PUBLIC SERVICE TELEVISION IN THE DIGITAL AGE

Strategies and Opportunities in Five South-East European Countries

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SEENPM
South East European Network for Professionalization of Media
MEDIACENTAR SARAJEVO

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MEDIACENTAR SARAJEVO

Sarajevo, 2008.

Title: PUBLIC SERVICE TELEVISION IN THE DIGITAL AGE: STRATEGIES AND OPPORTUNITIES IN FIVE SOUTH-EAST EUROPEAN COUNTRIES
The project was carried out within the framework of the South East European Network for the Professionalization of the Media (SEENPM) project "Collision and Cooperation; Media Business Interests and the Public Needs in South East Europe," which is supported by International Media Support/The Danish Ministry of Foreign Affaires.
Publisher: MEDIACENTAR Sarajevo, Kolodvorska 3, 71000 Sarajevo, Bosnia and Herzegovina, www.media.ba
For Publisher: Borislav KONTIĆ
Edited by: Miklós SÜKÖSD and Adla ISANOVIĆ
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Project coordinator: Adla ISANOVIĆ
Technical editor: Sanela HODŽIĆ
Proofreading: Michael MEHEN, Florence GRAHAM
Design: Samira SALIHBEGOVIĆ
Printing: Bemust, Sarajevo
Circulation: 500 copies

CIP - Katalogizacija u publikaciji
Nacionalna i univerzitetska biblioteka
Bosne i Hercegovine, Sarajevo

316.774 : 654.197] : 004 (497.1/ .6) (082)

PUBLIC service television in the digital age : strategies and opportunities in five South-East Europian countries / [authors Adla Isanović ... [et al.] ; edited by Miklós Sükösd and Adla Isanović] . - Sarajevo : Mediacentar, 2008. - 324 str. : graf. prikazi ; 17 x 17 cm

The authors: str. 316-319. - Bibliografija: str. 311-315 i uz tekst

ISBN 978-9958-9417-7-1
1. Isanović, Adla
COBISS.BH-ID 16536070

This book is published within the
SEENPM
South-East European Network
for the Professionalization of the Media
www.seenpm.org

The publishing of this book was supported by
International Media Support / The Danish Ministry of Foreign Affaires

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UNCERTAIN FUTURE: PUBLIC SERVICE TELEVISION AND THE DIGITAL AGE IN FIVE SOUTH-EAST EUROPEAN COUNTRIES

By Adla ISANOVIĆ & Miklós SÜKÖSD

The Digital Challenge for Television Broadcasters

Although the rise of new technologies has not ended TV viewing, it has certainly transformed it.

The interplay of technological changes (in the production, distribution and reception of media content), market changes (internationalisation, commercialisation and concentration), and the changes in audience behaviour, all of which together create new conditions for traditional media players, challenging the very idea of communication and changing every aspect of how programming is provided, received or used. We are witnessing and living amidst a fundamental process that changes the relations between technologies, industries, markets, genres, and audiences.

Some of these challenges are promising, bringing advantages to consumers, media/communication industries and states. Advantages for audiences include increased choice and better technical quality of transmision of image and sound for consumers, portable and mobile television reception, interactive and participative media technologies, transfering power from schedulers and broadcasters to audiences/users of media content and services. The media/communication industries are also seen as beneficiaries of the digitalisation process: digital compression and universality of formats created prospects for both hardwares and programmes, convergence of services, lower transmission costs, globalisation of digital content distribution. The benefits for states include more efficient use of frequency spectrum and the possibility to reach the population that lives in areas that due to spectrum limitations is currently not able to receive a signal; heightened access to programming by minorities may be among the added value of digitalisation.

Other challenges of digitalisation may be seen at the same time as threatening. The possible drawbacks include social exclusion (i.e., it might not be affordable for some members of the population), extreme audience fragmentation as well as fragmentation of the public sphere, the diminished social and national integrative role of the media, shrinking advertising revenues due to extreme fragmentation of the market (which could force media companies to look for other sources of revenues), media concentration, etc.

When speaking of broadcasting in the digital age, discussions mostly concetrate on the issue of the introduction of digital television. The digitalisation of broadcasting, the replacement of analogue television, is set to finish in many European countries by 2012, and others by 2015 the latest. After June 17, 2015, countries in Europe will no longer need to protect the analogue services of neighbouring countries. The analogue signal will be switched off, which will inevitabely impact the entire media industry chain, from the content and service providers to the audiences.

New trends that reconfigure the whole media landscape are especiallly challenging for public service broadcasters (PSBs), since they not only change the technical condition under which they are to operate, but also make necessary the re-conceptualisation of their traditional role and remit.

"Even the very notion of PSB is being challenged. The "*public*" is in the process of becoming consumers. The kind of "*service*" which should be offered is under debate and "*broadcasting*" now accounts for only a part of the activity"[1] (Nissen, 2006)

Several periods of European public service broadcasting featured debates on the definition and justification of public service and now such debates are infused with

1 Nissen, C. S. *Public Service Media in the Information Society.* Report prepared for the Council of Europe's Group of Specialists on Public Service Broadcasting in the Information Society (MC-S-PSB), 2006, p.8.

arguments about the impact of digitalization[2]. Furthermore, there exist external pressures from domestic and transnational actors (e.g. commercial media enterprises) as well as international institutions such as the World Trade Organization "which seem to want to treat television, and indeed, culture, as just another commodity."[3]

Fragmentation of the audience, decreasing audience share of the PSB, weakening of the integrative role of the PBS, and the decline in public support for PSB might lead to the further questioning of the mandatory licence fee and of public funding. That puts a big question mark over the future of PSB, and leads many to ask themselves, is public service broadcasting finished?

Nevertheless, there are also those who argue that the need for public service media will not disappear in the new context. As Marko Milosavljevič reminds us, "the plurality of channels doesn't automatically bring plurality of sources and content. The reasons for the existence of PSB will stay the same as they are today."[4]

The starting assumption of our research was that we will continue to need public value and represent public interest in media services, an agent for social, cultural and political cohesion in a democratic society. We also presumed that commercial providers of media content are not capable of fulfilling that mission alone and that the PSB must therefore strategically confront new challenges in order to enable its sustainability and development in a digital environment. The two main questions of our research were

2 For more see Nissen, C. S. *Public Service Media in the Information Society*. Report prepared for the Council of Europe's Group of Specialists on Public Service Broadcasting in the Information Society (MC-S-PSB), 2006.

3 EUMAP, "Television Across Europe: Regulation, Policy and Independence", (*Bosnia - Herzegovina*). Open Society Institute (EU Monitoring and Advocacy Program- EUMAP), 2005, pp. 38-39.

4 M. Milosavljevič, "Can Technical Needs Dictate Cultural and Public Interests? Public Service Programming and the Digital Age in Slovenia", in M. Sükösd and A. Isanović (ed.). *Public Service Television in the Digital Age: Strategies and Opportunities in Five South- East European Countries*. Mediacentar Sarajevo, 2008.

as follows. To what degree are PSBs in the five selected Southeast European countries ready to meet the new challenges? What actions and policies are needed to ensure the existence and development of public service TV programming in a digital environment?

Challenges for Public Service Television in Central / Southeastern Europe

In many Central and East European countries these challenges are even more pronounced and presented in the context of the political, economic, social and cultural transformation in formerly communist lands. As Jakubowicz summarizes:

> In the media field, as elsewhere, post-Communist transformation has meant that Central and Eastern European countries are faced with a major policy overload. In this particular instance, they have the unevitable job of telescoping four centuries of law and policy making in the media into a couple of decades - from the 17th-century issue of freedom of speech all the way to the 21st century issues of the Information Society. This cannot easily be done, either on a policy level, or -and primarly - on a practical level, when a country is expected to leap over several stages in the development of its media industry in order to meet mostly economic and telecommunications policy goals formulated- as is the case with the digital swithover- in response to a different set of cicumstances than the ones they are grappling with. Equally difficult is the job of catching up on a decades of media market development.[5]

5 K. Jakubowicz, "Digital Switchover in Central and Eastern Europe: Premature or Badly Needed?", *The Public / Javnost*, Vol.14. No.1, 2007, p. 22.

Public broadcasters in many transition societies have still not consolidated in terms of the transformation from state into public service television. When it came to preparing for the digital switchover, in such a context, the lag behind Western European countries is not surprising, yet should be taken seriously since the digital conversion is inevitable and it is often expected that public service broadcasters should be the leaders in this process.

Efficient communication practices on the process of digitalisation in many countries do not exist, and the process of switchover and switchoff remains largly unknown to the general population. This might be especially problematic when it comes to fullfilling the mission in due time. If public legitimation of digitalisation is missing, audiences may experience being "forced" to switch from analogue to digital. In the fragile democratic systems of new democracies, this may contribute to anti-elite sentiments, public bitterness (even political populism) and, in general, a decline in quality of democracy.

It is important to remember that a huge number of post-communist countries from the region are developing economies (lower/upper-middle-income economies[6]), which also affects the capacities of investing in new infrastructures.

Public Service Television in the Digital Age in Five Southeast European Countries

In the present book we analyze market data, digitalization policies and the particular position and preparation of PSBs in five countries: Slovenia, Bulgaria, Croatia, Serbia and Bosnia and Herzegovina. If we take into consideration several

6 World Bank Classification, http://web.worldbank.org

comparative aspects, including indicators of multi-channel and multiplatform penetration, the existing regulatory framework and key policy documents related to digitalisation, market positioning of public service television, and their current (digital) services, capacity and strategies to enter the digital age, we find similarities, but also important differences in the readiness to confront the new challenges of the digital age in broadcasting among the five countries.

Slovenia

In this context, Slovenia, among the leaders in the region, seems to be a step ahead of the others in terms of its readiness for the digital age. It is a relatively well - developed country, with previous market transition and membership both in the European Union and Euro zone.[7]

If we analyse data on the technological equipment of households and online access, we might conclude that Slovenia has good technological predispositions for the digital age. Among the five analysed states, Internet penetration in Slovenia is the highest, much higher than the European average[8] and higher than the EU average[9]. The percentage of broadband subscribers is also above the European average[10]. After

7 World Bank classified it in the group of "high-income economies", World Bank Classification, http://web.worldbank.org.

8 Internet penetration in Slovenia is 63.62 percent. The European average is 37.18 percent. Source: International Telecommunication Union (ITU), Internet indicators: subscribers, users and broadband subscription, 2006, http://www.itu.int/ITU-D/ICTEYE/Indicators/Indicators.aspx#

9 Internet penetration in EU is 51.3 percent. Source : Internet World Statistics /Internet Usage and Population Statistics: http://www.internetworldstats.com/eu/eu.htm

10 The percentage of broadband subscribers is 13.96 percent, while the European average is 11.37 percent. Source: International Telecommunication Union (ITU), Internet indicators: subscribers, users and broadband subscription, 2006, http://www.itu.int/ITU-D/ICTEYE/Indicators/Indicators.aspx#

television sets, mobile telephones are the second most important electronic medium in Slovenia.

The telecommunication companies, which already offer online content and services for mobile subscribers, due to their economic power, technological development and the popularity of their services, are likely to become a very important player on the media market and even a serious competitor to the traditional media outlets in the area of digital television[11].

As stated in the country report, in terms of the television market: "there are basically just two strong players according to market shares, turnover and ability to adopt new digital technologies,"[12] public service broadcaster *RTV Slovenia* and commercial broadcaster *Pro Plus*[13]. The media sector in Slovenia in general is well developed in terms of quantity of media outlets and television stations registered in the country[14]. However, the size of the television market is limited by the small language area.

Apart from good technological capacities, Slovenia is lagging behind many EU countries both in the preparation and implementation of a switchover strategy and relevant regulation. Also, the spread of DTV platforms is at the

11 M. Milosavljevič, "Can Technical Needs Dictate Cultural and Public Interests? Public Service Programming and the Digital Age in Slovenia", published in the present book.

12 Ibid

13 Owned by a foreign company, Central European Media Enterprises.

14 1,125 media outlets in total, including 36 television stations. Data taken from: M. Milosavljevič "Can Technical Needs Dictate Cultural and Public Interests? Public Service Programming and the Digital Age in Slovenia", published in the present book. Source of data: Ministry for Culture of Republic of Slovenia, "Razvid medijev".

moment very low (one percent) and significantly lower than the EU average (23.7 percent[15]).

Although its strategy for the switchover was prepared earlier (in 2006[16]) than in some countries in the region, when the country report was written,[17] the regulatory framework for television broadcasting in relation to digitalisation was still incomplete. The adopted strategy was the basis for the Draft Law on Digital Broadcasting that, at that time, was awaiting parliamentary procedures. Both the Draft Law and the strategy were prepared by the Ministry of Economy and brought different questions and criticisms, including that the Draft Law was "set too technically", and that the whole process had been approached mostly technically and economically, without real concern for "the important social, cultural and political consequences that will be felt for decades to come."[18] Furthermore, it does not look like the regulatory authorities and other governmental structures are actually aware of the special public service role of *RTV Slovenia*.[19]

The Slovenian public service broadcaster, *RTV Slovenia*, has remained relatively successful and popular, and is still the most important source of local TV production. However, as in most of the countries of the region, its audience market share is shrinking (exceptions can be found in Croatia and Serbia).

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15 European Commission, *Communication on Reviewing the Interoperability of Digital Interactive Television Services Pursuant to Communication COM(2004) 541*, 30 July 2004. COM (2006) 37 final. Quoted in M. Milosavljevič "Can Technical Needs Dictate Cultural and Public Interests? Public Service Programming and the Digital Age in Slovenia", published in the present book.

16 Ministry of Economy of Republic of Slovenia, *The Strategy of the Republic of Slovenia for the switchover from analogue to digital broadcasting*, 15 February 2006.

17 Autumn 2007.

18 M. Milosavljevič, "Can Technical Needs Dictate Cultural and Public Interests? Public Service Programming and the Digital Age in Slovenia", published in the present book.

19 Ibid.

At the moment, besides terrestrial and satellite broadcasting, *RTV Slovenia* offers its content and services through teletext, WAP portal and web pages, including archives, live streaming, interactive services and user-generated content, etc. In 2007, *RTV Slovenia* plans to invests €20 million in equipment needed for digitalisation.

As concluded by Milosavljevič:

> On the one hand, RTV Slovenia is aware of the coming changes and the need to transform itself into a multimedia provider. On the other hand, it doesn't seem to have enough experts, skills and a precise enough concept (unlike powerful and/or more persuasive telecommunication companies and commercial channels) of how to do this, and how to persuade the regulatory bodies and government to provide a regulatory and financial framework. This would help *RTV Slovenia* to successfully adopt new technologies and maintain specific, protected position in times of digital broadcasting.[20]

Bulgaria

Bulgaria[21] has a relatively well-developed media industry and transmission network (including a well developed cable infrastructure)[22]. Although internet penetration as well as the percentage of broadband subscribers is still quite low in

20 Ibid.

21 The World Bank classifies Bulgaria (as well as Croatia and Serbia) as an "upper-middle-income economy", World Bank Classification, http://web.worldbank.org.

22 203 licensed television programme services, out of which 7 are broadcasted by terrestrial transmission, 196 by cable and satellite; 17 public and 186 commercial. Data taken from O. Spassov "Public Service Television in Bulgaria at the End of the Analog Age", published in the present book.

comparison to the European average[23] it is characterised by growth[24]. The market of digital mobile telephone networks and services has grown rapidly in recent years, and the percentage of mobile cellular subscribers is very high and rising[25]. The technological context is well developed and there is interest among the audience/ users, which leads Orlin Spassov to conclude that "The state of the communication environment is favourable for starting digitalisation". It seems that this was already recognised by the cable industry, since there has been an emergence of cable networks that have taken the initiative and offered digital services even before the relevant legislation had been adopted.

Despite these developments, although the National Strategy and the Plan had been elaborated, they had not yet been adopted by 2007. There is a lack of coordination among the main institutions, numerous questions still remain open (such as the construction of multiplexes, the number of digital channels for PSB), and issues related to digitalisation are often over- politicised or create conflicts between different interest groups.[26]

The regulatory authorities reflect the distribution of political influence in Bulgaria as they are composed on a quota basis, as already mentioned. Thus, they often make decisions

23 Bulgaria: Internet penetration 21.66 percent, broadband subscribers 5.01 percent; European average: internet penetration 37.11 percent, broadband subscribers 11.37 percent. Source: International Telecommunication Union (ITU), Internet indicators: subscribers, users and broadband subscription, 2006, http://www.itu.int/ITU-D/ICTEYE/Indicators/Indicators.aspx#

24 See O. Spassov, "Public Service Television in Bulgaria at the End of the Analog Age", published in the present book.

25 More than 8 million mobile cellular subscribers in 2006; compound annual growth rate 2001-2006 was 39.7 percent. Source: International Telecommunication Union (ITU), Mobile cellular, subscribers per 100 people, 2006.

26 O. Spassov, "Public Service Television in Bulgaria at the End of the Analog Age", published in the present book.

> that more or less serve particular interests…The overall impression is of a lack of sufficient stability, of manoeuvring between the provisions of the law, of insufficiently well harmonised aspects of the legislation, and of biased decision-making by the regulatory authorities. The politicization practically means that important decisions about digital broadcasting can result from lobbying rather than from a strict abidance to the logic of law… It is obvious that in such a situation the regulatory authorities are under double pressure: both by the government and the interested media groups.[27]

Besides the lack of adequate policy, the national public-service television broadcaster/telecommunications operator, *Bulgarian National Television* (*BNT*) is confronted with several technical and programming problems. This includes a lack of adequate financing, which strongly influences its programming (just to illustrate - *BNT* produces 14 hours of programming a day, more than the state financing covers, and is able to achieve that mostly with economising and only partly with its advertising revenue)[28]. Its serious competitors in the context of digitalisation are major private TV channels owned by foreign investors, cable networks which integrate different digital services, mobile operators, as well as Internet television[29].

"By their reluctance to open up BNT to the market (in terms of content and advertising) and by their refusal to ensure adequate funding from the State, the post-1989 governments bear the brunt of the blame for the declining role of BNT while retaining greater control over it."[30] Furthermore, "in the absence of a new policy, the growing competition expected in the digital environment may place BNT in an even more marginal position on the market."[31]

27 Ibid.

28 Ibid.

29 Ibid.

30 Ibid.

31 Ibid.

BNT has qualified experts in terms of future content and technology and it has started developing interactive services and is re-equipping some of its studios. However, adequate regulative and financial support mechanisms are still lacking and the process of digitalisation is still slow.

Croatia

When analysing indicators of multiplatform penetration, it is evident that the usage of new media platforms and services in Croatia[32] are also showing a trend of significant growth, especially among the younger population. According to ITU data (2006) and in comparison to the other countries we researched, the internet penetration rate in Croatia was close to average by European standards and higher than in Bulgaria, Serbia and B&H. The percentage of broadband subscribers, as in the rest of the region, was still low[33]. The percentage of mobile cellular subscribers is high[34] and there is an estimation that the expansion of mobile phones reached its peak in 2006, with lower growth expectations ahead, though mobile services can be expected to develop further.[35]

32 The World Bank classifies Croatia as an "upper-middle-income economy" (as well as Bulgaria and Serbia), World Bank Classification, http://web.worldbank.org.

33 Internet penetration: Croatia 36.98 percent , Bulgaria 21.66 percent, Serbia 13.34 percent , B&H 24.28 percent, average European 37.18 percent; Broadband subscribers: Croatia 5.53 percent. Source: International Telecommunication Union (ITU), Internet indicators: subscribers, users and broadband subscription, 2006, http://www.itu.int/ITU-D/ICTEYE/Indicators/Indicators.aspx#

34 Percentage of mobile cellular subscribers: Croatia 96.47 percent. Source: International Telecommunication Union (ITU), Mobile cellular subscribers per 100 people, 2006. http://www.itu.int/ITU-D/ICTEYE/Indicators/Indicators.aspx#

35 Z. Peruško & H. Popović, "From Transmission to the Public Good: Media Policy for the Digital Age in Croatia" published in the present book.

In addition, a multi-platform, a multi-channel environment is developing. The telecommunication and cable sectors are almost completely under foreign ownership, as well as the terrestrial commercial broadcasters operating at the national level. However, public service *HRT* has a relatively strong position on the market, which can be perceived as an advantage in the process of digitalisation. *HRT* is the leader in both advertising income and audience share[36]. It is a market leader in providing public service content.

At the moment, the public service broadcaster *HRT* seems to be the leader in the process of digitalisation and the "only player seriously involved in the development of public service audiovisual digital content"[37]. As Peruško and Popović recognize, public service *HRT* might face its biggest competition in the future development of digital television from broadband internet providers[38]. Digital television in Croatia is already present as Internet protocol television-IPTV. In some regions, there is also experimental digital transmission DTT of all four channels at the national level (two channels of public service *HRT* and two commercial broadcasters *RTL Television* and *Nova TV*). It is presumed that the IPTV could be the main delivery platform for digital television; thus the important

36 HRT audience share is 54.25 percent. Source: AGB Puls, in *Hrvatsko medijsko tržište: regulacija i trendovi koncentracije*, Z. Peruško, K. Jurlin, 2006 (Source AGB Puls, in *The Croatian Media Market: Regulation and Concentration Trends*, 2006), unpublished study for the Media Division of the Council of Europe. Quoted by Z. Peruško & H. Popović," From Transmission to the Public Good: Media Policy for the Digital Age in Croatia", published in the present book.

37 Z. Peruško & H. Popović, "From Transmission to the Public Good: Media Policy for the Digital Age in Croatia", published in the present book.

38 Ibid.

competitor to public service HRT is being recognized as the first commercial IPTV- *MaxTV*[39].

In general, although public policy in the area of digital broadcasting is developing, it is "arriving very late"[40] and does not seem to be aware of the importance of the public service content in new media platforms and the entire digital media environment.

Serbia

In terms of introducing digital television and securing the sustainability and development of its PSB in the digital environment, Serbia lags behind most countries in the region and in Europe.

Internet penetration in Serbia, according to ITU data (2006), was the lowest[41] among these five states[42]. According to the same source, broadband penetration was still very low[43]. The mobile sector is growing, which is evident both through the

39 Z. Peruško & H. Popović, "From Transmission to the Public Good: Media Policy for the Digital Age in Croatia", published in the present book.

40 Ibid.

41 Internet penetration in Serbia: 13.34 percent (2006). Source: International Telecommunication Union (ITU), Internet indicators: subscribers, users and broadband subscription, 2006; http://www.itu.int/ITU-D/ICTEYE/Indicators/Indicators.aspx#

42 The World Bank classifies Serbia as an "upper-middle-income economy" (as well as Croatia and Bulgaria), World Bank Classification, http://web.worldbank.org.

43 Broadband subscribers in Serbia: 1.16 percent (2006), Source: International Telecommunication Union (ITU), Internet indicators: subscribers, users and broadband subscription, 2006; http://www.itu.int/ITU-D/ICTEYE/Indicators/Indicators.aspx#

strong increase in the number of mobile service users and of the amount of its yearly revenue[44]. Much later than elsewhere in Europe, the major telecommunication provider, *Telekom Srbija*, is planning to introduce a triple-play offer[45] and will be the first provider in Serbia to do so[46].

The same company plans to use its current infrastructure to start developing a digital terrestrial broadcasting network as well. As Milošević and Petrović recognise: "In the absence of state plans and activities it will give *Telekom Serbia* a head start and dominant position in the future in terms of content distribution platforms"[47]. There are estimations that multi-channel penetration in television households is around 30 percent and is achieved mostly through an analogue cable platform,[48] which in recent years increased the number of its subscribers[49].

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44 See M. Milošević, T. Petrović, "The Late Beginning of Digital Television in Serbia", published in the present book.

45 This triple play offer includes high speed Internet, television and telephone service.

46 M. Milošević, T. Petrović, "The Late Beginning of Digital Television in Serbia", published in the present book.

47 Ibid.

48 Usage of ITC in Republic of Serbia - Republički zavod za statistiku Srbije, 2007 quoted by M. Milošević, T. Petrović," The Late Beginning of Digital Television in Serbia", published in the present book.

49 The numbers of users grew from 420,000 in 2004 to approximately 700,000 in 2006. Data taken from M. Milošević, T. Petrović," The Late Beginning of Digital Television in Serbia", published in the present book.

A huge number of broadcasters[50] is not an indicator of a developed industry, but rather of regulatory chaos[51]. Commercial broadcasters emerged in a legislative void in the 1990s. Democratic media reforms in Serbia started later than in the rest of the region (2000), and have been slow and inconsistent, which strongly affected the development of its media environment.

The inefficiency of the Serbian legislature and the lack of political willingness have caused serious delays in the process of establishing a public service broadcaster and independent regulatory authorities in the field of broadcasting and telecommunications. "Presently, at the end of 2007, the Serbian broadcasting market is still characterised by intense competition and controversial regulatory practices. The Serbian media industry is considered to be one of the 'most unsettled and unregulated'[52] in Europe."[53]

Transparency in media ownership also remains a problem. At the time when the report was written, Serbia had not yet developed its strategy and plan for the switchover, and legislation remains to be adjusted[54].

Although the state is quite passive, broadcasters, cable and satellite operators are already introducing new digital services. Direct-to-home (DTH) service is already

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50 More than 600 broadcasters in Serbia, as stated in: M. Milošević, T. Petrović, "The Late Beginning of Digital Television in Serbia", published in the present book

51 M. Milošević, T. Petrović, "The Late Beginning of Digital Television in Serbia", published in the present book.

52 EUMAP report for Serbia 2005, available at http://www.eumap.org/topics/media/television_europe/national/serbia/media_ser1.pdf, (accessed on 8 May 2007)

53 M. Milošević, T. Petrović, "The Late Beginning of Digital Television in Serbia", published in the present book.

54 Ibid.

available though *Serbia Broadband - SBB*, a cable and Internet company[55]. Only the leading commercial player Television Pink has introduced thematic channels though this platform. Public service broadcaster *RTS* was the first broadcaster in Serbia that started to experiment with digital signal, and today has digital broadcasting. However, with no specific digital content and, absurdly, no audience because digital terrestrial receivers are still not available in the Serbian market, the communication practices in introducing digital broadcasting to the majority of people remain uninformed of the advantages of technology[56].

If we analyse the data presented by the authors, we may conclude that the public service broadcaster *RTS* has a relatively stable audience share which is growing[57]. However, in order to gain a bigger piece of audience share, it is continuously competing with commercial rivals[58].

Bosnia and Herzegovina

Considering the capacities of the Bosnia and Herzegovina television market, including the public service broadcasters' position and capacities, the existing

55 DTH / SBB has around 40.000 subscribers. Source: M. Milošević, T. Petrović, "The Late Beginning of Digital Television in Serbia", published in the present book.

56 Source: M. Milošević, T. Petrović, "The Late Beginning of Digital Television in Serbia", published in the present book.

57 Audience share of RTS1 and RTS2: 26.9 % in 2003 - 34.1% in 2006. See Table 4. Average Audience Share of the Most Important TV channels 2003 - 2006 in M. Milošević, T. Petrović, "The Late Beginning of Digital Television in Serbia", published in the present book.

58 M. Milošević, T. Petrović, "The Late Beginning of Digital Television in Serbia", published in the present book.

regulatory framework, policies, and the level of readiness for the digital age, prospects are least promising in Bosnia and Herzegovina.

Although the development of a multi-channel and multi-platform environment is almost ignored in public discourse and policies, indicators show that technological and market changes are inevitably arriving to the underdeveloped, oversaturated, complex and financially poor BH television sector[59]. As elsewhere, audiences are not waiting for top-down policies and are increasingly deriving benefits from the arrival of a multi-channel and multiplatform environment.

The unfinished reform of the public service broadcasting system is an indicator of the lack of will and interest of the local political elites and the lack of their strategic approach towards the future development of PSBs. Complex constitutional structures, as well as ethno-nationalistic preoccupations of political groups, are constantly projected on the public sector together with the lack of sufficient understanding of the issues involved in the digital switch-over, broadcasting, programming and market development.

In addition to fragmentation along territorial and ethnic lines, in the last five years channels from neighboring Serbia and Croatia and their rising popularity made them very important competitors to the public service broadcasters in Bosnia and Herzegovina. For PSBs and small local stations, the same period has been marked by

59 See: A. Isanović, "Will the Digital Revolution Be Televised? Concerns about the future of public service programming in Bosnia and Herzegovina", published in the present book; *Economic and legal analysis of the communications sector in Bosnia and Herzegovina.* The EU CARDS Twinning Project BA 02.01/02.012005; *Television Accross Europe: Regulation, Policy and Independence (Bosnia - Herzegovina).* Open Society Institute (EU Monitoring and Advocacy program- EUMAP), 2005

a significant audience decrease[60]. There is also increasing competition from private broadcasting operators, eroding market shares from the public service system,[61] which in B&H operates through three generally oriented channels with relatively small revenues.

The transition to digital broadcasting is still at a very early stage. At the time the national case study was written, the Strategy and Plan for the switchover from analogue to digital broadcasting had not yet been written. Regulation for the start up of the digital terrestrial television (DTT) had not been drafted, the capacity not yet allocated to operators for the launch of DTT, the start up date for DTT of PSB not established, and the switch off of analogue frequency not set by the law. Support policies also had not yet been defined, nor were support measures for the diffusion of receivers and standardization policies.

All of this reaffirms the sense of the ill-preparedness regarding the challenges of a digital environment.

Conclusions: Uncertain Future

The analysis of the multi-channel and multi-platform media environment in selected countries shows several common trends. The most important trend is the arrival and

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60 PSBs audience share decreased from 37.9 in 2002 to 23.7 percent in 2006. Source: Report MIB - BiH Gallup International "*Mjerenje gledanosti TV stanica 2002 - 2006*"

61 See A. Isanović, "Will the Digital Revolution Be Televised? Concerns about the future of public service programming in Bosnia and Herzegovina", published in the present book.

growing power of new media players that offer new digital content and services. In the long term, decreasing audience and market share of the public service broadcasters is also present throughout the region. Moreover, public service broadcasters are especially losing the younger generations of the audience, who are turning to other sources and services and increasingly expect greater influence over the media they consume[62]. Currently, it seems that in the region there are no explicit discourses, clear visions and public policies that would ensure or support the long term sustainability and development of public service television programming in the digital age.

Flexible new media players and forces driven by economic interests are responding to the challenges of the digital age by introducing new services though their platforms, often before the state has even formulated a policy on how it wants to protect the public value through those platforms. In general it seems that "the media industry is developing faster than the State"[63] and that "we are still paying little attention to what is happening. In our way of thinking, our policies and our habits, we are still in the analogue age"[64].

Our volume presents evidence that policy makers often lack the understanding of the scope and the character of the changes arriving with a multi-channel and multiplatform environment. There is a lack of awareness of the consequences the process might have on the social, cultural and political life of its citizens. While policies often focus on frequency planning and resolving technical issues regarding the digitalisation of broadcasting, the importance of the public interest remains unrecognised, content issues unresolved, and the future of public service programming in the digital age unclear. This future is strongly dependent on state

62 H. Jenkins. *Convergence Culture*. 2006, p. 244.

63 O. Spassov, "Public Service Television in Bulgaria at the End of the Analog Age", published in the present book.

64 Ibid.

policies, whose creation must be transparent, and include more public debate between all stakeholders. As Peruško and Popović noted in their chapter on Croatia:

> It seems it is still necessary to remind that the media have a social role and impact, even if they are delivered to our mobile phones or on our computer screens: the media constitute not only a business, but a social activity as well. In the multi-channel environment of the abundant delivery networks, it might become harder to enforce the social benefit expected of the media. This will become especially difficult if society is not sure what kind of social benefits it wants and expects from the media. Proponents of further liberalization of the media system and policy think that there is no further need for enforcing a social contribution from the media, as the diversity in media type and channel is so great that "the market" itself will provide exactly what the individual wants. This issue warrants much more probing before we can propose a happy end to the problem.[65]

At the same time, all countries are lagging behind in preparations for the switch-off. In the Western European context it is often stated that public service broadcasters became the leaders in the process of introducing digital broadcasting. As the case studies in the present volume make evident, in some Southeast European countries similar tendencies can be already recognised, while in others, the existing regulatory framework and key policy documents, the social and market positioning of PSBs, capacities and institutional strategies still do not enable PSB institutions to take the lead.

In the European context of the digitalisation of television, many public service broadcasters have been assigned a special role in accelerating the assumption of

65 Z. Peruško & H. Popović, "From Transmission to the Public Good: Media Policy for the Digital Age in Croatia", published in the present book.

digital broadcasting by introducing the technology to their audiences and raising their interests in it. However, that is hard to achieve without upgrading their programming and providing its citizens with new digital content and services on different delivery platforms[66]. After all, it is the content and services, and not the technology itself that encourages the majority of citizens to adopt or reject digital programming.

Although we recognised several challenges and problems for public service media in the digital age, it is important to remember, that in the creation and diffusion of new digital content public service media might also have several competitive advantages. To list just a few: its rich archives and production rights that can be exploited through new services; they can join forces with other public institutions in the production of new content; most likely they will not meet competition in the provision of some genres. Recognisable public service brands, "islands of trust" in the commercial ocean of tabloid news, infotainment and fiction filled with product placement, could be developed on all platforms and certainly become an advantage in the digital environment.

To a large extent, the future of public service broadcasters will depend on public policies, and whether they will be supportive of further development in the digital age. However, their future is also strongly dependent on their legitimacy. Therefore, public service broadcasters must take seriously their "public" and the changing habits of their audiences/ users, since public service media can be justified only in terms of the programming it can develop, acquire or produce, and deliver to its audiences "anywhere, anyhow, anytime."[67]

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66 See P. Iosifidis, "Digital TV, Digital Switchover and Public Service Broadcasting in Europe", The *Public/Javnost*, Vol.14. (2007), No.1, pp. 5-20.

67 A. Isanović, "Will the Digital Revolution Be Televised? Concerns about the future of public service programming in Bosnia and Herzegovina", published in the present book.

In that process, we can analyse the experiences of earlier adopters of new digital services, and the experience of countries that are more advanced in terms of digital conversion. However, in order to (re)define the new role and remit of public service media to meet the needs in each of these societies, the policies and practicies in defining how public service programing in the digital age would create public value, sustain citizenship, civil society and serve democracy at all levels, and to contribute to and promote education, stimulate creativity and fulfill its task in relation to culture and social cohesion - we must consider the unique local aspects of the different contexts[68].

Based on an analysis of these local specifications, under which the long-term sustainability development of public service programming in the digital environment are to be achieved, each of the following country chapters tries to outline a set of clear and practical recommendations. We hope that policy makers, media professionals and all other stakeholders could find this contribution useful in the process of their preparation for the digital age, as well as for further exploration of this issue, to ensure the survival of robust public service media in the digital age.

68 See Karol Jakubowicz's statement from the Conference "Repositioning Public Service Broadcasting: The BBC Charter renewal and its Global Aftermath", September 3007, London; http://media.mcgill.ca/finles/psb_statements.pdf

Tables

Table 1.
Internet indicators: subscribers, users and broadband subscription in five countries in 2006

Country	Internet			Broadband subscribers		
	Subscribers (000s)	Subscribers per 100 inhab.	Users (000s)	Users per 100 inhab.	Total (000s)	Per 100 inhab.
Bosnia and Herzegovina	237.9	6.08	950.0	24.28	40.0	1.02
Bulgaria	466.8	6.09	1661.9	21.66	384.7	5.01
Croatia	1'215.9	26.69	1'684.6	36.98	251.8	5.53
Serbia	1'005.2	9.58	1'400.0	13.34	121.7	1.16
Slovenia	401.9	20.44	1'250.6	63.62	274.5	13.96
Whole of Europe	*124'382*	*15.39*	*298'788.9*	*37.18*	*91'535*	*11.37*

Source: International Telecommunication Union (ITU), Internet indicators: subscribers, users and broadband subscription, 2006[69]

Table 2.
Mobile cellular subscribers 2001-2006 in five countries

Country	Mobile cellular subscribers					
	(000s) 2001	(000s) 2006	Compound Annual Growth rate (%) 2001-2006	per 100 inhab. 2006	% Digital 2006	As % of total telephone subscribers 2006.
Bosnia and Herzegovina	444.7	1'887.8	33.5	48.25	100.0	65.6
Bulgaria	1'550.0	8'253.4	39.7	107.59	99.8	77.5
Croatia	1'755.0	4'395.2	20.2	96.47	100.0	70.6
Serbia	N/A	6'643.7	N/A	63.29	100.0	71.0
Slovenia	1'470.1	1'819.6	4.4	92.56	59.6	68.5
Whole of Europe	*357'146.6*	*808'209.4*	*17.7*	*100.55*	*87.7*	*71.0*

Source: International Telecommunication Union (ITU), Mobile cellular, subscribers per 100 people, 2006[70]

69 http://www.itu.int/ITU-D/ICTEYE/Indicators/Indicators.aspx#
70 http://www.itu.int/ITU-D/ICTEYE/Indicators/Indicators.aspx#

Table 3.
Key documents (approved and expected) relevant to digitalisation in five countries

Year	Countries				
	Slovenia	Bulgaria	Croatia	Serbia	Bosnia and Herzegovina
2002				Broadcasting Act[71]	
2003			The Law on Croatian Radio-Television[72] The Law on Electronic Media[74] The Law on Telecommunications[75]	Telecommunication Law[73]	
2004	The Strategy on RTV Slovenia 2004-2010[76]				Policy for Development of the Information Society of B&H[77] Strategy for Development of the Information Society of B&H[78] Action Plan for Development of the Information Society of B&H

71 Policy adopted in 2002. Amended in 2004, 2005 and 2006. Effective from October 11, 2006

72 Adopted by Parliament and in force

73 Policy adopted in 2003.Amended in 2006. Effective from May 5, 2006

74 Adopted by Parliament and amended in 2007.

75 Adopted by Parliament in August, 2003. and amended in November, 2003, May, 2004, and July, 2005.

76 Adopted by Council of RTV SLO, however became less relevant after the change of the Law on RTV SLO and the change of the management and Programming Council.

77 Policy adopted on June 22, 2004.

78 Strategy and Action plan (covering period 2004-2010) adopted on Nov 16th 2004

Year	Countries				
	Slovenia	Bulgaria	Croatia	Serbia	Bosnia and Herzegovina
2005	The Strategy of the Republic of Slovenia for the switchover from analogue to digital broadcasting[79]	Strategy for Development of Radio and Television Broadcasting by Terrestrial Transmitter[80]		Broadcasting Development Strategy[81]	
2006		National Strategy for Development of the Audiovisual Sector in Bulgaria[82] Plan for Introducing Digital Terrestrial Television (DVB-T) in the Republic of Bulgaria[84]		Broadcasting policy in B&H[83]	

79 Adopted by the government, February 2006.

80 Adopted by the National Assembly; effective as of 1 January 2006.

81 Strategy effective from December 27, 2005.Covering period 2005-2013.

82 Elaborated at the end of 2006, but has no serious impact on the digitalisation process.

83 Policy adopted on Nov 28, 2006, effective from March 13, 2007.

84 Elaborated in March 2007; yet to be adopted by the Council of Ministers.

Year	Countries				
	Slovenia	**Bulgaria**	**Croatia**	**Serbia**	**Bosnia and Herzegovina**
2007	Draft Law on Digital Broadcasting[85]	Electronic Communications Act[86]	Amendments on the Law on Electronic Media[87] Guidelines for the new Law on Electronic Communications[88]		
2008					National Strategy for Introducing Digital Terrestrial Television in B&H[89]

Source: Country reports published in the present book[90]

85 Presented in June 2007, waiting for Parliamentary procedure (September 2007).

86 Effective as of May 2007.

87 Adopted by Parliament and in force since July, 2007.

88 Accepted by Government in May, 2007 with an aim to initiate a public debate in order to create a new law: *The Law on Electronic Communications* expected to be adopted during 2008.

89 In the process of creation. Expected to be adopted at the end of 2008 / beginning 2009.

90 Five country reports published in Sükösd Miklós and Adla Isanović (eds.). *Public Service Television in the Digital Age: Strategies and Opportunities in Five South- East European Countries.* Mediacentar Sarajevo, 2008.

