Public service market? Commercial activities of the Norwegian Broadcasting Corporation (NRK)[1]

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ABSTRACT: In this paper the commercial activities of the Norwegian Broadcasting Corporation are presented and discussed. The legal framework and political discussion is presented in the context of media policy as well as competition at the national level and state-subsidies at the European (EFTA/EU) level.

KEYWORDS: Norway, public service broadcasting, commercial, media regulation, law

INTRODUCTION

In 1996 the Norwegian Broadcasting Corporation (NRK) was transformed from being a foundation into a limited liability company (Aksjeselskap). This is also the preferred legal arrangement for commercial companies in Norway. Later on a series of different changes were made to and by the NRK, bearing the resemblance of transforming a previously strict regulated governmental agency into a commercial player in the media market. For instance a subsidiary was established with the sole purpose of generating revenue from commercial activities, the NRK was allowed to sell advertising space in its teletext service as well as on its web pages, NRK was introduced into the standard VAT-regime from 2003 and in 2007 NRK and partners rolled out the first wave of Digital Terrestial Television (DTT) in Norway fitting the NRK also with industrial ambitions.

NRK have partnered up with the TV2 and Telenor establishing the company Norges Televisjon AS which are creating and will be running the network on a basis of commercial criterions. The three partners have also established another company called RiksTV which is supposed to run a pay-tv service on the DTT. According to the regulations, NRK cannot participate in any advertising funded broadcasting in Norway, but there are no limits to participate in pay-tv operations.

[1] The article refers to results from an ongoing project comparing the Scandinavian broadcasting market. Head of the project is professor Anker Brink Lund of the Copenhagen Business School.

These efforts being made raises a number of questions: What are the underlying assumptions driving these changes? Is it a sort of modernisation of the traditional public service, or is the intention to liberalise the broadcasting market? What results have these arrangements lead to? What kind of future does they indicate for Norwegian broadcasting and the future of the NRK as a public service broadcaster? In short: Are we talking about a shift in the media policy – or are these changes more at the superficial level and not representing a deeper change?

A DEMOCRATIC CORPORATIST MEDIA SYSTEM

In a broader sense these issues and processes regarding the NRK are relevant also for most other public service broadcasters in Europe. In Hallin and Mancini's (2004) model of media systems Norway is firmly located in the very corner of 'democratic corporatist' media system, very close together with Sweden, Denmark and Finland. A feature of the democratic corporatist system is the coexistence of a liberal freedom of the press combined with strong state intervention in the media – foremost by direct ownership of broadcasting but the system of press subsidies is another well known kind of media regulation being important in most of the Nordic countries (Finnemann, 2006). But as Hallin and Mancini stress throughout their book, the media systems are neither static nor internally coherent regarding the composition of the specific media policies of the countries mentioned. They further suggest that the 1950 to 1970 were the decades where the media systems had the most clear-cut appearance. Can Norway still be regarded a democratic corporatist media system? Or is the democratic corporatist media system in it self now changing?

The underpinning assumption regarding broadcasting in the Nordic countries is strong governmental influence at the structural level, combined with a high level of autonomy in programming, and pluralism achieved by professionalism and within expectations of internal pluralism. Different from the public service broadcasting of continental Europe – also belonging to the democratic corporatist system – the political parties have never had regulated inroads to the public service broadcasting in Norway. The government and the parliament, the Storting, have of course been in charge of the NRK when it comes to appointing the CEO and deciding the broadcasting fee. And certainly there has been political difference regarding the performance of the NRK when it comes to fulfilling the obligations of internal diversity. But the political parties have been relying upon the printed press for disseminating their policy, and no serious efforts have been made to facilitate a multi-partisan broadcasting system in Norway. Actually political advertising in Television is still prohibited – in itself an example of the strong state regulation of the media.

But in the 1970 it was clear that the system of the partisan press was in sharp decline, in spite of efforts trying to reverse the development by the introduction of press subsidies from 1969 (Skogerbø, 1997). One might see the emerging independent journalism of the printed press in this era linking up with the ideas of independent public service broadcasting, strengthening the idea of professional journalism. But still the largest media corporations in Norway have clear political affiliations, among them the only surviving labour press chain in Europe. Still newspapers tend to support the parties they traditionally have been affiliated with, and when hiring editors political sympathies still matter (Bjerke, 2001; Roppen, 2003). It is quite possible that these features of the Norwegian press make it somewhat different from the other Scandinavian countries.

