qualitative review implies third party judgement of quality of the projects (for example when selecting between different forms of innovative projects). While stakeholders highlight the need for compliance with press ethics and standards (and that this should form part of eligibility criteria), qualitive assessment of what constitute a "good project" is seen as potentially limiting, rather than enhancing, media plurality.

  Consequently, several stakeholders have highlighted the need for funding models which do not involve competitive funding and qualitative review.

  In this respect, notable examples of how arm's length can better be supported are found in the models favoured in Belgium (both Flanders and Wallonia) and in The Netherlands, where awarding of investigative journalism grants are allocated by third party institutions to which government provides funding. The same applies to the current approach taken in Lithuania to ensure greater arm's length in grant allocation (see section 4).
- **The administrative burden and challenges with the allocation process.** Grant funding is associated with applications, which represents a burden on applicants. Furthermore, larger media, with their more extensive resources are more likely to present a successful project proposal, which may represent a distortion of competition. Emerging and small media are less likely to have the knowledge to develop a proposal that matches the expected requirements. They may also not have the resources to invest in a competitive process. Thes factors make making the entrance of new/smaller players less likely.
- **Co-funding requirements**. Most schemes require co-funding. Co-funding requirements often represent 50% for innovation projects, including for those which target start-ups. Co-funding

requirements may represent an obstacle for smaller and new media outlets and this in turn increases the likelihood that grants will benefit more established players.

An overview of the advantages and drawbacks are listed below.

Strengths	**Weakness and risks**
• Targeted support, for selected priority areas • May drive innovation, experimentation, and new forms of journalism	• Projects tend to be small/small financial impact • Funding may not be specifically focused on news media (eligibility beyond news media outlets) • Administrative burden/may prevent (smaller) outlets in applying Risks • Subjectivity in distribution of public support at the stage of evaluation • Low sustainability of funded interventions

2.3.2.2 Indirect support

Indirect support is made up by a set of financing mechanisms – mostly related to tax reductions tax credits, distribution support, and other mechanisms aimed at encouraging consumption and third-party investment in news media.

VAT reductions is by far the most widespread form of indirect support. Many Member States also provide distribution support - either as a direct subsidy (see above) or as an indirect subsidy by financing directly the costs of distribution though payment of distributors, often the national postal services. Other schemes are much less widespread. It is only France and Italy which extensively use indirect support tools, other than support for distribution and VAT reductions.

As outlined previously, it is not possible to establish the potential financial value of indirect support. Among the European countries, only France provides annual estimates of the value of VAT reductions. Disregarding VAT reductions, however, it may be estimated that the value of indirect support is approximately EUR 676 million for 2022. More than half of this is in distribution costs. The Belgian support to distribution represents a significant share of this support, with an estimated EUR 170 million in 2022.

2.3.2.2.1 VAT reductions and tax credits

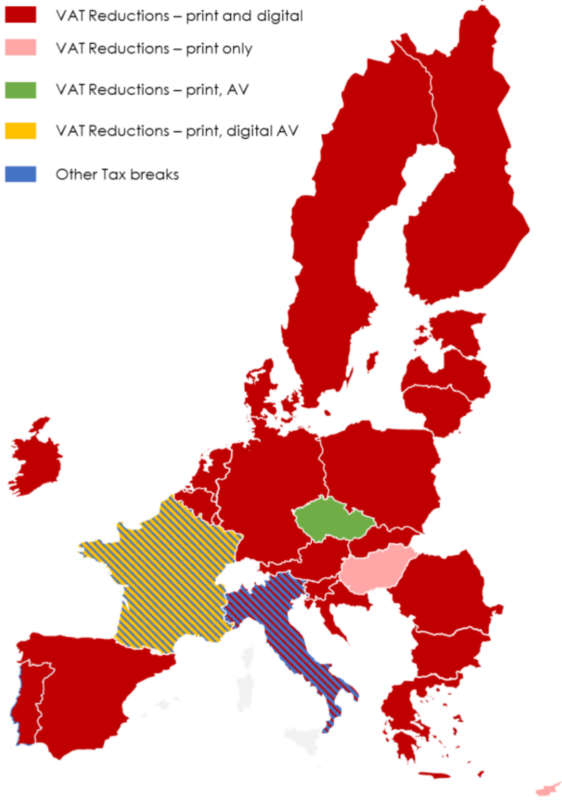
All EU Member States have systems of reduced taxation to financially support media publishers.

Reduced VAT is the most widespread, and most consistently used subsidy mechanisms across the EU.

VAT reductions covers mostly print and digital newspapers. A few Member States also offer reduced VAT for pay TV (France, Czechia).

The use of other forms of tax reductions to financially support media publishers, directly or indirectly, is considerably less widespread, as illustrated in in Figure 20.

Figure 20 – VAT reductions and tax credits benefitting news media in the EU, 1 January 2023



Source: authors based on desk research

2.3.2.2.1.1 Coverage: reduced and 0% VAT

The degree to which VAT rates are discounted differs between Member States. Reduced VAT rates across the EU range today between 0% (Belgium, Ireland, Denmark) and 12% (digital news media in Latvia).

While initially aimed at print publications, reduced VAT rates mostly also applies to digital news media. In the last five years, most countries have expanded VAT reductions to include online newspapers - and in many countries also periodicals.

In the context of the COVID-19 pandemic, a number of countries expanded the reduced VAT rate so as to cover digital news media, or reduced the VAT (Lithuania, Hungary, Latvia, Austria, and Spain). Ireland has also recently lowered VAT to 0%.

While reduced VAT rates mostly applies equally to digital and print, there are some exceptions. In Cyprus, Hungary, and Czechia, reduced VAT only applies for print. A few Member States (Latvia, Poland) moreover operate with two reduced VAT rates applicable for different types of news media.

Discussions on raising VAT rates are ongoing in Czechia,[164] while in Hungary there is debate about the expansion of the reduced VAT rate to digital news media. In Austria, a further reduced VAT rate was implemented as a temporary measure during the COVID-19 pandemic but has since been increased again to 10%.

To qualify for a lower VAT rate, different rules and limitations are imposed on newspaper publishers in different countries. In France, for example, publications that want to benefit from

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[164] Union of Publishers of the Czech Republic - VAT rates for press publications (unievydavatelu.cz)

the reduced taxation must be officially recognised by the Commission Paritaire des Publications et Agences de Presse (CPPAP), a state-run body whose mission is to advise the government on the economic regulation of the print media.

In several countries, newspapers must comply with other rules to qualify for reduced rates. For example, in Estonia only newspapers that have been sold on subscription for a certain period are entitled to the reduced VAT rate (Finland had a similar requirement, but it has been discontinued). In several countries there are restrictions on the maximum amount of advertising included in the publication. For example, in Spain, only newspapers that get less than 75% of their revenue from advertising are entitled to the reduced VAT rates.

Table 11 - Reduced VAT rates in Europe

Country	Standard VAT rate	Reduced rate	Scope of reduced VAT, and recent reform
Austria	20%	10%	Print and digital newspapers and magazines
Belgium	21%	0%	Newspapers in digital and print formats
Bulgaria	20%	9%	For print publications and digital publications except those containing mainly video/audio materials. Lowered in 2020 for both print and digital In 2022 the VAT reduction was voted to remain permanent.
Croatia	25%	5% 13%	The reduced VAT rate of 5% is applicable to both printed and digital newspapers. The 13% rate applies to magazines
Cyprus	19%	5%	5% for print media. The standard VAT rate of 19% applies to digital publications
Czechia	21%	10% 0%	10% for printed media. TV has 0% VAT. Current discussions on merging VAT rates, which most likely will result in reduced VAT rates being discontinued.
Denmark	25%	0%	0% rate for newspapers in digital and print formats
Estonia	20%	5%	Reduced VAT rate for print and digital news media. Reformed in 2022
Finland	24%	10%	Print and digital newspapers as well as magazines benefit from a reduced VAT rate
France	20%	2.1%	Print and digital newspapers and periodicals of general interest with a direct connection to current affairs benefit from the reduced VAT.
Germany	16%	7%	Print and digital newspapers and magazines benefit from the reduced VAT.
Greece	24%	6%	Print and digital newspapers
Hungary	27%	5%	Printed media products only. Reduced VAT was implemented as a COVID 19 support measure
Ireland	23%	0%	Print and digital news media. Reformed as from 2023
Italy	22%	4%	For print and digital newspapers. Sale of individual articles is not subject to zero VAT (but to regular VAT). The reduced rate does not apply to magazines.
Latvia	21%	5% and 12%	5% VAT for press and book publishers (including e-publications). 12% for digital news media
Lithuania	21%	5%	Printed and digital news media. Digital news media came under the new 5% VAT rate starting on January of 2021

Country	Standard VAT rate	Reduced rate	Scope of reduced VAT, and recent reform
Luxembourg	17%	3%	Printed and digital newspapers and periodicals
Malta	18%	5%	Printed and digital newspapers
Netherlands	21%	9%	Printed and digital newspapers
Poland	23%	8% and 5%	National newspapers, periodicals (both printed and digital) are subject to an 8% VAT rate. Local and regional press are subject to a 5% VAT rate
Portugal	23%	6%	Printed and digital newspapers and periodicals
Romania	19%	5%	Printed and digital newspapers benefit from the reduced VAT rate, excluding where the content is mainly advertising
Slovakia	20%	10%	Printed and digital newspapers and other news media
Slovenia	22%	5%	Printed and digital newspapers
Spain	21%	4%	Written and electronic press (4%). During the COVID-19 pandemic, a reduction of the VAT rate was put in place for digital news media, journals, and electronic books
Sweden	25%	6%	Newspapers, periodicals, books, and magazines incl. e-books or e-magazines

2.3.2.2.1.2 Other tax and contribution advantages

Tax advantages other than reduced VAT rates are concentrated in two Member States, France, and Italy. Both countries implement a variety of direct and indirect support measures for news media. In France, three broad types of support are in place: tax exemptions, tax breaks and reductions in social security contributions. Besides the French reduced VAT, these are:

- Exemption from the territorial economic contribution (Contribution économique territoriale[165]) and VAT of press distributors (local news stands). The accumulated value of these tax exemption is estimated to be EUR 8 million[166]
- Tax deduction for investments by news companies. This deduction applies to businesses that operate daily newspapers, and other publications (incl. digital news media) with a generalist coverage, published at least once a week. The deductible amounts are limited to 30% of the profit for the financial year for general publications and for online press services and 60% for daily newspapers and regional weekly titles. This percentage is increased to 80% for daily newspapers whose turnover is less than EUR 7.6 million. Sums deducted are set as a share of the cost price of the investment (40% for general publications and for online press services; 90% for daily newspapers and similar publications). Tax breaks for investments by news companies are limited to news media which are recognised by the Joint Commission on Publications and News Agencies (CPPAP). The estimated value of this tax break is under EUR 1 million.
- Tax reduction for donations to media companies (for and digital), associations working for the pluralism of the press and associations and associations of general interest. The estimated value of this tax break is under EUR 1 million.

[165] Service public France Contribution économique territoriale (CET) | Entreprendre.Service-Public.fr

[166] The French Senat, Projet de loi de finances pour 2023 : Médias, livre et industries culturelles

- Reduction of personal taxes for subscription to the capital of press companies (amounts up to EUR 10,000). Limited to the general press companies, the estimated value of this tax break is <EUR1 million
- Tax reductions for first time subscriptions for newspapers. The estimated value of this tax break is EUR 3 million for 2022.

France offers a 20% reduction in the rates of social security contributions for employed journalists. Furthermore, local press distributors with very low income are exempted from social security contributions. There is no data on the full financial value of these advantages. However, the tax reductions listed above are estimated to have a total value of EUR 168 million in 2022, of which the vast majority (EUR 155 million) is in VAT reductions[167].

In Italy, a variety of schemes are likewise in place. Several of these schemes were expanded as part of Italy's pandemic response, covering until 2022. As a result, the value of the indirect schemes (VAT excluded) increased from some EUR 90 million in 2019 to EUR 290 million[168] in 2021[169]. The majority of this indirect aid related to tax credits (EUR 225.7 million in 2021). Tax credits, covering 2021 are the following.

- Tax deductions for advertising made in the newspapers and in audiovisual media with a total value of EUR 90 million, annually in 2021 (and 2022). From 2023, the scope will be reduced so as to cover the press only, with a maximal envelope of EUR 30 million[170]
- Tax credit scheme to support the distribution of newspapers[171], worth EUR 60 million in 2021 (covering up to 30% of distribution costs)
- Tax credits for paper costs, worth EUR 30 million
- Tax credit for digital services, worth EUR 10 million in 2021. This tax credit principally covers costs of hardware and software (acquisition of server services, hosting services, maintenance services). The tax credits is limited to newspapers that do not benefit from direct subsidies[172]. The tax credit was continued in 2022 (with an identical amount), but it is unclear if it is continued in 2023.
- 95% flat rate reduction of VAT expenditure generated from intermediary trade of the newspapers that is associated with the cost of returning unsold newspapers (the so called forfettizzazione delle rese[173]). The tax credit was continued in 2022, but it is unclear if it is continued in 2023. This tax credit was worth EUR 20.7 million in 2021

2.3.2.2.1.3 Advantages and drawbacks: Tax breaks

Fiscal measures, especially in the form of reduced/eliminated VAT are widely recognised as having a general and positive impact on the financial viability of news media. While data are far from systematically available, data which is available showcase that VAT tax breaks can have a substantial contribution, exceeding, or close to matching, other main support schemes.

Illustratively, in the case of Denmark, the estimated value of the 0% VAT is EUR 42 million annually, representing 58% of total direct support provided to news media. In France the

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[167] Ibid

[168] Data Media Hub, In Due Anni più che Raddoppiati i Contributi all'Editoria, 27 December 2021

[169] Ibid, which has been used as the base for calculating total direct and indirect aid for Italy, as 2022 data is not available

[170] Dipartimento per l'informazione e l'editoria, Presidenza del Consiglio dei Ministri Credito di imposta per gli investimenti pubblicitari

[171] Insight EU monitoring Italy: EU Commission approves €60m support to newspaper distribution

[172] Dipartimento per l'informazione e l'editoria, Presidenza del Consiglio dei Ministri Credito di imposta per i servizi digitali

[173] For a discussion hereof see Data Media Hub, 2020 L'Ennesima Occasione Persa per l'Editoria

estimated value of the reduced VAT is reported to be EUR 160 million in 2023[174], or about 80% of the accumulated value of all direct press subsidies in 2023 (EUR 196.5 million).

Reduced VAT increases the margin of benefits, relieve fiscal burden and may – if the value of the VAT reduction is rolled over on the consumer price - decrease costs to consumers, thereby increasing sales.

Tax breaks also have other important positive attributes. First, they benefit all media eligible for the tax break in the same way. Second, because tax breaks are laid down in legal acts, they usually have a long term and transparent effect that feeds into financial sustainability. This predictability provides an opportunity for news media to adjust. Illustratively, when Sweden reduced the VAT rate for digital media to that of print newspapers, the change was broadly used by newspapers providers as an opportunity to further digitalise their media offer.

Reduced VAT rates, however, also have their own weaknesses. First, when tax breaks are limited to certain type of news media (e.g. print only, or only dailies not weeklies), tax privileges distort competition. Reduced VAT on certain products (e.g. print newspapers) and not on others (digital newspapers) may also discourage the adaptation of the media offer.

Second, some see the key weakness of VAT reductions in the fact that measures does not provide actual funding ("fresh money") that can be used to cover editorial costs nor develop news media[175]. Experts and stakeholders have criticised VAT reductions as being too insignificant to count as a subsidy, especially in the context of the pandemic.[176] There is also anecdotical qualitative evidence from this study that suggests that the introduction of VAT reductions does not necessarily translate into more qualitative content. For example, in Croatia the implementation of reduced VAT went in pair with the expectation that news media would start to create more qualitative content, but such effects have not been observed.

Third, some interviewees point out that tax breaks benefit relatively more medium and large players. The benefits of VAT reductions are associated with the scale of sale. Smaller players and high-quality titles with higher editorial costs and lower consumption figures will benefit less (given lower revenues and relatively higher editorial costs).

As regards tax breaks other than VAT reductions, feedback is mixed. Some of the Italian measures, aiming to support the news media industry, have been criticised as supporting an inefficient distribution sector, and as counterproductive to addressing structural challenges[177].

The relevance of tax breaks on adverting has also been questioned within the wider framework of the logic and operation of commercial advertising. Likewise, many of the French indirect aid mechanisms (other than VAT), have been criticised for their modest impact, in terms of their generating more subscriptions, and enhanced third party investment[178].

An overview of the advantages and drawbacks are listed below:

Strengths	**Weaknesses and risks**

[174] Projet de loi de finances pour 2023 : Médias, livre et industries culturelles - Sénat (senat.fr)

[175] Marius Dragomir (2021) State financial support for print media Council of Europe standards and European practices, for the Council of Europe

[176] Reported though interviews. See also Konrad Bleyer-Simon and Iva Nenadić, News Media Subsidies in the First Wave of the COVID-19 Pandemic – A European Perspective, European University Institute

[177] Data Media Hub, 2020 L'Ennesima Occasione Persa per l'Editoria

[178] The French Senat, Projet de loi de finances pour 2023 : Médias, livre et industries culturelles

VAT: Positive impact on the financial situation of media (supporting resilience) though reduction of expenses and enhanced revenues. **VAT:** Long term financing predictability supporting resilience. **All:** Benefit all media eligible for the tax break, and this in the same way	**VAT** • Potential for discrimination between different types of media outlets (depending on eligibility criteria and the conditions that accompany such systems) • May benefit medium and large players more than small players (resulting from relatively higher fixed costs) **Other forms of indirect subsidies** • Small or questionable impact on news media revenues • Risk: May sustain inefficient practices, or fund investment or support investment in news media which would have been undertaken anyhow **All** • May have insufficient impact on financial sustainability

2.3.2.3 Other forms of indirect support

Other forms of indirect support to news media, can be classified into two main groups: targeted indirect support to news media in the form of distribution support and targeted support for consumption.

2.3.2.3.1 Indirect support in the form of distribution support

Distribution support, aiming to support the distribution of print media is in place in many Member States.

Distribution support may cover general daily news media (e.g. Sweden, Finland, France, Belgium) or be targeted to selected types of media that provide some form of news content but do not fall into the category of news media[179] (Denmark). Distribution support mostly covers subscription-only newspapers.

[179] In Denmark, distribution support is provided to magazines of not-for-profit associates working on a specific topic (unions, NGOs etc.)

In addition to distribution to the consumer support may cover distribution to local news stands. This is the case in France where support is provided through direct subsidies and reduced social security contributions for newsstand businesses (with a small contribution to postal distribution in 2022 also in 2022). Likewise, Italy provides support to newsstands though tax reductions (see above)

Across Europe, distribution support may be allocated as direct financial subsidies or take the form of indirect support.

Figure 21 provides a headline overview of where distribution support is allocated to news media – irrespectively of its form (i.e. distributed as a subsidy to news media, to carriers, or to newsstands).

Indirect support to distribution is more frequent. It typically takes the form of direct financial support to distributors but also covers obligations on physical availability of newspapers at points of sale.

Figure 21 – Distribution support for news media in the EU, 2022

Source: authors based on desk research

In Belgium for example, the federal government provides indirect subsidies for postal delivery of news magazines in the form of preferential rates for postal delivery. In practice this indirect support was until 2022 ensured though contracting with the national delivery company Bpost, with an estimated cost of EUR 170 million annually paid by the federal government. The estimated costs for this subsidy are set to be EUR 125 million for 2023[180].

In Denmark and Sweden support to distribution is allocated as a direct subsidy. This is also the case in France, following a reform of the subsidy systems where subsidies to the post were replaced with direct subsidies (a small allocation for postal services, however, was allocated in 2022). In 2021 Italy allocated EUR 51.1 million to this support.[181] Other countries supporting distribution are Portugal and Latvia.

2.3.2.3.2 Support to consumption and other measures

While schemes aimed at supporting consumption, such as vouchers, are generally viewed favourably by experts, there are only few of such support schemes and policies across the EU.

Measures to encourage consumption of news media are in place in Finland, Italy, Spain, and France (and in France as a tax reduction, as seen above). In Finland, support to consumption takes the form of subsidies worth a total of EUR 0.8 million to libraries to secure subscriptions for

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[180] Business AM Bpost sur la sellette ? L'État lance un marché public pour la distribution des journaux 9 March 2023

[181] Unclear if this scheme has been continued in 2021

cultural periodicals. Similarly, Italy allocated in 2019[182] a EUR 20 million multi-year scheme for the purchase of subscriptions to newspapers, periodicals, and scientific and trade journals for schools and targeted groups of youth[183]. In 2021, this scheme was worth some EUR 13.4 million.

Finally, Spain has put in place the Bono Cultural Joven" (Youth Bonus) scheme, with an annual value of EUR 210 million to support cultural engagement of youth[184]. Around 11% has been spent on to digital products, including (but not limited to) subscription to news.

Other schemes identified are limited to a travel support scheme in Belgium[185]., where journalists can use the rail network for free.[186]

2.3.2.3.3 Advantages and drawbacks: Distribution and other measures

With the aim of ensuring equal access, distribution support has historically been seen as an important aspect of public support, acknowledging the costs of that distribution.

Distribution funding is however increasingly questioned, especially in countries where total funding is significant (France, Italy, Belgium). Reasons for calling into question this measure is its total financial cost; the share of total press support allocated to distribution and the changing consumer patterns; which altogether means that the measure is not very cost-efficient and benefits an increasingly smaller group of citizens.

Advantages and drawbacks of distribution measures are listed below.

Strengths	**Weaknesses and risks**
• Support accessibility, by ensuring access to news for all groups (covering high distribution cost)	• High costs • Potential to crowd out other support mechanisms, as distribution costs trends to be high • Benefitting a decreasing consumer group • Does not encourage digital transformation and modernisation of news media in a context of changing consumption patterns

2.3.2.4 State advertising

All EU Member States undertake and fund state advertising. State advertising is substantively different from other forms of direct and indirect support. It is contractual and by its concept, not primarily intended as a tool to provide direct aid to news media. In practice, however, different reports highlight that state advertising is an important source of revenues for many media outlets, especially for those that are struggling to survive financially.

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[182]Dipartimento per l'informazione e l'editoria, Presidenza del Consiglio dei Ministri Contributi alle istituzioni scolastiche per l'acquisto di abbonamenti in aiuto alla lettura critica e all'educazione ai contenuti informativi

[183] Ibid

[184] See Ministry of Culture Bono Cultural Joven: ¿qué es y en qué puede gastarse?, actual allocations appear lower than planned allocations – with 33 million having been distributed as from 2022 to April 2023.

[185] SNCB Journalistes, pour les professionnels de la presse

[186] It can be assumed that there is support to professional journalistic training in some countries. However, outside of grant support available for news media operators, support to training and development activity are generally not presented as part of support to the news media industry and are, therefore, challenging to map.

Some Member States have used significant amounts of public funds on state advertising in recent years. Particularly during the pandemic, state advertising operated as an important tool to support news media. Some of the campaigns have been significant, representing in a number of cases more of the total value of other forms of news media support provided in the same years[187].

Beyond the specific pandemic related campaigns, available data suggests that selected countries spend substantial amounts of money on state advertising. Moreover, where data is available, it suggests that state advertising allocations are increasing.

Data from Spain, for example, shows increasing expenditures: between 2020 and 2021, state advertising (national level) almost doubled (from EUR 66 million in 2020 to EUR 123 million in 2021). The effects have been sustained, with EUR 146 million in state advertising allocations in 2023[188]. Likewise, Poland[189] and Austria[190] have increased their expenditures.

In Hungary, in 2021, state advertising totalled EUR 344 million, or approximately one third of the total advertising market, with written media being particularly dependent on such resources[191]. In Poland, the 13 biggest state-owned companies spent more than EUR 40 million on advertising on public and private TV covering only the first 9 months of 2021.

State advertising is potentially a significant source of news media revenue. This instrument can quickly be deployed, and, because of its nature, state advertising will be regulated by national advertising rules, not as state aid[192].

State advertising, however, can be a problematic source of revenue[193]. In principle, government entities, or state-owned enterprises purchase space in the media to run campaigns, to publicise services, to generate awareness of a topic or issue, or to generate behavioural or attitude change. In some cases, however, state advertising may be used as a tool to gain influence over the editorial line, or as a reward mechanism for media that is supportive of the governmental line.

Results from the Centre for Media Pluralism and Media Freedom[194] showcase concerns as regards transparency and fairness of state advertising in Europe. When considering public news media support in its varied forms, untransparent state advertising persists in being the most problematic issue for most countries.

