

Summary:

Apparently transparent IV. The Federal Government's Advertisements in Austria's Daily Newspapers and their Online Media 2022/2023. An Analysis and Outlook.

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Relevance and Environment of the Study on Government Advertisements in Austria

The already fourth instalment of our study “Apparently Transparent” (“Scheinbar Transparent IV”) is essential in order to analyse the further development of the advertising policy in the public sector, in particular the expenditure of the Austrian federal government on “media cooperations”. Whether the studies will ever be sufficient to provide real clarity in this field, however, is uncertain. Many quantitative answers drawn from the data collected under the Media Transparency Act raise new questions every year about the communication strategy of governments and the media-politics-symbiosis in Austria. As we show in our study, this also applies, when taking a closer look, to 2022.

Soon after the publication of our first studies, the Public Prosecutor's Office for Corruption asked particularly critical questions of politicians, their closest collaborators and the Austrian People's Party (ÖVP) as a whole. The investigations for embezzlement of public funds became spectacularly visible through house searches also in major media companies. In November 2021, the Austrian Federal Chancellor Sebastian Kurz had resigned as a result of the ongoing investigations by the Public Prosecutor's Office for Corruption. A little later also Finance Minister Gernot Blümel withdrew. The first accusations were that journalistic favours of the free daily newspaper *Österreich/oe24* had been bought with public funds, manipulated studies had been published by Kurz' confidants, all paid for by the Ministry of Finance. This was seen combined ultimately with large flows of money for advertisements to the media group. These investigations have since been extended to other media houses. Kurz and former top officials from the Ministry of Finance and his cabinet, a pollster and a former family minister in this context are listed as defendants.

As academics, we are observing these ongoing investigations into “Inseratenkorruption” (“advertisement corruption”) – known only in Austria by this name – with democratic and civic interest. In “chats” of top officials in the finance ministry, seized by the judiciary, it was clearly considered that “lavish media budgets” should explicitly promote the “goodwill for personal purposes” of ministers. We were not aware of such explicit texts when we analysed the 2018 and 2019 advertisement data. Yet, these chats published by the public prosecutor's office made the surprising flow of money more plausible.

This year, we hesitated for a while to continue our study series: After all, a new media transparency law was passed in spring 2023, which is supposed to bring more clarity to the “media cooperations” of the public sector in the future. But we decided that trends and developments only really become clear through longitudinal study work. In fact, there are again some interesting changes in the flow of money in 2022.

What remained constant: The government expenditures for media cooperations, which are very high compared on an international basis – in 2022 it was almost 29 million euros – do not only serve to inform the population, but work as an important market factor for media houses. Together with government funding in the traditional Austrian press subsidy system, advertisement expenditures even stronger influence quality and diversity in the media market. For 2020, the first pandemic year, we had depicted the record expenditure for advertisements and subsidies as well as regulatory effects

in a detailed book publication (Kaltenbrunner 2021). For many media houses, public payments then were already far higher than their annual profits.

In 2022, when government's "media cooperations" declined somewhat, to 13.6 million for advertisements in newspaper publishing houses at the same time, however, government media subsidy spending increased significantly. A "transformation subsidy" of 54 million euros to support digital transformation of print media and broadcasters was established in 2022. Such a shift – fewer arbitrary advertisements, more clearly defined support measures for media and independent journalism – was also repeatedly called for in analysis by communication and political scientists. In 2022, however, we faced a very fundamental systemic error: the government's ongoing highly intransparent allocation of advertisements was supplemented by state media funding that was downright even more clandestine in terms of content. The 54 million euros in projects for digital "transformation" of media houses in 2022 were distributed without any description or publicly comprehensible justification. Some astonishing booking lines¹, when e.g. 700,000 euros were then transferred for a vague "homepage redesign", 300,000 for a single "newsletter", or tens of thousands for "evaluations" of content management systems, remain permanently incomprehensible in terms of content and economics. Qualitative research on such funding also is impossible. In such new transactions, transparency is not even feigned.

It is a contradiction in itself: Democratically necessary public is banned in the very terrain where taxpayers' money is supposed to be used to promote the creation of qualified, critical public.

A reform of the recent media transparency reform would be highly necessary in this field.

Moreover, there is still no Freedom of Information Act that could enforce a greater obligation to provide information on the use of these tax funds.

Our present study nevertheless continues to focus on the research question: What expenditures did the federal government make for "media cooperations" – vulgo: advertisements – especially in Austria's daily newspapers and their online channels? For this purpose, the payments in 2022 as a whole and those from the first quarter of 2023 are used for a trend analysis. Advertising expenditure and reporting of the City of Vienna as the second largest public advertiser are also described comparatively in a chapter.