Here we will focus upon the commercial aspects introduced by the state owned broadcaster NRK – which might indicate a drift towards the liberal corner of the model – in which the US is the most extreme, and with the United Kingdom located closer to democratic corporatist model.

As we shall see a number of efforts have been made suggesting a pathway to a more commercially oriented future for public service broadcasting in Norway. We will mainly study this by the way of looking at the Norwegian Broadcasting Corporation rather than look at the full scope of broadcasting in Norway – but comparisons are still necessary.

Furthermore, we will look mostly at how the NRK approaches the new multimedia arenas as these markets yet have to be clearly defined as realms of public service media – or not. Leaving them effectively for the market only to decide.

THE BROADCASTING MARKET OF NORWAY AS OF TODAY

The NRK was established in 1933 when the Norwegian Government bought private stations and formed the Norwegian Broadcasting Corporation (Halse, Østbye, 2003). There are three other large media companies in the broadcasting sector, and all national channels are being part of larger, transnational media corporations with clear cut commercial ambitions and obligations. There are no direct links between the media corporations and political, religious or civic groups.

The NRK is still by far the largest broadcasting corporation in Norway when it comes to market share and annual turnover as demonstrated in the table below. The annual turnover of the NRK is double that of the main competitor TV2. The Public Service Broadcasters in Norway are besides the NRK the main channels of TV2, P4 (radio) and Kanal24 (radio). NRK is the only broadcaster funded by the broadcasting fee. The other PSB channels are all funded by advertising. The Public Service obligations for the PSB advertising channels are stated in contract with the government. The most important, and costly, feature of these obligations are the demand of running a news department of its own. Naturally this mix of traditional, political obligation and the new contractual obligation of what public service broadcasting is supposed to have caused a number of different concerns (Syvertsen, 2001).

The number of TV and radio channels are generated from the criterion of 'being available for most Norwegians by cable, satellite or ground networks.' Channels being only available on the Internet or the emerging DTT are not counted. It seems clear that the number of channels will increase when these new modes of distribution become more common.

Table 1. The largest players in the Norwegian broadcasting market

Company	NRK	TV2	MTG	SBS
	PSB	PSB	Commercial (TV)/ PSB (Radio)	Commercial
Funding	Broadcasting fee	Advertising	Advertising	Advertising
Year of startup	1933 (radio) 1960 (tv)	1992 (TV) 2004 (radio)	1988 (TV) 1993 (radio	1988
National TV channels (2007)	2	5	N3	2
Radio channels (2006)	8	1	1	–
Marketshare television (2005)	40	30	7	10
Marketshare radio (2005)	60	4	23	–
Owners	The Norwegian Government	Telenor and A-pressen[2]	MTG (Sweden)	SBS (Lux)
Revenues 2005 (NOK)	3.647 mill.	1.735 mill.	Undisclosed (TV)/ 271 mill. (radio)	547 mill.

Source: Medienorge, University of Bergen (medienorge.uib.no)

WHY A COMMERCIAL SHIFT OF THE NRK?

The commercial shift of NRK was introduced and promoted by the former CEO Einar Førde in the years NRK faced competition in the national market. Former CEO of the NRK Einar Førde was a high level politician in the governing Labour Party (Arbeidarpartiet), serving several times as minister and being the vice-chairman of the party. He surprisingly stepped down from politics and declared that he would apply for the job as CEO of NRK – and got the job as all other possible applicants considered it a done deal. Førde served as CEO from 1989 until 2001.

In his years as CEO the NRK for the first time faced full frontal competition on national television and radio (1992–1993). The NRK faced the competition by a series of changes in the programming of Television – making the schedule a strategic

[2] Telenor owns 45% of A-pressen by January 1, 2007.

tool for keeping the viewers. In 1993 the radio operations of NRK was transformed into a three-channel system based upon a strategic analysis of the composition of the audience and at the same time facing the competition from the new commercial channel P4. NRKs proclaimed goal was to be number one in all of the three segments: The all-round traditional audience, the urban and cultural elite and the young and modern ones. In 1996 a second television channel, NRK2, was launched.