2.3.2.4.1 Advantages and drawbacks: State advertising

State advertising can be a boon for news media outlets, especially during times of revenue crisis, as it was during and after the COVID-19 pandemic. In some EU Member States state advertising was used to that end during the pandemic. For example, in Romania, the

[187] For example, the consumer campaigns in Portugal which represented EUR 15 million, much higher than the annual amounts allocated to grants and subsidies (EUR 1 million annually)

[188] Authors, calculated based on Planes e Informes de Publicidad y Comunicación Institucional available here

[189] See for example OKO.press, 12 February 2021 TVP dostała 5,9 mld zł pomocy publicznej w 4 lata. Do tego setki milionów z państwowych spółek i instytucji available here

[190] See RTR Medien und KommAustria, relevant datasets available here

[191] News Media Europe - state aid for the media in Europe, mapping available here

[192] For an overview of advertising regulation in the Member States see For an overview of advertising regulation in the Member States see Impact Assessment of the Media Freedom Act, Annex 2, pp 249 to 254 available here

[193] See for example Marius Dragomir (2021) State financial support for print media Council of Europe standards and European practices, for the Council of Europe

[194] Iva *Nenadić, 2022 What is state advertising, and why is it such a big problem for media freedom in Europe?* Centre for Media Pluralism and Media Freedom available here

government launched a public health campaign worth EUR 40.5 million – with funds being distributed across TV, radio, print newspapers and digital media. Similarly, in Greece, the government purchased advertising space worth EUR 11 million across different media including press, radio, and TV[195]. In Wallonia close to EUR 4.2 million was spent on public health advertising launched to support the media sector in general whereas in Portugal advertising space worth EUR 15 million was purchased to help offset lost advertising revenues – all of which was spent on print media (75% on newspapers with national coverage, and 25% in local and regional outlets).[196].

In theory, state advertising would be allocated in support of specific aims and the particular target audiences of campaigns/or information activity. This generates arm's length in allocation and thereby protect media independence. It has been argued[197] that the audience centric logic of advertising could be expected to insulate media from state influence, subject to allocations being guided by a set of transparent and equitable criteria.

In practice, however, state advertising often functions differently when its actual purpose is to support media. Past studies[198] found no evidence of substantive and fair distribution of state advertising in a context of usage of state advertising as a mean to support news media[199]. There is also little data on how state advertising funds have been used. Where reviews of state advertising are published, they are largely investigative in nature, and point towards lack of transparency in advertising allocations[200].

This also applies to the various state advertising campaigns which during the pandemic were used as a means to support news media. In these cases, there is also evidence, although anecdotical, that existing rules governing state advertising were circumvented, or that funding was otherwise unfairly distributed during the pandemic[201].

The reason for the limited information on structural support to news media via state advertising is the paradox it represents. As with other advertising, state advertising should aim at campaign objectives, i.e. to generate awareness or behavioural change within a specific target audience (the audience-centric logic of advertising). This means that media buying should reflect the media consumption patterns of the audience targeted. Therefore, unless there is a coincidence between the media consumption patterns of the target audience and the media that there is need to support, state advertising, from a communication perspective, would be inefficient.

Reflecting these points, the table below provides an overview of the advantages and drawbacks of state advertising as a subsidy measure.

Advantages	**Weaknesses and risks**

[195] News Media Europe - state aid for the media in Europe, mapping available here

[196] Ibid

[197] Marius Dragomir (2021) State financial support for print media Council of Europe standards and European practices, for the Council of Europe

[198] Ibid

[199] Ibid

[200] For Spain see, , Isabel Fernández Alonso (2023) Political power's media capture strategies in Spain (2016–2021), 2023 (sagepub.com) and Isabel Fernández Alonso (2023) Políticas relativas a la publicidad institucional y comercial del gobierno español (2016-2021)

[201] See for example by Konrad Bleyer-Simon and Iva Nenadić News Media Subsidies in the First Wave of the COVID-19 Pandemic – A European Perspective, Centre for Media Pluralism and Media Freedom available here

• Can come in large amounts, with the potential to impact positively on the financial situation of media. • Quick turnaround time for public support: can provide close to immediate relief. • With rules ensuring transparency and equitable allocation, it may potentially help media outlets achieve sustainability.	• State advertising distributed against campaign objectives may benefit mainly large news outlets such as commercial TV channels and/or social media. • If state advertising is conceived as a support mechanism for news media: Few examples of systems in place to ensure - fair and equitable distribution[202]. Risks • Can be misused by authorities to achieve editorial influence/control of media outlets and/or support news media favourable of government[203]. • When used in large amounts over time as a media support tool, high risk that the instrument becomes a tool of media capture[204].

2.3.3 *Takeaways: distinct approaches to public aid for private media in the EU*

The preceding sections have examined the various indicators and descriptors related to financing amounts and funding models in different contexts. This section aims to synthesize this information and explore whether there is a common public financing model, or models, for private media in the EU, as well as how these models compare to those in other European and non-European countries.

Public financing of private media can be mapped by the amount of financing; financing per capita; financing during the pandemic; and the funding models used. By considering the scale of financing and the types of funding models utilised, it is evident that there are significant variations in funding approaches among EU Member States.

However, when examining the amount of support and the composition of support, a set of five common models are identified across Member States. These models are categorised as follows:

Maximalist model. The Maximalist models entails high per capita levels of funding through direct support. Additionally, indirect support in the form of VAT reductions is provided. Funding is characterised by blanket or semi-blanket support measures primarily focused on the print press and, to varied degrees, the digital newspapers and native digital news media. Countries in the maximalist group provide support for innovation and start-ups, although the majority of funding is allocated to legacy media.

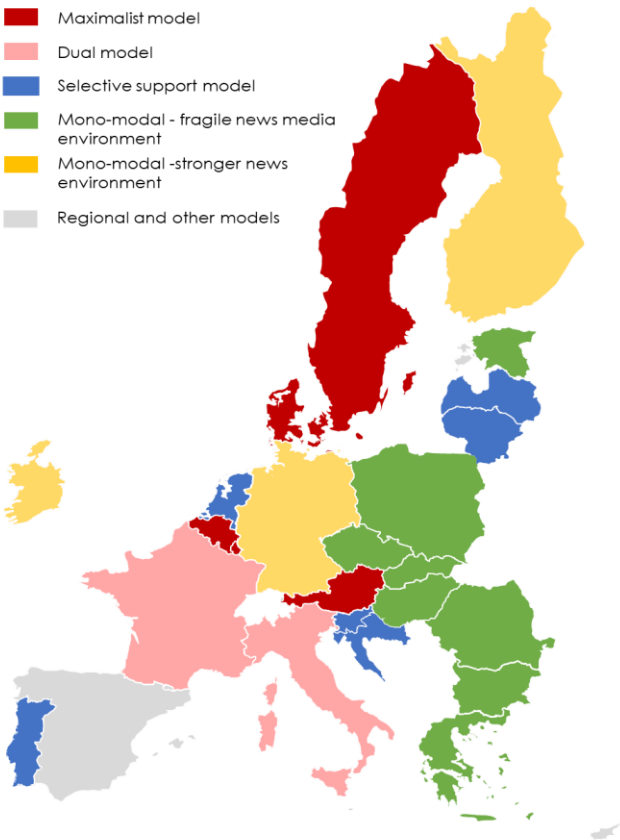
Austria, Denmark, Sweden, and Luxembourg operate with a maximalist model. These countries tend to view public funding of news media as key to supporting media pluralism. Belgium falls into this category due to the significant amounts allocated to press distribution, although substantive direct support is only provided in Wallonia.

[202] Which does not mean there are few legal frameworks governing state advertising.

[203] Ibid

[204] Marius Dragomir (2021) State financial support for print media Council of Europe standards and European practices, for the Council of Europe

Figure 22 –Approaches to public financing of private media



Source: authors

During the pandemic, Member States within the maximalist model implemented direct support schemes, with a focus on direct subsidy support. However, it is important to note that the impact of these measures has been temporary in nature, addressing the immediate challenges faced by the media sector during the crisis.

Mixed models: France and Italy operate with mixed models, combining lower levels of direct support with various forms of indirect support, including tax credits; distribution support; reduced social security contributions; and other indirect measures. The direct measures benefit both local and regional TV and radio stations, as well as the printed press. The indirect measures, including distribution support, primarily focus on the printed press. These countries have the second-highest levels of public support for the media and employ a broader range of interventions to support media plurality

A substantive difference between the two countries is that direct and indirect support measures in the case of France support large news media outlets, whereas Italy has restricted support to news media meeting certain eligibility criteria. Both countries implemented relatively large support packages during the pandemic, including direct measures, and in the case of France also direct support. Such measures, however, have mostly been phased out.

Selective support models: Latvia, Lithuania, the Netherlands, Croatia, Slovenia, and Portugal, all operate with selective support models that provide targeted support though grant and grant like schemes coupled with reduced VAT rates. The primary focus of public financing in these countries is on content, quality, and/or innovation in the media sector. Instead of blanket support, targeted measures are implemented, resulting in relatively low total funding levels. During the pandemic, support measures aimed to strengthen existing schemes and provided additional targeted support for specific content or selected outlets. However, it is worth noting that approaches to pandemic support have varied significantly among these countries, with examples such as Latvia and the Netherlands implementing distinct strategies.

Mono-modal support models: Czechia, Slovakia, Poland, Hungary, Estonia, Malta, Finland, Ireland, Germany, Greece, Romania, and Bulgaria operate with a mono modal or close to mono-modal model, primarily providing support in the form of reduced VAT. In some of these countries there may be small-scale additional support specifically directed towards news media in minority languages or other niche activities. The common perception among these Member States is that extensive public funding for private news media is incompatible with the principle of media freedom. As a result, their funding models tend to be more focused and limited in scope.

Within this broad category there are, however, a set of sub-categories:

- Countries operating with a mono modal financing model in fragile news media environment: Czechia, Slovakia, Poland, Hungary, Estonia, Malta, Greece, Romania, and Bulgaria. In these countries, news media, especially, printed news media are, due to their vulnerable media situation, prone to be dependent on state advertising – especially (but not exclusively) at local levels. The pandemic has exacerbated this situation, while the public financing response has been modest or non-existent.
- Countries with a mono modal financing model, in a stronger news media environment: Germany, Ireland, and Finland. In these countries, the pandemic triggered significant policy response, in the form of direct public financing (Germany, Finland, and more modestly Ireland). The pandemic also triggered, in two of three cases, reform and review of public financing needs. The effects of these reviews are however, yet to materialise, and therefore these countries remain in this group.

Finally, Spain operates with a regional model for support, guided by regional policies and resulting in relatively large differences between autonomous communities. In Cyprus, current financing policy is guided by the short-term extension of Covid-19 measures.

2.3.3.1 Main clusters confirmed when compared with selected third countries

Reflecting section 2.2.4.2 above, a high-level analysis of public financing of private news media PSM funding has been undertaken covering Norway, Iceland, Switzerland, Canada, and Australia. The purpose has been to identify if, and how, public funding of private news media in EU Member States differs from public funding in comparable third countries and to assess if, and to what extent, EU models of public financing – distinct from that of third countries - can be identified.

Similarly to the EU Member States, there are marked differences between the approaches taken to public financing across the comparator countries However, we find that financing models in the comparator countries rather align with some of the models identified in the previous section. Specifically:

- Norway and Iceland have models in place, which in terms of scope and approach are similar to the maximalist models found in Sweden and Denmark. Both countries are caraterisied by high per capita public funding for newspaper news media (~ €7 per capita). In both countries the focus is on direct subsidies which mainly benefit the printed and electronic press, coupled with reduced VAT rates for printed and digital newspapers. As such it may be argued that there is a Scandinavian model of public financing.
- Switzerland does not have any direct subsidies mechanisms in place but provides distribution support to printed newspapers and reduced VAT. As in Belgium, total costs of this distribution is high (€9.6 per capita) driving the value total value of public support to the news media. A programme of subsidies and grants proposed by government was rejected by a referendum in 2022.
- Austria and Canada both have direct support schemes in place for news media. Measured, per capita, however the value of these schemes are low (<€1) and schemes – similar to schemes found in EU Member States with Selective support models - focus is on content, quality, innovation and/or targeted support to underserved communities. . VAT reductions for news media are not in place but general VAT rates are lower than those of most European Countries.
- Finally, similar to several of the Mono-modal support models found in the EU, the UK (national government) does not currently provide any direct support to news media but does offer a 0% VAT rate for digital and print newspapers.

An overview of the public financing across the comparator countries is provided in Table 12 below.

Table 12 - Data on public financing of private news media in comparator countries

	Direct support: grant and subsidies	Reduced VAT and coverage	Distri. support	Other forms of indirect support	Per capita value of direct and indirect support (ex. VAT)	Beneficiaries	Comments
Australia	Scale grant schemes for media literacy and regional news	No, standard VAT is 10%	No	News Media Bargaining Code, that enables payments to be made to news publishers through Google News Showcase	€0.07 (total EUR 5.8 million over three years or EUR 1.9 million per year)	NN	in 2022-23 $4 million is allocated for the development of the News MAP to inform longer term news media policy interventions[205].
Canada	Special Measures for Journalism component through its Canada Periodical Fund. Incl. a Local Journalism Initiative to hire journalists or pay freelance journalists to produce civic journalism, and support for innovative content	No, standard VAT is 5% + Provincial Sales Tax (with exemptions in some regions)	Np	No	€0.24 (EUR 27,3 million over 3 years – or EUR 9.1 per year	Written press, digital community radio and TV	Proposal for a code to ensure that digital players are to compensate publishers for linking to news stories
Switzerland	-	2.5% (standard 7.5): print and digital newspapers	Yes	No	€9.6 (total EUR 80 million)	Print newspapers	A programme of direct support proposed by government was rejected in 2022 by referendum
Iceland	Operational support (98% of total). Grants to local media (2%)	11% (standard 22%) print and digital newspapers; periodicals private radio and TV	No	No	€7.2 (total EUR 38.6 million)	Private media companies producing news and news-related material	
Norway	Production subsidies for newspapers (83% of all subsidies) (newspapers,	0% (standard 25%) print and digital newspapers;	Yes, sparsely	No-	€7.4 (total EUR 2.7 million)	Newspapers (with subsidies distributed	

[205] See Minister of Communication, press release Journalism heading in the right direction with News MAP

	Direct support: grant and subsidies	Reduced VAT and coverage	Distri. support	Other forms of indirect support	Per capita value of direct and indirect support (ex. VAT)	Beneficiaries	Comments
	Targeted subsidies for minority language media, grants: training and innovation	periodicals TV news services	populated areas			as proportion to a newspaper's circulation and market position)	
UK	NA	0% print and digital newspapers (standard 20%)	No	No[206]	-	Newspapers	A substantive review of news media needs was undertaken in 2019.[207] A government response was subsequently issued.[208] While the review led a pilot Measure it was not continued. [209] Other proposals from the review were not followed up[210]

Source: desk research[211]

[206] Generalised Charitable Tax Relief not available to newspapers, though selected newspapers may be eligible see UK Government Declines to Extend Charitable Tax Relief to Most Newspapers the Cairncross review discusses the move to trust status for newspapers for taxation benefits.

[207]The Cairncross Review: a sustainable future for journalism (2019) Policy paper drafted for the UK Department for Digital, Culture, Media & Sport

[208] UK Government response to the Cairncross Review: a sustainable future for journalism (2020) Policy paper

[209] Future news pilot fund See Nesta, Future News Pilot Fund

[210] Holdthefrontpage.co.uk Cairncross demands more help for regional press four years on from review, 14 February 2023 available here

[211] Switzerland: Office federal de statistiques, Aspects économiques des médias: Subventions fédérales dans le domaine des média Office Federal de la Communication Aide à la presse Office Federal de la Communication, Train de mesures en faveur des médias Norway and Iceland: Nordicom, databases Australia: Parliament of Austria Funding certainty for media programs Canada: Government of Canada press release, Additional support to strengthen local and diverse journalism October 20, 2022, and Country report Canada, 2023, Reuters Digital news report

2.4 EU-level initiatives and interventions affecting the resilience and robustness of the news media sector

Although this study focuses on public financing schemes in EU Member States, it remains relevant to mention what type of support is available at European level. This section provides a short overview of the main financial support mechanisms set up by the European Union – and implemented by the European Commission.

2.4.1 Legal and policy framework

The European Union has long focused on approaching media (in particular the audiovisual subsector) from the regulatory angle. As a matter of illustration, in 2010 it adopted a Directive on Audiovisual Media Services, aiming to coordinate national legislation on all audiovisual media, both traditional TV broadcasts and later on-demand services. More recently, in 2022, it proposed a European Media Freedom Act to protect news media and journalists against political interference in editorial decisions and against surveillance.

As far as financing is concerned, until 2020 the main schemes at EU level consisted of:

- the Multimedia Actions budget line – grants to support the production of news on EU affairs targeted at news media organisations.
- Occasional pilot projects, sometimes discontinued after one or several years, and focusing on a variety of issues and targeted at news media organisations and other organisations active in the media domain. Amounts, as well as the number of schemes/calls for proposals, varied from one year to another.

In response to the Covid-19 pandemic and the unprecedented pressure on news media sectors, the European Commission adopted a new roadmap in support of the sector, called the European Media and Audiovisual Action Plan. This roadmap consisted of a variety of actions (e.g. stakeholders' dialogue, procurement of studies on the sector) and included new financing schemes, bringing a new consistency in the EU's intervention logic. The main aim of the action plan was to help boost the financial resilience of European media and to improve the quality of the public debate across the EU.

2.4.2 Available support schemes

Various EU funding programmes and actions funded by the EU support independent news production and other priorities, together amounting to EUR 40 to EUR 50 million per year. Before detailing each main funding scheme, the following commonalities can be outlined:

- EU support almost exclusively takes the form of grants awarded to organisations (whether public or private) not for their operational functioning, but for specific projects. Most often, applicants have to be organised in consortia pooling organisations originating from a minimum number of EU Member States.
- "Projects" are initiatives working on editorial aspects (e.g. joint news reporting) or business aspects (testing business models, sharing best practices, providing legal support to media/journalists etc.).
- Actions aim to address issues of cross-border nature, where EU-level collaborations could add value (ranging from media freedom threats to business challenges and strengthening the EU public sphere debate).
- Financial support (ranging between 80% and 95% of the cost of the project) is granted following a competitive process whereby the European Commission assesses at least the relevance of the projects (if the project fulfils the objectives of the action), their

quality/project management (whether its methodology is robust enough) and their expected impact/dissemination strategy.

- Projects last between one and three years on average.
- When the grant contributes to financing news production, the European Commission ensures media full editorial independence.
- Eligibility criteria vary and remain open, with organisations registered in the EU being the most common minimum criteria. Some actions/calls restrict eligibility to "news media organisations" or "organisations active in the media domain" (such as not-for-profits working on media freedom, research institutes or tech companies).

2.4.2.1 Multimedia Actions

This budget line represents on average EUR 20 million per year. The main goal of the Multimedia actions is "to provide citizens with independent information about European topics beyond local and national angles, thus reinforcing Europe's democratic principles", Just like support to public service media at national level contributes to empower citizens and help them participate in public life, the Multimedia Actions aim to creative a public sphere at EU level – which is a necessity, as decisions taken by EU constitutions have a direct impact on people's lives. In 2022, actions consisted of:

- The support to the production of data-driven news (budget available: 1 million per year)
- The support to the editorial collaboration between media cross Europe to create factual content in multiple EU languages (budget available: EUR 900,000)
- The support to a radio network (budget available: EUR 2.2 million per year)
- The support to the media Euronews to produce and broadcast programmes on EU affairs in multiple languages (budget available: EUR 16 million per year)

2.4.2.2 Financing via the Creative Europe programme

Creative Europe is an EU funding programme aimed mainly at supporting the cultural and creative sectors. It is the first EU programme with a dedicated envelope for media. In 2021, the European Commission committed to allocate at least EUR 75 million to support media in the period 2021-2027.

The objective of the actions under the Creative Europe programme is to support media pluralism and freedom, media collaborations as well as media literacy. Support therefore targets not only media, but also other organisations working in the media sphere (e.g. not-for-profit organisations). In 2022, actions consisted of:

- The support to partnerships between media organisations that wish to share good business practices or carry out joint journalistic projects (budget available: around EUR 8 million per year)
- The support to media literacy actions (budget available: around EUR 1.2 million per year)
- The support to media freedom and pluralism – consisting of supporting press/ media councils (EUR 500,000 per year), as well as a rapid-response mechanism to protect journalists under threat (EUR 1.55 million per year)

Organisations from certain non-EU countries are eligible for these actions, in view of the eligibility criteria of the wider Creative Europe programme.

2.4.2.3 1. Pilot projects and preparatory actions

Besides the implementation of the Creative Europe programme as well as the Multimedia Actions, the European Commission implements specific and ad hoc projects requested by the European Parliament.

These may consist of research or projects around media freedom, media pluralism, media literacy, media content offer, etc. Actions can be renewed to last more than 5 years, but overall greatly change from one year to another, making it difficult to offer a reliable outlook of calls for proposals and objectives over time or to provide a reliable yearly estimate (between EUR 8 and EUR 15 million per year, indicatively).

Some of the main actions for 2022 included financial support to create a European online platform to disseminate news and factual content (budget available: EUR 6 million per year), financial support to support EU news production targeting young people (budget available: EUR 2 million per year) as well as grants to support cross-border investigative journalism.

2.4.2.4 1.1.3 Other sources of financing

While the above actions outlined the most targeted actions, other financing schemes across other EU programmes contributed in 2022 to the financing of news media, in a less structured, targeted, or recurrent way.

- As part of its regional policy, the European Commission finances the reporting on regional policy and the use of European funds (budget available for 2022: EUR 7 million)
- Under the Horizon Europe programme, the European Commission opened a call for proposals to foster the development of advanced solutions for the creation, distribution, and consumption of new media products, including eXtended Reality (budget available: EUR 9 million) .

Noticeably, a number of EU policies and legal frameworks have an indirect impact on the financing of news media in Member States. The EU-level harmonisation of VAT rules, for example, has triggered some new practices that this report has studied. Likewise, some national financing schemes were implemented further to their clearance by European Commission services responsible for assessing state aid measures. Yet, this study does not aim to provide an analysis nor estimate all indirect impact, particularly because little data is as yet available. As far as copyright is concerned, for example, the literature indicates that rules have allowed news media organisations to generate revenues from the licensing of online platforms, but the terms of the deals have remained confidential.

3 Trends and needs in public financing

Building on the mapping presented in the previous section, and additional qualitative and quantitative data collection, this section presents two complementary chapters. Section 3.1 first presents the main trends in public financing of news media in the EU. Section 3.2 discusses funding needs and related challenges and issues encountered in the news media sector. Each chapter is introduced by a short executive summary, presenting selected findings.

3.1 Trends in public financing

Building on the mapping undertaken in section 2, this section provides an analysis of the main trends in public financing of news media across the EU. As required by the study specifications, trends in the following areas are considered:

- Financing allocations
- Types of support schemes favoured
- Sectoral focus of financing (private media)
- Institutional structure of the public financing

Reflecting the distinction made in the previous chapter, the section is divided into two parts, one covering trends in public service media (PSMs), and one covering private media. A resume of the main findings is presented in the box below.

Trends in public financing of PSM

Public revenue trends European PSMs are reliant on public funding, which provides the lion's share of its revenues (~80%). At the aggregate EU level, public revenues have increased only modestly between 2016 and 2021 (CAGR of 1.17% in 2016-2021). While revenues have evolved positively in nominal terms, overall growth in public revenues is smaller than growth in GDP. A review of the nominal versus the real growth rate furthermore shows that public revenues of PSM in real terms have decreased.

The overarching trend of stagnating revenues, however, covers, a heterogeneous development where a few PSM have seen their revenues increase very substantially, some have experienced funding cuts and others have seen public revenues stagnating. When accounting for both absolute revenues and revenue development, country clusters cannot be identified. Several PSM with low per capita public revenues have benefitted from relatively high increases in public contribution over the last five years, but this is not a uniform trend. In absolute terms, public funding per capita varies greatly. It remains (considerably) below the European average in most of Central and Eastern Europe and in parts of Southern Europe (especially PL, GR, RO, BG, PT, LT, and LV).

Public allocation models Driven by concerns related to high evasion rates and the inadequacy of the traditional device-dependent licence fee in the changing media consumption context, a majority of Member States have reformed, or have initiated a reform, of their public service funding model in the last ten years. The most frequent change involves replacing the licence fee with a (non-earmarked) state budget funding model.

General state budget funding is generally seen as increasing the risk of unstable funding and political interference especially in the absence of a specific amount (e.g. as a percentage of GDP) or multiannual budgetary planning. Funding of the PSM through licence fees and earmarked state funding models presents more guarantees for media freedom and independence. For this reason, the state budget funding model has generated calls for change in the institutional structure of public financing and/or changes to the governance structures of PSM, so as to their independence. Yet, as of spring 2023, the implementation of such changes has not been observed.

