[ES] Reform of the Public Television Broadcaster

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In the context of economic difficulties for the media industry in Spain (partially due to the general economic crisis, but also to specific factors in the sector), the Spanish cabinet has undertaken a drastic reform: the suppression of advertising on the public television broadcaster, *Televisión Española* (TVE).

Since television started in Spain in 1957, it has always operated following a free-to-air model, with a public sector funded partially by the Government, but essentially through advertising. The introduction of commercial television in Spain in 1989 did not result in a change in this model, but the dual funding of the TVE has been subject to bitter criticism from its commercial rivals (who have termed it "unfair competition") and also to formal notice from the European Commission.

This situation is now being brought to an end. On 8 April 2009, the Cabinet approved a draft bill substantially reforming the funding of the TVE. As of 1 January 2010, advertising will disappear from the content aired on the TVE. According to this draft, the TVE will now be funded by:

- A Government subsidy, aiming at around 45% of its budget.

- The amount of an already existing tax, paid to the Government by businesses using the radio spectrum (broadcasters and telecommunications).

- A new tax, to be paid by commercial television broadcasters, amounting to 3% of their gross financial income (this tax is estimated to be neutral, on the basis that advertising investment will move from the TVE to the commercial broadcasters).

- An additional new tax, imposed upon telecommunications operators and fixed at 0.9% of their operational (not financial) income.

The distribution of funding obligations among these sources, taking the 2009 budget (which has been fixed at EUR 1.2 billion) as a starting point, would work out approximately as follows: the Government subsidy would amount to nearly EUR 500 million; The spectrum tax would amount to nearly EUR 300 million. The new taxes would yield something close to EUR 120 million (from the commercial broadcasters) and EUR 300 million (from the telecommunications operators).

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This reform has been negotiated between the Cabinet and the commercial broadcasters, which may explain some additional restrictions imposed upon TVE: it will reinforce its public service nature, giving more room to information and current affairs programmes and more presence to political parties and various types of social organisations and restricting its access to "competitive" content. Thus, it will only be allowed to broadcast 80 "first window" films every year and invest only 10% of its budget in purchasing sports programs - not including the Olympic Games, the broadcasting of which is taken to be a "public service of national interest".

However, consensus has yet to be reached. On one hand, the TVE Board members, appointed less than two years ago under a law that reformed the TVE in 2006 (see IRIS 2006-6: 11), have not been consulted nor did they take part in the negotiations. On the other hand, the telecoms operators are still not convinced that they should invest in the financing of another business (despite the fact that their industry is one of the least affected by the economic crisis).

Some other difficulties are foreseeable. First, the Cabinet does not have a majority in Parliament and tends to rely on minor left-wing parties in order to pass legislation; however, it is difficult to imagine these parties giving support to a reform perceived as a gift to commercial broadcasters and a serious blow to the public service broadcaster.

Secondly, the Cabinet would like to see regional governments introduce similar reforms in their regional broadcasters (all of which are still part of the public sector). These represent in total around 17% of television audiences in Spain, although they lack the financial means to compensate for the loss of advertising income and do not have the possibility of introducing new financially significant taxes.

Shortly before the analogue "switch-off", scheduled for April 2010, and in the context of serious economic difficulties for all television broadcasters (who are experiencing a serious reduction in advertising investment), the Spanish Cabinet is introducing reforms intended to reinforce the whole sector. The recent authorisation of cross-ownership between operators and the possible subsequent mergers (see IRIS 2009-4: 8), as well as the steps taken towards a new Broadcasting Law (transposing the recent Audiovisual Services Directive) form other parts of this effort. Results will be visible in the very next months.

Informe sobre el Anteproyecto de Ley de Financiación de la Corporación de Radio y Televisión Española

http://www.la-moncloa.es/ActualidadHome/2009/080509-enlacertve

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Report on the Draft Law on Financing of the Corporation for Spanish Radio and Television

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