From PBS to PSM: The Shape of „New” Public Media in the Baltic States

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Abstract

Although PSM is a vitally important part of the politics of the European Union, in reality the future of public service media in several countries is quite uncertain. Lists of PSM problems of new EU member countries in various research papers and monitoring reports is starting to resemble a boring refrain, as the situation hasn’t changed for more than ten years. PSM in the Baltic States seems to be stuck in a situation of insufficient funding and in constant threat of political influence. Problems with the quality of content, inevitable decrease in audience and difficulty finding the required funds in state budget asks the question – does society need PSM, and if it does – what should PSM be like? Every discussion about the situation surrounding PSM eventually leads to the question – what is the main remit of PSM and what defines the public benefit provided by PSM. During the economic recession these questions gained topicality, as projects of PSM transformation were developed in the Baltic States at the time.

To find out the answer the question of PSM efficiency, the article analyzes documents and data of Baltic PSM, and compares systems of PSM finance and governance. Using documents and discusstonal analysis of PSM development concept work group, the article evaluates a case study of the building process of Latvian “new public media” in context of public media development in Estonia and Lithuania.

Keywords: public service media, Baltic media, media governance and regulation; public permit of PSM, public value of PSM


Part of the topical discussion about media technology, global communication process, audience media usage patterns and trends of media business development includes the discussion of the future of public service media.

Public media system has a special place at European policy-making level, because PSM is an extremely vital element of democratic values. According to Recommendation of the Committee of Ministers PSM plays a specific role with regard to the respect of this right and the provision of varied and high-quality content,
contributing to the reinforcement of democracy and social cohesion, and promoting intercultural dialogue and mutual understanding. Public service media need to operate and evolve within a sustainable governance framework which secures both the necessary editorial independence and public accountability.

Public service media is usually considered as different and existing alongside commercial media system, although it is still affected by the well-being of the entire national political and media system.

Since 1991 the media system in each of the Baltic States has seen similar trends, but public media in the beginning of XXI century has different roles within their respective countries. In Estonia for several years EER (Estonian PSM) has been one of the most influential Internet news sources in the country. In Lithuania, a large competitive impact has, throughout the crisis in 2009, threatened to close the national television LTV due to bankruptcy. In Latvia, we have seen a new public media concept emerge, which has been affirmed by the government and will be realized by 2017. These processes of public media transformation are accompanied by a controversial discussion, where each state tries to answer the question of the public benefit. The administrators of commercial media try to convince the public that they are able to provide the audience with quality and socially responsible content, although in an effort to compete for audience, increase entertainment programming in their broadcast list, by producing shows, infotainment programmes un TV game shows. In turn, commercial media broadcasters have shown a growth in analytic and investigative journalism; these channels offer political debates and news programmes.

If experts consider that public media has a vital role within a democratic environment, an audience acts on the contrary, as ratings of PSM are in a downturn. In general, society sees public media in contempt, where the quality of the media is seen to be very low.

Although the meaning of public media has been questioned for a couple of years, the environment of the Baltic States media is still characterized by political parallelism and low level of journalistic professionalism. This fact has reduced the overall quality of media accountability and diversity. These consequences are the main considerations for public media administrators, when searching for the best model as a “new” media.

As the media structure in each of the Baltic States is noticeably different, there are common trends regarding the development of media structure: the current system originates from the privatization that followed the regaining of independence in 1991, transformation of Soviet media and the creation of a system based on free market principles. The media system of the Baltic States formed simultaneously, however should be considered three separate markets, as each country has several unique features, related to the structure of the audience, cultural differences and openness to technological advancements (Baleytiene, 2009).

Common features, characteristic to the development trends of the region, as well as processes regarding the global media climate, are also significant. In the Baltic media market, similar to other post-communist countries, the co-operation between the media and political representatives is still essential (Nagla, Kehre, 2005). The development of the Baltic media market is connected to the rapid development of
Regional and global social media, the shift of media use habits, the redefining of journalism in conditions of media convergence and synergy of content delivery.

Unlike other areas of business, where potential to expand outside the national or regional market is determined by economic factors, the potential for media system development in the Baltic States vitally important is the relatively small eventual media audience in each country (population: Latvia – 2 million, Estonia – 1.8, Lithuania – 3.4) on the presentation language used by the media. Baltic media audience is separated accordingly to the territory of each country, as well as by language, creating parallel media markets in each country (predominantly in Estonia and Latvia) (Nagla, Kehre, 2005). If Lithuanian media recipients are mostly homogenic in regards to the language, the media audience and the business environment of both Latvia and Estonia is separated in Latvian and Estonian media, respectively, and the Russian media, thus consolidation an ethnically divided society. Divided audience decreases the possibility to create prosperous media business models even more and has made media dependent on the ability to attract advertisers, as media income is dominated by advertiser investment into content not payment by the audience. In turn, the Baltic advertising industry is dominated by a handful of international companies, representing global brands and the activities of which are not directly related to economic processes in smaller regions of the world (greatest part of investment in the advertising industry is represented by global telecommunication, hygiene, non-prescription drug, cosmetic, retail, food, non-alcoholic beverage and entertainment industries) (Vendele, Rumpeters, Krigere, 2012). On the other hand, the extent of the audience doesn’t exclusively determine the Baltic media health, for example, Estonia, which has the lowest number of inhabitants of the three Baltic States, comparatively with Latvia and Estonia, had the least media market decay, as well as having the greatest growth in 2011.

