

I

DEVELOPMENT TRENDS OF PUBLIC TELEVISION IN ESTONIA IN 1991–2001

Introduction

The television landscape in Estonia has faced substantial changes during the last ten years, since 1991 when Estonia became again an independent state. It is not only the penetration of different forms of television media that has substantially changed (see Appendix, Table 1 and 2 and Table 1/chapter II). To paint a more or less full picture of the evolution of the television sector we should take into consideration all the integrated parts of the television landscape. There is no doubt, that all of them have passed an extensive period of considerable structural and conceptual changes. These changes have been influenced by the general political environment, the state of Estonian economy, the structure of the TV market, the nature of media policies and implemented media legislation, principles of administration and funding of television, as well as the social functions of TV programming, content of the programs and the professional standards of the broadcasting itself.

The main aim of following comments is to concentrate the attention on the most decisive, often dramatic and controversial tendencies in the development of public broadcasting television in Estonia during the last decade. Obviously one can find a lot of similarities in patterns, challenges and problems which reflect the changes in the television sectors of other East-European and Baltic countries (see EBU 1993; Paulins & Liepna 1998; Jacobowicz 1998; Alisauskienė, Bajarunas and Sukyte 1998, Audiovisual Eureka 2000). Most of the processes, trends and challenges the audio-visual sector is experiencing in Europe today — deregulation, privatization, internationalization, globalization and convergence of different media (Moragas Spa 1999: 1) — are to a greater or lesser extent currently influencing broadcasting development in the Baltic States as well. In spite of that Estonian broadcasting has its own uniqueness and peculiarities.

It should especially be underlined that the development of public broadcasting in Estonia cannot fully be described and understood in isolation from the development of Estonian television sector as a whole. Both sides of the dual model of the contemporary

television landscape, public and private (commercial) television, have been involved in a process of mutual influence and quite often of severe opposition.

The development of public television also can't be described as continuous linear stream. The political, economical, legal, organizational and professional factors, which have influenced public broadcasting during the decade, have emerged in different combinations with different intensities. The most significant factors have certainly been the solutions made by Estonian media legislators, in terms of economic policies and the (de)regulation of the TV-market. We have made an attempt to reveal the key tendencies of alterations in public television in terms of their dynamics and moments of most decisive influence. Hopefully the reader will not be disturbed by the fact that this approach has led us to the descriptions of several processes in terms of their mutual relationships and overlapping durations.

The last decade in the development of public TV-broadcasting in Estonia can be divided into four periods:

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| Period I: 1991–1994 | implementation of public remits on Estonian Television (ETV); |
| Period II: 1995–1997 | establishment of ETV as a public broadcaster; |
| Period III: 1998–spring 2000 | rearrangement and unpredicted deep financial and organizational crisis of ETV; |
| Period IV: spring 2000–2003? | attempts at stabilization and seeking new methods for the further development of ETV |

1. First period (1991–1994): Implementation of public broadcasting remits on ETV

The first period of the development of public television in Estonia can be characterised by the following features:

- The implementation of the principles of public broadcasting;
- The restructuring of the Soviet-formed TV landscape;
- The launch of commercial television;
- The emergence of serious opposing views and controversies concerning the dual TV-model;
- The legal regulation of public broadcasting — The Broadcasting Act.

1.1. Estonian Television's move towards the principles of public broadcasting

The ideas and principles of public broadcasting were first introduced in Estonia in 1990 when it became possible for broadcast personnel to participate in European media discussions. The socialist countries' TV and Radio organization, OIRT, of which ETV was a member, was drawing its final breath. The privatization of newspapers in Estonia started in 1989. A new entity — Estonian Broadcasting — was formed in 1990 to replace the Estonian SSR State TV and Radio Committee; on October 1 ETV and Estonian Radio (ER) became two different organizations. The ETV statute from 1990 already laid down some of program requirements for public broadcasting.

After the Baltic States regained their independence in 1991, ETV actively entered into the accession process to join the European Broadcasting Union (EBU). Already on July 3, 1992 ETV and Estonian Radio had become associated members of the EBU. ETV was admitted as a full member of the European Broadcasting Union from January 1, 1993. For a short period of time between 1990–1993 the main state broadcaster, Estonian Television, was continuously modified to fulfil the general remits of a public broadcaster.

EBU defined public broadcasting first of all as a system of certain program obligations. The traditional public broadcasting requirements consisted of ensuring program accessibility for the majority of the population, program quality and variety, objectiveness and balance, considering the majority's and minorities' interests, and taking a dominant share of own program production. The emphasis was put on support of local languages, cultures and national identities, and openness (EBU 1992: 3). ETV's transition period from Soviet television to a European public broadcasting organization can be characterized by the implementation of these principles. New program requirements were set up while obligations to maintain the editorial independence, objectivity and impartiality of the programming, and to cover controversial political, economical and cultural issues, were introduced (Šein: 1992).

The process itself was somewhat controversial. The sudden freedom enhanced ETV's strongest professional aspects but at the same time revealed its weaknesses as well. It was time to redefine both political and professional values, and it just could not take place very smoothly. The lack of necessary

financial means, and, the need, whatever it took, to hold onto a majority audience, and to move ahead the emerging private television that appealed first of all to mass tastes, coupled with an insufficient understanding of the nature of public tv programming, created insecurity and forced commercial tendencies in public broadcasting in the first-stage development. The intensive selling of foreign TV commercials that started at that time raised further controversies.

In spite of that, the program structure and professional level of ETV corresponded already in 1993–1995 to the main requirements of public broadcasting programming (See Table 4 and Charts 1, 3 and 4, Table 3/II). This period is also marked by drafting the Broadcasting Act, which started in 1993 and which led in the middle of 1994 to the legal establishment of public broadcasting television in Estonia.

Alongside ETV's turn to public broadcasting remits, the TV landscape was facing considerable changes brought by the restructuring of the TV landscape, emerging private terrestrial and cable television and the growth of the advertising market (see Table 1 and 3, Table 4/II and 6/II).

1.2. From monopoly to open media competition — emerging of commercial television (1992–1994)

Estonia has turned from a Soviet country into an independent democratic state with a free market economy. The audio-visual sector mirrored this process shifting from monopolies to open competition. "The former communist ideology was replaced by freedom of speech and the opportunity to choose among competing media channels." (Veskimägi, Susi 1996: 136). As ETV turned to the public broadcaster model, the first private television broadcasting firms were launched. In Estonia commercial television has been operating since 1992. The launch of first private TV firms was speeded up by a very fast-growing advertising market (see Table 3, 6/II) and was based on former professional experience in this field. Reklaamiteleviioon (Advertising Television, RTV), which separated from ETV, and BFD Reklaamklubi (Advertising Club), which was formed out of well-known advertising company started to broadcast on ETV's channel in 1992. Foreign investors backed the launch of Estonian Christian Television.

Another decisive reason for this active formation of private TV organizations was the appearance of free transmission networks and the Broadcast Transmission Centre's economic interest to exploit those. During the Soviet period Estonia had three terrestrial television networks, which were translating two TV programs from Moscow — Ostankino and Russian TV, and one from St. Petersburg. Ostankino and Russian TV were nationwide channels while Sankt-Petersburg TV was seen in Tallinn and Northeast of Estonia. During 1993–1994 the Estonian government gradually faded out the transmission of Russian tele-

vision channels and the cultural ministry started to distribute the available frequencies. The new private broadcasters got temporary licences to disseminate their programs on these free frequencies.

The general approach of Estonian media policies and politicians at the beginning of 1990 can be characterized as very open and liberal. The television market was gradually opened to domestic operators in 1992–1994 following the end of the retransmission of the former Soviet channels through Estonian transmitter's networks. Although a shortage of resources would have been expected, most of the private firms that applied for TV broadcasting licences in fact received them. Altogether 9 private television firms received licenses and started their broadcast operations — Estonian Christian Television, Alo TV, Reklaamitelevision (RTV), AS Eesti Video (further EVTV), AS Taska (Kanal 2), Narva Kommertstelevision, AS BFD Reklaamklubi, AS Orsent, Eesti Sõltumatu Televisioni AS (TV1) and Tipp TV. Most of them were launched by Estonian firms, based on Estonian financial resources and began recruiting broadcasting professionals mainly from Estonian Television, which had about 1000 employees at the beginning of the decade. As a result, a large number of television broadcasters emerged in the 1990s (see Table 1).

1.3. The peculiar processes of Estonian television market reconstruction: “TV wars” (1993–1994)

Since the production and transmission of the programming, is expensive, the competition to grasp revenues in TV marketplaces became tough. It took some years to recognize that the limited TV market in Estonia could not sustain all those who had begun their TV businesses. The distribution and redistribution of terrestrial transmitters and available frequencies, and the fight for more favourable positions among the private channels, led to a ruthless rivalry between the three strongest private operators — RTV, Eesti Video and AS Taska, a situation which the press pertinently labelled as “TV wars”.

The first TV war started in spring 1993. An attempt to create a strong commercial channel with RTV, Eesti Video and Television International, a subsidiary of the Swedish company Kinnevik AD failed. As a result a new entity, EVTV, was launched by Eesti Video and Kinnevik, and the rivalry for the distribution of free transmission networks became dramatic and political. Finally EVTV got permission to transmit their programs on the former Russian channel's frequency during weekdays and RTV could do so on weekends. AS Taska got the Sankt-Petersburg transmission network that was technically in bad shape (Sembach-Sakkias 1999: 9).

Table 1. Development of television landscape in Estonia 1993–2000

	1993	1994	1995	1996	1997	1998	1999	2000
Broadcasting stations	8	7	9	7	7	7	7	5
public	1	1	1	1	1	1	1	1
private	6	6	8	6	6	6	6	4
national	1	1	1	2	3	4	4	4
regional	4	3	5	2	1	1	1	–
local	3	3	3	3	3	2	2	1
Total broadcasting hours	3315	6457	8800	8767	20640	23489	25311	32463
in Estonian %	71,3	87,9	89,5	93,0	87,7	92,5	95,9	98,9
in Russian	12,9	7,9	12,0	10,8	6,6	5,6	8,5	4,1
Share of advertising, %	11,6	4,5	3,2	5,1	19,1	4,8	9,6	6,6
Text-TV, hours	4935	2741	12456	13634	21393	15695	10510	15518
Total TV expenditure (in thousands EEK)	50616	124124	136812	178962	254169	396224	399652	391989
Total adspend (in thousands EEK)	14039	43442	37720	71735	120478	172681	143415	164302
Foreign terrestrial channels				6	6	7	7	7
Number of employees			892	857	829	754	814	545
Programme staff			327	310	299	307	319	200
Technical staff			363	317	315	291	285	197

Sources: Estonian Statistical Office, ETV, EBU, BMF

In 1993 3 of 8 active broadcasters EVTV, RTV and Tartu TV didn't submit the report

In 1994 1 of 7 active broadcasters Tartu TV didn't submit the report

In 1995 2 of 7 active broadcasters EVTV and RTV didn't submit the report

The second TV war started after a year had passed, in spring 1994, when the translation of Ostankino TV was finished in Estonia. This channel was technically of the highest quality and boasted the largest penetration area. The Ministry of Culture decided to give this channel to AS Taska, without any competition. EVTV and RTV protested. Audience complained as well, because they feared loosing their favourite soap operas. The biggest problem arose when, as a result of channel changes the Mexican soap opera “Tahmanägu” (A Grimy Face) disappeared from Southern Estonian TV screens. Finally the Ostankino channel was given to EVTV and RTV, who started to transmit their programs every other day; the Russian transmission network went to AS Taska. In fact, the private channels were the eventual winners of this TV war because, in order to equalise their penetration areas, the government decided to finance the building of an additional transmitter for South Estonia to transmit Kanal 2’s program. During the second TV war the government and the governing party Isamaa lost a remarkable deal of its political

prestige, a situation which probably had some impact also on the results of the 1995 parliamentary elections.

The TV wars were most of all caused by the inadequate number of private TV channels and limited economic possibilities. (These circumstances would cause the third TV war in 1999, see below.) As a result of the two “TV wars” in 1993–1994, and also in the wake of disappointments, extensive lobbying, bankruptcies and mergers the Estonian TV landscape developed its current structure. From 1996 until the end of 2001, when TV1 lost its licence, Estonia had four national channels with approximately 85–99% of audience penetration. The TV market consisted of ETV, the public broadcaster, and three private stations — TV 1 (AS Sõltumatu Televisiooni AS), Kanal 2 (AS Taska), TV 3 (the product of EVTV, RTV and Kinnevik’s merger in 1996), in addition to some local channels in Narva and Tartu (see Table 1). Private channels act under the requirements of the Broadcasting Act (1994); their licences are granted for a period of 5 years.

Table 2. Income and expenditures of TV broadcasters in Estonia 1992–2000

Thousands EEK	1992	1993	1994	1995	1996	1997	1998	1999	2000
All TV-broadcasters									
Total income	21221	48225	108517	123905	163388	228197	353369	288049	298141
% of state financing	73,5%	39,6%	38,5%	45,8%	41,3%	31,1%	23,0%	33,0%	30,2%
% of ad revenues	6,8%	29,1%	40,0%	30,4%	43,9%	52,8%	48,9%	50,0%	55,1%
Expenditures	20554	50616	124124	136812	178962	254169	396224	399652	391989
Labour cost						77332	92220	102957	89316
Estonian Television									
Total income	21221	38241	80503	99427	113900	136881	143281	124221	154409
% of state financing	73,5%	50,0%	52,0%	57,0%	59,2%	51,9%	56,7%	75,0%	58,4%
% of ad revenues	6,8%	17,4%	25,2%	28,1%	33,5%	38,0%	30,7% ¹	7,8%	25,9%
Expenditures	20554	38767	75798	99985	114275	144410	152901	154157	160378
Net result	667	-526	4705	-558	-375	-7529	-9620	-29936	-5969
Labour cost						60011	66075	62997	55641
Private broadcasters									
Total income	–	9984	28014	24478	49488	91316	210088	162828	143732
From advertising	–	7365	23132	9792	33526	68489	128581	133781	124339
Expenditures	–	11848	48326	36827	64687	109759	243323	245495	231611
Net result						-18443	-33235	-82667	-87879
Labour cost	–					17321	26145	39960	33675
Share of adspend									
ETV	–	47,6%	46,8%	74,0% ²	53,3%	43,1%	25,5%	6,3%	24,3%
Private television	–	52,4%	53,2%	25,9%	46,7%	56,8%	74,5%	93,3%	75,7%

Source: Estonian Statistical Yearbooks

In 1993 three of 8 active broadcasters (EVTV, RTV and Tartu TV) didn’t submit the report

In 1994 one of 7 active broadcasters (Tartu TV) didn’t submit the report

In 1995 two of 7 active broadcasters (EVTV and RTV) didn’t submit the report

¹ paid by private channels in accordance with 1997 agreement

² Two major private channels did not present their statements this year and the division does not show the real stand of advertising share. ETV-s share of advertising income according to BMF was 43,2%

1.4. Basic legal regulation of public and private broadcasting (1994)

The first broadcasting legislation act — the Broadcasting Act — was passed by the parliament in May 1994, half a year after ETV became a full member of

the EBU. The Broadcasting Act met the basic European remits of public broadcasting.