Trends in public financing of private news media

Public financing and financing trends. Direct and indirect funding of media is relatively modest in most EU Member States. Targeted public support to private news media, provided by national government[212], represented, in 2022, EUR 1.32 billion annually, excluding the value of VAT reductions and state advertising. The lion's share was attributable to six Member States only: Austria, Denmark. Italy, France, Sweden, and Belgium. EU Member States have substantially different approaches to public financing of news media. Some see public financing of private news media as a tool to support plurality and democracy (e.g. Sweden, Denmark, France, Austria, Italy). Others mainly have a "hands-off" approach (e.g. Germany, Estonia, the Netherlands, Czechia, and Greece).

The data available suggest that public financial support to private news media has increased somewhat the last five years. However, this trend encompasses large differences between individual Member States and changes over time. Overall, there are no common policy priorities for private news media financing across EU Member States, and this translates into large differences in financing intensity, and approaches.

In financial terms, the Covid-19 pandemic had a substantial impact on public financing of news media. Considerable funding was allocated to mitigate the impact the effect of the pandemic on news media. Measures, however, were chiefly temporary in nature. In contrast, by highlighting the vulnerability of news media, the Covid-19 pandemic contributed to accentuating the importance of media subsidies in some countries and helped frame and/or encourage several of the reform initiatives which have taken place in recent years.

Approaches to public financing Fuelled by the decreasing revenues of the press sector, and questions of efficiency and relevance of existing schemes, discussions about subsidy options for news media have been revived in many countries in recent years, including in some countries with no tradition of public subsidies for private media.

As a result, several proposals have been published in the 2021-2023 period covering, on the one hand, proposals for the modernisation of existing schemes, and, to a smaller extent, proposals for new measures (where no direct support measures were in place). These reform proposals are in many cases significant, and potentially wide-reaching. However, as a difference from reforms of public funding models of PSM, these reforms are much in the making. Of the Member States which have in recent years published proposals for new (CZ, IE, and FI) or reformed support to private media (AT, DK, LT, LU and SE), only two have, by May 2023, finalised their decision-making process on funding models (LT and LU).[213]

At the time of writing this report, evidence does not suggest that overarching priorities of news media support are converging across EU Member States. Only a few countries with a historical "hands-off" approach have taken specific steps towards the implementation of more substantive media funding. However, when considering the mentioned reform proposals, as well as other adjustments of existing financing mechanisms which have taken place in other countries, a number of developments, common to two or more Member States, may be observed. These developments relate to the expansion of VAT reductions

[212] Including regional government in the case of Belgium, accepting that direct support to news media, is exclusively a regional competence.

[213] With the Czech proposal, additionally, having been rejected by Parliament.

covering digital news media; enhanced focus on regional and local media; enhanced focus on innovation support; more widespread support to start-ups (including to native digital news media); increased technology neutrality in support; and focus on journalist employment as an eligibility or award criteria.

3.1.1 Trends in public service media financing

3.1.1.1 PSM public revenues are overall stagnating across the EU, but individual Member States follow different trajectories

With an accumulated revenue of EUR 27.9 billion and a public revenue of EUR 22.2 billion, European PSMs are heavily reliant on public funding. Public funding has historically constituted the backbone of PSM revenues. In 2021 public revenues constituted just below 80% of total PSM revenues[214], a share which has remained fairly stable in recent years.

With an annual CAGR[215] of 1.3% between 2016 and 2021, PSM revenues in the EU has in recent years increased only modestly. Between 2016 and 2019 total PSM revenues increased cumulatively by 2.1%. In the context of COVID and the associated advertising crisis, PSM revenues contracted between 2019 and 2020 by -0.8%. Revenues rebounded in 2021 with a 5.3% increase from 2020.

Public revenues of PSM reflects overall PSM revenue trends. However, public revenues have grown less than total PSM revenue growth. Public revenues stagnated between 2016 and 2020 (annual CAGR of 0.58%) but increased, albeit modestly, by 2.9% between 2020 and 2021[216].

While public revenues have evolved positively in nominal terms, overall growth in public revenues is smaller than growth in GDP. Total PSM revenues represented 0.21% of GDP in 2016. In 2021 this dropped to 0.19% of GDP. Public revenues have followed the same pattern. In 2016 public revenues represented 0.17% of GDP. By 2021 the share has decreased to 0.15%.

A review of the nominal versus the real growth rate confirms that revenues of PSM in practice have stagnated and public revenues in real terms have decreased. The cumulative nominal growth rates in total revenues for the period 2017-2021 is 7.1%; the real growth rate is 0.3%, with a negative growth rate of -0.1% for public revenues.

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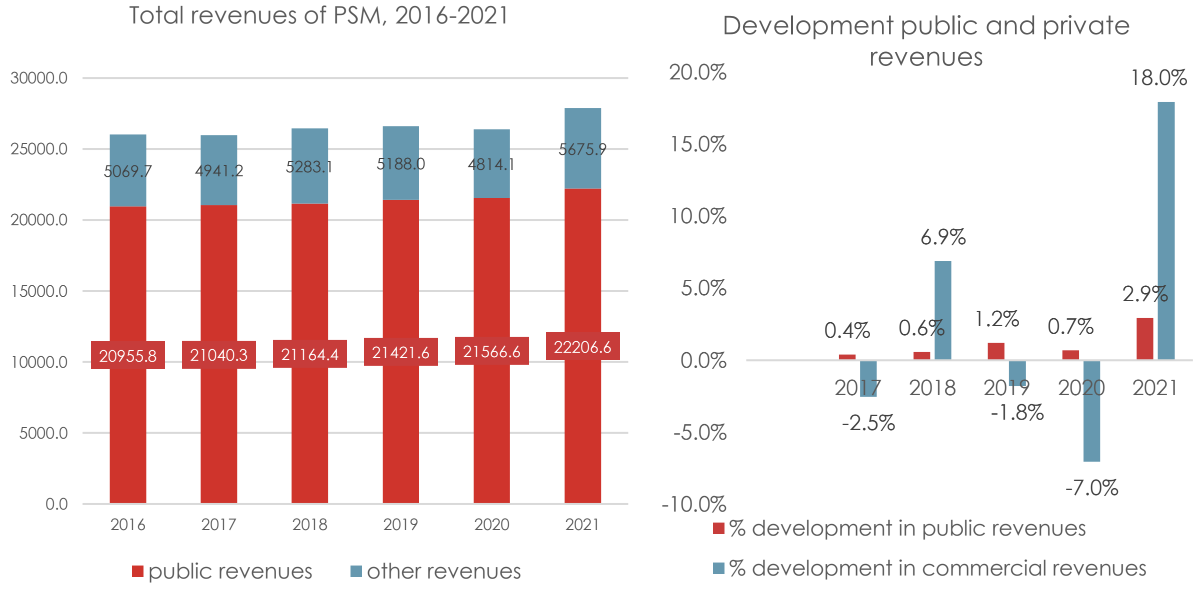
[214] Source: European Audiovisual observatory, database, and contractors' calculations

[215] Compound annual growth rate, CAGR) is the annualised average rate of revenue growth between two given years.

[216] Put differently, the rebound noted between 2020 and 2021 was mainly driven by commercial revenues. In general, commercial revenues have increased more than public revenues, explaining the difference between total revenue development and public revenue development

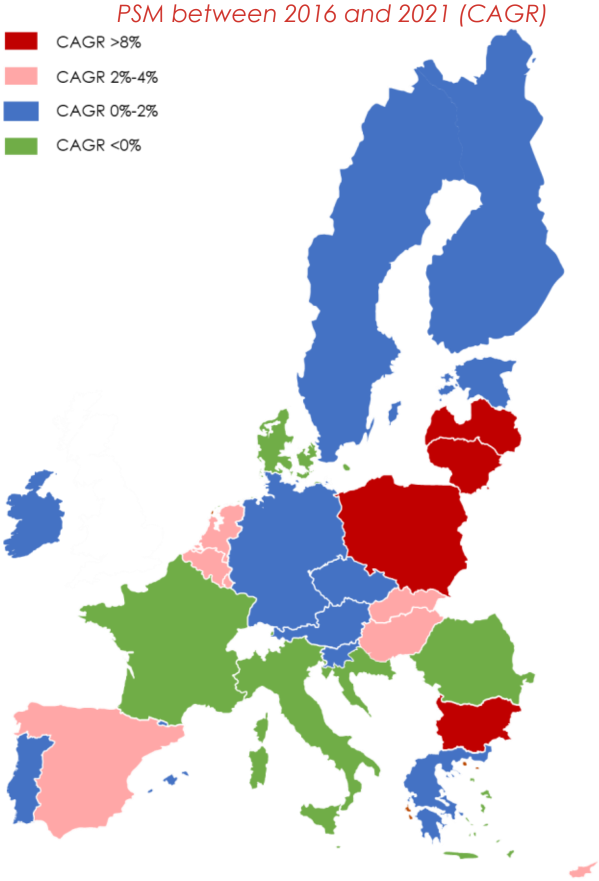
Figure 23 - Public revenues of public broadcasters in the EU, millions – 2016-2021



Source: European Audio-visual observatory, database

The overarching trend of stagnating revenues covers, in practice, a heterogeneous development where a few PSM have seen their revenues increase very substantially, some have experienced funding cuts and others have seen public revenues stagnating. An overview of public revenue trends is illustrated in Figure 24.

Figure 24 - Average growth in public revenues of PSM between 2016 and 2021 (CAGR)



Source: European Audiovisual observatory, database

In terms of distribution, public revenues of PSM in Western Europe, Southern and Northern Europe have mostly stagnated since 2016, with average annual nominal growth rates below 1.5%. A handful of PSM have experienced negative nominal growth in public service contributions. These countries are Denmark, Italy, Croatia, France, and Romania.

Increases in public funding are mostly found in Central and Eastern Europe. The largest increases in public revenues are found in Poland with an average annual CAGR of 31.3%[217]. Increases in public revenue are also seen in Lithuania, Latvia, Bulgaria, and Hungary[218]. In some cases, such as the Baltics, these revenue increases stem from changes to rights of commercial revenue generation – but also a willingness to increase the prominence and quality of PSM.

Revenue increases, however, is not a systematic trend in Central and Eastern Europe. In the 2016-2021 period the Romanian broadcaster experienced significant nominal decreases in public revenues – losing 19% of total nominal revenues between 2016 and 2021. As outlined in the previous section, consistent clusters of countries cannot be identified when regarding public funding of PSM within Europe, and this also holds true when considering trends in revenue development. While groups of Member States experiencing high and low nominal public revenue increases can be identified, these countries mostly share few other attributes. However it may be observed that:

- Many PSM with low per capita public revenues have benefitted from relatively high increases in public contribution over the last five years. This is especially true for PSM in central and Eastern Europe (HU, PL, LT, LV, and LT).

  In absolute terms, however, funding per capita remains low in most of central and eastern Europe. (especially PL, GR, RO, BG, PT, LT, and LV). Low funding in most instances co-variates

[217] Increases in Poland takes place in a context where the independence of the public broadcaster is questioned and where increases in public revenues reflect injections from the state budget – and not licence fee increase (for a discussion of PSM independence in Poland see for example M Dragomir A.Söderström (2021) A Global Analysis of the Editorial Independence of State Media and an Introduction of a New State Media Typology, Centre for Media, Data and Society, CEU Democracy Institute, for a discussion of revenues and independence see. Media Pluralism Monitor 2022, Monitoring media pluralism in the digital era Country report: Poland

[218] In practice, increases are in some cases higher than data indicate, reflecting devaluation of national currency against the Euro, as is the case in Hungary.

with low shares of audience (especially BG, RO. GR, SK, RO, PT, CY, HU, LT, and LV) and partly also low trust (especially HU, and PL), which, in turn, raises the question of if, and how, PSM can remain relevant in a competitive media context.

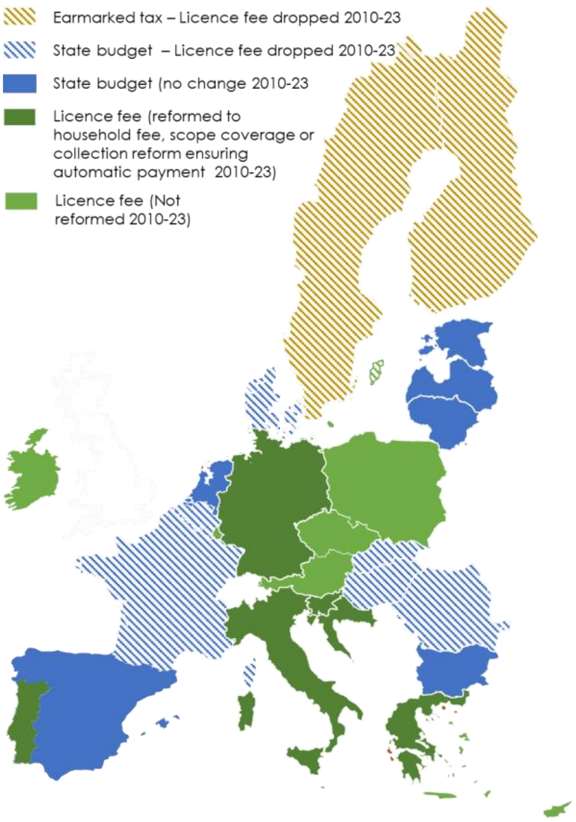
- PSM in most other countries have experienced modest annual growth in public allocation (<2% CAGR) or no growth.

3.1.1.2 State budget funding has replaced licence fee as the preferred funding model

Over the last decade, a majority of Member States have reformed, or initiated reform, of their public service funding model. In 2010 traditional device dependent licence fees dominated the public service broadcasting funding, with 20 of 27 Member States having licence fees funding mechanisms in place.

Between then and now a majority of Member States have revisited their funding model or are in the process of doing so. The most frequent change is that of replacement of the licence fee with a state budget funding model – a reform which has happened in France, Denmark, Hungary, Romania, Wallonia, Malta, Sweden Finland and most recently in Slovakia. With the exception of Finland and Sweden, which both have favoured an earmarked tax funding model, the retained model is that of state funding though the general state budget.

Figure 25 –Funding models in place and reforms of licence fees 2010-2023



Source: country research (mapping of funding models

As of July 2023, PSM in 14 Member States (DK, EE, LV, LT BE, NL, ES, FR, LU, SK, HU, RO, MT, and BG) will have as their main funding model allocations from the state budget, making it the dominant funding model across the EU.

Reforms of licence funding have chiefly been driven by concerns related to high evasion rates, the inadequacy of the traditional device-dependent licence in the context of increasing audiovisual consumption on devices other than TV, and PSM expansion of digital services. However, other considerations, such as cutting consumer costs (France), have also been put forward.

Different Member States have taken different approaches to reform. While the dominant change is that of replacement of the licence fee, some Member States have chosen to reform the licence fee, replacing it with a household fee (Germany, Greece, and Portugal).

Other Member States have taken more modest steps, such as Italy, where the fee is not obligatory, but it is automatically added to the electricity bill.

Some planned reforms are yet to be completed. Slovakia will shift from a licence fee model to a state budget funding model in July 2023. The Irish and the Austrian licence fees are set to be reformed in the next years. The expected retained model in Austria is that of a household fee. There is more uncertainty as regards the Irish model, though its government has indicated a preference for a transformed licence fee[219].

3.1.1.3 Change of funding models has not gone in pair with changes to the institutional structure of the public financing

The replacement of a licence fee is generally seen as increasing the risk of unstable funding and potential political interference (cf. section 2.2.3) , as illustrated in the public debate around the replacement of the licence fee in Denmark,[220] France[221] and Slovakia[222]. This in turn has called for change in the institutional structure of public financing and/or changes to the governance structures, so as to ensure more arm's lengths[223].

Overall, with a few notable exceptions, the more widespread use of a state budget funding model goes in pair with annual funding planning cycles as part of the development of the general state budget (or, in the case of France, other forms of temporary funding models), decreasing long-term visibility of PSM funding. The study has found no evidence that the reforms have, as of yet, implied changes in the institutional structure of the public financing – for example through the implementation of long-term funding planning, or changes in PSM appointment structures[224].

While the evidence does not support the hypothesis that the shift to state funding goes in pair with public funding cuts– the evidence does show that, on average, revenues are less stable (i.e. fluctuate more) in countries where public funding stems from the state budget – and are more stable where public revenues stem from earmarked state budget funds or from the licence fees.

3.1.2 Trends in in direct and indirect public financing of private media

3.1.2.1 In most countries, public support to commercial media is – and remains – relatively modest

Building on available data, it may be estimated that direct targeted public support to commercial and not-for-profit news media, as funded by central government, represents in the range of EUR 1.32 billion annually (value of VAT reductions and exemptions excluded). About half is direct funding[225]. Additionally, some countries provide direct funding at a regional level (Germany, Italy, Spain, and Austria).

The relatively modest level of intervention reflects that substantive direct financing and indirect support (other than VAT reductions) is limited to a few countries. In practice, public aid for commercial and not-for-profit news media varies significantly across Member States, both when considering total allocations and per capita allocations.

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[219] The details of the models is not known by end May 2023. A Technical Group has been set up to work on finding a way of reforming the TV licence fee funding model.

[220] See for example Dansk Journalistforbund Mediepolitisk strategi | Hvad arbejder DJ for? (journalistforbundet.dk);

[221] Julia Cagé (2023) Another License Fee is Possible, For an Earmarked and Fair Funding of Public Service Media; Jean Jaurez Editions. Telerama, Pourquoi la suppression de la redevance va secouer l'Assemblée. 27 July 2022

[222]See, for example, Startitup Odvádza ho takmer každá rodina: Pri „podaní rúk" sa Sulík a Heger rozhodli zrušiť kľúčový poplatok, 21 December 2022

[223] Dansk Journalistforbund Mediepolitisk strategi | Hvad arbejder DJ for? (journalistforbundet.dk);

[224] While there are examples of state budget funded models with longer term visibility ensured though effective multi-annual planning, such examples are found mainly outside of the EU (Norway and Australia).

[225] Direct funding is grant and subsides, indirect funding is represented by tax deductions and other indirect support

The lion's share of total direct and indirect financing (VAT reductions excluded) was, in 2022, attributable to six Member States only: Austria, Denmark, Italy, France, Sweden, and Belgium. These results are confirmed also when considering per capita financing – though Luxembourg, Latvia and Lithuania provide more per capita funding than the remaining EU Member States and Spanish regions in some cases allocate significant funding.

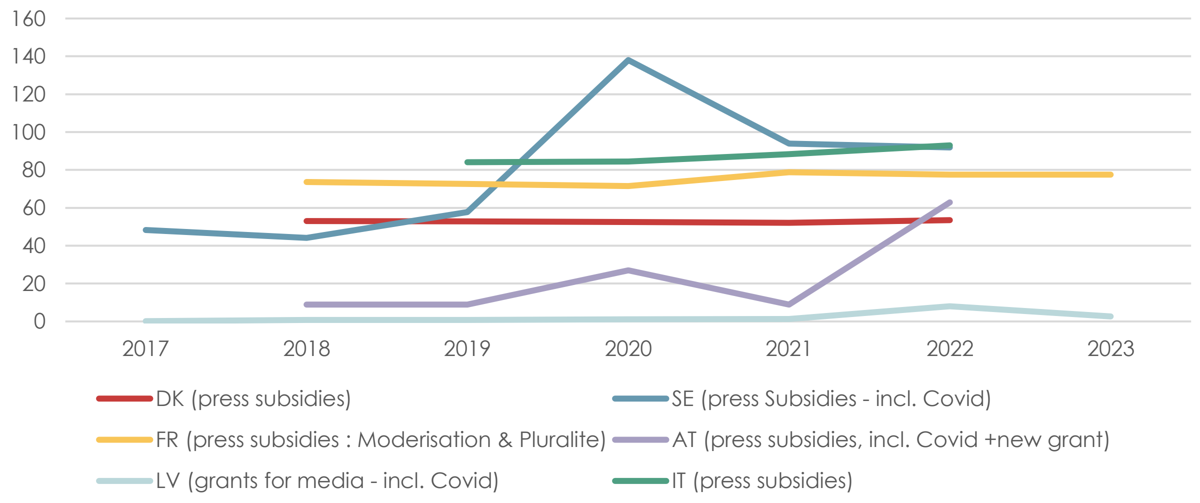
In the remaining Member States, public support to news media is chiefly composed of reduced VAT rates for newspapers and magazines coupled with small and direct targeted schemes.

The most widespread change in public support to private news media in the last five years covers expansion of VAT reductions to digital news media, which has taken place in most countries. Some increases in direct financing are also identified between 2017 and 2022. As data is missing for several countries, it is not possible to provide a reliable quantitative estimate of how public support has evolved over the last years[226].

However, building on qualitative data collected in the framework of this study, and considering the countries for which comparable data is available (which relates to direct funding), data does suggest that public funding to private news media has increased in the last five years (Figure 26). Overall, public financing increased significantly in 2020, dropped again in most countries in 2021-2022, but has overall increased between 2019 and 2023.

These increases are chiefly observed for Member States which already had significant systems in place to provide direct financing to news media prior to the pandemic (e.g. Sweden, France, and Austria). However, as discussed in the next section, selected Member States without pronounced direct subsidy mechanisms (Finland,[227] and Ireland) have recently approved, or are in the process of developing, new support mechanisms.

Figure 26 - Press subsidies - subsidies for the press, distribution excluded



Source: State budgets, Nordicom *distribution represent large shares of total subsidies in France. Distribution has been excluded as distribution support has been reformed in between 2017 and 2022, replacing indirect support with direct support. The model accounts for the new grant scheme in place in Austria, which also covers radio.

[226] It is also questionable if such an analysis would provide relevant information as regards actual long-term trends in public aid, given the relatively large amounts which were allocated temporarily during the pandemic

[227] E.g. Finland, see - Kommunikationsministeriet Statsrådet utfärdade en förordning om mediestöd 23 March 2023

3.1.2.2 With some exceptions, the COVID-19 emergency support did not translate into a long-term shift in funding practices

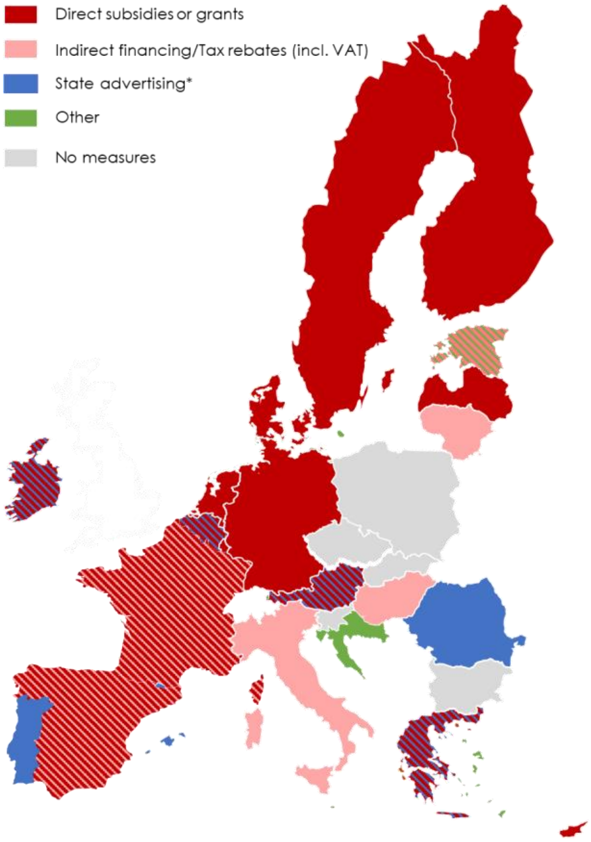
In financial terms the pandemic had a substantial – but mainly short term – impact on public financing of news media.

Most EU Member States designed and implemented targeted measures and programmes intended to support private news media and to cushion revenue effects of COVID-19. Measures covered employment support[228]; scaling up of pre-existing subsidies; implementation of temporary/ad hoc subsidies to news media; VAT reductions or expansion of eligibility of news media; and state advertising.

In many instances, measures targeting the news media sector involved substantial amounts. Among others, Sweden allocated EUR 60 million in direct subsidies, Denmark EUR 25 million and Austria EUR 32 million. France set out two relief programmes, covering two years with a total value of some EUR 443 million, and Italy implemented and expanded a vast range of tax credits and other indirect support. These drove up total indirect contributions from EUR 91 million in 2019 to EUR 290 million in 2021.

[228] For a map of these measures see European Journalists, mapping of Covid-19 support measures, available here

Figure 27 - Direct and indirect state measures to mitigate the impact of Covid-19 on the media



Source: country research (mapping of funding). *Only campaigns seen as measures to support news media

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For some countries – notably Germany, Greece, Finland, and the Netherlands - the pandemic represented a clear break with previous subsidy practices. Though the allocated budgets differed markedly, the pandemic implied a first allocation of direct, and in most cases significant, subsidies to the private news media, allocated from the state. The Netherlands allocated, over a set of calls, a total of EUR 35 million for local news media; Greece introduced a temporary support scheme worth EUR 20 million; and Finland allocated EUR 7.5 million to support news media. Finally, Germany first allocated a dedicated envelope of EUR 20 million to support the written press and to compensate for the advertising losses caused by the COVID-19 pandemic. A subsequent EUR 200 million package was adopted[229].