The transition period of Baltic media system discussed in this article has seen all three countries adopt terrestrial digital television service, which has changed the TV market structure, as well as the behavior of the audience. Every commercial broadcaster has to compete for a place in the market, as in a climate of limited investment public service broadcasters are losing part of audience. However, digitization has not increased the quality journalism and the volume of original news content (Juzefovics, 2011).

Disregarding the fact, that the economic structure crates restrictions for media development, liberal legislation and the overall low barriers for breaking in to the market has encouraged development of an extremely diverse media system in the Baltic States, which contains many players, but few media business strategies. In fact, each of the media market segments is filled with media organizations, however similar to other countries, the media market is predominantly oligopolistic (Albarran, 2002), namely, within each media type exist one or two influential players, which attract the greatest audience, as well as most of the advertising revenue. Overall the Baltic media system can be described as “ideas of liberal corporativism” (Balcytiene, 2009: 41 - 42), as the media ownership and performance regulation are very liberal,
but the government has limited ability to interfere in the operation of media. The level of commercialization of the Baltic media and market-oriented logic in Lithuania, Latvia and Estonia (Balcytiene, 2009), has created mass media environment, in which a weak journalist professional orientation and content creation, dependant on commercial interests, not on reflecting the professional interests of journalists.

Although, the idea of irreplaceability of journalism in the development of democracy and the social responsibility is prominent (McChesney, 2002; Perse, 2006), the research of Baltic media content and practice regularly indicates problems with media responsibility (Brikse, Skudra, Tjarve, 2002; Rossland, 2005 Balcytiene, 2009) and accountability.

Previous research of the public media situation finds the public media situation in each of the Baltic States very similar. Just as in other “new” EU countries, most of Latvian, Lithuanian an Estonian PSM problems are caused by the governance and regulation system of public media, which does not prevent the possibility of political influence; secondly, problems of low content quality, creating only short-term value, as well insufficient funding, which delays the long-term development are extremely topical; thirdly, questions of PSM independence and diminishing content quality (Dragomir, Reljic, Thompson, Grunwald, 2005), with an increase in programming share of commercial media influenced entertainment content. The health of the EU public media system is a constantly discussed topic, in the same time recent results of media monitoring indicate, that the independence of PSM is worsening (Seaton, 2008).

Although the European Commission has put in a lot of effort to strengthen PSM, in several EU countries public media is considered as a burden on the national budget in times of economic and political struggle, even if PSM can be considered as an “antiseptic that keeps all the other systems cleaner” (Seaton, 2008:10).

Undoubtedly, the quality of public media content constantly raises questions about their future. Two main questions are discussed periodically: is the state required to finance PSM and, what should a modern PSM be like? The first of the questions is at the forefront during economic recession, when PSM financing models are evaluated. Disputing the possibility of creating a subscription fee model, popular in Scandinavia, the efficiency of contemporary PSM is called into question. With the existing commercial media lobbying, during discussion of PSM, a version is proposed, that professional and responsible commercial media could provide differentiated information and discussion at an equivalent extent and quality of PSM. This view is supported by the part of Baltic society that does not want to pay for media or an irrelevant institution required by other members of the public, judging the necessity of PSM only from a utilitarian and consumer point of view.

The other question of PSM permit and the understanding of public benefit is more complex. It includes the attitude of the audience, content structure and the collective values of society. As the idea of PSM itself is closely connected with the idea of a national state, the theory of public space formulated by Habermas, the ability of people involved in political participation to resolve questions regarding the various
interests of the public, the amount of PSM problems clearly reflect the level of
democracy, as “the democratic process, if enlivened in a liberal political culture, can
become a sort of an example of warranty, to retain a functionally differentiated
society” (Habermas, 2012: 53).

PSM of Baltic States: commonalities and differences
Evaluating the available literature and research, between the Baltic States, the
Estonian PSM seem to be the healthiest, as altogether it has a good reputation, has a
satisfactory level of journalism and a diversity of opinion in media content is
noticeable (Joesaar, 2011). In turn, the PSM institutions of Latvia and Lithuania are in
a long-term crisis.

Estonian PSM
Since 1990, Estonian PSM consists of two organisations – Estonian Television (ETV)
and Estonian Radio (ER).

The operations of Estonian broadcasting media was regulated by the Broadcasting
Act, which was approved in 1994, up until 2007 when it was replaced by the Estonian
National Broadcasting Act. The broadcasting PSM is governed by the Broadcasting
Council. It consists of nine members, five appointed by the Parliament, from elected
members of the Parliament itself, on a basis of political balance. The remaining four
members are picked among publically recognisable media specialists. Annually, the
Broadcasting Council submits an activity report to the Parliament. In 2004, an audit of
both ETV and ER was performed, to evaluate the possibility of merging the separate
organisations into one. Although the audit made by auditor company KPMG did not
guarantee a long-term decrease in required finance, both organisations were merged,
thus creating Eesti Rahvusringhääling (EER). EER provide two TV channels, four
radio stations and a news website in Estonian, Russian and English languages.