Table 4.
Audience shares of public service televisions (out of total 100%) in the six countries in 2005 and 2006

Country	TV channels	Audience share (2005) in %	Audience share (2006) in %
Bosnia and Herzegovina	BHT1, FTV & RTRS	24.8	23.7
Bulgaria	BNT	n/a	n/a
Croatia	HRT1 & HRT 2	54	54.2
Serbia	RTS1 & RTS 2	28.7	34.1
Slovenia	SLO1 & SLO 2	34.05	31.89

Source: Country reports published in the present book[91]

Table 5.
Top three channels in terms of audience share (2006)

Country		Top three channels 2006	
Bosnia and Herzegovina	Pink BiH- *private* (12.5%)	FTV - *public* (11.8%);	BHT- *public* (7%)
Bulgaria	n/a	n/a	n/a
Croatia (2005)	HRT- *public* (54.2 %)	RTL TV - *private* (24.4 %)	Nova TV -*private* (13.6%)
Serbia	RTS 1- *public* (27.4%)	PINK -*private* (23.3%)	b92 - *private* (9.1%)
Slovenia	POP TV- *private* (28.41%)	SLO1- *public* (22.94%)	SLO 2- *public* (8.95%)

Source: Country reports published in the present book[92]

91 Ibid.
92 Ibid.

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CAN TECHNICAL NEEDS DICTATE CULTURAL AND PUBLIC INTERESTS? PUBLIC SERVICE PROGRAMMING AND THE DIGITAL AGE IN SLOVENIA

By Marko MILOSAVLJEVIČ

1. Executive Summary

Public broadcasting in Slovenia has in the past years been under the considerable influence of commercialisation, in the form of increased private commercial competition and politicisation. This is the result of changes in legislation and regulation that increased the role of politics, particularly the ruling coalitions, over that of civil society.

These two processes have also received most of the public's attention, while the process of digitalisation is still most often perceived as a technical process without political or cultural implications. This is reflected in the preparation of the strategy for switchover and the draft law on digital broadcasting, as both were prepared by the Ministry of Economy rather than the Ministry of Culture. The latter didn't even send a single representative to the discussions at which the strategy, and later the law, were drafted.

The Slovenian public broadcaster, *RTV Slovenia*, has remained relatively successful and popular compared to other post-communist PBS television networks, and is today still the most important source of domestic production, both in terms of quantity as well as variety. Although there are 36 television stations in Slovenia, *RTV Slovenia* is basically the only provider of arts, culture, education, and documentary programmes. The pluralisation of the Slovenian television landscape has therefore brought more variety in terms of channels and stations. However this hasn't automatically brought plurality and diversity of content and programmes, particularly those that are more demanding in terms of production while having relevance to the public interest.

For these reasons, it is extremely important for Slovenian society that *RTV Slovenia* maintains an important role - and receives specific legal, financial and political conditions to do so - after the switchover from analogue to digital broadcasting. The government and society should take steps to ensure the leading role of the public service providers in the transition process to digital terrestrial broadcasting. At the same time, steps to ensure greater independence of public broadcasting should be taken as well. Although digitalisation should lower the costs of production and transmission, as well as provide a cheaper and richer frequency spectrum, the process itself doesn't automatically provide more content diversity and better programme quality.

At the moment, however, it doesn't seem that regulatory authorities and other government bodies realise this and recognise the special role of *RTV Slovenia*. Part of the blame can be placed on some of the key representatives of *RTV Slovenia* who didn't participate in the discussions regarding the strategy for switchover, which later resulted in the draft law on digital broadcasting. Although the programme manager of TV Slovenia was invited, he didn't attend any of these meetings (*RTV Slovenia* sent just technical personnel) and therefore couldn't emphasize this important role of PSB and demand relevant changes. The management of *RTV Slovenia* did send their suggestions and remarks, but all of them were ignored.

On the one hand, *RTV Slovenia* is aware of the coming changes and the need to transform itself into a multimedia provider. On the other hand, it doesn't seem to have enough experts, skills and a precise enough concept (unlike powerful and/or more persuasive telecommunication companies and commercial channels) of how to do this, and how to persuade the regulatory bodies and government to provide a regulatory and financial framework. This would help *RTV Slovenia* to successfully adopt new technologies and maintain specific, protected position in times of digital broadcasting.

2. Introduction

The process of digitalisation is supposed to bring advantages to all groups of participants. For providers it should cause lower transmission costs, convergence of services, and potential content differentiation. For the state, it should bring more efficient use of the frequency spectrum, and use of the part of the spectrum freed up for new services. And for consumers it should bring enhanced image and sound quality, new services for people with special needs and the elderly, and, most of all, greater choice of content with more television and radio stations.

Digitalisation, however, also brings a number of new questions and dilemmas. There is the question of whether regulation of broadcasting should stay the way it was, particularly regarding content. There is also the question of what kind of changes in regulation should be adopted and who should be in charge of these changes. Yet another question concerns the convergence of technologies it will cause, as telecommunication companies, internet providers and platforms, and mobile operators will all enter the broadcasting market, particularly television. Perhaps more importantly, how will public interest in the area of broadcasting and television content be addressed in the future? Will commercial platforms bring all content, including less commercial programming? Will they bring more or less diversity? Will there still be a need and reason for the existence of public service broadcasting (PSB)?

The main hypothesis of this chapter is that the plurality of channels doesn't automatically bring plurality of sources and content. The reasons for the existence of PSB will stay the same as they are today. The commercial content providers will cater to economically attractive services and content, providing content to groups and areas that are financially profitable.

Digitalisation will bring the possibility for additional channels and services. However, PSB will not become obsolete. The main reasons for its existence (providing content and fulfilling public interest for all the groups in society, providing challenging and not necessary commercially attractive programmes, enhancing domestic creativity and production) will also remain vital in the age of digitalisation, particularly because a small market such as that in Slovenia is not as financially attractive for certain niche channels and content.

This chapter will try to present the situation and provide possible suggestions for these questions in the case of Slovenia. The current situation in media landscape will be presented, as well as important trends in television, but also Internet, mobile communications, telecommunications and other electronic providers of content and (mass) communication. For a better understanding of these trends, the regulatory framework and the key regulatory authorities will be analysed. The main part of the paper will focus on the PSB, RTV Slovenia, and its programming, financial, legal and technical situation. Strengths, weaknesses, advantages and possible trouble for the future of RTV Slovenia, in times of digitalisation, will be presented and analysed, with a focus on PSB's ability to maintain universality of content and access, editorial independence and impartiality, quality, diversity and accountability. Suggestions regarding some of the main problems will follow at the end of the paper, particularly regarding legal, technical, and financial aspects.

3. The Multichannel and Digital Media Landscape

3.1 Media Landscapes - Shape and Trends

Slovenia is a relatively well-developed country and a member of European Union, NATO and the Euro zone, with a per capita GDP of €14,811 and a GDP growth rate of 5.2 per cent in 2006.[1] From 1991 to 2006 per capita GDP almost

1 Statistical Office of the Republic of Slovenia "GDP per capita"available at: http://www.stat.si/indikatorji.asp?ID=21 (Accessed 30 April 2007).

tripled. This is reflected in its media situation, particularly in terms of the technological equipment of households and online access[2]. 97 per cent of all Slovenian households have at least one television set, and more than one third of the households own more than one set.[3] There are 650,000 television households in Slovenia. Every day approximately two thirds of the Slovenian population watch television and an average individual watches television programmes for approximately three hours.[4] 55 per cent of the households have cable, 34 per cent watch television terrestrially, and 11 per cent of the households own a satellite dish. In terms of quantity of media outlets in general, and television stations in particular, the media landscape is also well developed. There are currently 1,125 media outlets registered in the country, including 36 television and 96 radio stations. The rest consists of newspapers and magazines.[5] *Radio and Television Slovenija* (hereafter: *RTV SLO*) is the largest broadcasting station in Slovenia and the most important in terms of

2 There are some exceptions due to their changed roles in contemporary mass communication. In some cases smaller percentages (i.e. CD player, satellite dish, radio) can be contributed to the consolidating trend of convergence in the field of electronic communication - in terms of technological, industry and market convergence.

3 Some of the cells in the table are empty, because the numbers are not available, as research on the matter has not been conducted. Sources used:
Media Services AGB Research on 2000, 2005 and 2006, Ljubljana, 2000, 2005, 2006.
Mediana Media Research on 2000 and 2006, Ljubljana, 2000, 2006.

4 Source: *Media Services AGB Research* on 2006, Ljubljana, 2006.

5 Ministry for Culture of Republic of Slovenia, "Razvid medijev", see http://www.mk.gov.si/fileadmin/mk.gov.si/pageuploads/Ministrstvo/Razvidi/razvid_medijev.pdf (Accessed 30 April 2007). According to other statistical sources, there are 41 different television programmes. Among them, on the one hand, are 18 stations with permission for broadcasting 22 television programmes for which they use radio frequencies. On the other hand, 18 stations with permission for distributing 19 television programmes for which they aren't using radio frequencies and the Agency for Post and Electronic Communications, *Annual Report for 2006*, page 23. See http://www.apek.si/sl/datoteke/File/2007/letno%20porocilo/letno_porocilo_2006-podpisano.pdf (Accessed 15 July 2007) (hereafter APEK, Annual Report for 2006)

Table 1.
Household Equipment (in % of Households)

	1995	2000	2005 or 2006
Total population in mio.	1.988	1.999	2.001
Number of households in mio.	0.65	0.67	0.69
Radio	74	95	91
CD player	/	54	45
TV set	89	95	97
PC (and/or notebook)	27	42	65
Internet	5	22	54
Equipment for TV use	/	/	/
Cable	/	51	55
Satellite dish	/	15	11
Terrestrial	/	34	34
Digital TV*	/	/	9
Teletext	/	62	85
VCR	34	46	51
DVD Player	/	/	37
DVD Recorder	/	/	/
More than 1 TV set	/	26	39
Mobile telephone subscribers (in mio.)	/	1.20	1.45

* Any digital TV reception via cable, satellite or terrestrially.
Sources: Statistical Office of the Republic of Slovenia, *Statistični letopis 2006*;
Research of Internet Use in Slovenia (RIS)6; Jerman- Blažić *Internet*. Ljubljana: Novi Forum, 1996;
Media Services AGB Research on 2000, 2005 and 2006, Ljubljana, 2000, 2005, 2006;
Mediana Media Research on 2000 and 2006, Ljubljana, 2000, 2006.

diversity and quantity of its production due to its special legal status. *RTV SLO* broadcasts two national television programmes (*TV SLO 1* and *TV SLO 2*), two regional

6 Statistical Office of the Republic of Slovenia, *Statistični letopis 2006*, see http://www.stat.si/letopis/index_letopis.asp (Accessed 2 May 2007); Research of Internet Use in Slovenia (RIS), *PC in mobilna uporaba interneta 2006*, see http://www.ris.org/index.php?fl=2&lact=1&bid=1491&vir=16&parent=13 (Accessed 2 May 2007); Research of the Internet Use in Slovenia, *Uporaba interneta v gospodinjstvih 2006* (The Report on The Use of Internet in the Households); see http:// www.ris.org/index.php?fl=0&p1=276&p2 =621&p3=&id=663 (Accessed 2 May 2007); Some of the cells in the table are empty, because the numbers are not available, because research on the matter has not been conducted

television programmes (*Television Koper/Capodistria* and *Tele M*) and two programmes for the Italian and the Hungarian national communities, respectively.

Apart from public service broadcast channels, there are also 25 commercial television channels, and 12 local and regional television channels which broadcast, according to the *Ministry of Culture and Mass Media Act*, programmes of special significance - they are not orientated commercially and are partly financed by the State. Five television channels, private and public, can be seen by more than 75 per cent of the Slovene population: *SLO 1, SLO 2, Pop TV, Kanal A,* and *TV 3*. Other television channels cover local and regional areas.[7]

The main limit put on the television, but on other media markets as well, is the size of the country and its population. Since Slovenia is a small country, with a population of only two million, it does not have the natural preconditions for a huge quantity and diversity of stations and channels that would offer attractive and/or high quality of programming. Furthermore, it doesn't share a language with any larger country that would give the domestic channels and production the opportunity to offer programming to wider audience.[8] Therefore the domestic television stations have to compete in a very small market. This has not crippled the quick rise in the number of the stations and channels, mainly in the 1990's, due to a very liberal policy of media and broadcasting regulation. However, this saturation has important and mostly negative consequences for the quality and variety of channels and programmes.

The size of the market reflects also on (possible) advertising revenue. Following the rise of GDP, the advertising market has significantly developed since the start of the post-socialist transition and switch to a market economy. However it is still relatively small, as a result of natural limits. The gross value (without discounts) of the advertising revenues in Slovenian media in 2006 was €164.4

7 APEK, Annual Report for 2006

8 As is the case with Austria and Germany, or Ireland, the United Kingdom, and the United States.

million, which is 10.6 per cent higher than in 2005. Television share of gross advertising is 30.7 per cent.[9] This saturation and the size of the market mean that, despite the fact that there are 36 television stations, there are basically just two strong players according to market shares, turnover and ability to adopt new digital technologies. These are public service broadcaster *RTV SLO* and commercial broadcaster Pro Plus, which produces channels *Pop TV* and *Kanal A* and is owned by an American company, Central European Media Enterprises (CME). *RTV SLO* is the largest media company in Slovenia, with a turnover of € 109.8 million, 71.4 per cent of which come from subscription fees paid by radio or television owners, as defined in the Law on *RTV Slovenia* (*hereafter ZRTVS*). It is followed by *Pro Plus*, with a turnover of €40.5 million, a large majority of which comes from advertising.

Table 2.
Main television stations according to turnover

Name	Owner	Type of Media	Turnover 2006 (or 2005)	Advertising revenues pre-tax	Number of employees (2006 or 2005)
RTV Slovenija	*The Republic of Slovenia* (100 %)	Public Service Broadcaster (radio and television)	€109.8 mio	€20.4 mio	2155
Pro Plus	*CME* (100 %)	Television Broadcaster	€40.5	Mio	n. d. 150

A number of specialized channels broadcast, such as *Čarli* (popular music), *Petelin* (folk music), *Šport klub* (sports), and *Info TV*, a 24-hour news channel. Most of these

9 Half of the advertising pie belongs to the print media (dailies - 29.7 per cent, other print media - 17.7 per cent) and outdoor media, with 13.6 per cent of the pie. Radio stations (7.3 per cent) and online media (app. 1 per cent) were not as important as actors in the advertising market in 2006. M. Jančič, "Dnevniki lovijo televizijo", *Marketing Magazin*, January 2007, p.23.

specialized and other general commercial channels are relatively unimportant, both in terms of influence and advertising revenue, since they achieve low ratings. They mostly produce cheap in-house shows, talk shows and music shows. Their political influence is very limited, as are their ratings, income and ability to adopt new technologies.

All main Slovenian traditional media have their online versions. Public service broadcaster *RTV Slovenija* and the biggest commercial broadcaster *Pro Plus* offer a wide variety of content on their online platforms. These are produced by special experts within the editorial offices and other production units that are connected with the primary production. The 2006 study *Internet in slovenska država* ("*Internet and Slovenian State*"), showed that Slovene online media are growing in scope.[10] This growth has been reflected in the online versions of both main television stations: the site of the commercial television *Pop TV*, www.24ur.com, has approximately 600,000 visitors monthly, while multimedia portal of *RTV SLO*, www.rtvslo.si, has approximately 360,000 visitors. It is estimated that there are 1,012,857 active users of Internet in Slovenia. 53 per cent of these are men, while the average age of a regular Slovenian Internet user is 34[11]. According to

10 Research of the Internet Use in Slovenia, *Internet in slovenska država*, see http://www.ris.org/uploadi/editor/1171361207InternetInSlovenskaDrzava2006.pdf (Accessed 2 May 2007)

11 According to the research on the most-visited Slovenian web-sites (MOSS) commissioned by the Slovenian Chamber of Advertising, spring of 2007. The ten most visited sites out of 83 included in the research are: *Najdi.si, 24ur.com, Siol.net, RTV MMC, Bolha.com, Avto.net, Delo.si, tis.telekom.si, Podnapisi.net* and *Glasujzame.com*. The first site among on-line versions of newspapers and magazines is the site of a national newspaper Delo, in 7th place. It is followed by the site of a weekly magazine Mladina (15th place), newspaper Dnevnik (19th place), tabloid newspaper Direkt (38th place), women's magazine Cosmopolitan (39th place), the financial magazine KAPITAL (47th place), the free weekly magazine Žurnal (58th place), the men's magazine Playboy (65th place), the financial magazine Moj Denar (66th place) and regional newspaper Primorske novice in 67th place. See http://www.soz.si/uploads/pdf/moss_pomlad_2007_dosegi.pdf (Accessed 21 June 2007)

estimates, online media had a 1.1 per cent share of media gross advertising in the first half of 2006.[12]

The percentage of households that have access to the Internet reached 54, which means that 880 thousand people frequently logged on to the Internet in the fall of 2006. According to the project *Research of Internet in Slovenia* (RIS) this is slightly above the average in European Union.[13] More than half of people (50.7 per cent) access the Internet by dialling up; approximately a third (32.5 per cent) via ADSL access, while 16.4 per cent use cable to access the Internet.

The Slovenian telecommunications market ranks among small-sized European markets with an annual turnover of €855 million, according to the annual report of Agency for Post and Electronic Communications (hereafter APEK) for 2005. The biggest player on the telecommunication market is *Telekom Slovenije*, which is majority-owned (74 per cent) by the state. This, together with its daughter companies, mobile telecommunications provider *Mobitel* and Internet service provider *Siol* holds more than three quarters of the market revenues. Fourth important player on the market is *Si.mobil*, mobile telecommunications provider, owned by Austrian *Mobilkom* (92.2 per cent) and two Slovenian companies (7.8 per cent).

The number of mobile telephone subscribers is 1.45 million. The share of those able to access the Internet via handhelds has also been growing fast due to the fact that the number of UMTS subscribers is itself constant growing.[14] The two largest

12 M. Grgič, "Rast z novimi mediji in oglaševalci" ("Growth with new media and advertisers"). *Delo*, 16 August 2006.

13 Research of Internet Use in Slovenia, *Uporaba interneta v gospodinjstvih 2006*,; available at: http://www.ris.org/index.php?fl=0&p1=276&p2=621&p3=&id=663 (Accessed 2 May 2007)

14 Agency for Post Services and Electronic Communications, *Annual Report for 2005*, see http://www.apek.si/sl/datoteke/File/Porocila/LETNO_POROCILO_2005.pdf (Accessed 1 May 2007) (hereafter APEK, Annual report for 2005)

mobile telecommunications operators, *Mobitel* and *Si.mobil*, have recently widened their offer of digital content (news, entertainment, interactive games etc.) on their platforms *Planet* and *Vodafone live*. Short video content can already be watched.

The trend of convergence is ever more present on the Slovenian market of electronic communications. This enables subscribers to use similar, existing or new media, telephone and internet services via the same transmission platform. Service providers want to ensure their share of the open market, and so they add increasingly attractive services to their range. Competition is improving with the entry of new operators, which leads to better quality services and more attractive prices for end users.[15]

Because of their economic power (the estimated value of *Telekom Slovenije* is €3.3 billion.[16] Net profit in first half of 2007 was €46.3 million[17]) and technological development, telecommunication companies can (and probably will) become important actors in the area of digital television, even more than most Slovenian television stations. The telecommunication companies already offer online news and other content for mobile telephone subscribers. The most popular website in Slovenia, the search engine Najdi.si, was recently bought by Telekom Slovenije[18], while the third most popular website, Siol.net, belongs to its Internet service provider. However, the main television stations are still strong, as are their on-line versions: the website of the main commercial channel *Pop TV*, www.24ur.com, ranks second, while the website of *RTV SLO*, www.rtvslo.si, ranks as the fourth most popular site.

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15 APEK, Annual report for 2005

16 G. Cerar, "Janša je imel morda prav" ("Janša was perhaps right"), *Mladina*, 18 August 2007, p. 31.

17 M. Polanič, "Skupina Telekom v polletju s padcem dobička" (Telekom Group announced a fall in profits in the first half of the year"), Dnevnik, 1 September 2007, p. 19.

18 Telekom Slovenije also owns or has important shares in, among others, On.net in FYR Macedonia, Blic.net in Bosnia and Hercegovina, Gibtelecom and Interseek.

Given its well-developed mobile, telecommunications and other technologies, it is quite surprising that Slovenia is lagging behind when it comes to the adoption of the digitalisation of television. Digitalisation is mostly present as digitalisation of transmissions and other changes in production. But real changes that will affect both the wider population, and the distribution and consumption of digital media, are only just now starting to appear. This delay in changes and the limited awareness of coming processes is caused by the low level of digital penetration.

Digitalisation has so far reached only one per cent of households: 2000 households have access via cable (DVB-C) and 5000 households have access via broadband (DVB-H). This is low compared to the average penetration in the entire European Union, which is 23.7 per cent.[19] Satellite (DVB-S) and terrestrial (DVB-T) digital television platforms are not available yet in Slovenia, and data is not even available regarding mobile phones as a TV distribution platform.

A number of television programmes can also be accessed through the Internet (including the radio and television programmes of the public service broadcaster RTV Slovenia). One of the main Internet providers, Siol, is at present technically the biggest Slovene digital television supplier, since it offers ADSL broadband subscribers the Siol-TV service, which includes more than 100 digital television programmes. However, this project has been rather unsuccessful. Siol-TV is used only by ca. 5500 users of Internet ADSL connection. In 2005, a new player entered the market - *T-2*, owned by a company that is in turn owned by the Slovenian *Roman Catholic Church*[20] , and offered VDSL Internet connectivity with bandwidths of up to

19 European Commission, *Communication on Reviewing the Interoperability of Digital Interactive Television Services Pursuant to Communication COM(2004) 541*, 30 July 2004. COM(2006) 37 final.

20 The Roman Catholic Church is a very important player in the Slovenian economy. It owns or is main shareholder of a number of companies that deal with a range of activities. Its companies also included the owners of television station TV 3, when it was established in 1995 (later that station was sold).

50Mbs/20Mbs, IP telephony services, digital television service with 120 television channels and video-on-demand.

UPC Telemach has a digital platform and has been enabling its subscribers to watch HBO movies and pornography in digital form for over two years. KRS Rotovž has also been offering its programme scheme in digital form. UPC Telemach will offer video-on-demand to subscribers when the market demand for it will increase, making the service economically justified[21].

Cable operators and Internet providers were, until recently, not interested in convergence because of small competition and financial success. The larger part of the incomes of UPC Telemach, for example, is still related to cable television (however, the incomes from data transfers and digital telephony are also growing fast). The subscription for watching digitalised programmes in Slovenia is paid only by 5000, or 1.6 per cent, of the users. Even the biggest Slovene cable television provider Telemach (108.000 subscribers) has only 1500, or 1.4 per cent, of subscribers for digitalised programmes[22]. However, more than 70 per cent of households who have cable would be able to receive digital television DVB-C.[23]

21 V. Tifengraber, "Naši lastniki se čudijo razmeram na slovenskem trgu." ("Our owners are astonished by the state of affairs in the Slovenian market") Interview with Vojko Rovere, general manager of UPC Telemach. *Dnevnik*, 24 May 2007, p.12.

22 L.J. Kučić, "Neznanke digitalne televizije" ("The mysteries of digital television"), Media Watch, May 2006. See http://mediawatch.mirovni-institut.si/bilten/seznam/26/it/ (Accessed 25 July 2007)

23 Ministry of Economy, *The Strategy of the Republic of Slovenia for the switchover from analogue to digital broadcasting*. Accepted by the government of Slovenia on 15 February 2006. See http://ec.europa.eu/information_society/policy/ecomm/doc/todays_framework/digital_broadcasting/switchover/si_switchover_plan_en.pdf (Accessed 28 June 2007) (hereafter Ministry of Economy, Strategy for switchover)

3.2 Audience Share and Changing Audience/Users Behaviours

Table 3.
Viewing Shares of Slovenian Television Channels

Target	10 years +					
Variable	Rating %			Share %		
Channel\Year	2004	2005	2006	2004	2005	2006
Slovenija 1 (public)	3.17	3.10	2.90	25.69	25.24	22.94
Slovenija 2 (public)	1.29	1.08	1.13	10.47	8.81	8.95
TV3	0.23	0.25	0.28	1.89	2.02	2.18
POP TV	3.37	3.33	3.59	27.34	27.11	28.41
Kanal A	0.96	1.03	1.12	7.81	8.36	8.88
Others	3.30	3.49	3.62	26.80	28.46	28.67

Source: Media Services AGB Nielsen Research

Both channels of public service broadcasters still achieve relatively high ratings, especially when compared to some other Central and Eastern European Countries, where public television has shown a great decline in ratings. However, long-term decline in the ratings of TV Slovenia is clearly apparent. The increasing segmentation and fragmentation of the public is also apparent and acknowledged by *RTV SLO*, as even its on-line presentation states: "Viewers are more segmented from a year ago to one another in their interests, life styles and watching habits, so we try to offer the widest spectrum of broadcasts possible to meet their requirements."[24]

Jože Možina, Program Manager of TV Slovenia (this is the key position at TV Slovenija for programming decisions, and within *RTV SLO* is second only to the general manager) explains, "in general there is a new trend of watching television in Slovenia. People spend more time daily watching television although these are the

24 See http://www.rtvslo.si/files/razno/rtv_brosura_english_pop.pdf (Accessed 14 August 2007).

same individuals and not new viewers. Next to this the percentage of commercial and foreign programme viewers is rising. There might be a lack of interesting content in RTV programme offerings for the viewers."[25] This is particularly apparent in certain segments, such as viewers with higher education and those younger than 29 years.

Table 4.
Daily Media Reach* and Amount of Use[26]**

	2000		2005/2006	
	reach	in min./day	Reach	In min./day
Print media	92 %	/	89 %	/
Radio	84 %	/	63 %	180
TV	69 %	168	64 %	177
Video/DVD	/	/	/	/
Internet	9 %	/	40 %	15
Computer games	/	/	/	/

* How many people use the respective medium during an average day (given in a percentage)?
** How many minutes per day does the average individual use the respective medium?
Sources: Media Services AGB Research on 2000, 2005 and 2006, Ljubljana, 2000, 2005, 2006.
Mediana Media Research on 2000 and 2006, Ljubljana, 2000, 2006.

While there is no decline in the amount of time spent watching television, it is clear that Internet, e-mail, mp-3, downloading, file-sharing and other on-line and/or mobile-phone activities are increasingly popular, especially among the younger population. According to research, commissioned by the Agency for Post and Electronic Communication, they are causing an increasing individualisation of media consumption. Television is most popular in the western part of Slovenia, due to the attractiveness of foreign channels, especially Italian ones, while viewers consider

25 Written interview with Jože Možina, Programme Manager of TV SLO, Ljubljana, 13 July 2007.
26 Some of the cells in the table are empty, because the numbers are not available, as research on the matter has not been conducted.

local television in Slovenia quite irrelevant[27]. Another recent research showed that those who use Internet and e-mail use it more than ever before: those who used Internet and e-mail in the first half of 2007 used it for 52 and 27 minutes daily, respectively, as opposed to only 39 and 20 minutes a year ago, respectively[28].

The most valued programme genre among viewers in general and of PSB is news and current affairs. It is also among the most watched programming both on RTV SLO and on the main commercial channels, *Pop TV* and *Kanal A*. Commercial channels are not obliged to broadcast news and current affairs, as Mass Media Acts from 1994 and from 2001, amended in 2006, had no such provisions. However, it seemed so relevant to managers and editors of newly-established *Pop TV* in 1995 (to create the image of a serious and responsible television channel), that they decided to create it immediately at the outset[29], and have continued to broadcast daily news and weekly current affairs programmes and shows ever since. News and current affairs are also among the most watched programmes on RTV SLO (along with sports and entertainment).

4. Regulatory Framework and State Policies

The main broadcasting regulatory bodies are the Ministry for Culture (including the Media Inspector); the Agency for Post and Electronic Communications (APEK); and the Broadcasting Council (SRDF). The APEK's most important tasks are ensuring the

27 GfK Gral-Iteo, An analysis of opportunities for radio and television channels in Slovenia (in Slovene), March 2007. See http://www.apek.si/sl/datoteke/File/2007/sporocila zajavnost/apek,_priloznosti_za_razvoj_rtv_programov_-_porocilo,_marec_2007.pdf (Accessed 20 August 2007)

28 Research by company Valicon, July 2007.

29 M. Milosavljević, "Daj ljudstvu to, kar hoče - POPtv" ("Give the people what they want - POPtv"), *Delo-Saturday Supplement*, 23 December 1995, p. 37.

implementation of the Law on Electronic Communications and monitoring the compliance of radio and television stations with the restrictions on their programming defined in the Mass Media Act.[30] The Broadcasting Council is an independent body that, among other things, supervises the adherence of broadcasters to the obligations contained in their licences. The Ministry of Culture supervises the implementation of the Mass Media Act, and prepares laws regulating public service broadcasting and commercial media. In autumn 2004, a special Directorate for Media was established within the Ministry. The ministry's Media Inspector is investigating breaches of the act on its own initiative or following complaints from the public. Meanwhile, according to the Law on *RTV Slovenija* (ZRTVS) from 2005, *RTV SLO* is governed by its Programming Council, while its financial operations are controlled by a Supervisory Board. Cable and satellite broadcasters are regulated by a separate procedure[31].

30 Commercial television broadcasting is regulated by the Mass Media Act, adopted in 2001 and amended in 2006, and pursuant to the Law on Electronic Communication, adopted in 2004. The Mass Media Act regulates all media, with a second chapter dedicated specifically to broadcasting, including the public broadcasting system - which is more precisely regulated by the Law on RTV Slovenia, from 1994, amended in 2001 and 2005. The Law on RTV Slovenia was first adopted in 1994 (*Official Gazette* 8 April 1994). The law was subsequently amended a number of times: *Official Gazette* no. 18/1994, 29/1994, 73/1994, 88/1999, 90/1999, 102/1999, 113/2000, 35/2001, 79/2001, 54/2005, 96/2005) Radio and Television Corporation of Slovenia Act - Zakon o Radioteleviziji Slovenija, *Official Gazette* no. 18/1994, 29/1994, 73/1994, 88/1999, 90/1999, 102/1999, 113/2000, 35/2001, 79/2001, 54/2005, 96/2005). (hereafter, Law on RTV Slovenia 2005). See http://zakonodaja.gov.si/rpsi/r01/predpis_ZAKO4461.html. (Available in English at http://www.rtvslo.si/files/RTV_Slovenija/zrtvs_1.pdf) (Accessed 9 July 2007).
See http://www.rtvslo.si/files/RTV_Slovenija/zrtvs_1.pdf. (Accessed 9 July 2007). Mass Media Act (Zakon o spremembah in dopolnitvah zakona o medijih (Ur.l. RS, št. 60/2006)). See http://www.srdf.si/eng/main23.html. (Accessed 20 July 2007)

31 Ministry of Economy of Republic of Slovenia, "Procedure on licences for radio and television broadcasting, when the function is not connected with the use of frequencies," *Official Gazette* 10 March 2003.

The main regulatory body for online media is APEK, which is responsible for implementation of the Law on Electronic Communications from 2001 that was amended in 2007. APEK's mission is to regulate the electronic communications market in order to ensure competitiveness and thus high quality, modern and affordable services. However, online media have been pretty much deregulated - this falls into the question for an approach with provisions from migrating from existing regulatory frameworks to an efficient future unified regime with wider coverage of the communications and information industries.[32]

APEK is an independent body that was established in July 2001 under the Law on Telecommunications 2001.[33] The APEK's work is supervised by the Government, which must approve its annual financial and activity plan, as well as its annual report. Since the Government also appoints and dismisses the APEK Director, the role and influence of politics and the Government over this formally independent body is very important.

Monitoring of television channels and their programmes is performed by the APEK in accordance with a bi-annual plan, submitted to the Broadcasting Council. However, in 2003 and 2004, the APEK only monitored television channels that "cover a major part of Slovenia." This included three channels of *RTV Slovenia* and three commercial channels, *Pop TV*, *Kanal A* and *Prva TV*. This also meant that none of the other television channels (32 commercial and one public) were monitored in 2003 and 2004. Although lack of personnel and technical capabilities may explain this lack of monitoring and regulatory control, the fact that only six television channels out of 39 were monitored in that period left plenty of opportunity for possible breaches of regulation.

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32 P. Iosifidis, "Digital convergence: challenges for European Regulation", *Javnost/The Public* 9 (2002), 3, pp. 27-48.

33 Law on Telecommunications, *Official Gazette* no. 30/2001.

The situation improved by 2006, when APEK conducted 13 supervisions[34]. The supervisions included all channels, with APEK verifying the execution of terms for preservation of the status of program of special significance. In addition to those, one channel of *RTV Slovenia* and one channel without the status of program of special significance were included[35]. Of course this also means that the majority of Slovenian television channels were still not supervised regarding the compliance of their work and programme with the Mass Media Act.

The contemporary Slovenian regulatory framework for television broadcasting is incomplete within the context of the digital age. This has also been reflected in reports of the *European Platform of Regulatory Authorities (EPRA)*, which has classified Slovenia in the group of "followers", consisting of countries that have not yet established a regulatory framework for the launch of digital terrestrial television.[36] (Slovenia is also in other classifications usually placed in the "later" group; for example, in a table of classes for the switch-off of analogue terrestrial TV in member states, which was prepared by the European Commission, Slovenia was placed in the second or last group B[37]).

So far, only *The Strategy of the Republic of Slovenia for the switchover from analogue to digital broadcasting* (hereafter: The Strategy) has been accepted. A Draft Law on Digital Broadcasting has been presented by the Ministry of Economy in June 2007. However, parliamentary debate had not yet begun at the time of writing this paper.

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34 APEK, Annual Report for 2004, p. 40. See http://www.apek.si/en/datoteke/File/anglesko/annual_report_2005.pdf. (Accessed 3 July 2007)

35 APEK, Annual Report for 2006, p. 82.

36 Working Group on Digital Terrestrial Television in EPRA Countries, Coordinated by AGCOM (Italy), *EPRA - Final Report.*, Rome, 2004.

37 Ministry of Economy, *The Strategy for switchover.*

The Broadcasting Council already called in its report for 2001-2002 for a development strategy for radio and television channels to be drafted, to clarify how many channels are actually needed in Slovenia to satisfy the needs of the public for information, education and culture, given that the available television and radio frequencies were almost exhausted.[38] The Council's report assumed that in two or three years it would be practically impossible to find new frequencies for television analogue broadcasting, a prediction that subsequently proved to be accurate. (This is admitted also in The Strategy, as it states: "The basis for the launch of and transition to digital broadcasting is the availability of frequency space. It is already heavily used for analogue broadcasting, and so the Republic of Slovenia (APEK) has only a few analogue channels available."[39]) To resolve this situation, the Council proposed that Slovenia should turn to digital technology.

The former Ministry of Information Society (MID) was authorised to prepare a strategy. However, the MID didn't prepare it; Pavel Gantar, former Minister of the Information Society, has said that the Ministry had other pressing tasks, especially preparation of a broadband strategy. Slovenia became one of the last European countries without a strategy for digital switchover.[40] Then, when the new Government took office in December 2004, it decided that MID was no longer needed, since most of its tasks had been achieved, and that this Ministry could function in the future as a division of the Ministry of Economy. Within a Directorate for Electronic Communications at the Ministry of Economy, *The Strategy of the Republic of Slovenia for the switchover from analogue to digital broadcasting* (hereinafter: The Strategy) was prepared, after a wide project group

38 Broadcasting Council, *Letno poročilo 2001/2002, (Annual Report 2001/2002).* Ljubljana, 2002.

39 Ministry of Economy, *The Strategy for switchover*

40 L. J. Kučić, "*Neznanke*".

Table 5.
Key Policy Documents (Approved and Expected) Relevant to Digitalisation[41]

Year	Institution	Document	Author	Status
2002	Ministry of Information Society	The Strategy of Digitalisation	None	Not prepared. Ministry disbanded after new government came into power November 2004
2004	RTV Slovenia	The Strategy of RTV Slovenia for 2004-2010	Internal departments of RTV Slovenia, external consultants	Adopted by Council of RTV SLO, however became less relevant after the change of the Law on RTV SLO and the change of the management and Programming Council.
2005	Directorate for Electronic Communications at the Ministry of Economy	The Strategy of the Republic of Slovenia for the switchover from analogue to digital broadcasting	Directorate for Electronic Communications	Adopted by the government, February 2006
2007	Ministry of Economy	Draft Law on Digital Broadcasting		Presented in June 2007, waiting for Parliamentary procedure (September 2007)

had been appointed. The Strategy was accepted by the government in February 2006.[42]

41 Law on RTV SLO is not included since it does not regulate digitalization

42 The project group was appointed in March 2005 and included representatives of the Ministry of the Economy, the Post and Electronic Communications Agency, the Broadcasting Council, the Electronic Communications Council, the Chamber of Commerce and Industry of Slovenia: print and media association, information technology and telecommunications association, electrical industry association, the Faculties of Electrical Engineering in Ljubljana and Maribor and the Faculty of Economics. In May 2005, representatives of the Ministry of Higher Education, Science and Technology, the Ministry of Culture, *RTV Slovenia* - Transmitters and Communications, Sistem TV d.o.o., Telecommunications Institute and the Pro Plus d.o.o. company joined the project group.

The Strategy foresees three networks to be set up for digital broadcasting with simultaneous broadcasting in both analogue and digital technology followed by a gradual exclusion of analogue transmitters and releasing of frequencies for the adjustment of the next multiplexes. The deadline for the complete switchover is the beginning of 2012. The Strategy altogether envisages 8 television multiplexes for Slovenia, which would provide at least 32 different channels. The Strategy is the basis for the Draft Law on Digital Broadcasting, which is waiting for further procedures and possible changes.

All national and regional channels of the public *RTV SLO* are expected to be placed on the first multiplex MPN-A. However, in August 2007, the Agency for Post and Electronic Communications (hereinafter: APEK) announced a public call for three additional channels in the first multiplex, in which *RTV SLO* is already broadcasting its two national channels. There was no public tender for channels on the first multiplex, since the law has not been passed yet, but APEK wants to hasten the process of digitalisation with the introduction of commercial channels as well. In October 2007, APEK announced that they had chosen P*op TV, Kanal A* and *TV3*[43]. These are also the three largest commercial channels, and could help promote digitalisation and increase the penetration of digital equipment. At the same time, this also means that the first multiplex could, very quickly, be fully occupied. It remains to be seen whether *RTV SLO* will get additional channels later.

In the autumn of 2007, a public tender for the second multiplex is scheduled to be announced.[44] The second multiplex MPN-B will include channels matching the criteria set on the basis of the public tender. A programme-type criterion will be

43 M. Ropret, "APEK bi rad pospešil digitalno oddajanje." ("APEK would like to hasten digital broadcasting") *Delo*, 14 August 2007, p. 14.

44 B.Č. "Jeseni bo APEK objavil razpis za drugi multipleks." (In the autumn, APEK will anonuce a tender for second multiplex) *Finance*, 16 August 2007, p. 8.

introduced. The third multiplex MPN-C will include channels and new service providers that meet the established criteria on the basis of the public tender. APEK made more versions of the possible realization of digital networks. With those versions it would be possible to ensure that the majority of the Slovenian population will be covered in two multiplexes, while the third or fourth multiplex would mostly cover bigger and urban centres[45].

In parallel with the DVB-T system, a DVB-H system will, according to The Strategy, also be introduced, intended for mobile reception of terrestrial digital television on mobile devices. Mobile devices that can receive DVB-H are currently relatively expensive (due to limited supplies). However, The Strategy expects prices to fall and this market to develop very soon; this would enable many new methods for providing content and interactively involving users. Mobile operators could therefore soon provide digital television.

The first warnings about the relevant regulation of digitalization were published in 2000. "The non-regulation of Slovene private broadcasting shows that regulation is the only option if we want to provide society with at least some variety of content and some variety of sources." The situation in Slovenian broadcasting at that time showed that "the increase of available channels does not automatically mean the increase of content and source variety" and that "there is no true, internal pluralism, pluralism of content, sources and different approaches. And there is no reason to believe that digitalization will bring an end to this." (Milosavljević, Bašić-Hrvatin, 2000, p. 255)[46]

45 APEK, *Annual Report for 2006*, page 23.

46 M. Milosavljević and S. Bašić-Hrvatin, "Who will control the controllers?" In: T. Lees, S. Ralph, J. Brown (eds.). *Is regulation still an option in a digital universe?*, (Current Debates in Broadcasting, No. 9). Luton: University of Luton Press, 2000, pp. 253-257.

