



# Press release

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## Press background

### **Substantial changes in the DRTV**

**The implementing provisions in the Decree on Radio and Television adopted by the Federal Council mean many changes. These primarily affect advertising and sponsorship, fee splitting, technical transmission of programmes and reception fees.**

The most important changes in the DRTV affect the following areas:

#### **Advertising and sponsorship**

Private broadcasters are free to broadcast more commercials and interrupt their programmes with commercials more frequently than now. The duration and insertion of commercials in non-licensed television programmes that cannot be received abroad are being virtually deregulated. In future, new forms of advertising will be allowed on television, such as advertising on a split screen, virtual advertising and interactive advertising. Furthermore, the new LRTV now allows radio stations, as well as local and regional television channels, to broadcast commercials for wine and beer. Sponsorship remains permissible on non-profit making radio stations that receive a share of fees (complementary radio).

Now as before, the SRG has less freedom than private broadcasters in relation to advertising and sponsorship. Apart from the ban on advertising on SRG radio programmes already anchored in the LRTV, and the ban on advertising alcoholic drinks on SRG television channels, the status quo still applies to commercial breaks (maximum one break in programmes lasting more than 90 minutes) and to the length of the commercial (maximum 8% of the daily broadcasting time). In contrast to today, the SRG is also banned from broadcasting commercial programme windows, as well as independent advertising and sponsorship on the internet. At the same time however, the options of the SRG have been extended in that it may broadcast longer commercials on television outside prime time (infomercials) as well as virtual and split



screen commercials during the transmission of sports programmes. Subject to the same conditions as the private broadcasters, the SRG may also use product placement in its programmes.

### **Fee splitting**

According to the new LRTV, a total of 4 percent of the revenue from reception fees will be used for private broadcasters. The decree specifies that the financing of an individual broadcaster using fees may amount to no more than half of its operating costs. However, in the case of regional television broadcasters in areas that are particularly expensive to operate, the upper limit is 70%. The level of the individual fee shares will be made known by DETEC when it calls for tenders for licences in autumn. Before this, the Federal Council will specify in an appendix to this decree the new service areas for radio and television broadcasters with their respective shares of fees or with access to wireless terrestrial broadcasting.

### **Broadcasting programmes**

The LRTV which enters into force on 1 April 2007 obliges cable network operators to broadcast certain Swiss programmes (SRG programmes within the context of the licence, as well as other programmes licensed within the area of operation). In addition to this, the Federal Council can now also issue an obligation to broadcast foreign programmes that make a particular contribution to education, cultural development or to the formation of free opinions. The decree nominates eight foreign television channels for cable transmission: Arte, 3sat, Euronews, TV5, ARD, ORF 1, France 2 and Rai Uno.

A cable network operator can be obliged to broadcast a maximum of 25 analogue television channels. This upper limit applies to a combination of both foreign and Swiss channels. As already mentioned, the law specifies which Swiss programmes are to be broadcast by cable. Firstly there are the SRG channels specified according to the SRG licence. Other must carry programmes are those of other local or regional radio and television broadcasters if they have a licence with a service mandate. Broadcasters of programmes who do not require a licence may apply to the Federal Office of Communications (OFCOM) for their programmes to be broadcast. This will be approved if the non-licensed programme contributes substantially to the fulfilment of the constitutional mandate and it is technically and economically feasible for the cable network operator to broadcast the programmes (Art. 60 of the new LRTV).

The new DRTV also specifies the prerequisites and procedure regarding financial support for broadcasting radio stations in mountain regions, as well as for investment contributions by radio and television broadcasters in distribution networks for new technologies. Both forms of support represent innovations in the totally revised law.



### **Reception of programmes**

The decree also implements the Federal Council's preliminary decision of 8 December 2006 to increase fees by a total of 2.5 percent. Whereas television reception fees will be increased by 4.1 percent, radio reception fees will remain unchanged. In this way, the Federal Council is taking into consideration the fact that television costs are evolving differently from those in radio. Therefore, with effect from 1 April, the monthly reception fees for private households (excluding VAT) will be CHF 13.75 for radio reception and CHF 23.84 for television reception. In future, the monthly reception fees for commercial premises (personnel) will be (excluding VAT) CHF 18.20 (radio) and CHF 31.59 (television).

Apart from the categories "private" and "commercial premises (personnel)" reception, there is a new category called "commercial premises (customer)" reception. This category exists if radio or television programmes are also used to inform or entertain customers on commercial premises. However, the higher rates for this category will not become effective until 2008.

### **Termination of the SRG licence**

With enactment of the new DRTV, the Federal Council has also terminated the licence of the SRG with effect from the end of 2007. In the coming autumn, the Federal Council will issue the SRG with a new licence for the beginning of 2008 which will take into account the amendments to the LRTV and DRTV.