The Internet was introduced as a new medium for the NRK (1995), the NRK was transformed into a company with a limited liability (1996) and in 1997 established a subsidiary, NRK Aktivum AS, designed from the start to compete in a commercial market. In 1999 the NRK was allowed to sell advertising slots in its teletext-service as well as its webpages. A regime of sponsoring programs, a sort of advertising light, had already been established and later was targeted specifically towards sports programs.

Further underscoring the commercial twist of the NRK the company was included in the VAT-regime from 2003 – something Førde and NRK had been asking for since 1997.

In an article in the internal newspaper *Tidssignalet* Førde quoted results from a survey among employees in the NRK where being 'commercial' was reason for feeling embarrassment by the NRK. The survey was conducted as part of a design-program for the NRK, and one was looking for the core-values of the broadcaster. Førde took leadership in this matter. He stated that the future of the NRK was best ensured by entering new parts of the value chain. Both because new players were eager to marginalize Public Service Broadcasting, but also because programming being the traditional realm of Public Service Broadcasting such as children, education, culture and news now was facing increasing competition. Finally Førde pointed towards the BBC, as an example of how things were done these days.[3]

One might ask whether the future of the Internet as Førde portrayed it really had to be all-commercial? In other European countries one has seen how the Public Service Broadcasters have received instructions from their government for entering the Internet, though there has been a number of controversies, mostly regarding competition issues (Aslama, Syvertsen, 2006).

What was the backdrop of these efforts turning the NRK into a commercial-like player? It seems clear that the ideas and suggestions were put forward by NRK itself, and very much from the top. CEO Førde brought forward a number of ideas and predictions about the future of the NRK – some of them probably having the effect of creating consensus upon safeguarding the future of the NRK. NRK had suggested that the costs of digitizing the operations of the NRK would be huge. The costs in sports programming were surging. The future of the broadcasting licence was at stake. At one point Førde suggested that the NRK might become a pay-chan-

[3] 'Kommersielt,' comment by [former CEO of NRK] Einar Førde in *Tidssignalet* [Internal newspaper of the NRK], 9/1999, May 20, p. 2.

nel. In Førde's last years in charge the NRK suffered from severe economic trouble and almost 10% of the employees had to leave the NRK. All these circumstances probably made it easier for the politicians to accept the ideas brought forward for improving the financial situation of the NRK.

Furthermore in 1999 it was not at all clear to the politicians, the general audience or the NRK itself whether the drop in market share of the audience had come to a stop or whether the drop would continue. This latter possibility was the one to expect as this had happened in both Sweden and Denmark as commercially financed channels were introduced in the media market.

Still, following Førde's argument, the commercial activities should be performed by the subsidiary, NRK Aktivum AS. Interestingly, in the discussion between Norway and the EFTA Surveillance Authority (ESA) these issues in 2006 still seemed to not have been resolved as the Ministry of Culture and Church Affairs in a letter to ESA stated that 'the remaining commercial activities carried out in the NRK […] will be transferred to the subsidiary company NRK Aktivum as of January 1, 2007.'[4] Separate accounts facilitating transparency would also take place from this date. One might say that it lasted 10 years until the NRK and the Ministry understood how to comply with business law.

In February 2007 the ESA closed the original complaint put forward by TV2 regarding state subsidies of NRKs teletext and Internet-operations. But a number of the issues raised by ESA will be dealt with in a white paper prepared by the Ministry of Culture and Church Affairs in Spring 2007. A more precise definition of the public service mission of NRK and an accounting system for making the costs connected to the public service mission transparent will be important issues discussed in the *White paper*.[5]

As the NRK more and more took the shapes of a competitive media corporation it was a good fit when the transformer Førde was followed by a former politician turned CEO of an insurance-company: John G. Bernander. He basically ran a tight ship focussing more upon good operational results – also in a financial respect – rather than going for the big changes of the organisation. This also was necessary as the NRK had large deficits the last years with Førde as CEO.