The authors of The Strategy acknowledge the importance of wide consensus, or as they state in The Strategy: "Due to the complexity of the procedure and the involvement of various actors in the switchover from analogue to digital broadcasting and the impact of digital broadcasting on the daily life of each individual, a broad political, economic, public and private consensus is required."[47] The Ministry of Economy that was in charge of preparation of The Strategy, and later the Draft Law on Digital Broadcasting, invited a wide range of institutions and players to co-operate on the preparation of these documents. However, many reactions and proposals were ignored and refused, among them the reaction of *RTV Slovenia*, whose suggestions were completely ignored.[48]

It is difficult then to declare that such a consensus was really reached. During the preparation of The Strategy, other members of the project group at their meetings expressed a number of critical concerns. Leopold Gregorač from the Institute for Telecommunications said that the proposed choice concerning distribution of channels to multiplexes was premature, because The Broadcasting Council, along with the Parliament, would have to pass it first. He also stated that *RTV SLO* couldn't accept and enable all of the programmes to use their infrastructure. Sandra Bašič-Hrvatin, former president of Broadcasting Council, stated that the transition of the existing situation of "the analogue world" (number and types of programmes) to a digital broadcast technique wouldn't be the right solution, and that for the transition to be a success, "we need to encourage the emergence of new programmes and services. We also need to define the criteria and conditions on how programme channels on multiplexes will be awarded."[49]

47 Ministry of Economy, *The Strategy for switchover.*

48 According to the interview with Zvezdan Martić, editor-in-chief of Multimedia Center of RTV Slovenia and representative of RTV SLO in the project group, Ljubljana, 21 June 2007.

49 Forum za digitalizacijo, *Zapisnik srečanja.* See http://www.mg.gov.si/si/delovna_podrocja/elektronske_komunikacije_in_posta/radiodifuzija/forum_za_digitalno_radiodifuzijo_v_sloveniji/ (Accessed 27 July 2007)

The criteria for obtaining rights for digital television broadcasting that are the basis for public tenders were later defined as[50]:

- the diversity of the programme offered in terms of genre and theme
- proportion of in-house production
- the amount of production of Slovenian audio-visual works
- the duration (scope) of the programme service
- adequately balanced reporting in daily informative programme[51]

When selecting the programme service, the following are given priority[52]:

- the programme services that are already broadcast through analogue broadcasting
- frequencies in the tendered area
- free (not encoded) programmes

Commercial broadcasters at the meetings of project group showed no enthusiasm for digitalisation. Tomislav Kalan, technical director of Pro Plus (which broadcasts channels *POP TV* and *Kanal A*) said that viewers have not placed any pressure on them regarding their transition to digital broadcasting, because they believe that they would not gain much. What is important to them are the broadcasting expenses, which are being covered exclusively by airing television

50 Mass Media Act, article 104a. See http://www.srdf.si/eng/main23.html. (Accessed 9 July 2007)

51 It is unclear why this criteria is introduced, as it is unclear how the Broadcasting Council (SRDF), who is in charge of this criteria, could measure the balance of reporting. The President of SRDF, who said that they plan no such control or measurement, confirmed the meaninglessness of such a provision. As SRDF does not have the methodology or instruments for balance, this concept can be just an excuse for any government to give financial support or frequencies to 'their' media. One should in principle defend balanced reporting, but when deciding what is balanced is left to the government or their agencies, it can quickly turn into something very unbalanced and biased. L. J. K., "Frekvence za `uravnotežene' programe". *Delo*, 14 August 2007, p. 14.

52 Mass Media Act, article 104a.

advertisements. They do not see a direct connection for now, but they are in favour of digitalized broadcasting if it will reduce their costs. Kalan also stressed the importance of controlled competition between operators, as this shouldn't be allowed to cause an increase in current expenses.

The Draft Law and The Strategy have both provoked a number of questions and criticism. There is the question of why a special law is actually needed and why is digital broadcasting regulated outside of Law on Media[53]. The minister of Economy Andrej Vizjak admitted that everything - especially granting and managing the multiplexes - could have been regulated in the Law on Electronic Communication, or the Law on Media. "However, with specialized law we have done this in a more clear, transparent and simple way," he claims[54]. Even more important criticism of the Draft Law is that it is set too technically, without taking into account that broadcasting is an important cultural issue and that programmes, new services and content generally should be taken care of very delicately, not just technically and economically[55].

This technical and economical approach is confirmed by the fact that the Draft Law was prepared by the Ministry of Economy, and not by the Ministry of Culture, as was the case with the Law on Media, and the Law on *RTV Slovenia*. However, unlike in many European countries, there was no turf war between the Ministry of Culture as the main broadcasting regulatory body, and the Ministry of Economy, as the main telecommunications regulatory body. Furthermore, the Ministry of Culture didn't have any representative at the public debates of the project group, nor any

53 Question was raised also by S. Bašić-Hrvatin. "V Sloveniji brez javne razprave o novi medijski direktivi". ("No public debate on new media directive from EU in Slovenia") *Medijska preža*, No. 28, May 2007, p. 21. (Hereafter S. Bašić-Hrvatin, "V Sloveniji")

54 M. Ropret, "Digitalna televizija bliže, a še na čakanju" ("Digital television is getting closer, but still on hold"). *Delo*, 5 June 2007, p. 3.

55 On the Strategy: L. J. Kučić, "Neznanke". On the draft law: S. Bašić-Hrvatin, "V Sloveniji".

appointed for the preparation of The Strategy, and has not participated with any questions or suggestions for The Strategy or the Draft Law.

As if to confirm this technical approach, RTV SLO was represented at those debates only by technical and multimedia staff, while managers from public television and radio, although the key personnel in charge of the programmes and content, failed to attend any of the debates. Two key people for preparation of The Strategy, both from the Ministry of Economy[56], have even gone so far as to state that questions regarding programmes and content do not belong within the strategy of the digital switchover.

This shows an important misunderstanding of the scope of changes that will happen due to digitalisation, even by the key people in charge of key government documents and regulation. This sort of technical reductionism completely ignores the way distribution and definitions in the regulation (which are often very vague; "innovative services", for example, as defined in the Draft Law on Digital Broadcasting[57]) influence the content that will - or won't - be available to the population. It also influences the conditions under which it will be available. The Parliamentary Assembly of the Council of Europe warned there is no guarantee about the quality and independence of broadcasting, offered by digitalisation, or that it would be free-to-air, universally accessible and constant over time[58]. Therefore,

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56 Smiljan Mekičar and Matjaž Janša. The latter is the managing director of the Directorate for Electronic Communications at the Ministry of Economy

57 Draft Law on Digital Broadcasting - Zakon o digitalni radiodifuziji. See http://www.mg.gov.si/fileadmin/mg.gov.si/pageuploads/DEK/ostalo/predhodne_javne_obravnave/K.Ticar_-_ZAKON_O_DIGITALNI_RADIODIFUZIJI_-_predlog_za_javno_obravnavo_-_12.02.2007.pdf. (Accessed 24 July 2007)

58 Parliamentary Assembly of Council of Europe, *Explanatory Memorandum to Report on Public Service Broadcasting*, 12 January 2004. See http://www.assembly.coe.int/Main.asp?link=/Documents%2FWorkingDocs%2Fdoc04%2FEDOC10029.htm. (Accessed 16 July 2007). (hereafter Council of Europe, Explanatory Memorandum)

important aspects of regulation regarding content and access (especially of their universality) should be incorporated in the regulation of digital broadcasting. The technical reductionism that is evident in the Slovenian case should be avoided.

RTV SLO in recent years was basically the only institution to warn that the state has not formed any decision regarding digitalization of transmitters and has not become involved enough in the processes of the European Union.[59] *RTV SLO* has been test transmitting using a terrestrial digital television signal since 2001 in order to measure and check the area of coverage. However, since all the procedures regarding the switchover to digital broadcasting started late, *RTV SLO* received its first decrees for DVB-T only at the end of the year 2006, when the regulating agency, the Agency for Post and Electronic Communication (APEK), issued decrees for DVB-T to *RTV SLO* for the broadcast of its two national TV channels[60]. According to these decrees, the coverage of Slovenian population with DVB-T technology amounts to 36.7 percent . By March 2008 it should amount to 75 percent.

According to the *Strategy on RTV Slovenia 2004-2010*,[62] from 2004 public broadcaster *RTV Slovenia* should provide additional specialized digital television and radio channels of informative, parliamentary, educational, sports and archival

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59 RTV Slovenija, *Strategy on RTV Slovenia 2004-2010*. Ljubljana, 2004. (hereafter RTV Slovenija, Strategy)

60 *TV SLO 1* is mainly dedicated to news, current affairs, children's programmes, prime-time entertainment, and films. TV SLO 2 broadcasts mostly sports, documentaries, and arts.

61 APEK, "Annual Report for 2006", page 23.

62 This wide-ranging document was prepared by the management of RTV SLO. A number of external experts were also consulted. The document was officially adopted by the Council of RTV SLO. The management and the law on PSB were soon changed, however. This Strategy today remains an official document, with parts of it included also in the plan of investments and development for 2008-2010. However, the document doesn't have an overwhelming influence on the future development of RTV SLO, as was planned.

character, and also trans-border television for minority programmes using satellite broadcasting. One of the most important tasks of public service broadcasting, according to the *Strategy on RTV Slovenia*, would be to archive digitalization. At this time, *RTV SLO* is obliged to archive in-house radio and television production, but would prefer that the State assume part of the burden for the archive. Multimedia (especially web) activities were in general an important part of the *Strategy for RTV Slovenia 2004-2010*, and officially remain so today, but digitalization was not the focus of the strategy.

The official presentation of *RTV Slovenia* on its web-page states: "The future of expansion of *RTV Slovenia* is seen in the Multimedia Centre".[63] However, very little is said about digital technologies in the new Law on RTV Slovenia 2005 (ZRTVS)[64], which was adopted a year after the *Strategy on RTV Slovenia 2004-2010* was adopted.

The public *RTV SLO* has the basis for digital transmission in Article 13 of the Law on RTVS, and must ensure digital transmission of *RTV SLO* programmes according to Article 3 and coverage of the territory of Slovenia according to Article 8 of the same Act. As a public radio and television service, it must actively and creatively contribute to public information and the introduction of digitalisation in the Republic of Slovenia. Article 7 also defines that *RTV SLO* must expand its programmes and apply new technologies (internet, digital radio-transmission, satellite), and assure the programme distribution to as many people as possible.

Although these provisions sound quite general, they contain important possibilities for future development of PBS in Slovenia. In some other EU countries (for example Germany) commercial broadcasters challenge the possibility of PSB expanding into new

63 See http://www.rtvslo.si/files/razno/rtv_brosura_english_pop.pdf. (Accessed 28 May 2007).

64 Radio and Television Corporation of Slovenia Act - Zakon o Radioteleviziji Slovenija (Ur.l. RS, št. 96/05 - ZRTVS-1). See http://zakonodaja.gov.si/rpsi/r01/predpis_ZAKO4461.html. (Available in English at http://www.rtvslo.si/files/RTV_Slovenija/zrtvs_1.pdf) (Accessed 15 June 2007).

areas and new services. They sought to reduce the licence fees, tighten taxation arrangements and block the Internet activities of the public service broadcasters. The Council of Europe Parliamentary Assembly warned that as a result of efforts by the private sector, it is no longer clear whether PSB should be allowed to change and evolve beyond its traditional technologies and programme profiles or ways of delivering programming to the public[65]. However, Slovenian law on PSB not just allows *RTV SLO* to develop online activities, but it explicitly demands this. This will prove extremely important in the future, when the predicted increase of advertising and other revenues of online media will most likely cause a fall in the revenues of traditional broadcasters (and other media). At the same time it could provide an important opportunity for an additional way of reaching as wide a population as possible (including the young, who watch PSB less and less), while also offering an additional source of income[66].

On the other hand, the Law on *RTVS* only mentions digitalisation and does not deal with the speciality of digital transmission. As mentioned earlier, *RTV Slovenia* was against the whole concept that was laid out in the Draft Law on Digital Broadcasting and wanted a different approach, where they would have a better position and would not need to technically support commercial broadcasters, but their reaction was completely ignored.[67] This means that the public broadcaster is at

65 Parliamentary Assembly of Council of Europe, Explanatory Memorandum to Report on Public Service Broadcasting, 12 January 2004. See http://www.assembly.coe.int/Main.asp?link=/Documents%2FWorkingDocs%2Fdoc04%2FEDOC10029.htm. (Accessed 16 July 2007).

66 This was acknowledged already in the proposed Strategy on RTV Slovenia 2004-2010, which stated that RTV SLO should, with regard to digitalisation, find a proper way to enable the public to access the archive, as "this kind of approach could eventually ensure additional income.".RTV Slovenija, Strategy.

67 According to an interview with Zvezdan Martić, head of Multimedia Center of RTV Slovenia and representative of RTV SLO in the project group. Interview done by the author, 21 June 2007, Ljubljana.

present, with regard to digitalisation, left with a *lex specialis* that doesn't deal with the speciality of digital transmission, and with a draft law on digitalisation, with which it completely disagrees while having - so it seems - no power to stop or change it.

5. Public Service Programming in the Digital Context

RTV SLO is a public, non-profit radio-television organisation performing radio, television and other activities in compliance with the Law on *RTV Slovenia*[68], Mass Media Act and the Statute of *RTV Slovenia*. *RTV SLO* broadcasts two national television channels, one regional channel in Maribor (Tele M) and one channel for the autochthonous Italian ethnic community in Slovenia (TV Koper Capodistria). The public service broadcaster also produces television programmes for Slovenian national minorities in neighbouring countries, television programmes for foreign audiences, and television programmes in the regional centres of Maribor and Koper. There is satellite broadcasting for audiences around the globe.

68 According to the Law on RTV Slovenia from 2005, article 1, *Radio Television Slovenia* (hereafter: *RTV SLO*) is "a public institution of special cultural and national importance performing a public service in the field of radio and television activities as defined in applicable law, with the aim of ensuring the fulfilment of democratic, social and cultural needs of the citizens of the Republic of Slovenia, of Slovenes living abroad, of the members of Slovene national minorities in Italy, Austria and Hungary, and of the Italian and Hungarian national communities in the Republic of Slovenia. *Radio Television Slovenia* also carries out other activities in accordance with applicable law, the Statute of RTV Slovenia, and the law governing the media." ZRTVS, November 2005, see http://www.mk.gov.si/fileadmin/mk.gov.si/pageuploads/min_eng/legislation/ZRTVS_1..pdf; (Accessed 16 July 2007).

Besides *RTV SLO*, there are also 12 other local and regional television channels, which produce and broadcast programmes of special significance and have public service obligations imposed upon them (provisioned in the *Article 4.a* of the *Mass Media Act*). These local, regional or student channels are defined as having special importance for their communities and must provide local and regional content (news, current affairs and culture) or content dedicated to students. For this, in accordance with the Mass Media Act, they receive, *inter alia*, preferential treatment when applying for broadcasting frequencies; lower prices for copyright; and free distribution by cable operators, where possible.

These non-profit orientated channels are co-financed by the state and annually apply for public competition organized by the *Ministry for Culture*. The Ministry divides approximately €4 million among selected print, broadcast and electronic media that work in the public interest. However, these channels have not yet spurred a broad public debate nationally, regionally or locally. According to a recent survey commissioned by APEK, the public doesn’t see these programmes of special significance as very significant. This is reflected in low ratings and their perceived influence.[69]

Slovenian television stations, both public and commercial, will have problems adhering to the obligations determined in the European Union’s *Television Without Frontiers Directive*.[70] Already there is a problem meeting

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69 GfK Gral-Iteo, *An analysis of opportunities for radio and television channels in Slovenia* (in Slovene). March 2007. See http://www.apek.si/sl/datoteke/File/2007/sporocila za javnost/apek,_ priloznosti_za_razvoj_rtv_programov_-_porocilo,_marec_2007.pdf (Accessed 20 August 2007).

70 "Television without Frontiers" Directive: Council Directive of 3 October 1989 on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the pursuit of television broadcasting activities, 89/552/EEC, OJ L 298 of 17 October 1989, as amended by *European Parliament* Directive of June 1997, 97/36/EC, OJ L 202 60 of 30 July 1997, consolidated text available on the *European Commission* website at: http://europa.eu.int/ eur-lex/en/consleg/pdf/1989/en_1989L0552_do_001.pdf (Accessed 3 May 2007).

Slovenian quotas[71], especially when it comes to domestic audiovisual works, which are in relatively short supply[72]. Slovenia is a small country and the Slovenian language is seldom used outside the country's borders, meaning that there can be few benefits from an economy of scale. Slovenian production is much more expensive than programmes bought from the United States, Latin America or European Union. To adhere to European Union quotas, most television stations rely on cheap formats, such as talk shows, studio interviews, and music videos.

The *European Union Television Without Frontiers Directive* is to a certain extent, mirrored in *Article 92* of the *Mass Media Act*, which lists the following requirements for *RTV SLO*:

- Both public service television stations, *SLO 1* and *SLO 2*, have to reserve at least 25 per cent of their annual airtime for programmes produced in Slovenia.

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71 The Mass Media Act stipulates that 20 per cent of the commercial stations' daily broadcast time must be produced in-house or on the behalf of the broadcaster. Its own works of at least 60 minutes' duration altogether must be shown between 6. p.m. and 10.p.m. each night. Every television station must endeavour to see that a significant proportion of the annual transmission time comprises Slovenian audio-visual works. Slovenian audio-visual works must account for at least two per cent of the annual transmission time of each television station of a broadcaster. Every television station must endeavour that the majority of the annual transmission time comprises European audio-visual works. Every television station must endeavour that the proportion of annual transmission time comprising European audio-visual works by independent producers is at least ten per cent. At least half of these works must have been produced in the last five years.

72 Supervision by APEK revealed, that the majority of verified programmes had some difficulties in assurance of the accordance with the demands of Mass Media Act . Only one television program managed to succeed in satisfying all the demands and limitations. The Agency established 37 violations of the Mass Media Act, including three programmes who didn't broadcast sufficient share of own production. APEK, *Annual Report for 2006*, pp. 82-83.

- The public service broadcasters must reserve ten per cent of their schedule for programmes by independent producers.
- European audiovisual production must account for the majority of airtime of annual public service broadcasting.

5.1 Delivery of Public Service Content

Public service content is delivered to the audience via a number of channels and options, including terrestrial and satellite broadcasting. As set in *Article 3* of the *Mass Media Act*, *RTV SLO* is also obliged to create, produce and archive Internet and mobile portals. The responsibility for implementing these provisions is on *Multimedia Centre (MMC)*, which creates and broadcasts multimedia textual, pictorial, audio and video contents for new media. MMC creates teletext, web pages (www.rtvslo.si) and the WAP portal (wap.rtvslo.si). MMC also has the task of creating three info channels (children's, entertainment and news) and to subtitle broadcasts for the deaf and deaf-mute.

Public service broadcaster *RTV SLO* has its own multimedia portal, www.rtvslo.si. It is the fourth most visited website in Slovenia[73] and was visited 364,833 times per month in 2007. The portal was the first in Slovenia to offer video and audio upon request. It has Internet archives comprising over 500 different broadcasts and more than 20,000 recordings of the broadcasts; there are also over 100 different radio and television subpages. The portal also offers live streaming, real-time transmission of radio and television programmes. The content (video and audio) can be accessed non-linearly and on demand. The Multimedia Centre of *RTV SLO* is the only in Slovenia to prepare a culture portal (www.rtvslo.si/kultura) and children and educational contents.

73 Research of most-visited Slovenian web-sites (MOSS), Spring 2007, see http://www.soz.si/uploads/pdf/moss_pomlad_2007_dosegi.pdf; (Accessed 21 June 2007).

Since April 2005 the visitors of this web portal can also receive five types of free e-news to their e-mail address, namely daily, weekly, cultural, entertainment and sports news. The service of e-news is intended for those who do not have time to look for news on the Internet, but like being informed on topical issues.

The website of *RTV SLO* also offers a number of interactive services and user-generated content: online auctions, online games, sending messages to the webmaster, editor, or a journalist, opinion polls, commenting on articles, rating articles, chatting, discussion forums, and blogs. With the help of RSS feeds most of the websites facilitate the personalized and ensuing ritualization of receiving content.[74]

Moreover, *RTV SLO* also offers online news and other content for mobile telephone subscribers on the platforms available. The latter are able to receive content (i.e. breaking news) while on the move and on demand (i.e. short news items from the archive). In compliance with technological guidelines *RTV SLO* enabled access to selected contents for the mp3 users by means of the RSS technology, i.e. podcasting (a user can download a broadcast to his mp3 immediately when it appears on the website). The content is produced by special groups within the editorial offices and other production units, which are strongly connected with the original production. The Multimedia Centre has a special editorial office, as well as specific funding (and is not part of either Radio or Television Slovenia). The funding accounts for 1-2 per cent of annual income of *RTV SLO*.

RTV SLO will in 2007 invest €20 million in equipment needed for digitalisation.[75] The Director General of *RTV SLO*, Anton Guzej, also hopes that the government will provide targeted financial help.[76]

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74 Interview with Zvezdan Martič, editor-in-chief of Multimedia Centre. 21. June 2007, Ljubljana.

75 M. Ropret, "Digitalna televizija bliže, a še na čakanju". Delo, 5 June 2007, p. 3.

76 Written interview with Anton Guzej, Director General of RTV Slovenia, 16 July 2007, Ljubljana.

However, editor-in-chief of MMC, Zvezdan Martič, warns that the level of expertise for digitalisation within *RTV SLO* is "very low" and that there are "not enough experts". He is also unsure whether current internal organization facilitates or encumbers the introduction of digital broadcasting, since he believes that there is "no other interaction", apart from that between MMC and Department of Transmissions. "For example, Radio Slovenia has only after a year and a half found out that we are already producing podcasts." According to him, the interaction amounts to "level zero". The fact that the youngest engineer in the Technical Department is 40 years old is, according to editor-in-chief of MMC, very telling.

There is also a problem with the introduction of digital broadcasting and programming, since *RTV SLO* hasn't prepared any strategy or any plan for this. *The Strategy on RTV Slovenia 2004-2010* did not discuss this, since it was prepared in 2003 (it rather focused on organisational, financial etc. issues). Questions about what *RTV SLO* would actually broadcast on its multiplex or digital channels were posed earlier: "(t)he question remains, what would they broadcast since they didn't prepare any programmes that would bring "programme added value" to the digital world (for example: video on demand, programme guides, interactive television ...)"[77].

The Director General says that "as a public television network we will have high quality offerings in all programming areas including popular ones. On eight television channels we will offer general, specific, web, interactive, mobile and other new digital services."[78] However, according to the editor-in-chief of MMC there is no specific strategy or plan concerning the new opportunities that digitalisation brings. *RTV SLO* could "re-use some of its content, particularly archive. It should establish a 24-hour news channel. However there is no document or paper about it."[79] (This

77 L. J. Kučić, "Neznanke".

78 Written interview with Anton Guzej, Director General of *RTV Slovenia*, 16 July 2007, Ljubljana.

79 Interview with Zvezdan Martič, editor-in-chief of Multimedia Centre. 21 June 2007, Ljubljana.

could be a 24-hour news channel like CNN, while the parliamentary channel would be similar to C-SPAN)

5.2 Programme and Production

The *RTV SLO* annual report for 2005 states that 748 full-time TV SLO employees, together with 384 regular contributors and part-time workers, produced a total of 12,544 hours of programming for *SLO 1* and *SLO 2*. This comprised 11,147 hours of programmes and 1,397 hours of commercials, television sales and trailers.

Table 6.
Output in Percentage for the Years 2002 - 2006 for TV SLO

Genres	TOTAL broadcast in %				
	2002	2003	2004	2005	2006
News	5,3 %	8,0 %	9,8 %	10,7 %	10,7 %
Factual / Information	17,5 %	22,4 %	20,8 %	21,6 %	21,6 %
Fiction total	27,4 %	25,3 %	25,1 %	23,7 %	23,7 %
Cinema movies	11,4 %	10,7 %	12,1 %	9,9 %	9,9 %
TV series	1,6 %	1,0 %	2,9 %	3,4 %	3,4 %
Sitcom	8,7 %	7,1 %	3,3 %	3,1 %	3,1 %
Other fiction	5,7 %	6,6 %	6,8 %	7,3 %	7,3 %
Entertainment	7,5 %	8,0 %	9,8 %	10,1 %	10,1 %
Sport	11,5 %	11,6 %	10,9 %	12,7 %	12,7 %
Education	3,5 %	6,2 %	6,8 %	6,3 %	6,3 %
Art and Culture	3,5 %	3,8 %	4,2 %	4,0 %	4,0 %
Music	11,4 %	11,2 %	9,7 %	8,5 %	8,5 %
Science	0,7 %	0,8 %	0,7 %	0,1 %	0,1 %
Religion	0,9 %	0,9 %	1,1 %	1,1 %	1,1 %
Others	10,9 %	1,7 %	1,3 %	1,1 %	1,1 %
TOTAL	100,0 %	100,0 %	100,0 %	100,0 %	100,0 %

Source: RTV Slovenia - "Evidenca predvajanega programa" from 2002 to 2006

For decades *SLO 1* and *SLO 2* broadcast a mixture of highbrow and popular content, including an important share of programmes from Western Europe and the United States of America. Since the start of commercial broadcasting, public service television stations opted for an increase of popular formats. New game shows, including licensed programmes such as *The Weakest Link, Who wants to be a Millionaire?*, European soap operas and similar light entertainment were introduced. This has been reflected in increases both in the quantity of advertisements and in overall advertising revenue.

Nonetheless, what mainly differentiates the public service broadcaster from commercial stations is that *RTV SLO* is the only television station that provides the

Table 7.
Geographic Origin of TV programmes of TV SLO

Origin	TOTAL broadcast in %				
	2002	2003	2004	2005	2006
Own production	53,7 %	56,6 %	57,3 %	60,0 %	57,3 %
Commissioned production	0,3 %	0,4 %	0,6 %	0,9 %	1,7 %
Other Slovenian production	0,3 %	0,1 %	1,8 %	1,2 %	2,9 %
TOTAL SLOVENIA	54,3 %	57,1 %	59,7 %	62,1 %	61,8 %
EU (not including Slovenia)	23,9 %	21,1 %	23,8 %	23,8 %	26,6 %
Rest of Europe	3,6 %	3,3 %	0,8 %	2,4 %	2,1 %
TOTAL EUROPE	81,8 %	81,5 %	84,3 %	88,4 %	90,5 %
USA	13,5 %	11,8 %	9,3 %	5,8 %	4,3 %
N America (except USA)	1,1 %	0,7 %	0,8 %	0,9 %	1,0 %
TOTAL NORTH AMERICA	14,7 %	12,5 %	10,1 %	6,7 %	5,3 %
TOTAL SOUTH AMERICA	0,2 %	0,1 %	0,2 %	0,3 %	0,1 %
TOTAL ASIA	0,5 %	0,5 %	0,5 %	0,4 %	1,0 %
TOTAL AUSTRALIA AND NEW ZEALAND	0,7 %	1,6 %	1,5 %	1,2 %	1,1 %
TOTAL AFRICA	0,1 %	0,2 %	0,0 %	0,3 %	0,0 %
Other / Not attributable	2,1 %	3,7 %	3,4 %	2,7 %	1,9 %
TOTAL	100,0 %	100,0 %	100,0 %	100,0 %	100,0 %

Source: RTV Slovenia - "Evidenca predvajanega programa", from 2002 to 2006 whole spectrum of programmes, including arts, documentaries, religious programmes, news, current affairs, education, children and youth programmes. Unlike commercial stations, it emphasises quality and European production. This orientation includes the financing (in part) of new Slovenian films and series. The transmission of European works and independent productions has also increased, as Table 7 also shows.

According to *Article 3* of the Law on *RTV Slovenia* the public service broadcaster should also create, produce, archive, and broadcast radio and television programs for the Roma ethnic community, but has not been fully successful in carrying out these provisions. The situation of the Roma community has been politically very controversial and has sometimes provoked violence and police interventions. The media situation of the Roma community is not better and they are still waiting for regular production and broadcasting of radio, especially television broadcasts.

According to the same article (Paragraph 2), *RTV SLO* should also offer a special national television channel intended to provide live transmission of the sessions of Slovenian parliament (the National Assembly of the Republic of Slovenia) and its working bodies. *RTV SLO* has also been unsuccessful in carrying out these provisions, however for different reasons. A special national television channel for broadcasts from the Parliament is still not operating. As the Strategy for Switchover notes, Slovenia "has only a few analogue channels available."[80] However when the Ministry of Culture was preparing Law on *RTV SLO* , it ignored warnings from experts that there are simply not enough frequencies available for such a national parliamentary channel. Therefore, although the Law on *RTV SLO* was passed in autumn 2005, the parliamentary channel still doesn’t operate and thus *RTV SLO* is not fulfilling the demands of Article 3 from this Law.

RTV SLO has lost a number of sports broadcasting rights to commercial competitors, including the football *Champions League, European Football*

80 The Ministry of Economy, *The Strategy for the switchover.* 2006

Championship 2008, Wimbledon tennis tournament, and *Formula 1*. However, it still provides the biggest share of sports programmes among all Slovenian television stations and is focused on performances of Slovenian national athletes and teams, which regularly achieve the highest ratings. *RTV SLO* and commercial broadcaster Pro Plus jointly bought the rights for the last Football World Cup.

Digitalisation has not really affected programming, as *RTV SLO* is only starting to develop new channels; its influence is felt presently only as a means of production. A more important influence on programming is, as seen above, the development of commercial broadcasting. *RTV SLO* has lost an important share of viewers as well as its dominant power in television advertising.

After new commercial channels started to broadcast in the mid-1990s with great success, *TV Slovenia* started to lose viewers and to adopt more commercial approaches and contents, causing critical responses from both commercial broadcasters and public. Later it dropped some of the most commercial approaches, or as Programme Manager of *TV SLO*, Jože Možina, states: "RTV SLO is resisting the trends of reality television which is one of the greatest characteristics of commercial televisions and also popular among viewers. We also resist South American series, which successfully compete with our production of educational and youth programmes."[81]

However, at the same time, *RTV SLO* also adopted very commercial, infotainment approaches in some of its programmes and shows, including news programmes, which caused a lot of controversy in the general public as well as among Ombudsman and civil society institutions.[82] This commercialisation of particular programmes was reflected in viewer ratings. Recent ratings for all the main

81 Written interview with Jože Možina, Programme Manager of RTV Slovenia, 13 July 2007, Ljubljana.

82 For example, the TV show Piramida, which was produced by the news and entertainment department of TV SLO and was clear infotainment.

television channels, for example, showed that among the three shows with the highest ratings on *TV SLO*, there were two entertainment shows and one weekly news review; at the same time on Pop TV there were two daily evening news shows and one entertainment show.[83] This data shows that the public broadcaster achieved its highest ratings with entertainment, while the main commercial channel achieved them with a news programme, which is somewhat unusual and can be explained by the increasing commercialisation of entertainment programmes on *TV SLO*. This can

Table 8.
Average Reach of TV Slovenija, 2002-2006

Target group		% viewers					share				
		2002	2003	2004	2005	2006	2002	2003	2004	2005	2006
All		5,8%	5,5%	5,9%	5,5%	5,3%	36%	35%	37%	35%	33%
sex	Male	5,9%	5,5%	5,9%	5,5%	5,3%	37%	37%	39%	37%	35%
	Female	5,7%	5,4%	5,8%	5,5%	5,3%	34%	33%	35%	33%	31%
Age	4 - 14 years	4,0%	3,4%	3,8%	3,4%	3,4%	32%	30%	35%	34%	28%
	15 - 29 years	2,8%	2,6%	2,8%	2,5%	2,1%	27%	27%	29%	26%	23%
	30- 49 years	5,0%	4,6%	4,9%	4,6%	4,1%	33%	33%	34%	32%	29%
	50 - 64 years	9,1%	8,3%	8,7%	8,0%	7,7%	41%	38%	39%	37%	36%
	Over 65 years	9,7%	10,1%	10,3%	10,4%	10,6%	41%	41%	42%	42%	40%
Education											
	Primary school	4,9%	4,9%	6,0%	5,7%	5,8%	32%	32%	36%	35%	33%
	High school	6,3%	6,1%	6,2%	5,8%	5,4%	37%	36%	37%	36%	33%
	Higher education	6,9%	6,0%	6,1%	5,8%	5,4%	40%	38%	39%	35%	34%

Source: RTV Slovenija from AGB Nielsen Media Research, 450 households, age over 4 years

83 Source: AGB Nielsen Media Research. As quoted in: "*Top oddaje preteklega tedna*". Delo-Vikend Magazin, No. 756, May 2007, p. 8.

also explain the reason for the sharp decrease in viewers with higher education among viewers of *TV SLO*. Altogether, however, unlike some other former State television channels in former communist countries, *RTV SLO* still managed to keep relatively high ratings and to hold its own against commercial broadcasters.

Another important influence on *TV SLO* and its programme is a question of politicisation. In 2005, the previous PSB law (which provided for the Broadcasting Council of *RTV SLO* to be made up mostly of people designated directly by civil society organisations) was replaced with a new law. According to the law, the newly created Programming Council is, at least on paper, appointed by Parliament. The Parliamentary Assembly of Council of Europe refers to similar situations: "PSB laws have been changed in post-Communist countries when they failed to guarantee political control over PSB organisations."[84] This threatens to diminish the independence of *RTV Slovenia* and could endanger its credibility, level of trust and respect in public. This is perhaps already reflected in the evaluation of objectivity of main TV channels. In a recent survey a question was posed how people evaluate the objectivity of reporting of main *RTV SLO's* news programme, *TV Dnevnik*, and main POP TV's news, *24 ur*. The results showed that people find commercial POP TV's news more objective (45 per cent in September; 49 per cent in November) than *RTV SLO's* news (30 per cent in September; 28 per cent in

84 Council of Europe, *Explanatory Memorandum*. Under the new system, the ruling political parties, which form the Government and represent the majority in Parliament, have control over almost all managerial bodies at RTV Slovenia, and also over the appointment of all key editors. Parties forming the Government have a majority in the newly created Programming Council and in the Supervisory Board. They also have control over the Director General, who is now appointed by the Programming Council. The Director General also has broader responsibilities than before: he or she leads the programme work, appoints and manages the directors of radio and television, as well as Editors-in-chief of programmes and all other senior management.

November).[85] This decrease of trust in *RTV SLO*'s objectivity, caused probably also by a number of reported cases of political pressure on journalists and management interventions in the reporting, can cause important consequences for the credibility and perceived independence of Slovenian PBS.

RTV SLO developed a good relationship with the creative industry of the country. PSBs are cooperating with leading Slovene directors, players, writers, designers, composers, choreographers and dancers. *RTV SLO* is supporting numerous projects and aspirations and helping students of Theatre and Television Academy, AGRFT, with their production and broadcasting their projects. The entire programme of *RTV SLO* is occupied by a considerable share of European production. This kind of production has increased from 23.9 per cent in 2002 to 26.6 per cent in 2006. There has also been an increase in cooperation with the European Broadcasting Union (EBU) and other European partners.

The attitude of *RTV SLO* towards its audience is on the other hand quite passive. The *Law on RTV SLO* does not include a complaints mechanism or any other mechanism for audience feedback, nor does it provide for any direct accountability to the public (except through an annual report by the Supervisory Board). The Law provides the Programming Council with a mandate to deal with complaints from viewers and listeners, and instruct the Director General on how to introduce changes. However, the law makes no mention of an ombudsman or of any other mechanism for monitoring quality and to improve public accountability regarding programmes. Only in June 2007, almost two years after the *Law on RTV SLO* was passed, did the Programming Council decide to introduce an ombudsman. The public call should be announced in autumn 2007.[86] Her/his effectiveness and independence remains to be seen.

85 Centre for Research of Public Opinion (CRJMM), *Politbarometer 11/2006*, See http://www.cjm.si/sites/cjm.si/files/File/raziskava_pb/pb11_06.pdf. (Accessed 24 June 2007).

86 P. Bezjak, "Občinstvo bo dobilo svojega varuha." *Delo*, 20 June 2007, p. 2.

To sum up, the relationship between *RTV SLO* and its public, especially regarding its editorial decisions, transparency and feedback, is altogether rather passive. Public programming is relatively effective when it comes to ratings (especially when it comes to entertainment programmes and in comparison to other post-communist countries). Its quality, however, is often a topic of heated debate among the general public and among experts and professionals. *RTV SLO* is often a reference point for all members of the public, offering universal access. However, it is also losing viewers with better educations, which can be a result of the numbing-down of some of its programmes (for example, in a new programme schedule for Autumn 2007, the culture and arts programme is almost completely dropped from prime time, mostly postponed for the 11pm time slot). It has also lost some of its credibility and is perceived as more politically biased than the main commercial channels. At the moment, it is more or less a factor for social cohesion and the integration of all individuals, groups and communities, but this can change if the trend of reduced credibility continues.

6. Conclusions

In Slovenia, the important actors in media and electronic communications regard convergence as a future necessity. Despite progress in recent years, the state of convergence in Slovenia is still at its outset. The main pillars of convergence have been built on four interconnected levels:

- the technological level (mainly due to digitalisation of broadcasting, IT and telecommunications networks),
- the structural level (as a consequence of corporate alliances across different sectors),

- the content level (more profound, broad and easily accessible content) and
- the market level (as a response to convergence on first three levels)

The digital switchover will change the nature of media consumption to allow more interactive and personalized media. Moreover, public service broadcaster should in this regard seek to transform itself into a public service medium. When citizens access and even produce content on many different devices, a new point of view on funding through licence fees[87] emerges.

However, the future of convergence in Slovenia will also involve mobile telecommunications providers. Three quarters of all Slovenian citizens own a mobile telephone - the second electronic medium (after television) which has successfully overcome the majority of demographic factors (age, gender, education, income).[88] Mobile telephones of the third generation offer transmission of video, quality sound, and quick access to information and news. Therefore, mobile telephones could in the near future together with online media outlets become a serious competition to newspapers and news programmes on television and radio.

The UMTS technology has so far not been very successful, because *Mobitel* company was the only one to offer it. However, the plans by second largest mobile phone provider *Si.mobil* to also launch UMTS and to upgrade it with HSDPA and EDGE technology, as well as plans by internet and cable provider T-2 to also offer UMTS service[89], show that mobile phone company and internet and cable providers adopt new technologies and provide new services. It also shows that they have relevant financial and technical resources to back these intentions, which could in the

87 In 2005, revenue from licence fees accounted for the 71.4 per cent of *RTV Slovenia's* income of €109.8 million. Other income came mainly from advertising, in-house music and audiovisual production, public concerts, book publishing and sponsorship.

88 S. Bašić Hrvatin, L. J. Kučič, *Monopoli - družabna igra z mediji*. Ljubljana: Maska, 2005.

89 A. Mihelič, "Konkurenca se začne letos". *Delo*, 24 August 2007, p. 9.

future mean entrance into the digital television market. The Draft Law on Digital Broadcasting is already predicting special public tenders for mobile television and "innovative services" (at this point, without specification).

> Through the prism of convergence, the key issue that regulators (both Slovenian and European) need to address now is that rules devised for one-to-many communications are being rendered obsolete by the shift to one-to-one services (Moreover, the blurring lines between traditional electronic media, household gadgets and computers, hard-to-define activities and services of corporate actors and vanishing borders between markets present serious problems for regulators and legislature in framing the further regulatory structure) (Milosavljević, Vobič, 2007)

The level of spreading of DTV platforms (at one per cent) is at the moment quite low, particularly when compared to the EU average (23.7 per cent[90]). However, with the plans set by the Draft Law that analogue broadcasting will cease to exist by 31 December 2010, it is clear that digitalisation will affect all the actors, including the general public, very quickly and in very profound ways.

The current way of planning and regulating DTV and public service media in the digital age is set in the Strategy for Switchover and in the Draft Law on Digital Broadcasting. However both documents have been criticised and since the Draft Law has not been accepted yet, it remains to be seen what its final version will contain. At the moment the Draft Law seems too technical and at the same time vague and imprecise. It is also very problematic for PBS (editor-in-chief of MMC defined it as "catastrophic"[91]), since RTV SLO disagrees with the whole concept of the law, not just certain articles, and yet their suggestions were ignored by APEK. The law

90 European Commission, *Communication on Reviewing the Interoperability of Digital Interactive Television Services Pursuant to Communication COM(2004) 541,* 30 July 2004. COM(2006) 37 final.

91 Interview with Zvezdan Martič, editor-in-chief of Multimedia Centre. Ljubljana, 21. June 2007.

practically completely ignores the Ministry of Culture and Broadcasting Council, leaving it to the technical staff of APEK to decide whether a certain broadcaster or provider fulfils technical conditions.

At the moment, the only positive consequences of digitalisation for *RTV SLO* regarding channels is the fact that the digital transmission of the network will enable it to transmit the third, so-called parliamentary television channel that *RTV SLO* was obliged to broadcast already since 2005, however it lacked adequate analogue frequencies to do so. According to Director General of *RTV SLO*, Anton Guzej, this channel will start to broadcast in March 2008 and will also contain documentary, satirical, music and film programmes[92].

Regarding the likely development of public service programming in the digital age, the Programme Manager of *TV SLO*, Jože Možina, says that

> It is possible to foresee further development to a certain extent based on environments where they are ahead of us (Great Britain…), but still only for a short time period. Technological changes will condition one point of view of further development - passage on the format 16:9 and HDTV, extension of communication channels and mobile television. All this and changes in viewers conduct will influence the development of content to a large extent. We have to consider alternative ways of financing because the public financing will be reduced. In the future paying subscription won't be bound to owning television receivers but on terminal IT equipment.[93]

It seems that everyone agrees that *RTV SLO* should redefine their role regarding the proliferation of content and service providers as a multimedia organisation, instead of just a radio and television broadcaster. In line with this are also their plans

92 Written interview with Anton Guzej, Director General of *RTV Slovenia*, Ljubljana, 16 July 2007.
93 Written interview with Jože Možina, Programme Manager of *TV SLO*, Ljubljana 13 July 2007.

regarding the Multimedia Centre. "Our biggest priority is construction of a new digital multimedia news centre in Ljubljana. With that our variegated offer of most different multimedia services will be completed." However, this is also the path that many other media are taking, including some newspapers, which are preparing their video news on their websites, produced in their own studios[94]. This means that *RTV SLO* will in the future face new competition that will try to provide at least some content that is similar to the one that is offered by PSB, particularly news, but also pull linear and user-generated content. Especially old divisions between newspapers and broadcasting will be in many ways blurred.

In order to permit PBS to preserve its special social remit, including bringing news, education, culture, and entertainment to different categories of public certain necessary conditions should be created. In Jože Možina's opinion, this should above all be a stable source of funding. "This is very important because we live in a country with a relatively small market and a small number of households."[95] It is also important to keep its political, economic and creative independence, as lack of credibility can cause lack of public support. The decline of *RTV SLO's* credibility could therefore cause long-term existential problems.

Applying digital broadcasting is of course not only a matter of distributing old content via new technologies, but also a matter of new forms of content and different economics, particularly advertising, for media companies. New services may help to increase the public trust in *RTV SLO*, especially if they are free and independent. The digital archive could also provide an additional source of income (although experts recognize the dilemma that at least part of the content was already paid for by the audience). According to Director General, Anton

94 For example *Delo*, as well as *Dnevnik* with its plans regarding multimedia company Black Box and connections with an Internet portal with video news, *Vest.si*.

95 Written interview with Jože Možina, Programme Manager of *TV SLO*, Ljubljana, 13 July 2007.

Guzej, *RTV SLO* is "aware that new upcoming business models try to offer a palette of services (programmes, internet, telephony…). New business models could oust traditional networks and so brought to an end free transmitting of radio and television. With regard we are concerned, and with great caution will provide services with paid-for added value." *RTV SLO* will also submit a new mechanism to the government that would allow indexing of RTV contribution with a growth of index of life or average salaries in the state. They are also aware that funding from advertising won't be so predictable any more.

RTV SLO is also planning more user-generated content and video- and audio-on-demand. According to Guzej, "the best possible way to assure development of *RTV SLO* in the multimedia environment is to keep step with the general trend of passage from a "mass society" to a "fragmental society" in which people expect more personal service and products, adapted to their needs. We have to satisfy demand of the audience for programmes and other services, anywhere and any time. We will hopefully do this with the help of new technologies."[96]

For the survival and successful work of PSB, it is also necessary that public service content remains universally accessible in the digital age. The management states that digitalisation will be a costly process (according to the estimates in *The Strategy of the Republic of Slovenia for the switchover from analogue to digital broadcasting*, one multiplex will cost in the range of €8-12 million where *RTV SLO* "can't bear the entire financial burden alone"). That is why they want to receive targeted financial and technical help from the government that would help them to maintain and develop programmes, content and other services that are a necessary part of a public broadcaster. At the same time they would like to change the Law on *RTV SLO*, to transform today's stiff organisation structure and make it more flexible,

96 Written interview with Anton Guzej, Director General of RTV Slovenia, Ljubljana, 16 July 2007.

allowing them better production and management[97] (The law defines its internal organization in a number of ways).

To ensure the leading role of the public service providers in the transition process to digital terrestrial broadcasting and to develop and sustain pluralism in providing public service content, the state and regulatory bodies should provide a regulatory framework that follows the recommendations by the Parliamentary Assembly of Council of Europe, which states that universality of access should be guaranteed, as well as independence, quality, public accountability and variety of programmes and services for all groups in society.[98] All these factors are important and must be present in order to speak of a truly independent public broadcaster, and the management of *RTV SLO* is aware of these characteristics[99]. However, it remains to be seen how effective it will be in persuading the government to provide technical and economic support, as well as ensuring the necessary legal framework that would increase *RTV SLO's* credibility, transparency and independence.

7. Recommendations

RTV SLO should also play a key role in providing Slovenian society with credible, creative and innovative content and services in radio, television and new technologies. Digitalisation will probably end the scarcity of frequencies. However, this was not the

97 Written interview with Anton Guzej, Director General of RTV Slovenia, Ljubljana, 16 July 2007.

98 Parliamentary Assembly of Council of Europe, *Recommendation 1641 (2004)1 on Public Service Broadcasting*, 12 January 2004. See http://www.assembly.coe.int/Main.asp?link=/Documents%2FWorkingDocs%2Fdoc04%2FEDOC10029.htm. (Accessed 16 July 2007).

99 Written interview with Anton Guzej, Director General of RTV Slovenia, Ljubljana, 16 July 2007.

main reason why television offerings in Slovenia were limited in terms of diversity of content, particularly regarding less commercial programmes, such as arts, culture, documentary, education, and children's programming. *RTV SLO* is the main provider of quality domestic production, and while many commercial channels rely on domestic production mostly in terms of cheap formats such as talk shows, *RTV SLO* should keep an emphasis on the quality, and not just quantity of its production. Although digitalisation brings important changes regarding ways of distribution, it will not automatically increase the level of quality and creativity. The main role of *RTV SLO* should therefore be to continue providing its Slovenian audience with diverse content of high quality and creativity, something that most commercial broadcasters and other entrepreneurs (as has already been seen in last 15 years) will most likely not see as their goal.

It is important that *RTV SLO* maintains its universality of access, not just content, as it is extremely important that all groups benefit from digitalisation, including those socially deprived and those in less populated regions and countryside. This relates not just to radio and television, but also to new services (online archive, blogs, video- and audio-on-demand etc.). Commercial broadcasters and providers of new and "innovative" services will most likely not be interested in these users, particularly as the access to these parts of the population can be expensive and financially unrewarding. Whether the state will actually provide subsidies (and how much) for socially excluded citizens for basic devices (set-top boxes) is also an important question that remains unanswered.

Therefore, the public broadcaster will, in the age of digitalisation, remain the main source of diverse and demanding content. To improve the image of *RTV SLO*, the increase of credibility and independence is also much needed. This can be achieved only through professionalisation, change of legislation that would decrease the role and influence of politics in appointing key bodies and personnel.

RTV SLO is already offering a number of new services on its website, and to mobile phone users. However it will need to improve and adopt new technologies and services constantly, since commercial broadcasters as well as newspapers, internet providers and mobile operators offer a range of services that is also getting wider, presenting an important competition to the services of *RTV SLO*. Important financial inputs, increase in personnel, constant education of staff and new experts will be needed to keep all these offers by *RTV SLO* updated and relevant. At the same time, the functioning of *RTV SLO* will need to become significantly more transparent, including better communication with viewers and users, addressing their particular, individual or group interests and needs, but also their complaints. Financial and editorial decisions will have to become more public and responsible. The public will most likely become more critical and sceptical towards the reason for the existence of PSB. Particularly because of financial obligations (obligatory licence fee) of users, *RTV SLO* will have to constantly persuade and 'charm' the public if it is to keep public trust and support. This trust will be even more needed in times of increasing numbers of other service and content providers, mostly private and commercial.

RTV SLO should keep the present form of financing, namely a combination of obligatory licence fees by every household and advertising. This would help PSB to keep stable and sufficient revenues that should guard it from political control over finances on the one hand and prevent complete ignorance of viewers and their wishes and demands on the other hand. At the same time, the government should also ensure a regular licence fee increase according to inflation, financial help regarding costs of digitalisation as well as change of legislation regarding PSB and digitalisation; the Law on *RTV SLO* should be changed to provide more flexible organisation and management, but also less political control over key bodies and appointments, providing a legal frame for more editorial independence and credibility. At the same time, the Ministry of Economy should acknowledge the special position and role of *RTV SLO* and accordingly prepare a thorough overview of *RTV SLO's* proposals regarding the Draft Law on Digital Broadcasting. The Ministry should also provide more detailed regulation of control of multiplexes, "innovative services", electronic programme guides and distribution of channels, as well as increase the role of media regulatory bodies.

Altogether, Slovenia is a well-developed country in technological terms. However, it is dragging behind both in the preparation and implementation of switchover strategy and regulation, as well as digital technology, digital household equipment and platforms. At the moment, the general public is not aware of the scope of this process, while professionals are still mostly waiting for examples from other countries in terms of standards (one exception is the manner of encoding, where MPG-4 was chosen). The introduction of digital broadcasting is important because of the lack of free analogue frequencies, but in most other aspects this is a process where Slovenia is clearly dragging behind most EU member states. In Slovenia, where public awareness about digitalization is close to zero, the topic is reduced to mostly technological aspects as everyone seems to forget about the important social, cultural and political consequences that will be felt for decades to come.

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PUBLIC SERVICE TELEVISION IN BULGARIA AT THE END OF THE ANALOG AGE

By Orlin SPASSOV

1. Executive Summary

The analysis of public service TV programming and of the wider media landscape at the start of digitalisation shows several major trends. Bulgaria has a relatively well-developed media industry and transmission network. Terrestrial analog television broadcasting covers practically the entire territory of the country. Cable television is well-developed too and competes with terrestrial broadcasters. Although in the last five years television viewing time has decreased slightly in absolute terms, television remains the most popular medium. A number of cable television broadcasters have begun offering digital services, indicating a demand for such services.

However, despite these developments, a national strategy for digitalisation has yet to be elaborated and adopted. Even though it has been harmonised with EU standards, the regulatory framework often suffers from insufficient coordination of specific legal provisions and of the actions of the different institutions involved in the licensing and registration of broadcasters. The problems of future digitalisation are often politicised or lead to conflicts between different media lobbies with different interests.

In this context, the national public-service television broadcaster/ telecommunications operator, *Bulgarian National Television (BNT)*, is faced with a number of technical and programming problems. Plagued by a constant shortage of funds, *BNT* has begun re-equipping some of its studios and mobile television facilities. *BNT's* programme services also suffer from underfunding. *BNT* produces more hours of programming than its financing from the State covers. The difference is only partly covered by advertising revenue; still, the *BNT* tries to produce more content by economising. This poses a major obstacle to the programme development of the public-service broadcaster and its attempt to counter the dominant commercialisation of the market.

Despite these difficulties, *BNT* now provides interactive opportunities for viewing some broadcasts and all newscasts on its website, and has thus taken its first steps into the digital age. On the whole, however, the process of digitalisation is lagging behind. *BNT* faces serious competition from commercial television broadcasters, mobile content providers and the Internet. At the level of state institutions, there is still a lack of understanding of the scope and philosophy of the digital revolution, which assigns the audience a new, much more active role and thus has an important social dimension.

2. Introduction

On the threshold of digitalisation, public-service TV in Bulgaria is faced with a choice: either to reform quickly, taking advantage of the new technology, or to carry over the old analog ills into the new age. These ills are well known: politicisation of the work of the public-service broadcaster and of the regulatory authorities, lack of sufficient independence from the State, chronic shortage of funds for equipment and programmes. Today digitalisation provides an opportunity for revolutionising television. Whether this revolution will improve the overall condition and operation of public-service TV, or will remain purely technological, depends on the state policy on digitalisation.

In fact, today the very term "digitalisation" has long lost its "sacred" meaning. The Internet and computer technology have made digitalisation, if not banal, then at least something that is taken for granted. In this context, the words "Internet" and "television" are already not that different in meaning. Moreover, they are increasingly used in collocation. Internet televisions are now being launched in the absence of any regulation whatsoever in Bulgaria as well. Viewing television content online has been possible for several years now. Global phenomena like YouTube indicate that it is time for viewers to abandon the passive role assigned to them by the TV set. Today, this electronic object is being increasingly replaced by the computer screen and even by the screen of a new generation of mobile phones. Some theoreticians are even predicting the end of television as we know it.

In this situation, many people would expect the role of the national public-service television broadcaster, *BNT*, to be that of a bull in a china shop. Firmly rooted in the period before 1989, after the breakthrough of democracy *BNT* was regarded as a dangerous mammoth standing in the way of private media enterprise. But when commercialisation took the upper hand, threatening the very quality of television programme services, the pendulum swung back. Now, *BNT* is frequently regarded from the opposite perspective: as television privileged by definition, which must be spared, if possible, from commercial influence. By their reluctance to open up *BNT* to the market (in terms of content and advertising) and by their refusal to ensure adequate funding from the State, the post-1989 governments bear the brunt of the blame for the declining role of *BNT* while retaining greater control over it.

The general context in which television in Bulgaria is developing today is dominated by the influx of foreign capital. Several media giants like News Corporation are now operating in Bulgaria. News Corporation owns not only 100 per cent of the leading private terrestrial national television network (*bTV*), but also several cable programme services (*Fox Life, Fox Crime*) and radio stations (*the Radio NJoy network, Classic FM* and *Jazz FM*). It is also a key player on the advertising market. The UK's Apace Media Group owns Television MM and Diema Vision (the company that runs the cable TV channels *Diema+, Diema 2, Diema Family* and *Diema Extra*). SBS Broadcasting Group is also operating on the Bulgarian market. Such tendencies are typical of other media as well; frequently, there is a danger of monopolisation of particular niches, including advertising. On the whole, the market is undergoing a process of consolidation and restructuring.

The big question today is how to keep the priorities of the public interest while protecting market pluralism. Digitalisation, even if understood only as a technical process, can provide the answer. This is because digitalisation automatically promises pluralisation: of frequencies, of programme services, of communication with the audience, of interactive options.

To analyse the chances of public-service TV programming in Bulgaria in the context of digitalisation, we will review, in succession, the overall readiness of the media to convert to the new technology, the readiness of the legislation and of the regulatory authorities, and finally, the readiness of *BNT* to enter the digital age. After drawing conclusions, we will also offer some recommendations.

3. Television in Context

Bulgaria's television media industry has a well-developed structure. At present, there are as many as 203 licensed television programme services in Bulgaria. This large number of licensed services is due to three factors. The first factor is a growing interest on the part of the business community (both domestic and foreign) in investing in the media sphere; the second is a lack of sufficiently high criteria in licensing procedures; and the third is the fear of the government of obstructing market liberalisation.

Of all licensed television programme services, only seven are broadcast by terrestrial transmitter and 196 by cable and satellite. Seventeen are broadcast by public-service broadcasters and 186 by commercial broadcasters. Apart from the three key players (*bTV, Nova Television* and the *BNT*), the other licensed public-service broadcasters are small (regional or local), mainly general-interest media. It is obvious that commercial broadcasters greatly outnumber public-service providers. This is one of the effects of market liberalisation.

Of the 196 cable or satellite television programme services, 81 are specialised (mostly film or music services), while the others are general-interest. All seven television programme services broadcast by terrestrial transmitter are general-interest services. Three of them are licensed for national coverage: *Kanal 1 of the Bulgarian National Television (BNT), bTV (owned by News Corporation) and Nova Television (owned by Greece's Antenna Group). bTV* and *Nova Television* are the top two private commercial television stations; *BNT* ranks third on the market. The other four are regional programme services of *BNT* in Varna, Rousse, Plovdiv, and Blagoevgrad. As a whole, the television market is very fragmented and multi-faceted. The tendency is stable and thus sets the pattern for diversity on the digital scene as well.

A total of 76 television programme services broadcast by cable and satellite have national coverage. Of them, 22 are general-interest and 54 are specialised; 71 are broadcast by commercial and five by public-service broadcasters. The number of local and regional programme services broadcast by cable and satellite is 107. Of them, 80 are general-interest and 27 are specialised; 98 are broadcast by commercial and nine by public-service broadcasters.[1]

The cable infrastructure is well-developed. At the end of 2005, there were 2,512 cable television networks in Bulgaria.[2] In the first quarter of 2007, cable and regional

1 CEM Report 2006, Sofia.

2 SAITS, Plan for Introducing of Terrestrial Digital Television Broadcasting (DVB-T) in Bulgaria, March 2007, appendix 5.

terrestrial television programme services had an audience share of 54 percent, or 12 percent more than in the same period in 2006.[3] In the first half of 2006, a total of 65 percent of all households had cable television.[4] While cable penetration in the smallest settlements (villages) is 38 percent, it is an average 66 percent in towns and significantly higher in Bulgaria's biggest cities: for example, 83 percent in Pleven, 83 percent in Blagoevgrad, 82 percent in Bourgas, 79 percent in Plovdiv, and 75 percent in Roussse.[5]

A total of 98 percent of all Bulgarian households have television.[6] As of 2006, households with cable television made up 65 percent, and households with digital cable television 0.80 percent.[7] The share of households receiving television services via satellite networks was 8.4 percent.[8]

The market of digital mobile telephone networks and services has also grown rapidly in recent years. There are four mobile phone operators in Bulgaria: M-Tel, GloBul, RTK OOD (the first mobile phone operator in Bulgaria, now with a negligible market share) and vivatel (the latest operator, launched in 2005). All are foreign-owned. The number of subscribers of the three leading mobile operators is 4.4 million (M-Tel, April 2007), 3.3 million (GloBul, December 2006) and 700,000 (vivatel, December 2006) respectively. At the beginning of 2007, the penetration of mobile services was almost 105 percent, having reached saturation level. By the end of 2007, the number of 3G subscribers is expected to grow to 70,000. The services presently provided include a video portal, real-time television, news and weather reports.[9]

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3 Market Test, cited by the Capital weekly, 20 April 2007.

4 See SAITC, http://www.daits.government.bg/projects.php?scID=3 (August 26, 2007).

5 CEM Report 2006, Sofia, p. 160.

6 National Statistical Institute, see http://www.nsi.bg/IKT/IT_HH2006.htm (August 30, 2007).

7 Report E-Bulgaria 2006, ARC Fund, Sofia, p. 18.

8 National Statistical Institute, see: http://www.nsi.bg/IKT/IT_HH2006.htm (August 28, 2007).

9 Business Monitor International cited by the Dnevnik daily, 9 April 2007.

Although interest in these services is comparatively low for the time being, they have huge potential for development. In the future, mobile phones will not only integrate television reception more actively but will also directly compete with television broadcasters (commercial and public-service) in the provision of digital services.

The number of landline telephones is falling. In 2006, a total of 72.9 per cent of all households had a landline, and 75.2 per cent had a mobile phone.[10] It is telling that in 2005 revenue from landline networks and provision of landline voice services declined by three per cent in nominal terms in the total volume of the market year-on-year.[11] If the mobile phone penetration rate was 20 per cent in 2001 and 45 per cent in 2003, by 2005 it had reached 80 per cent. By contrast, the landline penetration rate declined steadily in the same period, falling from approximately 38 per cent in 2001 to approximately 32 per cent in 2005.[12] By the end of 2008, 85 per cent of the landline network must be digitalised, according to the commitments made by Bulgaria upon EU accession.

A total of 85.4 per cent of mobile phone users use SMS, 19.3 per cent use MMS, 15.7 per cent use WAP/GPRS, 13.8 per cent send and receive emails (POP3, IMAP), and 11.2 per cent access the Internet using a Java/HTML browser.[13]

The state of the digital media landscape in Bulgaria is largely determined by the basic Internet structure. The main players on the market with the largest shares of Internet traffic, advertising and revenue include NetInfo, Dir.bg, Investor.bg, Economedia, Mail.bg, Web Media Group, Atol Media, Web Ground Group, Darik Web, and MS Key Group. Many of them owe their success to the fact that they are developing as media, providing news, free email, access to financial information, sports news, dating

10 National Statistical Institute, see: http://www.nsi.bg/IKT/IT_HH2006.htm (August 28, 2007).

11 CRC Report, *State of the Bulgarian Telecommunication Market*, Sofia, 2006, p. 16.

12 CRC Report *State of the Bulgarian Telecommunication Market*, Sofia, 2006, p. 17.

13 Report E-Bulgaria 2006, ARC Fund, Sofia, p. 26.

platforms and lifestyle content. In the last few years, foreign investors have showed a growing interest in this sector. A typical example is the German company Handelsblatt, which became a significant shareholder in Economedia. The situation in the companies Orbitel and Spectrum Net is similar. The only DSL provider in Bulgaria, BTC, is entirely foreign property. It is notable that Internet providers and content providers are, as a general rule, different players on the market. There is virtually no serious convergence yet between those two groups. Since the beginning of 2007, there has been growing consolidation among Internet providers. This entails better quality of service and gradual stabilization of the market after a long period of chaos and fragmentation.

In 2006, about a quarter, 22.6 per cent, of all households had a personal computer (this figure includes laptop and palmtop owners). For comparison, in 2004 just 15 per cent of households had a personal computer. If in 2004 the share of households with Internet access was 9.6 per cent, by 2006 it had grown to 17 per cent.[14] In 2006, 50.1 per cent of households connected to the Internet via cable modem, LAN or wireless technology, 25.3 per cent via dial-up modem or ISDN, and ten per cent via DSL. It is notable that 28.9 percent of the Internet-connected households accessed the Web via 2G or 3G mobile phones.[15]

To return to the subject of television, terrestrial analog television broadcasting is well-developed and covers practically all of Bulgaria's territory through the three terrestrial national programme services. Even so, because of the dominance of cable networks, practically less than 30 per cent of the population choose to receive television programme services broadcast by terrestrial transmitter (although simultaneously use a cable service, as well) and about ten per cent use only services broadcast by terrestrial transmitter.[16]

14 National Statistical Institute, see: http://www.nsi.bg/IKT/IT_HH2006.htm (August 15, 2007).

15 National Statistical Institute, see: http://www.nsi.bg/IKT/IT_HH2006.htm (August 31, 2007).

16 SAITS, Plan for Introducing Terrestrial Digital Television Broadcasting (DVB-T) in Bulgaria, Sofia, March 2007, p. 7.

Despite this, the advantages of the future DVB-T make development of the platform in Bulgaria entirely worthwhile. In addition, the introduction of DVB-T will improve competition with cable and satellite television. The plans are to phase out analog transmitters and launch the first digital multiplex platforms as of 2008. This process is to be completed by 2012. An important aspect involves supplying the population with the necessary hardware equipment (DVB-T and DVB-H, DVB-S+DVT-T, DVB-C+DVB-T) at reasonable prices. They will be available at a discount for members of some socially disadvantaged groups. The price of the cheap devices is expected to be less than BGN 100 (Bulgarian Levs) (approximately €50).[17]

At present, terrestrial digital television is broadcast only within the territory of the city of Sofia, on the basis of a licence granted to the Bulgarian Telecommunications Company (BTC AD) in 2004 (that is, before the privatisation of the company, which became 100 per cent private-owned in 2005), and is limited to *BNT's Kanal 1*.

As a whole, the television audience in Bulgaria has tended to decrease slightly in the last few years. This applies to the audience share of all three terrestrial national televisions. Their aggregate audience share fell from 72.4 per cent in 2003 to 71.3 per cent in 2004 and 68.5 per cent in 2005.[18] In 2006, 97.8 per cent of all Bulgarian citizens watched television. More than 80 per cent of the viewers identified themselves as Bulgarian and Orthodox Christian. Cable television was watched by 61 percent of ethnic Bulgarians, 28 per cent of Bulgarian Turks and 33 per cent of Roma. Almost half, 47.6 per cent, of the audience watched television an average two to four hours per day, 18.5 per cent an average four to hours, and 8.1 per cent more than six hours. The latter group consisted mostly of

17 SAITS, Plan for Introducing of Terrestrial Digital Television Broadcasting (DVB-T) in Bulgaria, March 2007.

18 CEM Report, Sofia, 2006, p. 156.

viewers aged over 70, pensioners, and unemployed people.[19] 98 per cent of the respondents watched Bulgarian channels, and 37 per cent foreign ones.[20]

The most valued programme genres are feature films, followed by shows, international and local news.[21] According to a Council for Electronic Media (CEM) analysis, "television viewing time is tending to decrease among young viewers and people of working age. This is due to competition from some alternative media, such as the Internet, magazines, games, music."[22]

The market ratio of the two strongest players in the public-service and the commercial sector, *BNT's Kanal 1* and bTV respectively, is in favour of the commercial broadcaster. The viewing time of Bulgaria's leading public-service television, *BNT's Kanal 1*, is decreasing in all time periods. From January to March 2007, BNT's market share was 11.43 percent, as against bTV's 38.12 per cent and Nova's 17.70 per cent.[23] The decrease came mostly from young viewers, with Kanal 1's audience share increasing only in small towns. As a whole, the market share of *Kanal 1* has decreased in the last three years, from 25 per cent in 2004 to 23 per cent in 2005 and 19 per cent in 2006.[24] In April and May 2007, the highest rated broadcasts of *BNT* included feature films (10.8 per cent), newscasts (10.2 per cent), football matches (8.8 per cent), current-affairs and news-and-views broadcasts (percent). The most popular broadcasts in this period were the special reports on the progress of the European Parliament election campaign in Bulgaria (with a rating of 11.7 per cent and a market share of 32.6 per cent).[25]

19 Ibid, p. 158.
20 Ibid, p. 159.
21 Ibid, p. 158.
22 Ibid, p. 159.
23 Market Test, cited by the *Capital weekly*, April 20, 2007.
24 CEM Report, Sofia, 2006, p. 159.
25 BNT, Bulletin 18/2007.

Table 1.
Market Share of the Top Three National Television Broadcasters by Year

	2003	2004	2005	2006[26]	2007[27]
bTV	41%	39%	37%	36.5%	38.12%
Nova	7.8%[28]	8.4%[29]	13.8%[30]	21.4%	17.70%
BNT	25%	23%	19%	13.5%	11.43%

Sources: CEM Report 2006; GFK Audience Research - Bulgaria; Market Test; Media World.[31]

Despite the overall slight decrease in television viewing time, television remains the most popular and accessible medium in Bulgaria. The state of the communication environment is favourable for starting digitalisation, considering that the technological context is well-developed. There is also demand on the part of the audience. One of the indications of this is the emergence of cable broadcasters offering digital television services even before Bulgaria has elaborated and finalised a strategy for development of the sector. In this case, too, the evolution of technology and real media practices has significantly outstripped the development of an adequate regulatory framework. For example, the national satellite TV channel *MSAT* offers basic and additional services, such as 100 digital television programme services, 30 digital radio programme services, high-speed Internet up to two Mbps, IP telephony to Bulgarian numbers, Pay TV (paid film, sports and erotic programme services), PPV (Pay-Per-View - films, football matches from the English and the Spanish Premier

26 The data are for January 2006.

27 The data cover the period January-March 2007.

28 The data are for January 2003.

29 The data are for September 2004.

30 The data are for March 2005.

31 Sources: CEM Report, Sofia, 2006, p. 156; GFK Audience Research - Bulgaria, cited by the *Dnevnik* daily, 28 February 2007, see: http://dnevnik.bg/show/index.php?storyid=315240 (August 30, 2007); Market Test, cited by the Capital weekly, 20 April 2007; Media World [Mediya Svyat] (January 2003, September 2004, March 2005), Supplement "Television", p. 4.

League, sports events on demand), and 70 TV programme services without a decoder. The basic package is available for a monthly fee of BGN 17 (approximately € 9); upon the conclusion of a two-year contract the company also provides a digital decoder free of charge.[32] "3-in-1" cable services are also popular. For example, as of 2006 the digital cable television ReTeCom offers access to 151 digital programme services, 60 radio programme services and high-speed Internet, with additional options for subscribing to *HBO*, *Cinemax* and other networks.[33]

Ultimately, in the context of digitalisation, the public-service television broadcaster has several key competitors. First, the major private TV channels owned by foreign investors (especially *bTV* and *Nova Television*). Second, large and smaller innovative cable networks which integrate different digital services and are very flexible on the market, often acting before the passage of the relevant special legislation. Third, the new 3G networks of mobile phone operators, which are aggressively seeking to increase their market share by providing not only services but also content. And fourth, Internet television, which has become more and more popular in Bulgaria in the last two or three years.

4. Regulation and Laws: Practical Implementation

Bulgaria's first Radio and Television Act was adopted in 1996 but met with serious criticism and objections. A new Radio and Television Act was adopted in 1998. This Act, which has been repeatedly amended over the years, regulates the

32 See MSAT Cable: http://www.msatcable.com/ (accessed August 31, 2007)

33 See CableTV ReTeCom: http://www.retecomtv.com/ (accessed August 31, 2007)

status, management and financing of public-service media in Bulgaria and, more specifically, of *Bulgarian National Television and Bulgarian National Radio (BNR)*. It regulates the content of the programme services of all broadcast media, both public and private. The Act also regulates the licensing procedure for new television channels, as well as advertising and sponsorship in broadcast media.

Radio and television broadcasting activities in Bulgaria are regulated by two bodies.

The first is the Council for Electronic Media (CEM), founded in 2001 as the successor to the previous regulatory authority, the National Council for Radio and Television (set up in 1996). The CEM is a specialised independent body, a legal entity exercising supervision only over the activities of radio and television broadcasters. It regulates their activities by means of registration or issuance of licences for the pursuit of radio and television broadcasting activities. The CEM consists of nine members, of whom five are elected by the National Assembly and four are appointed by the President of the Republic for a term of six years. The composition of the CEM from each quota rotates every two years.[34] Some of the key powers of the CEM are regulated by the Radio and Television Act (see Annex 1).

The second body with regulatory powers in the radio and television sector is the Communications Regulation Commission (CRC). The CRC is an independent specialised state body in the sphere of telecommunications and postal services. It implements the government's policy on telecommunications and posts. The CRC regulates and controls the conduct of telecommunications activities according to the procedure established by the Telecommunications Act and, later, by the Electronic Communications Act (ECA). The CRC consists of five members elected for a term of five years. The Chair of the CRC is designated and removed from office by a decision of the Council of Ministers, and appointed by order of the Prime Minister for a term

34 *Radio and Television Act*, Art. 24, para. 1.

of five years. The Deputy Chair and two of the members of the CRC are elected for a term of five years and removed from office by a decision of the National Assembly. The fifth member of the CRC is appointed for a term of five years and removed from office by a decree of the President of the Republic.[35] The key powers of the CRC are regulated by the ECA (see Annex 2).

Unlike television, the Internet is not subject to special regulation. In 1999, the Committee of Posts and Telecommunications (then an institution under the Council of Ministers, subsequently renamed the Ministry of Transport and Communications in 2000) made an attempt to introduce licensing requirements for Internet providers by a draft ordinance which did not contain special provisions concerning the content of material transmitted over the Internet. Even so, the Committee's plans were met with fierce opposition from different organisations, especially the Internet Society - Bulgaria, and were eventually abandoned. The only special requirement as to Internet registration applies to the top-level .bg domains. Such domains are registered by Register.bg OOD, the organisation authorised to perform this activity; Register.bg is not subject to national legislation.

In September 2005 the National Assembly adopted a Strategy for Development of Radio and Television Broadcasting by Terrestrial Transmitter (hereafter, the Strategy) elaborated jointly by the CEM and the CRC. The main purpose of the Strategy is defined as "effective utilisation of the limited resources - the radio frequency spectrum - in protection of the public interest and free enterprise, and with maximum consideration of existing media structures."[36] The Strategy provides for digitalisation on the basis of a clear and predictable regulatory framework. Although digitalisation does not figure in the title of the document, it is identified as a key

35 Electronic Communications Act, Art. 22.

36 CEM, *Strategy for Development of Radio and Television Broadcasting by Terrestrial Transmitter*, Sofia, 2005, Section III, Art. 2.

priority in the development of radio and television broadcasting activities. With regard to television, the Strategy provides for the elaboration in 2006-2008 of a national frequency plan for digital television broadcasting by terrestrial transmitter. More specifically, in 2007-2008 digital television (DVB-T) pilot projects must be planned and introduced in several regions on the territory of Bulgaria, and conditions for access to digital broadcasting must be provided to the national public-service television broadcaster, BNT. On the whole, the Strategy does not deal with specifics, but rather outlines a general framework for development, which includes digitalisation.

In March 2006 an inter-agency expert group was set up at the Ministry of Culture to elaborate (by 20 December 2006) a National Strategy for Development of the Audiovisual Sector in Bulgaria (hereafter, the National Strategy). This initiative followed a recommendation in a report of an EU peer review of legislation in the audiovisual sector and the fulfilment of commitments undertaken by Bulgaria during EU accession negotiations. The expert group included members of the CEM. The National Strategy was designed to elaborate a concept for the switchover to digital broadcasting. Protecting access to culture in the new context was the top priority for the Ministry of Culture representatives in the expert group.[37] The National Strategy, however, has failed to initiate further public debate on forthcoming digitalisation. Thus, the debates on the problems of digitalization remain limited to the institutional level and do not reach broader spheres of interested representatives of the civil society and the public. This results in the general feeling that there is a lack of sufficient transparency in the process of elaborating the country's vision concerning the politics and stages of digitalisation. There is need for a more open public debate. It would represent more viewpoints on the process and harmonise more efficiently the diverse interests involved in the transition to a digital media environment.

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37 National Assembly of the Republic of Bulgaria, Civil Society and Media Committee meeting, 13 July 2006, verbatim report.

In August 2006 the State Agency for Information Technology and Communications (SAITC) appointed a working group to draft a Plan for Introducing Digital Terrestrial Television (DVB-T) in the Republic of Bulgaria (hereafter, the Plan). The SAITC was created in 2005 as an institution under the Council of Ministers implementing government policy in the field of information technology and communications. The Plan (which consists of 55 pages) elaborated by the working group is the most precise and serious expert document produced to date on the switchover to digital broadcasting. It sets a clear timetable for building digital networks and phasing out analog facilities. According to the Plan, digitalisation must begin in 2008 and end in 2012. The Plan specifies the obligations of the State and the changes that need to be made in the regulatory framework, and defines not only the technological parameters of networks, but also the requirements in the provision of interactive services. It recommends that the State compensate households for the purchase of attachments and provides for the allocation of not less than BGN 2 million (€ 1 million) for a public awareness-raising campaign on digital television. The Plan is the first document to address the issue of digitalisation in a pragmatic and adequately detailed way, as well as to contextualise problems on the basis of EU experience in this area.

The National Strategy and the Plan have been elaborated, but have not yet been adopted by the Council of Ministers. Among the reasons for this is the delayed (by several months) passage of the Electronic Communications Act, problems in freeing frequencies (used until now by the Ministry of Defence institutions), etc.

In May 2007, the National Assembly passed an Electronic Communications Act (ECA) replacing the Telecommunications Act. The bill for the ECA was introduced by the SAITC. The ECA provides for harmonisation of the Radio and Television Act with the ECA within six months after the latter's entry into force.[38] The ECA regulates systematically, for the first time, relations between the CEM and the CRC concerning

38 ECA, concluding decrees, Art. 1, para. 1.

Table 2.
Key Policy Documents (Approved and Expected) Relevant to Digitalisation

Year	Institution	Document	Author	Status
2005	National Assembly	Strategy for Development of Radio and Television Broadcasting by Terrestrial Transmitter	CEM and CRC	Adopted by the National Assembly; effective as of 1 January 2006
2006	Ministry of Culture	National Strategy for Development of the Audiovisual Sector in Bulgaria	Inter-agency expert group	Elaborated at the end of 2006, but has no serious impact on the digitalisation process
2006	State Agency for Information Technology and Communications (SAITC)	Plan for Introducing Digital Terrestrial Television (DVB-T) in the Republic of Bulgaria	Expert group	Elaborated in March 2007; yet to be adopted by the Council of Ministers
2007	State Agency for Information Technology and Communications (SAITC)	Electronic Communications Act	Expert group	Effective as of May 2007

digitalisation of television in Bulgaria. The new law keeps in place the existing powers of the two institutions which have a key role in digitalisation.

The ECA regulates practically all problems in the forthcoming development of digital terrestrial broadcasting. The CRC, in cooperation with the CEM, keeps the right "to initiate a competitive procedure for selection of an enterprise that may be permitted to use an individually allocated limited resource - a radio frequency for implementation of electronic communications via digital terrestrial broadcasting networks" (Art. 28, para.1). The law regulates the issues related to protected services, the problems concerning access to digital television services, the broadcasting of the digital programme services of the *BNT* and the *BNR*, etc. The scope of the law (which is 119 pages long) extends beyond the specific issues of digitalisation. The ECA provides for the update of government policy on electronic communications at least once every two years.

The ECA also harmonises Bulgarian legislation with European digitalisation practices. In June 2006, during the International Telecommunication Union's Regional Radio Communication Conference in Geneva, an agreement was signed with Bulgaria. The agreement specifies the ways of planning digital terrestrial broadcasting in the frequency bands 174-230 MHz and 470-862 MHz, and endorses a frequency plan. The agreement sets the deadline for Bulgaria's digitalisation in 2012. On the basis of the results achieved by Bulgaria under the 2006 Geneva agreement, in Bulgaria it will be possible to establish ten digital terrestrial television broadcasting networks (multiplexes) with national coverage; 34 digital terrestrial television broadcasting networks with regional coverage; five digital terrestrial television broadcasting networks with local coverage - three covering Sofia and two covering Varna. This development will allow for the launching of at least 40 national and regional television programme services after 2012.[39] Despite the Geneva agreement, no decision has been yet made about who will be given these digital frequencies. This ambiguity could not be surmounted only by means of legislation. There is a need for a comprehensive strategy on a governmental level in order to establish the specific distribution of activities between the public and the private sector in the process of digitalization.

Digital television broadcasting will be phased in. Analog transmitters will exist only in the transitional period, when parallel broadcasting of analog and digital television will be possible. Analog television must be phased out by the end of 2012.

On the whole, the existing legislation supports the development of public-service television broadcasting in the context of digitalisation. Despite the delayed start of

39 CEM, Newsletter No. 8, August 2006, p. 1.

digitalisation, Bulgaria has the resources to catch up on the lag. Still, a number of problems remain. The commercial players on the television market often take the initiative and are better prepared practically for digitalisation. They are often more successful in lobbying for their interests, especially in the transitional period. The media industry is developing faster than the State; this gives the former greater opportunities and greater flexibility. The commercial actors are not constrained by the cumbersome administrative and financial procedures upon which *BNT* is dependent. They have a better capacity to cope with technological problems, as well as greater autonomy.

One of the more important problems is that some aspects of the forthcoming digitalisation are often politicised. Politicisation not infrequently comes directly from the CEM and the CRC, which are not yet entirely independent from the current political conjuncture. The regulatory authorities reflect the distribution of political influence in Bulgaria as they are composed on a quota basis, as already mentioned. Thus, they often make decisions that more or less serve particular interests. At the same time, the real independence of the main public-service broadcasters from the State remains pretty much a matter of wishful thinking. The lack of clarity (sometimes deliberate) about the rules of the game in the context of digitalisation privileges some players on the market: by rule, the biggest commercial broadcasters. Some loopholes in the legislation enable certain analog broadcasters (who hold temporary broadcasting licences) to claim that they are entitled to digital broadcasting licences without a competitive procedure, which creates conditions for unequal treatment and unfair competition. This makes it difficult to forecast how the market will develop in future. The overall impression is of a lack of sufficient stability, of manoeuvring between the provisions of the law, of insufficiently well harmonised aspects of the legislation, and of biased decision-making by the regulatory authorities. The politicization practically means that important decisions about digital broadcasting can result from lobbying rather than from a strict abidance to the logic of law. The lack of stability in the politics of CEM during the last year - at one moment the regulator kept giving analogous licenses on the eve of the impending digitalization, at another stops the competitions - creates tension and insecurity. It is obvious that in such a situation the regulatory authorities are under double pressure: both by the government and the interested media groups. The danger of politicisation in the context of transition from analog to digital broadcasting is so great that it is addressed even in the Plan, in the section analysing the risks in the introduction of DVD-T:

> Some political actions, however, entail risks of an economic and social character … (for example, distortion of the market, discrimination against some broadcasters). The lack of transparency in national policy on the transition [to digital broadcasting] may cause insecurity among the producers and users of terrestrial digital television equipment. Political intervention must be technologically neutral in principle (p. 53).

On the other hand, while the passage of the Electronic Communications Act is a positive development, the Act was passed before the adoption of a comprehensive policy for digitalisation coordinated and approved by all stakeholder institutions. This way the decision making process proves to be highly fragmented. As noted above, the Strategy for Development of Radio and Television Broadcasting by Terrestrial Transmitter, adopted by parliament in 2005, outlines only a general framework for digitalisation. The delayed adoption of the Plan and the lack of coordination among institutions have played a negative role. While the ECA has practically resolved the issue of defining legal terms and rules, it has been done without a broad public debate defining the key issues of digitalisation. This has cast a shadow of doubt over the future effectiveness of the Act and its capacity to give an impetus to the process. In this way, future practices related to digitalisation are encouraged once again - in line with the experience to date - to use loopholes in the legislation. All things considered, these possibilities result from a too broad and often arbitrary interpretation of the laws rather than from defects in the legislation itself.

5. An Overview of the Public-Service Television Broadcaster

The national public-service television broadcaster/telecommunications operator is *BNT*. That is why this analysis will focus primarily on *BNT*. Several other public-service broadcasters licensed by the CEM provide local programme services only, broadcast mostly in smaller towns like Dounavtsi, Svogé, Nessebur and Kyustendil. One of them, the Vidin-based ROMA Television, is targeted at a specific audience: the Roma minority in the town (30 per cent of the content is in Romany; general-interest service).

BNT is a legal entity and operates under the 1998 Radio and Television Act. The management body of *BNT* is a management board consisting of five members, endorsed by the Council for Electronic Media upon nomination by the Director General. The Director General chairs the management board by right. The term of office of the management board is three years; a person may be elected to the board for not more than two consecutive terms of office. There is a Public Council at *BNT* which consists of 13 members (prominent public figures, intellectuals). Its task is to represent a more direct link between *BNT* and the public. The Radio and Television Act does not expressly require the establishment of a public council at *BNT*.

The main obligations of public-service radio and television broadcasters are regulated by the Radio and Television Act (for details, see Annex 3).[40] The specific requirements regarding the programme services provided by the national public-service broadcasters (BNT and the BNR) are also defined in the Radio and Television Act (see Annex 4).[41]

BNT has one 24-hour programme service with national coverage, *Kanal 1*; an 18-hour satellite programme service for Bulgarians abroad, *TV Bulgaria*; and four programme

40 Radio and Television Act, Art. 6, para. 3.

41 Radio and Television Act, Art. 7.

services (*Pirin, Moré* [Seacoast], *Plovdiv* and *Sevér* [North]) broadcast by the regional TV centres in Blagoevdrad, Varna, Plovdiv and Rousse respectively (each for six hours a day). The total duration of the programme services provided by BNT in 2006 was 23,578 hours.[42]

In 2003, the three terrestrial television broadcasters with national coverage (*BNT*, *bTV* and *Nova*) broadcast their services by way of 45 television transmitters and 1,420 relay stations.[43] At the end of 2005, *BNT* broadcasts reached 98 per cent of the population (bTV, 97.50 per cent and *Nova*, 67 per cent).[44] One of the serious problems concerns the quality of the broadcast signal. The Bulgarian Telecommunications Company often fails to guarantee timely repair of facilities. That is why there are frequently problems with reception of *Kanal 1* in many population centres. At the same time, the CEM conducts regular monitoring of these programme services and takes the measures to eliminate them provided for by the law.

According to the Radio and Television Act, from the beginning of 2007 *BNT* must be financed from a specially created Radio and Television Fund formed of fees collected from households. Such a Fund, however, has not been created to date and its future is uncertain. There is a lack of will to enforce the law both on the part of CEM and the government, because making fees obligatory is considered to be economically unpopular among the population. That is why *BNT* continues to rely for its financing entirely on the state budget subsidy and on revenue from advertising and sponsorship. Although in the last several years the governing parties did not pressure directly the issue of binding *BNT* politics to its financing, many hidden forms of financial-political dependence remain operative. This affects especially the possibility of openly criticising the government.

42 National Assembly of the Republic of Bulgaria, Civil Society and Media Committee meeting, 9 November 2006, verbatim report.

43 CEM, Strategy for Development of Radioand Television Broadcasting by Terrestrial Transmitter, Sofia, 2005.

44 CRC, Annual Report 2005, p. 102, see: http://www.crc.bg/v2/bul/index.htm (August 15, 2007).

The 2007 state budget subsidy for *BNT* is BGN 60,665,000 (approximately € 30,332,500).[45] The parliament decides on state subsidies in the annual budget debate. Compared with 2006, the total subsidy has increased by 2.31 per cent.[46] The state budget subsidy granted to BNT is approximately BGN 10 million (€ 5 million) less than what the network had applied for. The demand for a higher subsidy is explained not only by the high cost of production; the fee paid by BNT to the Bulgarian Telecommunications Company for transmission of Kanal 1 and the regional programme services alone is BGN 13,500,000 per year (€ 6,750,000).[47]

Although the state budget subsidy for *BNT* has increased in the last five years, it remains insufficient for the full-fledged functioning of a media outlet whose staff numbers 1,965 persons in 2007.[48] Its overstaffing is a holdover from the past. *BNT* still acts with insufficient rationality and low efficiency.

Similar activities are often carried out by smaller staff but with similar or better quality in private channels. In 2002, the BNT state budget subsidy and advertising revenue were BGN 40,826,000 and BGN 13,940,000 respectively (€ 20,413,000 and € 6,970,000). The figures for 2003 were BGN 41,061,900 and BGN 11,558,000 (€ 20,530,950 and € 5,779,000).[49] The 2006 state budget subsidy was BGN 58.9 million (€ 29.45 million). In 2006 the BNT received more than BGN 36 million (€ 18 million) in advertising revenue.[50]

45 National Assembly of the Republic of Bulgaria, Civil Society and Media Committee meeting, 9 November 2006, verbatim report.

46 National Assembly of the Republic of Bulgaria, Civil Society and Media Committee Standpoint dated 9 November 2006.

47 National Assembly of the Republic of Bulgaria, Civil Society and Media Committee meeting, 9 November 2006, verbatim report.

48 Association of Bulgarian Broadcasters, 6. July 2007,
see: http://www.abbro-bg.org/news_title.php?nid=316 (Accessed August 15, 2007).

49 *Capital weekly*, 14 February 2004, see: http://capital.bg/show.php?storyid=225116 (August 15, 2007).

50 *Dnevnik daily*, 4 February 2007, see: http://dnevnik.bg/show/?storyid=309266 (August 15, 2007).

BNT de facto produces approximately 14 hours of programming a day more than its financing covers (the additional time comes from the programme services of the *TV Bulgaria Satellite Channel* and the regional centres).[51] The subsidy approved for 2007 covers 18,980 hours of total annual transmission time, while the actual transmission time is 23,578 hours.[52] The difference between the subsidised and the actual transmission time makes it difficult for *BNT* to pay its fees to the Bulgarian Telecommunications Company (for broadcasting its services) and copyright holders. While *BNT* has not defaulted on payment of these fees to date, insufficient financing and the huge current expenditures on broadcasting, copyright, equipment, etc. leave it with limited resources for content production. The 2007 subsidy does not provide funds for launching a new terrestrial channel covering Sofia (a specialised channel covering various aspects of the development of Sofia). *BNT* has already applied to the CEM for a frequency, and if it is granted permission to launch the programme service it would be faced with significant financial problems. In addition, the 2007 budget is insufficient to meet the need for purchasing new equipment in the context of the digitalisation of television in Bulgaria.

On the threshold of digitalisation, *BNT* does not yet have the requisite technical capacity. Part of its equipment is outdated. Nevertheless, significant progress has been made in the technical modernisation of the public-service broadcaster. A procedure was initiated as early as October 2000 for the award of a public procurement contract for the supply of digital video equipment and launch of a facility for non-linear editing of news for *BNT's* Current Affairs Directorate. In 2001, more than 30 *BNT* employees - video editors and system administrators - were trained to work with the new system.[53] In 2005 the prime-time news programme began to be broadcast from a totally

51 National Assembly of the Republic of Bulgaria, Civil Society and Media Committee meeting, 9 November 2006, verbatim report.

52 Ibid.

53 DMT ZoneBG, 27. Oktober 2001, see: http://dmt.zonebg.com/news/printitem.php?newsid=47 (August 15, 2007).

redesigned and re-equipped studio. The new technical equipment of the studios and editing rooms allowed changing the look of newscasts. The digital equipment provides a wide range of visual effects, animated graphics and 3D animation. In 2006, another key studio was totally re-equipped, with close to BGN 4 million (€ 2 million) invested in new equipment.[54] Thus, the *BNT* now has two wholly digital studios. One of *BNT's* mobile television facilities has been fully digitalised as well. The plans are to digitalise all technical facilities at *BNT* by the end of 2008, including all regional TV centres.[55]

In June 2007, the government granted *BNT* an additional target subsidy of BGN 3 million (€1.5 million) for digitalisation: digitalisation of all archived materials and completion of construction work on a new state-of-the-art digital studio with an area of 700 square metres. This studio will be the only studio meeting all EBU standards for television production. The studio will be part of a larger television complex whose construction began years ago but has not yet been completed. The subsidy is designed to enable *BNT* to produce "more, better-quality and cheaper television productions".[56] Although it cannot resolve all *BNT's* problems, this extra state subsidy indicates growing government awareness of the lag of digitalisation in Bulgaria.

6. BNT: Character of Content and Services

6.1 Programming

The character of the content provided by *BNT* is defined by its programme licence. According to the licence, at least 5.1 per cent of the total daily transmission

54 National Assembly of the Republic of Bulgaria, Civil Society and Media Committee meeting, 9 November 2006, verbatim report.

55 Vessislava Antonova, "Vtori Shans" ["Second Chance"], Capital weekly, June 22, 2007.

56 Republic of Bulgaria Council of Ministers, Resolutions, see: http://www.government.bg/cgi-bin/e-cms/vis/vis.pl?s=001&p=0175&n=002332&g= (accessed August 15, 2007).

time must be appointed to news broadcasts. At least 15.6 percent of the total transmission time of the news broadcasts themselves must be appointed to regional news. Of the total weekly transmission time, at least 16.6 percent must be appointed to current-affairs broadcasts, at least 3.7 per cent to educational broadcasts, at least 4.7 per cent to cultural, scientific and other such broadcasts, and at least 7.6 per cent to children's and youth broadcasts. At least 1.8 percent of the total monthly transmission time must be appointed to broadcasts aimed at the integration of socially disadvantaged or at-risk groups. Of the total annual transmission time, at least 0.3 per cent must be appointed to broadcasts for Bulgarian citizens whose mother tongue is different from the Bulgarian language. *BNT's* programme licence also provides that at least 74.9 percent of the total annual transmission time must be reserved for European and Bulgarian works, and at least 43.5 percent specifically for Bulgarian works. At least 36.7 percent of the total annual transmission time must be reserved for *BNT* internal productions, and at least ten percent for works created by independent / external producers.[57]

The public-service content is delivered to the *BNT* audience mainly via one-way broadcast channels. *Kanal 1* is broadcast in the country by 26 terrestrial transmitters and 627 relay stations.[58] *TV Bulgaria* is broadcast by EUTELSAT, satellite Hot Bird 6-13E, and retransmitted by all cable operators in the country.

6.2. Interactive and Online Services and Access to Archival Materials

In the last few years *BNT* has made serious attempts to develop interactive services. For the time being, such services are available only on the public-service broadcaster's website at http://bnt.bg/. In addition to the traditional type of

57 BNT, Programme Licence, CEM, Sofia.

58 CRC, Annual Report 2003.

information, such as the history of *BNT*, management structure, or content of the broadcasts, the website offers users access to more timely types of texts: latest news, weather forecasts, broadcasts coming up, etc. The *BNT* website also provides the option of viewing many broadcasts online. Some of the most popular broadcasts (such as the current-affairs "*Panorama*" or the investigative "*Otkrito*" and "*Chasten slouchai*") also have a video archive featuring editions broadcast in the present and the previous year. One of the best-developed services is the option of viewing a recording of the prime-time news programme "Po sveta i u nas" ("Across the World and in Bulgaria") at 8 p.m. (the recording is available on the same day), as well as access to an online video archive of all other newscasts on *Kanal 1*. At present, the archive features newscasts from the last two months.

BNT also offers offline, paid access to its archives, providing the requested recordings in different media (analog and digital). Archival units from all periods of its existence are available to the public for a fee. However, the high fees (which vary depending on the character of the requested material) and slow procedure make it difficult to use the BNT archives for wider purposes - for example, for educational purposes.

As of now, *BNT* does not provide the option of watching broadcasts in real time on the Internet. As of April 2006, M-Tel subscribers can watch Kanal 1 on their mobile phones through GPRS and EDGE. In August 2007 M-Tel, the Professional Football League and BNT (which holds the broadcasting rights) agreed to begin broadcasting the Bulgarian Premier League on the mobile portal Vodafone Live.

At present viewers can send their own news to the television via its website. The "Tvoyata novina" ("Your News") section calls on viewers to "[b]ecome one of the reporters at Bulgarian National Television. We are expecting your MMS about events in Bulgaria and abroad which you've witnessed personally! You'll now be able to see your news, everything interesting you've filmed, [on the prime-time news programme] Across the World and in Bulgaria." The *BNT* website also offers viewers the chance to express their opinion about the television's programme by email;

feedback is also available by phone. While the website does not have a general discussion forum, some broadcasts have moderated forums for communication with their audiences.

83.9 percent of the *BNT* website users access the website from Bulgaria. 32 percent of all bnt.bg users visit the website to read about the programme, 22 percent visit the front page (with mixed content), 19 percent use the news section, 14 percent visit the section devoted to the teenage broadcast "Yako", eight percent opt for the sports news, two percent use the services of the BNT information centre, etc. The average number of unique pages viewed per user per day for this site is four in the last three months (April, May, June 2007). The average daily traffic rank in the same period was 39,804 (based on a combined measure of page views and users [reach]).[59]

One of the key aspects of digitalisation involves access to the archives of the national public-service television broadcaster. *BNT* has very rich archives. At the end of 2005, its film archives included 180,000 information objects and 64,800 archival units, of which 44,000 were individual titles. *BNT's* photo archives contained 35,198 films, 542,230 frames and 41,270 contact copies of part of the reels. Its audio archives numbered 26,457 archival units recorded on magnetic tape. The programme materials kept in the Golden Fund of *BNT* numbered 46,166 videotapes with a total time of 44,793 hours of recordings of 66,750 titles, of which 35,290 were television programmes and 31,460 were news, or 19,850 hours of television programmes and 24,943 hours of news.

In 1999 an internal computer network was established at *BNT*, allowing all employees to use the database of archived materials. In 2000 the *BNT* audio archives began to be computer-processed, and in 2003 a new format of production was introduced: the professional tapes DVC-pro. In 2005 the ratio between the different

59 Data from Alexa.com, see: http://www.alexa.com/data/details/traffic_details?url=http%3A%2F%2Fwww.bnt.bg%2F (June 30, 2007)

types of carriers was 35.22 percent BETACAM, 28.61 percent 1" reels, 22.31 percent U-matic BVU, 9.02 percent DVC-pro, 3.03 percent S-VHS and 1.81 percent 2" reels.[60]

On the whole, however, the state of the *BNT* archives is unsatisfactory. Many archival units are in poor condition or are missing. That is why there is an urgent need to digitalise the archives. The target subsidy for digitalisation, as noted above, granted by the government to BNT in 2007 provides for the launch of a pilot project on digitalisation of the archives: procurement of quality facilities, reproduction equipment and equipment for correcting defects in the picture caused by the ageing and depreciation of tapes.[61]

BNT has an important role in preserving national cultural heritage and encouraging Bulgarian film production. It is the prime broadcaster of Bulgarian documentaries and one of the country's biggest producers of films (documentaries, feature films, animated films, serial films and TV theatre productions). *BNT* has its own Film Production Centre. Considering that fewer and fewer Bulgarian films are broadcast on the commercial channels, *BNT* contributes significantly to the variety of television programming.

Digitalisation is a prerequisite for increasing *BNT's* transmission time and ensuring better protection of national and European productions. The launch of a new specialised thematic channel devoted to Sofia and the planned increase of the total transmission time give *BNT* a chance to feature a larger number of external productions - a practice which has encountered problems in the last few years as several external productions, contracted by competitive bidding, proved unsuccessful and were quickly taken off the air.[62] Digitalisation can become a significant factor in

60 For more information see Bulgarian National Television, TV Fund: http://www.bnt.bg/tv_fond (August 30, 2007).

61 Republic of Bulgaria Council of Ministers, Resolutions, see: http://www.government.bg/cgi-bin/e-cms/vis/vis.pl?s=001&p=0175&n=002332&g= (August 15, 2007).

62 CEM, Statement from 3 October 2004, see: http://www.cem.bg/r.php?sitemap_id=111&id=328 (August 15, 2007).

improving the quality of the national television broadcaster's programming and in encouraging more Bulgarian film productions and creators.

6.3. Multiplexes

If we return to the more general problems, we will see that one of the key questions about digitalisation concerns the organisation of the future multiplexes. It is not yet clear whether there will be a state-owned multiplex (or multiplexes) and how the national public-service broadcasters will broadcast. As of now, the plans are to build six multiplexes in three stages by 2012.[63] As noted above, during the 2006 Regional Radio Communication Conference in Geneva (RRC - 06), an agreement was reached to build up to ten national multiplexes in Bulgaria.[64] But it is not yet clear what the ratio between public-service and commercial multiplexes ("islands") will be, as a long-term national strategy for digitalisation has not yet been elaborated. That is why it also remains unclear at present which institution will be in charge of the financing, construction and operation of the multiplexes. There are several hypotheses: the State, the Bulgarian Telecommunications Company, or the public-service and commercial television broadcasters themselves; the question, however, remains open. The lack of clarity strictly limits the possibilities to forecast the market. It is no accident that in 2007 some television channels launched a campaign to postpone the deadline when the first operators are supposed to start digital broadcasting (from September 2008 according to the Plan).

To sum up, there is a clear imbalance: while *BNT* has the necessary experts capable of guaranteeing its digitalisation in terms of content and technology, it still

63 National Assembly of the Republic of Bulgaria, Civil Society and Media Committee meeting, 27 March 2007, verbatim report.

64 Ibid.

lacks the necessary legislative and financial support to go ahead with the process. As a result of the policies pursued in recent years, the national public-service television broadcaster has lost its lead and now has a secondary position on the market. Delayed digitalisation and the lack of a clear government vision for the development of *BNT* threaten to keep it in this position for years to come. At this stage one may conclude that the internal organisation and structure of *BNT* are adequate to facilitate its digitalisation. Digitalisation is a key priority for the present management body of *BNT*. It is seen not only as a form of technical modernisation but also as a chance for developing *BNT's* programming and content. The existing problems are external rather than internal, and come from the state policy towards the public-service broadcaster. Practice to date shows that at the political level, there is far more serious support for promoting the development of commercial media. Market liberalisation has long been the top priority in policies on television in Bulgaria. Commercial broadcasters have much more practical freedom of action than *BNT*, which remains much more politically and financially dependent. That is why if commercial broadcasters are quicker to digitalise their operations, *BNT's* positions in a digital context will be weakened further. In the absence of a new policy, the growing competition expected in the digital environment may place *BNT* in an even more marginal position on the market.

7. Conclusion

The overall picture of the transitional period between analog and digital broadcasting, which Bulgaria is entering at present, is contradictory. The media market is well-developed. At the same time, in the last few years there have been significant changes in media and political practices. The main trends in the development of print and broadcast media in Bulgaria today are connected with the processes of liberalisation, influx of foreign capital, mergers, and growth of the advertising market. At the same time, the quality of the media remains in question. Serious journalism rarely serves as an alternative to commercialised media discourse. Popular print media and television entertainment genres prevail. Placed in such conditions for a long time, the audience will get used to them and stop looking for serious content. Of course, it is pointless to criticise commercialisation in general; it is obvious that today commercialisation is an inevitable part of the media landscape. The question is to find the right balance between purely market principles and the place of public-service broadcasters - a balance that is conspicuously absent in Bulgaria at present.

As a matter of fact, the leading media in Bulgaria today target an audience made up not of citizens but of political and commercial clients. Even the public service function of the media is often understood only as opportunity to generate a larger audience, and hence to get more advertising. The quest for profit at any cost often erodes the social role of the media. The values of democracy clash with the reality of the media market, which remains insufficiently democratic in many respects. As many of the media in the country, on the other hand, are in fact not making profits, it is difficult to presume that they are independent. Their content remains politically biased. In many cases there is a lack of transparency in ownership. Advertising, too, is often criticised for the trend towards concentration of ownership and the mechanisms of securing influence in the media.

Against this background, several major trends can be identified. The media market is breaking up into different socio-cultural niches and the different audiences are largely isolated from and closed to each other. The crisis of the public sphere is due above all to a deficiency in the quality of media content (especially with regard to news) and of serious debates on key issues on the public agenda. These developments have led to a rise of media and political populism and interconnection of the two processes. There is also a growth of nationalism in the traditional media, especially on the Internet, where strong networks of extreme nationalist formations are emerging. New developments are appearing in Bulgarian media and politics characterised by racism, xenophobia, anti-Europeanism and anti-Americanism. To all this one must add the growing privatisation of the public sphere through the increasing use of PR practices in the media and the frequent erasure of the boundary between news and PR. The reasons are both structural (imperfections of the institutional organization) and ethical (corruption practices). In such an aggressive context, the role of public-service broadcasters is becoming critically important.

The main positive developments around the start of digitalisation are associated with several factors. First, the media themselves (both the commercial and the public-service media) are ready to make the necessary changes. In many media, technical re-equipment is sufficiently advanced to meet the requirements of digitalisation. Most media outlets have a sufficient number of well-trained specialists ready to conduct the reform. Second, the new-generation transmission infrastructure - of the Internet and the networks of mobile phone operators - is very well-developed. The fact that new channels are now available is exerting pressure for production of interactive content and gradually increasing public participation. Third, the legislation regulating digitalisation is largely harmonised with EU practices. This also applies to the recently adopted Electronic Communications Act. On the other hand, the existence of good legislation does not in itself guarantee good quality; the relevant legislation needs to be implemented effectively. So far the experience in this respect (especially with regard to the Radio and Television Act) has often been disappointing.

The key problems in digitalisation can be summed up in several points. First, there is no official national strategy for digitalisation. A series of projects have been elaborated at the departmental level, but they have not been united into a comprehensive national strategy adopted by the government. Such a strategy will be elaborated very late, and this will inevitably have an adverse effect on the process of digitalisation as a whole. The lack of coordination between key institutions and between key laws is another serious problem. For all those reasons, numerous key questions still remain open - such as the question regarding the sources of financing for the construction of multiplexes, and how many digital channels *BNT* can start. At the institutional level, there is still a lack of understanding about the scope and philosophy of the digital revolution which assigns the audience a new, much more active role and thus has an important social dimension.

Second, (covert) corporate and political interests can still play a dominant role in the allocation of frequencies. Such scenarios have been played out even prior to the proper start of digitalisation, and there have even been cases in which licensing procedures have been blocked or some broadcasters have been favoured at the expense of others.

Third, there are still no plans for conducting a public awareness-raising campaign about the character and advantages of digitalisation. There is a risk that digitalisation may be seen as something forcibly imposed by administrative means. Conducting an adequate awareness-raising campaign is especially important because digitalisation will involve new expenses for households. The success of the technological conversion largely depends precisely on the readiness of the audience to accept digitalisation.

The specific problems facing *BNT* in the context of digitalisation are both technical and content-related. Although significant progress has been made in technological modernisation, there is still a lot to be done in this respect. Things are often decided on a "piecemeal" basis and post factum. The main reason is the lack of adequate financing. A major challenge facing the *BNT* is whether it will succeed in ensuring sufficient, but above all good-quality, content of its digital programme services and how it will develop its programming policy in the new context. In this sense, digitalisation may serve as an incentive for *BNT* to escape the temptation to behave like a commercial broadcaster: a behaviour imposed by market competition and resulting in *BNT's* excessive number of commercially oriented broadcasts in the last few years. The key problem for *BNT*, however, remains associated with its still ineffective conversion from a state television to a public-service television. There is still a lack of political will in Bulgaria to grant the public-service television broadcaster greater independence from the State. The long-postponed establishment of a Radio and Television Fund, as provided for by the Radio and Television Act, is a sign precisely of political reluctance to ensure real independence of public-service media. In this sense, there is a risk that the digitalisation of *BNT* may be reduced to the solution of a mainly technical problem and to a refusal to use this as an opportunity to encourage the pluralism and independence of public-service programming.

Finally, in considering one of the specific aspects of digitalisation - its impact on public-service broadcasting - one should bear in mind the wider dimensions of the process. Digitalisation changes everything, not just the media. Indeed, it marks the advent of a new age based on advanced computer and information technology. Digitalisation is comparable to (and part of) the revolution in genetic science in recent years. The world of bytes will penetrate virtually all social practices, transforming them in a way that is difficult to predict from the vantage of the present. In fact, we are still paying little attention to what is happening. In our way of thinking, our policies and our habits, we are still in the analog age. Digitalisation is a fundamental process; it advances the development of medicine, nanotechnology and generally all fields that will play a key role in the future reorganisation of society. By passing from the analog to a digital reality, the media today are introducing us to this future.

8. Recommendations

On the basis of the analysis conducted above, specific recommendations can be made in three major areas.

1. Policy of Digitalisation and Regulatory Authorities
   - The government should elaborate a strategy for digitalisation as soon as possible, while ensuring proper coordination between the different stakeholder institutions.
   - The institutions involved should specify the statutory and financial parameters of digitalisation, as well as the ways of participation of the different actors (state and commercial) involved in it.
   - The Radio and Television Act should urgently be adapted to the context of digitalisation and harmonised with the Electronic Communications Act.
   - The CEM and the CRC should operate with maximum independence from partisan and commercial interests to avoid turning digitalisation into a continuation of the all too familiar analog politicisation by other means.
   - The regulatory authorities and the government should ensure complete transparency of all procedures connected with digitalisation.
   - The media community and non-governmental organisations working in the media sphere should not be excluded from the process of key decision-making.
   - It is necessary to prevent an excessive consolidation of the market in a digital context and the privileging of some players at the expense of others; the creation of difficult-to-control digital empires must be avoided so as to ensure pluralism in the market.
   - Political cooperation should be ensured in all necessary areas so as to avoid turning digitalisation into a new aspect of the digital divide.
   - The cost of the relevant devices for households should be minimised.
2. Technological Aspects of Digitalisation
   - It is necessary to have clear assignment (at the institutional level) of the responsibilities and tasks connected with the technological aspects of the conversion from analog to digital broadcasting. A clear vision must be

elaborated as to who will build and operate the future multiplexes. The specific technological roles of the key players must be defined: television broadcasters/telecommunications operations, other stakeholder companies.

- The national public-service television broadcaster, *BNT*, should secure greater financial support from the national budget (until the establishment of the Radio and Television Fund) for converting to digital broadcasting. *BNT* should elaborate an action plan with fixed deadlines, guaranteeing successful conversion.
- It is necessary to elaborate, at the government level, a clear action plan for the transitional technological period as well as to plan the relevant investment commitments and financial resources.
- The responsible government institutions should encourage through their policy the development not only of digital terrestrial television broadcasting (DVB-T) but also of the overall television distribution environment (direct satellite broadcasting, cable television, Internet and mobile broadcasting).
- The SAITC should elaborate detailed plans for parallel introduction of the DVB-H mobile system.
- In the course of the technological conversion, the media should encourage solutions that provide opportunities for greater interactivity.
- It is necessary to urgently train specialists capable of conducting the conversion to digital broadcasting and of guaranteeing quality operation of the new technology. Such training can be organised in-house, in the media themselves, through target subsidies.

3. Public-Service Television Programming
   - Programme schemes should adapt to the actual expectations of public-service broadcasters (it is necessary to research the audience's

expectations concerning the character of the public-service content); digitalisation should not be an end in itself, it must answer real needs.

- The financing for production of public-oriented content should be increased.
- Programming should be adjusted, to the greatest possible extent, to the changes in consumer habits and new distribution platforms resulting from digitalisation.
- The overall programming policy should be aimed at restoring the trust of viewers in the values of public communication.
- A greater variety of programming should be ensured, including by encouraging the launch of new thematic channels.
- The conflict between the possibility of launching new digital channels and the lack of resources for good-quality programming should be resolved by encouraging the market entry of more broadcasters performing public-service functions.
- Last but not least, commercial broadcasters should likewise be encouraged to develop more broadcasts of a public service nature. The public service oriented content should not remain a *BNT* monopoly. Commercial broadcasters should be convinced that investing in quality content can increase the symbolic capital, and hence the prestige of channels.

Annexes

Annex 1

Radio and Television Act (1998), from Art. 32. and Art. 33 (powers of the Council for Electronic Media):

- to exercise supervision over the broadcasting activities of radio and television broadcasters;
- to elect and remove the directors general of *BNR* and *BNT*;
- to endorse, upon nomination by the directors general, the members of the management boards of *BNR* and *BNT*;
- to give an opinion on the draft state budget regarding the subsidy for *BNR* and *BNT*;
- to organise the licensing and registration of radio and television broadcasters;
- to exercise supervision with regard to the protection of consumer rights;
- to exercise supervision with regard to the technical quality of broadcasts and programme services.

Annex 2

Electronic Communications Act (2007), from Chapter 4, Section 2, Art. 30 (powers of the Communications Regulation Commission):

- to collect and submit to the CEM information regarding the requisite technical parameters for broadcasting by terrestrial transmitter of radio and television programme services to a population centre or functional region as specified by the Council for Electronic Media or to the entire territory of the Republic of Bulgaria, including unallocated radio frequencies, permissible power of transmission, possible points of transmission, as well as any other technical information as may be necessary;

- to perform the functions of a national standardisation organisation before the European Telecommunications Standards Institute (ETSI) and to participate in the work of technical standardisation committees in the Republic of Bulgaria which deal with electronic communications;
- to grant, alter, supplement, suspend, terminate and revoke licences for pursuit of telecommunications activities;
- to conduct public discussions, consultations and opinion polls in the cases and by the procedures provided for by the law.

Annex 3

Radio and Television Act (1998 ?.), Art. 6, para. 3 (obligations of public-service television and radio broadcasters):

1. Provide for broadcasting political, business, cultural, scientific, educational and other socially relevant information;
2. Afford access to national and global cultural values and popularise the advances of science and technology by broadcasting Bulgarian and foreign educational and cultural programme services addressed to all age groups;
3. Ensure, through their programming policy, the protection of the national interests, universal human cultural values, national science, education and culture of all Bulgarian citizens, regardless of their ethnic identity;
4. Encourage the creation of works by Bulgarian authors;
5. Encourage Bulgarian performing arts.

Annex 4

Radio and Television Act (1998 ?.), Art. 7 (requirements regarding the programme services provided by the national public-service radio and television broadcasters):

1. Ensure programme services for all citizens of the Republic of Bulgaria;
2. Assist the development and popularisation of Bulgarian culture and the Bulgarian language, as well as of the culture and language of citizens in accordance with their ethnic identity;
3. Afford access to the national and European cultural heritage through their programme services;
4. Insert informational, educational and entertainment broadcasts in their programme services;
5. Apply the new information technologies;
6. Reflect the diversity of ideas and convictions in society by means of a pluralism of viewpoints in each one of the news and current affairs broadcasts on political and business subjects;
7. Foster mutual understanding and tolerance in relations between people;
8. Afford citizens the opportunity to get familiar with the official position of the State on important issues in public life.

FROM TRANSMISSION TO THE PUBLIC GOOD: MEDIA POLICY FOR THE DIGITAL AGE IN CROATIA

By Zrinjka PERUŠKO & Helena POPOVIĆ

1. Executive Summary

Public policy for digital television is arriving very late to Croatia, and without much consideration of public service content. The predominant policy thrust concerns "transmission," i.e. the government seems not to understand (or want to tackle) the issues of content in future digital media and new platforms. The result will probably be that economic and technological interests will dominate future policy decisions, and the interest of society in obtaining balanced, impartial and diverse public service content will take second place.

Public policy regarding the new digital media environment emerged late in Croatia, with the first activities beginning only after 2000, and the first public debates in 2005. Policy has since then developed mostly in the area of digital television and radio broadcasting, while in the area of telecommunications the policy is still very much oriented toward transmission, without much understanding of the media.

The terrestrial television broadcasters, operating at the national level in Croatia, include the public service *Croatian Radio Television (HRT)* with two channels, *HTV 1* and *HTV 2*, and two commercial television broadcasters: *RTL Television* and *Nova TV*. *HRT* has the highest audience share (54.2 per cent), followed by *RTL TV* (24.4 per cent) and *Nova TV* (13.6 per cent).

Advertising revenues show that television is still in the lead, and public service television is still the leader in advertising income in the television sector, which is still the largest attractor of advertising among all media. There is an ongoing restructuring of advertising expenditures as a result of audience fragmentation: advertising revenue is growing, but its revenues have diminished for individual media companies.

HRT broadcasts their programs through a terrestrial analogue network, satellite, and also through an experimental DVB-T network. By the end of 2005, the *HTV* had finished digitalizing its equipment, while the digitalization of full production is an ongoing process, and the archives have yet to be digitalized. *HRT* is the only terrestrial television that has announced plans for new digital thematic channels. In both technology and public service content, the Croatian public service television *HTV* is the leader in the process of digitalization.

The multi-channel environment is developing in Croatia. Digital television is present as IPTV (*Max TV* by T-Com) and all four television channels at the national level are available in some regions in experimental digital transmission DTT. Both the IPTV and DTT platforms will further develop to include new channels and services.

Cable has a low penetration rate: only 18 per cent of households in 2002. Traditional analogue television is still the main media for Croatian citizens. 87 per cent of viewers between ten and 74 watch television every day, while 38 per cent of the population are Internet users, of which 19 per cent use the Internet every day.

The liberalization of the telecommunication market occurred in 2005, with new operators in fixed and mobile telephony entering the market, which resulted in a decrease in telephone prices. The SMP operators in Croatia are T-Com with Iskon (fixed telephone), T-Mobile and VIPnet (mobile telephone). T-com introduced the first commercial IPTV (*MaxTV*) in Croatia (2006), which makes them competitors to cable and terrestrial television. Croatian telecommunications and cable television are predominantly under foreign ownership, as is terrestrial commercial television at the national level.

The new media platforms in Croatia are generally only seen as data transmitters, thus the choice of their programs and services derives from what they consider in their best business interest. None of the new service providers have yet started their editorial channels. Public policy will need to ensure that the future digital media fulfill required public service needs. At this moment it does not seem like the policy makers have understood the importance of internet, cable, and other new media platforms for the delivery and development of "traditional" media like television, or their importance for society as a whole.

The main concern is that digitally driven audience fragmentation is bringing lesser profits to individual media institutions even though total advertising spending is growing. Future quality program productions in commercially based media are uncertain with diminished advertising revenues. Public service content is already rare within analog Croatian television (Peruško 2007), and unless public policy firmly requires such content of commercial television networks as well its future in the digital world is precarious.

IPTV, which will, according to industry estimates, be the main delivery platform for digital television, is in competition with cable for viewers. Curiously, this is not acknowledged in Croatia, showing again the emphasis on "transmission" in understanding new media platforms and relevant policies in the country.

As the Croatian telecommunications and cable television industries are almost completely foreign owned, in addition to terrestrial commercial television at the national level, public policy will have to be quick and careful to introduce firm public service requirements for future digital media. It does not seem that policy makers have understood the importance of new media platforms for the delivery and development of "traditional" media like television. Perhaps this is the reason why (party) politics seems to be absent from the discussion, and why the digital media policy is not at all an issue in the public sphere.

At present, the public service broadcaster *HTV* seems to be the only player seriously involved in the development of public service audiovisual digital content. Mobile and internet use is becoming a standard practice for young people, and interactivity is something they are used to and expect. Future digital television will have a better chance of serving the interests of young users if interactivity is present. *HTV* is a market leader in public service television offerings, but the data seem to show that younger audiences are not very interested in this type of content. This presents a paradox, which we don't fully understand as yet: the audience that has the opportunity to use the public service content in a digitalized media environment might not have a motive to.

2. Introduction

The changes in the media systems of the post-communist countries of Central and Eastern Europe have been shaped by several forces, most of which also influence the media in other parts of the world. The first of these at the beginning of the 1990's was the democratization of these countries, including changes in media regulation.[1] The second was the introduction of new economic forces that came to influence the new media markets. The global trend of economic

1 Extensive literature exists on the process of transition in general, including the media. For comprehensive analyses of these changes see D. L. Paletz and K.Jakubowicz, *Business as usual: continuity and change in Central and Eastern European media.* Cresskill, N.J.: Hampton Press, *2002; D L. Paletz K. Jakubowicz, P. Novosel. (eds.) Glasnost and After Media and Change in Central and Eastern Europe*, Cresskill, New Jersey: Hampton Press, 1995; and M. Sükösd and P. Bajomi-Lázár, (eds.) Reinventing Media. *Media Policy Reform in East Central Europe.* Budapest: CEU Press, 2003, for an account of the newer media policy developments in East Central Europe.

liberalization began to be felt in the media-space.[2] Foreign capital and companies entered developing media markets, and brought new practices, integration, as well as old problems already felt in the western media markets: concentration, conglomeration, and hyper-commerciali-zation. The last of the forces was technology. The media have always been an industry based on technological innovation, and technology is today again challenging media-scapes. Digital converged media is now in the first phase of increase in terms of McLuhan's phases of media development[3], or the second phase of penetration and growth of new applications of the technological innovation (in terms of a 5 life cycle metaphor including innovation, penetration, peak, decline and adaptation, Potter 1998:179[4]). Although the rapid process of digital media development seems to be driven by economic interests alone, especially in the conditions of a liberalized and connected global economy, public policy is always part of the equation. If we understand public policy as an expression of the interests of society and its values, which in the final analysis determine which innovations will be accepted and which discarded by society, we come to the main question of this chapter: what policies will ensure that public service content remains part of the new media that is being

2 The literature on the CEE media markets is still not abundant. See for instance *The Economics of the Media: the Convergence of the Transition Countries with EU Member States*, Hruby et. al., which deals with the ownership in new democracies of CEE, with a special emphasis on broadcasting markets in the nineties. See also *Droupa, V. and Smid, M, 1998; Gulyáes, A, 1999; Hrvatin, S. and Krševan*, T, 1999. For a recent account see Zrinjka Peruško & Helena Popović, Media Concentration Trends in Central and Eastern Europe, Jakubowicz and Sukosd, *Finding the Right Place on the Map: Central and Eastern European Media* Change in Global Perspective, ECREA Book Series, Intellect Books, 2007, Bristol, forthcoming).

3 C. Horrocks, Marshall McLuhan i virtualnost. Naklada Jesenski Turk: Zagreb, 2001. (C. Horrocks, *Marshall McLuhan and Virtuality*. Naklada Jesenski Turk: Zagreb, 2001).

4 W J.Potter, *Media Literacy*. Sage: Thousand Oaks, 1998.

planned and implemented in Croatia, one of the new democracies of Central and Eastern Europe? And as a corollary: what public values and social interests constitute public service content? These questions of course arise from and apply to a much wider concern, not only in geographical terms. This concern is over the future of the media's social role as we know it.

Attention of public policy to issues of digital media convergence came very late in Croatia; perhaps not surprisingly, only after the more pressing issues of the freedom of expression and the media were firmly entrenched, and after the economic issues (with of course serious social implications) of media concentration and merger regulation, foreign capital, etc., were noticed. During the 1990s in the development of the public service broadcasting political battles were fought for and pressure was put by the government on the media they controlled and their editorial policies as well as about the structure and shape of public service broadcasting. However, in this period, in relation to issues of digitalization the political interest and debate is absent. The issues of impartiality and objectivity of news presentation is still a topic (always amplified in times of elections) of concern to the politicians, especially in relation to control and possible influence on the editorial practices of the public service broadcaster.[5]

5 For more information on the development of the Croatian media system and policy in the 90's see Z. Peruško, *Demokracija i mediji*, Barbat: Zagreb, 1999. (Z. Peruško, *Democracy and the Media*, Barbat: Zagreb), and Z. Peruško, "Croatia: The First Ten Years," in Paletz & Jakubowitz, eds., *Business as Usual*, Hampton Press, 2003. p. 111-145. For a detailed account of the television policy and sector in contemporary Croatia see Z. Peruško "Croatia". In *Television Across Europe: Regulation*, Policy and Independence. EUMAP & NMP: Budapest, 2005. Also see S. Malović, "Report on Croatia" in B.Petković (ed.) *Media Ownership and its Impact on Media Independence and Pluralism*, Ljubljana, Peace Institute and SEENpM, 2004, Z. Peruško, *Media. Openness of Society Croatia 2005* (ed.) S. Goldstein, Open Society Institute Croatia, 2005, and Z. Peruško, *Media, Openness of Society Croatia 2006*, (ed.) S. Goldstein, iDemo, 2006., Z. Peruško "Media and Civic Values" in S. Ramet and D. Matić, (eds.) *Democratic transition in Croatia.* Texas A&M University Press 2007.

The first public discussions on digital video broadcasting (DVB) technology and media convergence in Croatia took place in 2005. Two actions took place in this respect. One, initiated by the policy research community, was a roundtable on "Media and Digital Convergence: Policy and Developments in Europe and Croatia" organized by the authors of this paper, then working at the Department for Culture and Communication of the Institute for International Relations (IMO) - a public, scientific policy research organization based in Zagreb - in cooperation with the Media Division of the Council of Europe.[6]

The aim of the IMO round table was to raise public awareness and attention to the media convergence trends that ask for new approaches. Problems such as the licensing of new audiovisual services, the distribution of a new multiplex system, the future character of media in a digital world, and the formation and implementation of new regulations were raised. The latter was specifically pointed out, as the lack of policy makes it difficult to form new strategies and implement them successfully. The public strategy on new media (as content producing editorial institutions) has since then moved only in the digital video broadcasting area, with no thought to other delivery platforms, especially cable, internet, or mobile delivery. Both of these platforms are developing in Croatia without a coherent public policy in terms of public service content.

6 The event gathered experts from European as well as Croatian institutions engaged in new trends in the media landscape. Representatives from institutions such as the *Media Division of the Council of Europe, the Committee on Information*, Computerization and the Media of the Croatian Parliament, the Central State Bureau for e-Croatia, Croatian Telecommunication Agency, Transmitters and Communications Ltd, Council for Electronic Media, Croatian Radio-television (HRT) were invited to discuss these new challenges (http://www.imo.hr/culture/conf/medconf03/index.html).

The second step towards creating a regular meeting space for focused expert discussions was the establishment of the DVB forum initiated by the Croatian Telecommunication Agency (CTA), in the fall of 2005. The DVB forum was initiated with an aim to create a public strategy in the transition from analogue to digital television, and, more specifically, to prepare institutions and citizens in Croatia for the implementation of DVB technology, based on the trends in the EU, as well as the previous actions taken by the CTA in the digitalization processes. The initiators of the DVB forum gathered representatives from the following institutions: Transmitters and Communications Ltd, Council for Electronic Media, CROATEL[7], Faculty of Electrical Engineering (FER), Council for Electronic Media, *Croatian Radio-Television*, The national association of televisions (NUT), The Croatian Chamber of Commerce (HGK), Ministry of Culture, Institute for International Relations, *RTL Television*, *Nova TV*, The Ministry of See, Tourism, Transportation and Development, Portus d.o.o., and HGK Association for Telecommunication.

The CTA started to prepare for the coming trends in 2003, through the monitoring of new technologies and the planning of frequencies for the new digital broadcasting platform. During this time, they made a plan of frequency distribution for digital television, and worked on frequency compatibility with neighboring countries.

The recently adopted change to the Law on electronic media (*Official Gazette* no. 79, 30 July 2007) does not attempt to deal with non linear media services and new digital media in general (except to extend the license-granting procedure to the digital multiplexes in the same manner as to the present analog TV). The government is, in this respect, set to wait for the new Audio-visual services directive to come into force before planning or implementing any new-media policies.

7 A private telecommunication firm in Croatia, which owns a DVB-T multiplex operating in the Zagreb area.

3. The Multi-channel and Digital Media Landscape

3.1 Media Landscapes - Shape and trends

Terrestrial television - still the market leader

In terms of advertising revenue, broadcast television is still in the lead, and industry assessment for 2007 indicates that it accounts for some 60 percent of total spending in the traditional media[8] (daily and weekly press, radio, television, outdoor). It is estimated that the gross value of traditional media advertising was around €600 million (industry estimates are that net values representing real spending, and not the listed prices, are some 50 per cent lower[9]).

In the television market, it is noteworthy that the public service *HRT* in 2005 was still the leader in advertising income (as well as in audiences): *HTV 1* had a share of 30.6 per cent, *HTV 2* had 8.6 per cent, followed by *RTL TV* with 30.7 per cent and *Nova TV* with 30.1 per cent.[10] The industry has noticed a restructuring in advertising spending in the media, wherein spending for internet and digital media has grown, but the main concern is that the digitally driven audience fragmentation is bringing lesser profits even though the total advertising spending is growing. A comprehensive analysis of these trends based on systematic data is not available in the public domain.

If we accept this prognosis, and know that commercial media depend on advertising revenue for program production, the possibility for future quality program productions in commercially based media with diminished advertising revenues seems tenuous.

8 Tibor Gojun, CEO of the Croatian Advertising Association, in an interview in *Privredni Vjesnik*, No. 3465, 21 May 2007.

9 Tibor Gojun, *Privredni Vjesnik*, No. 3465, 21 May 2007.

10 Darja Kupinić Guščić, Media net, "Preskočena crta od 600 mil. eura" Lider, 29 September 2006. 12 p. (Darja Kupinić Guščić, Media net, "A 600 mil. Euro Jump" *Lider*, 29 September 2006. 12 p.)

Table 1.
Share of Advertising Revenue within the Media Sector in Croatia

Year	Television /market share in %	Press /market share in % (dailies and magazines	Internet /market share in %	Outdoor/ market share in %
2006	66%	27,8%	0,3%	5,3%

Source: MEDIApuls AdEx, quoted in Lider, special edition Media market, 23.2.2007., p. 12.[11]

Tibor Gojan, CEO of the Croatian Advertising Association, asserts that the audiovisual media in Croatia has the greatest development potential, as the number of delivery channels is still low, and expects the advertising revenues in this sector to double in the next years with the development of internet and cable delivery platforms for digital television.[12]

The terrestrial television landscape in Croatia is, at the national level, divided between the public service *HRT (Croatian Radio-Television)* with two channels *(HTV 1* and *HTV 2*) and two commercial broadcasters: *RTL Television* and *Nova TV*. In addition, 12 television broadcasters operating on the local level and eight on the regional[13] have a joint national audience share of 7.8 per cent, which also includes satellite and cable television available in Croatia. The *HTV* operates two national terrestrial television channels and has the highest audience share: 54.2 (channel *HTV 1* - 38.6, channel *HTV 2* - 15.6), as well as a satellite channel *HRT Plus*. The commercial television *RTL TV*, owned by the RTL Group, was launched in 2004, after

11 J. Jurišić, et al. "Manipulacija čitateljima - prikriveno oglašavanje u hrvatskim novinama". *Politička misao*, Vol. 44, No. 1, 2007. p. 117-135 (J. Jurišić, et al. "Manipulating Readers: Disguised Advertising In Croatian Newspapers". Political thought, Vol. 44., No. 1, 2007. p. 117-135).

12 Tibor Gojun, *Privredni Vjesnik*, No. 3465, 21 May 2007.

13 The web page of the Council for Electronic Media http://www.vem-mediji.hr/PDFs/2006-12-06/TVNakladnici.pdf.

the third public TV channel of Croatian television was offered for a private concession. It holds 24.4 per cent of the audience share. *Nova TV*, the second commercial television operating on a national level, was launched in 2000 (bought in 2004 by CME), and holds 13.6 per cent of the audience share.[14] All four national television channels have been available through digital transmission in the Zagreb area since 2002, in Učka, Josipovac, Labinštica, and Srđ since 2005, and Ugljan, Rovinj and Brač since 2006, as a part of the experimental DTT broadcasting for anyone with a set-top-.box or digital receiver TV.

There are 152 radio broadcasters, of which six broadcast on the national level: three radio programs of the public service Croatian Radio-television (HR 1, HR 2 and HR 3) and three commercial stations (*Hrvatski katolički radio, Narodni radio, Otvoreni radio*); 149 radio broadcasters operate on a regional or local level, with additional eight regional programs of Croatian Radio (Sljeme, Dubrovnik, Knin, Osijek, Pula, Rijeka, Split, and Zadar). Croatian Radio also broadcasts the program Glas Hrvatske, for listeners abroad.[15]

The Croatian radio market is strongly segmented. National private stations and strong regional stations are present in some counties, but the main basis for the diversity and competition in the radio market comes from numerous local stations geared towards the needs of local audiences. On average, in each county, there are two or more strong radio competitors (Peruško & Jurlin 2006).

Unlike the telephone infrastructure, which is available in all of Croatia, cable has a low penetration rate, and is developed only in some of the larger cities. In 2002 cable was present in only 18 per cent of households, while satellite dishes were in

14 Source: AGB Puls, in Hrvatsko medijsko tržište: regulacija i trendovi koncentracije, Z. Peruško, K. Jurlin, 2006 (Source AGB Puls, in *The Croatian Media Market: Regulation and Concentration Trends*, 2006), unpublished study for the Media Division of the Council of Europe.

15 See: http://www.hrt.hr/hrt/hr_hrv.php.

30 per cent.[16] The Council for Telecommunications granted 25 concessions for cable until mid 2003. Two of the largest operators at the national level - Adriatic Kabel and Digital City Media (DCM), which hold three quarters of the market, have recently been bought by BEWAG, an Austrian consortium (Burgenländische Elektrizitätswirtschafts-AG) that mainly deals with production and distribution of electricity and information and communication technology. Its new cable company, which occupies a central position in the Croatian cable market, is called B.net Croatia and started operating September 2007. In addition to digital and analog cable TV, and offering voice telephony, it also will expand the existing offer of broadband internet and services aimed at the business community. According to the company's press release, the two companies presently have a total of 92.000 subscribers, representing 72 per cent of the market. The company expects growth in 2007 from €10.5 million to €14 million, and the number of subscribers to 100,000.[17]

Satellite broadcasting is mainly used by *HRT*, which broadcasts three digital television channels (two free-to-air channels are retransmitted, and the third, *HTV* Plus, was established in 2004), and three digital radio channels on Hot Bird 6. *OTV*, local television broadcasting in Zagreb, also transmits via satellite. The usual satellite channels available in Europe can be received in Croatia.

Broadband - Up and Coming

In a country of some 4.5 million inhabitants, there are 41 internet service providers, and 39 providers of VOIP[18]. The dominant ISP for private users is T-Com, followed by

16 *Hrvatski medijski prostor 2002. Izvodi iz istraživanja GfK Centra za istraživanje tržišta, 2003. (The Croatian Media Landscape 2002. Excerpt from Research by GfK Centre for market research, 2003.)*. Retreived: 17 March 2006. (http://www.gfk.hr/press/mediji.htm).

17 http://www.dcm.hr/news4.htm (July 31, 2007).

18 M. Petković in *Vjesnik*, Thursday, 19 April 2007.
http://www.gfk.hr/press/mediji.htm (Retreived: 17 March 2006).

Table 2.
Telecommunication Infrastructure

	No. of fixed telephone connections	No. of mobile phone users	No. of internet users
2002*	1,825,157	2,339,624	370,390
2007**	1,821,600	4,655,290	1,762,000

Source: *State Statistical Bureau, 2003.
**Croatian Telecommunication Agency, CTA, 2007.

CARNet, Iskon and VIPonline. The number of broadband users is rapidly increasing: from 4,400 in 2003[19], the users have now reached 330,750 (7.5 per cent of the population) and of which 52,920 have a wireless connection through technologies such as mobile phones, Homebox or Wimax (data for 2007).[20] The potential for the expansion of broadband is high, bearing in mind that of 1,762,000 internet users (39.7 per cent of the population), 1,430,000 still use a dial up connection[21]. The internet service providers (ISP) market is dominated by the fixed-line incumbent Croatian Telecommunications (T-Com) owned by Deutche Telecom. Broadband penetration is rising, driven mostly by the incumbent, and introduced in order to use the platform to offer triple play services.[22] Broadband services are also available from wireless ISPs and a mobile operator targeting the fixed-line broadband market, as well as from a FttH operator (Ftth-Fiber to the Home, i.e., fiber optic service to a node located inside a home). Convergence services are becoming more visible, with commercial DTTV services to commence in 2007 and broadband TV (IPTV) services.[23]

19 The Internet Access Market in Croatia 2003-2008 http://www.idccroatia.hr/press/2004-07-15.pdf.

20 http://www.gfk.hr/press1/internet2.htm.

21 B. Ivezić, Poslovni dnevnik, 04 July 2007. http://www.poslovni.hr/47409.aspx. According to this calculation, there are 39.7 % internet users in Croatia, which is a bit higher then the estimations made by CATI & Prizma and GfK (see data below).

22 "Triple play services" describes a marketing strategy which includes the provision of high speed internet access, digital television and telephone services over a broadband connection.

23 http://www.internetworldstats.com/eu/hr.htm.

T-com introduced the first commercial IPTV (*MaxTV*) in Croatia in September 2006. *MaxTV* is offered to their ADSL users, and in addition to some 50 television channels and *HBO* as a premium channel (also offered by the largest cable operators) includes video-on-demand. The number of users was 16,000 as of January 2007.[24]

According to an interview given by the executive director, T-com doesn't see itself as being in the media business and as a competitor to cable or terrestrial television.[25] Similar estimations have been given by the CTA: that because of its low market shares, at present IP television is not challenging cable tv operators.[26] Both of these statements seem either misinformed or shortsighted, as it is quite clear that in terms of the content offerings of IPTV and cable are in competition for viewers. The fact that this is not seen (or would not be acknowledged) shows the "transmission" understanding of new media platforms and relevant policies in Croatia.

Since the Croatian legal framework also sees them as a data transmitter only, and not editorially responsible, their choice of programs and services remains related to what they see as their best business interest, without regard to public service concerns or interest. The cable operators as well as Max-TV include public service television, as well as many other terrestrial television channels in Croatia in their offerings, all in spite of the fact that they are not yet legally bound to do so (there is no "must-carry" rule yet in the country). None of the new service providers in IPTV and cable so far have started their editorial channels.

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24 R. Gelo, *Privredni vjesnik*, No. 3452, 26 February 2007. http://www.privredni-vjesnik.hr/index.cgi?A=I&SIF=00001&BR=003452&DA=20070226.

25 I. Šoljan quoted in "Digitalna televizija" ("Digital Television") by R. Gelo, *Privredni vjesnik*, No. 3436, 23 October 2006.

26 Robert Gelo, *Privredni vjesnik*, No. 3436, 23 October 2006.

The public service broadcaster *HRT* has announced its interest in starting IPTV, and is said to be investigating its possibilities at the moment.[27] Industry expectations are that the IPTV will in the future be the main delivery platform for digital television.

The Croatian government is supporting the development of broadband infrastructure in areas where commercial investments are insufficient (war destroyed areas, areas with a low population rate), in accordance with the Action plan for the implementation of the Strategy of Internet broadband development in 2007.[28] The amount provided for this is app. €500 million for 2007[29].

The president of the CTA Council, Gašpar Gaćina, recently announced expectations of the rapid growth of the telecommunications market, especially as its liberalization in 2005 brought new operators in fixed and mobile telephony. The result of the competition was the reduction in fixed telephone prices between seven and 39 per cent and up to 22 for mobile. In broadband, however, the prices in Croatia are still some 50 per cent higher that in the western European markets. The number of broadband users is expected to reach 500,000 in 2008.[30]

27 IP televizija u Hrvatskoj je budućnost". ("IP Television in Croatia is the Future") Jutarnji list, 16 May 2007. p. 32.

28 Akcijski plan provedbe Strategije razvoja širokopojasnog pristupa internetu za 2007. *(Action plan for the Implementation of the Development Strategy of Broadband internet Access in Croatia in 2007).*

29 Ž. Mihoković, Hrvatska agencija za telekomunikacije (CTA), Pregled telekomunikacijskog tržišta Republike Hrvatske (The Croatian Telecommunication Agency - CTA, *An Overview of the Telecommunication Market in Croatia*), 24 May 2007. available at www.telekom.hr

30 G. Gaćina u članku "Cijene u telefoniji pale za 39 posto", od S. Španovic, "Telekomunikacije". *Jutarnji list*, 16 svibanj 2007. p.31. (G. Gaćina in "39 Per Cent Price Reduction of Telephony", by S. Španovic, "Telecommunications", *Jutarnji list*, 16 May 2007. p.31).

According to the Croatian Telecommunication Agency[31] (CTA), the overall income from telecommunication activities shows a steady increase: €1,879,362,684 in 2006. The comparison of the data from the first quarter of 2006 and the first quarter of 2007 show that the overall telecommunications market revenue increased 3.5 per cent; the overall income of the fixed network market increased 3.1 per cent, while the overall income of the mobile network market increased 4.5 per cent.

Mobile Services

The main telecommunication operators, Croatian Telecommunication (T-HT, which also includes the mobile division T-mobile and the internet division T-com) - since 2001 have been owned by Deutsche Telekom (with 51 per cent, while the Croatian government retains 42 per cent and the Fund of the Croatian War Veterans seven per cent). VIPnet - the first privately owned GSM operator in Croatia -is 99 per cent owned by Mobilkom Austria. As defined by the CTA, the mobile operators in Croatia are T-Com with Iskon (fixed), T-Mobile and VIPnet (mobile).

The exclusive rights of the Croatian Telecommunications expired in 2002 , which marked the opening of the fixed network operator market competition. From early 2005, HT was obliged to provide access to other operators through a separate local loop of HT; in addition, the law ensured transferable numbers as well as the pre-selection of the operator.

31 Ž. Mihoković, Hrvatska agencija za telekomunikacije (CTA), *Pregled telekomunikacijskog tržišta Republike Hrvatske*, 24 svibanj 2007. (The Croatian Telecommunication Agency-CTA, *An Overview of the Telecommunication Market in Croatia*), 24 May 2007.) available at www.telekom.hr

32 Based on Article 98, Section 4, of the previous Law on Telecommunications (*Official Gazette* No. 76/99, 128/99, 68/01 and 109/01).

There are ten commercial operators in the fixed network, with 1,821,600 users (and 240,700 CPS users).[33] According to the data of the operators, T-HT has the highest number of fixed telephone users, 1,600,000, followed by Optima, 170,000, and H1, with 60,000 users. The number of users who used the possibility of the pre-selection of operator was 219,895 at the end of 2006. The average monthly income of the mobile operators in 2006 was €22.3 per user.[34]

There are three commercial mobile network operators and 4,655,290[35] registered users.

The leading mobile operators are T-Mobile Croatia (part of T-HT), VIPnet, the first privately owned GSM operator in Croatia, owned by Mobilkom Austria (99 per cent), and Tele2, owned by Tele2 AB (51 per cent).[36] T-Mobile claims to have 46.18

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33 Ž. Mihoković, Hrvatska agencija za telekomunikacije - CTA, Pregled telekomunikacijskog tržišta RH, (Ž. Mihoković, The Croatian Telecommunication Agency - CTA, An Overview of the Telecommunication Market in Croatia), presentation given within the round table "The Development of the Telecommunication Market in Croatia," organized by the Croatian Telecommunication Agency (CTA) on 24 May 2007.

34 M.Petković, "Veća zarada u Hrvatskoj nego u Njemačkoj", *Vjesnik*, 19 travanj 2007. (M.Petković, "Higher Profit in Croatia than in Germany", *Vjesnik*, Thursday, 19 April 2007). http://www.vjesnik.hr/Html/2007/04/19/Clanak.asp?r=gos&c=1

35 This number includes the SIM and USIM cards that are in active use; the SIM and USIM cards that have an inactive status that does not exceed the period of 6 months are also counted as users (CTA). Data from the research agency GfK showed that the number of mobile phone users is lower than the one given by CTA. Their research showed that 76 % of the population uses mobile phones in Croatia (app. 3,340 000).

36 T-Mobile, Vipnet and Tele2 will get new competition with the Telcro group, which will enter the market as the first virtual mobile operator (MVNO) in Croatia. (B. Ivezić, "Telcro će biti prvi virtualni mobilni operator u RH", *Poslovni dnevnik*, 27 lipanj 2007. ("Telcro will be the First Mobile Operator in Croatia", *Poslovni dnevnik*, 27 June 2007) http://www.poslovni.hr/46649.aspx.

per cent of users (2.15 million), Vipnet 42.96 per cent (2 million), and the third operator, Tele2, approximately 8.59 per cent of users (400.000).[37]

The average number of sent SMS per day is 5.4 SMS, with 1.2 MMS messages. Close to three million users (2.99 million) possess one mobile phone, while 352,000 users are in the possession of more than one mobile phone[38]. GfK research[39] showed an increase in post-paid users, reaching some 20 per cent of all users. Policy estimates are that the expansion of mobile phones reached its peak in 2006, and that the market is now saturated, with lower growth expectations.[40]

The development of the mobile market will in the future require new content and services development to spur further growth. The first services that included payment via mobile operating networks were offered in spring 2001, from the mobile operator VIPnet. This service, called VIP shopping, included the purchase of theatre tickets and flowers through WAP pages, charging the user's account. This was followed by SMS parking (VIP parking) also introduced by VIP net and later followed by HTmobile. The next new service introduced to the users was VIP navigator, combining location services with movie ticket purchase services. The next step was the offer of download multimedia content, like games and tunes for mobile phones. All these services were charged through micro payment, i.e., through the mobile phone account. The next step regarding the payment mode was introduced by

37 B. Ivezić, *Poslovni dnevnik*, 13 July 2007. http://www.poslovni.hr/48330.aspx

38 B. Ivezić, *Poslovni dnevnik*, 13 July 2007. http://www.poslovni.hr/48330.aspx

39 The research was presented by I. Matutinović at the 2.SEE Telecom Arena, held on 5-6 April 2006., "Nove snage na tržištu telekomunikacija" ("New Forces in the Telcommunication Market").

40 D. Breglec, State secretary in the Ministry of see, transport, tourism and development, quoted in "Cijene u telefoniji pale za 39 posto" by S. Španovic, "Telekomunikacije". *Jutarnji list.* 16 svibanj 2007. p. 31 ("39 Per Cent Price Reduction of Telephony", by S. Španovic, "Telecommunications", *Jutarnji list,* 16 May 2007. p.31).

HTmobile, with their mPay service, launched in cooperation with Privredna banka Zagreb. This service ensured a payment through the mobile phone, with the funds being withdrawn from the credit card account of the user (macro payment).[41]

VIPnet offered the Vodafone Homebox service in September, 2006 as a replacement for the fixed telephone line, realized through the GSM/UMTS network. This was a further step in the harmonization of Croatian regulation with the majority of EU states.

In addition to the large players, small, specialized firms deal with the production of additional content for mobile operators, like ringing tones, SMS prize competitions, video games, etc. This also includes the organization of marketing activities through mobile phones, and content such as logo, tunes, and pictures. There is an increase of competition in the provision of 3rd party service providers, who use the infrastructure of the operators in order to sell content, as well as the content providers who also produce the content.[42]

At this point in time, the public service broadcaster *HTV* seems to be the only player seriously involved in the development of public service audiovisual digital content. It is expected that the biggest competition in the future will come from broadband internet providers. Internet protocol (IP) television is thus seen to be the best bet for the development of digital television in Croatia. Thus the largest competitor to the public service *HTV* is *Max TV*, operated by T-com, a foreign owned telecommunications company. Even though they don't have an editorialized television channel yet, it will probably arrive in the future. As the Croatian

41 R. Gelo, in *Privredni vjesnik*, No. 3365, 20 September 2004, http://www.privredni-vjesnik.hr/index.cgi?A=I&SIF=00003&BR=003365&DA=20040920 (retrieved 15 July 2007).

42 R. Gelo, in *Privredni vjesnik*, No. 3365, 20 September 2004, http://www.privredni-vjesnik.hr/index.cgi?A=I&SIF=00003&BR=003365&DA=20040920 (retrieved 15 July 2007)

telecommunications and cable television is almost completely foreign owned (as is the terrestrial commercial television at the national level), public policy will have to be quick and careful to introduce firm public service requirements for the future digital media. At this moment it does not seem that the policy makers have understood the importance of internet, cable, and other new media platforms for the delivery and development of "traditional" media like television. Perhaps this is the reason why (party) politics seems to be absent from the discussion, and why the digital media policy is not at all an issue in the public sphere.

3.2 Audience Share and Changing Audience/ User Behaviors

In spite of the rapid growth of new media and delivery platforms, traditional analogue television is still the main media for Croatian citizens: 87 per cent of viewers between ten and 74 watch television every day, compared to some 19 per cent who use the internet every day. Although some 50 per cent of the population over 15 has internet access, only 38 per cent (or 1.32 mil. citizens) actually use it on a daily or weekly basis.[43]

The television audience market in Croatia is highly concentrated: the C3[44] for audience shares of the first three television channels in Croatia in 2004 was 78 (Ward 2006). The number of channels of television with national coverage (four channels and three companies: the public channels *HTV1* and *HTV 2, RTL Televizija, Nova TV*) is the same in Croatia and European countries of a similar size, while this is much lower then the Western European average (14) (Peruško & Jurlin 2006).

43 Pogled na građane ON-LINE - množe se NETOVCI! GfK research, 05 srpanj 2007. (*A View on the Citizens Online - NETUSERS Multiplies*, GfK research, 05 July 2007.).

44 C3 is an indicator of concentration measured as the sum of the percentages of market shares of the three strongest players in the market, by which 0-35 represents a low level of concentration, 36-55 a moderate level of concentration, and above 56 a high level of concentration.

Croatian public television still has the leading market share of television audiences in Croatia, which, in spite of a decline brought about by commercial competitors, remained the highest among countries comparable by size. Due to the different history of Croatia (and the former Yugoslavia), in which western television programming, including films and soap-operas, was available from the public service broadcaster to Croatian audiences already in the late 1960's. Commercial competitors of HTV had a much harder time than in countries which emerged from the soviet-controlled eastern bloc, where none of these programs were seen before 1990 and where cheap programming brought new commercial televisions success.[45] Adult audiences (over 34) predominantly watch two public television channels (*HTV 1* and *HTV 2*) (59 per cent). Young adults prefer *RTL Televizija*, followed by *HTV 1, HTV 2,* and *Nova TV*. Children are true fans of *RTL* (34.7 per cent), followed by *HTV 1, Nova TV* and *HTV 2*.

According to AGB Nielsen Media Research, the top 20[46] television broadcasts in 2006, on the four programs with national reach, were predominantly broadcasts of sport events: 11 out of 20. The football game Croatia - Brazil, played in the FIFA World Cup in Germany in 2006, was in first place, with 46.20 per cent viewership. Other broadcasts included in this list were *HTV news, Eurosong, Big Brother, Who Wants to be a Millionaire, Take a Break, You Deserve It* (Odomori se, zasluzio si) - a Croatian humor show, *Love in the Off-side* (Ljubav u zaleđu) - a Croatian soap, and *Dora 2006* - the national song contest for the Eurosong festival). These are all broadcast on *HTV 1* and *HTV2*, except for Big Brother, aired on *RTL TV*.

The market is regionally structured in radio broadcasting (a recent study on media markets in Croatia identified 21 regional markets) (Peruško & Jurlin, 2006).

45 Z. Peruško. "Media and civic values". in *Democratic Transition in Croatia. Transformation of Values, Education, Media.* S. Ramet and D. Matić (eds.) Texas University Press, 2007.

46 Measured as the average number of individuals present in each minute of broadcasting (AMR), using a sample of 1.839 cases, in the period from 01 January 2006 until 31 December 2007.

Based on the Croatian average, 47 per cent of radio audiences are held by a local station, 18 per cent by a regional station, and 24 per cent by national commercial stations. Three national public channels have a joint share of ten per cent of radio audiences. On average, in each county there are two or more strong radio competitors.[47]

According to data from 2005 and 2006, 30 per cent of the population consists of regular Internet users, while six per cent use the Internet occasionally.[48] There exist large regional, gender, and other social inequalities in Internet use. Zagreb has the highest number of Internet users (46 per cent), followed by Primorsko-goranska county (37 per cent), Istrian county (33 per cent), and Splitsko-dalmatinska county. The counties with the lowest number of Internet users are Virovitičko-podravska county (12 per cent), Požeško-slavonska county (13 per cent), Vukovarsko-srijemska county (15 per cent), Bjelovarsko-bilogorska county (15 per cent), Ličko-senjska county (16 per cent), Koprivničko -križevačka county (17 per cent), and Brodsko-posavska county (18 per cent). Men are more likely to use the Internet (39 per cent regular and occasional users) than women (30 per cent regular and occasional users). The Internet is more used in urban areas with more than 25 000 inhabitants by the younger, educated population with higher incomes.

Data from 2007, gathered by the research agency GfK,[49] showed a steady increase in the use of the Internet[50]. The results showed that 38 per cent of the

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47 Z. Peruško and K. Jurlin, *Hrvatsko medijsko tržište*. Studija. IMO, Zagreb, 2006. (Z. Peruško and K. Jurlin, *Croatian Media Markets: Regulation and Concentration Trends*, a Study, IMO, Zagreb 2006.).

48 Source: research agency CATI&Prizma, The sample included 54.000 respondents, aged 12 and above. "Regular" users are defined as those who use internet at least once a week.

49 In the newsletter "Pogled na građane ON-LINE - množe se NETOVCI", 05 srpanj 2007. ("A View on the Citizens Online - NETUSERS Multiplies", 05 July 2007.) GfK research.

50 It has to be taken into account that the sample of this research was different from that of CATI/Prizma: GfK included a population aged 15 and above in the research.

population are Internet users (which is a significant increase compared to year 2001 when - according to GfK - only 12 per cent of the population used the Internet[51]. As confirmed in the previous research, the younger generations are more likely to use the Internet: 56 per cent of the respondents using the Internet are between 15 and 34 years old. Most users connect to the Internet at home - 70 per cent; the workplace is used by 23 per cent to connect to the Internet, while four per cent connect at their school or university (three per cent used "other" means). In the measurement of the frequency of online practices, 49 per cent of the Internet users are online every day; 26 per cent several times a week; ten per cent once a week; ten per cent a few times per month; and five per cent are online once a month or less then that.

Users go online for different reasons; sending and receiving emails (67 per cent), browsing (65 per cent), reading the news/daily information (53 per cent), searching for literature (36 per cent), downloading music (27 per cent), gaming (19 per cent), Internet banking (14 per cent). Internet shopping is not yet a common online practice in Croatia.

The average time the Internet users spend online is 9.9 hours per week. More specifically, 20 per cent of the users spend one to two hours/weekly online, 28 per cent spend three to five hours per week, 27 per cent spend six to ten hours per week, 13 per cent spend 11-20 hours per week, 11 per cent spend 21-50 hours per week, and one per cent more than 50 hours per week. The Internet usage is still bellow that for television viewing, which is according to some sources around four hours per day.[52] No comprehensive study is available showing the overall trends of media usage in Croatia, so we don't know if the new Internet users detract from television viewing or add to it, increasing the overall time spent on media use.

To sum up, the use of new media platforms and services is definitely growing. Mobile and Internet use is becoming a standard practice for young people, and

51 http://www.gfk.hr/press1/internet2.htm

52 EUMAP Television Across Europe. 2005.

interactivity is something they are used to and expect. The future digital television will have a better chance of serving the interest of young users if interactivity is present. The public service *HTV* is a market leader in public-service television offerings, but the data seem to show that younger audiences are not very interested in this type of content.

4. Regulatory Framework and State Policies

New media and telecommunications are within the purview of the Ministry of Sea, Tourism, Transport and Development. This area is regulated by the Law on Telecommunications, with the Croatian Telecommunications Agency (CTA) as a regulatory body. CTA was enacted in the Law on Telecommunication in 2003. This independent national regulatory body was founded in the fall of 2004, for the purpose of the further development of a liberalized and de-monopolized telecommunications market. The traditional media are within the purview of the Ministry of Culture. Perhaps this is the reason why the new technology policies being developed for new media often lack an insight into the issues of content, especially in terms of public service values.

In order to protect the users of TC networks and services, in accordance with the Law of Telecommunications, a Council for TC Service Users was established at the end of 2005. The User Council is an advisory body for the Council of the Croatian Telecommunication Agency, created in order to improve the protection of user rights in this area. The government "Strategy for the Development of Information and Communication Technologies" was launched in 2000, and upgraded in 2003 with the program "e-Croatia" as a multi-faceted program for the development of different aspects of information society. The program focuses on Internet and computer technology, and doesn't include other media technologies and services. Croatia has no public policy regarding satellite broadcasting

The CTA contributed in the working groups CEE (Central East European Group) and the Adriatic Group with the provision of technical help for the frequencies plans. They participated in the Geneva Regional Radio Communication Conference (RRC-06, Geneva 2006), organized in order to create a new frequency plan for Bands lll, lV and V. The conference resulted in an agreement on the use of frequencies for digital media services for the ITU region, based exclusively on DVB-T, which replaced the agreement and frequency plan from Stockholm 1961. According to the new agreement, negotiated by the CTA, the plan for Croatia consists of eight national coverage for digital television, (with additional local and regional coverage), and three national coverage for digital radio.[53]

Since one digital coverage can include more channels (depending on the standard chosen, for instance, if an interactive standard is picked a smaller number of channels can be placed in the same "holder", but with more activity). This means that eight DVB-T multiplexes will be introduced, with a minimum of 32 television channels, and three T-DAB radio multiplexes with approximately 27 radio stations.[54]

Three meetings[55] of the DVB forum have been held so far. Representatives invited from the following institutions were present: Croatian Telecommunication Agency, Transmitters and Communications Ltd, Council for Electronic Media, CROATEL, Faculty of Electrical engineering (FER), Council for Electronic Media, *Croatian Radiotelevision*, the National Association of Televisions (NUT), Croatian Croatian Chamber of Economy (HGK), the Ministry of Culture, the Institute for International Relations, *RTL television, Nova TV*, representatives from the Ministry of Sea, Tourism, Transportation and

53 http://www.telekom.hr/Default.aspx?art=168&sec=2.

54 The exact number of television channels and radio stations will be known when the final decisions on the technology use will be made.

55 The first meeting was held in fall 2005, the second in summer 2006 and the third in spring 2007. The information that follows was gathered from the minutes of the meetings as well as the presentations given at the forums.

Development, Portus d.o.o., and the HGK association for telecommunication. In the first period more general questions were asked, such as how to regulate the electronic media market in a new digital environment; how to regulate the relationships between the main stakeholders (producers of content, additional service providers and network distributors); and how to inform and educate the public.

This was followed by more specific discussions on the simulcast period. As pointed out by CTA, the Law on Electronic Media (Article 35) - in which it is stated that 60 per cent of the population has to be covered by the national concession, and 70 per cent of the population has to be covered on a regional level - has to be taken into consideration in the period of the implementation of multiplexes in the multicast period. In addition, the strategy has to be harmonized with the international coordination of frequencies of neighboring countries. According to CTA, only two DVB-T multiplexes will be able to work along with the analog transmitters.

The discussion then focused on the switch off period and the issues that have to be decided concerning the number of channels, the positioning of multiplexes, type of programs, protection of author rights, and the offer of free-to-air or pay TV. The selection of coding standards was also part of the debate, the main difference being in the level of interactivity offered by different standards.[56]

56 The comparison of MPEG-2 and MPEG-4 (H 264/AVC) showed the following: the MPEG-2 (suitable for SDTV-standard-definition television), is more frequently used on a broad scale, it is cheap to implement, and easy to purchase for a low price. MPEG-4 (H 264/AVC (more suitable for HDTV) is not so frequently used for public service broadcasters, is more expensive, but enables one multiplex to broadcast more channels than the MPEG-2. No consensus has been reached between the main players in this respect: some advocated for the MPEG-4 H 264/AVC which would enable the avoidance of the expenses of a two-phased transitions - from the current state to MPEG-2 and then, in the future, to the MPEG-4 H 264/AVC . In addition, the selection of MPEG-4 would enable the slowing down of the whole process of DTV implementation in Croatia. The opponents claimed that the MPEG-4 H 264/AVC is not yet fully adjusted to HDTV and is not standardized. In addition, it is also expensive, which is why the selection of MPEG-2 is thought to be more suitable.

Passing new legislation was highlighted as one of the priorities. There is an urgent need for a new legislative framework in accordance with the new strategies and the EU legislative framework, which means that the Law on Electronic media, the Law on *Croatian Radio-television* and the Law on Telecommunication need to be amended or replaced.

The DVB forum also discussed the dynamics of new services that will be offered in DTT. Questions included the kind of content that will attract audiences (satellite TV programs: free-to-air, or cable programs - Pay TV): should additional services be regulated? Should interactive TV be introduced? What is the absorption capacity of the market? This issue touches on users as well. The viewers will need to purchase set top boxes, and the role of the state in providing subsidies for the citizens was explored.

The CTA suggested that the transition should take place in three phases:

- the test phase (lasting until 2008)
- the simulcast phase in which 2 DVB-T MUX will be implemented as well as the existing analog TV (until 2009): This phase has two scenarios:
    one multiplex reserved for the public service *HTV* and the other for commercial televisions, or:
    one multiplex shared between PSB and commercial televisions (in the beginning) and then - at a later stage - the implementation of the second multiplex which would be used by commercial television while the first will be taken over by *HTV*.
- The implementation of new DVB-T multiplexes and the switch off starting from 2009, with an undefined timeline of finalization.

Until now, none of the mentioned questions has yet been decided upon. However, the process of new policy regulation is in formation. The Ministry of Sea, Tourism, Transport and Development have initiated a public discussion on the new Law on Electronic Communications, which will replace the Law on Telecommunication (enacted in 2003. and amended in 2003 (*Official Gazette No. 177/03*), 2004 (*Official Gazette No. 60/04*), and 2005 (*Official Gazette No. 70/05*)[57] The guidelines for the new law were defined through the CARDS[58] 2004 project, in which foreign and domestic experts cooperated. These directives have been accepted by the Croatian Government (on 9 May 2007)[59]. According to the Guidelines the main areas that have to be regulated are the following: "electronic communication networks and services, universal services, the rights of users and consumer protection, radiofrequency spectrum, digital radio and television diffusion, data protection and safety in electronic communication."[60]

Public policy for digital television is coming very late in Croatia, and without very much thought given to public service content. The predominant policy thrust is that of the "transmission", i.e. the government seems not to understand (or want to tackle) the issues of content in future digital media and new platforms. The result will probably be that economic and technological interests will dominate future policy decisions, and the interests of society in obtaining balanced, impartial and diverse public service content will be relegated to second place. Fortunately, *HTV* is already making plans for new digital content, so that they will not likely be left out of the digitalized media world.

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57 http://www.mmtpr.hr/UserDocsImages/Smjernice-ZEKom.pdf.

58 CARDS - *Community Assistance for Reconstruction, Development and Stabilization* is a program of technical and financial assistance to the EU candidate countries.

59 http://www.mmtpr.hr/default.asp?id=409.

60 *Smjernice za izradu novoga zakona o elektroničkim komunikacijama*, 2007. p.2. (*Guidelines for the new Law on Electronic Communications*, 2007. p. 2).

Table 3.
Key Policy Documents (approved and expected) Relevant to Digitalization

Year	Institution	Document	Author	Status
2003	Ministry of Culture	The Law on Croatian Radio-Television	*Ministry of Culture*	Adopted by Parliament and in force
2003	Ministry of Culture	The Law on Electronic Media	*Ministry of Culture*	Adopted by Parliament and amended in 2007.
2007	Ministry of Culture	Amendments on the Law on Electronic Media	*Ministry of Culture*	Adopted by Parliament and in force since July, 2007.
2003	Ministry of Sea, Tourism, Transport and Development	The Law on Telecommunications	*Ministry of Sea, Tourism, Transport and Development*	Adopted by Parliament in August, 2003 and amended in November, 2003, May, 2004, and July, 2005.
2007	Ministry of Sea, Tourism, Transport and Development	Guidelines for the new Law on Electronic Communications	*Ministry of Sea, Tourism, Transport and Development*	Accepted by Government in May, 2007 with an aim to initiate a public debate in order to create a new law: The Law on Electronic Communications expected to be adopted during 2008.

5. Public Service Television Programming in the Digital Context

5.1. Public Service in the Media Policy

In Croatia, both commercial and public service television in the analogue world are seen by policy makers (Peruško Čulek 1999) as serving a public interest, hence they have been given cheap access to the public good - radio frequencies.[61] In order

61 Z. Peruško, *Demokracija i mediji*, Zagreb: Barbat, 1999. (Z. Peruško, *Democracy and the Media*, Zagreb: Barbat, 1999).

to fulfill this public interest, electronic media (radio and television) are legally obliged to provide broadcast news and information, including those covering and of interest to national minorities. The public interest is also expressed in the obligation of commercial radio and television stations to broadcast content that is supportive of human rights, political rights, the rule of law, and the development of civil society. They are also legally bound to contribute to the protection of Croatian national and cultural identity, promotion of creative culture, culture of public dialogue, education, art, protection of nature, and health. Broadcasting has to be in the Croatian language, except for imported programs, programs for national minorities and programs in the dialects of the Croatian language.

Diversity of content in the media, as well as in the types of media and media owners, is also considered to be in the public interest. *The Law on the Media (LoM)* (2004) applies to all media. The state is obliged to initiate pluralism and diversity through subsidies for the production and publication of content as well as through the regulation of media ownership that must be transparent in order to ensure the protection of market competition.

In the *LoM*, diversity and pluralism are connected with specific groups (national minorities, gender, disabled persons), type of media (local, non-profit media, and NGO media) and public service content: culture and art, education, science, protection of the environment and human health, human rights as well as the Croatian national and cultural identity (Article 5(2)).

The Law on Electronic Media regulates the rights and duties of electronic media that produce and broadcast program content and services. It applies to commercial television and radio broadcasting as well as to the public service broadcaster. Diversity and pluralism is ensured through the program content, which has to provide a broad range of diverse ideas so that "different approaches and ideas are adequately represented", as well as impartial. Other, more specific regulations to ensure pluralism and diversity refer to the amount of news in the program (Article 22), percentage of domestic production (Article 24), and the percentage of program broadcast in Croatian (Article 27). Regulations are made on the amount of audiovisual works made by independent producers and the percentage of the program of European audiovisual work (Article 29). However, if the commercial broadcasters do not reach these percentages they have to increase the shares every year, but there is no official information on whether the broadcasters act in accordance with these requirements. Our own research (presented below) shows, however, that even the public service *HRT* falls somewhat short of meeting these standards. The section dealing with the protection of pluralism and diversity of electronic media also regulates ownership concentration.[62]

The Law on Croatian Radio-Television (LoCRT) (2003) regulates the public service broadcaster HRT. Here too, the importance of balanced broadcasting of information, culture, education and entertainment is emphasized. Pluralism appears in the context of a pluralism of ideas, i.e. pluralism of worldviews, political and religious ideas and interests that has to be presented to the public in an unbiased and respectful way. The Law also stresses the special attention that has to be given to specific groups, such as Croatians living outside the state, national minorities within the state (Article 5), children and youth, and people with disabilities. In addition to these general statements the insurance of diversity is enabled through a defined percentage of domestic production, program output in Croatian language and specific genres that have to be produced in Croatian (particularly stressing movies, documentaries, cartoons and entertainment). The public service broadcaster is funded by license fees and advertising. Total revenues of the *HRT* (television and radio)

62 In addition to legal restrictions on ownership, diversity and pluralism are positively promoted through the Fund for the Promotion of Diversity and Pluralism of Electronic Media which supports local and regional broadcasters.

amounted in 2005 to €199,968,000, with the license fee contributing 61.2 per cent and advertising 26.1 per cent.

The commercial broadcasters are allowed to advertise a maximum of 12 minutes per hour. Genres such as comedy, drama, entertainment programs, do not have any restrictions, while movies are allowed to be interrupted only every 45 minutes. News and religious rituals cannot be interrupted at all, and information programs, documentaries, religious programs and children television cannot be interrupted if shorter than 30 minutes. For the *HRT*, regulations stipulate that a maximum of 9 minutes of advertising per hour is allowed. An advertising block (two or more) can only be broadcast between the programs. In addition, news and information, documentaries, religious programs, children television, movies and programs that last for less than 30 minutes cannot be interrupted.

No information is available on the definition of public service content in relation to the EU requirements related to state subsidies. This topic will perhaps be covered in the update of the Law on the Croatian Radio Television, already announced by the government in relation to EU harmonization. It might, however, be better not to change the law (again), but to define the public service content which is to be financed from the license fee in a separate document.

A public discussion has not yet developed, and no public policy seems to be in the making to define public service content and public service values for the media in the digital age. Elements of the discussion can be found in the DVB forums, but they are at the moment limited to digital terrestrial broadcasting, and do not apply to other new media platforms. The government seems to be reluctant to tackle the content regulation requirement for the new digitalized media, including television. But television is perhaps the easiest medium to envisage in the future digital world. In terms of public service content, new thematic channels can be envisaged, and the public policy appears to support their development. But what of the other media platforms? If the present (liberalized) policy trend continues, the decisions on the future shape of the media and its content will be made in the market-place and not in democratic institutions.

5.2. Public Service Content on Public Service and Commercial Television

In spite of the expectations of public interest fulfillment by commercial televisions, public service content is primarily expected from the public service television station *HTV*. In year 2005, The public service *HTV* broadcast 43 hours of programming daily, or 15,978 hours (958,705 minutes) of programming on its two terrestrial television channels, and produced 12,615 hours (756.907 minutes) of programming: 43 per cent of this was of foreign production, 2.1 was domestic independent producers, and the rest was in-house production or adaptation of archived programs.[63] It is clear that the percentage of independent production is below the Television Without Frontiers Directive.[64]

Two of our recent research studies allow further insight into program genres broadcast on Croatian national televisions and their audiences. The data set for the analysis of content diversity was created in the comparative "Study on the assessment of content diversity in newspapers and television in the context of increasing trends towards concentration of media markets,"[65] led by David Ward (Centre for Media

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63 Godišnje izvješće o poslovanju Hrvatske radiotelevizije za 2005. godinu. Zagreb, 3. svibnja 2006. (The Croatian Radio-Television' Annual Report for 2005., Zagreb, 03 May 2006.).

64 The annual reports of HRT do not include a breakdown of program genres produced and broadcast on their television or radio channels. Information on this is available from the State Bureau of Statistics, based on questionnaires filled in by the television stations themselves, but after a long delay.

65 Z. Peruško and K. Jurlin, *Hrvatsko medijsko tržište*. Studija. IMO, Zagreb, 2006. (Z. Peruško and K. Jurlin, *Croatian Media Markets: Regulation and Concentration Trends*, Study. IMO, Zagreb 2006).

Policy and Development, London), for the Media Division of the Council of Europe. The Croatian research was performed by the authors of this text, then based at the Department for Culture and Communication, IMO, Zagreb. The content analysis was performed simultaneously in Croatia, Italy, Norway and the UK. A quantitative content analysis was conducted over a period of two weeks (24 October 2005 -6 November 2005), through the monitoring of daily newspapers and television news coverage, as well as genres appearing in the programs of the broadcasters.

The second was a study on media markets in Croatia, also undertaken in 2006. According to this analysis, in the public service programming genres (cultural programs and art, religion) the *HTV* has almost 100 per cent of the audience market share. In sports, music, information and political programs, documentaries, science and education programs, 80 per cent of Croatian audiences watch *HTV*. For those programs, HTV contributes very significantly to the diversity of the television programs in Croatia.[66]

In the analysis of genres broadcast on Croatian televisions, the differences in the program output of commercial and public service *HTV* is most visible. While commercial broadcasters show 17.9 per cent (*RTL TV*) and 13.6 per cent (*Nova TV*) of light entertainment, *HTV* only has 2.4 per cent of this genre. The differences are also visible in the time provided for soap operas: *Nova TV* - 25.9 per cent, *RTL TV* - 19 per cent, and HTV - 8.2 per cent. *RTL TV* gives more space to comedy (15.1 per cent), drama (9.4 per cent) and chat and talk shows (6.6 per cent) compared to *Nova TV* and the *HTV*. However, *Nova TV* gives considerably more space to movies (27.2 per cent) than *RTL TV* (18.8 per cent) and *HTV* (16.9 per cent).

Movies are the most frequent genre in Croatian national broadcasters program viewed in total. HTV differs from the commercial broadcasters in that it has the

66 Parts of this text has been presented in the paper *Content Diversity vs. Ownership Concentration in a New Media Market: The Case of Croatia*, Z. Peruško and H. Popović , ICCPR conference, Vienna, July 2006.

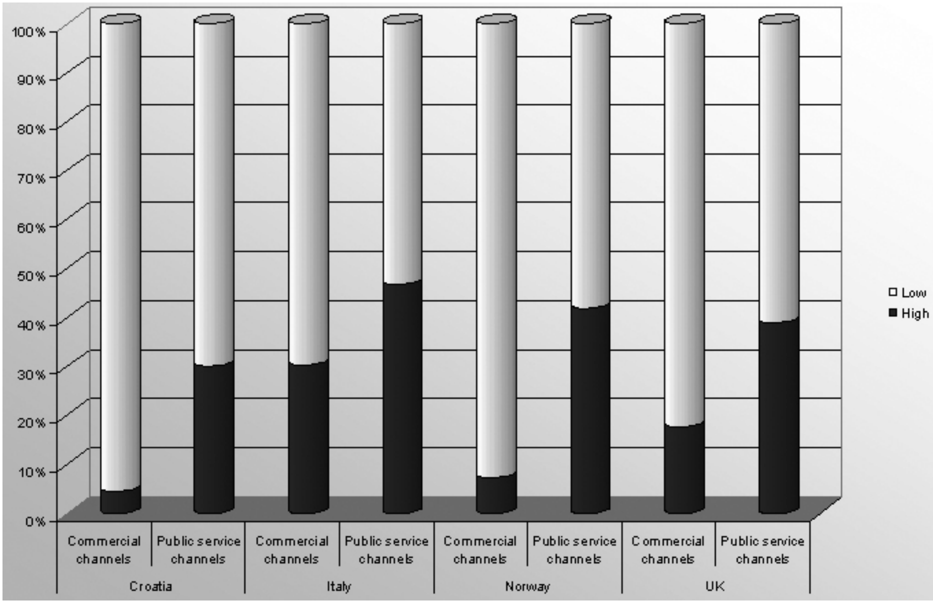
Table 4.
Share of Genres in Broadcast Programs on Television in Croatia (2005)

	BROADCASTER		
GENRE	PSB (HTV 1 and HTV 2)	NOVA TV	RTL TV
MOVIE	16.9%	27.2 %	18.8 %
CHILDRENS	9.7%	6.2 %	4.3 %
SOAP OPERA	8.2%	25.9 %	19.0 %
COMEDY	7.5%	8.6 %	15.1 %
DRAMA	6.7%	6.2 %	9.4 %
NEWS	5.5%	2.7 %	2.5 %
SCHOOLS AND LEARNING	4.4%	0.0 %	0.0 %
BREAKFAST TV	3.9%	0.0 %	0.0 %
QUIZ AND PANEL GAMES	3.6%	1.3 %	0.0 %
SPORTS	3.5%	0.4 %	0.6 %
MAGAZINE	3.5%	0.0 %	0.0 %
POLITICAL INTERVIEWS AND DISCUSSION	3.4%	0.7 %	0.0 %
DOCUMENTARY	3.3%	1.3 %	1.2 %
ARTS AND CULTURE	2.7%	0.0 %	0.0 %
CURRENT AFFAIRS	2.7%	0.0 %	0.0 %
LIGHT ENTERTAINMENT	2.4%	13.6 %	17.9 %
MUSIC	2.3%	1.7 %	0.0 %
NATURE AND WILDLIFE	2.0 %	0.0 %	0.0 %
RELIGION	1.7%	0.0 %	0.0 %
CINEMA	1.4%	0.0 %	0.0 %
CHAT AND TALK SHOWS	1.3%	2.1 %	6.6 %
HISTORY	0.8%	0.0 %	0.0 %
HUMAN INTEREST	0.6%	0.0 %	1.1 %
CONSUMERS AFFAIRS	0.4%	0.7 %	0.1 %
HOBBIES AND LEISURE	0.8%	0.0 %	0.0 %
OTHER	0.8%	1.4 %	3.4 %
TOTAL	100 %	100 %	100 %

Source: David Ward, "Study on the assessment of content diversity in newspapers and television in the context of increasing trends towards concentration of media markets", Council of Europe, 2006.

highest percentage of news (5.5 per cent), children's television (9.7 per cent), quiz and panel games (3.6 per cent), political interviews and discussion (3.4 per cent) and documentaries (3.3 per cent). *HTV* also contributes to the diversity of content, and thus fulfills its role in serving the public, since it is the only broadcaster that broadcasts on schools and learning, breakfast television, magazine, arts and culture, current affairs, nature and wildlife, religion, cinema, history and hobbies and leisure.

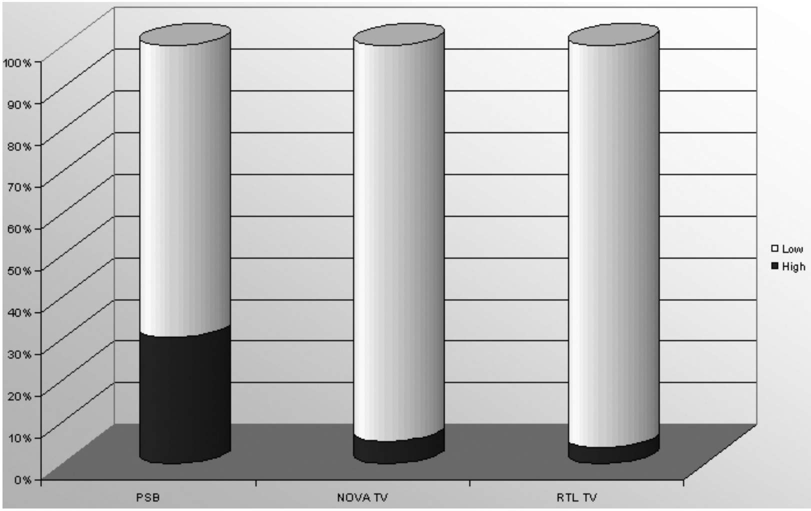
Chart 1: Percentage of High Social Value vs. Entertainment-based Programs



Source: David Ward, "Study on the assessment of content diversity in newspapers and television in the context of increasing trends towards concentration of media markets", Council of Europe, 2006.

Even though *HTV* has much better quality[67] programming production then the commercial televisions in Croatia, when compared to other countries in the survey, Croatian public television broadcasts the lowest amount of socially important programs (news and current affairs, documentaries, culture, children's programs).

Chart 2: Percentage of Programs of High Social Value[68]



Source: David Ward, "Study on the assessment of content diversity in newspapers and television in the context of increasing trends towards concentration of media markets", Council of Europe, 2006.

67 Quality is here defined as those programs contributing to the political and social life of society. These programs of "high social value" included in the study design are news and information programs, political talk shows, and documentaries.

68 *HTV 1* and *HTV 2* classified as PSB.

The differences in the program content visible in the private and public broadcasters can partially be explained through economic reasons, especially due to the restrictions in the *LoEM* on advertising in specific genres, such as religious programs, informative programs, documentaries and children's programs.

When we look at how this programming sits with audiences, we find that in the information genre (news and political magazines), *HTV 1* and *HTV 2* combined have 80 per cent of the audience, followed by *Nova TV* (14 per cent). The share of *RTL* in this genre is less than seven per cent. The reason for this is the much higher quality of *HTV* news, as well as the larger offering of news than on commercial channels. In the entertainment genre (mainly reality shows including games and quiz shows), the leader is *RTL* (almost 50 per cent of the audiences), followed by *HTV* (25 per cent), and *Nova TV* (20 per cent). There is strong competition in the markets of films, series, and to a lesser degree, in entertainment and children's programming.[69]

The evidence presented here tends to show that public service content is rare within Croatian television output in the analogue world.[70] Will the situation be any better in the digital? Not unless public policy requires commercial televisions to include public service content. As the study by Ward (2006) showed, those countries where commercial television networks were not legally required to include such content broadcast a much lower share of it, especially that of their own production.

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69 Z. Peruško and K. Jurlin, Hrvatsko medijsko tržište. Studija. IMO, Zagreb, 2006. (Z. Peruško and K. Jurlin, . *Croatian Media Markets: Regulation and Concentration Trends*, Study. IMO, Zagreb 2006.).

70 Z. Peruško "Mediji i politički proces u Hrvatskoj", Međunarodna konferencija: Mediji i izbori, Opatija, 29-30. lipanj. 2007. (Z. Peruško, "The Media and the Political Process in Croatia," International conference *Media and Elections*, Opatija, 29-30 June, 2007. The conference was organized by SEEMO, Radio 101, ICEJ, Centre for Media and Communication Research, Croatian Journalists Association.

5.3. HRT and Digitalization

HRT is a serious player in digitalization. *HRT* broadcasts their programs through a terrestrial analogue network, satellite, and also through an experimental DVB-T network. By the end of 2005, *HTV* had finished the digitalization of its equipment. However, the digitalization of production of the informative programs and the progressive spreading of the digital system over the entirety of programming of the PSB, as well as the system of archives, has yet to be accomplished.

Table 5.
Income of HRT (in thousand euros)

Source of Revenue	1998.*	1999.*	2000.**	2001.***	2002.***	2004*****	2005*****
License fee	64,632	68,154	72,518	88,426	98,067	112,916	122,471
Advertising	46,971	45,174	49,694	59,746	61,397	54,797	52,249
Other income	6,571	27,493	35,106	23,514	11,454	20,813	25,248
Total income	118,174	140,832	157,319	171,686	170,918	188,526	199,968

Sources: Yearly Reports HRT for 1999, 2000, 2001, 2002 and 2005[71]

During 2006, *HTV* worked on its strategy for the transition to DVB-T transmitting, which should be accomplished by 2012. According to this, Croatian Radio-Television needs two digital multiplexes with national coverage.[72] *Croatian Radio-Television*

71 *Izvještaj o radu HRT-a za 1999., 23 veljače 2000. (Yearly Report HRT for 1999., 23. February 2000.).
** Godišnji izvještaj HRT-a za 2000., 12. lipnja 2001. (Yearly Report HRT 2000, 12 June 2001).
*** Godišnji izvještaj HRT-a za 2001., lipnja 2002. (Yearly Report HRT for 2001, 12 June 2002).
**** Izvještaj o radu HRT za 2002., 13. svibnja 2003. (Yearly Report HRT for 2002, 13 May 2003).
***** Godišnje izvješće o poslovanju Hrvatske radiotelevizije za 2005. godinu, 3. svibnja 2006. (Yearly Report HRT for 2005, 3 May 2006).

72 As the standard for the digital terrestrial transmission has not yet been decided, the number of channels in one multiplex is not known yet.

cooperates with Transmitters and Communications, Ltd., a public company, on the possibilities for future investments by *HTV* in the development of the network *HTV* DVB-T transmitter for one digital multiplex with coverage of 95 per cent of the population, and which should be finished by 2009. This would enable the broadcasting of specialized channels, as preparation for the future fragmentation of the market that will occur with the implementation of new technologies. CTA granted to the *HTV* an additional frequency in the Zagreb area, for the purpose of experimental broadcasting of the HDTV signal through the DVB-T transmitter.

According to Robert Šveb, recently appointed Director of Television (until July 2007 the Deputy Manager for Technology and Development at *HTV*), the *HTV* has, in the last four years, invested approximately 700 million Kuna (about €95 million) in the acquisition of new digital equipment. In the process, the system of recording and editing, the TV mobile vans and engineering equipment has been digitalized. In addition, a new newsroom system has been introduced. However, regardless of the digitalization of production capacities, the systems have not yet been integrated, and thus the end-to-end digital workflow has not been fully accomplished.

Besides Internet streaming, IPTV and VoD services, *HTV* plans to introduce new services: linear services (including new thematic TV channels, including a 24 hours news channel) and non-linear services (including Internet video portals, programs for mobile phones, etc.).

Croatian radio (HR) is available on-demand at their web site, free of charge. This service includes also the archives of some of the programs, most of which are public service content - news, science, documentary, children's programs, and music. HTV 1 can be view live on-line from the HRT web site.

The archive of the *HTV* consists of audiovisual materials produced since the beginning of the broadcasting of *Croatian Radio-Television* (the radio, 81 years ago,

73 http://www.hrt.hr/hdtv/razvoj.php

and television, 51 years ago). Most of these materials are catalogued. The materials are preserved on different types of analog media (film, vinyl, u-matrix, beta and IMX[74]).The materials produced in the last three years have been preserved in a digital format. However, in order to digitalize all of the materials, *HTV* would need approx. €50 million. Because these costs are too high, *HTV* depends on state subsidies as well as financial aid from the EU. The digitalization of the audiovisual archives will certainly have to be part of the government's media policy if the task is to be completed.

6. Conclusions

In determining the possible future of public service television programming in the digital age in Croatia, one needs to take into account the forces at play in the media field.

The first is technological change, which is offering new challenges. Without a doubt, a multi-channel environment is developing in Croatia. Digital television is present as IPTV (Max TV by T-Com) and all four television channels at the national level are available in some regions in experimental digital transmission DTT. Both platforms will further develop to include new channels and services. Mobile services can also be expected to develop further, as the present use and growth of mobile phones in the country demonstrates. Public policy is mainly of the character of spreading the technology and investing in the transmission capabilities geared towards developing broadband access as well as the digital broadcasting system. The

74 IMX is a MPEG-2-based video format,which bridges the gap between traditional video formats and computer-based postproduction systems.

government policies are a combination of liberalization (especially in what used to be mainly telephone networks), where the market develops the product, with some support and investment in infrastructure, mainly broadband development (especially in geographical areas with low commercial value).

Economic forces are at the moment in synergy with the technological challenge, especially in the telecommunications area, i.e. the IPTV and mobile services. DTT is seen as too expensive for individual television players, and only the public service, *HRT*, has publicly announced plans for new thematic channels. In the future, the economic forces might prove to be a constraint on public service content in at least in two ways. First, even though advertising revenue is growing steadily in Croatia, the assessment from the industry is that the revenues from advertising spending in individual media companies are diminishing. Since commercial media are primarily funded by advertising, the lower revenues mean less money for program production. We know from other experiences that less money for programs primarily influences the public service content: news rooms are streamlined, and personnel and costs for investigations or correspondents are cut. It is cheaper to buy programs in international production than to produce the same minutes in house. It is even cheaper to produce reality-TV.

Telecommunications services like internet or voice telephony can also be provided by cable operators. Cable is operating according to a fully liberalized regime, with problems mainly in the ownership of the underground installations. Still just a transmission medium in Croatia, no cable companies have as yet also become content producers. The "must carry" rules for domestic television and radio production have not yet been implemented, showing that the importance of cable as a medium platform has not been appreciated. Also, the public policy seems either unaware or indifferent to the public service implications of cable television. The vastly predominant position of the new B.net company seems not to worry anyone from the public bodies in charge of telecommunications or protection of competition, and the fact that they have no legal constraints or obligations regarding their program offerings leaves them to fulfill their business aim only - the highest profit. At the moment, Max-TV and the cable companies include Croatian terrestrial televisions in their offerings (always the public service HTV, and a choice of regional/local televisions), and hopefully this will continue. We are not yet sure how the fact of predominant foreign ownership in television, telecommunication and cable television (which is a reality in Croatia) affects the diversity and quality of media content and the public service offered. Public policy should ensure the fulfillment of public good no matter who the owners are.

Public policy for digital media is on the move, especially in the area of digital television broadcasting. In broadband internet and cable platforms the public policy is not yet aware of the necessities of public service content. The predominant character of the policy is to ensure the transmission of data, in a way reminiscent of road building, telephone lines, or natural gas introduction as a development goal. Croatia does not yet seem to be aware of the importance of the future digitalized media space, nor of the changes this will bring to society. It would seem necessary that the policy makers start rectifying this immediately, as public policy which aims to ensure that the public good is served is a necessary in any new media development. It seems it is still necessary to remind that the media have a social role and impact, even if they are delivered to our mobile phones or on our computer screens: the media constitute not only a business, but a social activity as well. In the multi-channel environment of the abundant delivery networks, it might become harder to enforce the social benefit expected of the media. This will become especially difficult if society is not sure what kind of social benefits it wants and expects from the media. Proponents of further liberalization of the media system and policy think that there is no further need for enforcing a social contribution from the media, as the diversity in media type and channel is so great that "the market" itself will provide exactly what the individual wants. This issue warrants much more probing before we can propose a happy end to the problem.

At this point in time, the public service broadcaster *HTV* seems to be the only player seriously involved in the development of public service audiovisual digital content. Mobile and internet use is becoming a standard practice for young people, and interactivity is something they are used to and expect. Future digital television will have a better chance of serving the interest of young users if interactivity is present. The public service *HTV* is a market leader in public-service television offerings, but the data seem to show that younger audiences are not very interested in this type of content. This offers a paradox which we are yet to fully understand: the audience that has the opportunity to use the public service content in the digital media environment might not have a motive to.

7. Recommendations

In order to advance the presence and quality of public service content in future digital television, the government is clearly called upon to take steps to create a public policy capable of assisting the provider companies with fulfilling the public good. With this in mind, the government should:

- Coordinate different governmental and non-governmental bodies in audiovisual and telecommunications in order to create a comprehensive and coherent policy for the new media in the digital age, in harmonization with the EU. This includes adopting new laws with provisions including must carry rules for cable and IPTV, and expanding the understanding of the process as not only technological but social and political.
- Cooperate with the academic policy community, professionals, and media and advocacy groups in enhancing the debate on the introduction of digital

television, and expand it to other new media as well. The society-wide debate should include the issue of public service content and the social expectations from the media.

- Analyze best practice examples and recommendations on introduction of digital broadcasting, adopted by the Council of Europe.[75]
- In cooperation with academia, introduce research into audience behavior in the digital media environment, as well as audience satisfaction with media content and services. Research should also include investigation of the social expectations of the media, as well as the dynamic shape of the media markets and trends in diversity or concentration (both in ownership and in content).
- Invest in digital archives of the public service *HRT* and preserve the audiovisual heritage. Also, facilitate cooperation of *HRT* with possible other financiers of the digitalization of the archives (for instance, the EU).

Independent bodies overseeing the development of television and radio broadcasting should, in cooperation with academic policy research community:

- Introduce regular monitoring of public service content in the media, both traditional television, radio, press, as well as in the new digital environment - internet, cable, satellite, DTT.

75 Recommendation (Rec (2003)9) on measures to promote the democratic and social contribution of digital broadcasting.

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THE LATE BEGINNING OF DIGITAL TELEVISION IN SERBIA

by Mirjana MILOŠEVIĆ & Tanja PETROVIĆ

1. Executive Summary

The aim of this work is to give an overview of the Serbian broadcasting market and regulative framework related to the introduction of digital TV. Special emphasis is given to the programme and editorial standards of PSB and its ability, readiness and plans for the digital switchover.

Digital television introduces many technical innovations and gives significant benefits to both the audience and the broadcasting industry. Switchover from analogue to digital broadcasting is, however, more than a technical migration, and brings a number of significant obstacles.

Digital TV has already made serious penetration into the European market. Serbia, however, lags far behind. Broadcasters offer no genuine DTT platforms and regulation is inadequate. The public broadcaster has only started experimenting with a digital signal, while other commercial broadcasters have not shown any interest in offering this service to their audiences. In this sense, PSB is leading the way in implementing digital terrestrial broadcasting and is waiting for the state to decide on the ways in which it will support digital development. State institutions still have not recognized the importance of timely regulations, because they are mostly preoccupied with solving the inherited media chaos. Reforms of the media sector are slow and inefficient, and media laws are still not fully implemented.

The introduction of DTT creates a highly competitive environment, challenging legitimacy and the existence of PSB. While established PSBs, such as the BBC, made serious efforts in transforming themselves into public service providers, Serbian public service television RTS is still solving problems in analogue broadcasting, and fighting for its political, economical and editorial independence.

Serbian regulators still need to adjust the laws and develop a digital switchover strategy. Authorities should formulate and publicise their vision of long-term spectrum management (including principles and procedures for digital frequency distribution) and digital broadcasting developments, while the public debate should include wider and more professional participants. Both market players and consumers should be encouraged to accelerate switchover by promoting the benefits of digitalisation and reducing their switchover cost.

2. Introduction

Digital technology is rapidly penetrating the European broadcasting market. A significant increase in the capacity and adaptability of networks creates numerous opportunities for the improvement of existing services in broadcasting and the introduction of new ones. Digital broadcasting brings many advantages compared to analogue broadcasting: the potential for better image (including high definition television) and sound quality; lower transmission costs or the ability to carry more channels or services; better efficiency in spectrum use; etc. With digital broadcasting, the audience has a wider range of content in its offerings through various transmission platforms and the freedom to select the services one at a time and in a form convenient to them. However, digitalization is more than a mere technical migration; it is a process with social, political and economical consequences.

The switchover to digital television puts the spotlight on the public service broadcaster: will it survive and be able to fulfil its social role in a multi-channel environment? The European tradition sees public broadcasters as guardians of modern democracy, enabling citizens to participate in public debate and the social decision-making process. Its role is considered especially important in young democracies and countries in transition, such as Serbia.

The primary goal of this research is to provide an overview of the present situation in the Serbian broadcasting sector, and to investigate the readiness of the public broadcaster and policy makers, as well as their plans and activities, for the new digital broadcasting era.

Digitalization will bring many changes to the media market and user behaviour - making individual consumers more powerful and more important then ever in choosing when, what and how they watch TV programs. Market forces could drive the process of digitalization, so the first part of our chapter will give an overview of the media landscape. Fast-growing, and yet one of the least developed in Europe, the Serbian media industry has the important challenge of introducing new services and business models. Most of the data on the market and audience shares of Serbian television networks are obtained through audience measurement and advertising market data.

The second part of the chapter refers to regulatory policies and the ability of policy makers to prevent any market distortions through transparent, justified and timely regulations. Much attention is focused on the Broadcasting Act, the most important law regulating the broadcasting sector. This part also reviews the possibilities for the future development of Serbian broadcasting, taking into consideration the Broadcasting Development Strategy.

The third part refers to the legal status, funding and editorial policies of the public broadcaster, with an emphasis on its role in the new technological context. Special focus is given to programme production and trends for utilizing digital potential. Necessary data is collected primarily through interviews with editorial staff and secondarily from internal documents.

Finally, our last chapter gives conclusions and recommendations that could represent a future policy framework for the process of the digital switchover in Serbia.

In Serbia, regulators still lack a comprehensive approach to the introduction of digital broadcasting, strategic orientation for switch on and switchover policy and concrete action plans. Existing texts do not define the relation between different digital delivery mechanisms (satellite, terrestrial and cable when these networks are rolled out) and do not recognise the specifics of the Serbian broadcasting market. Different elements of the broadcasting environment and the market need to be analysed in order to develop public policies to sustain the take up of DTT and the regulatory model adopted for transition. Future development and penetration of digital television will depend on features of the broadcasting background, such as the degree of interest and proactive attitude of all terrestrial broadcasters, both PSBs and the terrestrial commercial channels. Optimal decisions derive from national situations, but accelerating the process is usually regarded as an optimal policy.

3. The Multi-channel and Digital Media Landscape

3.1 Media Landscapes - Shape and Trends

The Serbian political landscape throughout 1990s was marked by armed conflicts in the territory of the former Yugoslavia and the former communist political system. For more than a decade, Serbia was governed by the authoritarian regime of Slobodan Milošević and his socialist party. Involvement in civil wars in Slovenia, Croatia, Bosnia and Kosovo, ending with the disintegration of the former Yugoslavia, led to years of isolation, holding back the democratization of Serbian society. Most of the constitutionally proclaimed human rights and freedoms, including the freedom of expression, were suspended. Understanding the power of media, Milosevic made sure most popular mass media were strictly controlled, making them one of the pillars of his regime.

During the 1990s, the media were a tool for political propaganda, rather than a profitable, responsible industry. Several hundred broadcast media operated either with temporary licenses or no licenses at all, and there was no genuine regulation whatsoever. Hyper-competition led to a significant decrease in program quality, imposing the imperative of ratings and the need to attract audiences with low quality entertainment programmes. State-owned media outlets were strictly controlled by the ruling regime, whereas commercial media gained access to the market depending on their political affiliation. New entrants to the market appeared as a result of political decisions and not as a result of coherent media policy and deregulation. During the 1990s, the state broadcaster RTS was under the direct control of the Milošević regime. It was the major instrument for achieving national mobilisation and sustaining public support for the nationalist policy of the regime. Basic professional standards were suspended, objective information replaced by propaganda, "the paranoia of threat, danger and revenge was brought into every household."[1]

Democratic changes took place in Serbia much later than in the rest of Eastern Europe. Presidential elections that took part in September 2000 brought victory to the democratic coalition and marked the end of more than a decade of Milosevic's rule. After democratic changes in October 2000, reform of the media sector began, with media policy being developed for the first time. Early, optimistic expectations that the

1 P.Plavšić, M.Radojković and R. Veljanovski, "*Toward Democratic Broadcasting,*" Belgrade, Soros Yugoslavia Foundation, 1993

reform efforts would be implemented quickly and efficiently proved unrealistic. The transformation of Serbian media sector faced serious obstacles, especially in the field of media regulation and its implementation. Authorities were slow in giving up on media control and have repeatedly demonstrated an unwillingness to resolve some longstanding issues. The inefficiency of the Serbian legislature and the lack of political willingness have caused serious delays in the process of establishing a public service broadcaster and independent regulatory authorities in the field of broadcasting and telecommunications.

Presently, at the end of 2007, the Serbian broadcasting market is still characterised by intense competition and controversial regulatory practices. The Serbian media industry is considered to be one of the "most unsettled and unregulated"[2] in Europe. The first public competitions for national and regional frequencies and licenses were completed in April 2006 and June 2007 respectively. Five commercial television channels are operating with national licenses acquired for a period of eight years, supplemented with two public service television channels with national coverage. In line with the provisions of the Broadcasting Act[3], formerly state-owned and controlled broadcaster, *Radio Television of Serbia*, was divided and transformed into a national PSB and PSB of Vojvodina. The public radio and television of Novi Sad, with two television and two regional radio channels, were transformed into a PSB for the northern Serbian province. The former Yugoslavia had a broadcasting system that was characterised by strong local broadcasting companies in the administrative centre of each republic and in both Serbian provinces. Together with the network of local municipal radio stations, the system has nurtured a culture of strong local broadcasting. Because Vojvodina has a unique multiethnic population,

2 EUMAP report for Serbia 2005, available at http://www.eumap.org/topics/media/television_europe/national/serbia/media_ser1.pdf, (accessed on 8 May 2007)

3 Articles 76 and 85, Broadcasting Act, *Official Gazette of the Republic of Serbia*, No. 42/2002

its former regional broadcasting centre was given the status of provincial public service broadcaster. The decision to introduce regional PSB for Vojvodina reflected the belief of the government at the time that a national PSB would not manage to serve provincial multinational audience, and also indicated that provincial authorities feared that their political interests would be endangered if only national PSB and commercial broadcasters covered the province's territory.

The most important commercial market player is Television Pink, followed by TV B92, once the symbol of the resistance to the authoritarian regime. New entrants into the national market include *Television Avala, Television Košava, Happy TV*[4] and television Fox. Their licenses were issued in August 2006 for a period of eight years. *BK Telekom*, once third in terms of audience share, lost its license and was shut down in April 2006.[5] *Super TV* is a regional broadcaster for the province of Vojvodina, while *Art TV, Metropolis, Studio B, Enter TV, SOS* and *Television Plus* broadcast in the Belgrade area. Radio stations *B92, Index, Radio S, Roadstar* and *Fokus* won national commercial radio licenses, and 14 stations were issued radio licenses to cover the Belgrade area[6]. Twenty-six television stations won regional broadcasting licenses in June 2007 for a period of eight years. Other local broadcasters are still waiting for decisions on their license and frequency tenders.

Once the tenders for local television and radio stations are finalized, the Serbian broadcast market will have seven national television stations, 42 regional and 160

4 TV Košava and Happy TV share one frequency with national coverage.

5 After a highly controversial decision of the Council of the Republican Broadcasting Agency, disputed by civil society and professional associations, and twice annulled by the Supreme Court. The decision was seen as politically motivated, since the television strongly supported its owner, Bogoljub Karić, who was a presidential candidate in the 2004 elections.

6 A list of all licensed TV and radio broadcasters is available at http://www.ratel.org.yu/index.php?page=dozvole&target=dozvola_za_stanicu&item=25&get_treerot=7&lang=srp (accessed 8 May 2007)

local television stations, as well as eight national radio station, 52 regional stations, and 390 local radio stations[7]. The number of broadcasters was decided according to the technical maximum and analogue air bands available in Serbia. However, the Serbian advertising market, worth around €130 million, is considered to be insufficient to support such a large number of broadcasters. The Serbian Broadcasting Development Strategy, and consequently the tender for national licenses, was not projected according to the media and information needs of the citizens of Serbia. The Broadcasting Council did not take into account the level of development and economic sustainability of the broadcasting market when deciding licensing issues. Licenses awarded in line with financial interests of the few media owners and political interests have been the object of criticism by civil society and independent media experts. The Independent Journalists' Association of Serbia (IJAS) and Association of Independent Electronic Media (ANEM) have repeatedly warned the Broadcasting Agency that lack of appropriate tender criteria will result in awarding licenses according to unprofessional rationales.

Soon after the licenses were issued, the press discovered that Television Pink, the strongest commercial broadcaster, had lent a substantial amount of money to new national licensee *Television Kosava*, which was used to pay Kosava's license fee. The audit company investigating the case concluded that this was not prohibited behaviour in the market.[8] However, had RBA seriously considered the financial viability of *Television Kosava*, it is most likely that it would have awarded the license to some other broadcaster. Serious doubt remains as to why *Kosava* was awarded the license, and whether this was meant to safeguard the market from more serious competitors, such as *German RTL*, which was also competing in the tender and did

7 According to the Broadcasting Development Strategy, until 2013. The number above represents an aggregate number of commercial and public licenses.

8 Available at http://www.rra.org.yu/srpski/ief-pink-kosava.pdf (accessed on 8 May 2007)

not win the concession. On top of all this comes the fact that awarded licensees did not receive a precise set of programming requirements, leaving domestic media production with low quality programming.[9]

The Serbian legal framework lacks specific legal texts that would define anti-concentration and ownership transparency rules. The Broadcasting Act contains few ownership rules and provisions, and even those are in some parts insufficient and obsolete in comparison with European trends and the situation of the market. Commercial television and radio stations must have a majority of their shares, at least 51 per cent, owned by domestic residents or companies. Foreign ownership is limited to up to 49 per cent. Article 42 of the Broadcasting Act forbids any republican, provincial, or regional authority, or political organisations to own media outlets.[10] So far, significant foreign capital was invested in *RTV B92*, a joint-stock company, with around 49 percent of shares owned by foreign funds; *Television Fox*, with 49 per cent of ownership by News Corp; and *Radio Beta RFI*, with 49 per cent owned by *Radio France International.*

The privatisation of regional and local media owned by municipalities, which should be finalised by the end of the year, is carried out according to rules issued by the Ministry of Culture[11]. Companies that will participate in tender or public auction for capital privatization must provide continuity in broadcasting services for the next five years. Municipalities can no longer be owners of local and regional media, and privatization must be carried out according to media anti-concentration rules[12].