Estonia is the only country, which, unable to introduce subscription fees to fund PSM,
has tried to decline a grant from the national budget, using only payments from
commercial broadcasters to fund PSM. In 1997, by signing a treaty with three
commercial television channels, the Director General of ETV, agreed to receive a
fixed fee, beginning with 1998, in order for the ETV to have no need for advertising
revenue. The effects of this action was noticeable – the level of commercialization of
ETV programming decreased (Loit, 2005) and this experiment was considered as a
success. However, a year after the start of this experiment, one of the commercial
channels was not able to provide the payment in time, thus threatening the financial
stability of ETV, forcing the broadcaster to return to advertising income. Currently, it
is largely supported by the national budget – 93 percent of it is a state subsidy, but
other sources of income are donations, project financing, production of recording of
audiovisual materials etc. The State subsidy is approved annually by Parliament.
Although the project, which intended PSM budget planned three years in advanced, did not realize, EER has largely succeeded in fulfilling its role as a public broadcaster. EER is still the largest creator and provider of news and original content in Estonian and Russian languages. No direct political involvement in the operations of the Estonian PSM has been observed, although indirect influence is constantly topical, being realized through the procedure of financial allocation – EER funding is a constant source of concern, as funding is unstable, non-transparent and insufficient. (Loit, 2005).

The journey leading to the new PSM was not simple, however in a short time it was clear that the changes were initiated in the right time. To overcome the structural fragmentation, the merger of ETV and ER started in 2007, was traumatic, determined by the limited funding and an identity crisis if the PSM. Nevertheless, the trust of the society in the Estonian PSM remained and in 2010, an increase in ratings was indicated. The analysis of parliamentary debate of Estonian PSM, indicates finance and commerce rather than democracy and programming as the keywords (Lohmus, Tiikmaa, Joesar 2010), therefore EER is in a constant fight for survival.

Lithuanian PSM
The development of the Lithuanian PSM was similar, although a single organisation was involved - Lithuanian National Radio and Television (LRT). In 1996, the Law on Provision of Information to the Public was passed, later known as Mass Media Law, with last of its amendments added in 2004. Broadcasting media regulation is governed by two councils - Lithuanian Radio and Television Commission (LRTC) the regulator of commercial audiovisual media, and the regulator of PSM - Council of Lithuanian Radio and Television (LRTT). The Lithuanian Mass Media Law determines the self-regulation institution in all media, which is realized by the Lithuanian Ethics Commission of Journalists and Publishers and the Journalists’ Ethics Inspector. LRTT consists of twelve members – four members appointed by the President of the Republic of Lithuania on a six-year term, four members appointed by the Parliament, including two members recommended by the opposition on a four-year term, four members appointed by Lithuanian Science Council, the Lithuanian Association of Art Creators, the Lithuanian Board of Education, The Lithuanian Congregation of Bishops on a two-year term (Lukosiounas, 2005).

Similarly to many other new EU countries, Lithuanian PSB is funded by the state and is involved in the advertising market. Of the television revenue, about 65 percent of the annual funding is from the state budget and 35 percent from advertising and other commercial income (including sponsorship and programming sales). In radio broadcasting, the proportion of state funding to commercial income is slightly higher, with a ratio of 70:30. The total overheads of LRT in 2009 were about EUR 10 million - 55 percent of it going to television, 26 percent to radio (Ormebring, 2011).

In Lithuania, no clear and stable PSM financing system exists. To protect the interest of minorities and to eradicate hidden advertising, a monitoring system of Lithuanian
PSM was created, but it did not prevent a decrease in quality of content (Račas, 2008). Lithuanian PSM has gone through a lengthy process, during which members of the political elite, by imitating support to the independence of PSM, tried to gain control over the creators of content and the regulatory body (Pečiulis, 2010).

Despite the growth in commercial revenues, PSM reported losses in 2005 and 2006, and indicated the possibility of bankruptcy in 2009. The amount of original content has decreased and has been replaced by foreign produced content in PSM programming. Although the regulatory process is transparent “regulatory powers are too dispersed among many regulators” (Račas, 2008:263). The economic crisis actualised the discussion of independent PSM funding, but there are not new ideas or proposals (Pačiulis, 2010), as during the search for solutions, at least ten year old encouragements are repeated.

**Latvian PSM**

Television and radio are still important sources of information for the Latvian population. The time spent in front of the television has continued to grow, and in 2011 it has reached five hours per day.

The whole of broadcasting media sector in Latvia is regulated by the National Electronic Broadcasting Media Council (NEBMC) (until 2011 – National Radio and Television Council). Since 2009, the council consists of five members, when two members were not re-elected as the Parliament decided to decrease the amount of representatives in the council from seven to five, citing the need to decrease state spending during the economic recession as the main reason. Due to this decision by the Latvian Parliament the entirety of the Latvian broadcasting sector development is determined by a handful of people. Similarly to Lithuania, Latvian PSM is financed by the state, as well as receiving advertising revenue. Latvian PSM consists of two organisations – Latvian Television (LTV) and Latvian Radio (LR). LTV consists of two channels, with Latvian Radio providing four stations. Latvian PSM tasks and remit are defined in vague terms in the National Remit which is agreed annually between the Council and LTV and LR (Kruks, 2005). It is a process full of bureaucratic routine, as the basis of the National Remit was formed by the already existing programming, characterised by time on air, not by content, genre or any other qualitative criteria. All of LTV and LR original content, such as news and discussion, educational and cultural formats, programming for children, youths and minorities, was paid for by the funds raised for the execution of the National Remit. Despite the creation of the National Remit, it did not encourage an increase in PSM content quality.