According to the Broadcasting Act, ETV was to be run by a Broadcasting Council appointed by the parliament, a Director General appointed by the Broadcasting Council, and a board of executives appointed by the

Director General. The Law stated ETV's main program obligations: to transmit at least 51% of its own programming; to produce varied, balanced and impartial programming (mainly informational, cultural, educational and entertainment programs) of the highest journalistic and technical quality; to meet the information needs of all sectors of the population, including minorities needs; to protect and develop the Estonian language and the national cultural heritage; to support and assist in the development of the Estonian state and of its international recognition.

ETV was granted a mixed financing scheme and has been financed by subsidies from state budget on annual basis, advertising revenues and income from sponsorship and technical services. ETV was allowed to sell advertising time, which represented no more than 5% of its daily program hours and 12 minutes per hour.

The Broadcasting Act also fixed the procedure for granting operating licences to private broadcasters. According to the law, private broadcasters would be subject to some minor programming obligations, limit upon sold advertising time and an obligation to allocate 5% of the daily programming time to news. Limits on commercial time for private channels were set at 20% of daily programming hours for advertising and tele-shopping and on 12 minutes per hour, while pure advertising time was limited to 15% of daily programming. Some years later the minimum duration of a single teleshopping broadcast was set at 15 minutes, while the total teleshopping broadcast time was limited to a maximum of 8 broadcasts and 3 hours per day.

The 1994 Broadcasting Act represented a compromise between different interest groups and politicians' views upon and understanding of the role, organizational form, management and financing schemes of public broadcasting. This was why discussions about improving and amending the law started immediately after it had passed through parliament.

2. Second period (1995–1997): Establishing public television

The following features can characterize the second period of the development of public television in Estonia:

- Sustainable remodelling ETV to a sufficient public broadcasting organization;
- Keeping the highest audience shares and the position of leading channel by ETV;
- Firm keeping of political independence, balance and impartiality of the ETV's programming;
- Keeping the leading position on the Estonian TV-advertising market by ETV and controversies caused by that;
- Unsuccessful public debate on the role and future of the public broadcasting in the society and culture;
- The continuing strong rivalry and tensions between public and private broadcasters;

- The insufficient financing of ETV to meet the needs of programming quality and technical development;
- The constant failure to improve the Broadcasting Act.

2.1. Establishing public television

ETV's transition to an organization that was able to fulfill the basic public broadcasters' obligations and to produce a full scope of public broadcasting production took place in accordance with the development plan and with natural evolutionary trends in the years 1995–1997 (Šein 1997a). Plans to reform and manage ETV included a democratic and accountable management scheme, and the repair and restructuring of the organization within a public broadcasting institution's regulatory system. Plans were established to develop an internal self-sustaining economic model and a system of producers' accountability, and to create an organization with clear vision of itself. The goal to decrease the number of employees while enlarging program capacity and increasing quality was set up. (see Chart 2 and 29/II). The priority was to satisfy audience interests while producing diverse and quality programming along public service broadcasting lines. The philosophical requirements included participating in the establishment of a national cultural identity and self-consciousness, and maintaining the high credibility of the information provided and openness to the world and the Estonian society. The priorities of ETV's programming were news, information, sport, culture and education. Social awareness, common sense and knowledge were highly valued cornerstones of the general factual programming as well as the objectivity and impartiality of general journalistic standards. The programs were balanced on a ratio two-thirds factual programming alongside one third comedy, drama and entertainment (Rannu 1997: 24–26).

The main goals set by the ETV management were, in practical terms, achieved. ETV's audience share was constantly between 35 and 40% during 1995–1997 (see Charts 13 and 15), which represented one of the highest rates achieved by any public broadcasting organization in Europe at that time. According to national surveys, ETV's credibility and objectivity were highly rated by 73% of the adult population: a figure that was many times higher than that achieved by Estonia's private TV channels. This should be judged one of the most outstanding achievements of Estonian public television during this period, especially when one considers the great importance of media objectivity and impartiality in the new Post-Soviet democracies (Mathe 1993: 39). The number of ETV employees was reduced by 35% during 1993–1997 (see Chart 2, Table 5/II), while the amount of program production rose by more than 1300 hours during the same period (see Chart 1). ETV managed to keep its political independence. It should be considered that Estonian public broadcasting had managed to establish itself and had attained a certain maturity by the end of 1997 (Šein 1997b: 4–6).

2.2. Tough competition on the restricted advertising market

When talking about Estonia's total TV market value (about 22 million USD in 2000), the size of the population (1.45 million people), the limited amount of TV-adspend (about 9 million USD in 2000) and the large number of TV channels available, an insensitive question quite often arises — “Maybe there are too many fish in the pond?” (see Table 1, 2 and 3)

The competition between private television channels and between the public and private sectors has

been tough. The main bone of contention has certainly been the advertising revenue, which is the primary source of financing for the private sector and an important supplement to the public broadcasters' budgets. During 1995–1997 ETV received between 35–40% of TV's annual advertising revenue, which caused serious difficulties for the private sector (see Table 3, Chart 3/II and 5/II). After the weakest private channels failed and the number of national private channels was reduced to three, opposing interests within the restricted TV-market pushed the public and private sectors into a constant rivalry.

Table 3. Media and television advertising expenditures in Estonia 1992–2000

	1992	1993	1994	1995	1996	1997	1998	1999	2000
All media									
EEK (million)			117	281	409	585	710	639	675
US (million)			9	25	33	41	51	43,5	40,1
Newspapers %			60	55	47	48	47	47,8	45,5
Magazines %			7	9	9	8	12	12,7	13,6
TV %			33	23	27	27	26	20,4	23,0
Radio %			–	8	12	10	10	12,0	11,3
Outdoor %			–	5	6,9	8	6	6,5	4,5
Internet			–	–	–	–	–	0,7	2,1
Television									
EEK million *			38,6	64,6	110,4	135,4	181,8	130,3	155,3
EEK (million)**	1,5	14,0	43,4	37,7	71,7	120,5	172,7	143,4	164,3
ETV (million)	1,5	6,7	20,3	28,0	38,2	52,0	44,1	9,6	40,0
Share of ETV %			52,5	43,2	34,6	34,8	23,8	7,4%	24,7%
% of total ETV income			25,2	28,1	33,5	38,0	30,8	7,7%	75,3%

Sources: BMF, Baltic Media Books, ETV/EBU; * BMF; ** Estonian Statistical Office

2.3. Controversial role of advertising

Using advertising to finance public service television has been the source of serious if not crucial controversies in attitudes towards ETV. The insufficiency of state support, unavoidable investment requirements and the need to ensure the competitive salary for employees were the main reasons for ETV's needs for intensive increases in advertising incomes. The 1994 Broadcasting Act provided a legislative basis for these. It is certain that ETV would have not managed to accomplish its program obligations and technical development needs without advertising: advertising income comprised up to 25–35% of ETV budget between 1995 and 1997 (see Table 3, 9 and 10). As will be shown below, the results of the considerable drop in ETV's advertising revenues in 1998–1999 were dramatic.

However, advertising sales did influence ETV's programming and changed the program policies into an ambivalent attempt to balance public broadcasting and commercial principles. The need to get additional revenues from advertising brought with it a larger share of mass interest and lower quality programming than had been wished.

Intensive TV advertising was a new socio-cultural phenomenon in Estonia in the beginning of 1990s that, among other things, also aroused social tensions

(unfamiliar pet food and women's hygiene commercials at a time when most people did not have enough money to buy food for themselves) and sharp accusations of ETV's commercialization. In addition, ETV, by acting in the advertising market and gaining a big share of it, was hounded by severe criticism from private television organizations. ETV was accused of dishonest competition in using both state support and advertising income to produce its programs. During 1995–1997 ETV was frequently accused of selling advertising time too cheaply; and even of dumping — an accusation that was proved groundless after several investigations by the State Audit Office and the Estonian Competition Board.

The controversies and attitudes which arose at that time are the main reasons for the suspicious, and even negative, political attitudes towards ETV, in spite of the fact that ETV's programming has, in its general nature and structure, been in accordance with Estonia's main public broadcasting requirements (see Charts 3–6).

2.4. The weaknesses of the financing model of the public television

By 1995 the first stage of the formation of private television companies and of the redistribution of the

market had almost come to an end. United private channels confronted Estonian Television. The pressure concentrated on ad sales because ETV's market share of the total advertising turnover was constantly high. The other area of dispute was the fact that the financing of ETV, based on regular and reliable state subsidies and advertising revenues, was publicly labelled by private television companies as unfair.

The discussion has heated up periodically every year during the fixing of the state budget and of the amount of financial support for ETV. Liberal politicians started to speak about privatizing ETV; about open competition for state subsidies on public broadcasting programs, in which the private channels could also participate; about changing ETV into merely a commissioning transmission organization with only ten employees and without own production facilities. The lobby groups were successful in influencing political decisions, which led again and again to a shortage and insufficiency of the state subsidies allotted by parliament to ETV. By the end of this period only 51% of ETV's revenues came from the state budget (see Charts 9–10), the rest was earned from advertising revenue, the rental of its facilities and other commercial sources. Since the appreciation rate of the cost of its technical facilities was close to 70%, ETV constantly felt considerable investment deficiencies and was seriously restricted in its plans for technical renewal.

2.5. Public discussion on the fundamental principles of public broadcasting in 1996

Under these circumstances ETV made an attempt to provoke a public discussion on public broadcasting issues. In 1996, assisted by the Broadcasting Council and the Ministry of Culture, ETV published a "green paper" on the future of public broadcasting in Estonia and on television in particular. The key questions of the discussions were formulated as follows: (Šein 1996: 2)

- What are the state's responsibilities towards public broadcasting?
- Should the state guarantee accomplishing the goals of public broadcasting, and how?
- What are the basic requirements to ensure the balance within the dual broadcasting model and the opposition between public and private broadcasters?
- What would be the best model for financing public broadcasting in Estonia?
- What are the most effective organizational forms for public broadcasting services?
- How can high professional standards of programming be guaranteed, and how can programming goals be accomplished most effectively?
- How can editorial independence, unbiased be maintained and protected, in terms of the balanced and impartial treatment of important issues?
- How can a consensus be achieved among politicians and in society in terms of understanding the

fundamental ideas of public broadcasting, its program principles? How can public opinion supportive towards public broadcasting be evoked?

Most of these questions were similar to those asked at that time in different forums on public broadcasting matters by different media professionals, administrators and academics all over the world. Public broadcasting institutions were in deep trouble not only in Estonia, the Baltic States and Eastern Europe, but globally (Mathe 1993; BBC 1992; see also Chapter XII).

ETV viewed public broadcasting as an inseparable and natural part of European democratic society. In spite of the vast variety of different views, in decisive moments the answer to the main question as to the importance of public broadcasting in Estonia has been a resounding "yes". Estonian Broadcasting Act gave public broadcasting institutions the responsibility for the sustainable accomplishment of the goals of public broadcasting services. On the state level the question has primarily been about the guarantees the state should give to support the fulfilment of these public broadcasting obligations. It would be hard to imagine that the private sector should ever volunteer for the task of accomplishing these public broadcasting goals, in view of that sector's lack of self-regulatory economic, political or socio-cultural incentives and motivations. Most European countries are convinced that, without the support of legislation, without the creation of public broadcasting entities, without defining rules and goals, protecting editorial freedom and ensuring democratic accountability it cannot be guaranteed that the aims of public broadcasting will be accomplished. Nevertheless, those principles have often been dismissed by some of Estonia's political parties.

It is not possible to produce the whole scope of public broadcasting programming in the private sector. It is not worthwhile in economical terms, and it would also cause a drop in audience shares. Required program variety will definitely suffer. Even if the state were to finance the production of public programming in the private sector, there would always be a danger that the production would become commercialized, include hidden advertising, present direct or hidden interests, or would not be impartial and balanced. It is hard to believe that Estonia will find a substantially different alternative to Western European broadcasting traditions and principles. In spite of that the possibility that Estonia may finally find its own original model for the provision of public broadcasting services cannot be excluded.

The discussion on the basic principles of broadcasting started in 1996 after the "green paper" was published. Many Estonian journalists, researchers, politicians and people from different cultural circles were supposed to take part in the deliberations. Unfortunately the conference that was supposed conclude the debate proved much less useful and much less effective than had been expected. The tensions between ETV and the private channels were too bitter. The Association of Estonian Broadcasters, the representative body of the private broadcasters, gave up on substantial discussion (Šein 1997a).

During these years neither the government nor the political parties were able to see real alternatives and new solutions in Estonian media policies, indeed nor have they actively tried to solve the public broadcasting problems. Continual attempts made by the Ministry of Culture to resolve the tensions by means of a new draft of the Broadcasting Act were not successful. By the end of the year 2001 the Broadcasting Act had not been substantially amended in spite of these efforts.

2.6. Defining new program structures — a shift toward attraction and entertainment

“In the 1990s, the content of television channel programming reflected viewer demand. From the end of 1980s until 1993, people were very interested in politics and in taking part in the process of changing society, so there was a demand for news and political/current affair programs. After the economic recession and the period of political stabilisation, people increasingly turned to entertainment programs.” (Veskimägi & Susi, 1996: 136)

Television programming practices mirrored these new needs, and turned the emphasis towards entertainment. Since 1994–1995 Estonian people and audiences have enjoyed very varied television offerings due to the large number of and the competition between, of Estonian-language channels. Most of the best and most popular soap operas, TV series and serials from the United States, Australia, Canada and the UK are running on Estonian TV screens while a good selection of movies and documentaries is also provided. “Audiences became more interested in entertainment, serials and game shows as opposed to current affairs and news. The highest ratings no longer went to the main ETV news broadcasts, but to game shows and serials.” (Veskimägi & Susi 1996: 129)

Step by step, relying on comprehensive data about audience behaviour, based on continuous diary panel surveys, the audience measurement system, implemented by Baltic Media Facts (see <http://www.mediafacts.com>) in the Fall of 1995, TV channels moved to more and more precise orientations around viewers’ demands. The active seeking of target audience groups led to the further segmentation of audiences. All TV channels experimented at this time with different programming structures and models, strategies and policies that proved a fruitful pursuit of new solutions, professional growth and knowledge.