Measures, however, were chiefly temporary in nature. The most widespread, longer-term impact of Covid-19 was the adoption, or expansion, of reduced VAT rates for digital news media in five Member States as a COVID-19 measure (Latvia, Lithuania, Spain, Austria - subsequently raised again - and Hungary). Additionally, in the fall-out of the pandemic, Cyprus renewed its subsidy schemes in support of print media for another three years with increased funding, and Wallonia made the investigative fund for journalism a permanent feature of media support.

Other measures-maintained post 2021 related to the various Italian tax credits (which were continued in the form implemented under the pandemic until 2022); the reduced advertisement tax in Hungary (which per see was not implemented as part of the pandemic but was continued, though discontinuation was planned in 2020); and the French tax credits on subscriptions. However, these measures have either been revised in 2023, a more modest scope has been implemented[230] or revision is in discussion.

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229 See Deutscher Kulturad, Pressemedien in der Subventionsfalle? 29. September 2020 Note it is unclear what shares of the allocated amounts were actually distributed.

230 Tax credits for advertising, which were continued in the form implemented under the pandemic until 2022 are being restricted in in value and coverage in 2023 – see Dipartimento per l'informazione e l'editoria, Presidenza del Consiglio dei Ministri Bonus pubblicità 2023: domanda per il credito d'imposta entro la scadenza del 31 marzo, novità e istruzioni (informazionefiscale.it)

In contrast, by highlighting the vulnerability of news media, the Covid-19 pandemic contributed to accentuating the importance of media subsidies and did help frame or encourage several of the reform initiatives which are discussed in the subsequent section.

3.1.2.3 Review and reform of public support to news media

Debates about potential subsidies for news media have been revived in many countries in recent years, including in countries with no tradition of public subsidies for private media. These discussions were fuelled by the decreasing revenues of the press sector, and questions of efficiency and relevance of existing schemes.

As a result, a number of EU Member States have reviewed funding needs and existing financing models. The purpose of these reviews differs. Globally the following broad types of reviews and reform can be identified:

- Review of funding needs – with the purpose of proposing new funding schemes in countries where such schemes are not in place
- Reviews of existing fundings schemes, with the purpose of modernisation and/or addressing emerging priorities

Review of funding needs. Finland, Czechia, and Ireland have reviewed funding needs and have published proposals for the development of new funding schemes.

The scope of these reviews differs. The Irish Future of Media Commission review is substantial. Created in 2022, the Commission was tasked with developing recommendations on sustainable public funding and other supports to ensure media in Ireland remains viable, independent, and capable of delivering public service aims. Similar to the Cairncross Review[231], the Irish Future of Media Commission published a strategic agenda for transforming Ireland's media sector (see also section 4.2). In Czechia[232] and Finland[233] reviews were undertaken considering how news media may be supported in the future – reviewing different options and needs within the industry. Finally, the German Government commissioned a review of funding needs of regional media, though it has not translated into policy proposals.

Reviews of existing fundings schemes Sweden, Austria, Luxembourg, and Lithuania have published proposals for the development, transformation, or adjustment of funding models. In Luxembourg, Sweden and Denmark reviews have been focused on revision of existing subsidy schemes – with more substantive reform proposals in Luxembourg and Sweden. In Lithuania review has been broader, resulting in an overhaul of the funding mechanisms, budget, and institutional structure (see section 4.2).

In terms of reform proposals, the following broad priorities can be identified:

- **Modernisation of funding schemes** – involving reform of eligibility criteria of existing funding models to ensure technological neutrality (between print and native digital content) and to support explicitly editorial production (discontinuing criteria based or related to circulation). This approach is central in Sweden and Luxembourg. Also the Lithuanian and Austrian

[231] *The Cairncross Review: a sustainable future for journalism*, undertaken for the UK government. The report presents an overview of challenges facing high quality journalism in the UK, putting forward recommendations to help secure its future. The report is available here

[232] For a discussion see Hlidacipes, Ondřej Neumann: Fiala se otočil zády k nezávislým médiím a jde na ruku oligarchům v čele s Babišem a Křetínským. February 20, 2023,

[233] Sini Wirén et al (2021) Ehdotus pysyväksi avustusmekanismiksi journalismin tukemiseksi, Liikenne- ja viestintäministeriön julkaisuja 2021:10 available here

reviews fall within this broad category, though reform in these cases also relates to a wider review of the existing support funds (and in the case of Lithuania also its operations).

- **Support to local and regional written news media** – at the centre of the reform proposals in the Nordic countries (Denmark, Sweden, Finland) is the adjustment of existing funding models, and/or the design of new funding schemes targeted at local and regional news media to address ongoing concerns regarding the viability of local news.
- **Support to start ups/smaller outlets**, which as a type of support has gained a prominent position in the Luxembourgish subsidy model.

These reform proposals are in many cases significant, and potentially wide reaching. However, as a difference from reforms of public funding models of PSM, these reforms are much in the making.

Besides the reform of the Luxembourgish subsidy systems, a decision on a discretionary one-year subsidy scheme in the case of Finland (March 2023), the implementation of super reduced VAT in 2022 in the case of Ireland, and a digital transformation scheme in Austria implemented in Austria, reform proposals are yet to be approved (or finalised, in the case of Ireland) and their implementation and scope are, as of May 2023, to varied degrees uncertain.

Within this limitation, Table 13 provides an overview of the scope of the recent reviews and reforms, their status, and their potential budgetary implications.

The table does not consider debate or policy calls for reform, though it should be noted that there has been call for enhanced support for private news media by senior politicians in some countries (e.g. Latvia) and, as outlined, a study of news media needs in Germany[234].

Table 13 - Reforms and reform proposals, since 2022

Country	Objectives of review/reform	Main reform elements and status	Budgetary review
AT	Modernisation Addressing weaknesses in the current subsidy system, notably the fact that current subsidy models traditionally favoured the market leaders, particularly the large tabloids	**Pending** • A package of draft laws have been published end 2022 for a comprehensive reform of the Austrian system of media subsidies[235] • The new regulatory framework is expected to introduce a new quality-based funding programme for print and digital news media – in addition to the existing support mechanisms.	Not known for forthcoming reform
DK	Enhanced support to local and regional media Secondary: support to select other priorities	Review of existing funding models[236] - Pending (as of May 2023) • Review funding ceilings of the operational production subsidy model, so as to benefit local and regional media • New scheme for local free of charge weeklies	No (not for the main subsidy model – minor increases for other priorities)

[234] DIW (2022) Die Situation der lokalen Presse in Deutschland und ihre Herausforderungen im Zeitalter der Digitalisierung for Commissioned by the Federal Government. Department for Culture and Media

[235] Available at Parlement Österreich Bundesgesetz über die Förderung des qualitätsvollen Journalismus in Medien des Print- und Online-Bereichs; Presseförderungsgesetz, Medienkooperations- und -förderungs-Transparenzgesetz u.a., Änderung (233/ME)

[236] The Danish Government (20223 Medieaftale for 2022-2025 - Den demokratiske samtale skal styrkes available here

Country	Objectives of review/reform	Main reform elements and status	Budgetary review
		• Earmarked subsidies for investigative journalism and fake news projects	
FI	Review with the purpose to design a new permanent funding mechanism (undertaken in 2020) Approved temporary scheme with focus on local and regional news media	**Proposal:** A two-fold support mechanism to support news media proposed in 2021[237] - covering a support mechanism for editorial production (main form of assistance) and the introduction of news media development support for newly established media and other companies (project support) **Approved March 2023[238]**: Temporary subsidy scheme with the main purpose to prevent the decline of media output at the regional and local level. The subsidies target operators which have been affected by recent changes in the media field **Pending** distribution support worth EUR 15 million for 2023-2027. Expected to be approved in the summer 2023	Yes: new allocations, worth EUR 7 million, for operational subsidies (though currently only temporary) and EUR 15 million for distribution for a 5-year period
IE	Substantive needs-based review with the purpose to design needs based public funding mechanisms for the sector (PSM and commercial media coverage)	• Zero VAT rate for print and digital newspapers, approved in 2022[239] At proposal stage[240] • Direct public support mechanisms for private news media (several schemes proposed) • Set up of a new Media Fund[241]	Assumed yes (details not known, as in discussion)
LT	Modernisation of funding schemes	Approved end April 2023[242]: Revision of the funding current support system. • New funding model (full review of schemes, coverage, and eligibility • Set up of a new structure, responsible for public grant-based subsidies for news media (see section 4 where the review is presented)	Yes (estimated tripled, to a total annual budget of EUR 7-8 million)
LU	Modernisation / technology neutrality, and scope enhancement Focus on editorial production (support based on circulation discontinued)	Approved 2021[243]: programme of editorial subsidies and grants covering: • Subsidies calculated on the number of employees, for mainstream media • Targeted subsidies, for start ups	Yes

[237] Sini Wirén et al (2021) Ehdotus pysyväksi avustusmekanismiksi journalismin tukemiseksi, Publications of the Ministry of Transport and Communication2021:10 available here

[238] LVM006:00/2023 Valtioneuvoston asetus valtionavustuksesta tiedonvälityksen ja uutismedioiden tukemiseen vuonna 2023, available here

[239] Decided as part of Ireland's Finance Act of 2022, available here

[240] Available, as of May 2023, only in the Government's response to Future of Media Commission Report: Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media, 2023, Future of Media Commission Report - Implementation Strategy & Action Plan available here

[241] Mission and resources still unknown as of September 2023

[242] Ministry of Culture of the Republic of Lithuania (2022). Pristatyta paramos žiniasklaidai modelio pertvarka: daugiau lėšų, lankstumo ir nepriklausomumo.

[243] Loi du 30 juillet 2021 relative à un régime d'aides en faveur du journalisme professionnel avalable here

Country	Objectives of review/reform	Main reform elements and status	Budgetary review
	and employment, innovation and start ups	• Targeted subsidies for citizen publishers (non-profit media[244])	
SE	Enhanced support to local and regional media Modernisation and simplification of support / technology neutrality	Reform of exiting funding: New media support system from 2024 (Pending). Formal proposal not published, by May 2023, only the accompanying governmental investigation (which present the draft legal proposal[245]) • New editorial support based on costs of editorial staff • Reinforced support to information in news deserts ("White spots")	No
CZ	Review with the main purpose of tackling disinformation	Rejected by the Parliament[246] (currently no new plans) • Action plan prepared by the Government to support independent media as the main purpose • The plan proposed several ways to fight disinformation, including two grant funding schemes to support media plurality Other: May 2023 - proposal that printed newspapers should be subject to the general VAT rate (21%)	No – if approved the proposal on increased VAT rate will, in practice, abolish state public support to news media in Czechia

Source: desk research

3.1.2.4 No common policy priorities for news media financing – but some change in practice and schemes

Media policy across EU Member States is not guided by a common set of overarching priorities. While financial support to PSM is a common denominator to all Member States, the same does not hold true with regards to support and financing of private sector media.

Some Member States see public financing of private news media as a tool to support plurality and democracy (Sweden, Denmark, France, Austria, Italy). Others (e.g. Germany, Estonia, the Netherlands, Czechia, and Greece), mainly have a "hands off" approach.

At the time of writing this report, evidence does not suggest that overarching priorities of news media support are converging across EU Member States. As outlined in the previous section, as of early 2023 some Member States are reforming public support to private news media. These reforms, however, are for the most part seen in countries where extensive support systems were already in place prior to reform. Only a few countries with a historical "hands off" approach have taken concrete steps towards the design and implementation of more substantive media funding policies (Ireland and Finland).

In contrast, when considering financing schemes and approaches, a number of developments common to two or more Member States may be observed. These developments relate to the

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[244] With the key eligibility criteria being a) non-profit association foundation b) Should have recourse to the voluntary participation of citizens in the editorial activity, C) Must contribute to media literacy, integration and social cohesion and D) Not part of a press group

[245]Kulturdepartementet, Ett hållbart mediestöd för hela landet (Mediestödsutredningen) Ds 2022:14 available here

[246] This Plan was never officially published. The Czech Government Ambassador for Fight against Disinformation announced the main principles of the Action Plan early in 2023. However, soon after the backlash from various sector stakeholders, the Ambassador stepped down, and the Government never published the draft of the Action Plan.

expanded implementation of VAT reductions, more focus on regional and local media, enhanced focus on targeted innovation support and more widespread support to start-ups, including to native digital news media.

A. VAT reductions for news media have expanded

As outlined, a main trend in public financing over the last five years is that of expanded implementation of reduced VAT rates on print newspapers and digital news media. Two main trends may be observed:

- Decreases in VAT rates
- Expansion of reduced VAT rates to also cover subscriptions (and single copy sale) of digital news media

Expansion of reduced VAT rates to cover digital news media is the financing mechanism most widely introduced over the last five years. 24 of 27 Member States provide for VAT reduction for newspapers, both digital and print. Only in three countries are VAT reductions restricted to print media (Hungary, Cyprus, and Czechia).

Most Member States already had implemented reduced VAT rates for printed newspapers before 2017. However, those who had not did change their VAT policy during the pandemic (Bulgaria, Hungary) and some further lowered existing VAT rates as a pandemic support measure (Spain).

Differences in the scope and eligibility however remain. These differences relate both to the reduced VAT rate and scope of media covered. Scope of news media covered mostly includes both newspapers and periodicals (electronic and print), but some countries have restricted coverage to print newspapers and digital media of a "newspaper-like"[247] nature (Denmark, Italy, Slovenia). In terms of the VAT rate, it ranges across Europe between 0% (Belgium, Denmark, and Ireland) to 10% (Finland, Austria, and Czechia), as covered in more detail in section 2.3.

While reduced VAT for newspapers is among the most stable of public financing interventions, expansion is not a given. As of early 2023, Czechia is simplifying its VAT system and reduced VAT for newspapers is expected to be discontinued[248].

B. Redistribution of support in favour of local and regional media is becoming a priority in some countries

While remaining secondary, support to local and regional journalism is an emerging priority in public financing across Europe.

A number of countries have already implemented schemes or calls which explicitly target local media over the last decade. This includes the Portuguese *New regime of incentives for the media* which was set up in 2015[249] and which provides targeted grant support especially for technological modernisation and digital transformation of local and regional newspapers and radio stations.

In the Netherlands, the Dutch Journalism Promotion Fund (Stimuleringsfonds voor de Journalistiek) has, since 2020, been providing subsidy support to local media. Though focused on local broadcasters as of early 2023, calls were implemented in 2020 and 2021 as part of the Dutch Temporary Support Fund, for local information, which was targeted at free local

[247] This notably mean that magazines and native digital news media of a specialised nature are excluded.

[248] Euractiv, 12 May 2023, New Czech tax package will kill newspapers, publishers warn available here

[249] https://dre.pt/dre/legislacao-consolidada/decreto-lei/2015-66929935

newspapers, local public broadcasters, general local newspapers, and local news websites[250]. Italy and France also provide targeted support to local and regional media, though such schemes are not new. Spain, Italy, Austria, and Belgium (Wallonia) provide support to regional and local news media funded though regionalised subsidy schemes.

In addition, (planned) reforms in the Nordic countries (Denmark, Sweden, and Finland) all imply redistribution of support in favour of local and regional media, and at the expense of national media.

In other countries, this trend is less prominent, despite the recognition in many countries and from many stakeholders that local and regional media are more vulnerable to changes in news media consumption (and also more vulnerable to government interference via state advertising).

C. Schemes to support innovation, business starts-ups and native digital news media are becoming more widespread

Targeted support to innovation, business starts-ups and native digital news media is overall gaining more traction across EU Member States. A handful of Member States have put new schemes in place to support innovation, starts-ups, and native digital news media. Notable examples include:

- France, which in 2021 implemented a dedicated subsidy mechanism for native digital news media
- Austria, where a new scheme to support digitalisation of radio and print media (Fund for the Promotion of Digital Transformation) was adopted in 2021. The Digital Transformation scheme was allocated EUR 50 million in 2022 (EUR 20 million in 2023)
- Luxembourg, which, as from 2022, provides targeted subsidies for start-ups

Denmark, Portugal (for local media), Wallonia and the Netherlands have also long been offering targeted support for innovation of printed news media (or, in the case of Denmark, both native digital and print media). On the other hand, Sweden has discontinued its digital transformation scheme targeting the press, noting that digital transformation has already happened, thereby making the scheme obsolete.

No substantial support targeted at innovation was identified in other EU Member States.

D. In financial terms allocation to the development of specific forms of content (investigative and other priorities) is secondary to general (untargeted) support mechanisms

Grants and schemes to reinforce or develop investigative journalism, and more generally promotion of quality journalism is at the centre of selected schemes and programmes in Europe.

The Benelux have schemes focusing on investigative journalisms. Latvia, Lithuania, Croatia, and Slovenia have specific grant programmes which provide funding for specific content, based on proposals, and Ireland funds production of content on selected aid priorities. Also, Hungary has a support mechanism for commercial radio and TV for the production of specific content

In budgetary terms, however, such schemes are largely secondary to direct subsidy schemes, distribution support and VAT reductions.

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250 Stimuleringsfonds voor de Journalistiek SVDJ opent 21 september nieuwe aanvraagronde Steunfonds 11 September 2020

E. Support to Minority language media constitutes the essence of (direct) funding in a number of countries

Support to minority languages is the main, or one of the few, (direct) financing scheme(s) in a number of countries, such as Spain, Poland, Slovakia, Czechia, and Romania.

3.1.2.5 Eligibility criteria, and criteria for award, are gradually changing

Reflecting the various reforms which are currently in process of being approved, eligibility criteria are changing. Two main changes can be noted.

Schemes targeting the press are becoming gradually more technology neutral Both printed and digital newspapers receive subsidies. And while the onus in financial terms remains on support to print newspapers, schemes are gradually becoming more technologically neutral. The most prominent example of this change is the expansion of reduced VAT to cover digital newspapers and magazines.

In addition, eligibility criteria of some subsidy schemes targeting the press are changing in some countries. While criteria related to circulation/print subscription/copy sale and similar criteria related to print based publications feature in subsidy models in France, Wallonia and Italy, Luxembourg and Sweden have replaced circulation-based funding formulae with that of calculation based on editorial cost (or, in the case of Luxembourg, employment) – a model similar to that of the Danish subsidy model.

Progress towards greater technology neutrality, however, is slow. Illustratively, the Austrian and Wallonia newspaper subsidies remain available only for print media, and the new Austrian Fund for the Promotion of Digital Transformation is designed only to support digitalisation of radio and print media – not to support digital-only media. Reform, however, is expected.

More attention is given to employment. Overall, subsidy mechanisms are gradually allocating more attention and weight to journalist employment. Minimum journalistic employment may operate as an eligibility criterion for subsidies (e.g. Denmark, France and, going forward, Sweden), as a criterion for calculating subsidies (Luxembourg), or as an award criterion (Wallonia and Italy).

While some of these practices have been in place since 2017, most are new. Among the important changes brought in post-Covid is a change in eligibility criteria in France – where, from 2022, only news media employing journalists in the newsroom will be eligible for direct and indirect support mechanisms[251]. This new requirement applies to newspapers and digital news media, with the 2021 Act further specifying that only news media distributing their own professionally-produced content will be eligible for aid.

In its 2022 reform, Luxembourg has made employment of journalists the key criteria for aid calculation, whereas direct aid is calculated by number of accredited journalists under the main scheme ("Maintien du pluralisme").

In Wallonia and Italy employment is awarded with specific subsidy allocations associated with fixed employment of accredited journalists and/or employment of young journalists. These criteria, however, precede the pandemic.

Another practice, though not a recent development, involves the prevalent requirement for adherence to journalistic standards as a prerequisite for eligibility for funding (as seen for example Denmark, France, Wallonia, and Sweden).

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[251] Ministère de la Culture. La ministre de la Culture modifie les conditions d'accès aux aides à la presse pour renforcer l'exigence du traitement journalistique, 23 December 2021

3.1.3 State advertising remains of concern

Across the literature, there is concern about the use of state advertising in a non-transparent way, and yet as a substantive indirect source of private news media financing[252].

The qualitative evidence collected in the framework of this study confirms that state advertising in some countries in practice operates as a substantive and concerning source of indirect aid to news media. These findings especially apply within selected countries in Central and Southern Europe. Interviews with stakeholders and experts also indicate that there are, in some cases, also issues with other forms of support allocated through untransparent mechanisms, such as such as publicity and information contracts.

To the extent that data is available[253], it suggests that public resources spent on state advertising are increasing – or that they remain very significant. This data also showcases how expenditure on state advertising outweighs the value of direct, and possibly indirect, news media finance. However, this data does not provide indication on how state advertising allocations to news media are evolving over time (as advertising also benefits media other than news media).

In most countries, however, we have found little or no data on the scale and development of state advertising expenditure, which makes it impossible to say if state advertising used as a measure to support to news media is generally increasing or has been increasing since the pandemic.

In contrast, what interviews suggest is that that state advertising continues to play a large role in supporting news media in some countries. Moreover, this support is seen to generate financial dependency between the public sector and news media, especially at local level, with negative spillover effects on media independence.

Without transparency in advertising allocations and financing, this issue is expected to persist in the short and medium term – with interviewees in affected countries calling for greater requirements for transparency, analysis, and publication of information on state advertising – and ideally requirements on how state advertising funds should be allocated.

A challenge with adverting expenditure is how it is used across Member States. Internationally, there has been increased interest by governments in the use of state advertising to inform and promote good behaviours, such as quitting smoking and eating healthier. The pandemic has been another case of state advertising, for example to recall protective measures. This support, in a period when commercial advertisers were reducing or cutting out their expenditures, helped to keep media afloat but did, in some countries, raise questions as to the transparency of the allocation process.

3.2 Needs analysis - Public financing of news media: problems and needs

This chapter present the results of a problems and needs analysis in relation to news media sectors, and their funding mechanisms.

The section focuses on written news media and PSM. The section does not consider specifically the needs and challenges of commercial for-profit TV and radio. This limitation reflects the

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[252] See for example Centre for Media Pluralism and Media Freedom (2021) Monitoring media pluralism in the digital era : application of the Media Pluralism Monitor in the European Union, Albania, Montenegro, the Republic of North Macedonia, Serbia, and Turkey, 2021 European university Institute and Centre for Media Pluralism and Media Freedom (2022)

[253] Which is limited, and often based on academics and other mapping and analysis of state advertising.

nature and coverage of the study – and the fact public financing of news media, across Europe chiefly support PSM and (to varied extends) the press and digital news media (although in some cases the supporting measures are sector-neutral). The study team fully recognises that commercial for-profit TV and radio has its own specific needs and challenges, which might differ from the ones presented in this section.

The chapter is divided into two main parts, one focusing on problems and needs associated with public service media (PSMs), and one focusing on private (commercial and not-for-profit) news media.

Many problems and needs outlined in this chapter are shared by a number of Member States. These needs, however, should be appreciated in their specific national contexts. There are a variety of country-specific factors which can help explain the state of play of their news media sectors. Therefore, focusing solely on public financing and, more generally, the financial situation of news media as the sole measure of the robustness of the sector is misleading. A key aspect of news media financing is the risk of media capture. Compromised news media independence, however, can also take place through other means than through financial pressure[254].

This study recognises the crucial role of national context. However, for the purpose of this report the contextual information has been condensed in order to allow for a presentation of the synthesis across the studied countries. The box below presents an overview of main findings.

Problems and needs of public service media (PSM)

Funding related issues Measured on a per capita basis, public funding of PSM vary significantly across EU Member States. Funding stagnation, and, in some cases, decrease of public funding of PSM, complete this picture. While consumption and trust of PSM is impacted by many factors, consumption and trust co-variate with funding, which, in turn, raises the question of funding adequacy if the PSM are to remain relevant and credible in the media market.

Issues also arise from alternative funding sources. The extent to which PSM have the right to generate commercial funding vary across the EU. Commercial funding can be a two-edged sword. While generating additional funding, it also comes with its own risks, ranging from perceived unfair competition with commercial players, unachievable commercial funding targets and risks associated with commercial influence over the PSM.

Policy related issues Beyond issues which are associated with funding amounts, there are financing issues which relate to, or are a result of Member States' policies, legislation, and regulatory frameworks. The increased use of a general state funding model in the absence of a specific amount (e.g. as a percentage of GDP) or multiannual budgetary planning raises the risk of editorial interference and raises questions of PSM independence. Questions of editorial independence, however, are not only limited to funding models. There is an increasing concern as regards the frameworks regulating state influence over managerial appointments and nominations within PSM and the exercise of supervisory roles.