PSM in Latvia work in an environment of stiff competition with the commercial broadcasters. As the audience still trusts the information provided by public media in significant occasions such as, during election campaigns, when commercial broadcasters LNT and TV3 created identical discussion formats before the Parliamentary elections. As a result, PSM news service had to arrange a time slots for discussion programmes so that leading members of all political parties could attend all
discussions. Commercial channels compete for the right to broadcast events traditionally ensure PSM authority and popularity – military parade on Independence day, President’s speech on New Year’s Eve and other significant occasions. The situation changed when the new Electronic Broadcasting Media Law (EBML) was passed and previously approved Radio and Television Law lost its power in 2011. EBML includes the following significant aspects of PSM operations:

1) It changed the election process of the National Electronic Broadcasting Media Council (NEBMC), determining that the list of candidates is decide by the Parliamentary Commision of Human rights and public matters, in cooperation with associations, which work in the field of mass media broadcasting, education, culture, science and human rights. However, NEBMC consists of only five members, with each of them responsible for a wide arrangement of tasks.

2) The Law defines “Public Remit” (previously known as National Remit), setting 22 criteria regarding content, which PSM should create for funding received from the State budget. The main principles of Public Remit determine that PSM should provide objective, independent, creation of balanced news analysis and commentary; PSM should create free discussion, responsible and sustainable journalism; must encourage acknowledgement of national identity; has to offer educational content for various parts of the audience, programming for kids and adolescents, reflect and preserve cultural values etc.

3) If necessary, the law allows 15% of the Public Remit to be used by commercial broadcasters.

4) The law allows a larger proportion of society to participate in choosing of the PSM watchdog, through the creation of the Public Advisory Council, a combination of various associations, including media professionals, which work in the field of mass media broadcasting, education, culture, science and human rights.

5) The law did not resolve the question of long-term PSM funding – it is still dependent of the decisions of politicians, as money for PSM is sourced from the state budget (though the law states that the amount of funds available to PSM cannot less than the previous year).

Through analysis of Baltic PSM income, audience structure and personnel (see Graph nr.1), several regularities can be observed.

1) 30 to 40 percent of Latvian and Lithuanian PSM income is generated from advertising or commercial projects. This indicates a strong dependence of content on ratings and commercial orientation;

2) Although Estonia is the smallest of the three Baltic State, it has the largest amount of available funding as well as the highest television audience share;

3) Latvian Radio receives a relatively small grant, and still retains the highest audience share. The station of popular Latvian music LR is partially responsible for it (audience share of LR2 is about 23% - 26%).

4) Lithuanian PSM has the lowest funding, as well as the lowest audience share of the three States.

<table>
<thead>
<tr>
<th>PSM organization</th>
<th>Audience share %</th>
<th>Personnel (head hunt)</th>
<th>Public funds (million Euros)</th>
<th>Other income (including commercial) (million Euros)</th>
<th>Total (million Euros)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EST TV (two channels)</td>
<td>17.4%</td>
<td>328</td>
<td>24.7</td>
<td>3.7</td>
<td>28.4*</td>
</tr>
<tr>
<td>EST Radio (four channels)</td>
<td>33%</td>
<td>181</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LV TV (two channels)</td>
<td>13.6%</td>
<td>434</td>
<td>10.0</td>
<td>4.7</td>
<td>14.8</td>
</tr>
<tr>
<td>LV radio (four channels)</td>
<td>40.5%</td>
<td>230</td>
<td>5.8</td>
<td>3.0</td>
<td>7.0</td>
</tr>
<tr>
<td>LT TV (two channels)</td>
<td>12.1%</td>
<td>124</td>
<td>10.2*</td>
<td>7.0*</td>
<td>17.2**</td>
</tr>
<tr>
<td>LT Radio (three channels)</td>
<td>20.7</td>
<td>121</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Figure shows income of the all Estonian PSM: television and radio, and internet.

** Figure shows income of the both Lithuanian PSM: television and radio.

The main problem of all Baltic PSM is the insufficient amount of funding and overdependence on state grants. This system forces PSM to be dependent on decision of elected individuals. Baltic PSM operate only in short-term, as each year the grant is reviewed and renewed, so PSM organizations cannot plan long-term investment in content, personnel and technology. Although, a link between PSM quality and GDP exists, economic prosperity is not the only precondition of successful PSM operation.

Countries with long existing democratic tradition the position of PSM is stronger, secondly, a significant precondition is size of the country, as in small countries more spending on PSM per capita is required than in larger countries (Joesar, 2011).

A similar PSM regulation and governance structure has been established in all of the Baltic States, with its main aim being provision of independently produced, politically neutral and diverse information. Each countries PSM have regulatory authorities. However, the perception of PSM in public discussion is still plagued by the remnants of Soviet tradition, from a time when PSM were entirely controlled by the government, and even now members of the political elite refer to public media as “state television” or “state radio”.

The question of PSM funding in Latvia and Lithuania has been debated since the middle of the last decade of the 20th century, including drafting of subscription fee projects, which have never been implemented due to “lack of political will”. A powerful commercial media lobby exists in both Latvia and Lithuania, which is trying to push PSM out of the advertising market, as a small market and limited advertising investment commercial broadcasters cannot gain financial success. The quality of PSM is threatened by the need to ensure public benefit, as well as compete with commercial broadcasters for higher ratings. Just as in other new EU countries, in the
Baltic PSM is incrementally losing its audience share. This process is influenced by the poor quality of content, as well as fragmentation of audience, created by the changes in media technology and increase in the amount of broadcasters. Inevitable decline of PSM audience is an often used argument in political discussion, to object the need to increase PSM funding. Therefore, in discussions of the future of PSM, the question of PSM influence and power, viewed both quantitatively – as audience penetration, and qualitatively – ability to offer high quality journalism and information relevant to societal development, is crucial.