WHAT KIND OF COMMERCIAL SHIFT?

What does commercial means in this context – and what kind of shift are we talking about?

We have seen how the NRK and Førde thought of this by establishing a subsidiary, NRK Aktivum AS in 1997. This is a familiar thing to do for commercial players,

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[4] 'Subject: State aid – financing of NRK,' letter from the Royal Ministry of Culture and Church Affair to the EFTA Surveillance Authority, November 13, 2006.

[5] *Ibid*.

but it was only after the transformation into a company with limited liability this had become a convenient way for NRK to do things. The restrictions resting upon the NRK for establishing subsidiaries were not applied to the subsidiary, and NRK Aktivum AS in its 10 years of operations have been involved in half a dozen other companies. In a parallel move the main competitor TV2 also have diversified by establishing a number of subsidiaries in such diverse fields as sports clubs, visual presentation technology for television, sales of advertising and a plethora of web services and web channels.

The media corporations in recent years entering the new Internet markets do so from a number of different points of departure when it comes to market structure.

Generally speaking the NRK has a strong footing in the broadcasting markets when it comes to production of programs and channels. Resources and knowledge gained from these markets is the most valuable assets for the NRK when entering new multimedial markets.

Being a market leader in broadcasting one should expect the NRK to have a strong position when entering the Internet. But one might as well from the outset make it clear that the NRK has all but reached a dominant position on the Internet. The largest players in this market in Norway are other media companies.

STRATEGIC OPTIONS FOR ENTERING THE INTERNET

Entering an entire new market will for most companies mean diversification: One keeps up activities in the established markets as one enters a new one.

For the NRK entering the Internet was done very carefully and by spending very little money. This was claimed by NRK to be an advice from the EBU. Approaching 2000 NRK first launched and later killed big ambitions for becoming the major net company in Norway. The financial trouble connected to changing to digital production technology for broadcasting proved to be very costly, effectively hindering the plans for growing big on the net.

NRK has adopted a strategy of diversity when it comes to programming. From the dual-channel system with one television channel and one single radio channel in 2008 NRK will have no less than 3 television channels and more than 15 radio channels – a number of them being available both on the Internet and on-air – and some of them available only on the Internet. The adoption of new modes of distribution of radio signals is a perfect example of the blurring of concepts: In this respect the Internet might be considered a distribution channel only – while in other respects the Internet is a new media in its own right.

COMPETITORS IN MULTIMEDIA MARKETS

During the last 20 years the publicly listed media corporations of Norway have experienced a strong growth in terms of scale and scope accompanied by a growing tendency to media concentration being sought, hindered by the introduction of a law against media concentration being put into effect in 1999. The law did not cover the field of Internet or other multimedia leaving this for the market – for the time being.

While entering multimedia markets the NRK faces competition from three kinds of markets with major players being all but unfamiliar to the NRK. Structurally one might consider the markets different as their point of departure are different:

- competition from the broadcasting market,
- competition from the distributor,
- competition from print media companies.

The kinds of competitors mentioned here are to the greatest extent overlapping the NRK when it comes to the structure of operations. Competition from the computer industry and global players such as Google or MSN will not be accounted for here. Though it is noteworthy that one Norwegian company has established a service of its own facing Google: The service Sesam (www.sesam.no) is an effort to pile resources being available within the media company Schibsted in order to create a service dedicated to make better searches for Norwegians.

The competitors should be evaluated according to their strength in different segments of the value chain, overall financial strength, regulatory restrictions and possibilities and current and future relation to the NRK.

COMPETITION FROM THE BROADCASTING MARKET

Although local radio and television stations outside the NRK were established in 1981, only in 1992 a national commercial broadcaster, TV2, was established. The following year a competitor in the field of national radio, P4, was established. Two commercial television channels being launched in 1988 never could challenge the NRK, even though they are still in operations (cf. Table 1). There were a number of reasons for this late introduction, but effectively the NRK had plenty of time to analyze changes in other countries and to plan how to face the new competitor. And the NRK did so quite effectively from the start on (Bastiansen, Syvertsen, 1994). In its first years of operation the markets share of both TV2 and P4 grew fast. The NRK dipped from 90 to a 40% market share in television, but ever since there has been only minor changes for the two largest channels in Norway. A similar development took place in the radio market with the NRK keeping a market share of approximately 50%.