Problems and needs of private news media

Market related issues There is a plethora of issues originating in various corners of the news media ecosystem which are linked to the question of public support. Private news media face significant market challenges across most of the EU, resulting from a combination of

[254] For example, in the case of PSMs the way in which personal appointments are made to PSM management functions.

decreases in advertising and consumer revenues. While the total advertising market is increasing, newspapers and magazines' shares of the adverting market are shrinking. On the consumption side, the press, but also television news and radio, have seen a decrease in consumption over the last 13 years. The shift from print to online news consumption is not associated with an increase of consumer revenues for news media.

Media concentration is a separate issue. News media concentration does not limit itself to any particular cluster of Member States. It is a problem for most, if not all, EU Member States. However, the changing media ownership from foreign hands to domestic ownership seen in Central and Eastern Europe, following the financial crisis, has generated an oligarchic ownership structure of private news media. At the same time, small and independent news media are facing high production costs, fuelled by price inflation in the years 2022 and 2023, but also from the fixed costs of smaller news media. The combination of high (and increasing) fixed costs and low consumer and advertising revenues is raising the question of news media resilience and the financial sustainability of smaller independent news media.

The EU Copyright Directive has raised hope that additional revenues could be generated for private news media. The implementation of the Directive is an ongoing process and a large number of Member States have yet to complete the process. There are positive results in some countries. At the same time, initial evidence suggests uneven performance across Member States.

Policy related issues. Unlike market related challenges, which are shared by many Member States, policy-related issues vary, which reflects the national policy context. Interviewees across half of the EU Member States expressed concerns about the independence of private news media in their countries. A lack of support, and/or a lack of transparent support, including through state advertising, are seen as key issues, especially for local and regional media, which are relatively more reliant on such financing.

Due to concerns about media freedom and media capture, as well as historical experiences, interviewees' attitudes as regards public financing vary considerably. However, where state adverting is seen as a key indirect support mechanism for news media, there is a consistent call for transparency in allocation.

Wider issues Further to these issues are wider risks and concerns surrounding news media production, encompassing challenges tied to the precarious work conditions faced by journalists, a decline in production quality (coupled with an increase in quantity), and the alarming instances of violence directed at journalists. On the consumption front, the phenomena of news avoidance; a heightened inclination towards the consumption of disinformation; a diminished understanding of media's pivotal role in sustaining democracy; and, in certain nations, a lack of trust in news media, collectively give rise to a complex landscape.

3.2.1 Problems and needs of public service media (PSM)

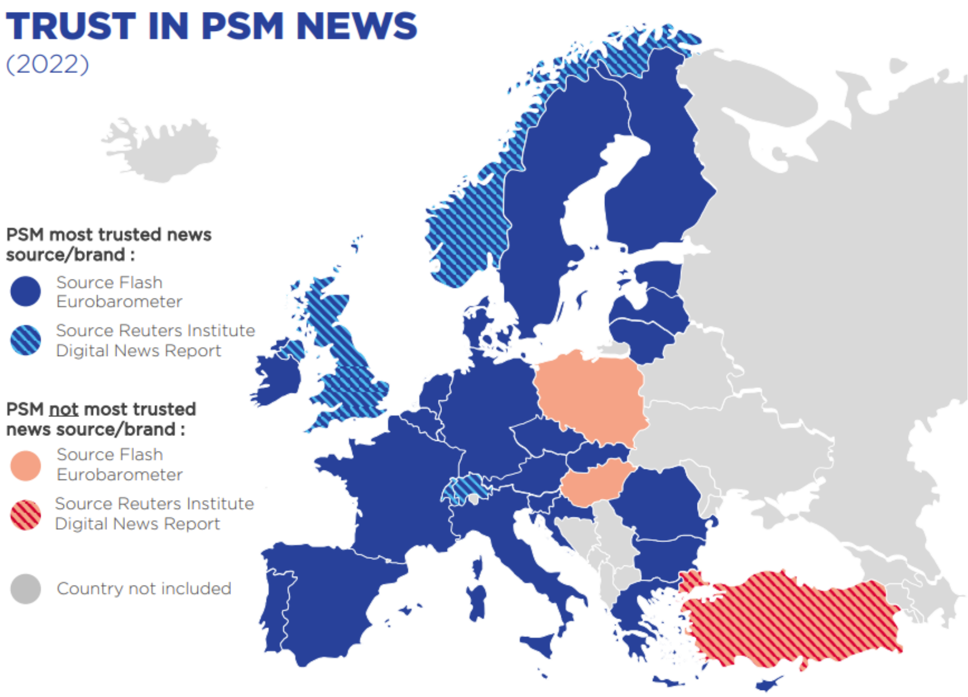
In this section, we discuss problems and needs of PSM in EU Member States. Two groups of problems and needs have been identified (Figure 28):

Figure 28 – Problems and needs in public service media (PSM) in the EU

Source: authors

Before discussing each of the problems and needs outlined in Figure 29, it is important to discuss public trust in PSM. Unlike public trust in media in general (see, for example, Section 3.2.3), public trust in PSM does not raise too much concern in the EU. With few exceptions, PSM in EU Member States enjoy a high level of trust from the European public. More specifically, PSM is the most trusted source of news in 25 EU Member States

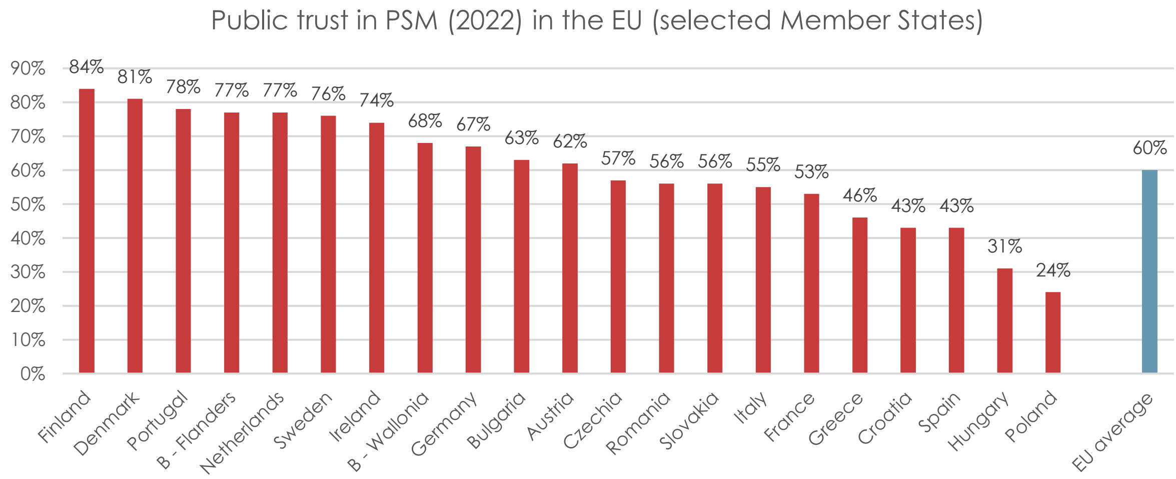
Figure 29 – Trust in PSM News in Europe (2022)



Source: EBU (2022) Trust in Public Service Media 2022: Public version: October 2022

Figure 3030 shows a similar overview (based on Reuters Institute data). On average, 60% of EU citizens trust PSM.

Figure 30 – Public trust in PSM (2022) in the EU (selected Member States)

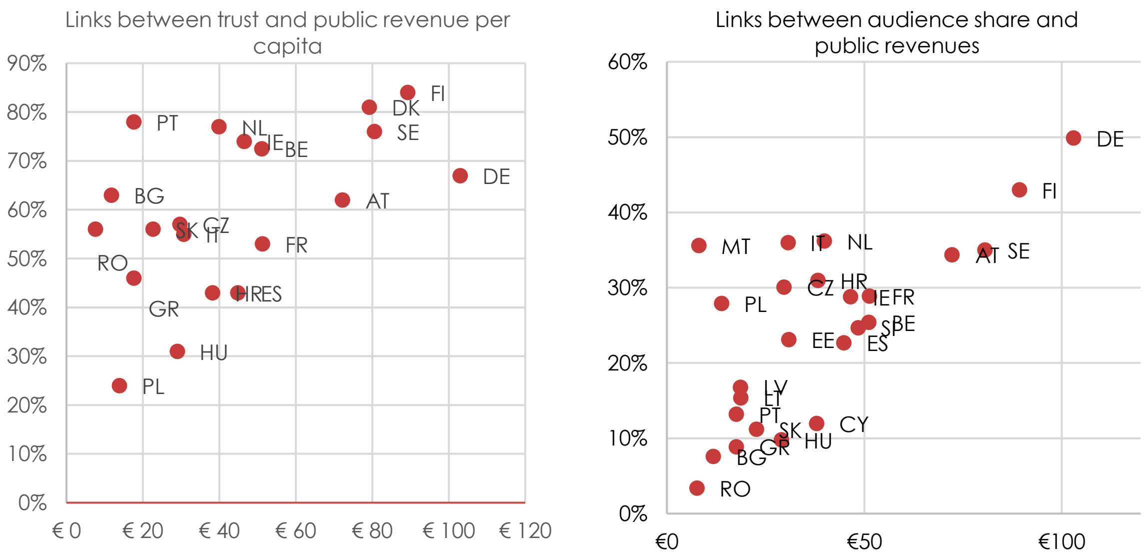


Source: University of Oxford / Reuters Institute: 2022 Digital News Report

It is also important to look at public trust in PSM and how it relates to funding of PSM. Research shows that higher levels of public funding of PSM tend to be associated with higher levels of trust in PSM and higher levels of consumption of PSM news. The interlinks are illustrated in Figure 31.

The relationship consumption and public funding of PSM and – to a smaller measure - the relationship between trust and public PSM-revenues raises the question of funding adequacy if the PSM is to remain relevant and credible in the media market and is to fulfil its role as, in effect, a public service.

Figure 31 – Consumption, trust, and public revenues of PSM in the EU



Source: European Audiovisual Observatory and Reuters Institute: Digital News Report 2022

3.2.1.1 Funding-related problems of PSM in the EU

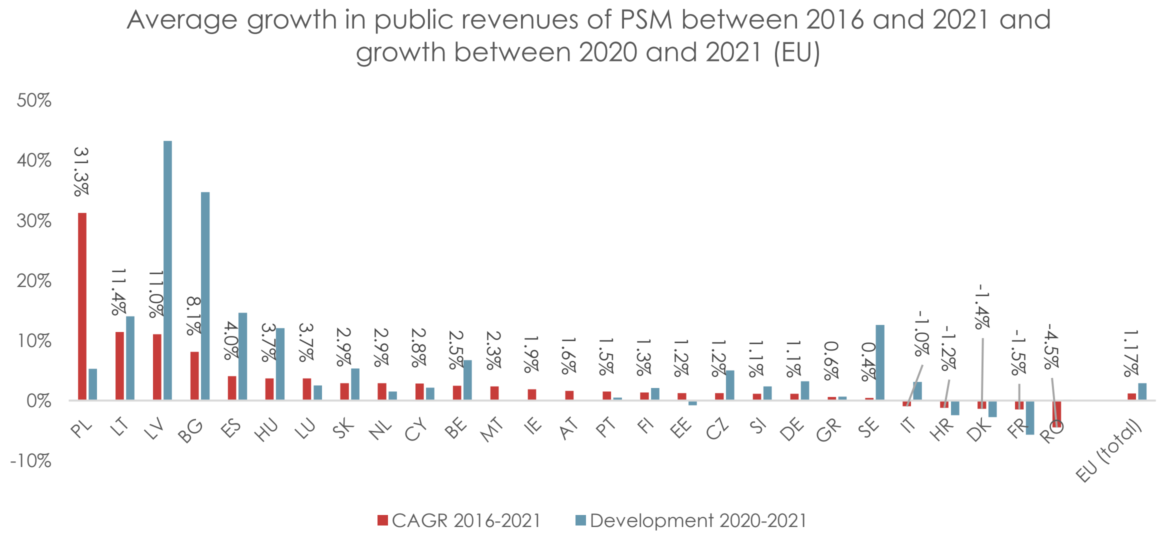
There are several issues stemming from funding mechanisms that affect PSM sectors in EU Member States.

Whichever funding mechanism countries adopt (see section 2.2), public funding remains crucial for the survival of PSM in the EU. 79.6% of all EU PSM revenues stemmed from public sources in 2021. The shares vary from 60% in Ireland to 98% in Finland. This means that PSM in the EU are still largely dependent on public support. In some countries, public funding is seen as insufficient to allow for a healthy development of the PSM.

Section 3.1 above evidences the evolution of funding of PSM in the EU and its stagnating character between 2016 and 2021. Both public and commercial and other revenues have not shown significant increases in this period. Figure 32 provides an overview of the average growth in public revenues of PSM over two periods: between 2016 and 2021, and between 2020 and 2021. It is evident that in Latvia and Bulgaria there were rapid increases in funding between 2020 and 2021, and in Poland there was a significant increase over the 2016-2021 period. The increase in other EU Member States has been largely very modest. Furthermore, in some countries, the total PSM revenues from public sources nominally decreased.

The stagnation and decrease of public funding of PSM compounds the issue of financial stability of PSM across Europe. Lack of financing can lead to a decrease in quality of journalistic production of PSM (and/or of their entertainment production). It can also lead to an increase in dependency on the state budget and/or on commercial revenues (where legally allowed). In both cases, this may imply an erosion of the independence of PSM because they may need to comply with formal or informal conditions set by their funders / clients (in case of commercial activities of PSM).

Figure 32 - Average growth in public revenues of PSM between 2016 and 2021 and growth between 2020 and 2021 (EU)



Source: European Audio-visual Observatory and contractor's calculations

In some countries, the PSM funding models (as of early 2023) are complex. Besides the core models presented in section 3.2, they may combine licence fees with direct state funding, or involve temporary models. In 2022, France adopted a levy on VAT to fund the PSM. However, this seems to be only a short-term solution because, from 2025 onwards, the country will have to adopt a different funding mechanism due to the existing one not being compliant with the new public finances' modernisation law. This is considered to leave the French PSM in a precarious position and without an ability to plan in the longer term.

The issue of commercial revenues is linked to the above. In some Member States, PSM are not allowed to generate commercial revenue from advertising (e.g. in Denmark, Estonia, Sweden, Latvia).[255] In Flanders, on the other hand, there is a commercial target set for the PSM (30% of its income must come from commercial activities). As this target proves difficult to achieve, it seems to cause financial pressures on PSM.

Another group of identified problems and needs of PSM relate to countries' policies, legislation, and regulatory frameworks. As discussed in the previous section, EU Member States increasingly fund PSM directly from the state budget. This trend raises concerns about the growing dependence of PSM on the government. The fear of governments (or any third party) interfering with editorial decisions of PSM, by means of using state funding as a lever, was the main reason why licence fees were introduced in the first place. Several of the interviewed experts (academic experts and representatives of interest organisations) voiced concerns over changing forms of funding and the risk of governmental influence.

Legal and policy frameworks regulating state influence over appointments within PSM and the exercise of supervisory roles have been identified as other issues. In most EU Member States, parliaments have a significant role in electing PSM council members. The council's main role is to represent the public and act in the public's interests. Although the specific competencies of PSM supervisory boards, differ country by country, they may approve main strategic decisions of PSM, approve the budget of PSM, and (s)elect CEO/Director-General of the PSM. National parliaments either elect all council members or they share this competency with other, sometimes non-state, actors, such as civil society organisations. Some interviewees considered the involvement of national parliaments in the elections of PSM council members to be a sign of compromised independence of PSM. However, in some EU Member States[256], the competencies of national parliaments stretch even further, and parliament (s)elect the PSM's CEO/Director-General (and sometimes other members of the PSM's management team) directly. There was a unanimous agreement among interviewees that this constitutes a clear risk of interference with PSM independence. In some countries, parliaments also approve annual reports of PSM, with possible consequences for the management of PSM if annual reports have not been approved.

3.2.2 Problems and needs of private (commercial and not-for-profit) media

This section includes a synthesis of the most significant problems and needs of private (commercial and not-for-profit) media and how they affect the resilience of the news media sector.

The problems and needs originate from various corners of the news media ecosystem. Some are related to the dynamics of the market; others are related to policymaking and the regulatory environment. There are also issues brought about by changing consumer preferences. Furthermore, journalists themselves face specific challenges. The main problems and needs can be summarised as follows:

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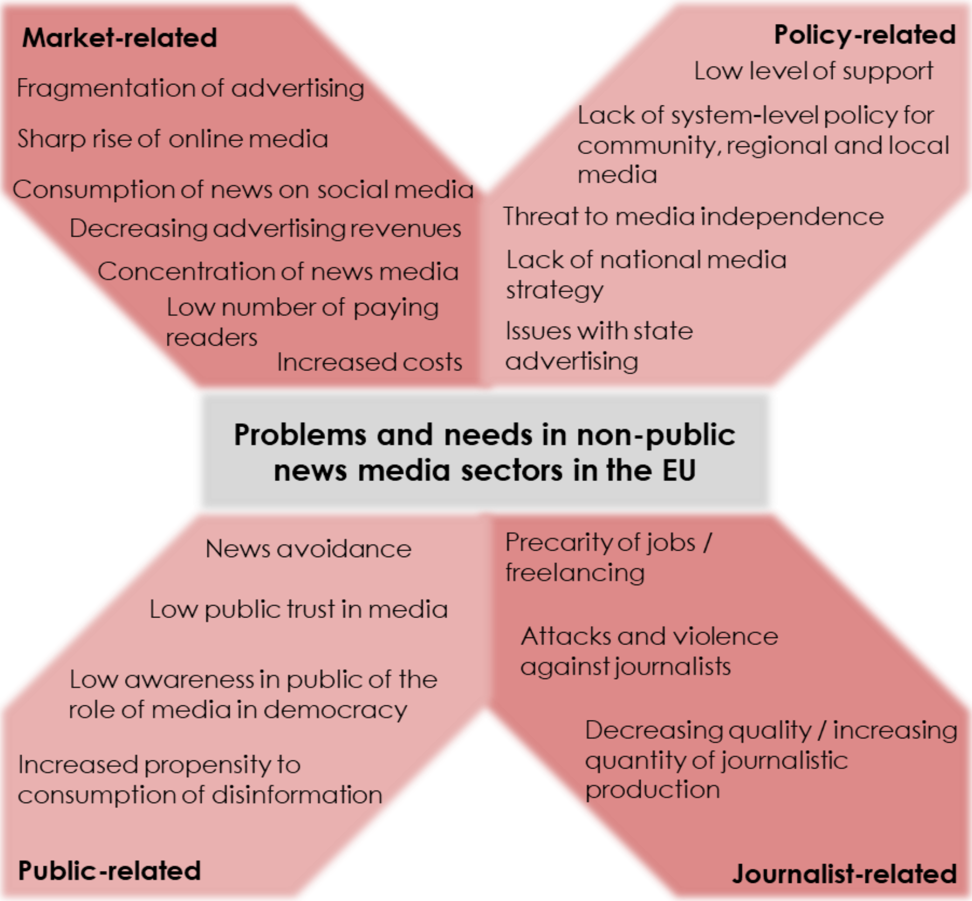
[255] Please, see Section 2.2 for a full list of EU Member States where PSM are and are not allowed to generate revenues from commercial advertising.

[256] EL, SK, MT (Government), RO, HR

Figure 33 – Problems and needs for private and not for profit news media sectors in the EU



Source: authors

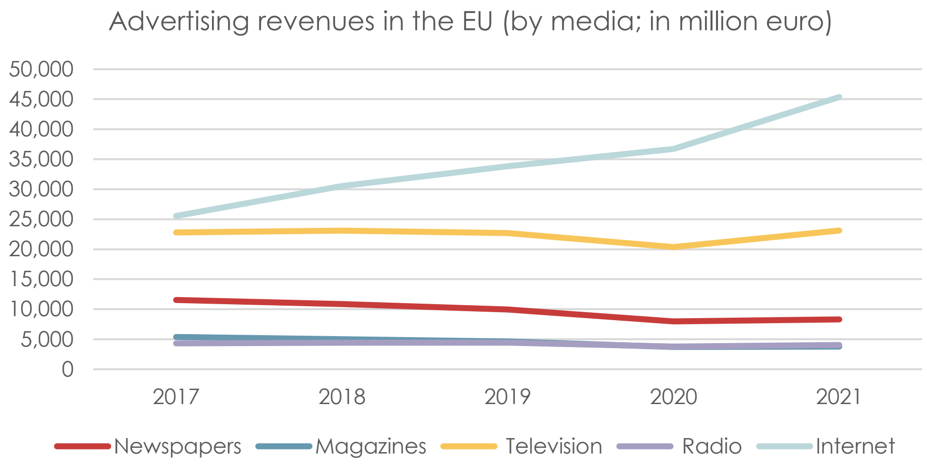
3.2.2.1 Market-related problems and needs in private news media sectors in the EU

Private news media face significant market challenges across the whole of the EU. Traditionally, private media have been funded from two major sources: advertising revenues and payments from readers (e.g. single purchases, yearly subscription etc.). This funding model does not appear to be working anymore and many news media have not yet found a new sustainable funding model. Several aspects help explain why the traditional model has been failing:

- The growing power of online search platforms, such as Google, as well as of social media (Facebook, Instagram, Twitter etc.) have been increasingly attracting advertisers, which has led to a significant decrease of advertising revenue for legacy news media
- The sharp increase in the number of online media has led to a further fragmentation of the advertising market, and it has made the competition for advertising revenue fiercer, with the same platforms capturing a large share of the advertising value
- News media struggle to find additional sources of income which could circumvent the loss of their income from advertising activities

The changing patterns in the advertising revenue market are evident in **Error! Reference source n ot found.**34, which shows the rapid increase of advertising spend on internet platforms which grew from EUR 25.5 million in 2017 to more than EUR 45.3 million in 2021. This has come, to a large extent, at the expense of legacy media, such as newspapers and magazines, whose total advertising revenues decreased in the 2017-2021 period. After a dip in 2020, the advertising revenues of television returned in 2021 to the pre-pandemic levels (EUR 23 million).

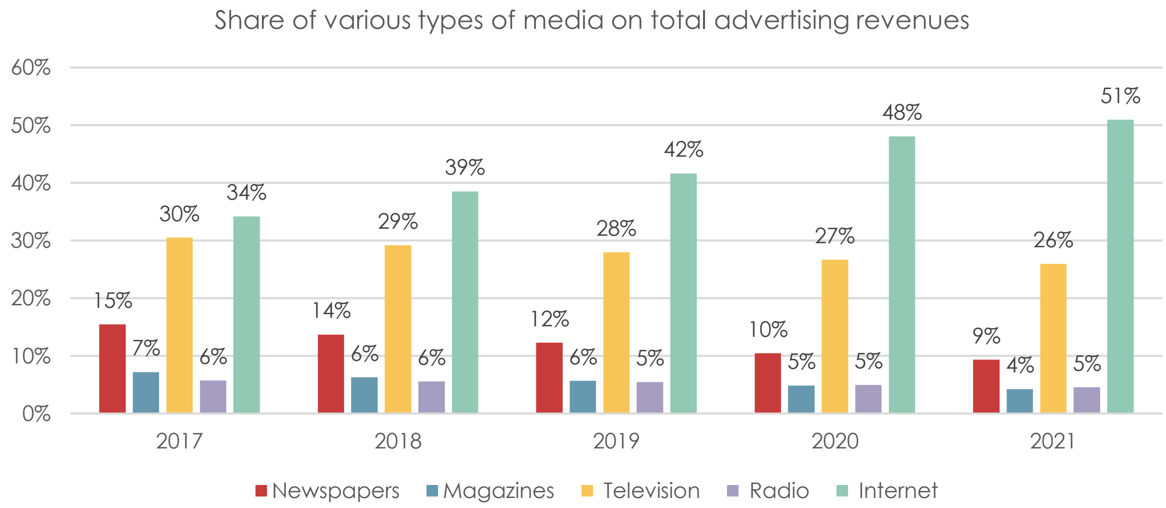
Figure 34 - Advertising revenues in the EU (by media; in million euro)



Source: Eurostat

Figure 35**Error! Reference source not found.** shows shares of various types of media within total a dvertising revenues. Again, it shows the significant increase of advertising spend on the internet in the 2017-2021. The shares of four legacy media (newspapers, magazines, television, and radio) have been in decline. This is particularly evident for newspapers, whose share decreased from 15% in 2017 to only 9% in 2021, and for magazines (a decrease from 7% to 4%).