However, ETV faced serious difficulties in maintaining and following the principles of pure public broadcasting. As a result of the insufficiency of state subsidies and the constant need to get additional income from advertising sales, ETV was constrained to implement some elements of commercial programming, and was sometimes unable to avoid a decline in program standards. This was probably unavoidable during a period of deep structural change and of the strengthening of the competition in the struggle to attract large audiences. The lack of the proper financial and even of the appropriate professional

resources necessary to produce a substantial amount of high quality in-house programming was certainly one of the main reasons for this commercialism. It was also a period of generational change in terms of television’s journalists and directors. This period also witnessed the introduction of western, primarily American productions which first of all served to shift audience preferences towards entertainment programs. The tensions between public broadcasting remits and the need to keep the organization functioning became substantial at this time.

In spite of all this, the program structure which the public broadcaster practised during the second period can be characterized as general public programming with a slight inclination towards commercial programming. ETV remained the largest producer of the most varied home-produced programming in the Estonian language and in cultural programming as well (see Charts 3–6, Table 3/II, Charts 13–14/II). The average of home-produced programming on ETV was constantly over 60%, while commercial channels could not manage more than 30% of in-house production. This situation was inevitable for the private sector, as home-grown productions were lucky if they could attract sponsors’ money.

During this period commercial channels made serious attempts to emulate the functions and programming of public broadcasting. During 1993–1997 this was mainly caused by the ultimate need to prove the competitiveness of the private institutions. Quite quickly it became obvious that they would lose the fight. At the end of this period commercial programming strategies were shaped to seek specific options, a precise orientation and adjustment of the programming to suit the needs, interests and preferences of thoroughly defined target groups in order to maximise revenues from advertising.

It should be said that television programming fully reflected the controversies of real life at the time. The functions of the media were changing (Vihalemm, Lauk, Lauristin: 1997). News and information programs remained important, but at the same time more and more programming time was devoted to fiction and entertainment. One third of the Estonian population was living below the poverty line and this fact may possibly explain the huge audiences gleaned by the more than twenty different soap operas which ran daily on Estonian screens. Different games and game shows remained at the top of the ratings lists. Estonians love to play, but they even more love to watch other people playing. Life in the wild capitalism was like a game in which you never knew when would you get or lose your chance of wealth and success. The audiences became more and more differentiated. In spite of that, people liked to gather in front of ETV to watch public events and national occasions, which gave them an opportunity to feel a sense of belonging to a larger community, to their nation and culture. These were the glorious moments of national public television.

Strong competition and the ultimate need to grasp and keep audiences eventually also resulted in the rise of the professional quality of television, changes in the

structure, style and attractiveness of the programming. The average professional level of television direction has been comparatively high in Estonia, and the artistic perspective and style have been impressive. Interesting and attractive broadcasts could be seen in different program fields and genres. At the same time, a general shift towards entertainment programming caused a gradual diminishing of the role and importance of journalists and the growing popularity of different kinds of hosts, anchors, entertainers and actors.

Since 1995 the stations have more or less succeeded in compiling their specific programming structures to satisfy the needs of various target audiences,

by distinctive selection of movies, series and serials, sport events and game shows and of original programs in the Estonian language. This has led to a restriction of the size of audiences and an equalization of the channels' audience shares. An outstanding achievement of Estonian Television was (and it is important to stress the uncommonness of that achievement within Eastern European and Baltic broadcasting), that the public broadcaster succeeded in keeping its leading position in the ratings during this entire period, maintaining a share of about 35–40% of the Estonian-speaking audience (see Chart 15).

Table 4. The structure of Estonian Television (ETV) program output 1993–2000

	1993	1994	1995	1996	1997	1998	1999	2000
News	10,2%	10,1%	9,1%	8,3%	8,9%	8,9%	8,7%	7,6%
Information	10,4%	12,3%	18,0%	8,4%	6,6%	11,6%	16,0%	9,2%
Human interest	~	~	~	7,0%	6,4%	5,8%	7,4%	7,1%
Sport	9,1%	14,0%	10,3%	14,0%	8,2%	12,2%	8,2%	9,4%
Education	5,5%	2,0%	2,5%	2,3%	1,7%	0,8%	0,9%	2,6%
Infotainment	~	~	~	3,0%	6,0%	10,5%	9,4%	3,9%
Arts, humanities, sciences	10,6%	9,7%	11,1%	9,8%	10,5%	6,3%	4,0%	3,6%
Religion	1,5%	1,6%	1,3%	0,8%	0,8%	0,7%	0,7%	0,9%
Music	7,3%	6,8%	5,6%	4,6%	5,6%	2,8%	2,2%	4,1%
Light entertainment	10,1%	10,2%	8,0%	6,0%	5,5%	4,6%	5,0%	6,7%
Fiction	26,2%	19,0%	23,7%	26,1%	28,9%	30,2%	22,1%	28,8%
Other, not attributable	–	2,4%	0,5%	0,3%	1,4%	0,2%	6,1%	1,7%
Presentation and promotion	5,9%	5,5%	3,7%	5,1%	6,1%	5,4%	5,0%	5,4%
Advertising	2,9%	3,2%	4,1%	3,7%	3,4%	0,0%	1,4%	3,8%
TV-shop	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	2,7%	5,2%
Text news	0,2%	3,2%	2,1%	0,6%	0,0%	0,0%	0,0%	0,0%
Total hours	2529	2741	2856	3391	4012	5117	5057	4849
Own production first-run	49,7%	48,6%	45,6%	42,8%	41,7%	50,9%	48,3%	35,2%
Own production	55,7%	58,0%	61,2%	56,8%	50,7%	71,2%	65,1%	66,2%
Purchases and exchanges	27,2%	26,7%	29,3%	32,6%	23,6%	27,6%	30,7%	33,8%
Total first transmissions	76,9%	75,2%	75,0%	75,5%	60,0%	79,1%	78,4%	70,3%
Repeats	10,1%	12,8%	15,0%	15,3%	12,8%	20,8%	21,6%	29,6%

Sources: ETV, EBU, Estonian Statistical Office

3. Third period (1998 – spring 2000): Rearrangement and unpredicted deep financial and organizational crisis of ETV

The main features of the third period in the development of public television in Estonia are:

- Radical changes in ETV financing as a result of an agreement with private television stations for ETV to abandon advertising shares;
- A considerable reduction of the tensions between public and private broadcasters, as a result of the end of advertising in ETV;
- The unpredictable and nervous management of ETV;
- The substantial growth of ETV program output and the emergence of considerable financial losses as a result of an uncontrolled rise in expenditures;
- The considerable growth of ETV's financial obligations and its sinking into deeper debt;
- A move towards the equalization of the audience shares of public and private television stations;
- The collapse of the no-advertising agreement between ETV and the private channels;
- The increase in foreign ownership and foreign control of private TV channels;
- The increase in private televisions' financial losses;
- A crucial shift in audience shares — public television loses its lead;
- A drop in the output of domestic production as a result of a decrease in advertising revenues and general economic recession;
- The continuing and luckless attempts to improve the Broadcasting Act.
- The deep financial and organizational crisis of ETV.

3.1. New solution for advertising (end 1997)

At the end of 1997 the contracts of the ETV management appointed in 1995 expired. The new executive management started work on November 1 and immediately made a radical decision — ETV initiated an agreement with private television stations (TV 3, Kanal 2 and TV 1) to abandon advertising and stopped advertising sales from January 1, 1998. According to the terms of the agreement ETV received in return a certain proportion of the private channels' revenues: which worked out as a sum of 36 million EEK for 1998. This was much less than ETV had earned from advertising in 1997 (51.9 million EEK). The decision was obviously influenced by undisclosed political factors, and was forced as a result of extensive lobbying by private broadcasters who faced considerable financial disadvantages in the TV market. The net financial losses of the private channels had been grown from year to year and had reached 18,4 million EEK by 1997 (see Table 2).

At the same time ETV joined the Association of Estonian Broadcasters, which had previously been an association made up exclusively of private broadcasters. The tensions between public and private television were temporarily defused. Private channels definitely improved their economic standing and gained considerable advantages from the fact that ETV had left the advertising market. It should be emphasized that the new solution to the problems of TV financing was not directly proposed by the state institutions but had been brought about as a result of the initiative of broadcasters themselves. This was one of the most serious weaknesses of this agreement, which eventually caused substantial difficulties for ETV.

3.2. The extensive growth of the programming output of ETV and its organizational reforms

ETV's new board resolved to abandon their predecessors' plan of evolutionary development in line with its actual resources, and took risk for a decisive acceleration in both program production capacity and expenditure. At the same time, with the agreement to stop advertising, the decision was made to enlarge program capacity by 30% — in 1998 ETV's program production grew to 5117 hours, in 1999 to 5057 hours. A growth by 80% was made in amount of in-house production — from 2034 hours in 1997 to 3643 in 1998 and 3292 in 1999 (see Chart 1). This was a risky step because there were no guarantees against the possibility of a reduction in state subsidies, or a possible backlash from the advertising market, or the possible failure of the agreement with the private channels.

At the same time ETV started serious organizational reforms. ETV gave up on many internal services and started to obtain those from the free market (transport, cleaning, security, performance services). In spite of its already high level of debt, a new loan

was needed to improve the studios' technical facilities. The transition to a system of producers' accountability was planned with the purpose of making the use of resources more flexible and more easily controlled, and to raise production effectiveness and quality. The number of employees decreased to 523 in 1999, that was 20% less than at the end of 1997 (see Chart 2).

Unfortunately not all limitations and dangers of these fast changes were taken into consideration. Already at the end of the year 1998 ETV faced serious instability. First of all ETV's income in 1998 was reduced by 10–15% (comparing to 1997) as a result of the agreement to call off advertising. Despite of the growth of program output and amount of in-house production ETV also started to lose its leading position in audience ratings (see Charts 13 and 15). In addition ETV started to lose the image of indisputable leader on the domestic television landscape, especially among the younger audience. These processes were certainly enforced by considerable investments the owners of the private channels (especially of TV3 and Kanal 2) decided to devote into popular programming in order to attract the audiences. That would restructure the TV broadcasting market and weaken ETV's hope to make a breakthrough in politicians' ignorance and misunderstanding of the needs and functions of public broadcasting and ETV in particular (see Table 2).

3.3. The structural changes on the market — enforcement of foreign ownership and the growth of supplied TV services

Eventually Estonian companies and Estonian money failed in their attempts to compete in the TV market. Every one of the Estonian-owned private TV-broadcasters sold the majority of their shares or went bankrupt. In fact the regulation established by the Broadcasting Act in 1994, which required a minimum 51% of domestic ownership of private broadcasting organizations didn't prevent the shift in control to foreign owners. (The requirement for 51% of domestic ownership was abandoned in 1999). First, the two biggest private television companies in Estonia came under the control of TV companies from Scandinavian countries. The Norwegian Schibsted owns Kanal 2; the Modern Time Group, a subsidiary of the Swedish Kinnevik and the Finnish Mainos TV, became the main owners of TV 3. TV 3 also runs a chain of TV 3 channels in the Baltic States and operates in Latvia and Lithuania. Finally, the control of TV 1 was taken by Polsat, which also launched a Baltic TV chain, re-grouping TV 1 (Estonia), LNT (Latvia) and Baltios TV (Lithuania).

As a result of open and liberal media policies, a lack of thorough control of how the broadcasters meet the requirements set up by the law and their operating licences, Estonia has become a well-televised country. In addition to four nation-wide terrestrial channels and two local channels, the TV landscape includes all Finnish TV stations, with penetration rates close to

40% of the Estonian population, and Latvian TV, which can be viewed terrestrially near the border. Tallinn Cable Television, Starman and STV are the biggest private cable programming providers among about 20 smaller cable companies; more than 60 channels are available via cable networks, more than 30 Russian TV channels among them. The penetration rate of cable TV in Estonia is about 40%. When one considers that the nation hadn't any cable television at all a decade ago, the growth of cable TV in Estonia has been remarkable.

3.4. The artificial economical administration of the Estonian television market

Television hasn't been a profitable market for the whole decade. The number of channels and the capacity of the market haven't been balanced. The annual expenditure of the four national TV channels in 1999 was about 400 million EEK, while their total income was only 288 million EEK, 298 million EEK and 391 million EEK in 2000 respectively. While the losses of ETV had reached 30 million EEK by the end of 1999, the losses incurred by the private channels were much higher, about 82,6 million EEK in 1999 and even 87,8 million EEK in 2000 (see Table 2). Large foreign corporations have annually invested and spent millions of Estonian crowns above their channels' income levels, without any firm hope of achieving balanced budgets or profits.

It is not easy to explain why these powerful foreign companies have shown such an interest in Estonian television broadcasting operations in spite of the insufficient capacity of the advertising market and unpredictability of Estonian media policies. The constant instability of the advertising market and substantial financial losses didn't determine the owners of private channels during 1998–2000. The foreign owners remained — and have continued to remain — interested in investing fresh sums of money in order to maintain and even enlarge the amount of program output and domestic production. It is strongly believed that the rule of thumb for winning audiences and advertising money is to produce more programming in the Estonian language. Kanal 2 for example started ten new in-house productions in September 1999 and the general manager explained this decision by saying that he believed that it was worth investing now and incurring certain losses in order to achieve the leading position among the TV channels. In spring 2000 became clear that this strategy wasn't working: that channel's audience share had remained practically the same as it had been before they'd spent those vast amounts of money. In spite of that, this strategy has considerably influenced the condition of the Estonian television market and has further complicated attempts by politicians and the general public to comprehend ETV's real problems.

The constraints of the non-advertising agreement also emerged. As ETV's advertising income reached only 9.6 million EEK in 1999, ETV's share of the TV advertising market was only an insignificant 7–8% of

the total of 145 million EEK. However, the relative smallness of ETV's share of the advertising market didn't prevent the deepening losses of the private channels. At the same time we may assume that, if the advertising agreement had not been adopted in Fall 1997, there would have probably been one fewer private channel in Estonia (Actually it happened at the end of 2001). On the other hand, if the legislators had managed to insure a way to keep ETV free from advertising, it would have been possible to stabilize the TV sector and to avoid the financial and organizational crisis of public service television in Estonia.

Since the advertising market has remained unstable, it has been difficult to forecast possible developments. After considerable fall in 1999 (–30% compared to 1998), the TV-advertising market enlarged by 17% in 2000 (see Table 2). Definitely it was not enough to cover the channel's expenses and production needs. It became obvious during the year 2000 that the private channels had started to change their programming strategies, mainly by cutting the quantity of the programming in Estonian language. Nevertheless, the TV sector still proceeded on its way without any regard for rational economic arguments and was kept afloat by entirely artificial means.

3.5. Emerging and growth of independent producers sector

Until 1995–1996 the majority of programming in the Estonian language was produced by the television organizations themselves. Thereafter, audio-visual production schemes started to change. The independent producers' market has gradually emerged, encouraged by the success of the first firms launched in 1994–1995. More and more programming for broadcasting, especially entertainment programs, talk shows, games, serials, music, tele-shopping, police and sports programs, are produced by Estonia's approximately 80 medium and small-sized television, film and video companies. Since 1998 when Estonian Television, which devoted about 45–50% of its budget to producing programs in the Estonian language, started to develop its system of producers' accountability and to manage with a smaller permanent staff, a remarkable increase in independently produced programming has followed.