At the federal level, the expenditures of all ministries for advertisements in newspapers and their online channels are analysed and the plausibility of the entries using media usage data. A rough overview is also given by the study on the development of media cooperations also in other sectors, in broadcasting, online media, social media, in order to be able to better classify the developments in the newspaper sector – and the consequences for independent journalism in Austria.

¹ See funding decisions of RTR KommAustria:

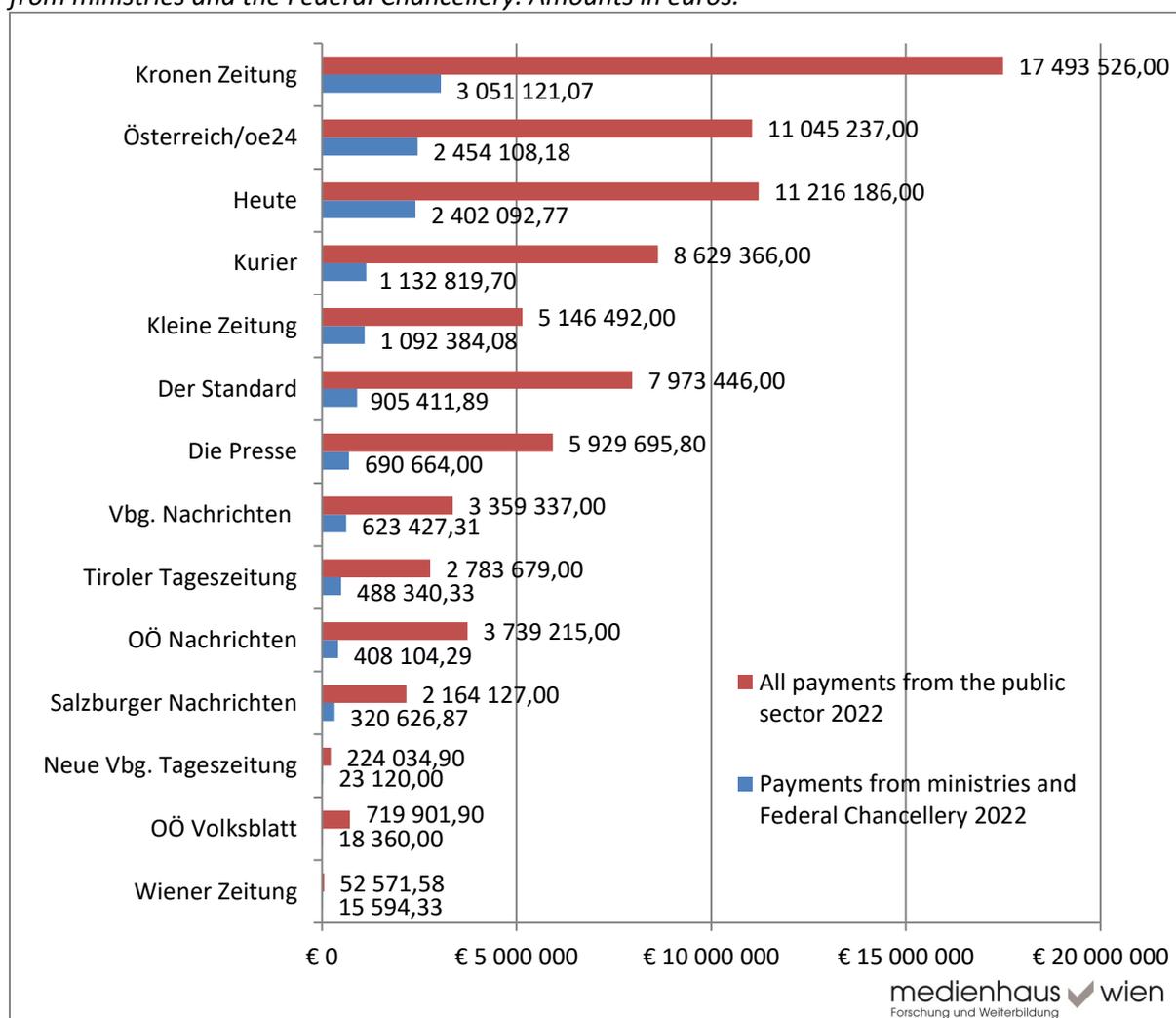
https://www.rtr.at/medien/was_wir_tun/foerderungen/digitaletransformation/entscheidungen/startseite.de.html

Key results

In 2022, the Austrian federal government spent €28,853,989.90 on a so-called “media cooperation”, of which €13,626,174.54 was spent on advertisements for Austria’s daily newspapers and their online channels. According to the recording in the official media transparency database by the national communication authority RTR, this was a very significant decrease regarding information expenditure when compared to previous years.