In conditions of limited funding, requiring higher content quality from PSM is a “vicious circle”, with society disagree to an increase to PSM funding, as the content quality is low, but a change to this is impossible with the available money.

Although the media environment has changed, the demands against the audience are still dominated by the perception of the audience as a mass, which reflects the base of the commercial media system. It contradicts the essence of PSM – offer information to all members of the audience and cover topics which are not seen as favourable by commercial broadcasters. The second problem is the loss of influence, as PSM lost the status of public agenda setters. This loss of influence is not only associated with decrease in quality, but the change in attitude of the audience – in Latvia and Lithuania PSM function is no more seen as important. In turn, another part of the audience receives its fix of PSM-like content from other sources – foreign broadcasts, niche media and discussions on social media.

The availability of funding and other resources is not always linked to the size of the audience share, as it contains various groups. The idea of PSM institution supports the liberally pluralistic audience perception discourse, which sets a media task to reach out to citizens when they want to gain information, insight and strengthen cultural values, in order to obtain an informed opinion (Gillespie, 2005). However, the experience of Baltic PSM indicates that larger part of the audience can act irrationally and not prefer valuable media content.

**Latvian case analysis: many versions of “new” PSM**

Latvian PSM situation is constant: Latvian public is not satisfied with PSM, as they have not been able to demonstrate the most important thing – acting in the interest of the society, retain high professional quality and political independence.

This has a historic cause: if in foreign countries PSM were created to carry out their unique mission and cooperate with various groups of society from the outset, in post-Soviet territories, including Latvia, PSM was created from previously created state structures. Losing the monopoly status of a traditional European PSM (Rolland, 2005), it cannot compete with commercial media.
Overview of the programming of Latvian Television.

During the Nineties, without its monopoly status and with the advent of commercial broadcasters, LTV tried to compete with other members of TV market, rather than developing the uniqueness of its content, thus balancing between content corresponding with the mission of PSM and commercially viable programming. As a result the share of original television formats decreased, along with journalistic quality and thematic and functional diversity, but the level of commercialization increased. After digitalisation in 2010 all popular TV channels in Latvia lost a part of its audience, the only exception was Russian TV channel PBK (see Graph nr. 2).

Graph nr. 2. Audience changes of mainstream TV channels in Latvia 2007 - 2011 (share %). Source: TNS Latvia.

![Graph](image)

LTV content is fragmented: most of the airtime is filled with small, short-term formats, with a low level of periodicity. Within the content structure of LTV, several formats, thematically narrowly focused, structurally similar, with an equivalent journalistic approach exist along a small amount of virtually non-existent educational and kids shows, with a small share of analytical programming. Project principle is used in the production of LTV content. The producers of individual projects have limited power over the process of planning and project implementation. The result of this sort of content management, creates fragmentated content, thematical mundanity, limited amount of genre and format.

The quantitative data of the audience reflects the problematic situation of public television in Latvia: during last five years the main channel LTV 1 (news, discussion
LTV’s decreasing audience can be associated with programming not suitable for the ethnical structure of Latvia – LTV does not offer wholesome and quality content in Russian language for the minorities of Latvia. LTV7 Russian language news programme „Šodien” (Today) has no consistent timeslot (it is adjusted according to sports and other broadcasts), and its content is judged as unsystematic in research of Latvian news (Kruks, Juzefovičs, Kikuste, Kikusts, 2007). Research indicates that, the main principle of LTV7’s news production is based on visualisation, adding of quotes and opinions, to events and news provided by news services and public relations companies. LTV has an insufficiently integrated news production process in both Latvian and Russian. Due to lack of funds and the policy of content creation LTV1 and LTV7 have decreased their content (news and broadcasts) focused on minorities, thus losing part of PSM audience share (see Graph nr.4).

Graph nr. 4. LTV audience, nationalities, 2011 (share%). Source: TNS Latvia.
The large Russian minority in Latvia constitutes about 30 percent of the population in Latvia. Although the most important task of the content of second LTV channel LTV7 is to attract minorities audiences, quantitative data shows that very small part of so-called non-Latvian-speaking public belongs to the audience of this particular channel.

During the rise of Internet media, public service television and radio have failed to develop their Internet services. The failure to exploit online platforms to a great extent explains public broadcasters’ inability to reach younger age groups whose media usage patterns are rather different in comparison with the habits of older audience groups (see Graph nr.5). An essential feature of young people’s media usage habits is multitasking: young people divide their attention and use the Internet while turning on a radio or a TV in the background, therefore they still are very well informed about most popular TV reality shows, games and entertaining news (Rozukalne, 2012). Public media in Latvia mostly focus on their loyal audiences: older users, ethnic Latvians, the rural population. Opinion surveys point to paradoxical conclusions: even though public service television is more trusted than its commercial rivals, it is not the most widely watched (Južefovics, 2011).

Graph nr. 5. LTV audience; age groups, 2011 (share %). Source: TNS Latvia.

The content of both LTV channels is created by permanent employees and the companies of independent producers. As LTV co-operation with independent producers is based on the necessity to attract advertising revenue in exchange for airtime, most of independent productions broadcast on LTV are filled with content suitable for the interests of sponsors or personal creative interests, rather than content corresponding with the tasks of PSM.