3.6. The implementation of new media services by public broadcasting

Estonia has quickly become one of the world's most computerised countries, and is today holding its position as one of the leading computerised nations in Europe. In 2000 about 30% of the population were regular users of the Internet. These digital innovations are driving us towards a merger of broadcasting, cable and satellite television organizations and telecommunications firms in order to provide new interactive audio-visual services via the Internet. Among others, the public broadcasters in Estonia are also seeking new options in interactive digital markets. ETV started

its first Internet service in 1998, when ETV news was made available via the Internet. The extensive use of ETV archives may be expected in future years. The main reason for that is the possible merger of telecommunication and broadcasting firms in order to provide new audio-visual services on the Internet including a substantial amount of streaming video and multimedia. ETV's extensive archives are a good source of material for these services. Although the precise plan for the transition to digital television in Estonia hasn't been developed yet it is obvious that it can't be postponed for much longer.

3.7. Substantial changes in TV audience behaviour, and ETV's loss of its leading position

Substantial streamlining took place in the program structures of the TV channels between 1998 and 2000. Although public television's general program structure differs from those of the private channels (see Charts 3 and 4), we can find similarities in the programming principles of private and public TV stations, especially in prime-time programming — similarities which offer obvious evidence of the importance of advertising revenues for the public broadcaster. In fact TV executives have successfully learned the art of professional programming and have been very effective in targeting and attracting small interest groups and special segments of the audience. Audience research companies are constantly providing producers, programmers and advertising agencies with current information about audience behaviour. On the basis of that information, piece by piece and percentage point by percentage point, private channels have succeeded in taking audiences from ETV. The importance of this particular kind of professionalism is specific to a small market with large number of TV channels (see Charts 13–15).

Until the beginning of 1998 Estonian Television commanded the largest share of the Estonian-speaking audience (see Charts 13–15), maintaining about 35–40% of that share. Between 1998 and 2000, the audience shares of ETV and the private channels changed considerably. The public broadcaster has lost a large proportion of its audience and the private channels have approximately equalled ETV's audience share. In April 1999 TV 3 beat ETV in the ratings battle for the first time (see Chart 13) and managed to repeat this beat several times during 1999–2001. The discussion as to whether Estonia needs public service television was strongly encouraged by this. As had happened several times before, new evidence of the weakness of the public broadcaster prompted radical thinkers even to suggest the privatization of ETV. Thus Estonia has been made to face one of the most significant cultural problems faced by almost every European nation — the crisis of identity of public television.

As far as television viewing hours are concerned, Estonia maintains one of the highest averages in

Europe, of time spent on TV viewing. The average number of hours which Estonian viewers spend watching TV has been about 30 per week, while Russian-speaking audiences' average hours are even higher — 32–36 hours per week (see Chart 14). Television viewing is strongly influenced by the nationality of the audience. One million Estonians spend more time watching Estonian channels. The non-Estonian audiences, about 450,000 people, are mainly viewers of the more than 30 Russian channels made available by cable companies and satellite channels. Estonian TV channels have had a marginal role for Russian audiences despite the fact that three out of four national channels are making serious attempts to attract Russian-speaking audiences (see Chart 16). Altogether Estonian channels have an average share of 10–15% of Russian viewers the two communities live quite different TV-lives just as they generally live separately in their everyday lives.

3.8. Unfortunate attempts to amend the Broadcasting Act and failure of further balancing of the broadcasting field

During the last third of the decade the Estonian electronic media sector came under the comprehensive supervision of a number of new pieces of legislation. Several laws were passed by the parliament — the Advertising Law (1997), the Telecommunications Law (1998), and the Cable Law (2000). The legal regulation of the media has been one of the most controversial processes in recent legislation in Estonia and has revealed substantial differences in the viewpoints, understandings and interests of different commercial and political groups in society.

The most complicated aspects of the Broadcasting Act involved the instability of the funding of public broadcasting and its simultaneous financing both from state subsidies and advertising. Different ideas and proposals were made to achieve a better balance in the television sector. Quite often the suggestions made by different interest groups were controversial. Private broadcasters have for instance initiated, on several occasions, more or less serious attempts to stop advertising on ETV. An idea to merge ETV and Estonian Radio (ER) was proposed. The option to draft separate laws for ETV and ER was also considered. The implementation of a contracting system to fix the general structures and costs of the separate public broadcasting services was proposed. Suggestions also to involve the private channels in the process of producing and disseminating "public broadcasts" via open tenders was discussed. From time to time the question arose as to the need for public broadcasting at all. A lack of common understanding and an inability to make compromises or achieve consensus in substantial matters slowed down the drafting of the new versions of the Broadcasting Act.

In spite of a continuous lack of any success in making the expected changes to the Broadcasting Act, work on new draft amendments was continued by the

Ministry of Culture for several years. It was inspired by the desire to relieve the tensions in the TV sector and by the conviction that public broadcasting services could be provided in more efficient ways, that program requirements could be better defined and that the principles of funding should be changed. These activities didn't achieve any remarkable results; different versions of the amended law didn't even pass the preliminary discussions of the Estonian parliament's cultural commission during 1998–1999.

Some new suggestions were made in these drafts. In order to more thoroughly define the program obligations of the public broadcaster a contracting system for different programming fields and for the maintenance of the audio-visual archives was proposed. A new formula to calculate the annual rate of increase of the state subsidy based on the expected growth of the consumer price index was also suggested. Special amendments concerning EU media principles were made. To facilitate the general EU accession process, the latter were among the few of all these proposals that were actually passed by the Estonian parliament during spring 2000.

Some new ideas were expressed in the amendments made in 1998 and 1999 concerning the management of public television. The number of people forming the management boards of ETV and ER was limited to three. It has been planned to replace the Broadcasting Council, which has dealt both with ETV and ER, with two separate council for radio and television. A less restricted composition for the Broadcasting Council was also suggested. In accordance with the existing Broadcasting Act, the Broadcasting Council embodied representatives of the three biggest parliamentary parties, representatives of universities, cultural organizations and local governments. However, political agreement was not achieved and the drafts failed to be passed by the parliamentary cultural commission in 1999. The crisis of ETV led to different solutions mentioned above.

There are several reasons why the attempts to amend the Broadcasting Act have not been successful over such a long period of time. Most of the leading Estonian political parties lack well elaborated visions on media policies and appropriate ideas for the further development of the broadcasting sector. Different lobby groups, mainly supporters of the private sector which favour a liberal economic approach, have proven powerful enough to slow down the process of decision making, and have ensured the failure of the drafts made by the Ministry of Culture. Conflicting interests made it impossible to find a proper and balanced model for the whole TV sector, a model which would have been acceptable for most of the players in the TV marketplace.

However, the problems that most urgently needed to be solved by Estonian media legislation at the end of the century had remained similar to those that arose and were discussed during the "green paper" deliberations of 1996 and thereafter. The answers to many relentlessly disputed questions are still to be found.

- One of the basic questions which still needs a precise answer addresses an understanding of the

role of public media and the state's obligations towards public broadcasting.

- A financing model, which will guarantee the stability and development of Estonian public broadcasting, must eventually be found.
- Still under discussion is the question as to what extent the structure of public broadcasting services should be regulated and how precisely program requirements should be specified. How thoroughly in particular should the law define the programming requirements applied to private broadcasters?
- What means would assure the effective control of and the fulfilment of legal obligations on the part of, the broadcasters? By what institutional means can the ultimate requirements for the objectivity and impartiality of disseminated information be guaranteed?
- How may national culture and national identity be protected in the contexts of an increasingly diverse market, of shifts towards foreign ownership of media enterprises, of media concentration, of market-driven decision-making, and of the active segmentation of audiences?
- What kinds of dangers would be posed by the possible implementation of the government order of programming, in relation to the ultimate requirement of the independence of public television?
- To what extent should the public broadcaster take into account the needs and preferences of mass audiences? Should the public broadcaster simultaneously act as a broad- and narrowcaster? What consequences can be expected as a result of the inevitable fall in the public broadcaster's audience shares?
- How possible political pressure on public broadcasting can be avoided, while a substantial part of the station's income — the state subsidy — depends on decisions made by politicians on annual basis?
- How can we attempt to minimise the influence of advertising sales and to avoid the danger of commercialisation while satisfying mass audience interests and tastes?

Many of these questions were under discussion during 1995–2000 but didn't reach any appropriate answer or effective solution.

3.9. The deep crisis of Estonian Television

The period of stability, temporarily achieved in the Estonian television sector by the advertising agreement, lasted only one and a half years till spring 1999. The return to instability was a result of several simultaneous factors which occurred.

First of all, the advertising market started to slow down in 1999. According to different estimates the total TV adspend in 1999 was 17–30% lower than it was in 1998 (see Table 3). However, this fall was concurrent with a slowdown in the Estonian economy, which resulted in the approval of a budget cuts by the

Estonian Parliament in 1999. As a result the state subsidy of ETV was reduced by 4% in 1999 (see Table 2 and Chart 9). This placed additional pressure on ETV's budget. Since the actual losses had already reached 18 million EEK by the end of 1998, financial crisis was virtually inevitable. Unfortunately ETV's board and the Broadcasting Council did not reach the right conclusions in time and continued with their plans as they stared catastrophe in the face. Program over-production continued — program output of 5057 hours (3292 hours of own production) in 1999 still didn't correspond to real financial options (see Chart 1). The losses of ETV as it was said above reached already 30 million EEK by the end of 1999. Conflicts occurred within the ETV board. The Broadcast Council did not act decisively in this critical situation.

At the same time the financial difficulties of the private channels, especially of TV 1, became more and more serious. ETV's warning that it would break its no-advertising agreement was followed by the threat of TV 1's impending bankruptcy, which caused the beginning of the third TV war in April 1999. Eventually, in May 1999 after unsuccessful negotiations ETV broke its agreement with the private channels and started to sell advertising time again. It was motivated by the argument that private channels hadn't fulfilled their obligations on time, had delayed their payments to ETV, and hadn't received the required contracts from the banks which would guarantee the agreement. The private channels in turn threatened to sue ETV in order to get back the 8 million EEK of advance payments that they had made at the end of 1998, when ETV had asked them for help to deal with its financial problems. This decision caused substantial difficulties for ETV.

ETV returned to the advertising market in the middle of 1999, and had earned by the end of 1999 less than 10 million EEK in lieu of the 52 million that had been guaranteed by the former agreement (see Chart 10). According to the estimate given by the ETV board in Fall 2000, ETV lost 130 million EEK in income from advertising between 1998 and 2000, of which the actual net loss of income was 81 million crowns. It can be seen that the advertising agreement between ETV and the private channels didn't significantly improve the private channels' economic positions but resulted in a deep crisis for ETV. In the Fall of 1999 the ETV's budget deficit rose tremendously, ETV's debts made it necessary to take an additional 20 million EEK bank loan to rebalance its budget.

ETV ended up in a serious management and financial crisis at the end of 1999. The main reasons for this were mismanagement, program over-production, the decreased state support that accompanied the supplementary budget cuts, a major reduction in advertising income, and ETV's cumulative problems of under-financing. ETV now had negative equity. Under these circumstances, the Director General of ETV was isolated from the ETV management. The long process of firing the Director General began — a process, which concluded in spring 2000. A temporary management board of ETV was appointed. The

aggregated financial obligations of ETV had reached 72 million EEK by that time.

The temporary management of ETV applied a crisis management program during spring 2000 to avoid any further deepening of the undesirable instability of the television organisation and to stop the growth of its debts. It was planned to reduce the amount of program output by 15% (compared to 1999), in-house production was to decrease by 25% (see Table 1), and more than 100 employees were fired while strict controls were applied to expenses. ETV implemented a system of producers' accountability.

4. Fourth period (spring 2000 – 2003?): Crisis management and the expected stabilization of ETV

The main features of the fourth period in the development of public television in Estonia are:

- The amendment of the Broadcasting Act in spring 2000 in order to change the composition of the Broadcasting Council, and its responsibilities and obligations;
- The dismissal of ETV's Director General;
- Attempts to defuse the crisis and to stabilize the economic and organizational situation of ETV;
- Increasing activity and intervention on the parts of the Broadcasting Council and the Government to find strategies for the further development of the public sector;
- New proposals for the organizational restructuring of public broadcasting;
- The emergence of an urgent need to find long term strategies to guarantee the balanced development of the broadcasting sector.
- The amendment of the Broadcasting Act in the Fall of 2001 — the abandonment of advertising in ETV and implementation of a new financing strategy for public broadcasting in Estonia

4.1. The appointment of the new Broadcasting Council and the ETV management board

At this crucial moment for public service television the Estonian parliament changed the Broadcasting Act and expanded the Broadcasting Council's responsibility for ETV's strategic, financial and program management. It was also decided to change the composition of the Broadcasting Council in order to enhance its political and professional accountability for the efficient functioning of ETV. The new members of the Broadcasting Council were appointed by Parliament in spring 2000. The new council would consist of five parliament politicians and four media experts. The new leadership took over the office in the worst conditions ETV had ever faced — as it was mentioned above aggregated financial obligations had reached 72 million EEK by that time.

4.2. Attempts made to escape financial and organizational crisis

The appointment of the new Broadcasting Council by parliament in April 2000 was followed by the election of the new executive management of ETV, which started work in June. The priority of these institutions was the stabilization of ETV. They started to elaborate new action and development plans for ETV. There was an urgent need to raise the status, importance, impact and role of the Broadcasting Council as a decisive body in processes concerning public broadcasting and in relations with other state institutions.

Discussions on new ideas to change the organizational structure and to implement new effective management schemes for ETV were also actively pursued. The management of ETV proposed changes to ETV's program structure to better fulfil the obligations of the public broadcaster (see Charts 7 and 8). The goal was to increase the amount of programming of news, information, journalistic programs, cultural, educational, children's programming and broadcasts for Russian audiences while decreasing the amount of entertainment and series-serials. ETV was successful and finished the year 2000 with financial loss of "only" 6 million EEK (see Table 2).

At the same time the depressed financial standing of ETV has prompted an extensive discussion on public broadcasting issues. The financial crisis of ETV was a matter of ongoing debates between the Broadcasting Council, the Ministry of Culture and the government during the Fall 2000 and the whole year 2001. Different schemes for the urgent and longrun solutions were suggested. First of all the government resolved to find an opportunity to assigning ETV 6 million EEK from its reserve to pay out redundancy monies if ETV would make efforts to pay its debts. The urgent need to stabilize the situation in ETV was solved by the amendment to the Broadcasting Act, which allowed ETV to get a state-guaranteed loan and refinance its financial obligations. So ETV received a 37 million EEK as a state-guaranteed loan, and the financial situation stabilized by July 2001.