One has in some sense reached and upheld a duopoly market situation with the state owned public service broadcaster keeping the lion's share of the market in the radio and television market. This makes the Norwegian Broadcasting Corporation (NRK) the only Western-European state owned broadcaster which has managed to keep its number one position in the television market after commercial competitors were introduced in the market. The main point here is that no matter the reason why the NRK has been able to uphold its leading position, it was a strategic goal from the start and in general the new market situation has been remarkably stable the last 8–10 years. This is pretty much what one might expect from a duopoly market structure (Hotelling, 1929). Along the road the two companies also have had joint operations such as sharing rights to sports programmes. Today the NRK is cooperating with MTG on sports rights, as the Telenor joined efforts with TV2 acquiring the rights for Norwegian football.

A number of studies also suggest that the NRK and its main competitor TV2 are very similar to one another in such programming issues as the mix of news stories in the main news programme (Waldahl et al., 2002). This is of particular importance as in its licence the TV2 was obliged to establish its own news department – promoting the media policy goal of promoting diversity. From 2009 this might change as the licence of TV2 is up for renewal and the TV2 have declared that it wishes to be freed from the Public Service obligations and turn into a pay-channel – leaving ground for NRK to once again become the Public Service Broadcaster.

One might say that the NRK has a strong and stable market position in its most important field of operations, thus being able to look into new markets for new opportunities – and threats. When it comes to multimedia operations the TV2 in terms of audience penetration have reached a larger market share than NRK.

COMPETITION FROM PRINT MEDIA COMPANIES

For a broadcaster print media companies have always been some kind of competitor. As broadcasting emerged, the printed press was worried about competition brought by the new electronic medium, and banning advertising in state owned broadcasting was not contrary to the interests of the press.

Norway has been an outlier in the sense that the printed press has had a very strong position both when it comes to political support and economic status. The major media corporations in Norway sprung out of the printed press and its free market mode of operation with few governmental restrictions and a business being ripe for restructuring lead to the establishment of three fast growing media corporations in the 1990. The sales of newspaper reached its top level later than in the other Nordic countries, continental Europe and Great Britain but the last 20 years sales of Norwegian printed newspapers have been at a world top level – together with other developed and rich nations such as Finland, Japan and Switzerland. As the TV2 was established, important media knowledge as well as capital were transferred from print based companies into the new television channel, as the major print corporation, Schibsted, also became a major partner in establishing TV2. Schibsted later on has emerged as an international player in the field of free newspapers by rolling out the concept of '20 minutes' in a number of countries, but also as an important player in the field of online advertising based upon its hugely profitable operations in Norway carried out by its subsidiary Finn.no.

The printed press have traditionally been connected to a partisan system, and the arrangement of the press subsidies and VAT-exemption was introduced and has been maintained for the reason of supporting political diversity in the press. Still today the only social democratic press group in Western Europe, A-pressen, is running in Norway, with the Norwegian national union of trade unions (LO) as one of the two major stakeholders. Today A-pressen also is one of the two major stakeholders in TV2, together with the company Egmont of Denmark.

The main competitors of NRK in the field of new media are foremost newspaper based websites, benefitting from the brand values of the largest newspapers as well as news operations of the main printed press. In the last two-three years these newspaper websites also have reported a surge in advertising revenue, making further expansion and allocation of resources and ambitions very likely. In contrast to this Krumsvik (2006) reports that newspapers are quite reluctantly adopting the Internet, and mostly do so as a defensive move.

The NRK has never been able to rival the strong position of the newspaper websites. Actually the newspapers are expanding their web content into the traditional realms of broadcasting by offering video casts and other kinds of live-coverage.

COMPETITION FROM THE DISTRIBUTOR

The political arrangement of broadcasting in Norway was to let the state owned telecom Telenor (previously Televerket) run the technical distribution of radio and television. This made sense as Telenor was in charge of virtually all activities in the telecom-sector for decades. In the 1990s the telecom sector was liberalized, and Telenor was floated at the stock exchange in December 2000 and is listed on the Oslo Stock Exchange and Nasdaq of New York. But still in 2005 the Norwegian government kept a 54% share of the company. Telenor has grown into an important player in the global mobile telephone market and through its presence in a number of emerging markets in Eastern Europe and in Asia has grown to become a very successful company.

In the broadcasting market the Telenor is omnipresent when it comes to distribution, being it analogue terrestrial television, cable, satellite or the digital terrestrial television network currently being rolled out. Also in the adjacent fields of broadband access and mobile networks the Telenor is the dominant player in Norway. Of special interest in this respect is the fact that hitherto the companies supplying access to the Internet are by far more able to make a profit from the use of Internet, as opposed to content providers who only recently have been able to cover their costs by advertising.

Being hugely profitable in the fields of distribution, Telenor is also inching into the broadcasting link in the value-chain in a number of ways: By programming its satellite and cable broadcasting operations, by acquiring sports rights alone or in partnership with TV2 and by acquiring a large share in A-pressen and thereby getting a good hold of, though not controlling, the TV2. The cooperation between TV2 and Telenor is also further underscored by the fact that the Telenor subsidiary Canal Digital is the sole satellite distributor of TV2 – making the competitor Viasat lacking a vital channel in the Norwegian market. On the other hand Canal Digital does not convey the TV3 as this channel and Viasat both are part of the corporation MTG.

The NRK has witnessed the transforming of a long time partner from being a vehicle in the communication politics of the Norwegian government into carrying all features of an international telecommunications corporation – and still being an important partner with the capacity to challenge the NRK – and with few political tools being at hand for stopping the Telenor. As a sign of the times, the previous CEO of the NRK, Einar Førde entered the board of directors of Telenor once he stepped down from the chair of the NRK.

REGULATING PUBLIC SERVICE MULTIMEDIA

Aslama and Syvertsen (2006) have mapped the possible policy responses to public broadcasting and new technologies. New technologies in this respect are Digital Television as well as Internet. Limiting the scope of this section to the Internet it can be demonstrated how the NRK have enjoyed few restrictions and received support in its multimedia activities.

	Allow	Oblige	Restrict	Support	Protect
Response by Norwegian media policy	Yes: By non-regulation	Yes: By regulating the charter	No:	Yes: By the broadcasting fee	No: By non-regulation

Figure 1. Public broadcasting and new technologies: policy responses for the NRK

Allow and protect: New media has to a very little degree been regulated. The 1999 law regarding concentration of ownership has not been put into effect in the field of digital media, thus the NRK – and all other players – are free to enter the market. On the other hand, NRK enjoys no special privileges in the multimedia market: There is no protection of the NRK in this field. In one specific field, advertising on teletext, regulation was changed or made specific giving NRK room for selling advertising space. Teletext and Internet thus have been defined as non-broadcasting activities, thus the broadcasting act forbidding advertising in the NRK has been bypassed.

Oblige: The charter of the NRK has been changed, making room for activities in the multimedia field. Together with teletext, the Internet is 'another' kind of activity, but the charter suggests that the way NRK should enter these markets is like a public service broadcaster. Since the content of the charter is to be decided by the minister of culture, one might consider this a sort of obligation for the NRK to enter these kinds of markets.

Restrict: It is hard to see how the NRK is restricted from entering multimedia markets, but that might change. The main competitor in the field of teletext is TV2, and TV2 has claimed that the NRK is benefitting from illegal subsidies since income from the broadcasting licence is funding the multimedia operations of NRK. The claim was presented for the EFTA Surveillance Authority (ESA) in 2004, but in February 2007 the case was closed without any infringements being uncovered.[6]

Support: In some years parts of the broadcasting licence have been specifically targeted to fund the digitalization of the NRK. The funding at least indirectly supported the Internet activities of the NRK as content more easily became available for a digital platform. Further the relaxation of the commercial activities of the NRK when it comes to advertising on teletext and Internet and sponsorship made it possible for NRK to fund digital operations.

