

Three Steps to Wisdom? Public Value Tests in Germany

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Outline

- **political background**
- **new regulation**
- **the "three-step test"**
- **market impact of PSB**
- **results and conclusions**

Political Background

- **since 2002: private media lodged complaints against PSB with EU Commission (commercial activities, sports rights, digital, online)**
- **compromise of April 2007: Germany agrees to introduce a new regime for PSB; EU Commission drops case against Germany**
- **2009: new regulation, contains "three-step test"**

New Regulation of June 2009

- **extends PSB remit to internet and mobile ("telemedia")**
- **detailed set of rules with restrictions on online activities regarding types of content/service, "negative list", duration**
- **four types of authorisation:**
 - 1) on-demand / catch-up services (max seven days)
 - 2) programme-related content (max seven days)
 - 3) non-programme related content, and services over seven days
 - 4) archives of historical and cultural value (no max duration)
- **"three-step test" only for type 3) services**
- **governing bodies of PSB put in charge of procedure**

"Three-Step Test"

- **aims: enhance transparency+legitimacy, tighten control over new offers, limit impact on commercial markets**
- **the "three steps":**
 1. prove offer is within public service remit and corresponds to the democratic, social, and cultural needs of society
 2. prove offer contributes to the quality of media competition
 3. outline expenditure foreseen for the service
- **three-step test not only for new offers, but also for existing services!**
- **complicated procedure: infrastructure to be built from scratch, large number of services to be assessed**
- **time frame: June 2009 - August 2010**

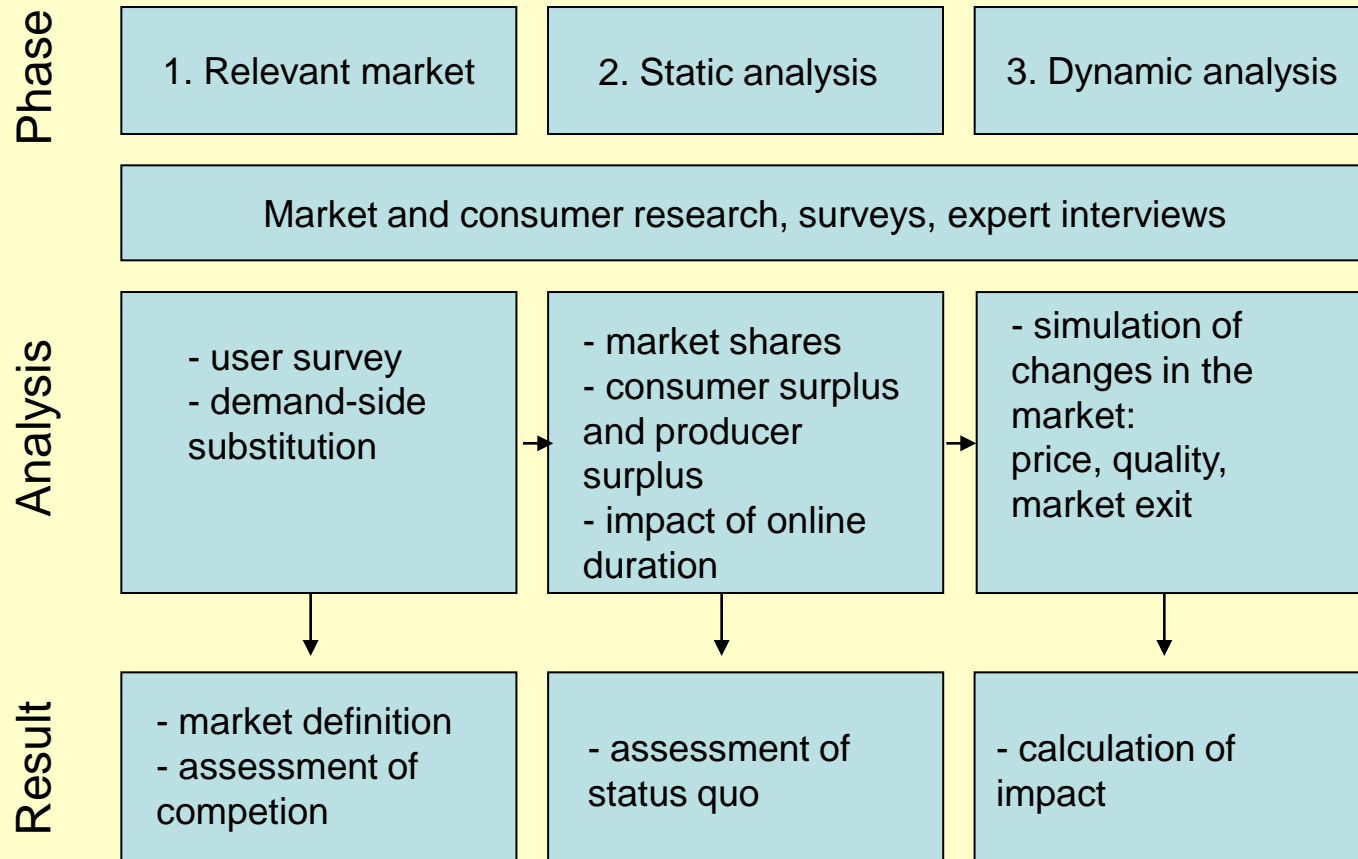
Services subject to three-step test

- **21 services of regional ARD stations (swr.de, MDR-Online, ...)**
- **10 joint services of ARD (ard.de, tagesschau.de, ...)**
- **1 ZDF service (zdf.de - with 7 subdomains)**
- **4 joint services of ARD and ZDF (3sat.de, phoenix.de, ...)**
- **2 new ARD/ZDF services (KI.Kaplust, kikaninchen.de)**

Market impact of PSB

- **two main elements of three-step test:**
 1. **journalistic/editorial quality ("public value")**
 2. **impact on economic market**
- **external expertise for market impact assessment (MIA)**
- **methodology modelled on EU guidelines (competition)**
- **challenge: identify competitors, find substitutes for price, quantify PSB impact**

Market impact assessment: Structure



Source: EU Commission, Deloitte.

Results and conclusions

- **all services of ARD and ZDF got green light**
- **"quality contribution to editorial competition greater than (negative) impact on market"**
- **some adjustments to telemedia concepts**
- **extensive "de-publicizing" of content**
- **controversy over procedures + methodology**
- **position of governing bodies strengthened**
- **negative response from private competitors; legal action likely**