Positive change in LTV1 and LTV7 in recent years is characterized by the regular inclusion of cinema and live musical events in the schedule. The viewers of PSM are offered historical TV series produced in other parts of the EU. This offer differs from the content broadcast by commercial television and contributes to increased diversity of content offer to the Latvian audience.
Although editors of LTV channels regularly analyze the quality of programming, a clearly defined professional quality control system or a professional personnel development program does not exist within LTV. The rating and salary of LTV creative personnel is not linked with the level of professional education, therefore the content quality is dependent on the individual motivation of each employee to increase their professional qualifications. Part of LTV’s cameramen, producers and directors are self-taught, and the management does not commit the required attention to the professional development of these professionals. Due to the aforementioned reasons, the visual quality of LTV is characterized by monotony of approach and the static nature of the audiovisual message. Therefore most of LTV formats are visually similar. Especially during news items a dissonance between verbal content and visual narrative is noticeable.


<table>
<thead>
<tr>
<th>Thematic Group of Program</th>
<th>2011 (%)</th>
<th>2012 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>News</td>
<td>20.9</td>
<td>15.8</td>
</tr>
<tr>
<td>Information and analytics</td>
<td>33.5</td>
<td>26.4</td>
</tr>
<tr>
<td>Education and Science</td>
<td>9.9</td>
<td>3.4</td>
</tr>
<tr>
<td>Children and adolescents</td>
<td>8</td>
<td>1.01</td>
</tr>
<tr>
<td>Culture</td>
<td>11.7</td>
<td>3.5</td>
</tr>
<tr>
<td>Entertainment</td>
<td>8.2</td>
<td>3.9</td>
</tr>
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Several signs and research indicate the decrease in news quality: the topicality, analytical and objective value, balance. The research of news content carried out in 2007 emphasizes, that producers of LTV news programme „Panorāma” (Panorama) „follows activities of politicians (29% of Latvian news), but insufficiently analyze their statements and decisions” (Kruks, Juzefovičs, Kikust, Kikusts, (2007:24).

During recent years the news format and structure has been changed several times, though it is still dominated by an official daily political brief, where the sources used are usually politicians and statesmen. The approach of LTV news production is dominated by concentration on individuals and their opinions, rather than on events and processes themselves. On occasions, when a journalist concentrates on the personality, especially a politician, and not the topic, extra material makes the journalism more negative and cynical (Salgado, Stromback, 2012). By renewing news broadcasts in 2011, LTV News service increased the share of analytical journalism. Analytical news programme „de facto” has experienced a very positive development,
the creators of which are able to provide quality investigative journalism, as well as vivid analysis of events. The formats place within the Top 10 most viewed programmes (TNS Latvia data) and widespread quotation in other media confirms the interest of the audience in this kind of content offered by PSM.

**Overview of the programming of Latvian Radio (LR)**

LR1 refreshes its schedule by creating a dynamic news format, develops its broadcasts and discussion shows. LR1 is the only media which provides news for twenty four hours a day, including several analytical news programmes during daytime. All four LR stations (LR1 – general news; LR2 – entertainment and popular music; LR3 – classical music format; LR4 – Russian language channel) provide live broadcasts of significant events, sports competitions and musical concerts. The journalistic quality is maintained by regular program evaluation and a detailed ethics codex.

Airtime in LR1’s schedule is reserved for investigative journalism broadcasts as well. A large share of airtime is allotted for analysis of cultural processes, educational programmes, life style and practical guidance shows, addressed to various members of the audience. It is probably the reason why the all four LR formats still has a very strong market position (see Graph nr.7) among the many commercial channels that are operated in Latvia.

Graph nr. 7. Radio audience in Latvia; winter 2012 (reach%). Source: TNS Latvia.
Similar to LTV the Latvian radio audience is rather old. According to audience figures the listeners of the whole LR programs dominated by age group “55 plus” and LR is the very strong leader among the audience of this age group (see Graph nr.8). Young people (12-24 years) have very little interest in public radio, they prefer commercial music radio stations. The exception is only entertaining popular Latvian music channel LR2, which brings together the young audience, but the most part of LR2 listeners are older generations.

Graph nr. 8. LR audience; age groups; winter 2012 (reach%). Source: TNS Latvia.

In contrast to the LTV public radio LR is successful in addressing an audience of other nationalities (see Graph nr.9).

Graph nr. 9. Nationalities of the audiences; Latvian Radio 2011 – 2012 (share %). Source: TNS Latvia.

Latvian Radio is the only media organization, which provides a diverse approach of radio journalism, genre and format development. LR offered live news in both audio
and text, along with archived programming, on the Internet earlier than LTV. LR is developing hybrid-television, offering live webcasts of radio programmes. Many LR formats allow interactivity, providing active communication with the audience.

LR3 offers quality and detailed information about various musical genres. Recordings and reviews of concerts are available, along with the possibility to find out about the main musical events. Several educational formats – from gameshows to historical reviews and programs dedicated to musical personalities – are found in the schedule.

LR4 realizes diverse radio projects in Russian language. According to structure of the Public Remit (see Graph nr.10), a great significance is given to analytic and values constituted broadcasts, but the content aimed at the younger audience has decreased.

Graph nr. 10. Structure of the Public Remit of LTV (project). Source: Latvian Radio.