In short, the Norwegian media system has strong links to the political system and the state – both when it comes to broadcasting, press and telecom. Taking stock of the options being available and the responses given – it seems clear that the NRK have received heavily support from the government side when it comes to enter new digital markets.

TELETEXT AND INTERNET: NOT PUBLIC SERVICE MEDIA

At one point the NRK differs sharply from the other Nordic public service broadcasters. The NRK has since 1999 been allowed to sell advertising on the Internet and on their teletext service. In its first years of operation from 1933 until 1940 the NRK carried advertising in radio. The Germans closed down advertising once Oslo became occupied in April 1940, and after the war advertising was not started over again.

The decision to allow advertising in teletext was made by the Storting in 1999 and put into effect in 2000. There was an ordinary hearing prior to the change of media policy, but it has been very hard to find critics discussing the principal change for NRK leaving its non-advertising policy. As a competitor the TV2 was against advertising, the Norwegian Competition Authority also was negative, and the Om-

[6] According to a Norwegian media news site the case was closed by ESA in February 2007. But according to the communication between the Norwegian Government and ESA, the whole system of the funding of the NRK needed a closer review. The Ministry wrote in a letter of November 11, 2006 that some of the issues raised by ESA were 'of significant political importance with potential great impact on the future of the NRK.' The Ministry of Culture and Church Affairs hence planned to prepare a white paper for the Norwegian Parliament (Stortinget) discussing these issues.

budsman for children also was critical. Childrens pages on teletext thus were to carry no advertising.

The government at the time was led by the Christian Peoples Party in a coalition with the Agrarian Party as well as the Social Liberal Party. These three parties were far from having a majority in the Parliament, but when it came to the voting the Social Democratic Party supported the suggestion. What were the arguments brought forward?

The novelty in the suggested arrangement was to define teletext at not being 'real' broadcasting, though, one had to admit, it was very closely linked to television. The main argument for this view was that teletext was a medium dependent upon active input and choice from the individual viewer, and this was another kind of activity than traditional television.

When it comes to the facts in the case it was assumed that the economic significance of advertising on teletext were assumed to be small. What seems to be the crucial argument was that this was a means to let NRK enter a digital, converging future, and this was a helping hand in a situation where the NRK was facing deficits and lay-offs. There were no strings attached to the advertising money – they were supposed to strengthen the NRK in its public service activities.

But still the NRK was surrounded by a political rhetoric of non-advertising – both before and after the allowance of advertising in Teletext.

As of today, the company Media Total sells advertising for the teletext of NRK1, NRK2 and TVNorge. On their webpages the company puts forward arguments for advertising on teletext: 91% of the Norwegian population has access to teletext on NRK1, every week more than 2.3 million viewers are watching teletext – making teletext a larger medium than the largest website in Norway. TV2 is still the main competitor of NRK on teletext-services, and according to TV2s financial statement for 2005 there were 1.9 million unique visitors to the TV2 teletext services.

There are some differences in the advertising environment for teletext on the NRK as compared to the commercial channel TVNorge. AS the NRK teletext is information heavy, for instance carrying quotes from the Oslo Stock Exchange as well as job openings and public information, the TV Norge teletext carries more entertainment oriented services such as cinema, health-issues, SMS-services and services of an erotic character.

PERFORMANCE AS A COMMERCIAL PLAYER

Førde wanted NRK to be proud of their ability to make money. In the strategic plans for the years 2002–2006 the NRK expected the revenues from commercial activities to reach the 10% mark. This goal proved to be all but impossible to reach. Actually today the NRK is just as dependent upon the revenues from the broadcasting fee as it was 15 years ago. The broadcasting fee has contributed to more than 90% of the revenues for every year – except when the NRK has received extraordinary incomes due to sales of property and a compensation received from the government because of the changes in the VAT-regime.

This is puzzling as the revenues of the subsidiary NRK Aktivum AS has been growing very strongly since 2000. In 2000 the earnings of the company were 34 million NOK and later have grown steadily the following years, reaching 176 million NOK in 2006. The same year the company transferred 106 million NOK to the NRK. The figures are presented in Table 2.

Table 2. NRK Aktivum AS 1997–2006. Revenues and amount transferred to NRK (NOK)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues	6	19	39	34	49	69	107	125	139	176
Transferred to NRK				9	23	31	67	88	93	106

Analyzing the activities of the NRK Aktivum AS as presented in its annual reports, the portfolio of activities has not been stable. For instance the sale of TV-programmes was transferred back to NRK in 2004. But NRK Aktivum instead took control of the sponsoring activities the same year. The products being part of the portfolio of NRK Aktivum AS have been the sale of CDs and DVDs, spin-offs (licensed products) and interactive services such as SMS-based programmes and competitions. From January 1, 2005 the company decided to take charge of the advertising on NRK.no. This kind of change makes it hard to analyze the development of NRK Aktivum AS.

NRK Aktivum has declined to reveal the exact compositions of its revenues – in itself this is a shift from the traditional openness surrounding the NRK, being a prerequisite for an open discussion on public service broadcasting. But in the big picture the total revenues of the NRK in 2005 was 3.700 million, and the activities of NRK Aktivum AS consisted of less than 5% of this amount.

CONCLUDING REMARKS

As has been demonstrated, the underlying assumption driving the changes towards commercialisation of the NRK has been all but unfriendly towards the concept of Public Service Broadcasting in general and especially NRK. Within the new commercial framework the NRK has asked for and received a substantial degree of freedom in its operations, maximising the benefit from being a commercial player and still maintaining the broadcasting fee as well as the market shares at a high level. The changes probably made the NRK act and think in new ways, turning the organisation into one accustomed to competition. In a 1997 comment a Norwegian media professor assumed that the NRK would not be able to raise the needed political and thereby financial resources needed to transform the company from analogue to digital operations.[7] In hindsight he clearly underestimated the political willingness to support the NRK.

The numerous changes being made in the institutional arrangements for the NRK might look like efforts made to make the company become a more market-oriented player – they could even be considered rigging for a sell-out by the government. But looking closer into the intentions of the changes as well as the long-term media political stands it seems clear that all changes are all about safeguarding the NRK as a state owned company and with an important role to play also in the future of the Norwegian media system.

In relation to the Hallin and Mancini's model one cannot say that the changes introduced in Norwegian Broadcasting Policy should cause a change in the model or the general description of the corporatist democratic model. Bearing in mind that the changes have been brought forward by and within a system of an interventionist media policy and with a state controlled telecom company as a major player, one truly should make the conclusion that both the democratic and corporate perspectives are alive and kicking.

SOME NOTES ABOUT THE FUTURE

A few notes should also be made regarding future dilemmas and challenges for the NRK.

• The DTT network is to be operated by the NRK, TV2 and Telenor. This is not a foolproof investment, though it is supposed to make distribution of broadcasting a cheaper operation. But this is an operation one of its kind, and NRK and TV2 does not have experience from running this kind of operations – thus one must expect problems. How grave they might be are hard to tell in advance.

• As teletext in 1999 was defined not being part of public service broadcasting, one made room for the NRK selling advertising on the teletext – and Internet. But thus one also cut one self off from spending heavily upon building a public service Internet. It is possible that the outcome of the discussion of the white paper might be that teletext and Internet might be reintroduced as being relevant channels for public service content after all.

• A number of efforts have been made to enhance competition in the broadcasting and telecommunications market in Norway, but still one sees how the traditional state controlled or politically affiliated actors remain dominant, even though market regulations, at least in theory, have been lifted. Telenor has evolved into a behemoth – making them a matter of national pride abroad – and a matter of concern as the Telenor is virtually present in all sectors of the digital distribution of communication. Processes that could introduce new arrangements of Telenor –

[7] 'Kun reklame kan redde NRK,' interview with professor Rolf Høyer in *Dagens Næringsliv*, November 11, 1997, p. 35.

such as breaking the company – being it from a market or regulatory strand – will surely be important for the NRK as Telenor is its main partner. But one cannot rule out that also NRK might be changed as a result of such deliberations. The Progress Party (Framstegspartiet) in its programme has declared that it wants the NRK to be sold, and this party might seize power after the 2009 elections.

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