In 2022, Austrian authorities and companies, subject to reporting requirements with public-sector participation, had spent a total of around 201 million euros on media cooperations.

Figure 1: Payments to daily newspapers and their associated platforms and channels in 2022 according to the Transparency Database. All payments from the public sector compared to payments from ministries and the Federal Chancellery. Amounts in euros.



The depiction of government expenditure is partly misleading with regard to the budget, since an additional 70 million euros from federal funds were transferred to Austria's municipalities to promote the municipal Corona vaccination campaign on behalf of the Ministry of Health and the Ministry of Finance. This is not recorded in the transparency database as part of the government budget and is only (partially) recorded as advertising expenditure by the local authorities. There are, so far, no public real expenditure accounts and correct allocations for this federally subsidised vaccination campaign.

Of these around 29 million euros declared total expenditures for media cooperations by the federal coalition-government, less than half of the budget went to daily newspapers in 2022. The larger part for the first time went to dozens of other media houses, especially in the broadcasting sector, to *ORF* and private broadcasters as well as to magazines, journals, and some online media. The federal government's expenditure on social media campaigns (1.23 million euros) increased slightly.

The ministry with the highest expenditure on media cooperation in 2022 was the Ministry of Climate Protection and the Environment (approx. 6.5 million euros), followed by the Federal Chancellery (5.8 million), the Ministry of Health (4.4 million), the Ministry of Defence (3.3 million) and the Ministry of the Interior (2.6 million).

In 2022, the daily newspapers surveyed in the Austrian "Media-Analyse" and Austrian Circulation Control (Österreichische Auflagenkontrolle) with the highest revenues for print and online advertisements by the government were the *Kronen Zeitung* (3.05 million euros), *Österreich/oe24* (2.45 million euros) and *Heute* (2.40 million euros). The regional newspapers *OÖ Nachrichten* (0.41 million euros) and *Salzburger Nachrichten* (0.32 million euros) had the lowest advertising revenues².

In relation to the actual number of readers, according to "Media-Analyse", the government invested the most per reader for *Österreich/oe24* with about 4.51 Euros, ahead of *Heute* with 3.37 Euros. The paper with the widest reach, *Kronen Zeitung*, is below the average per capita expenditure with 1.48 euros. *OÖ Nachrichten* (1.24 euros) and *Der Standard* (1.17 euros) received the lowest share per reader.

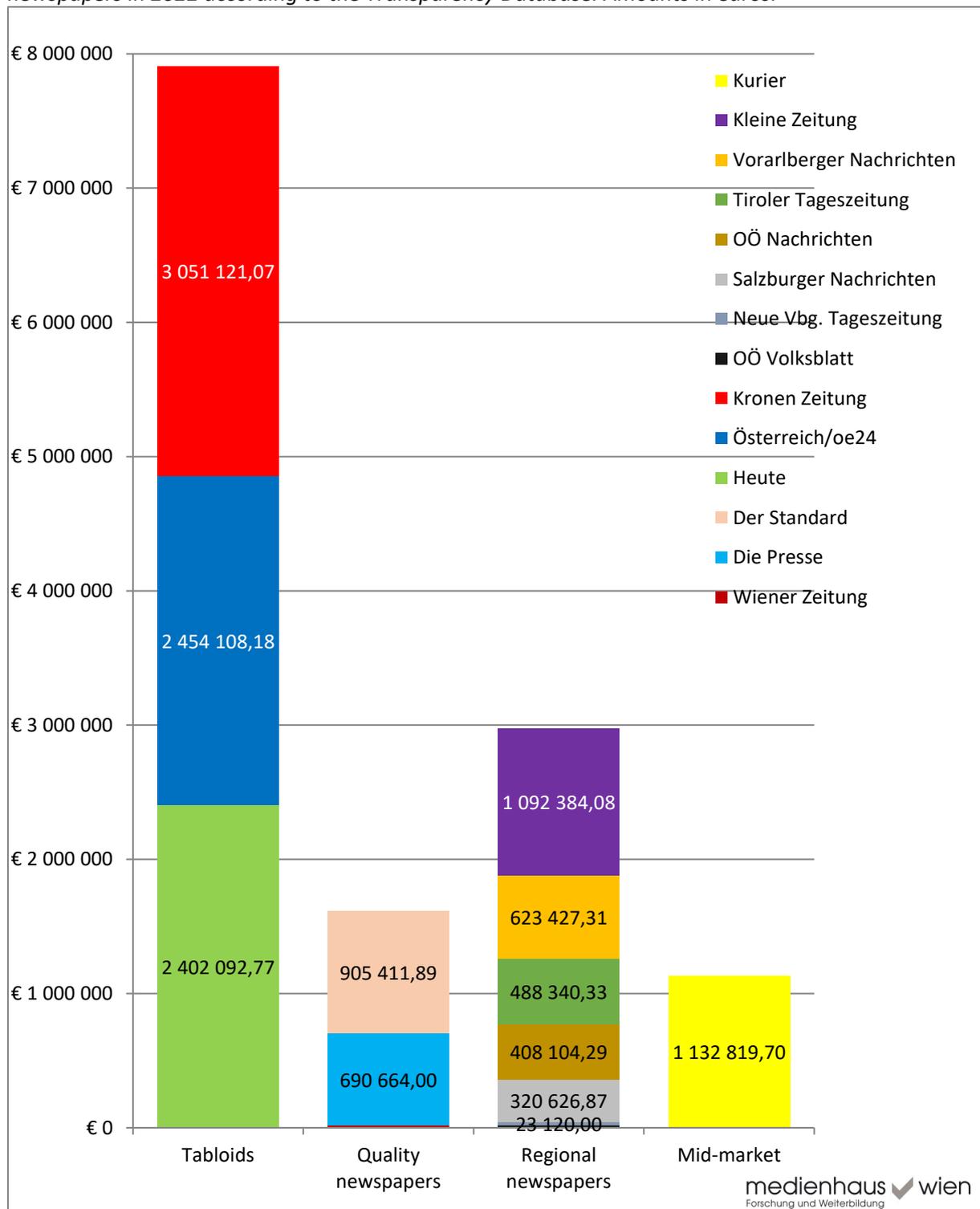
The clear imbalance by newspaper title exists mainly because some departments maintain long-practised advertising routines with an emphasis on advertising in the country's three tabloids. For example, the Interior and the Defence Ministries value the free newspapers particularly high for the departments' campaigns and book their advertisements far predominantly in the tabloids *Kronen Zeitung*, *Heute* und *Österreich/oe24*.