<table>
<thead>
<tr>
<th>Tematic Group of Program (all channels)</th>
<th>2012 (%)</th>
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</thead>
<tbody>
<tr>
<td>News</td>
<td>9.3</td>
</tr>
<tr>
<td>Information and analytics</td>
<td>14.9</td>
</tr>
<tr>
<td>Education, Culture and Science</td>
<td>12.3</td>
</tr>
<tr>
<td>Children and adolescents</td>
<td>0.85</td>
</tr>
<tr>
<td>Entertainment</td>
<td>13.4 (mostly at LR2)</td>
</tr>
<tr>
<td>Sport</td>
<td>0.3</td>
</tr>
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The base of LR content creation is the work of thematic editors. This ensures mutual cooperation in content planning as well as more thorough understanding of specific questions, genres and topics. Most of LR programming is created by stable and professional teams, thus LR has powerful author’s programs, which can esily be recognised by their hosts. LR is the only media organisation to offer extensive analysis of events and author’s programs, along with development of audio formats focused on science, technology, societal issues, relationships and lifestyle.

Projects of “new” PSM in Latvia
Since 2009, the discussion of the need for a new PSM is very active. The reason for it was the work group created by the Latvian Cabinet of Ministers, with the task to create proposals of PSM regulation for the new Electronic Broadcasting Media Law (EBML). At the centre of the discussion were three questions: PSM funding, governance and principles of the Public Remit. The work group created a new funding model, which would create a foundation for PSM, thus making PSM independent from the parliametary mood during the State budget creation procedure and the
planning of the Public Remit two or three years in advance. However, Parliament retained the existing PSM funding system – State grant.

At the beginning of 2011, National Electronic Broadcasting Media Council (NEBMC) established a work group, which had to create the concept of the new PSM, which would be approved by the Cabinet of Ministers. As Latvia judicial acts determine that a broad research material has to be provided along with several alternatives, so the work group submitted three models of PSM to the Latvian Ministry of Culture (Source: conceptual project „Creation of New Latvian PSM“): safe, progressive and radical. The safe version was to maintain the existing situation where the PSM is funded from the State budget and advertising revenue, with its content create in co-operation with independent producers, with the PSM unable to broadcast 24/7 and offer parts of its content online. The progressive version was to increase the amount of PSM content, develop content availability online, and an incremental shift to state grant as the main source of funding. The radical version set to support content creation and other services as an outsourced service and move to license fees as the main source of income, thus refusing advertising revenue. This concept was criticized as being too technological and technical, and focused on infrastructural development (and attraction of finance for construction of a new building, as well as change of technology), but did not reflect the mission and significant functions of PSM.

In January of 2012, from 40 initial candidates, a new EBM council consisting of five individuals was elected, and for the first time no councillors from the previous term were retained. The election process was transparent for the first time, accompanied by widespread discussion and presentations of the eventual members of the council. NEBMC, at the beginning of 2012, decided to rework the PSM concept submitted to the Cabinet. The concept was improved by including the evaluation of public benefit, detailed content and quality evaluation criteria.

The new concept analyzes developmental problems of PSM in six aspects: (Source: Concept of new electronic PSM):

1) Sustainability of national informational space – to defend the interests of national culture and education, integration, economic and interests of human safety;
2) Politics and judicial regulation of public service media – to ensure political and economic independence of media content, orientation to the interests of society and responsibility;
3) Realization of public benefit – to ensure quality public order and public value assessment and market impact assessment;
4) Human resources – to ensure professional and motivated personnel for execution of all PSM tasks and realization of all functions;
5) Accessibility and public coverage – to ensure the interests and needs of Latvian residents, taking demographic, economic, cultural and other characteristics and coverage in account;
6) Security of production and broadcasting technology – ensure modern and economic content production and public accessibility.
The reworked PSM concept offered three choices for realization of public media in Latvia:

1st OPPORTUNITY sets a partial media convergence solution, retaining the institutional independence of both Latvian Radio and Latvia Television, but media participate in joint projects. Within this opportunity quality can increases, although the pace of development could slower than changes in trends of audience media use.

2nd OPPORTUNITY determines a solution of complete media convergence, with the creation of an entirely new PSM. This model determines the synergy of existing LTV and LR resources, co-operating in creation of multi-media projects and a shared technological infrastructure. A significant initial investment is required to supply the newly formed PSM with modern technology.

3rd OPPORTUNITY determines a solution of a production and audience network. PSM ensures the accessibility of content in audience demand, by buying it from independent producers, using available resources only for production of news. This opportunity is considered as economically beneficial, however it has a high risk in regards to long-term development of informational and cultural environment and integration.

Latvian Cabinet of Ministers conceptually made the decision of the merger of existing Latvian PSM and allocated LVL 80 000 (approx. EUR 113 000; AUD 160 000) for research and creation of detailed concept, in essence supporting the second opportunity. Parallely both PSM organizations have received funding for development of their online projects.

Although Latvian PSM is yet to be formed, several perspectives can be identified in the discussion:

1. Technological orientation – new media means convergence of technology, which will be dominated by the Internet and mobile technology, thus offering the audience ability to receive PSM content on diverse technological platforms. Often the difference of possibilities provided by technology is emphasized as the main difference between PSB and PSM.