Figure 35 - Share of various types of media on total advertising revenues



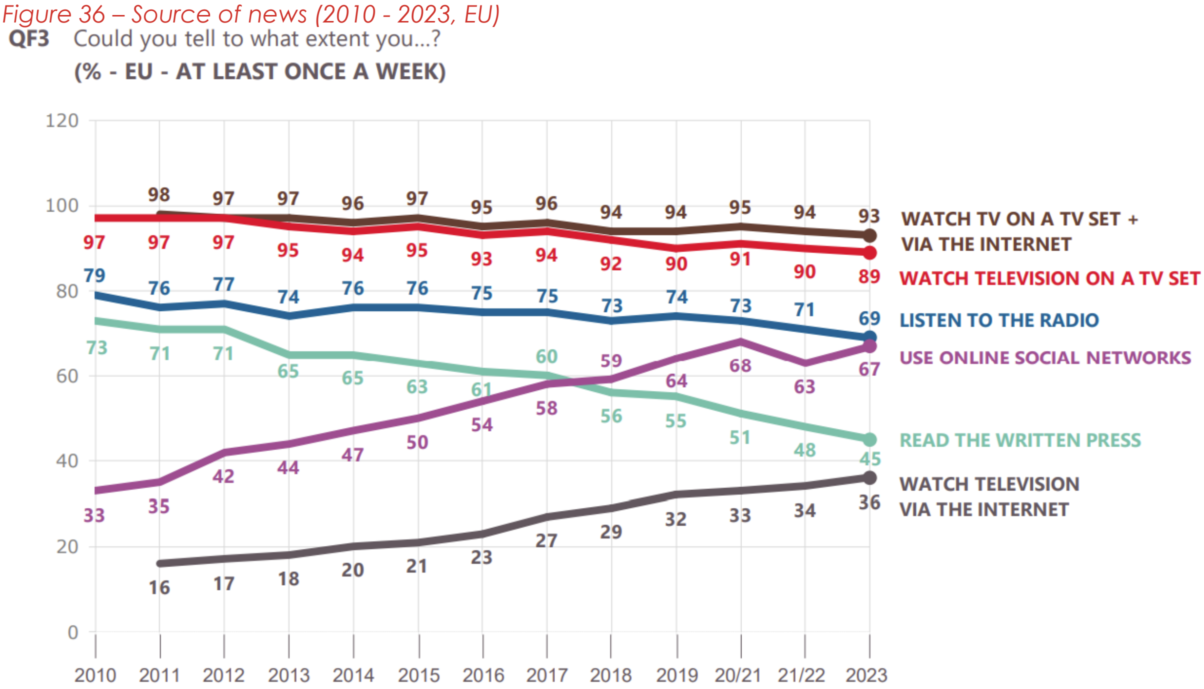
Source: Eurostat, calculation by authors

Although the change of the share of newspapers and magazines within the total advertising revenues has materialised differently in various EU Member States, no Member State shows an increase for these two traditional types of news media. Newspapers in Ireland (decrease of 19%), Estonia (decrease of 18%), Finland (decrease of 14%), Luxembourg (decrease of 11%) and Malta (decrease of 10%) have all seen a drop of their shares by more than 10 percentage points in the 2017-2021 period.

The war in Ukraine has brought another challenge for news media's advertising revenues. Interviewees shared that a number of advertisers did not wish to see their products and/or services promoted on the same page as news about the war, which has led to many of them withdrawing their advertising spend.

The changes in the advertising market outlined above go hand in hand with changes in preferences of news consumers. Increasingly, news has been consumed online, to the benefit of newspapers' digital editions (although not compensating for the loss of print circulation) but mostly of social media (e.g. Twitter, Facebook) and news aggregators. **Error! Reference source not found.**36 shows the latest Eurobarometer data on the various sources of news. Printed press, television news watched on a TV set, and radio have all seen their shares decrease over the last 13 years. The figure also shows the rapid increase of social media.

Figure 36 – Source of news (2010 - 2023, EU)



Source: Standard Eurobarometer, Winter 2022/2023.

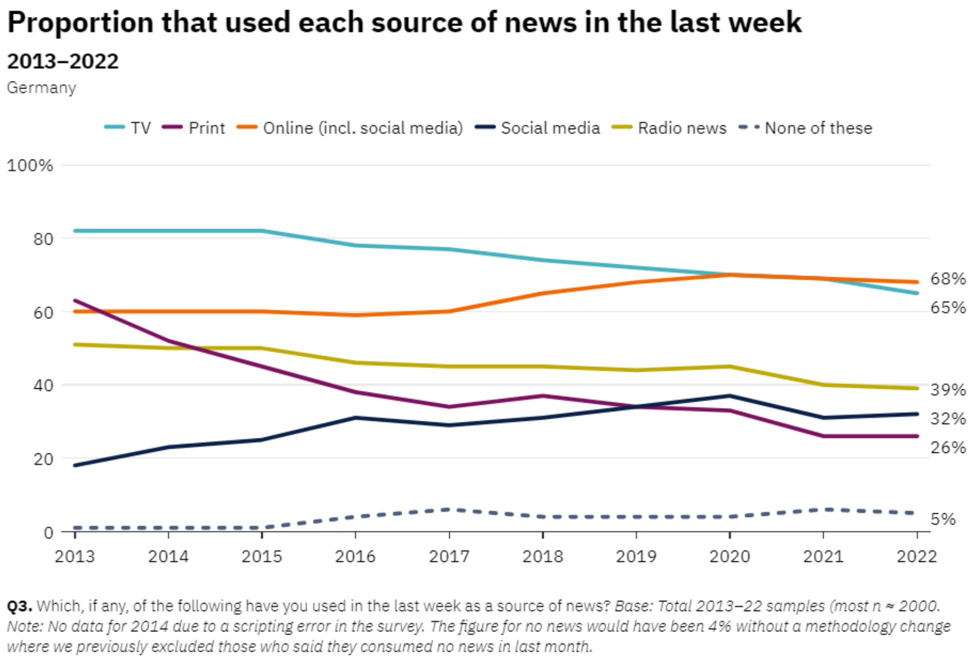
Figure 3737, documents these changes between 2013 and 2022 in Germany. The share of users consuming news from print media decreased from more than 60% in 2013 to 26% in 2022, whilst the share of those consuming news on social media increased from 20% to 32%. Television and radio also saw a decrease in the 2013 – 2022 period.

Related to the increase of online news consumption is the issue of media convergence (a trend describing gradual merging of various types of media, such as written news media, television, and radio). A very recent study published by the European Commission concludes that: "…*with the growth of digital news media and the trend of convergence affecting the press, television and radio news, the role of online platforms as intermediaries for news distribution may become more important in the future.*"[257]

The decline in readership hits the print media twice. It reduces reader revenues (e.g. via subscriptions) and it also reduces advertising revenues which are dependent on the size of the audience (i.e. the number of readers).

[257] European Commission (2023) *The competitiveness and economic viability of the news media sector in the EU*.

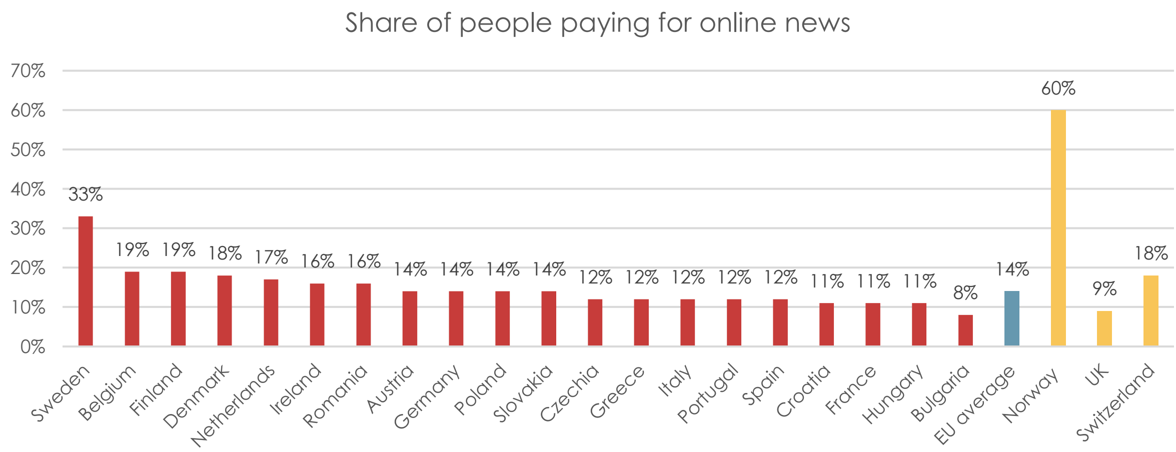
Figure 37 – Source of news (2013 – 2022, Germany)



Source: University of Oxford / Reuters Institute: 2022 Digital News Report

The shift to online news consumption is not associated with an increase of revenues for news media. Although, in 2022, 68% of consumers in Germany read news online, Figure 38 shows that only 14% of them pay for online news. This share is even lower in many other EU Member States.

Figure 38 – Share of people paying for online news, 2022



Source: University of Oxford / Reuters Institute: 2022 Digital News Report

Our research shows that the landscape of private news media has been changing since the financial crisis of 2008-2009. In many EU Member States, particularly in those joining the EU after 2004 (in Central and Eastern Europe, in the Baltic region and in South-Eastern Europe), these changes have been characterised by changing media ownership from foreign hands[258] to domestic ownership. Private media news landscapes in Member States in these regions tend to be dominated by a relatively low number of large media companies who are owned by

[258] a lot of media in these regions were bought by foreign investors in 1990s

some of the countries' wealthiest entrepreneurs and their investment groups. This has led to very concentrated private news media sectors with oligarchic structures of ownership.

Whilst the oligarchic ownership structure of private news media is somewhat more likely to be found in the above regions, the issue with high concentration does not limit itself to any particular cluster of Member States. It is a problem for most, if not all, EU Member States. In this context the Media Pluralism Monitor identifies low media plurality as one of the high-risk areas within private media.

The issue of digital disruption of the advertising market has been taken on by public policies, including notably the EU Copyright Directive[259]. The Directive introduced a new right for press publishers to authorise the online use of press publications by information society service providers (Article 15). This provision has raised hopes that additional revenues could be generated for press publishers. The Directive has been implemented in 25 Member States. There is initial evidence that the new right granted to press publishers contributed to generate additional funds for news media thanks to licensing agreements concluded with certain online platforms. Nevertheless, there are important differences across Member States in the way this provision has been implemented, leading in certain cases in additional constraints imposed on certain service providers. For example, in Czechia which transposed the directives at the end of 2022, Google decided, under the threat of a national arbitration and high fines introduced by the national implementing law in case of non-compliance, to reduce its services offered in Czechia (e.g. its News Showcase).

All the issues outlined above are compounded by more direct (and possible short-term) considerations, such as the price inflation and increase in costs in the years 2022 and 2023. This has resonated strongly among interviewees, who agreed that, in particular, small independent news media have been hit harder because fixed costs (e.g. energy) generally represent a higher proportion of their costs than for large media. Conversely, the rapid increase in the cost of newsprint has impacted mostly larger news media who still offer printed newspapers and magazines. There are other, more specific, levies imposed on news media, such as a paper recycling fee payable by news media in Slovakia.

The decreasing advertising revenues and increasing costs affect negatively both large and small news media companies (albeit to a varying degree in relation to fixed costs, as outlined above). However, assuring sustainability may be easier for large media companies. Although there is no systematic numerical data to evidence this, there was a consensus across our interviewees that large media companies are often subsidised from other, more profitable, parts of their owners' groups and assets. It is deemed that large entrepreneurs believe that owning a major news house is strategically important.

In contrast, the sectors of smaller independent private news media are not resilient enough in many EU Member States, and the prospects for their financial sustainability are very unclear. This has resonated strongly in interviews.

3.2.2.2 Policy-related problems and needs in private news media sectors in the EU

Another group of problems and needs identified in private news media sectors in the EU are related to policies, strategies, legislation, and regulatory frameworks. Policy-related issues are

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[259] Directive (EU) 2019/789 of the European Parliament and of the Council of 17 April 2019 laying down rules on the exercise of copyright and related rights applicable to certain online transmissions of broadcasting organisations and retransmissions of television and radio programmes and amending Council Directive 93/83/EEC.

closely related to national policy making and legislation. Therefore, these problems and needs differ to a large extent in each Member State.

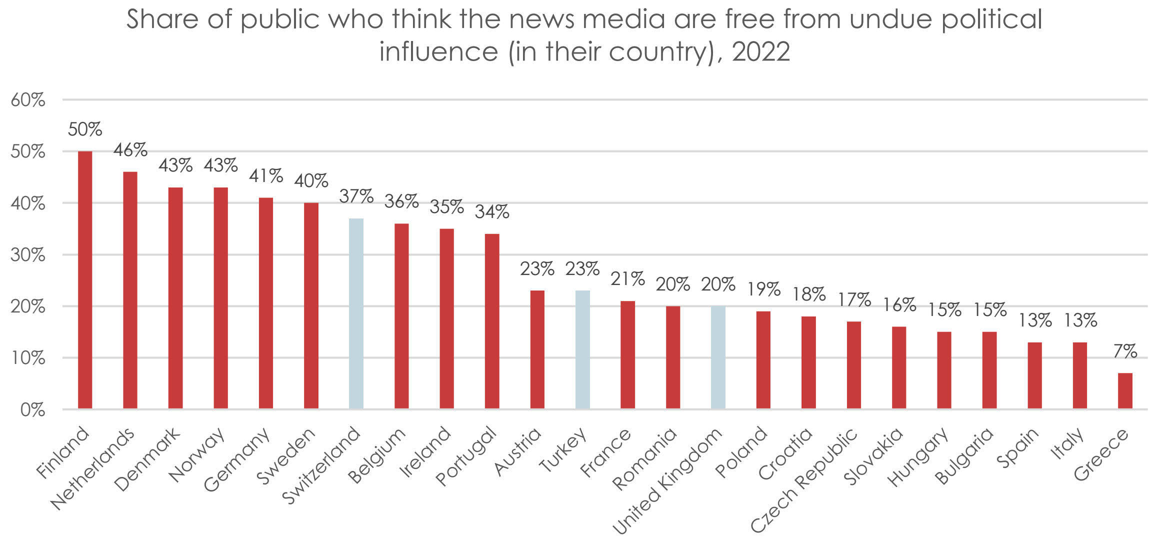
The main policy-related problems and needs, perceived by stakeholders, can be summarised as follows:

- Policies and legislation do not consistently strengthen (in some cases, it is even directly threatening) the role of independent news media
- Lack of systematic and transparent public support structures available to news media

The news media sector has traditionally relied on self-regulation. This has been assured by various means, such as following widely accepted and recognised code of ethics (often drafted by journalistic organisations). Nevertheless, this tradition has been stronger in some Member States than in others.

Interviewees in half of EU Member States mentioned concerns about the independence of private news media sectors in their countries. These concerns were mostly related to politicians exercising their influence on private news companies, interference with editorial decisions, and the content of independent editorial boards. The perception that news media independence is under pressure was more frequently expressed in interviews in Central, Eastern and Southern Europe – a feature which is also seen in public surveying work (Figure 3939).

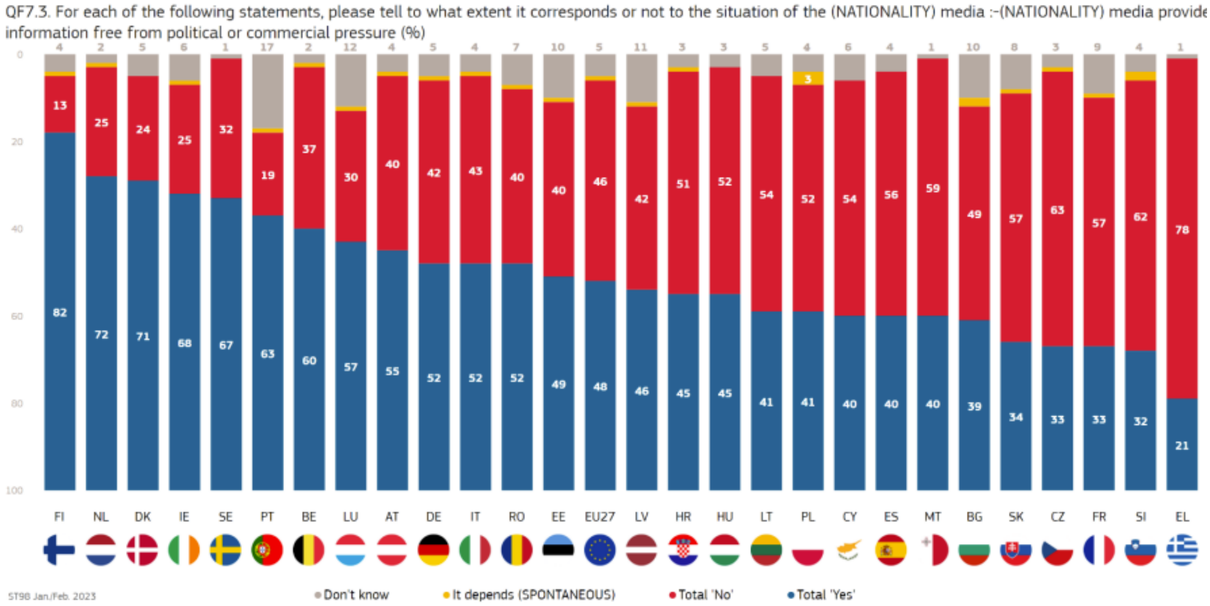
Figure 39 - Share of public who think the news media are free from undue political influence (in their country), 2022



Source: University of Oxford / Reuters Institute: 2022 Digital News Report; note: the data is available only for selected EU Member States (indicated in red) and non-EU countries (indicated in light blue).

Figure 40 shows similar data, but from Eurobarometer.

Figure 40 – Do media provide information free from political or commercial pressure?



Source: Standard Eurobarometer, Winter 2022/2023.

Given the strong unprecedented market pressures (see Section 3.2.2.1), public intervention to private news media sectors is increasingly seen as necessary. Several interviewees mentioned the need for a supportive, or updated, regulatory frameworks. In some countries, the lack of national strategy or vision for the news media sector has been mentioned, while in a couple of other countries, interviewees highlighted that no public body is formally in charge of policy making for private news media. Media and news legislation also needs modernisation in some countries. For example, digital news media are still not legally recognised as a separate category to print media, television, and radio in selected Member States.

Some interviewees have also noted the enhanced need for funding (direct and indirect) schemes targeted at private news media. Among the specific news media categories, local and regional news media is recurrently mentioned as being a priority. As a news media sub-sector, regional and local media have fewer opportunities for advertising revenues than national media. Furthermore, regional, and local media have generally lower readership and smaller audiences than national media, which means they often have relatively low revenues generated from selling their news, and an impossibility to scale. This makes regional and local media less resilient than national media. In addition, interlinkages between politicians and media described above are especially prominent in regional and local media. In several countries, regional and local media largely survive on revenues (incl. in the form of adverting) from local authorities. This makes them a high-risk category for media capture.

However, as much as it broadly agreed across Member States that the state should create a stable regulatory environment for independent news media, there is no unanimous agreement that the state should financially support the private media sector.

In some countries, views on the desirability or feasibility are opposing, Germany is a specific example in this respect because the constitutional order makes any public support at federal level incompatible with the Basic Law. Similarly, in many of the central and Eastern European Member States, the sentiment towards public support of private news media is mixed. Memories of the pre-1989 period of state media ownership are still relatively strong. Reflecting this experience, both private media and public have been opposing any form of public support for private media since the 1990s, fearing that this would lead to a growing dependence on the state. However, in light of the news media market developments of the late 2000's (see Section 3.2.2.1), many private news media have gradually realised that the new economic reality calls for the need of public intervention. The public view in these countries, in contrast, has largely remained unchanged. This often makes it difficult for politicians to design and propose public support schemes as there is not enough public support.

Associated with the issue of public revenues is that of state adverting. Judging by the results of the interview programme undertaken, there are concerns about state advertising and governmental approach to its allocation in more than half of the EU Member States. Interviewees highlighted the lack of transparency around the distribution of state advertising budgets and lack of systematic rules and criteria for state advertising, mentioning that this may lead to unfair competition among news media. This is often considered as a risk for media freedom and pluralism.

While there was a recognition that state advertising should primarily serve the purpose of informing the public, there is also widespread recognition that in practice, state advertising serves as a source of public financing in some cases. In this respect many interviewees, including especially in countries where state advertising is seen as a de facto source of public funding, called for increased transparency both as regards allocation and beneficiaries. Most EU Member States do not have a register of state advertising contracts which would provide knowledge on funding for particular media. Other concerns relate to the role of media agencies which apply for state advertising tenders. It is often not clear what share of the contracted amount reaches news media and what share is kept by the media agency. In Czechia, for example, the Association of Online Publishers[260] has been working together with a group of small independent digital news media to set up a business platform which would be able to apply for state advertising tenders on behalf of its members, and therefore removing media agencies as an intermediate body in the process and eliminating their profit margin, commission, and management fees.

3.2.3 Public-related problems and needs in news media sectors in the EU

In the previous two sections, we presented the problems and needs related to changing advertising and news consumption markets, and those related to policy and regulatory frameworks. In this section, we discuss the identified problems and needs linked to public and their attitudes to news, as well as their perception of media and their role in the society.

The main problems can be summarised as follows:

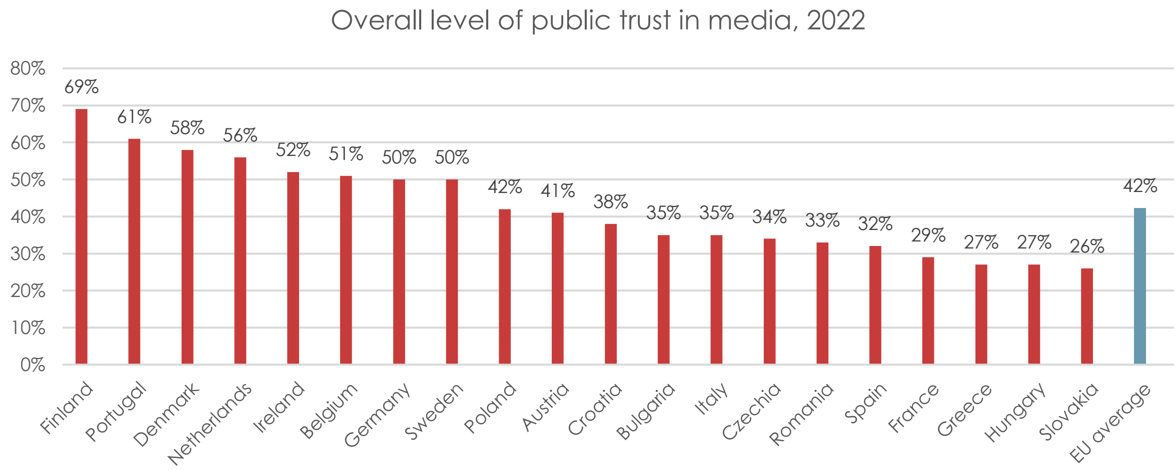
- Low public trust in media
- News avoidance
- Increased propensity to consumption of disinformation
- Low awareness in public of the role of media in democracy

The issue of public trust in media is perhaps the most important issue to discuss in this section. Data on public trust levels in media among Europeans provide mixed pictures (Figure 41). According to Reuters Institute, 42% of people in the EU trust media. The Eurobarometer data (**Error! Reference source not found.**) show that 59% of people in the EU think that media provide t rustworthy information. There is a significant variation across EU Member States. Northern and Western European countries (together with Portugal) show generally much higher levels of trust in media than countries in Southern, Central and Eastern Europe. According to Reuters Institute:

[260] Official website at: Asociace Online Vydavatelů

"Trust in the news has fallen in almost half the countries in [Reuters Institute] survey, and risen in just seven, partly reversing the gains made at the height of the Coronavirus pandemic."[261]

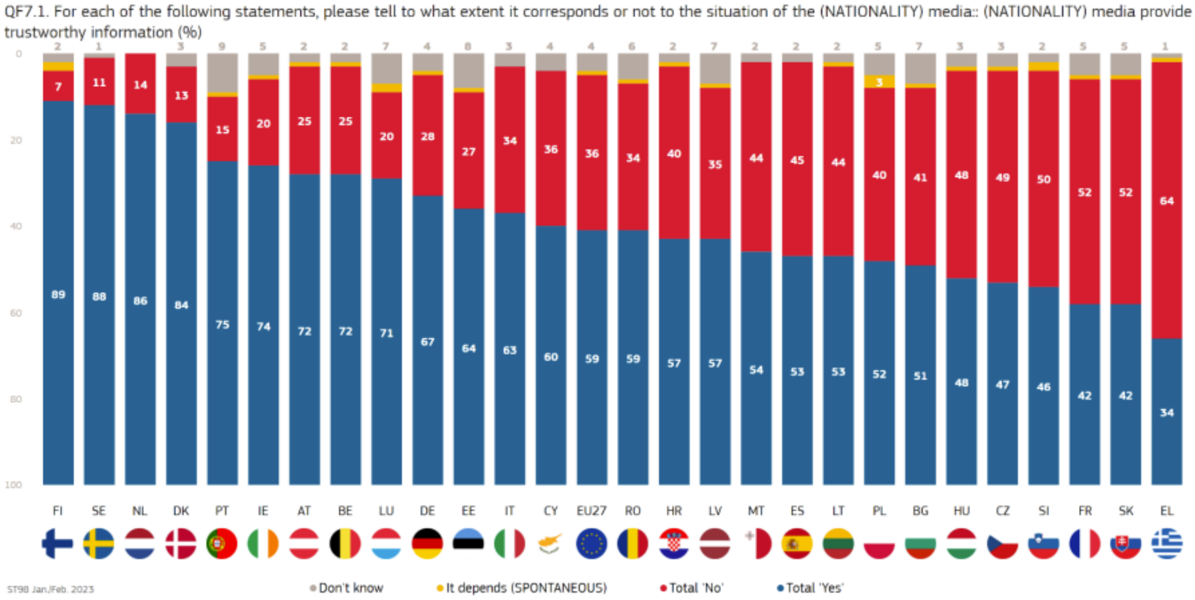
Figure 41 – Overall level of public trust in media, 2022



Source: University of Oxford / Reuters Institute: 2022 Digital News Report

Based on Eurobarometer data, 12 countries have shown an increase in public trust in media since 2022, while 14 countries have seen a decrease in the same period. There has been no change in Belgium.