In late October 2000 Estonian government suggested merging Estonian Television and Estonian Radio to create a united public broadcasting institution, in order to alleviate ETV's debt burden. The government resolved to support the troubled ETV only on the condition that the Broadcasting Council reorganizes the structure of public broadcasting. The government also recommended the Broadcasting Council to set up a working group to prepare for a merger of ETV and ER. The Ministry of Culture expressed its awareness that the reorganization of ETV and ER into an integrated public broadcasting structure would prove so economical that ETV would no longer need one-off subsidies.

The Ministry of Finance and the Ministry of Culture strongly argued in favour of signing a special agreement between the state and public television and radio that would outline general program structures and specify the functions of the services provided. According to that idea the amount of state subsidies to the public broadcasters would be based on thoroughly

negotiated detailed plans and agreements. However, the Broadcasting Council, citing the Broadcasting Act, argued that the council alone is the full representative of the state on public broadcasting issues and the ultimate body to which the public broadcaster is obliged to refer.

4.3. Implementation of EU media policies

Although most of Estonia's problems concerning internal media regulation still remained unsolved, considerable progress was achieved in unifying Estonian media legislation with the principles, advanced by the European Union's audio-visual policy. Estonia endorsed the European Convention on Trans-frontier Television (Council of Europe, 1989) in February 1999. In April 2000 a package of EU-related amendments to the Broadcasting Act was passed by the Estonian parliament. Requirements and regulations concerning the amount of domestic and European production, access to information, rules concerning advertising, tele-shopping, sponsorship and a requirement to purchase 10% of programming from independent producers, was brought into accordance with European principles. The requirements will gradually come into force in Estonia between 2001 and 2003.

4.4. The Broadcasting Council's suggestion for a new funding scheme for public broadcasting

The attention of the Broadcasting Council during Fall 2000 was mainly concentrated on financial issues and further proposals for possible changes to the ETV's funding model. The implementation of an appropriate financing scheme was considered as the key point as far as Estonian media legislation was concerned. It was still highly regrettable that the legislators didn't manage to change to practice of making the decisions about the ETV budget on an annual basis, which had caused continuous uncertainties over the past decade and had complicated the proper planning and elaboration of reasonably firm development strategies. For public broadcasting, "the allocation of an appropriate budget and a safeguard for the future existence are major conditions for a socially well-balanced way of operating and responsible behaviour" (Bertelsmann, 1995: 284).

Since license fee payments for public service broadcasters can't be introduced in Estonia, the Broadcasting Council suggested in 2000 a new basis for calculating the amount of state subsidies on an annual basis per TV household. According to the new idea, the rate per household will be fixed for a period of 2–3 years, in order to guarantee the stability and independence of the public broadcaster and to provide TV and radio with sufficient resources. The Broadcasting Council has suggested fixing the basis for subsidies at 1 EEK per household per day (0.06 USD), which would add up to 365 EEK per year (20 USD). As there are 600,000 TV households in Estonia, implementation of the new

model would in theory lead to an annual total subsidy equal to 218 million EEK, which is 30% higher than the public broadcasters (Estonian Television and Estonian Radio) received together in 1999. Although this proposal was abandoned during further discussions it is worth to mention it as a possible alternative to the license fee system.

4.5. On the way to consensus — the government's proposal to abandon advertising in ETV and to merge ETV and ER into Estonian National Broadcasting

Fortunately the ongoing tensions on Estonian broadcasting market and the crisis of ETV intensified the search to find consent solutions in public broadcasting policies. The readiness of Estonian government, parliament and political parties as well as the broadcasting institutions to solve the problematic questions and find the right ways to implement a framework to stabilise public broadcasting and the TV sector as whole increased considerably.

The Ministry of Culture initiated a conference on "Broadcasting and Money" in January 2001. Then a working group of the representatives of the Ministry of Culture, the Broadcasting Council, the Association of Estonian Broadcasters and the Estonian TV Producers Union was formed in order to find possibilities for enabling the sustainable development and dealing with the financial issues of public broadcasting. The working group agreed upon the financing principles of public broadcasting on April 30, when the parties signed proposals to change the Broadcasting Act. According to that agreement the public broadcaster will abandon advertising; and sponsorship will be allowed only through non-profit organizations and foundations. The state subsidies for ETV and ER will total 250–270 million EEK annually for the period of next three to five years; the broadcasting licences for private channels will be taxed and these revenues will be directed to finance public broadcasting.

This agreement was the basis for the Ministry of Culture to prepare a draft of Amendment Act to the Broadcasting Act. This draft included the change of the ETV's and ER's financing scheme; the idea of the agreement between the public broadcaster and the state; and the fee for the broadcasting licence in regional, state and international TV net.

In May 2001 the government confirmed its position — on May 31, 2001 the Ministry of Justice, the Ministry of Culture and the Ministry of Finance submitted a draft of Estonian National Broadcasting Act for discussions. This draft envisages the merge of ETV and ER into single public broadcasting organization. It states that public broadcaster will abandon advertising, and the state subsidies will be bound to the agreement made between the public broadcaster and the state. The draft of Amendment Act to the Broadcasting Act and the draft of Estonian National Broadcasting Act were submitted to the parliament for discussions in Fall 2001.

4.6. TV 1 dropped out

Although the third national private channel TV1, which started its operations in 1996 made a remarkable growth in audience shares — from 0,7% in January 1996 to 11,6% in July 2001 (even 17,7% in Estonian speaking audience) — it was insufficient to survive on the restricted and competitive TV market. Due to the unpaid debts (approximately 1 million EEK) Estonian Broadcasting Transmission Centre (ERSK AS) switched off the TV 1 program transmitters at the beginning of October 2001. Polsat was not able to save the station and restore its financing — as a result to that TV1 was not able to renew the terrestrial program transmission during ten days in order to improve the situation. On October 22 the Minister of Culture invalidated TV1's license. The station will most likely be modified into a smaller firm that will produce programming for a cable company.

4.7. Radical changes in Estonian broadcasting policy

Based on consensus that was achieved in preliminary discussions between the state, public and private broadcasters the amendment of the Broadcasting Act didn't find any serious resistance during the deliberations in parliament. Although the draft of Estonian National Broadcasting Act aiming the merger of ETV and ER was taken back by the government for further improvement the idea to abandon advertising on public television and the need for stabilisation of the financing model found full support of the parliament's majority.

The Amendment Act of the Broadcasting Act passed the parliament on December 19, 2001. According to the Amended Act ETV will abandon spot advertising, teleshopping and sponsorship (with some exclusions concerning programs purchased via EBU etc.) from July 1, 2002 (ER respectively from January 1, 2005). The broadcasting licenses of the two national private TV channels will be taxed (30 million EEK per year) and these revenues will be directed via state budget to finance public broadcasting. The further financing via subsidies from the state budget will be based on a development plan of public broadcasting for three years (first plan for 2003–2006) that has to be submitted by the Broadcasting Council and approved by the parliament. The development plan has to reveal the nature and aims of the cultural, social and democratic public service and to reflect the structure and amount of programming according to the goals set up by the Broadcasting Act. Based on these foundations the plan will also fix the need for financing and investments for the whole three-year period and for each respective year in particular.

At the same time parliament allocated 35 million EEK to compensate the decrease of ETV's income by the abandonment of advertising. As a result the total state subsidy of ETV and ER reached 217 million EEK for 2002. The Broadcasting Council also applied

for a second state-guaranteed loan (40 million EEK) for further financial stabilisation of ETV's situation. All these steps should presumably improve the situation and lead ETV out of the crisis.

The amendment of the Broadcasting Act in 2001 should definitely be considered as a cornerstone in the history of the public broadcasting in Estonia. The decisions made by the parliament brought to the end the decade long period of controversial and dramatic development of the broadcasting landscape. ETV is definitely meeting a new challenge. The years ahead will show if these decisions will lead to the desired stabilisation of the TV sector and enlarge the public broadcaster's ability to meet its ultimate remits.

Summary

The transformation of television in Estonia during last decade of the twentieth century could be characterised as a period of the emergence and development of the dual broadcasting system. A balance between the public and private sectors and conditions facilitating the stable and systematic development of the TV sectors were not fully achieved. The most serious step towards these aims was done at the end of 2001, when the amendment of the Broadcasting Act prohibited the advertising on ETV and changed the basic financing model of the public broadcasting. Many features of the development of the broadcasting sector in Estonian have been, and still are, similar to trends in European public service broadcasting (EBU1993; McKinsey & Company 1999).

Controversies in visions of the development of the broadcasting sector. Serious and sometimes dramatic discussions on the most appropriate TV model for Estonia are still going on. The supporters of public broadcasting tend to argue that public broadcasting is a guarantee of European democratic order and is able to protect the national cultural heritage and cultural identity. They believe that public broadcasting will secure the impartiality and objectivity of the information provided, will supply varied programming in the national language, is the best way to achieve a balance between different interests, and will protect minorities' rights and equal access to information.

The arguments in favour of privatization or the absolute denial of public broadcasting are based on the economic weakness of the public services. It is argued that the product and market driven services are much more important than channels or institutions established by the law. Some opponents of public broadcasting believe that only the implementation of a precisely defined government order system will lead to common agreement between the state and public broadcasters. It is also argued that the commercial channels should be involved in the tenders for government-ordered programming. The state would finance the production of the programs that the private channels themselves are not motivated to produce for economic reasons. Those expressing the most radical

opinions propose that public broadcasting is not able to achieve economic effectiveness and should therefore be stopped.

The remarkable growth of the broadcasting sector. ETV's monopoly was broken, the number of national TV-channels increased from one to four and was then reduced to three during the last decade. The number of TV hours transmitted per year rose 7.6 times during 1993–2000 and reached 32,463 hours in 2000 (see Table 1). The amount of original programming (in-house/co-produced/commissioned productions) went up by 9.5 times between 1993 and 2000. The total amount of in-house production coming out of five Estonian television channels was 16650 hours or, 51,3% of the whole programming time in 2000 (see Table 2/II). Till 2000 ETV produced about 40%–60% of the total of domestic production of Estonian television channels in Estonian language (as a result of the ETV crisis the ratio of ETV's and private TV channels' domestic TV production was 20:80 in 2000). The proportion of domestic production in ETV programming is about 66%, whereas it is only 31% in the case of the commercial channels (see Chart 5 and Table 3/II).

Difficulties in the proper legal regulation of the broadcasting field. The 1994 Broadcasting Act mirrored the main principles and regulations of European public broadcasting. In addition, between 1994 and 2000 several laws and regulations on media, advertising, cable television and telecommunications were introduced. Eventually some of the necessary basic agreements and a political consensus concerning the further improvement of the legislative foundations of the broadcasting sector were achieved. There are still considerable disagreements and controversies in Estonian society; understanding of the role, purpose and remits of public broadcasting services and the ultimate need to secure and protect the independent and stable development of public television. This has slowed down the process of securing options by which the state might achieve more balanced and less controversial conditions for both the public and private broadcasters and for the TV sector as whole. The main concerns are definitely related to the funding schemes for public radio and television. In spite of that, the process of the reconciliation and adjustment of the Estonian media framework to fit EU media regulatory principles has begun.

The strengthening of foreign ownership and media concentration. The Estonian TV landscape has faced similar transformations to the TV landscapes of most European countries, in particular in terms of the processes of privatization, internationalization and the developing convergence of different media. The period could be characterized as a time of drastic changes in channel ownership, and specifically of shifts of control from Estonian owners to major foreign media, publishing and telecommunications companies. Despite the fact that nine domestically owned TV channels started their operations in 1993, the foreign companies Schibsted and

Kinnevik (MTG) dominate the TV market in the end of 2001. The peculiarity of the TV marketplace in Estonia is the large number of TV channels in comparison with the size of the population, and in spite of instability, limited amounts of advertising income and the considerable debts of most TV channels.

Maintaining impartiality and political independence. One of the most remarkable achievements of public broadcasting during this decade in Estonia was the ability to keep general objectivity, impartiality and a pluralistic approach while avoiding political pressure and biased journalistic treatment of important items. However, it may also be the case that public television followed the general shape of the Estonian media and “did not participate consciously in creation of a more developed political culture” (Vihalemm 2001), was not active enough to facilitate open debates on different matters of public interest and issues important to the socio-cultural and political development of Estonian society.

The fine-tuning of programming and commercial temptations. ETV succeeded in maintaining the generally recognised structure of public programming during this decade. It remained Estonia’s biggest producer of original programs in the Estonian and Russian languages and was, and still remains, the main producer of news, and political, educational, cultural, sport and children programming. While a substantial part of ETV’s income came from advertising, the commercial temptations were obvious; however, for the most part, they only influenced prime-time programming. The concurrent need to fulfil the programming obligations of a broad- and narrowcaster caused continual controversies in the self-concept of ETV and clouded the image and identity of the public broadcaster. While private broadcasters have been able to produce a lot of interesting and competitive news, infotainment and fiction programming, the amount of program output has considerably decreased during the last few years due to financial factors. The program structures of ETV and the private channels are very different (see Charts 3 and 4); foreign film productions and entertainment dominate in the latter. This seems to provide a convincing demonstration of the importance of the program requirements set by the law upon the public broadcasters.

Funding insufficiencies and the inappropriate solutions of financing schemes. The funding scheme of the public broadcasters has remained unstable and insufficient to guarantee the fulfilment of the goals and needs of programming and technical development. Hopefully reshaping of the financing procedures according to the amendments to the Broadcasting Act in Fall 2001 will somewhat release the tensions. Obviously, most of the financial difficulties have

emerged as a result of the “conditional smallness” of Estonia, its resources and its options. The total expenditure of the TV channels rose from 20 million EEK in 1992 to 400 million EEK in 2000 (see Table 2/II). However, the entire TV industry still faces considerable financial difficulties: the total debt of the Estonian TV sector was about 93,8 million EEK in 2000 (see Table 4/II). There can be little doubt that the need to restructure and stabilize the TV landscape are urgent priorities and need to be founded upon properly conceived government media policies.

The reshaping and segmentation of the audiences. The average time devoted to TV watching remains comparatively high in Estonia and is about 32–36 hours per week. Growing competition has led to audience fragmentation, caused by the channels’ needs to refine their program policies and a more precise orientation on target audiences. The popularity of public broadcasting television was not seriously jeopardized until the end of 1998, when the audience shares of TV channels began to equalize. (see Table 13 and 14). Afterwards, ETV several times lost its leading position in the ratings. Audience parities and low expectations for the growth of advertising revenues have roused further competitive tensions.