2. Content orientation – new PSM means a leap of quality in regards to development of content and journalism, offering not only diverse topics and opinion, but several formats, genres, thus completely ensuring the execution of PSM function. In order to improve quality of content of public media in Latvia, there is an idea to introduce the Public Value Test for evaluation the proposals for Public Remit of LTV and LR.

3. Orientation of financial resources – new PSM project is the opportunity to resolve long-lasting problems of PSM funding; with media tax approved in Finland, which takes effect at the beginning of 2013, the idea of an incremental change of PSM funding system, which would resemble a modernised subscription fee solution, has returned.

4. Orientation of judicial regulation – with creation of new media concept the improvement of the judicial regulation is significant; a collection of accurate laws
and regulations will ensure quality PSM operations and return of the public interest.

General calculations indicate that LVL 50 million (approx. EUR 71.1 million; AUD 100 million) is required for the creation of a new PSM in Latvia. The concept has the deadline of the project set at the start of 2017.

By comparing all aforementioned orientations, it can be said that they demonstrate an idealized viewpoint, that creation of a perfect system will ensure public interest of PSM by itself.

**Discussion and conclusions**
The future and quality of PSM in Baltic States is linked with the economic development and quality of the political environment of these countries.

The financial and judicial base of all Baltic PSM is similar, though the PSM efficiency and successes differ. Ironically, the economic recession clearly showed that PSM institution has reached the critical limit of its existence - PSM have to fulfill essential functions or it will be impossible to convince the society to invest public money into PSM.

By comparing the situation in each of the Baltic States, it can be said that in similar conditions, PSM achieve radically different results. A new, respectable PSM operates in Estonia, with the transformation process already complete, active work on a new PSM concept is ongoing in Latvia, but in Lithuania the development of public media is characterized by stagnation. Identical funding model, regulatory system, and organizational structure can create differing quality of PSM operations. So the media environment, economic conditions, political logic and public values of each country have to be taken in account.

The comparison of PSM transformation in the three Baltic States, indicates an exaggerated opinion of the significance of the system, where most of the attention is focused on questions of finance and governance. The work quality of PSM is significantly influenced by the media culture and professional journalistic quality of the corresponding country: the more higher it is, the more healthier the operations of PSM. If in Latvia and Lithuania media professionalism decreased considerably, in Estonia it improved. In Latvia, in condition of limited funding, Latvian Radio could provide much higher quality than Latvian Television, which broadcast politically influenced and highly commercialized content.

Just as delusional are opinions, that the judicial regulation and constant improvement of it can ensure ideal PSM operations. PSM quality is much more significantly affected by the level of political and media culture in each of the countries. After the early change of Parliament of Latvia in 2011, the political environment changed, with crucial steps taken in transformation of PSM. It corresponds with research of the BBC and the Norwegian public broadcasting situation, where the author has made the
conclusion that the state role in construction of state-owned public media “seems to depend on who controls the state” (Rolland, 2005).

Efficient and clear model of PSM financing is considered as one of the main components of the “magic formula” of quality PSM, though even more important is the amount of funding. Stable and sufficient funding allowed Estonian PSM to retain audience and successfully develop. However, the development of Baltic PSM is slowed down by the short-term orientated financial planning system. In the case of Estonia, positive influence on PSM development was left by the refusal of advertising – it saved content from commercialization and ensures better relationships between public and commercial media in the entire broadcasting media market. Research made earlier indicates that PSM audience share is not directly linked with state or subscription funding model (Picard, 2002). It is proved by the experience of Latvian Radio – in conditions of poor funding it has been able to maintain journalistic quality and audience interest about its programming.

The notion of Public Value of PSM have became the part of policymaking discourse but still the understanding of public value is rather opportunistic (Oakley, Naylor, Lee, 2006) in Latvia. In addition, the idea of public value provided by PSM is very diffuse. It is associated with weak or lacking ideologies of political parties, and societal fragmentation as a whole, simultaneously supporting various existing life scenarios and individualistic discourse. Discussions, which chronically lack main ideas of PSM existence, a belief has come to the forefront, that members of society can tell media what they should do and media should execute this order. However, the actions of the recently established Public Advisory Council consisting of representatives from 40 NGO’s proved, that in the best case scenario it can offer a few suggestions. The attempt of the Public Advisory Council to participate in the Public Remit resembled cacophony of various opinions, as each individual organisation tried to prove, that PSM should defend the interest of its members, not the entire society. However, all in all, an agreement exists within the society are several more important questions and they concern the unique function of PSM to provide independently produced information and the possibility of discussion, which is required by the society to make responsible decisions.

The question of the audience of the new PSM is vitally important. The work of PSM cannot be judged only on quantitative indicators, as they must represent varies groups of the society and has to offer information about topics, which do not attract large amounts of audience attention. Simultaneously, the essence of PSM is doubtable, as the content offered is indifferent to most of the public. The source of this doubt is content quality, as quality information can be accessed outside of the PSM environment. Therefore PSM has to resolve a complex task – they have to address society as a whole and has to offer content not seen as favourable by commercial broadcasters. In the near future, the controversial idea of public money being used in the commercial media content to reach a wider audience, especially the young
demographic, which is not attracted by traditional PSM programming, could become profitable.

As none of the Baltic States have long-lasting PSM tradition and the on the whole weak PSM organisations, have not always been able to prove their worth to the society. It is a real risk, that part of the audience meets their informative demands with the help of foreign media content. The other risk is the risk of time – if PSM transformation is delayed, or the projects will be unsuccessful, they cannot prove to be redundant.

References:


