

## LOCAL MEDIA IN SERBIA WITHIN NEW MEDIA LAWS

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**Abstract.** *This paper focuses on the issue of how the local media persist under the conditions of the modest media market in Serbia, especially those that protect the public interest and what they should expect since new media laws were adopted in August 2014. In this respect, the following questions will be asked: how the local public interest will be protected, what is the project co-financing of media and how will it be implemented? Will there be new buyers of the local media owned by the state or will they be extinguished? So far, some models of sustainable local media have been developed. One of the models is a partnership with the civil sector, the second working and conducting business on multiple media platforms, and the third, project financing from donors. On the other hand, the Law on Public Information and Media defines the withdrawal of the state from the media ownership until July 1 2015, and it is considered to what extent and how local governments will continue to allocate money for the media. Some early experiences are mentioned that may be examples of good practice when negotiating funds. Specifically, in the four municipalities of Vojvodina the representatives of the Independent Journalists' Association of Vojvodina and the representatives of OSCE are talking with the representatives of the local authorities on action plans for information development.*

**Key words:** *local media, media policy, public, media privatization, Serbia, the media market.*

### 1. LOCAL MEDIA AND PUBLIC

Local media are the element of pluralism of a society, the key institutions of the micro public sphere and often play the role of the controller of the local authorities. Their importance in a modern democratic society is also confirmed in the principles of European media policy. The European media policy framework establishes the obligation of states to encourage pluralism and to prevent illicit concentration in the media sphere.

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In 1999 the Committee of Ministers of the Council of Europe adopted Recommendation No. R(99)1 on measures regarding how to promote media pluralism. The text of this Recommendation was later adjusted to current technological changes, so that in January 2007 the Recommendation Rec (2007) 2 on media pluralism and diversity of media content<sup>1</sup> was adopted. In this document, it is said that “media pluralism and diversity of media content are essential for the functioning of a democratic society and they emerged from the fundamental right to freedom of expression and information guaranteed by Article 10 of the Convention for the Protection of Human Rights and Fundamental Freedoms”. The Recommendation also indicates the “crucial contribution the media provide to strengthening of the public debate, political pluralism and awareness of different opinions, primarily by providing the opportunity to different social groups - including cultural, linguistic, ethnic, religious or other minorities – to receive and impart information, to articulate their views and exchange ideas”. As a general principle, it was emphasized that “the member countries should strive so that the public has at its disposal a wide range of media of different owners, both private and public”. The obligation of the member countries has been established to encourage the development of local media which are the just place for dialogue at the local level.

The European media scene has changed, especially in the last two decades of the twentieth century. Although changes are occurring even in Western Europe and in European countries in the process of transition, it must be noted that there are differences in the course of these processes. Deregulation in Western European countries followed a decade of direct influence and control of the state over the electronic media in the early stages of development of broadcasting, and was carried out through the weakening of political control and the opening of the frequency spectrum for local broadcasters. Deregulation "has opened" new media space for advertising, a new media market for capital investment and removed the state monopoly that was not benevolent towards minority interests. Nevertheless, some instruments of regulation have been retained (the existence of regulatory bodies responsible for issuing permits) in order to provide partially controlled transformation of the media systems. “The wild deregulation has not happened anywhere else in Western Europe except Italy” (Tomić 2007a, 143). Deregulation in Western Europe has strengthened the establishment of private local stations. Local stations as an important local sector in Western Europe appeared only when the commercial media were formed and when the technological basis was created for the distribution of a large number of channels (the introduction of satellite and cable distribution channels). The local stations’ programs are in most cases broadcasted by cable transmission. Local media sectors consist of commercial and non-commercial stations and in most Western European countries the local commercial stations prevail. The system of local non-commercial stations that perform the function of public services is highly developed in Denmark and the Netherlands. The history of local electronic media in Europe is marked by the fact that both radio and television were initially strongly influenced by the state, which did not allow the penetration of the private sector in this area. In Britain, as well as in France, thanks to the tradition of public service broadcasters (radio and television from the very beginning were public services), and there is a developed network of local and regional stations that are a part of a centralized public service. In the former communist countries,

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<sup>1</sup> Recommendation CM/Rec(2007)2 of the Committee of Ministers to member states on media pluralism and diversity of media content, <https://wcd.coe.int/ViewDoc.jsp?id=1089699>, retrieved November, 26, 2014.

the media sphere was reformed through the privatization of the media and state ownership of the media was completely eliminated in order to facilitate the influx of fresh money from abroad.<sup>2</sup> “The privatization of mass media in the west was conducted through expanded, more complex and legally conceptualized processes of deregulation of the media, while in the east it was after all a kind of purchase activity on the unregulated market” (Tomić 2007a, 149).

Local media in the countries in transition are barely surviving. The markets in these countries are mainly underdeveloped and the poor potential for advertising goes to big emitters. In a comparative report on television in nine European countries “Television across Europe: more channels, less independence” (2008) it is stated that “local and regional broadcasting services are being extinguished” (85). If they are financed by local authorities, that authority decisively influences the work of the media. Some local media in these countries (Albania, Bulgaria, Czech Republic, Italy, Lithuania, Poland, Macedonia, Romania and Slovakia are included in this study) survive by selling local informative programs to national broadcasters, but in all these countries, the local media are faced with the problem of economic survival. This is, partly, the cause of the poor quality of broadcasting, and inexpensive programs.

This article will attempt to answer the question how local media should persist in the conditions of a modest local media market in Serbia, especially those that protect the public interest, and what is to be expected since new media laws were adopted in August 2014.<sup>3</sup>

## 2. LOCAL MEDIA IN SERBIA: EARLIER RESEARCHES

Previous studies in this area, which are very rare, can generally be classified into two groups: the first group consists of studies that dealt with the local media and public interest, and a second one that dealt with privatization: the privatization potential of local media owned by the state or type, course and consequences of the privatization of local media in the first round. The volume the “The white book on broadcasting 1990-2000” by Slobodan Đorić, a chronicle of the formation and expansion of local media in the period from 1990 to 2000, belongs to the first group. This book documented how the explosion of local media occurred at a time when the regime was making a great repression on the media – from the first private local radio stations that appeared in 1991 and which had temporary work permits, through municipal local television stations all the way to the private local televisions. The author reminds us that after the founding of Studio B and Television Politika in 1990, municipal television stations were formed in other cities (Television Leskovac, Television Smederevo and others).<sup>4</sup> The first private local television stations: TV Palma, TV Spektrum (Čačak) and Channel 9 (Kragujevac) began to broadcast in 1994. The very following year BK Telekom gathered about twenty private television station owners in order to test the readiness of the “locals” to create a network. And the explosion of private radio and television stations also continued in

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<sup>2</sup>A more detailed description of the “voucher” privatization in the Czech Republic, “extorted” privatization in Estonia, “controlled” privatization in Poland and other countries in transition, can be found in the doctoral dissertation “Development aspects of the privatization of the mass media in Serbia” (Tomić 2007a).

<sup>3</sup>The Law on Public Information and Media, Law on Electronic Media and the Law on Public Service Media.

<sup>4</sup>“The city authorities ignored the well-equipped RTS correspondent studios which, according to earlier agreements, were supposed to be used for the local program” (Đorić 2002, 37).

1996. “Three decades ago there were no radio stations in Podrinje. Today, it’s very tight in the air of this region. For a short time, in a diameter of 50 km, nine radio stations have been operating, two public - Radio Šabac and Loznica, with experience of 30 and 25 years, and seven private in the last two or three years ... In Niš, in addition to the city's television and the news office of RTS, there are also five private televisions ... In the Šumadija and Morava district, many radio and television stations have cropped up...” (Đorić 2002, 55–56). This new “media crowd” did not promote either public debate or a democratized public sphere. Those media founded by the local authorities were under their direct control, and the new private electronic broadcasters were under constant threat of closure (most often for working without a license) or their owners were politically close to the regime. Both of them prevented the leak of opposing opinions into their programs. “Around two hundred private radio and television stations, with rare exceptions, avoided everything which resembled a news program, because every news program could have been interpreted in the current political context, and therefore as a political orientation of the owner. Without legal protection and without licenses, private broadcasters have existed in constant danger of closing and visits from the financial police” (Đorić 2002, 57–58). Only in the late nineties (1998) tenders were invited for awarding broadcasting licenses.<sup>5</sup> Temporary licenses were given to 247 broadcasters (174 radio stations and 73 television stations). “In this way the authors of this project of 'editing the ether' reached maximum quantity with minimum quality” (Đorić 2002, 96).

In the period after 2000, when the media system started to change, there is not much research on local media. Therefore, the study “Local media in Serbia and local community development” (2004) by Snježana Milivojević and Srećko Mihailović is very important. In this research, which was conducted from December 2002 to March 2003, 252 local media took part, mostly private, that have regular informative content. The aim of this study was to assess the ability of the local media to adapt to the new conditions and collect data about their business, political independence as well as professional and technical equipment. The research results indicated that local media were unprepared for the new conditions, that most of them did not even know what capital was available and could not deal with any screening of its development (only a quarter of the television stations, a fifth of the radio stations and only a dozen local newspapers dealt with this issue). The study performed a pioneer role because it identified the basic information on the local media, making the “qualitative list” of local media.

The research project *Profession at the Crossroads – Journalism at the Threshold of the Information Society* was conducted by the team of the Center for Media Research, Faculty of Political Sciences in Belgrade from 2011 to 2012 with the intention of dealing with the questions concerning the future of journalism in Serbia – firstly, who will continue to finance the production of information and, secondly, whether the information in the future will be made by professionals. This study also dealt with working and organizational aspects of professionalism. The aim was “to examine how to create conditions institutionally for the media to survive, thanks to the work of journalists, and not to be successful companies in which there is no journalism” (Milivojević 2012a, 31). The sample consists of 30 owners, or managers of the media who are representative of

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<sup>5</sup>“The scenario of the authorities for 'regulation of the situation in broadcasting', in contrast to the last year's use of brutal force, was sophisticated this time ...” (Đorić 2002, 91). In this book, the documented chronology was given of the policy abuse for issuing broadcasting licenses in the 1990s.

the Serbian media system, among whom there were 11 owners or managers of local media. The main methodological procedure in collecting data was the semi-structured in-depth interview with the media owners and the executives. One of the conclusions is that adjustment to changes will be the hardest for the local media. This study grouped the local media into two groups: those who put their professional interests ahead of business success and those primarily concerned with profit. “Both plan to seize technological advantages – the former to increase their resources by networking with other media, the latter to operate more effectively by relying more on technology and the audience” (Milivojević 2012b, 54). The results of this research are presented in the journal *CM: Communication Management Quarterly* (2012, number 24), and two articles dealing with the results related to the local media (Krstić 2012; Matović 2012).

In the other group of studies, dealing with the privatization of local media, the research is very scarce. The privatization potential of the local state media was the subject of examination of Strategic Marketing for the client IREX in 2004. The study was conducted in 100 municipalities. The results showed that the biggest problems of the local media are debts, outdated equipment, a poor market and the lack of desire to change anything (Mihajlov Prokopović 2008, 539). The development aspects of the privatization of the media were researched by Boban Tomić for his doctoral dissertation (2007a).<sup>6</sup>

### 3. LOCAL MEDIA IN SERBIA AND THE STATE

#### 3.1. Project financing

The Law on Public Information and Media, adopted in August 2014, stipulates that all budget media are to be privatized by July 1, 2015. Local governments will in future be able to set aside from their budgets the money to finance the media through contests. Given that it has not been determined which part of the budget it is, this could lead to the extinction of the local media, because it is feared that the local authorities, after July 1 2015, when all the media should be privatized, will multiply the budget reduce for the media. If this happens, the local media owned by the state by now, will be threatened like private media because the local market is poor. Previous studies have shown that the amounts provided by the local governments for financing the media ranges from 784 thousand dinars in Prijepolje to 95 million dinars in Novi Sad (*Report on media financing from the local government budgets*, 2012: 8-9). At a recent roundtable plenum (November 26, 2014), which was organized by the Journalists’ Association of Serbia and weekly magazine *Vreme*, the state auditor for local government budgets Duško Pejović said that the allocations for the media in 27 local governments was around 1,29 percent of the local budget.<sup>7</sup> At the national level, allocations for the local media amount to 0,5 percent of the budget.

Some data indicate that the state distributed a total of 25 million in 2011 from all the sources<sup>8</sup> and to all the media (national and local), which accounted for 15% of the media

<sup>6</sup> His research will be discussed further in the section on privatization.

<sup>7</sup> *For local media in Serbia 0.5% of the state budget*, <http://www.euractiv.rs/mediji/8092-za-lokalne-medije-u-srbiji-05-dravnog-budeta>, retrieved December 2, 2014.

<sup>8</sup> Media money sources: Ministry of Culture and Information competitions, Secretariat of Vojvodina for Culture and Public Information competitions, the provision of services to individual ministries, local government

market that year (*Report on media financing from the local government budgets 2012*, 2). *The Report on pressures and control of media in Serbia* by the Anti-Corruption council states that 15 million euros were allocated for advertising and promotional consideration to the media in 2011, which, with the sum that is officially allocated to the media, ranged from a total of 36 million euros to 40 million, or a quarter of the media market (2011, 17). The media market in Serbia in 2013 was worth 95 million euros, and is among the lowest in the region. The previous year it was worth 160 million euros (Radojković 2014).

Public interest in the field of information is precisely defined in the Law on Public Information and Media in Article 15: “The public interest in the field of public information is:

- 1) True, unbiased, timely and complete information of all the citizens of the Republic of Serbia;
- 2) True, unbiased, timely and complete information in their native language the national minorities, citizens of the Republic of Serbia;
- 3) Informing in Serbian language the Serbian people who live outside the territory of the Republic of Serbia;
- 4) Preservation of the cultural identity of the Serbian nation and national minorities living on the territory of the Republic of Serbia;
- 5) Informing the international public in foreign languages which is of interest for the Republic of Serbia;
- 6) Informing persons with disabilities and other minority groups;
- 7) Support to the production of media content in order to protect and develop human rights and democracy, promoting the legal and social state, free personality development and protection of children and young people, the development of cultural and artistic creativity, development of education, including media literacy as part of the educational system, development of science, development of sport and physical culture and protection of the environment and human health;
- 8) The improvement of media and journalists’ professionalism.”

Such a precisely defined public interest is the basis for the allocation of budget funds to media through public tender for the co-financing of the media. The rules of inviting and conducting of tenders in co-financing projects in pursuit of public interest in the field of public information are determined by the Law on Public Information and Media. The right to participate in the tender for the production of media content is given to “media publishers who are enrolled in the Registry of the media and legal entities and entrepreneurs involved in the production of media content who are to submit evidence that co-financed media content will be realized through the media” (Law on Public Information and Media, 2014, Article 21). The Act establishes who can be a member of the committee for the implementation of the competition and the criteria for the allocation of funds. Members of the committee are selected among media experts and media workers who are not in a conflict of interest and who do not perform a public function, and recommended by the journalist and media organizations. Criteria for awarding funds is “the measure to which the proposed project activities are appropriate to achieve general interest in the public information area” as defined by this Law, as well as measure by which “on the

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budgets, funds of public enterprises and the money that *Tanjug*, *Radio Yugoslavia*, *Panorama* and *Jugoslavenski pregled* are financed by.

basis of the documents submitted participant provides a greater guarantee of commitment to professional and ethical media standards” (Law on Public Information and Media, 2014, Article 23). These two criteria are discussed in more detail in the *Regulation on co-financing of projects of public interest in the public information area* that was passed on November 13, 2014, which also stipulates a more detailed tender advertisement, the right to participate in the tender, the distribution of the funds and the work of the selection committee.

### 3.2. Project financing experience so far

Since the local market is small and poor, and large advertisers advertise in the media with national coverage, the local media barely make ends meet and are directed to donors and budget funding, either local or national. However, some of them point out that the national contests favor the national media, as well as that state authorities often approve only a part of the requested funds with which it is not possible to implement the project in a qualitative manner, according to professional standards. It would be better to finance high quality projects relying on the solution “everybody gets a little bit” (Krstić 2012, 122–123).

The state assigned 34 million dinars to the competition for financing projects/programs in the field of public information for the year 2012.<sup>9</sup> Funds were awarded to 83 projects of the 214 which competed. The maximum amount of one million dinars was awarded to two projects – one from Zaječar, to shoot a documentary film, *The Secret of the Danube Elves* (the applicant was ZA media) and the other from Niš whose applicant was *Optimistik* film with a project called *Second Encounter* (there are no other data on the type of project in the published results of the competition). The third largest sum was awarded to a project from Kruševac, whose name *The Green City – the ecological future of Kruševac* and the applicant *Albos, Ltd.* for production, marketing and publishing. The funds in the competition were received by seven organizations from Belgrade and six organizations from Niš with, in total, very similar figures: for the Belgrade projects 3 million 932 thousand dinars were set aside, and for the projects/programs from Niš 3 million 780 thousand (making up in total a little more than 22 percent of the total assets). The only media with national coverage that received state funds at this competition is the agency *Fonet*.<sup>10</sup>

In the competition for co-financing projects in the field of public information for 2013, smaller funds were awarded than in the previous year - a total of 28 million 147 thousand dinars for 118 approved projects.<sup>11</sup> It was reported that 248 projects entered the competition. The winners of the state financial support were separated into five groups: internet, print, radio, television and production. The amounts of state support to

<sup>9</sup> The competition results were published on the website of the Ministry of Culture, Media and Information Society <http://www.kultura.gov.rs/lat/konkursi/rezultati-konkursa-za-sufinansiranje-projekata-programa-iz-oblasti-javnog-informisanja-u-2012--godini>, retrieved November 26, 2014.

<sup>10</sup> In addition to the funds allocated to this contest from the state budget, funds are also allocated to the media through four contests: the co-financing of projects/programs in the field of public information in the languages of national minorities, the co-financing of projects/programs of electronic media seated in Kosovo and Metohija, for co-financing programs/projects in the field of information of persons with disabilities and for co-financing of projects/programs in the field of public information of members of the Serbian people in the region.

<sup>11</sup> The results of this contest are published on the website of the Ministry for Culture, Media and Information Society, <http://www.kultura.gov.rs/docs/konkursi/44399108065940850068/06-3.pdf>, retrieved November 26, 2014.

individual project stakeholders were smaller than in the previous year, 2012. Only one project exceeded 500 thousand, while in 2012 there were 25 projects that received each more than 500 thousand. The project which received the most money is called Seven Days that Changed the World, and a marketing and brokerage agency Alternative from Belgrade is the project holder. Projects from Belgrade dominated both in terms of number – 32, and amount - 9 million 744 thousand was allocated to these projects, which makes up more than one-third of the total assets. By comparison, only two projects in Niš were awarded with a total of 374 thousand dinars.

The wider picture of project financing in this year can be obtained from the analysis Bidding Media Financing, approved projects of the Ministry of Culture and Media, Secretariat for Culture and Public Information of Vojvodina and the projects that were financed in the competition by four local governments.<sup>12</sup> In this analysis, conducted by the Balkan Investigative Reporting Network, BIRN Serbia<sup>13</sup> (2014), it is stated that state funds are used by local and regional media, and only three national media, a consequence of the situation in which the local media are barely surviving, so they desperately need these funds, while they are insufficient for the national media. The report recommends an increase in funds in order to achieve the goal – better informing. “The average value of the projects, which ranges from 200.000 to 450.000 dinars per project is not sufficient to support a serious production that would clearly improve public information. The exceptions are the regional radio and TV stations, which were given up to several million dinars from local budgets (e.g. TV Best from Zaječar 22 million, RTV Yu Eco and RTV Pannon from Subotica, 6 million each, and so on). And this, relatively little help, is of great importance for the existence of media at the local level” (*Bidding media financing* 2014, 7). Given that in this report we find the results of the content analysis of the financed projects, it has been shown that there were few analytical genres, then that a diversity of the contents as achieved, but that the program was intended mainly for the general public.

In a recent competition for co-financing of projects/programs in the field of public information for 2014, the state set aside the most of funds in this three-year period, – 39 million 937 thousand for 106 approved projects (265 registered projects took part in the competition).<sup>14</sup> And in this competition as well as in previous ones, projects whose holders were from Belgrade received the lion's share of the funds – about 11 million 352 thousand for 23 projects. Although it was more money in absolute amount for the Belgrade projects than last year, the percentage is smaller – about 28 percent of the total assets. Most of the money was approved to the production group Mreža for the project Who Are the Unemployed in Serbia (one million dinars – this is the maximum amount of money that, according to the rules of the competition, can be given to a single project), then to the company for consulting, education and production Brendon for the project The Fall of Hague Fugitives (996 thousand dinars) and Cinnamon production for the

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<sup>12</sup> Bidding media financing, BIRN, <http://www.meravlade.rs/wp-content/uploads/2014/10/KONKURSNO-FINANSIRANJE-MEDIJA1.pdf>, retrieved November, 26, 2014.

<sup>13</sup> BIRN Serbia (Balkan Investigative Reporting Network Serbia) is a non-governmental organization that was founded in 2004 in Belgrade. This organization deals with the monitoring, analysis of social and political processes and the role of media in them.

<sup>14</sup> The results were published on the website of the Ministry for Culture, Media and Information Society: <http://www.kultura.gov.rs/lat/konkursi/rezultati-konkursa-za-sufinansiranje-projekata-programa-iz-oblasti-javnog-informisanja-u-2014--godini>, retrieved November 26, 2014.



project Changing... The Maternity Ward (960 thousand dinars). Funds were approved for financing five projects in Niš in the amount of 2 million 548 thousand. Twenty-one projects were awarded with more than 500 thousand dinars.

This analysis of the bidding practice at the national level in the three-year period (2012–2014) shows that the funds that were set aside for individual projects are small – 2013 is a typical example - when only one project received an amount greater than 500 thousand. Although the funds that were granted in 2012 and 2014 for individual projects were larger (in 2012 twenty-five projects received amounts exceeding 500 thousand, and in 2014 twenty-one projects), it is not enough for a good implementation of programs in this area. That is why the national media are virtually absent in these competitions (the Fonet agency received funds in 2012 and 2014, and in 2013 funds were approved for three national media). Although for the last two years the projects from Belgrade dominated, we should take into consideration that among the rejected projects, most of the projects are from Belgrade as well – in the last competition among the 157 rejected projects, 43 were from Belgrade, and 5 from Niš.

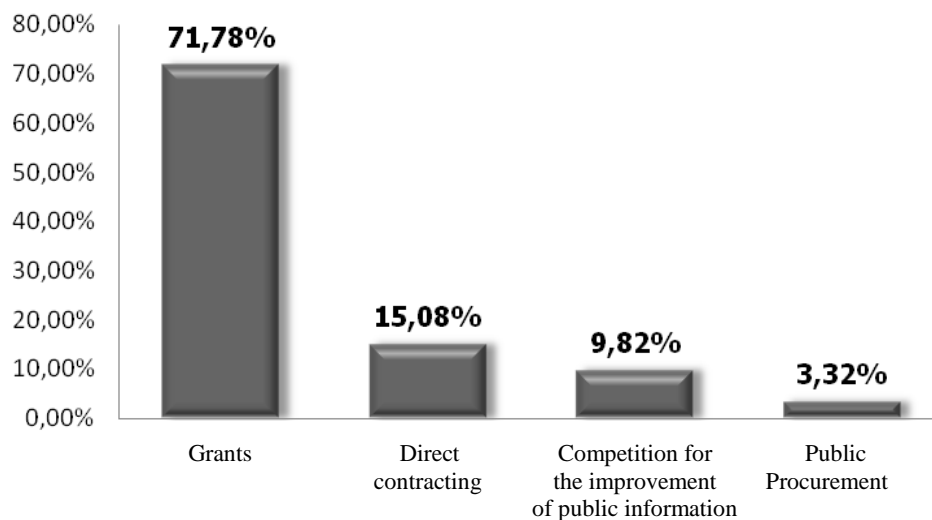
The text of the competition for 2014 included four basic and eight special criteria for obtaining funds. The four basic criteria included: the importance for exercising the right to public information, contribution to the diversity of media content and pluralism of ideas and values. The other two criteria were of a technical nature (valid argumentation of the project specifications and adequate budgets). The specific criteria included: “improvement of media creativity in the field of culture, science and education; informing and improvement the status and equality of all segments of society; adequate topics (European integration, environmental protection, leisure time, the fight against corruption, the fight against psychoactive substances and alcohol abuse, the fight against hate speech, problems of underdeveloped municipalities, etc.); contribution to the development of the research journalism, protection of the Serbian national and cultural identity and language; creating work conditions for the of highly educated journalists and other media professionals; improving the production and publication of general news and specialized media content relevant to the life and work of citizens in local and regional communities and the sustainability of the project”.<sup>15</sup>

Considering the fact that money is given by the local governments, there are many objections. The model of public procurement with the lowest bid was applied in Požarevac, in Čačak the funds in the last three years were reduced ten times, and they were decided by the committee which was composed of two deputy mayors, the head of the City Administration and the two party spokesmen. Money was awarded to the media which reported on the work of the city government (*LINK*, October 2014: 30). In Niš, the city authorities were called upon because of the competition for funding of the media which was published in July 2014. A media coalition consisting of NUNS, UNS, ANEM, Lokalpress and NDNV sought to annul this competition, pointing out irregularities such as that the committee which decided on assigning the money was composed of government and party officials, not of representatives of journalists' associations and experts, as well as that the terms of the competition favored certain government media.<sup>16</sup>

<sup>15</sup> <http://www.kultura.gov.rs/lat/konkursi/konkursi-za-sufinansiranje-projekata-programa--iz-oblasti-javnog-informisanja-u-republici-srbiji-u-2014--godini>, retrieved November 26, 2014.

<sup>16</sup> Disputable competition for financing media in Niš, *Južne vesti*, published on 01.08. 2014. Retrieved November 26, 2014, from: <http://www.juznevesti.com/Drushtvo/Sporan-konkurs-za-finansiranje-medija-u-Nisu.sr.html>

And even according to the study *Bidding-financing of media* conducted by the Balkan Investigative Reporting Network of Serbia, BIRN (2014), local authorities have rarely awarded money for information so far through competition. Most frequently, funds were granted through subventions or direct contracting. Out of 32 municipalities that were the subject of BIRN's previous research in 2011 (*Report on the financing of the media from the budgets of local governments*, 2012: 22) only six municipalities opened a competition (see Chart 1). There was even a lot failure, from procedural violations, through favoring certain media, to the misuse of spending. Thus in Bor only one media got the funds (*Student internet radio* that broadcasts only music); the Constitutional Court disputed the competition in Valjevo; in Zaječar one television station received 22 million dinars while all the other media got ten times less, and terms of the tender excluded many media in Niš (with a reaction from professional associations). Among the four municipalities whose tender practices were analyzed in 2013 in the BIRN report (*Bidding media financing*, 2014: 32) three – Subotica, Užice and Zaječar were awarded for their regular work. The fourth municipality, Čačak, paid more attention to diversity of programs and specific contents in 2013. Although more than 80 percent of media representatives in this study, who participated in one of the competitions (national, regional or local) reported that there were no irregularities, there is a need for more precise procedural issues such as the composition of the selection committee and project selection criteria. The new Law on Public Information and Media solved these issues and clearly state the provisions which had previously been discussed in the text.



**Chart 1** The representation of media financing models of local budgets of 32 municipalities in 2011  
 Taken from the *Report on the financing of media from the budgets of local governments* 2012, 16)

#### 4. PRIVATIZATION OF LOCAL MEDIA

What does privatization mean for local media? Shutting down for sure, many would say. In the period from 2006 to 2014 there were about 25 successful privatizations of the electronic media, which were sold for about 1,8 million euros and about 26 successful privatizations of the print media that were sold for about 4,1 million euros. For 61 media there were no buyers even after several attempts, and for 25 media the purchase contract was canceled due to failure to fulfill contractual obligations (*LINK*, October 2014, 12). Privatization of the local media was predicted by the earlier Broadcasting Law, which established the deadline for completion – December 31, 2007, but just before the expiration of this deadline, through the adoption of a government regulation, this privatization was stopped under the pretext that it was a way not to extinguish the local media in the languages of national minorities. There was much criticism of this model of privatization – from the fact that it did not allow regional public services for what the Kragujevac Initiative stood at that time, through a sequence of moves that did not contribute to solving the situation in the Serbian chaotic media field, to the fact that in the anticipated model of privatization, there were no benefits for employees in the media if they appeared as potential buyers of the media themselves (Tomić 2007b, 61–65).

The Privatization Agency announced on August 15 2014 the Invitation to interested buyers for the state-owned media. This includes approximately 74 media including the only two national media stations (*Tanjug* and *Politika*), while the others are regional and local media. Among them there are mostly television (39) and radio stations (23), although there are several print media (9), as well as one local agency. On the website of the Privatization Agency on November 4, 2014 *The Notice to Potential Investors* was published, where neither the number nor identity of interested buyers was specified. It is quoted here that the Agency, at the request of investors and the business sustainability of the enterprises, would propose “models, methods and measures for the further implementation of the privatization process for those entities in which business is estimated as sustainable”.<sup>17</sup> The Ministry of Economy will decide on the model and method of privatization, and after that the Privatization Agency will publish a public invitation for sale of capital for each company or public call for a strategic partner, depending on which model of privatization is determined. Even though the public is very interested in who the potential buyers of the media are, the Privatization Agency has not published a list of interested buyers.<sup>18</sup> This list was published on the site of political party *Dosta je bilo* only when the party was persistent enough and asked that information about potential buyers not only of the media but all the enterprises to be privatized to be published and since the decision was brought by the Commissioner for Information of Public Importance Rodoljub Šabić.<sup>19</sup>

<sup>17</sup> <http://www.priv.rs/cms/view.php?id=10750>, retrieved December 2, 2014.

<sup>18</sup> “Regardless of the statements from Privatization Agency, or at least management of RTV Pančevo, that the names of those who sent a letter of intent to buy our media until the end of September cannot be given, yesterday the news appeared in the Serbian media that a certain Miloš Paunović and Slavko Dragović were interested in buying as individuals. The story became additionally spicy with allegations in the press that Paunović, a student of economics, who would like to buy, in addition to RTV Pančevo, *Politika* and *Studio B*. The Agency did not want to comment on these allegations, claiming that they did not even know who provided the media.” <http://rtvpancevo.rs/Vesti/Lokal/zainteresovani-za-kupovinu-rtv-pancevo.html>, retrieved November 24, 2014.

<sup>19</sup> [http://dostajebilo.org/files/uploads/Privatizacija\\_Pisama-o-zainteresovanosti\\_po-preduzecima.pdf](http://dostajebilo.org/files/uploads/Privatizacija_Pisama-o-zainteresovanosti_po-preduzecima.pdf), retrieved December 2, 2014.

The expectations of the employees in local media from privatization are low: they generally point out the results of previous media privatizations when there was no larger inflow of fresh capital and when the media were bought by people who had no experience in the media or the media industry, and many of them were motivated for purchase by other interests such as real estate that some media owned or the protection of their own interests in other areas (Mihajlov Prokopović 2008). On the other hand, journalist initiatives are discouraged as well, since the economic sustainability of local media is highly questionable, and the general crisis and low wages have led to impoverished journalists - professionals who could eventually invest the money in "their" medium. This is also confirmed by the fact that of approximately 95 potential buyers of local media in only five cases it is a consortium of employees or association of journalists. So consortia of employees appear as an interested buyer for *Nedeljne novine* from Bačka Palanka, for the newspaper *Pančevac* from Pančevo and *TV Pirot* from Pirot; and the Union of Journalists of Serbia: Public enterprise Radio TV Vranje for *RTV Vranje* and the Association of Sports Journalists of Pančevo for the newspaper *Pančevac*.

#### 5. CONCLUSION: TOWARDS A NEW METHOD OF FINANCING

The private local media have used some possibilities of using budget money so far, through projects at the local, regional and national level. After the adoption of the new Law on Public Information and Media these conditions are more clearly specified - the public interest is precisely defined, and the procedure prescribed. How much will each local government set aside for project co-financing of media is becoming a very important question in the conditions when the local market is poor. In the research for this study, another solution has imposed – to negotiate with local governments with the help of journalists' associations on the amount and method of budget distribution. "Independent Journalists' Association of Vojvodina, in cooperation with the Media Department of OSCE and the representatives of local authorities in four Vojvodina municipalities (Pančevo, Kovin, Vrbas and Kanjiža) are working on drafting action plans for the development of information. Our opinion is that the laws provide, on the one hand, the opportunity for the development of local media, and on the other - numerous challenges. It is very important that local authorities take their obligations arising from the Act seriously, which are primarily related to the financing of public interest in the field of information at the local level. If local governments were proactive, and not just them, but also the representatives of media and civil society at the local level the Law will bring prosperity and professionalization. Otherwise, they could lead to the extinction of many media".<sup>20</sup>

Some models of sustainable local media have been developed in the previous practice of the transition media landscape. One of the models is a civil, local media whose establishment was enabled by the Broadcasting Law adopted in 2002. This model envisages the establishment of non-profit media, and has so far not been very widespread in Serbia. Basically, this is a model that has been used by the minority media and media founded by the Church. Upon completion of granting licenses at the end of 2007, there

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<sup>20</sup> Nedim Sejdinović, Chairman of the Executive Board of the Independent Journalists' Association of Vojvodina in an interview "Problems in media are as deep as much a society is destroyed and infantile", <http://www.ndnv.org/?p=11059>, retrieved November 26, 2014.

were eleven civil sector stations, and sixteen media of religious communities, that have the same treatment as civil sector stations. The media of civil society is the closest to what John Keane called *The abolition of markets' character of media* (Keane 1995, 114). In order to limit the power of the state and market power, the existence of many media that are not under the control of either the state or commercial markets is necessary. "Publicly financed, non-profit, and legally protected media institutions of civil society, which can be administrated even by volunteers, and that through democratic procedures respond directly to their audience, are an essential component of the revised model of public service" (Keane 1995, 117).

The possibility of founding stations of the civil society in Serbia as stations that would have the status of a public foundation, whose management would be democratic, which would direct any possible earnings to the improvement of the program and that would have fewer employees, but a significant number of volunteers, was presented as part of options to the development of the media system of Serbia in the book *Towards Democratic Broadcasting* by Prvoslav Plavšić, Miroljub Radojković and Rade Veljanovski (1993, 58–60). These are non-profit organizations and therefore they are not obliged to pay compensation for broadcasting. Cash for their functioning can be provided from donations, citizens' contributions, sponsorships and other sources. A successful example of media that uses partnerships with civil society provides the Television Forum from Prijepolje whose primary mission is to establish gender equality. Mileva Malešić, the director of *TV Forum*, says that this television station could not survive even seven years only on market principles, but that partnership with civil society enables that 40 percent of the funds in the cost structure to be donated funds, and the rest advertising revenue.<sup>21</sup> There are also different experiences – in a survey conducted in the framework of the project *Profession at the Crossroads – Journalism at the Threshold of the Information Age (2011–2012)* the director of a radio station of the civil sector addresses the difficult position of the media whose director he is. As the reason for his dissatisfaction, the director states high fees paid by the station, for example, to RATEL, and claims that the civil media will therefore become extinguish (Matović 2012, 145).

Operations on multiple media platforms is the model developed by local media whose journalists are sufficiently trained to work on new platforms, such as the online release of the local media. Before them they have larger tasks in terms of in volume and complexity than in the case of traditional media (multitask journalism). The radio station Radio 021 from Novi Sad is an example of such a local media. According to Slobodan Krajnović, editor in chief of Radio 021, the revenues brought in by the portal enables this media "to keep its head above water", given that incomes of traditional radio began to decline in 2009. He points out the problem that many big advertisers are going to the most frequented media sites, such as sites of the national media (*Blic*, *B92*).<sup>22</sup> Regarding the practice in the region, here we can mentioned the fifteen years of experience of the portal *Buka* from Bosnia and Herzegovina, funded from donor projects and commercials, whose objective is to support itself only from advertising. With increased visits of the site, says Aleksandar Trifunović, editor in chief of this website, come the commercials of large

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<sup>21</sup> From the presentations of Mileva Malešić, the director of TV Forum, at the conference *Perspectives of Local Media*, held on November 25, 2014 in Niš.

<sup>22</sup> From the speech of Slobodan Krajnović, editor in chief of *Radio 021* at the conference "Perspectives of local media", held on November 25 2014 in Niš.

advertisers. When the portal *Buka* reached the figure of 50 thousand visits daily, big advertisers started to come.<sup>23</sup>

The investment in an additional job that would allow the local media to survive is one of the possibilities. Radio 021 has already got a radio-café and bookstore, and Predrag Blagojević, the editor in chief of the portal *Južne vesti* is also thinking of this. The portal *Južne vesti* is profitable, though it does not belong to successful companies. But, in five years of existence, their bank accounts were not blocked for a single day, nor did they take out a credit load. *Južne vesti* has a strategic development plan, which was adopted in 2010 and which has so far been implemented as foreseen, says Predrag Blagojević.<sup>24</sup>

After the completion of the privatization of state-owned media, all local media will be in more than modest local media market. Therefore, what they themselves realize, and some of them even practice, they will have to use other ways to ensure existence, such as work on multiple media platforms, project financing from the state budget, project financing from donors, and even investment in some other sectors.

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<sup>23</sup> From the presentations of Aleksandar Trifunović, editor in chief of the portal *Buka*, Bosnia and Herzegovina at the conference Perspectives of Local Media, held on November 25, 2014 in Niš.

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## LOKALNI MEDIJI U SRBIJI U NOVIM ZAKONSKIM USLOVIMA

*Ovaj rad bavi se pitanjem kako u uslovima skromnog lokalnog medijskog tržišta u Srbiji opstaju lokalni mediji, posebno oni koji štite javni interes, i šta ih očekuje pošto su u avgustu 2014. godine doneti novi medijski zakoni. S tim u vezi u radu će biti postavljena pitanja: kako će biti zaštićen lokalni javni interes, šta znači projektno sufinansiranje medija i kako će biti sprovedeno? Hoće li biti novih kupaca lokalnih medija u državnom vlasništvu ili će se oni gasiti? Do sada su razvijeni neki modeli održivih lokalnih medija. Jedan od modela je partnerstvo sa civilnim sektorom, drugi rad i poslovanje na više medijskih platformi i treći, projektno finansiranje od donatora. S obzirom da novi Zakon o javnom informisanju i medijima propisuje izlazak države iz vlasništva nad medijima do 1. jula 2015. godine razmatra se i u kom obimu će i kako lokalne samouprave ubuduće izdvajati novac za medije. Navode se i neka rana iskustva koja mogu biti primeri dobre prakse kada je pregovaranje o visini tih sredstava u pitanju. Naime, u četiri vođanske opštine predstavnici Nezavisnog društva novinara Vojvodine i predstavnici OEBS-a razgovaraju sa predstavnicima lokalne vlasti o izradi akcionih planova za razvoj informisanja.*

*Ključne reči: lokalni mediji, medijska politika, javnost, privatizacija medija, Srbija, medijsko tržište.*