Figure 42 - Do media provide trustworthy information?



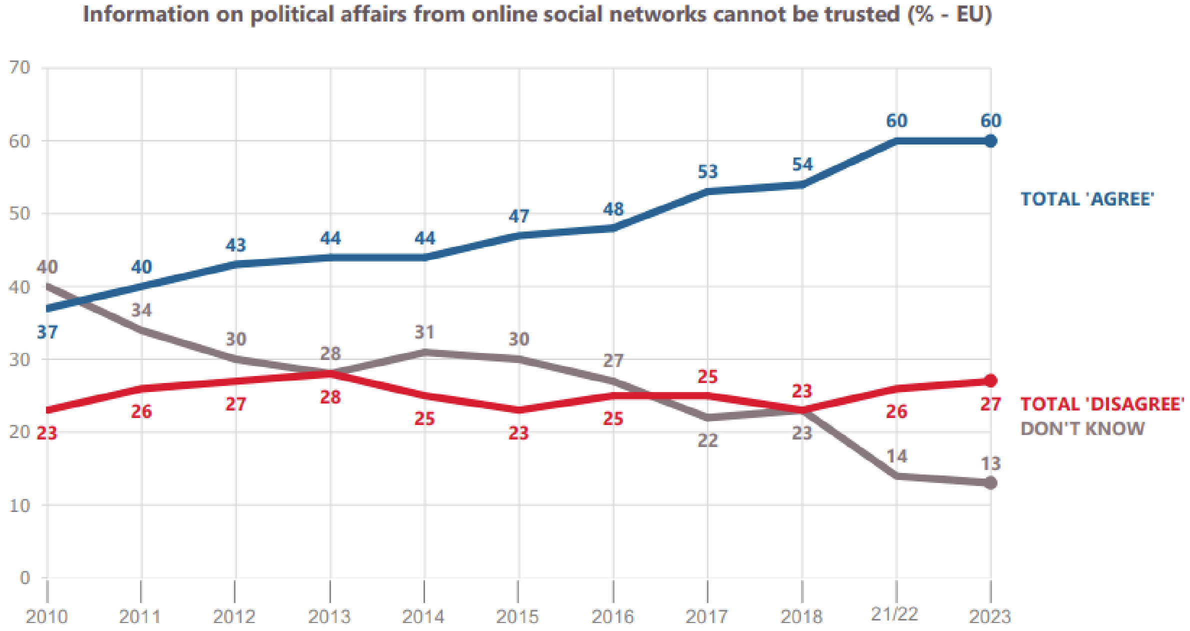
Source: Standard Eurobarometer, Winter 2022/2023.

Looking more closely at trustworthiness of information on political affairs published on social media, **Error! Reference source not found.**, based on the latest Eurobarometer data, shows that t he share of those who do not trust information on politics published on social media has been steadily increasing since at least 2010 (when it was 37%) to 60% in 2023. Although the public

[261] University of Oxford / Reuters Institute: 2022 Digital News Report

consumes more and more news on social media, they also tend to trust this source of news less and less.

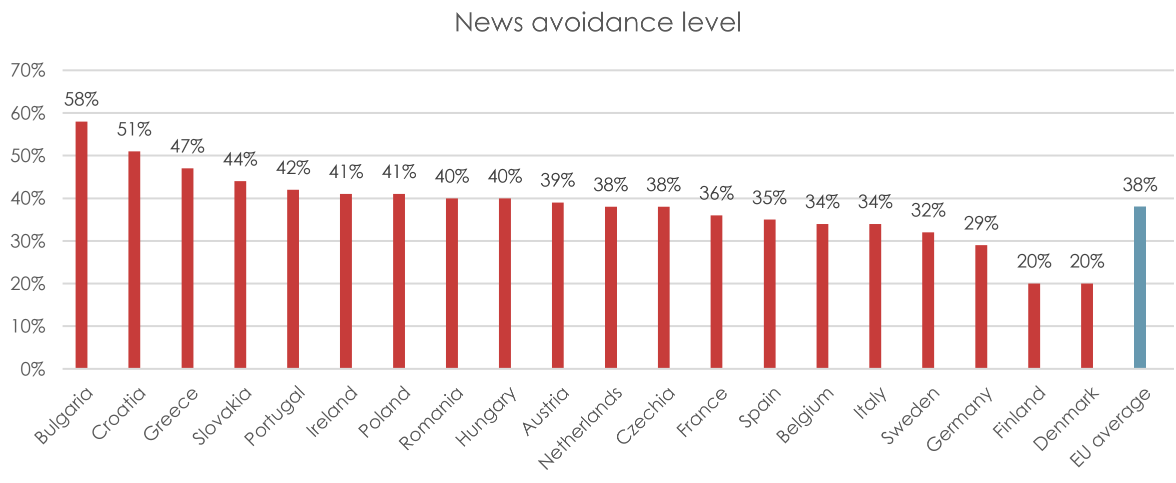
Figure 43 – Share of those who agree and disagree that information on political affairs published on social media cannot be trusted



Source: Standard Eurobarometer, Winter 2022/2023.

Closely related to public trust in media is the phenomenon of news avoidance. News avoidance is one of the symptoms of public and political disengagement. **Error! Reference source not found.**44 shows news avoidance levels of selected EU Member States. The chart provides almost a mirror image of the trust data presented above. Those countries where the public trust in media in higher tend to show lower levels of news avoidance and vice versa.

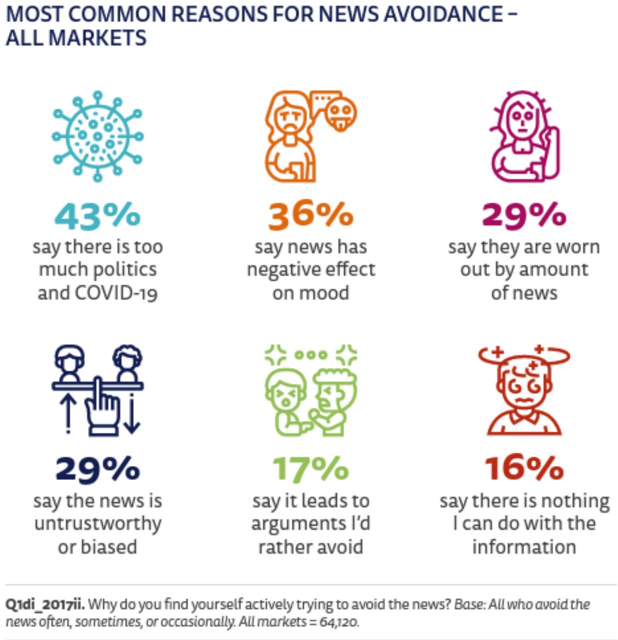
Figure 44 – News avoidance level, 2022



Source: University of Oxford / Reuters Institute: 2022 Digital News Report

Among the main reasons for news avoidance are too much news on politics and Covid-19 (data collection took place in January/February 2022); news having a negative effect on mood; news amount wearing readers out; and news being untrustworthy or biased.

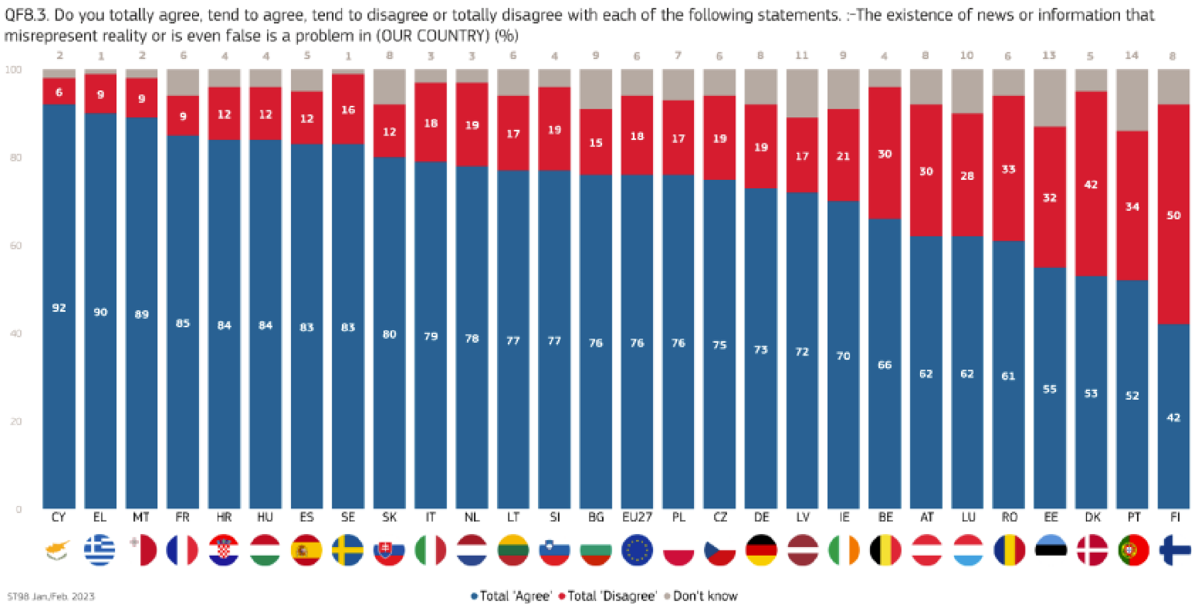
Figure 45 – Most common reasons for news avoidance



Source: University of Oxford / Reuters Institute: 2022 Digital News Report

The propensity of the public to consume disinformation is another important issue affecting news media sectors in EU Member States, one which has become particularly prominent with the rise of news consumption on social media. Figure 46 shows that Europeans believe that fake news is a problem in their countries. On average, three quarters of Europeans think this is an issue. Interviewees pointed to serious concerns that the rapid increase of news published online contributes to increasing the consumption of fake news, as a lot of online news portals do not follow closely editorial and journalistic standards. Interviewees also agreed that more should be done in order to increase the levels of media literacy among EU citizens.

Figure 46 – Does the existence of news or information that misrepresent reality or is even false constitute a problem in EU Member States?



Source: Standard Eurobarometer, Winter 2022/2023.

Interviews in some Member States (especially in the Central European Member States) also pointed to the generally low awareness of people across the EU about the role news media play, and should play, in society. Although quantitative data documenting this issue is not readily available, interviews suggest that public consensus on the need for independent and strong news media as a pillar in democratic societies is not a given.

3.2.3.1 Journalist-related problems and needs in news media sectors in the EU

The fourth category of identified problems and needs relates to journalists themselves. In this section, we present these problems and explain how they affect, or how they are affected by, the level of funding available for the private news media sector. The problems can be summarised as follows:

- Precarity of jobs / freelancing
- Decreasing quality / increasing quantity of journalistic production
- Attacks and violence against journalists

The issue of precarious journalistic working conditions has been mentioned in interviews in around a quarter of EU Member States. Instead of employing journalists under regular employment contracts, many news media companies contract journalists which means that journalists effectively become freelancers. This practice has negative effects on both journalists and the quality of their work. Freelancing does not provide the same security of a standard employment contract. Journalists who freelance do not receive any employment benefits, such as holiday allowances, pension contributions etc. Also, the pay-by-article practice means that quantity is incentivised over quality.

The precarious nature of the journalism profession is closely tied to the declining quality of journalistic output. Undesirable practices, including translating articles into national languages without any accompanying journalistic or editorial enhancements and copying articles authored by others without proper attribution, appear to be on the rise in certain countries.

4 Case studies of public financing practices

This section presents a sample of public financing practices from across EU Member States, selected in reflection of the key challenges and issues presented in the preceding sections. The objective is to provide inspiration to Member States for designing financing schemes or re-evaluating their existing public financing practices.

For PSM, the emphasis is placed on showcasing examples that establish a clear arm's-length relationship within the realm of state budget-funded PSM. Case studies cover the earmarked PSM taxes, i.e. the Finnish Yle tax, as well as the Swedish example of public funding, showcasing how long-term funding planning can mitigate political interference in PSM operations.

For commercial media, the provided case studies delve into examples of comprehensive review processes to identify needs (exemplified by Ireland) and reviews of existing funding models (as evidenced in Lithuania). The case studies also include examples of different approaches to financial support for news media. These examples cover generalised support for news media (as seen in Denmark); targeted innovation support (the Netherlands); consumption support (France); and targeted support for investigative journalism with a transborder perspective (Belgium). Last, the case studies include examples of channelling subsidies towards non-profit news media entities (as observed in Italy), and regulation to ensure transparency in the distribution of state advertising (Portugal).

This section sets out a sample of public financing practices selected across the EU Member States.

The guidelines for this study required that these practices were to be presented as short case studies illustrating noteworthy emerging practices in the realm of public financing of news media, which altogether help support the fostering of media resilience, freedom, independence, as well as the supply of diverse, quality, and relevant content to citizens.

To identify and assess practices, the study team has relied on stakeholder interviews, desk research undertaken across all EU Member States as well an input from the organised expert workshop. A challenge, however, has been that few stakeholders were able to pinpoint noteworthy practices considered to stand out in terms of scope, approach, or design. In a number of countries, we found no evidence of any such practice.

Against this backdrop, this section presents a selected number of practices implemented across Europe, which, in terms of design or approach, may provide inspiration for the design of schemes or the review of existing practices. The selection reflects key developments, needs and challenges presented in the previous sections,

10 case studies are included, covering both public sector financing of public news media and public financing of commercial media. The case studies cover:

- The earmarked PSM tax, implemented in Finland (Yle tax), designed to ensure PSM independence
- The Swedish approach to governmental planning of public allocations to PSM, designed to minimise political intervention and ensure funding sustainability
- The Irish 360-degree review of public financing needs supporting the design of new policy
- The Lithuanian review of the existing funding, supporting the development of a new governance model and priorities for public grants for news media in order to meet industry needs
- The Danish approach to support media plurality, through generalised editorial subsidies for written news media
- The Italian approach to support independent and socially responsible journalism through funding not-for-profit news media
- The Dutch approach to innovation support through structured mentoring and accelerator schemes
- The French approach to encourage consumption of news media through implementing tax credits for first-time subscribers
- The Flemish scheme to uphold media's watchdog role across borders, through supporting transborder investigative journalism
- The Portuguese legislation governing state advertising, ensuring transparency, fair allocation, and monitoring

4.1 Case studies of public support to PSM

Supporting PSM independence, Funding of PSM via taxes outside the general state budget, the case of Finland

In Finland, Public Service Media is delivered by the national broadcaster entity, Yleisradio (Yle). Its core principles include upholding journalistic quality and independence, transparency, and representing and catering to Finland in all its nuances.[262] This is reflected in the breadth of types of content produced by Yle and in the languages in which news media is delivered. The universality principle is determined in a dedicated Yleisradio Act.[263] Yle is a joint stock company, but 70% of its ownership must remain with the government at any given time.

Operation of the funding model

Yle is funded through a special public broadcasting tax: the Yle tax. To maintain the organisation's independence the tax and the revenues generated sits outside the state budget. The tax is paid to Yle via the independent State Television and Radio Fund.[5]

The funding model of Yle shifted to the Yle tax in 2013 until which time it had been funded through TV license fees.[6] The rationale for the change was the decreasing consumption of televised media compared to that of online news media. In addition, the tax was found fairer to the population living alone and to be less onerous as a funding system compared to the TV licence model requiring billing and inspections.[7]

The Yle tax is revenue based. It represents 2.5% of citizens income exceeding an annual revenue of EUR 14k. It does not apply to minors or low-income workers. By law, the Yle tax is to be adjusted annually in line with changes in cost-of-living indexes. The maximum tax paid per person is EUR 163 per year. These rates can be changed by parliament, however, and has occurred during periods of economic downturn. In 2016 the index adjustment was frozen for the years 2017-2019. In 2018, the Finnish parliament raised both the tax rate (from 2 to 2.5 per cent) and the free amount that determines when no tax has to be paid. Although the tax authorities collect the public contribution, PSM funding sits independently.

Performance and effect of the model

As of early 2023, the short-term and future state of Yle and its funding appear relatively stable. This is largely due to the fact that its budget exists separately from the government budget, but it also has to do with the relative support to the Yle tax among the population. As of early 2023, the Yle tax and the current tax level is supported by a majority of the population[264]. Comparatively, support is lower in countries such as the UK[265] and Germany[266], which operate with licence fees and where a majority would support decreasing fees.

The country is anticipated to undergo considerable general spending cuts during the coming government period, some of which are likely to be targeted at Yle. In practice, this will likely mean freezing the cost-of-living index, which would cease the automatic compounding of Yle's funding. In contrast, the separation of the Yle from the general state budget means that nominal decreases are unlikely.

[262] Source: news selection in the listed languages available on https://yle.fi/

[263] Source: Yleisradio Act: Laki Yleisradio Oy:stä

[264] Euractiv May 23, 2023 Finland divided over keeping public broadcasting tax

[265] R&WS Research Team, 2022, 63% of Britons Support Scrapping BBC Licence Fee, With Half in Favour of Moving to Subscription-Based Funding Model

[266] See Auswertung #NDRfragt: Die Zukunft der ARD, .2023

Supporting arm length and funding sustainability though public funding allocations – the case of Sweden

In Sweden, Public Service Media is delivered by the three public service companies: Sveriges Television (national public television broadcaster); Sweden's Radio (SR), and the Swedish Educational Broadcasting Company (UR).

Independence of the Public service media towards governance is central to the Swedish approach to PSM governance. The Constitutional law on Freedom of Expression[267]; the broadcasting permit for Swedish PSM[268]; the Public Service Media ownership model[269]; and the funding model provide a robust framework supporting independence.

As in Finland, Public service media in Sweden is (since 2019) financed via an earmarked public service tax paid by everyone in the population over 18 years of age and generating an earned income. The fees for public service go into a special "broadcasting account" and are distributed from there to the PSM ownership foundation. Revenue generation via advertising and subscription are not allowed.

Additional hereto, PSM funding planning has been designed to maximise arm's-length between the government and the PSM[270].

Approach to PSM funding planning

With a view to ensure funding stability and independence, public funding of the national broadcasters is, since 2020, set in advance for the whole licence periods. Currently this period covers 6 years (2020-2025). From 2026, licence periods and annual funding will be set for eight years.

Additionally, to maximise political independence, the length of public service companies' licence periods is explicitly organised out of sync with parliamentary mandates in order to ensure that changed parliamentary majorities cannot immediately affect the public service companies' remits. To maximise arm's length, annual assessments of funding needs, which were in place under pre-2020 licence fee funding, have been abolished.

Performance and effect of the model

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[267] Yttrandefrihetsgrundlag (1991:1469) available here

[268] The broadcasting permit for Swedish PSM states that activities shall be characterised by independence and strong integrity and shall be conducted independently of the State as well as of various economic, political, and other interests and powers in society. […], Broadcasting is to take into account the fact that broad freedom of expression and freedom of information shall prevail. See, for example, Tillstånd för Sveriges Television AB att sända tv och sökbar text-tv 2020-2025 (Licence for Sveriges Television AB to broadcast television and searchable text television) available here

[269] The Swedish PSM are not directly owned by the state, but by the Foundation for SR, SVT and UR. The task of the foundation is to operate as a a buffer between the state and the three companies in order to ensure arms length. This is done by the foundation owning and managing the shares in the three PSM companies and appointing the companies' boards. The ownership foundation is limited in terms of its functions – which in principle only include owning and maintaining shares in the companies, and appointing members of the Board. The board of the company is not involved in content decisions and has no influence over the public service companies' editorial activities or output. The ownership foundation reviews the annual reports of the public service companies and decides on discharge from liability for the companies' boards. The aim of the foundation is to further the independence. The state, however, remains in indirect control. As the parties in parliament nominate members to the foundation's board, the government grants the broadcasting licenses and the parliament decides on the funds from the revenues to the broadcasters.

[270] See Statens Offentliga Utredningar. 2017:79 Finansiering av public service – för ökad stabilitet, legitimitet och stärkt oberoende

Interviewees note that the funding approach, and use of long-term and fixed planning, is an asset when considering arm's length. However, interviewees also note that the planned 8-year financial planning period is likely to be too long – not providing sufficient flexibility in the case of economic shocks. The funding plan (2020-2025) includes a gradual increase in funding, following the anticipated inflation rate of 2%. In practice however, inflation has proven to be higher.

4.2 Case studies of public reviews of funding models and approaches

Transforming public financing of media and governance structures, based on a substantive needs-based review – the case of Ireland

Many Member States have reviewed funding models or are in the process of doing so as of early 2023. Ireland presents an example of a substantial needs-based review of public support.

The review

Established by Government in September 2020 as an independent body, the Future of Media Commission was to undertake a "comprehensive and far-reaching examination of Ireland's broadcast, print and digital media, the challenges facing media and to consider how media can remain sustainable and resilient in delivering public service aims over the next decade" [271]. On this basis the Commission was to "make recommendations on sustainable public funding mechanisms for the sector, including specific recommendations in relation to RTÉ's (PSM) financing".

The Commission was constituted as an independent expert body, with its members appointed by Government[272]. To inform the assignment, various consultation activities were undertaken, both with the public and with stakeholders. The Commission organised:

- A public consultation process that generated +800 submissions, including more than 100 from media organisations, representative groups, and other organisations
- Six public Thematic Dialogue events, bringing together a wide range of industry stakeholders, policy makers, regulators, and international experts along with members of the public. More than 50 panellists and 1,000 members of the public participated in the Thematic Dialogues
- The delivery of a representative survey of the public, providing insights into, among others, public media consumption and trends in consumer behaviour

The work was undertaken between October 2020 and July 2021.

Performance and effect

The Commission's report, published in July 2022, contains a total of 50 recommendations, which constitute a strategic agenda for transforming Ireland's media sector. As a follow up, The Department of Tourism, Culture, Arts, Gaeltacht[273], Sport, and Media published, in

[271] Future of Media Commission, 2022 Report of the Future of Media Commission, Published by the Future of Media Commission

[272] Members were appointed on the basis of their expertise in broadcast, print and digital media. They included scholars, news media professionals and other representatives of the industry and communication media professionals, The collective expertise covered Public Service Media, independent journalism, social media, new technology platforms, media economics, culture, sport, language, creative content, and governance.

[273] Gaeltacht are the districts of Ireland where the Irish language is recognised as predominant

January 2023, the action plan for the implementation of the Future of Media Commission Recommendations[274]. The action plan set out a roadmap and timeline in implementing the recommendations. So far, two actions have been implemented:

- The implementation of a 0% VAT rate for written news media
- The establishment of a new media regulator, called Coimisiún na Meán, replacing the Broadcasting Authority. The Coimisiún na Meán has, compared to the Broadcasting Authority, a substantially expanded role, encompassing the regulation of broadcasters, and digital media and support to media development (as well as other key roles[275])

This indicates the intent of the Irish government in reforming the public funding for media outlets that produce news media content. This includes both PSM and privately owned media organisations across print, online and broadcasting sectors.

The effect of the review, however, is yet to fully materialise, with negotiations still in progress as this report is being drafted. As of early 2023, the government's response[276] to the Future of Media Commission report appears to indicate that:

- The TV licence will be overhauled but not replaced in order to maintain a direct link between media and the public they serve and to minimise the risk of actual or perceived political interference in media independence
- That enhanced public support to private news media can be expected: a) in the possible form of a Local Democracy Reporting Scheme; b) through a conversion of the Broadcasting Fund into a wider Media Fund which will allow for a broader range of supports for the media sector and funding under new schemes for print and online as well as broadcast media; and possibly through other funds

While data is not available on the details the of this public support, it is confirmed that funding schemes to support the development of content for Irish audiences will include two new journalism schemes.[277]

Revising public support informed by stakeholder input to better meet needs of news media– the new governance and organisation of the Lithuanian Media Support Fund

Public support to news media has been in place in Lithuania since 1997, in the form of competitive grants (see section 2.3) provided by the Press, Radio and Television Support Foundation. The Press, Radio, and Television Support Foundation, however, had been noted as incapable of meeting the demand for news media funding for the entire country due to its programme budget. Furthermore, by 2022 the organisation was considered as outdated in its operations and management structure.