The urgent need for a state program on broadcasting development. A general understanding of the essential role of state media policies remain unspecified and underestimated. Whatever suggestions on public broadcasting should be proposed, the problems of public service television cannot be solved in isolation from the adjustment of the whole Estonian TV industry to a general plan of development. This plan should take into account the interests of the state and the nation, the needs of the public, and options offered by the economic development and professional perspectives and creative potential of the TV sector itself. The conditions necessary for the simultaneous development of the public and private TV sectors have to be implemented. In addition, several important issues concerning technical development, digitalization, convergence and new telecommunication services provided by the public sector need to be addressed. The significance of proper media policies based on political consensus and professional understanding appears undeniable. At the same time, the responsibilities and decision-making powers of the Broadcasting Council need to be increased, in order that it may to fulfil its role as the ultimate representative of public broadcasting in society.

Hopefully the television broadcasting will benefit from the most serious decisions that were made to the Estonian broadcasting policies in Fall 2001. Most European countries have a dual broadcasting system with a strong public service sector. Hopefully Estonia will accomplish the same goal.

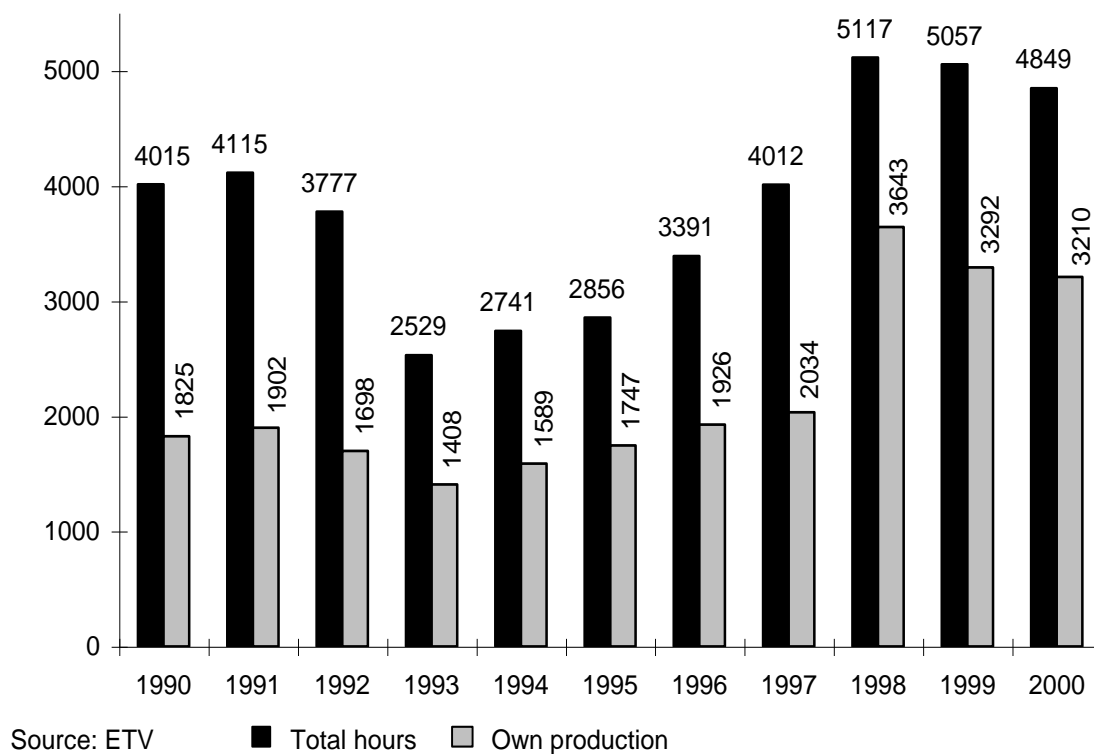
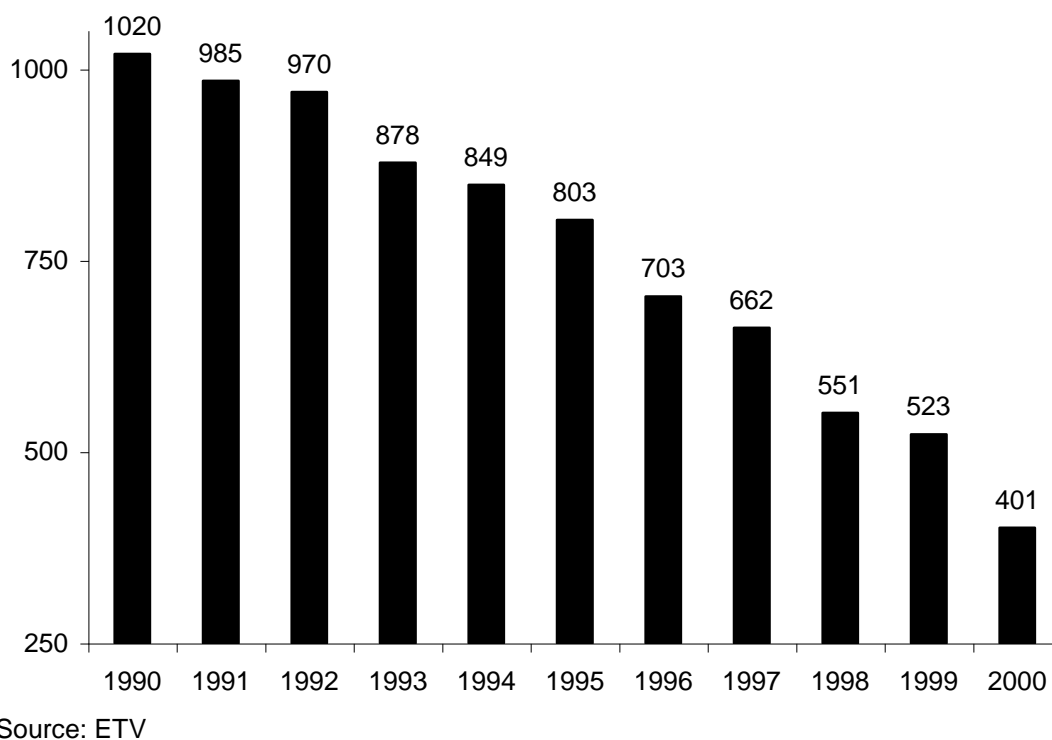
Chart 1. ETV programming hours 1990–2000**Chart 2.** Number of ETV employees 1990–2000

Chart 3. Comparison of the program structures of ETV and Private TV-channels in 1999

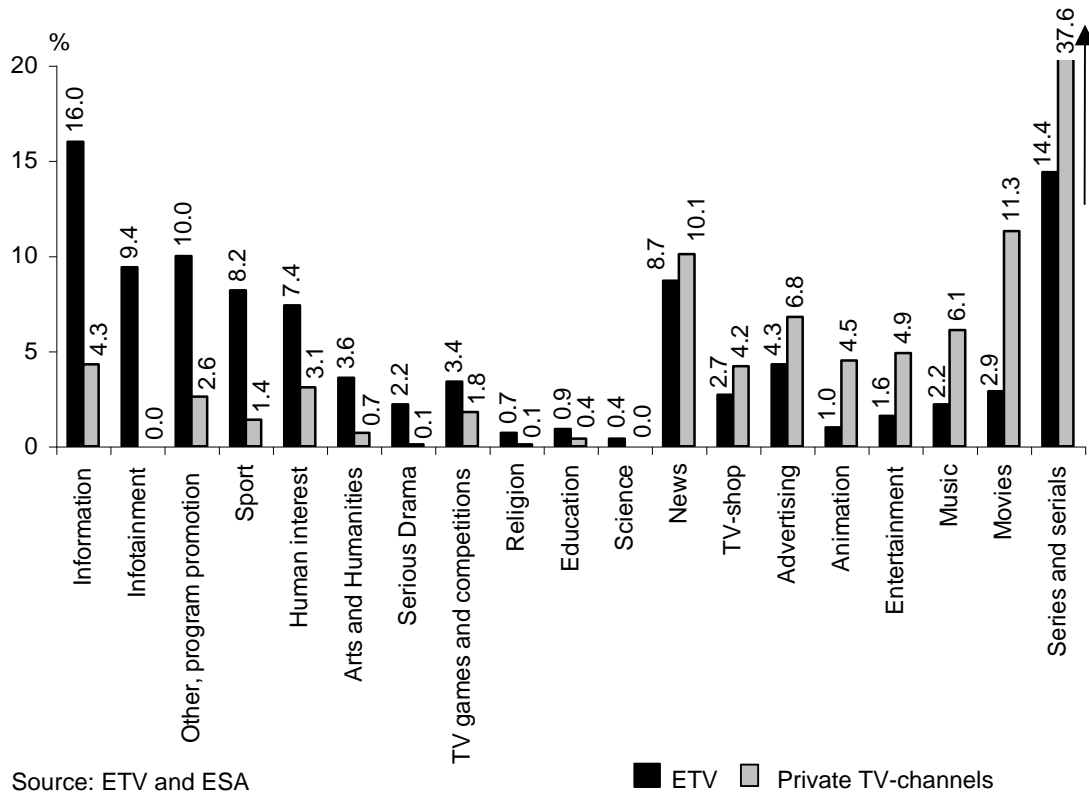


Chart 4. Comparison of the program structures of ETV and Private TV-channels in 2000

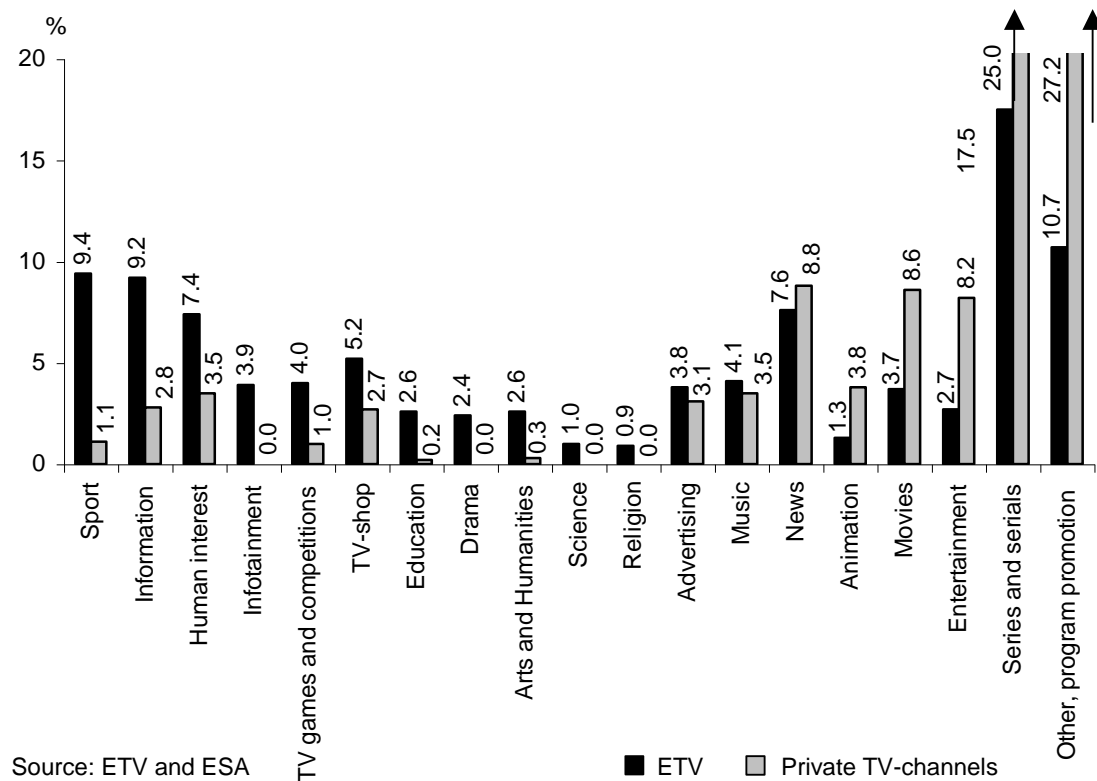
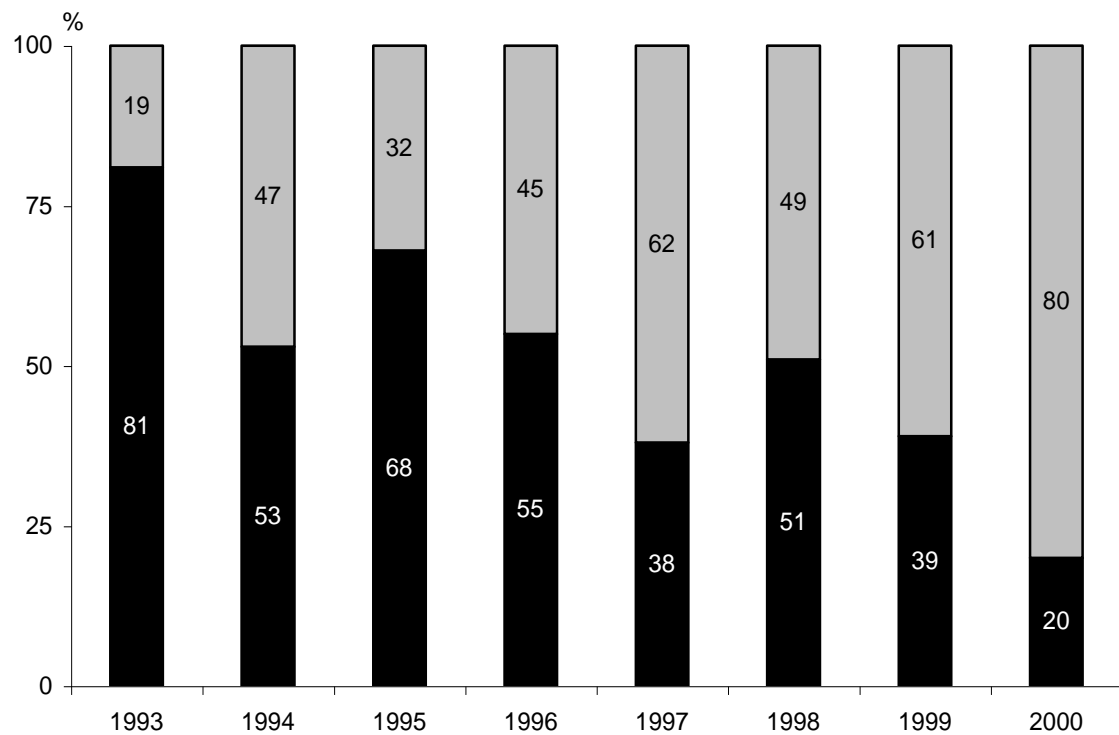


