

[DE] KEF publishes special report on financial impacts of possible public broadcasting reforms

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On 27 September, the *Kommission zur Ermittlung des Finanzbedarfs der Rundfunkanstalten* (Commission for Determining the Financial Requirements of Broadcasters – KEF) submitted a special report on the financial impacts of possible approaches to public broadcasting reforms to the *Rundfunkkommission* (Broadcasting Commission) of the German *Länder*, which are currently discussing such reforms. The report, designed to help legislators determine the future remit and structure of public service broadcasting, deals with specific questions submitted to the KEF by the *Länder*.

The KEF plays a crucial role in the three-step process for fixing the broadcasting fee used to fund public service broadcasting in Germany. Once the broadcasters have submitted their funding requirements (step 1), the KEF examines them and can recommend that the *Länder* change the broadcasting fee (step 2), which is then determined by the *Länder* (step 3). In February 2024, the KEF published its report and recommended that the *Länder* increase the broadcasting fee by EUR 0.58 to EUR 18.94. However, the *Länder* are currently discussing a comprehensive overhaul of public service broadcasting, including opportunities to make financial savings. Therefore, the recently published special report deals exclusively with the potential economic impacts of possible reforms for public service broadcasting. It is based on a list of 19 questions that the *Länder* had submitted to the KEF, but does not replace or change in any way the February 2024 recommendation.

The questions submitted concern the financial implications of current reform proposals. Regarding possible staff cuts in the joint institutions, the KEF does not believe there are any savings to be made other than those suggested in its February 2024 report, and states that cooperation needs to be expanded rather than cut back. However, it thinks that merging Deutschlandradio's two sites into one could have long-term savings potential in view of the predicted EUR 356.4 million cost of refurbishing its current buildings, which are listed. The same applies to the strategic sale of buildings.

On the other hand, the KEF indicates that the savings to be made by reducing the number of partner and specialist channels cannot be accurately quantified. However, it points out that, in many cases, closing such channels down does not

mean an end to all related costs, which can only be reduced over time. Savings may be made, however, by broadcasting fewer TV play, film and series premieres and replacing them with news-based programmes, although such a change could also result in lower advertising revenue. The KEF also believes that stricter cooperation obligations both within the ARD and between the ARD, ZDF and Deutschlandradio could produce significant savings, which are broken down in the report into individual cooperation areas such as production and programming, programme distribution and administration (e.g. staffing, procurement, business processes, broadcasting fee collection). Establishing joint bodies to carry out broadcasters' administrative tasks, in particular, is also likely to increase efficiency and cut costs. However, while the creation of a joint technical platform system could, in principle, have the same impact in the medium term, the resulting benefits are currently difficult to quantify and could be offset by the associated set-up costs. Regarding the savings potential of a planned increase in the shared use of buildings and technical equipment, the KEF believes that consideration should be given to consolidating the ARD and Deutschlandradio buildings.

As regards savings in the sports broadcasting sector, the KEF believes there could be scope to reduce the expected EUR 1.674 billion spent on sports rights between 2021 and 2024; however, potential savings linked to coverage of major/sports events over and above those proposed in the February 2024 report are not quantifiable. A more accurate estimate of the increase or decrease in costs that would result from more independent or centralised budget management through a so-called mandating system for joint services is impossible unless more detail is provided regarding the actual structure. On the other hand, reassigning so-called "non-broadcasting fee services" that concern the funding of state media authorities and orchestras, for example, may significantly reduce the burden on fee-payers.

Overall, the report concludes that by implementing the reforms and remit changes for 2025 to 2028 that were mentioned in the questions submitted by the *Länder*, the broadcasting authorities cannot achieve any significant savings other than those already identified in the February 2024 report. However, in the medium to long term, from 2029 onwards, there are numerous areas in which the legislator can develop and implement practical measures, some of which have the potential to produce substantial savings relevant to the broadcasting fee. These include building and related property costs, programming remittance, using different distribution methods, and developing shared technical infrastructure.

Sonderbericht der KEF zu finanziellen Auswirkungen möglicher Ansätze zur Reform des öffentlich-rechtlichen Rundfunks

<https://rundfunkkommission.rlp.de/fileadmin/rundfunkkommission/Dokumente/Refor>

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