Governance and programme review

[274] Department of Tourism, Culture, Arts, Gaeltacht, Sport, and Media, 2023, Future of Media Commission Report - Implementation Strategy & Action Plan

[275] The Coimisiún na Meán will be Ireland's Digital Services Coordinator under the Digital Services Act, and is to establish a regulatory framework for online safety, update the regulation of television broadcasting and audiovisual on-demand services, and transpose the revised Audiovisual Media Services Directive into Irish law

[276] See Department of Tourism, Culture, Arts, Gaeltacht, Sport, and Media, 2023, Future of Media Commission Report - Implementation Strategy & Action Plan

[277] See Coimisiún na Meán Media Development

In order to meet future needs, discussions started taking place in 2022 on how the funding architecture of the Press, Radio and Television Support Foundation could be updated. The main public and private media associations provided feedback to the Ministry of Culture of the Republic of Lithuania regarding the existing media funding model, including concerns regarding political influence in the management and the funding volumes.

The input of these media associations informed the decision to establish a new organisation, the Media Support Fund. In the summer of 2022 the Lithuanian Ministry of Culture proposed to introduce a new funding model for news media that would be headed by a new organisation – the Media Support Fund (Medijų rėmimo fondas) [278]. The establishment of the Media Support Fund was approved in April 2023, with the relevant changes to the Public Information Law of the Republic of Lithuania, governing the Fund, coming into effect in May 2023[279]. The plans are for the Media Support Fund to take over the role of news media funding in 2024.

To better reflect the needs of the media sector, the Fund will only include media representatives (higher education institutions offering journalist education programmes and other media organisations) in its managing body, the Media Support Fund Council.

Effects

The review has impacted on governance, funding design, budget allocations, implementation, and monitoring. Allocations have been increased. During the period of 2017-2021 the Foundation allocated roughly EUR 2.5 million annually across its six funding programmes.[280] In comparison, the new Media Support Fund will start with a budget that is about three times larger at EUR 7-8 million annually.

Reflecting stakeholder feedback, the Media Support Fund will have five renewed funding programmes: 1) Cultural media and cultural periodicals; 2) Regional media; 3) News, investigative and educational journalism; 4) Media in the languages of national minorities and media of the Lithuanian diaspora; 5) Other programmes that are prepared by the Media Support Fund Council, to match priorities of news media. [281] The latter is another important element as it introduces greater flexibility in the programme design – a feature that is lacking as of early 2023.

Changes to the managing model will also introduce greater level of project oversight and more evaluation of the overall impact of the funded projects. This will take the form of annual evaluations (produced and published together with the Fund's annual report) that will review the project's progress and its outcome indicators. This data will likewise support annual reporting of the overall impact on the culture and development of news media in Lithuania. It is also considered that the Fund will be better at ensuring arm's length between news media and politics. For example, funding will not be allocated to the production of any media content that is associated with political parties or to any organisations associated with political parties.

It is expected that the new Fund will be better suited to the needs of media. Some stakeholders, moreover, consider that the Fund will have a bigger impact on regional or

[278] Ministry of Culture of the Republic of Lithuania (2022). Pristatyta paramos žiniasklaidai modelio pertvarka: daugiau lėšų, lankstumo ir nepriklausomumo.

[279] Union of Lithuanian Journalists (2023). Seimas patvirtino naują paramos žiniasklaidai modelį.

[280] Spaudos, Radijo ir Televizijos Rėmimo Fondas (2023). Fondo ataskaitos.

[281] Lietuvos Respublikos Seimas (2023). Lietuvos Respublikos visuomenės informavimo įstatymas.

smaller news media producers - which will have greater access to funding support - and, through that, ensure media pluralism in the country. This signals the benefits of stakeholder involvement in designing news media funding models.

4.1 Case studies of public support to commercial media

Supporting media plurality though generalised editorial subsidies - the case of Denmark

With the aim to promote a diverse supply of news and with a view to strengthening Danish democracy and the democratic debate in Denmark, direct public financing of private commercial media has been in place for decades. Existing schemes were introduced in 2014, as part of a wider reform, replacing a previous subsidy for printed newspapers. The aim of the reform was to modernise media support, to support new forms of journalism and new media, and to accompany the digitalisation of the traditionally printed press. Key aspects of the reform were:

- The shift from funding based on circulation to editorial support, calculated as a share of news media's editorial costs
- An expansion of scope to cover all types of text-based news media, irrespective of outlet

Scope, eligibility criteria and operation

The lion's share of Danish subsidies to private media are channelled through an editorial production subsidy scheme composed of a main scheme for both digital and print media and a supplementary scheme for nationwide news media with low advertising revenues.

Key features of the subsidy model are:

- All written news media are eligible (technology neutrality). However, with the aim to ensure quality in production, subsidies are conditioned by selected eligibility criteria. These criteria relate to staffing (minimum editorial team of 3 persons); editorial content (general affairs news within a broad subject area); independent production (defined minimum shares of independently processed journalistic material to be met); and minimum frequency (published at least ten times a year)
- The subsidy is tied to the documented editorial investment of the title in question. Allocations are exclusively calculated based on editorial cost (at a rate of 35%[282]). Circulation does not form part of the criteria for defining the subsidy
- While support is calculated as a share of editorial costs, support is capped per title to avoid a situation where most of the subsidy goes to the biggest titles[283]
- A media group receives funding for each published title (subject to being independent, with own production and having an independent editor-in chief)

Performance and effect of the model

While the subsidy scheme has not been subject to evaluation, there is widespread consensus among stakeholder groups (in Denmark and beyond) that the model is overall effective and fair. Key assets of the subsidy scheme relate to the "automatization" of the funding (i.e.

[282] i.e. the subsidy is calculated as 35% of the documented editorial costs of the title, which constitute the subsidy (unless the 35% of the costs are above 18.5 million DKK – in this case the subsidy would be 18.5 million)

[283] By early 2023, capped at 17.5 million DKK per title (EUR 2.4 million)

automatically paid out when minimum criteria are met at a defined rate); the link between the subsidy and the editorial costs; the coverage; and the use of funding ceilings.

Eligibility is built on measurable minimum criteria, rather than subjective/qualitative assessment. Once eligibility is confirmed, the value of funding is automatically calculated (based on documented editorial costs), providing high levels of funding visibility as well as effective arm's length in funding allocation.

A second perceived key benefit is that of linking subsidies to editorial costs, and not to circulation. Not only does this approach in effect ensure technological neutrality, but it also concentrates and encourages investment in editorial activity.

Besides the automated nature of funding and the links between subsidy and editorial costs, the close to universal funding of news media in Denmark, and funding by title (rather than by company[284]), are seen as key factors, contributing to high levels of media plurality in a context of media concentration.

The use of funding ceilings as an instrument, furthermore, allows the model to adjust to emerging needs. Adjustment of funding ceilings is in process as of early 2023. It is expected that ceilings will be raised for local and regional media titles (along with a reinforced editorial subsidy). The funding ceilings will decrease for other media titles. A company ceiling will also be introduced. These adaptations are intended to address funding needs of local and regional press, with the aim support resilience of these and media plurality.

Editorial subsidies to commercial media, restrictions on ownership and encouragement of fixed employment – the case of Italy

As with several other Member States, Italy provides direct subsidies to national and regional media, subject to these meeting specific eligibility criteria. The purpose of these subsidies is to support the editorial activity of newspapers and periodicals with the aim to support media pluralism.

To benefit, news media must meet a set of criteria related to the nature of coverage and independence from policy. Among other things, these criteria aim to ensure the funding of independent and socially responsible journalism.

Key eligibility criteria

To benefit from direct subsidies, only autonomous and independent news media[285] companies are eligible. These news media companies are, furthermore, to be media companies owned by journalistic cooperatives, or other not-for-profit entities, as well as other companies whose capital is wholly held by these entities. The main advantage of these criteria is that funding is not allocated to for-profit institutions which may generate profits for their shareholders.

Legislation explicitly excludes from funding party-owned newspapers, and trade union newspapers as well as all forms of specialised news media.

[284] Funding by title rather than by news media company, is seen as a key strength of the Danish model, in the context of news media concentration. Funding per independent title encourages continuation of titles. A ceiling by company (owing multiple titles) would not provide any incentive to maintain titles if the maximum ceiling per company was met.

[285] As defined in the maximum salary limit referred to in article 13, paragraph 1, of decree-law 24 April 2014, n. 66, converted, with amendments, by law 23 June 2014, which governs the salaries of public employees,

Furthermore, with the aim to maximise public value of funding, legislation[286]:

- Includes among its eligibility criteria that benefiting enterprises must comply with all obligations which result from collective labour market agreements
- Includes in its criteria for calculation of subsidies:
  - Reward for permanent employment of workers under the age of 35
  - Reward for vocational/dual learning activity
  - Reduction of subsidies for organisations where revenues of managerial staff exceed defined revenue limits[287]

Within these general restrictions, several types of subsidies are allocated, with a maximum cap on the share of total revenues that direct subsidies can represent.

Performance and effect of the model

While the intent of the eligibility criteria has been praised by experts, they have also noted that the criteria in practice do not appear successful, in terms of excluding for-profit media.

Supporting innovation – the case of the Netherlands

The Dutch Journalism Fund ("Stimuleringsfonds voor de Journalistiek", SVDJ) aims to strengthen the Dutch journalistic infrastructure. It operates as an independent administrative body with a budget from the Dutch Ministry of Education, Culture and Science (OCW) and focusses on promoting three pillars: organisational development, deepening and upgrading of the journalistic infrastructure.

The fund pursues these priorities through a series of funding programmes which focus on knowledge sharing, research, hosting events and mentoring (of media related entrepreneurs and others working on a project with the SVDJ). The SVDJ pays special attention to local journalism, investigative journalism, and innovation in the media sector. The rationale for these programmes is based on Article 8.3 of the 2008 Media Act[288].

Support to innovation

The SVDJ supports start-ups and existing companies that are innovating journalism and news media through the SVDJ's Journalism Innovation Scheme[289], which, in turn, consists of two programmes: the Accelerator and Accelerator Light innovation programmes.

Central to both programmes is mentoring, coaching and exchange. Rather than funding independent projects, the SVDJ supports participants though an implementation process. They each have a slightly different focus,

The **SVDJ Accelerator** scheme is designed as a mentoring programme enabling journalists and other media professionals to design and implement an innovation project. Projects are

[286] Legge del 26/10/2016 n. 198 - Istituzione del Fondo per il pluralismo e l'innovazione dell'informazione e deleghe al Governo per la ridefinizione della disciplina del sostegno pubblico per il settore dell'editoria e dell'emittenza radiofonica e televisiva locale, della disciplina di profili pensionistici dei giornalisti e della composizione e delle competenze del Consiglio nazionale dell'Ordine dei giornalisti. Procedura per l'affidamento in concessione del servizio pubblico radiofonico, televisivo e multimediale

[287] Ibid

[288] This article states that the SVDJ should support multiformity of the press in so far that it is important for information and opinion forming. Multiformity in this context means not only the variety of news media, but also projects and actions which support news media (e.g. news media revenue generation, or access to content. Media Act 2008 Applicable from 01/07/2021 available in English here

[289] Dutch Journalism Fund, About us.

selected following a call for proposals and specifically on the quality of the project plan. This programme consists of six sessions, each taking eight hours, where the focus is on designing and implementing experiments which can help the sector to innovate.

Participants go through the same six steps at each session: establishing an idea and developing a report; submitting this idea and report to a jury of peers; preparing for implementation of the experimental project; brainstorming with a designated mentor (who mentors the participant throughout the entire programme); conducting the experimental project; and evaluating those experiments[290].

- The programme lasts for about 7 months. The sessions help determine whether or how users, journalists, or new organisations experience particular problems, eventually aiming to launch a successful innovation[291]

A total of EUR 573.800 (out of the total of EUR 750.000 available for the innovation schemes) was allocated to the 12 individual project ideas in 2022.

As a difference from the classical Accelerator programme, **the SVDJ Accelerator Light** is developed for those who want to innovate, but who do not have a concrete project. It is focused on the initial introduction to innovation and the exploration of early innovative ideas related to journalism. This scheme offers coaching and knowledge exchange only. A total of 19 participants were selected in 2021.[292]

Performance and effect

A strength of the programme is that of systematic evaluation and review of the projects, and their achievements. Reporting also suggests that the projects have been operational in terms of generating initial revenues, and/or investment or investment prospects. However, reporting also suggests that a more structural impact of such projects is yet to materialise[293].

Encouraging consumption via tax credits – the French example

In order to encourage and support consumption of news, France provides, since 2021[294], tax credits for first-time subscribers of newspapers and periodicals with a general interest coverage.

Scope of the practice

Tax credits are offered for subscriptions to newspapers in print or in digital formats, as well as for news magazines, provided that these are published at least quarterly, and that the publication covers political as well as general affairs. It does not apply for subscription to bundled services.

[290] Stimuleringsfonds voor de Journalistiek, Begeleidingsprogramma Het SVDJ Accelerator programma

[291] Examples experimental test projects funded are the:

- Opt Out Advertising project, which designed a solution to address the challenges with revenue generation in the context of the transition to cookie consent. The Opt Out Advertising design assists publishers, media agencies, domains, and advertisers to transition to cookie-free advertising while ensuring online privacy for consumers[291].
- The Content Exchange (TCE) project[291], which supported the development of the TCE platform. The platform brings content creators and publishers together for commercial exchange of articles, videos, photos, and podcasts.

[292] Jaarverslag 2021, Stimuleringsfonds voor de Journalistiek

[293] Jaarverslag 2021, Stimuleringsfonds voor de Journalistiek

[294] Décret n° 2021-560 du 7 mai 2021 fixant la date d'entrée en vigueur du crédit d'impôt sur le revenu pour le premier abonnement à un journal, à une publication périodique ou à un service de presse en ligne d'information politique et générale instauré par l'article 2 de la loi n° 2020-935 du 30 juillet 2020 de finances rectificative pour 2020

The value of the tax credit as of early 2023 is 30%. The minimum period of subscription is one year (which corresponds also to the coverage of the credit), and households are only allowed one such tax credit.

Revenue restrictions are however in place. To be eligible, total taxes paid by a single person must not exceed EUR 24,000 – with a higher tax limit in case of the household being composed of more than one person.

Effects

The tax schemes have not been evaluated or otherwise reviewed. In terms of monetary impact however, it is estimated that the value of these schemes is in the range of EUR 3 million[295].

Financing investigative journalism with a transborder perspective – the case of Flanders

At local level, journalism, and especially investigative journalism, is under pressure in both the Netherlands and in Belgium. Local news media faces significant financing challenges in both countries. As a result, citizens have decreasing levels of access to local level, good quality journalism. This in turn may undermine citizen participation in society and the broader democratic process. In addition, cross-border journalism is rather overlooked by public schemes (with the exception of EU grants), in a context of deepening EU integration.

Against this backdrop, the Flemish Pascale Decroos Fund, as part of the Journalism Fund Europe[296], established the Local Cross-Border Investigative Journalism Project for the Low Countries, or FDP Low Countries (*FPD Lage Landen* in Dutch) [297].

Purpose and scope

The aim of this financing instrument is to help stimulate local cross-border investigative journalism in Belgium and the Netherlands.

The scheme aims specifically to facilitate cooperation between Dutch-speaking journalists from Belgium and the Netherlands. The rationale behind this approach is that, through knowledge and experience-sharing between two journalistic systems, journalists involved in a project[298]. will learn from each other's and the two systems can form "benchmarks for each other".[299]

The instrument is aimed at journalists from Belgium and the Netherlands. It was established in 2022 under a four-year cooperation agreement between the Flemish government's Department for Culture, Youth and Media, and the Journalism Fund Europe (JournalismFund.eu). This agreement included a subsidy of EUR 481,000 annually, including the financing of the Pascale Decroos Fund and the FDP Low Countries.[300]

Journalistic teams of at least Belgian and Dutch journalists apply for financing of a cross-border, investigative journalism project. Journalists of other nationalities are also eligible. Calls

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295 The French Senat Projet de loi de finances pour 2023 : Médias, livre et industries culturelles - Sénat (senat.fr)

296 JournalismFund.eu

297 Journalism Fund Europe FPD low Countries

298 Available at Fonds Pascal Decroos, supported projects

299 Ibid

300 Journalism Fund Europe History

for the projects are announced annually and in 2023, the total amount available for cross-border projects was EUR 50,000.

State advertisement: transparency, distribution, and monitoring – the case of Portugal

In Portugal, the state purchases advertisement spaces in TV, radio, newspapers, and other types of media to inform citizens, communicate relevant campaigns and other institutional matters of public interest[1]. The case of Portugal stands out for its regulation of state advertising through clear and transparent allocation and monitoring.

Regulation of transparency and distribution of state advertising

Portugal has robust legislation and practices in place to ensure media remains independent from political influence. State advertising is regulated by law number 95/2015 of 17th August[301]. The table below provides a summary of how practices around transparency, distribution and monitoring are ensured through this regulation.

Topic	Key information
Transparency (article 7)	• Public entities must inform the details of state advertising purchased to the Regulatory Entity for Social Communication (ERC[302]) within 15 days from contracting it. • Reports, plans and data should be provided to inform the objectives of the state advertising initiatives and to prove their requirements have been fulfilled.
Distribution (article 8 & 9)	• Institutional publicity campaigns must have at least 25% of the estimated value allocated to regional and local media (with exceptions for low-value campaigns). • Paid advertising campaigns should respect the following allocation regarding media channels: Press (7%), Radio (6%), Television (6%), Digital news media (6%). • Allocation of state advertising must also consider criteria around: the geographic location of the media, target audience, number of viewers/subscribers and quality of the media.
Monitoring (article 10)	• The ERC is responsible for monitoring compliance with law number 95/2015, as well as for producing monthly and annual reports to assess the degree of compliance. • Beneficiaries receive payments only after the ERC registers the expenses and confirms compliance with the law.

To promote transparency and obtain the necessary data for oversight of state advertising, the ERC also maintains a digital platform for the expenses and the relevant documentation of institutional adverting campaigns.[303] The ERC's annual report on state advertising provides a breakdown of all public entities commissioning campaigns, the campaigns' names and amounts and the number of campaigns involving advertising agencies. The report also provides a split of campaign allocations between media types.

Impacts

The regulation and practices summarised above showcase that Portugal maintains a robust framework for managing state advertising. The rules promote transparency and reduce the

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301 Lei n.º 95/2015, de 17 de agosto

302 The ERC is the Portuguese Regulatory Authority for the Media (ERC - Entidade Reguladora para a Comunicação Social). It is an is an independent administrative body established by law see also here

303 ERC - Entidade Reguladora para a Comunicação Social Relatórios mensais sobre Publicidade Institucional do Estado

risk of political influence in the allocation of public funds, ultimately improving media independence.

5 Conclusions

The objective of this study was to map and assess the mechanisms and financing schemes implemented by EU Member States to support the news media sector. Based on this analysis, the study aimed to provide a typology of support measures and an analysis of financing trends and needs.[304]

The study showcases a significant variety of approaches among EU Member States in supporting the news media sector. When considering the amount allocated to funding public service media (PSM) and private media, as well as the approaches taken, it becomes apparent that there is not a single or dominant approach, but rather a variety of public financing models. In light of this, the following key findings should be noted.

A. Support to PSM and private media

PSM across Europe heavily rely on public financing, which provides the majority of its revenues. However, there are significant differences in public revenues per capita across Europe. While PSM are generally trusted among European citizens, high trust does not necessarily translate into high consumption. There is a correlation between the consumption of public service media and its (public) revenues, with higher funding being positively associated with higher consumption. If PSM are to maintain and develop their market shares and remain relevant, adequate public funding is likely to be necessary. However, it is questionable whether public funding in some of the European Member States is adequate to meet this objective.

There is no significant correlation between funding models and funding amounts. Across Europe there are examples of state budget-funded PSM that have received increasing public revenues over the last five years, as well as examples of state budget-funded PSM with decreasing revenues. The same holds true for PSM which are funded by licence fee models.

Funding models for PSM have experienced significant changes in the last decade. One notable shift is the transition from licence fee models to state budget-funded models. However, this shift brings forth certain challenges, including increased risks of funding volatility and political interference. In state budget-funded models, the amount of funding is typically negotiated on an annual basis as part of the general state budget negotiations. This introduces uncertainties and potential fluctuations in funding levels. There is a need to consider whether institutional changes and/or better funding planning can help mitigate such risks.

The review of Member States' financing mechanisms and funding allocations to support the private news media sector showcases substantive differences in approach. Some countries view public funding of news media as key for supporting media pluralism, while others consider substantial public funding for private news media incompatible with the principle of media freedom. Furthermore, targeted beneficiaries and what is being financed, suggest different policy priorities among the Member States providing aid.

As shown in this study, several Member States are developing or adapting ways to allocate funding with the aim to address emerging needs. These developments include the expansion of VAT reductions so as to cover digital news media; enhanced focus on regional and local

[304] Mapping and full analysis of the Developments of the news media sector were reviewed in as much these were relevant for this objective. A full mapping and analysis of the news media sectors, and their financial situation were not within scope.

media; enhanced focus on innovation support and more widespread support to start-ups and increased technology neutrality in support.

B. Gaps and needs

The study reveals several challenges, weaknesses, or gaps with current practices which could be considered going forward.

Overall, with few exceptions, there is a little evidence of the effectiveness and efficiency of financing practices. Several of the financing practices implemented – including some of those implemented in response to the pandemic - have faced criticism. At the same time, relatively few interviewees across Europe were able to identify valuable practices worth replicating.

Second, a considerable amount of the available financing is implicitly or explicitly designed to support legacy media, particularly print media. While some schemes support the digital-native media,[305] it is questionable if current funding practice in a number of countries fully account for changing media consumption patterns.

Third, regional and local news media face specific challenges that differ from those encountered by national news media. These challenges include an aging audience, higher dependency on printed news, limited opportunities to generate advertising revenues, and a declining number of readers willing to pay for news. However, in a majority of EU Member States, targeted support for regional-level news media is either insufficient or not provided. It represents a missed opportunity, knowing that local and regional media operate close to people, and can effectively voice their concerns and address their informational needs.

Fourth, the way state advertising is distributed in the majority of EU Member States raises concerns about transparency. Ideally, state advertising should be designed and implemented with the (sole) purpose of supporting defined communication objectives. In practice advertising may not always operate in this manner.

Finally, the question of public aid to news media cannot just be considered in view of ensuring accessibility and quality production but also needs to consider avenues to enhance consumption. Providing financial consumption incentives alone is not sufficient nor necessarily effective. It is crucial to consider issues of impact, trust, news avoidance, and media literacy. The relatively low public trust in media across the EU is linked to the propagation of disinformation on social media, requiring high media literacy. At the same time, new formats are necessary to encourage people to consume and engage with news.

In view of these findings, a number of areas deserve further attention. Public authorities could notably:

- **Undertake at national-level a more comprehensive review of the role, impact, challenges, and financing needs in the news media sector – in line with what has been done in some Member States**. This review could serve as a basis for potential development of new or adapted support schemes, taking into account the practices already implemented by other Member States. The needs-based reviews should consider various aspects that are often overlooked, such as support to local and regional media[306], platform-neutral support, and support to native digital news media. It could also study the evolving roles of PSM, and

[305] E.g. the French Selective support scheme for podcast and radio creators or the Danish innovation and development scheme which provide project support business startups, including for native digital news media

[306] This was also underlined during the workshop

whether their support takes into account the need for proposing new delivery models and adapting to new consumption patterns.

- **Conduct more systematic evaluations of the existing measures to support the news media sector, with the goal of tailoring schemes and enhancing their efficiency and effectiveness**. These reviews should reflect, in line with the previous point, on the type and relevance of applicable eligibility criteria, so that the support goes to beneficiaries which would best help Member States achieve their policy objectives. Evaluation should also assess the distributional effects of the current support mechanisms and feed into future eligibility criteria or potential schemes.
- **Improve the transparency in the public financing for the news media sector**. This involves notably ensuring that there is clear public disclosure regarding the nature of the media entities that benefit from the existing support schemes and financing practices, including state advertising, and under which conditions. While transparency is often presented as a duty of public institutions, the lack of transparency around media financing seen in a number of countries is all the more problematic. Media are a core pillar of democracy which, due to its influence on public opinion and the participation in public life, should logically deserve even more attention than other sectors receiving public support. This point is important in view of the existence of differences of approaches in financing media across the Union.