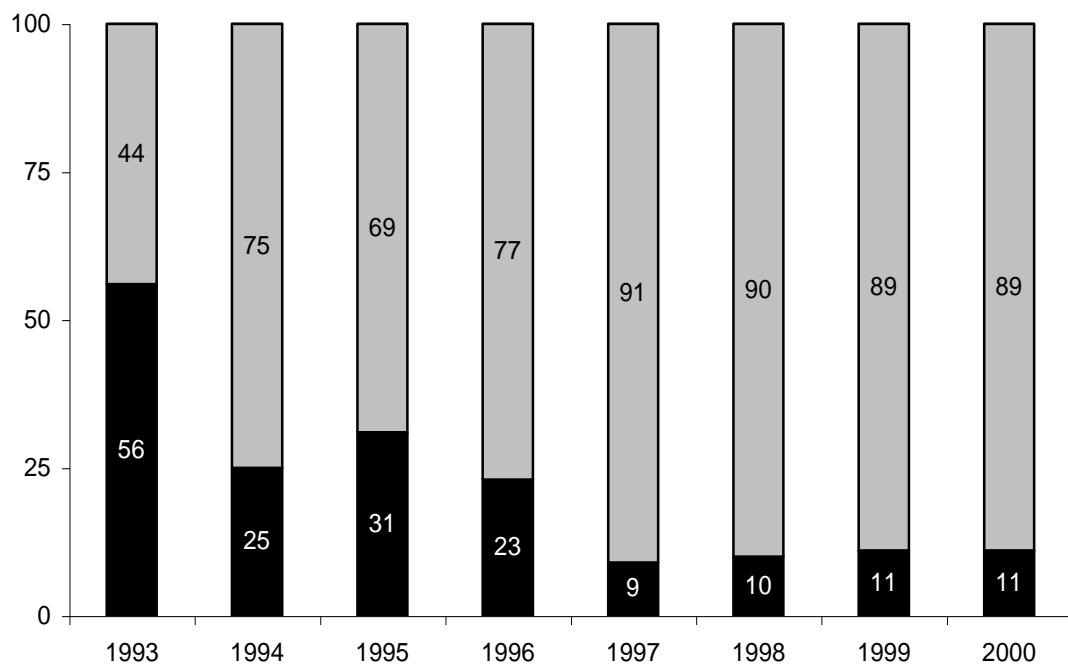
Chart 5. Domestic TV-production in Estonia: ratio of ETV and Private TV-channels production 1993–2000



Source data: ETV and ESA

■ ETV □ Private TV-channels

Chart 6. Purchased TV programming in Estonia: ratio of ETV and Private TV-channels purchased programming in 1993–2000



Source data: ETV and ESA

■ ETV □ Private TV-channels

Chart 7. Comparison of the structure of ETV own production in 2001 and as expected in 2004

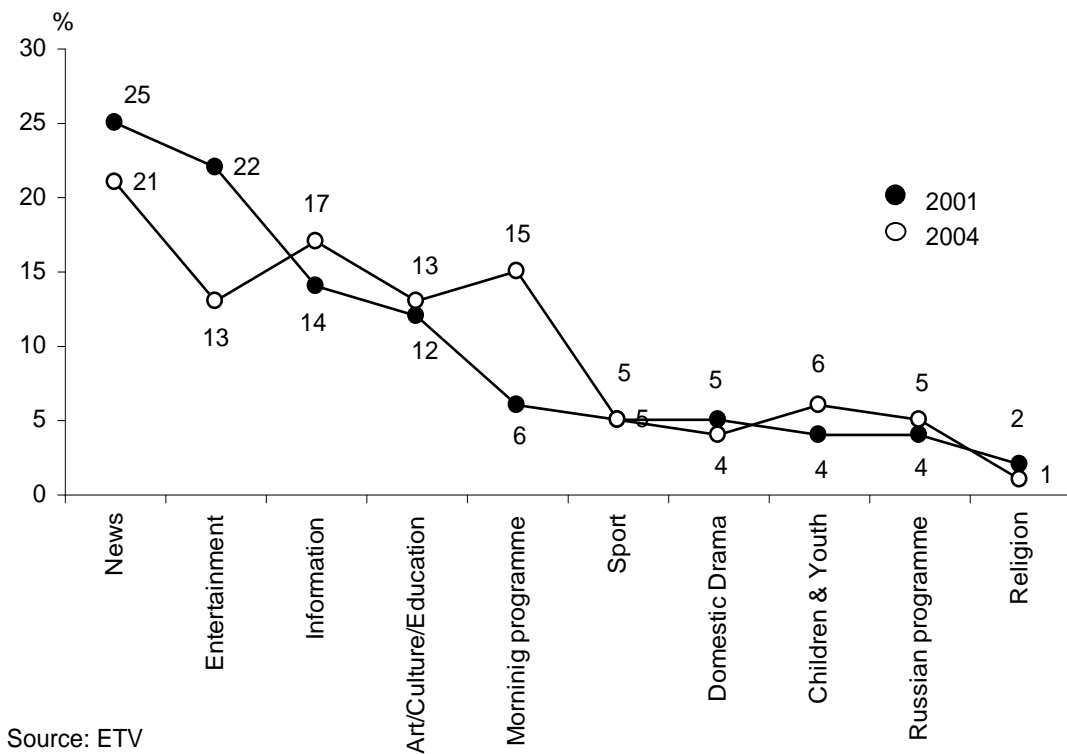


Chart 8. Comparison of ETV programme structures in 2001 and as expected in 2004

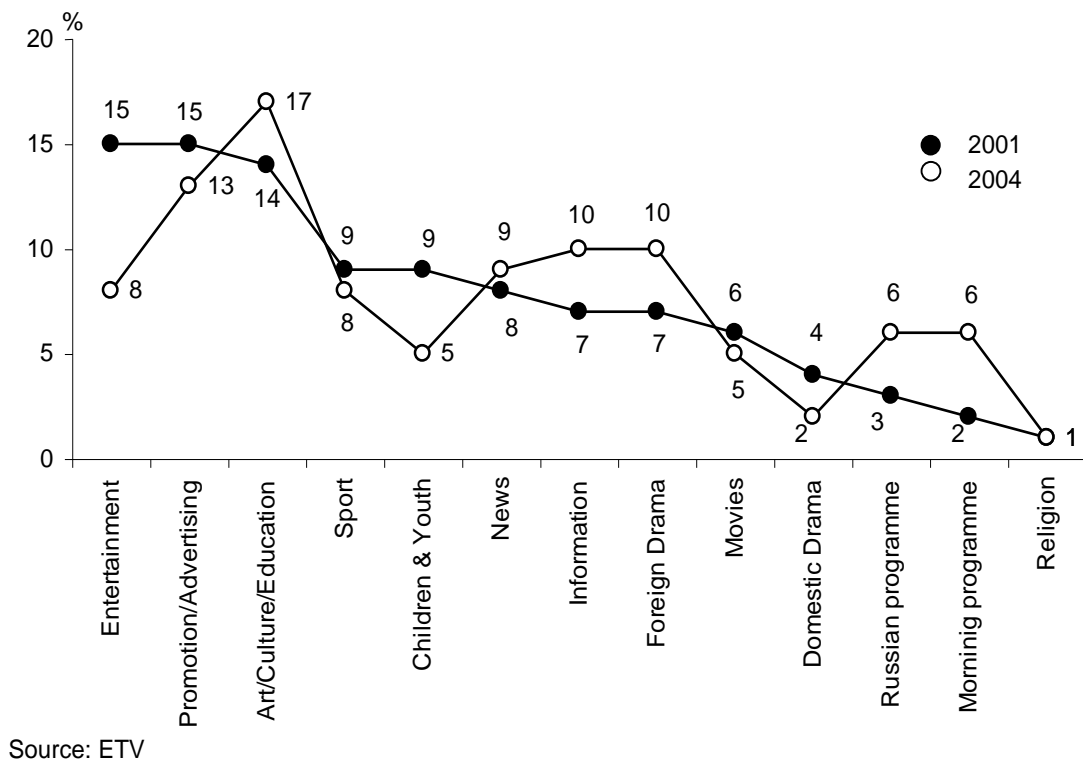
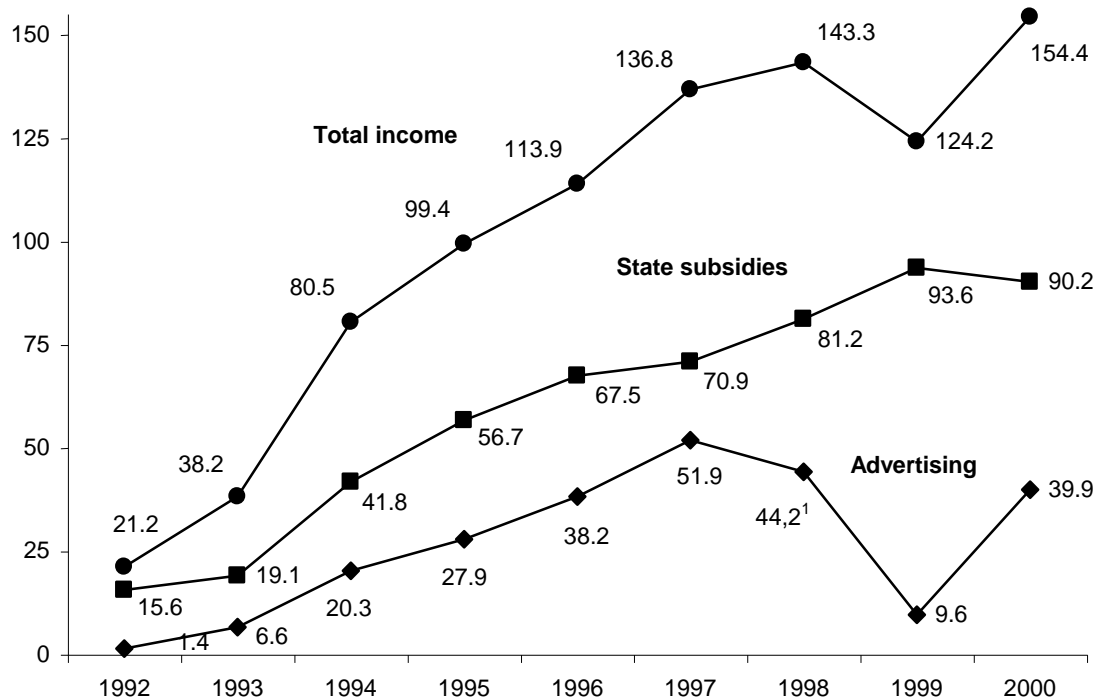
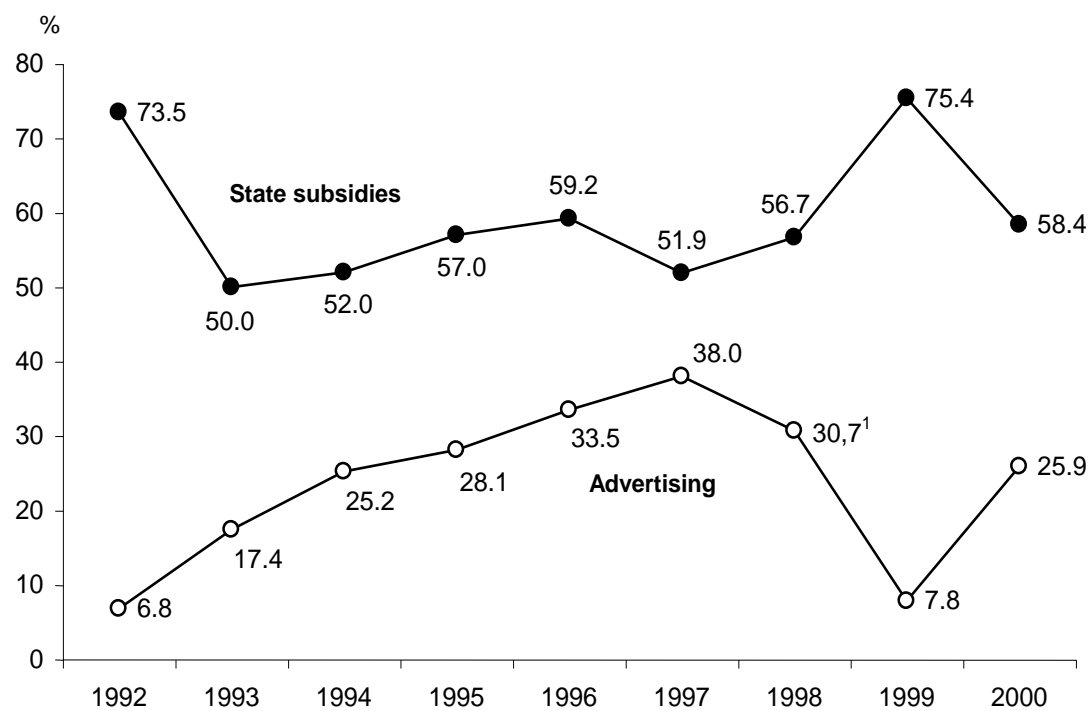


Chart 9. Main sources of ETV income (in million EEK) 1992–2000

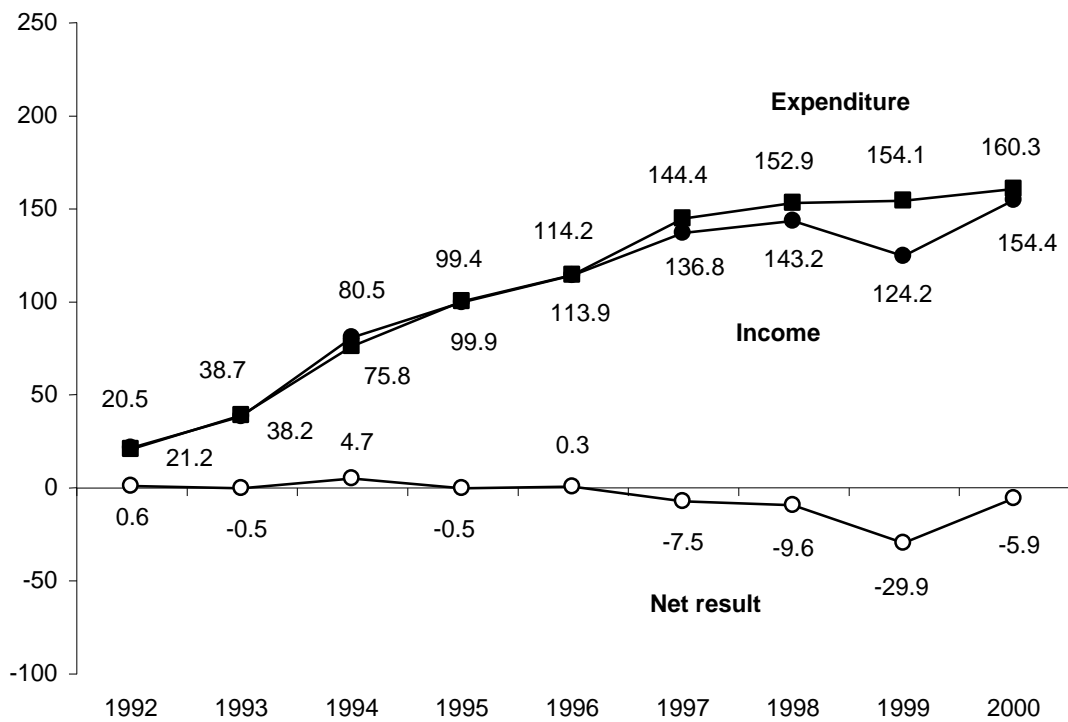


Source: ETV 1 – ETV didn't sell advertising time, compensation paid by private TV-stations