A "formula" of the Federal Chancellery, which was presented by Chancellor Sebastian Kurz as the core of his advertising strategy at the beginning of 2021, after the publication of our first study "Apparantly Transparent" ("Scheinbar Transparent"), obviously does not (or no longer) play a role in practice. Its application basically provided a specific preferential treatment of free newspapers compared to bought newspapers. In 2022, however, the *Mediengruppe Österreich (Österreich/oe24)* in particular received payments from most government departments led by the ÖVP that went far beyond such a formula.

² The small *Neue Vorarlberger Tageszeitung* is, also in advertising sales, recognised jointly with *Vorarlberger Nachrichten*.

Viewed by print typology, about 58% of the advertising expenditure therefore went to the three tabloids, 22% to six regional newspapers, 12% to the two national quality newspapers and 8% to the national mid-market paper. Readers in the south and west of Austria are reached significantly less by paid government information in newspapers than the east of the country.

Figure 2: Payments by ministries and the Federal Chancellery to tabloid, quality and regional newspapers in 2022 according to the Transparency Database. Amounts in euros.



The allocation of advertisements by the Austrian federal government does not reveal a common, comprehensible line. In the absence of transparent communication reports, such as those submitted in detail since 2021 by the second largest public advertiser, the City of Vienna, the distribution plans for advertisements and their justification remain unknown for federal government campaigns, as do the goals of the measures and whether they are being achieved.

A trend analysis for the first quarter of 2023 shows a decline in the federal government's expenditure on advertisements compared to the first quarter of the previous year: of the 3,763,992 euros that were used in total for media cooperations, 1,965,374.99 went to daily newspapers and their online channels. A (further) decline in advertising bookings by the federal government is to be expected for Austria's newspaper publishers in 2023.

A reform of the Media Transparency Act (BGBl. I No. 50/2023) enacted in May 2023 concerning the closing of reporting gaps and the disclosure of campaign targets will take effect from 2024. At best, more transparent analyses of advertising expenditures by the public sector, including those of the federal government, will then be possible from mid-October 2024. This data of public advertisement expenditure will hereby be more transparent only after the next National Parliamentary elections.

As early as 2020, the EU Commission's "Rule of Law Report" did not see a "fair distribution of state advertising contracts among the media" guaranteed in Austria (European Commission 2020). The current report from 2022 again expresses "concerns (...) about the high expenditure on state advertising, the fairness and transparency of these allocations and the political influence in the allocation process" (European Commission 2022, p. 2 and p. 20f). This criticism and concern continue to appear justified from our research standpoint, after the newest analysis of government ad spending in 2022.

Literature

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For the whole study (in German language) see <http://mhw.at/cgi-bin/page.pl?id=414>