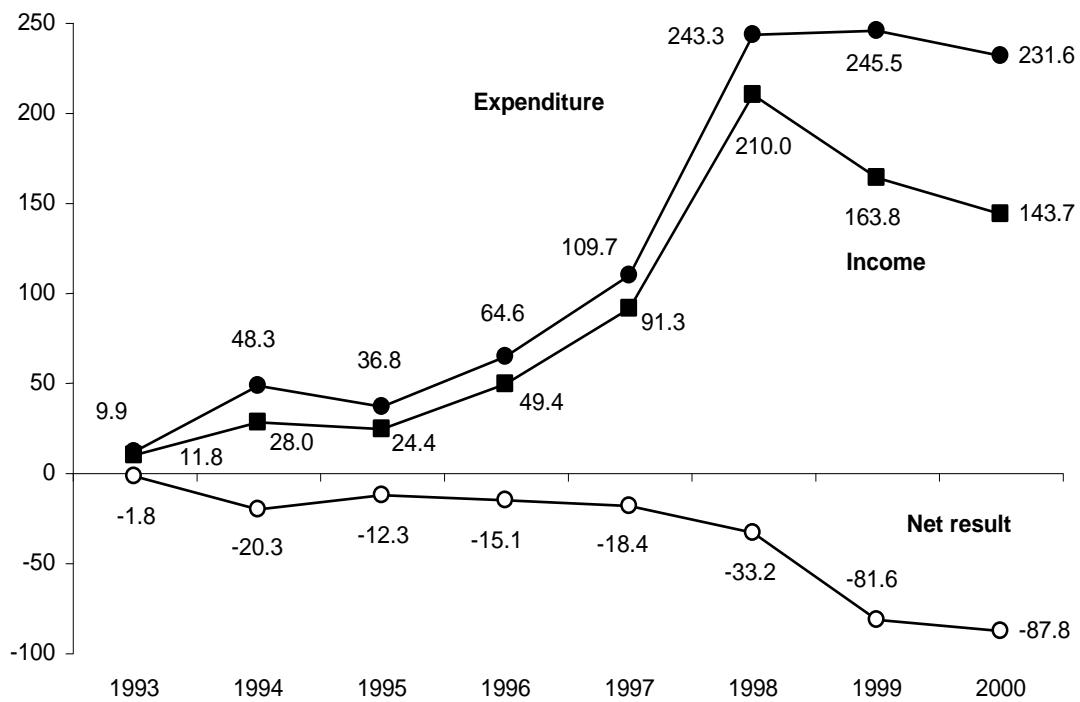
Chart 10. Ratio of the main sources of ETV income 1992–2000



Source: ETV 1 – ETV didn't sell advertising time, compensation paid by private TV-stations

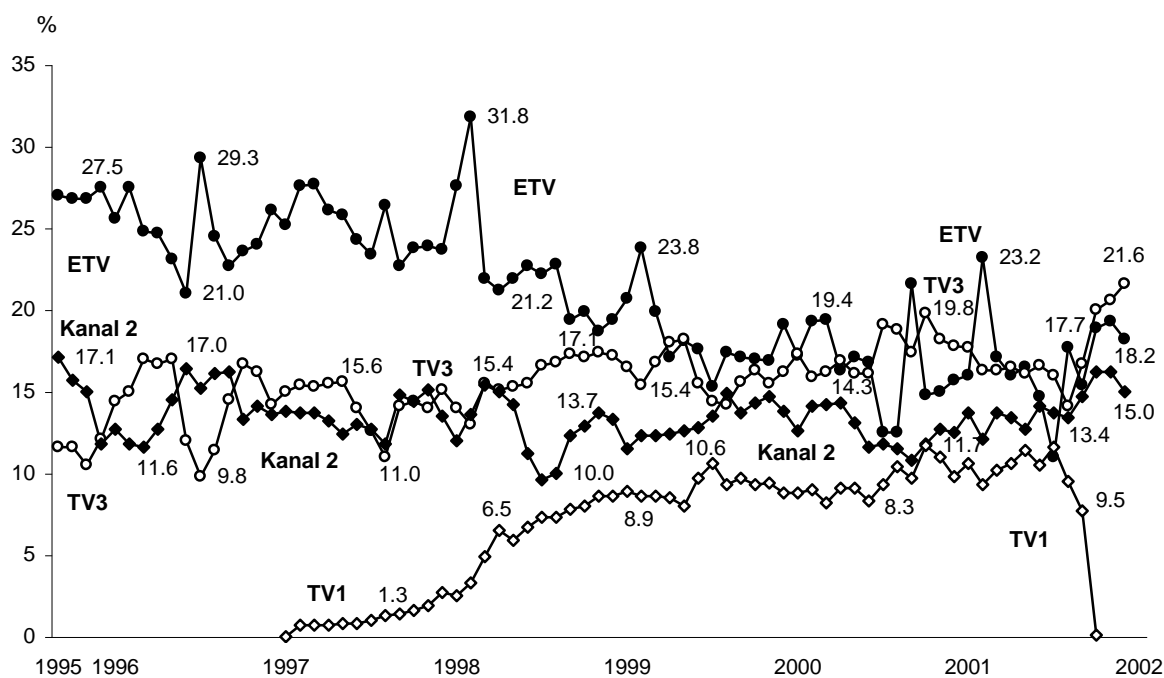
Chart 11. Income and expenditures of ETV (in million EEK) 1992–2000

Source: ETV

Chart 12. Income and expenditures of Private TV-channels (in million EEK) 1993–2000

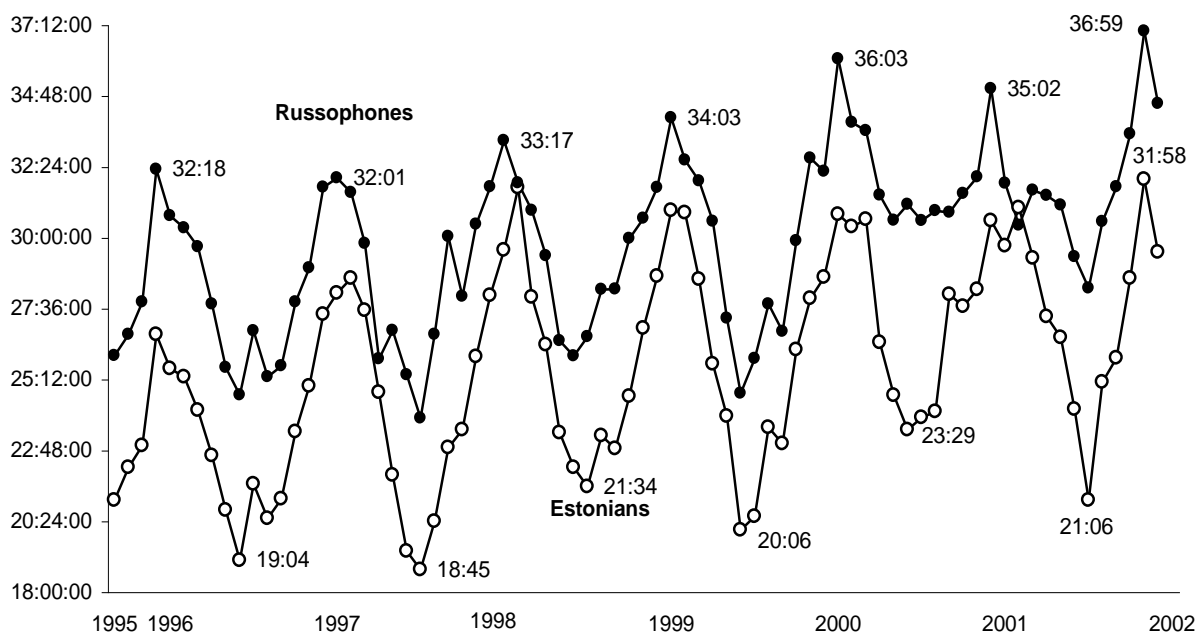
Source: ESA

Chart 13. Domestic national television channels audience share 1995–2001 Estonian population (age 12–74)



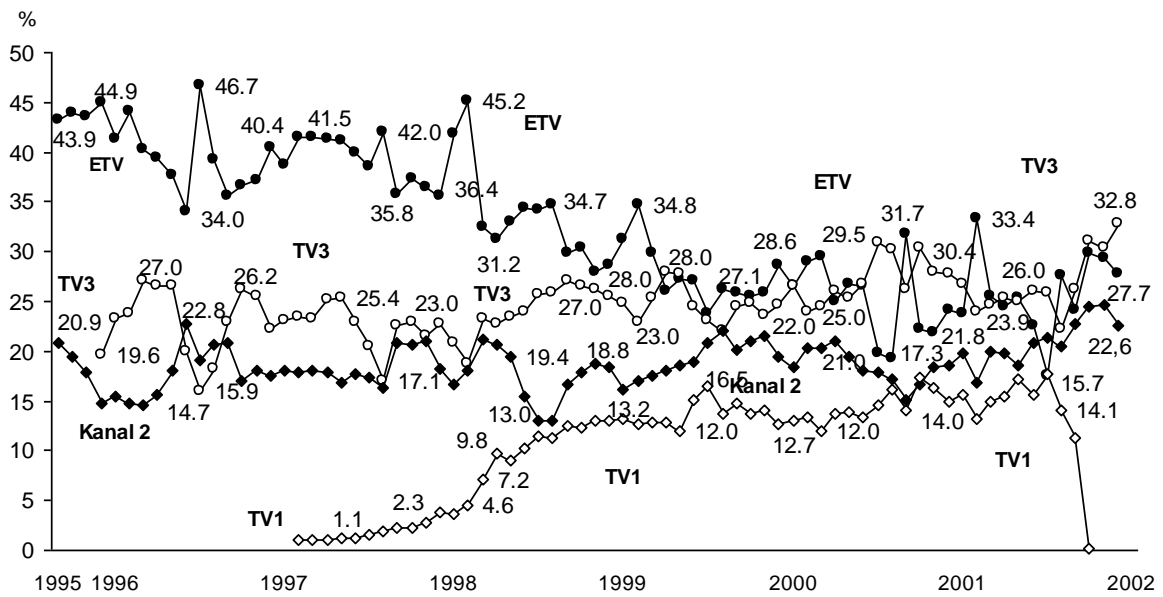
Source: Emor/ BMFGallup Media

Chart 14. Average viewing time per week 1995–2001 Estonians and Russophones (age 12–74)



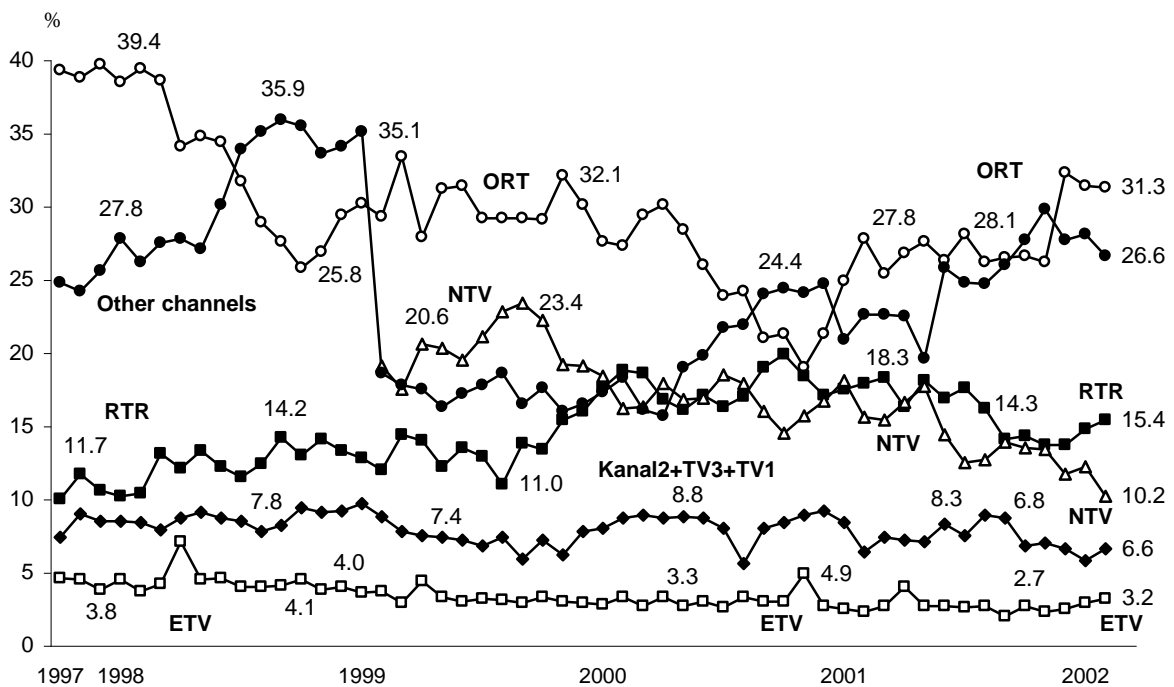
Source: Emor / BMF Gallup Media

Chart 15. Domestic national television channels audience share 1995–2001 Estonians (age 12–74)



Source: Emor /BMF Gallup Media

Chart 16. Estonian and Russian TV-channels audience share 1995–2001 Russophones (age 12–74)



Source: Emor / BMF Gallup Media

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APPENDIX

Table 1. Penetration of television equipment in Estonia (adults 15–74)

% of households	1994	1995	1996	1997	1998	1999	2000
TV set	96	98	98	97	97	97	97
2 or more TV sets	36	35	32	28	31	33	30
Color TV set	78	85	87	89	92	94	96
TV set with remote control	22	31	44	56	65	77	83
Text-TV	13	16	24	29	34	41	48
VCR	16	20	23	26	30	32	35
Video camera	1	1	1	2	2	4	~
Any satellite TV/cable TV channel				41	42	50	~
Cable TV	13	22	32	32	35	39	37
SMATV		1	~	~	1	1	~
Private dish	3	4	3	~	4	4	4

Source: BMF, EBU, EAO, IP Peaktime

Table 2. Penetration of television equipment in Baltic States, 1999 (adults 15–74)

	Estonia	Latvia	Lithuania
TV set	97	97	98
2 or more TV sets	33	25	34
Color TV set	94	84	89
TV set with remote control	77	57	47
Text-TV	41	11	10
VCR	32	36	23
Video camera	4	3	2
Any satellite TV/cable TV channel	50	66	...
Cable TV	39	41	25
SMATV	1	1	3
Private dish	4	2	2
PC	14	6	6
Mobile phone	33	15	12

Source: BMF, EBU, EAO, IP Peaktime