9 Professional magazine Republika, no. 388-389, September 2006

10 However, licenses were given to several media owned by politicians or by people with clear political attachment

11 Guidelines for the privatisation of radio and/or television stations founded by local and regional communities, *Official Gazette of the Republic of Serbia*, No. 51/2005

12 Articles 98-103, Broadcasting Act, *Official Gazette of the Republic of Serbia*, No. 42/2002

However, due to the delays in law implementation, the privatisation of numerous media outlets is most likely to be postponed.

Serbia has been slow in concluding the privatisation process of state-owned companies, especially if these have been important factors of political power and influence. This is the case with a number of public enterprises that have yet to be privatised, as well with local media that are under state ownership and whose privatisation has been pending for five years. The long tradition of local media being funded by municipalities makes it hard for those media to develop a commercial rationale and survive in the market. The state and regulatory agency have failed to develop efficient subsidies mechanisms to fund contents that are not commercially viable and the market is not transparent enough, leaving both journalists and citizens exposed to the financial and political interests of new owners. Media are left between state influence and the market in which all stakeholders firmly believe that the media are there to serve either the state or profit. No one is considering or discussing the interests of citizens.

Media ownership is highly diversified, with more than 600 broadcasters. However, three broadcast companies hold more than 75 per cent of both the audience and the advertising market. Diversity of owners and sources did not provide for diversity of content and high quality productions.

Two most important commercial players in the broadcasting market are *Television Pink* and *Television B92*. Television Pink was established in 1994 and is today, by far, the most important commercial broadcaster in terms of both audience share and advertising market share, attracting 40-45 percent of total television advertising revenues[13]. It is part of the Pink International Company, the largest media corporation in South East Europe. The corporation expanded its business outside Serbia, establishing *Pink BIH* (Bosnia and Herzegovina), and *Pink M* (Montenegro).

13 Information available at http://www.rtvpink.com/kompanija/ (accessed on 4 June 2007)

Programme production is focused on entertainment, but it produces also daily news and political talk shows, attracting millions of viewers in the entire region.

Television Pink was established in 1994 as an offspring of highly popular folk music radio, *Radio Pink*. It is owned by Željko Mitrović who was close to Milošević family in the late 1990s and was a member of Yugoslav Left, a political party founded by Milosevic's wife Mirjana Marković. After political changes took place, *Television Pink's* owner discarded his political affiliation, positioning himself as a businessman close to democratic circles. His company had paid a one-off tax of approximately 1.2 million Euros, since the new authorities considered it had gained significant benefits and profits from its privileged position.

Television B92 started broadcasting in 2000, growing out of *Radio B92*, a symbol of resistance to the Milošević regime. *Television B92* is a rare example of a commercial station with a strong sense of public interest, trying to combine its high professional standards and market success. The Company's Internet portal (with several interactive platforms) is one of the most visited news web sites in the region,[14] winning 1000th place among all websites in the world[15]. Besides Media Development Loan Fund and Salink Ltd. Kipar, the domestic owners of B92 include the B92 Trust and small individual shareholders comprising the management and employees of B92.

Out of 2.5 million television households, it is estimated that around 30 percent have some form of multi-channel television access, mostly analogue cable television.[16] The penetration of cable television is increasing on a yearly basis. Total

14 B92 home page available at http://www.b92.net/indexs.phtml, (accessed on 4 June 2007)

15 This position is the value of daily traffic rank trend. For example, Yahoo.com wins 1st place, while B92.net has 1000th position. B92 daily rank trends grew from 20000th place in 2002 to 1000th place in 2007. Information available at http://www.alexa.com (accessed 4 June 2007)

16 Usage of ITC in Republic of Serbia - Republički zavod za statistiku Srbije, 2007

number of users grew from 420,000 in 2004 to 540,000 in 2005 and around 700,000 in 2006. Consequently, subscription generated revenue almost doubled over a one-year period - from approximately €13 million in 2004 to €22 million in 2005 (1,051 million of dinars in 2004 to 1,792.7 million dinars in 2005)[17]. The price for basic monthly subscription is approximately 455 dinars, approximately five euros.

Some 40 cable operators were issued licenses[18] in January 2007 by the Republican Agency of Telecommunications (hereafter, RATEL). RATEL is in charge of issuing a general authorization to anyone whose intention is to operate a public telecommunications network or provide public telecommunications services under this regime, provided that such a person has met or agreed to meet all the requirements prescribed for that network or service.[19]

The Republican Broadcasting Agency issues licences for cable and satellite broadcasting of programmes without calling a public tender, at the request of the holder of a cable distribution system (hereinafter CDS), i.e. the holder of a terrestrial satellite station.[20] The obligation to obtain a broadcasting licence does not apply to programmes for which the Council has awarded a terrestrial broadcasting licence for the area in which the CDS is situated, whereby the CDS holder is obliged to distribute the public service programmes via its system free of charge and for programmes

17 Audience reach and revenues of cable distributors available at http://www.ratel.org.yu/index.php?page=statistika&target=s_KDS&item=80&get_treerot=10&lang=srp (accessed 8 May 2007)

18 List of all licensed cable operators is available at http://www.ratel.org.yu/index.php?page=dozvole&target=odobrenje_kds&item=95&get_treerot=7&lang=srp (accessed on 8 May 2007)

19 Article 38, Telecommunication Law, *Official Gazette of the Republic of Serbia*, No. 44/2003

20 Separate telecommunications law determines the conditions which decide whether the holder of the CDS (i.e. terrestrial satellite station) has met the requests regarding the mounting, use and maintenance of telecommunication equipment determined in keeping. Article 40, Broadcasting Act, *Official Gazette of the Republic of Serbia*, No. 42/2002

which can be received via free (unencrypted) satellite distribution in the territory of the Republic of Serbia.[21]

Serbia Broadband (hereafter SBB), is the largest cable and broadband operator in Serbia, holding around 50 percent of the cable market. It is a privately owned company. According to the data available from the Serbian Business Registers Agency[22] , SBB is owned by an unknown Serbian company Adria Cable Ltd., a subsidy of the Netherlands based Adria Cable B. V.

SBB delivers a portfolio of around 200 free to air TV channels, along with high-speed cable Internet and analogue Pay TV platform. As of April 2006, SBB is also offering satellite digital DTH (direct to home) service. Its main competitors are Ikom, (a privately owned cable and Internet operator that emerged from five local cable operators owned by US based Trenton International LLC[23].) and PTT Srbija cable service (state owned post service company), holding a major part of the rest of the market. Cable operators offer domestic (national and regional) TV channels along with international channels such as *Discovery, CNN, BBC, National Geographic, MTV, HBO, Eurosport*, etc. Neighbour channels, due to the language similarity, are also offered (for example, Croatian HRT or Bosnian OBN). Several domestic, mostly thematic channels are available exclusively through cable (*Auto Plus, Stankom, Sport Klub, Spectrum, Kopernikus, KTV Zrenjanin, Kanal D*, etc.). Most of cable operators offer Internet services as well.

One of the most powerful companies in Serbia, and the provider of the entire telecommunication infrastructure, is Telekom Srbija. It is Serbia's only landline telecommunications operator, and is owned by two stakeholders: "PTT Srbija," a state-owned and controlled company (80 percent of ownership) and the Greek company

21 Article 40, Broadcasting Act, *Official Gazette of the Republic of Serbia*, No. 42/2002

22 Information available at http://www.apr.sr.gov.yu/ (accessed on 29 October 2007)

23 Ibid.

"OTE" (20 percent of ownership). Telekom Srbija also provides services for mobile phone communication as MTS, along with two companies: "Telenor" and the Austrian company "Mobilkom". The company itself has two major web portals, "Na dlanu" and "Mondo," which provide news, entertainment, blogs, etc. and in December 2006 launched a third generation of mobile phones in commercial use. Telecom's WAP portal Mondo was launched in 2005 and is visited by 100 thousand users per day, offering a variety of contents. With the introduction of a new generation of mobile phones, Mondo was redesigned offering additional, multimedia packages. The 3G network enables fast data transfer (384 kbit/s) and thus, several new, advanced services - video calls, movie trailers, video streaming of TV programmes, news or sport events in real time, playing video games online. So far, the 3G package has attracted some 30 thousand users. Serbia has an average of 74 percent mobile penetration.[24] Mobile media are winning popularity, as over a three year period both the total number of users and amount of yearly revenues nearly doubled (see Table 1).

Table 1.
Mobile Media Penetration 2003-2005

Year	Number of users (in millions)	Revenues (in million Euros)
2003	3.28	255.5
2004	4.34	295.5
2005	5.51	400
2006	6 .64	650

Source: Statistical data on mobile media, RATEL, Belgrade 2006

Aleksandra Smiljanić, Minister of Telecommunications, has said that in 2006 revenues from telecommunications amounted to nearly €1.3 billion, or 40 per cent

24 Information available at http://wirelessfederation.com/news/category/serbia/ (accessed August 22, 2007)

more than in 2005, half of which were collected from mobile phone services, 34.7 per cent from land line services, while the rest was generated by cable TV and internet services.[25]

SMS (Short Message Service) communication almost doubled, as MMS (Multimedia Messaging Service) was introduced only in 2004 (see Table 2). Mobile operators provide several other multimedia services, such as EDGE, GPRS or WAP Internet access.

Table 2.
Total Number of Sent SMS and MMS 2003-2005

Year	SMS (in millions)	MMS (in millions)
2003	1192	0
2004	1602	5.75
2005	2093	11.5

Source: Statistical data on mobile media, RATEL, Belgrade 2006

Telekom Serbia is the most important provider of telecommunication and owns the backbone of the telecommunication infrastructure in Serbia. Much later than its counterparts in Europe, Telekom Srbija will be the first provider in Serbia to introduce a triple-play offer - high speed Internet, television and telephone in one package. Similar plans were announced by the biggest cable provider, SBB (Serbia Broadband). It will be introduced at the end of 2008. Telekom Serbia also plans to use its current infrastructure to start developing a digital terrestrial broadcasting network. In the absence of state plans and activities it will give Telekom Serbia a head start and dominant position in the future in terms of content distribution platforms.

25 Speech given at Economic Summit 2007, available at http://www.paragrafnet.net/vesti/181007_b.html (accessed on October 29, 2007)

New media are slowly penetrating the audience, with only 24 percent of the population above the age of 15 using the Internet[26]. Public authorities are slow in recognising the importance, both economic and social, of participation in a global network of information. With a quarter of the population using the Internet in 2006, Serbia lags behind not only developed countries, but also new EU members. Less than half of the population, 41 percent, owns a computer, due to a low level of disposable income. Internet penetration is also determined by income, regional differences, age, gender and education. The Internet is more quickly adopted by a male, urban, younger (between 15 and 29), educated population with higher incomes (€150 per month and more). In this way, participation in global network is still the privilege of some, rather than a strategic goal. Most of the consumers access the Internet at home (84.3 percent) and one quarter at the work place. (These data include consumers who have access both at home and at work) 77 percent of Internet users still access through a slow and expensive dial-up connection. Other types of access are far less used - broadband cable modem is used by 14 percent, ADSL nine percent, and wireless access by only four percent of consumers[27].

Digital Television Market

Serbia has not yet launched plans for a digital switchover. *RTS*, the national public broadcaster, was the first institution that experimented with a digital signal, but the platform has no original programme. Serbia Broadband - SBB, a cable and Internet company, was the first commercial operator to introduce satellite digital broadcasting in Serbia in 2006. The platform has around 40,000 subscribers.

26 Results of Internet penetration and use of Internet in Serbia in 2006 is available at http://www.bos.org.yu/cepit/materijali/Internet_u_Srbiji_2006.pdf (accessed 8 May 2007)

27 Survey of the Internet penetration in 2006 is available at http://www.bos.org.yu/cepit/materijali/Internet_u_Srbiji_2006.pdf (accessed 8 May 2007)

In line with the provisions of the Broadcasting Act,[28] which stipulate that one of the obligations of the public service broadcasters is to draft and duly fulfil plans to transfer to new digital technologies, and in the absence of an active state strategy for digital switchover, Radio Television of Serbia and its Technical Department have launched the pilot project "Digital terrestrial broadcasting of *RTS* programs." The project started in July 2002, and in the next three years all the necessary tests and digital transmission trials were conducted. It was concluded that digital signal reach within the territory of Serbia was more efficient that initially presumed. In 2005, *RTS* had launched two digital terrestrial transmitters, through the 27 and 31 UHF channels. The digital signals cover a wider territory of Belgrade and Novi Sad, with a potential audience of approx. 1,500,000 viewers. *RTS* is broadcasting its TV and radio channels and one experimental TV channel.

However, the digital package does not offer different content than the one already available through the analogue terrestrial network. Additionally, the project was not followed by an awareness-raising campaign and the public in Serbia remains absolutely uninformed about terrestrial digital technologies and the possibility of receiving digital television. Finally, digital terrestrial receivers are still not available in the Serbian market. The company "Telefonija" has initiated the import of terrestrial digital receivers and developed a Serbian version of the software, but in the absence of marketing efforts the equipment was never released for sale. As a consequence, *RTS* has digital terrestrial broadcasting, but the platform has no original content and no audience.

As of April 2006, SBB is offering satellite digital DTH (direct to home) service, commercially called Total TV, offering four different commercial packages with more than 50 television channels, including domestic and regional terrestrial and

28 Article 78, Broadcasting Act, *Official Gazette of the Republic of Serbia*, No. 42/2002

international pay TV channels. Service also includes 200 free-to-air channels available via Eutelsat's W2, Astra and Hotbird satellites. Consumers must own a digital satellite receiver, a smart card and an antenna, all provided by SBB free of charge with a two year contract. The entire Total TV platform adopted DVB technical standards. The program is guarded by a NDS smart card specially designed for the SBB Company, translated into Serbian and adjusted to the Total TV brand. It enables shared scrambling and descrambling with partner companies *Television Pink, ITV Partner from Bulgaria* and *NTV* from Slovenia.

The DTH platform in Serbia has some 40 thousand subscribers; SBB's objective is to reach homes in Serbia that had low quality reception of the analogue signal or those without access to cable operators. The price of basic package ranges from DIN 590 to 1730 (app. €7- €22) and the extra package can cost from DIN 200 to 410 (app. €2.5- €5) per month. SBB plans to introduce a digital cable platform by the end of the year. The biggest obstacle to expanding commercial digital broadcasting independently of the state supported initiatives is the price of available set-top boxes, requiring the investment of several million euros.[29]

In spite of its "kitsch programmes for the masses" reputation, *Television Pink* expanded its programme offerings and its brand world-wide through two international satellite television operations: *Pink Plus* and *Pink Extra*, with TV content available over Hotbird satellite for Europe. The *Pink Plus* package is dedicated mostly to Serbian emigrants, and has a somewhat different program content than terrestrial *TV Pink*, with several shows designed for the target population. *Pink Extra* was launched as a satellite channel in 2003. It is a music channel that complements the

29 SBB and the development of its services were enabled mainly by the equity investment of The Overseas Private Investment Corporation (OPIC). The Investment Funds Program is designed to support the creation and capitalization of long-term, private equity funds in emerging markets. The funds are structured as limited partnerships or limited liability companies.

Pink Plus package. *Pink BIH* and *Pink International* produce additional programming for this package. The direct broadcasts via satellite are based on a proprietary transport stream (encrypted) requiring proprietary reception equipment provided by the company Media System GmbH.[30] Both Pink satellite packages, along with another nine theme channels - P*ink Movies, Pink Kids, Pink Music,*[31] are available on digital platform, through SBB Total TV.

There are no programmes produced for digital platforms. Programme offerings in Serbia are poor and of a low quality level, including mainly domestic reruns and foreign acquisitions. The situation in analogue broadcasting will most likely be repeated in the digital sphere, and the development of digital broadcasting will for many years remain a technical issue, not one of content.

3.2 Audience Share and Changing Audience/ users Behaviours

Television is by far the most important medium in terms of advertising market share and audience consumption. The media market was worth approximately €115 million in 2006, growing continuously at an annual rate of 20 percent (approximately €15-20 million per year). Of all the money spent on advertising in 2006, 61 percent went to television, 21 percent to print media, four percent to radio and 12 percent to outdoor advertising.

Television in Serbia in the last five years was the supreme medium in terms of market share, but its influence is slowly decreasing. Print and outdoor outlets are becoming more and more interesting to advertisers, whereas the Internet is still not recognised as an important advertising medium (see Table 3).

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30 Available at www.rtvpink.com/english/?act=satellite-tv

31 Pink is the only broadcasting company offering and packing both analogue general television channels and theme channels.

Table 3.
Trends in Market Segmentation- Breakdown by Media (in %)

Year	Television	Radio	Print	Outdoor	Other (Internet, cinema…)
2006	60.9	4.3	21.3	12.2	1.3
2005	63	4	20	12	1
2004	65	4	19	11	1
2003	66	4	18	11	1
2002	72	6	12	10	/

Source: Serbian television scene overview, AGB Nielsen Media Research, Belgrade 2006

RTS1, the first public service television channel,[32] is the most popular, winning the greatest share of audiences in 2006. In spite of being PSB and having a public service remit, the channel is constantly promoting its popular content, competing with its commercial rival, *Television Pink*, which receives similar audience attention. *B92*, although third, has three times less audience share than the first channel of *RTS*. The newly established *Avala* and *Fox* have insignificant audience share figures, due to the fact that their signal became available only at the end of 2006 and at the beginning of 2007. It will take a few years for new channels to win loyal audiences and become serious competitors (see Table 4). The first program of *RTS* attracted more than four million people daily in 2006, who on average spent 130 minutes watching this television channel.[33] The most important commercial station, *Television Pink*, attracted more than 3,700 thousand viewers daily for two hours. B92 and the second program of *RTS* have similar audience reach, around 2,800 thousand, for approximately one hour.

Combined, television channels with national coverage attract three quarters of the audience, both in reach and audience share. Local, regional and foreign media in turn reach one quarter of the population on a regular basis (see Table 5).

32 RTS has two television channels, making it the most significant broadcaster in the country.

33 The Serbian television audience spends around 3.5 hours a day watching TV programmes.

Table 4.
Average Audience Share of the Most Important TV channels 2003 - 2006 (population 4+)

Year	RTS1	PINK	B92	RTS2
2003	19.5	21.9	3.4	7.4
2004	20.1	22.0	5.3	8.2
2005	22.4	22.5	6.8	6.3
2006	27.4	23.3	9.1	6.7

Source: *Serbian television scene overview*, AGB Nielsen Media Research, Belgrade 2006

Table 5.
Audience Reach and Audience Share - November 2006 (population 4+)

Type of television	Audience reach (%)	Audience share (%)
National	75.5	76.5
Local	43.8	8.8
Foreign- neighbour	20	5.0
Foreign- international	16.3	4.1
Domestic regional	10.6	1.1
Cable domestic	7.4	0.9

Source: *Audience measurements of local TV stations in Serbia in 2006*, AGB Nielsen Media Research, IREX and Strategic marketing and media research, Belgrade January 2007

Over 90 percent of the population turns to TV as its most important source of information, with an average daily viewing time of 278 minutes.[34] The programming of *RTS1* is popular among the older generation, the most numerous population in Serbia,[35] and is often described as "stiff and rigid." *Pink* and *B92* are popular among the younger

34 EUMAP report for Serbia 2005, available at http://www.eumap.org/topics/media/television_europe/national/serbia/media_ser1.pdf (accessed 8 May, 2007)

35 Demographics show that Serbia's population is among oldest in Europe, with an average age of 40.7 years, with 15.7 percent of the population above 65.

generation - *B92* especially among the highly educated population. The public broadcaster has highly popular news and drama programmes, while *TV Pink*, according to the audience survey, has the most popular entertainment, music and movie programming. *B92* has the most popular sports programmes and quiz entertainment shows. As a source of information, the audience has the least trust in *TV Pink*, while its confidence is equally distributed between *RTS* and *B92*.[36] Serious research of new media and their influence on audience behaviour has yet to be conducted.

4. Regulatory Framework and State Policies

At the beginning of twenty first century, in 2002 and 2003, the first significant laws were adopted to attempt to regulate media chaos. The Broadcasting Act was adopted in July 2002, replacing the outdated Law on Radio and Television that had been in force since 1991. For the first time, the law introduced an independent regulatory authority, the Republican Broadcasting Agency (RBA), a regulator with wide competencies in broadcasting. Although the Broadcasting Act has been adopted in 2002, due to the controversial appointment of the RBA Council and their disputed membership, the Republican Broadcasting Agency became fully operational only in 2005. The Telecommunications Act that was adopted in May 2003 regulates the technical aspects of broadcasting, including the allocation of frequencies. The law is enforced by the Republican Agency of Telecommunication (RATEL), which was established in May 2005.

36 Data on audience survey provided by Srđan Bogosavljević, Director of Strategic Marketing Media Research, press conference in Media Center, Belgrade, June 2007.

The slow pace of media reform and the lack of the capacity of state administration to develop progressive media policy has left the Serbian media sphere and media market with a number of problems. The most important provisions of the Broadcasting Act were implemented only at the beginning of 2006. The first official tender for analogue frequency allocation was announced in January 2006. The tender for national frequencies was concluded in 2006, followed by strong criticism from a number of domestic and international actors.[37] In April 2006, the state broadcaster RTS was formally transformed into a public service broadcaster (hereafter PSB). However, in spite of visible improvement in its editorial and overall professional standards, RTS is still criticised for failing to fulfil the main roles of a PSB. It is influenced more by political interests than those of its citizens. Privatization and transformation of local state media are still pending. The high number of media outlets reflects regulatory chaos rather than a prospering media market.

The government of the Republic of Serbia and its relevant ministries - the Ministry of Culture in charge of media and the newly established Ministry for Telecommunications and Informational Society in charge of telecommunications - is given the authority by the law to strategically regulate media and telecommunications.

The Broadcasting Act incorporates a number of European broadcasting standards: the dual broadcasting model - recognising the equal importance and co-existence of public and commercial broadcasters, an independent regulatory body with wide competencies, a system of licensing for commercial broadcasters, compulsory programme standards and general regulations of the broadcasting market[38]. The Act

37 Licenses were awarded according to a set of imprecise and legally questionable criteria disrespecting procedure and transparency requests, and were disputed by both legal experts and media professionals. It was argued that a lack of standards leaves the regulator open to political interference.

38 S. Milivojević, "Zakon o radiodifuziji: Promene pre primene" (Broadcasting Act: Changing before applying), professional magazine "Republika", Belgrade, September 2006, pp. 6-7.

prohibits media concentration and sets several basic principles, such as freedom of expression, professionalism and independence of broadcasters, rational spectrum usage as a limited resource, application of international norms in this sector and the full affirmation of citizens' rights and freedoms, especially freedom of expression and pluralism of opinion[39].

The broadcasting regulator, RBA, is in charge of the following: defining broadcasting development strategy, control of the implementation of Broadcasting Act, issuing of broadcasting licenses, proclaiming technical, organizational and program standards, implementation of broadcasting policy through compulsory regulations, supervising broadcasting institutions and sanctioning of inadequate performance.[40] RBA is authorized to issue warnings to broadcasters or to revoke their licenses, for a short-term of 30 days or permanently.

The Agency is funded from broadcasters' license fees. The problem is that the Government approves its budget and can therefore execute control over its financial operations. Additionally, if the income gathered from the licensing fees is greater than the Agency's expenses, additional money is given to the state budget and is not invested back in the broadcasting industry.[41]

In 2002, the two members of the first RBA Council resigned immediately after elections due to violations of the electoral procedure in the case of other two members. This blocked the work of the Council until 2003, when new public authorities, after general elections, amended the Broadcasting Act in order to appoint members of the Council. Finally, the Council was fully operational in 2005. Due to an idle RBA Council, several Broadcasting Act provisions could not be fulfilled.

39 Article 3 of Broadcasting Act

40 Article 8 of Broadcasting Act

41 This is significant amount of money, up to several million euros, and could be invested in digital broadcasting development.

RBA and its Council are often criticised by media professionals, journalist associations and international organizations. The representatives of the Council of Europe and the Organization for Security and Cooperation in Europe stated on several occasions that they are alarmed by the activities of the RBA Council and the lack of responsibility and transparency in their work. Over the course of the past two years RBA was mainly occupied with frequency allocation and licensing of commercial operators, and they have failed to execute any other activities proscribed by the law, including programme monitoring and assessment if the programme produced and broadcast fulfils public service remit.

Serbia belongs to a group of countries where a regulatory framework for the launch of digital terrestrial television (hereafter DTT) has not yet been established and the use of other digital television platforms is at a very early stage.

The existing legal framework does not provide comprehensive regulation or a policy framework for digital broadcasting. Relevant legal texts, primarily the Broadcasting Act and Telecommunications Act, give general principles for the development of new technologies in broadcasting. The Broadcasting Act deals with digital broadcasting in only a couple of provisions. It gives authority to the Broadcasting Agency to issue both analogue and digital broadcasting licenses. Article 11 states that "the Agency shall issue a license for broadcasting a program via terrestrial, cable or satellite transmission, either digital or analogue, in a procedure and according to criteria laid down by this Law."

It also stresses that one of the obligations of the public service broadcasters is to "ensure the use and development of modern technical and technological standards in program production and broadcasting, and draft and duly fulfil plans for transferring to new digital technologies." (Article 78)

The Republican Broadcasting Agency at the end of 2005 adopted the Broadcasting Development Strategy for the Republic of Serbia until 2013, which sets up the basis for digital broadcasting policy development and determines technical specifications for future digital broadcasting. This is the first policy document that acknowledges the importance of digital television for the future development of broadcasting.

Considering that the document covers the period until 2013, it fails to provide a number of policy guidelines necessary for the successful launch and subsequent switchover to digital television transmission. However, it does points out that "it is necessary to regulate digital broadcasting comprehensively by a new law or by amending the existing one," and that "the application of digital terrestrial broadcasting should follow the preparation of the program and adoption of the national plan for the transition to digital broadcasting." It also stated that, although according to the Broadcasting Act (Article 78) only the public broadcasting service institutions are obliged to transfer to new digital technologies, the Agency would make efforts to provide equal access for all interested broadcasters to experimental digital channels.

The Broadcasting Development Strategy had suggested that the Telecommunications Agency and the relevant Ministry adjust the Frequency Allocation Plan to provide for special bandwidth intended for experimental digital broadcasting. The existing Frequency Allocation Plan, adopted by the Government of the Republic of Serbia, recognizes resolutions adopted by the first session of the Regional Radio communication Conference for the planning of the digital terrestrial broadcasting service within the frequency bands 174-230 MHz and 470-862 MHz (RRC-04).

The second session of the Regional Radio communication Conference (RRC-06) held in Geneva from May 15th to June 16th 2006, resulted in new Frequency Plans for digital broadcasting and analogue broadcasting during the transition period. The new plans define digital terrestrial broadcasting in Regions 1 and 3 (Europe, Africa and Islamic Republic of Iran) in VHF and UHF frequency bands. The conference also determined the period of transition, which began on June 17th 2006 and will end on June 17th 2015. Participation of the Serbian delegation outlined future development of digital broadcasting in Republic of Serbia for the next 40 to 50 years. The present level of technology enables the formation of 4-6 multiplex channels. Therefore, the territory of the Republic of Serbia has potential coverage by 32-48 national television and 12-16 radio programs. 56 to 84 channels will cover the area of Belgrade.

Table 6.
Results of Four Planning Sessions of RRC-06- Breakdown by VHF Frequency Band

	Fourth planning				Third planning				Second planning				First planning			
	T-DAB		DVB-T		T-DAB		DVB-T		T-DAB		DVB-T		T-DAB		DVB-T	
ADM.	yes	no	yes	no	yes	No	yes	no	yes	no	yes	no	Yes	no	yes	no
SERBIA	20	0	81	0	20	0	81	0	20	0	79	2	18	2	74	7

Source: *Report on participation of Serbian delegation on RRC -06*, RATEL, Belgrade 2006

Table 7.
Results of Four Planning Sessions of RRC-06- Breakdown by UHF Frequency Band

	Fourth planning		Third planning		Second planning		First planning	
	DVB-T		DVB-T		DVB-T		DVB-T	
ADM.	yes	no	Yes	no	yes	no	Yes	no
SERBIA	739	0	746	0	744	2	697	50

Source: *Report on participation of Serbian delegation on RRC -06*, RATEL, Belgrade 2006

The Republican Telecommunications Agency RATEL is currently developing a Frequency Plan for digital broadcasting in Serbia, and the new Ministry for Telecommunication and Information Society, together with the new team at the Ministry of Culture,[42] have announced plans to adjust the existing legal framework to EU standards, including digitalisation of the broadcasting field. However, all the efforts are directed towards the technical aspects of broadcasting, packaging and

42 New Serbian Government has been appointed in May 2007.

delivering mechanisms. Neither plans nor policies are being made to support the development of high quality programme production. Principles and procedures for digital frequency/multiplex distribution are not yet on the agenda because the digital development strategy is still being developed.

Serbia lacks a comprehensive approach to the introduction of digital broadcasting, strategic orientation for switch on and switchover policy, and concrete action plans. Existing texts do not define the relation between different digital delivery mechanisms (satellite, terrestrial and cable when these networks are rolled out) and do not recognize the specifics of the Serbian broadcasting market. Different elements of the broadcasting environment and the market need to be analyzed in order to develop public policies to sustain the take up of DTT and the regulatory

Table 8.
Key Policy Documents (Approved and Expected) Relevant to Digitalisation

Year	Institution	Document	Author	Status
2002	Parliament of Republic of Serbia	Broadcasting Act	Expert team and Republican Broadcasting Agency	Policy adopted In 2002. Amended in 2004, 2005 and 2006. Effective from October 11, 2006
2003	Parliament of Republic of Serbia	Telecommunication Law	Expert team and Republican Agency of Telecommunication	Policy adopted in 2003. Amended in 2006. Effective from May 5, 2006.
2005	Parliament of Republic of Serbia	Broadcasting Development Strategy	Republican Broadcasting Agency	Strategy effective from December 27, 2005. Covering period 2005-2013.

model adopted for transition. Future development and penetration of digital television depends on features of the broadcasting background of the country, such as the reception pattern and the degree of penetration of multi channel television, as well as the degree of interest and proactive attitude of the terrestrial broadcasters, specifically the PSB and the terrestrial commercial channels.

5. Public Service Television Programming in the Digital Context

Broadcasting started in Serbia in 1929, when *Radio Belgrade* was established. Television was launched in 1958. A second television channel was introduced in 1972, and a third in 1989. *RTS* was established in 1992 and was a large, state-owned company with three units: Belgrade headquarters, *RTV Vojvodina* (for the province of Vojvodina) and *RTV Priština* (for the provinces of Kosovo and Metohija).

The 1990s were particularly turbulent times for RTS. It was seen as a symbol of the Milošević regime and in support of the ruling party. "With its exceptionally high ratings in the early 1990s, *RTS* was initially the major instrument for achieving national mobilization and sustaining public support for the nationalist policy of the regime."[43] During the NATO attack in 1999, on the 23rd of April, *RTS* headquarters were bombed, killing 16 staff members. *RTS* also suffered great material damage, estimated at €530 million,[44] as a collection of transmitting equipment was destroyed. On

43 EUMAP report for Serbia 2005, available at http://www.eumap.org/topics/media/television_europe/national/serbia/media_ser1.pdf (accessed 8 May 2007)

44 RTS Annual Report for 2006, http://www.rts.co.yu/pdf/izvestaj06.pdf (accessed 31 May 2007)

October 5th, protesters rushed into the building of *RTS*. Seeing it as an instrument of the authoritarian regime, they set it on fire.

Reform of *RTS* started in 2002, when the Broadcasting Act foresaw its transformation from a state-owned into a public service broadcaster, financed and controlled by the general public. In order to achieve the high broadcasting standards expected of a PSB, *RTS* has to solve many problems concerning technical, financial and personnel issues. Production technical equipment is out-of-date; the company is burdened by €47 million in debt (€25 million to the state, and €22 million to commercial providers)[45] and has over four thousand employees.

In 2002, *RTS* was transformed into two separate public broadcasters: *RTS*, a broadcasting institution with national coverage, and *RTV Vojvodina*, a broadcasting institution with regional coverage in the Serbian Northern Province. *RTS* has two television channels (*RTS1* and *RTS2*), four radio channels (Radio Belgrade First program, Radio Belgrade Second program, Radio Belgrade Third program and *Belgrade 202*), *RTS SAT* (satellite program) and *RTS Internet*. Research and Music production centres (PGP RTS) are also part of the organization.

Programme content is available through several platforms:

- Analogue radio and television broadcasting
- Satellite broadcasting with content from terrestrial broadcasting and several specialised shows, designed for Serbian emigrants.
- Internet, online live broadcasting of certain television and radio programmes plus a historical programme archive
- Online access to selected television programmes: *RTS* keeps its daily news bulletins Dnevnik 1, Dnevnik 2 and Sport plus available online for two additional days

45 Ibid.

- Podcast - individual *Radio Belgrade1* programmes available in podcast format
- RSS, specialised content available on mobile phones
- Pilot program of DVB-T
- News bulletin - daily news sent by email to users' desktops[46]

Broadcasting in the former Yugoslavia was very advanced in comparison to other communist countries. Television Belgrade was called the 'BBC of Balkans,' and together with other television centers it nurtured high quality productions and a strong sense of leadership in technological development. Besides a news programme staff and news programme standards that were completely changed during the 1990s, *RTS* has kept its technical staff that was in charge of development of the whole broadcasting system during this period. According to the Law on Radio Television that was adopted in 1992, *RTS* was in charge of developing the broadcasting sector in Serbia. This actually meant that it leased and serviced transmitting facilities for all new broadcasters. Its facilities were severely destroyed during NATO bombings in 1999. In order to continue functioning since 2000, RTS, with the assistance of the European Union, has invested a total of 4.5 million Euros in broadcasting infrastructure reconstruction and modernization of the station's computer network. It is the most prepared institution for the adoption of new technologies and developing technical capacity for digital transmission. They are in an advanced phase of preparation and are showing more understanding of digital television than any other state institution in Serbia. It will be the most important partner for the state when the government decides to proceed with digital strategy development and digital switchover, since most of the Serbian broadcast transmitting network is still owned and managed by *RTS*. However, its programme production is far behind its technical capacities and all platforms actually carry existing analogue content.

RTS provides online access to an archive database of most of its television programmes that have been broadcast. The broadcaster is digitalising only the

46 Content platforms available at www.rts.co.yu

content that is available in the outdated formats at the moment, but stresses plans to digitalise its complete archives within the next ten years.

RTS incorporates music production, PGP RTS, which produces domestic folk, pop and rock music, as well as music for children and Symphonic and Jazz Orchestra, Choir and the National Orchestra. Their engagement is described as a mixture of the modern and traditional, maintaining cultural heritage. *RTS* thus figures as a part of the cultural and creative industry. However, *RTS* is performing poorly when it comes to homemade culture and art programmes and shows. It rarely produces high quality programmes, and should be employing and developing new talents and setting the standards for other broadcasters. It is also failing to make a positive influence on independent producers, commissioning mostly reality entertainment programmes.

The first program of television traditionally wins the largest audience and has a leading position in ratings and audience share (see Table 9).

Table 9.
Average Ratings 2004-2006, Breakdown by Television Network (in %)

Year	RTS 1	RTS 2	PINK	B92
2004	3.8	1.5	4.1	1
2005	4.5	1.2	4.4	1.3
2006	5.2	1.3	4.4	1.7

Source: *RTS annual report for 2006*, AGB Nielsen Media Research, Belgrade 2006

In 2006, *RTS* had the highest audience share, with 35 percent, compared to its closest competitors- television *Pink* had 23, and television *B92* nine percent. The most popular programme formats produced by *RTS* are drama, news and entertainment programmes.[47]

47 Audience measurements of local TV stations in Serbia in 2006, AGB Nielsen Media Research, IREX and Strategic marketing and media research, Belgrade January 2007

RTS is obliged by the Broadcasting Act to "encompass programmes with informative, cultural, art, educational, religious, scientific, children's, entertaining, sports and other content, ensuring the satisfaction of the needs of citizens and other persons and the fulfilment of their rights in terms of broadcasting," as stipulated in Article 77. Programmes must be diverse and balanced, to ensure democratic values and the respect of human rights and cultural, national, ethnical or political pluralism.[48]

Of its total annual broadcasting time, as all other broadcasters, PSB should broadcast at least 50 percent of programmes produced in Serbian, out of which at least 50 percent must be produced by the broadcaster itself. Programming should be structured to provide adequate amounts of information, education and entertainment.

In line with Article 74 of the Broadcasting Act, the public broadcasting service institutions are obliged to have at least ten percent of their programmes be produced by independent productions annually.

Internally, the Programming Board - a consultative body, giving recommendations to the Governing Board and Director General - should review program and editorial standards. The Programming Board is the body that ensures that the interests of the general public are respected and protected.[49] The *RTS* Programming Board in the latest Annual Report has concluded that there has been significant improvement in program content; it claims that it will continue to critically monitor all PSB activities in the best interest of all citizens.[50] However, the Programming Board is not operating transparently and doesn't have regular communication with the public. This consultative body was described in Article 92 of the Broadcasting Act, and has 19 members elected by a national Parliament for a three year period. Seven members are deputies and 12 are proposed by the RBA Council. They are representatives of

48 Article 77. of Broadcasting Act

49 Article 92., Broadcasting Act

50 *RTS Annual Report for 2006*, http://www.rts.co.yu/pdf/izvestaj06.pdf (accessed 31May 2007)

professional media organisations and the civil sector. It does not have any feedback from the audience on how well *RTS* serves their needs and it did not commission any independent research of programme structure, quality or its diversity. Most importantly, it has never critically monitored *RTS* programmes.

RTS broadcasts 72 hours of programmes daily on *RTS1*, *RTS2* and its satellite network. *RTS1* is oriented mainly towards news and current affairs programmes (35 percent of content), drama serials and series (24 percent) and entertainment (17 percent). Education, documentary, children and sport programmes are reserved for its second channel. Sport takes up around a quarter of *RTS2* content, whereas films take up 14 percent, music 12 percent and education ten percent. Children programming participates with eight percent and culture with six percent (see Table 10). These are figures for broadcast programmes, whereas figures that reflect produced programmes are not available.

Table 10.
RTS1 and RTS 2 Program Structure in 2006 - Breakdown by Genres

Type of program	in (%)
News and current affairs	24
Films, drama series, cartoons	19
Sport	15
Entertainment	9
Education, science	9
Music	8
Documentary	7
Youth	5
Commercial	4
Total	100

Source: *RTS annual report for 2006*, AGB Nielsen Media Research, Belgrade 2006

It is unclear how many hours of different programme formats *RTS* produces annually, since the figures given by their annual report include foreign and independent productions, reruns and live transmissions of sports and other events. It is worrying that the education and children programmes that *RTS quotes as the most successful programmes it has aired in 2006 are actually foreign acquisitions* (*BBC's* Big Cat Diary, the Japanese cartoon Yu-Gi-Oh!, 1970s Disney cartoons)[51]. Additionally, the Annual report does not include any assessment of the quality of programmes produced by *RTS*; it only gives the most popular programmes that it broadcasted and that won the highest ratings.

The most significant home produced programmes of *RTS* are traditionally news programmes and drama series. Its landmark programme is Dnevnik 2, a daily news bulletin, scheduled at 19.30 and running since the inception of RTS. It was and still is by far, the most popular informative content, having twice as much audience than the competition (see Table 11). Weekly audience reach of Dnevnik 2 in 2006 was over 5 million.

Table 11
Audience Share of News Bulletins in 2005 and 2006 - Breakdown by Television Network (in %)

	Dnevnik 2, RTS 1	Nacionalni dnevnik, Pink	Vesti u 18.30, B92
2005	15	9	5
2006	16	8	6

Source: *RTS annual report for 2006*, AGB Nielsen Media Research, Belgrade 2006

RTS web site and other multimedia content increasingly win popularity. In 2006, the official *RTS* web site had over one million three hundred individual visits (twice as much as in 2005). Record access was made during the election period in January 2007, with 123,000 visitors daily and 500,000 active pages and links. The terrestrial programming of

51 Ibid.

RTS 1 and RTS 2 attract around 28,000 users daily online. Programs are downloaded from online sites by 5,000 users daily and an additional 1,000 users receive RSS and subscribe to Podcast editions of radio daily news.[52] This is not substantial activity for the number of users media sites usually receive, but one has to bear in mind that fast connections and broadband Internet services are available only to 7.3 percent of the households in Serbia.[53] RTS provides its drama and music content on video and DVD.

With regard to technological developments, the *RTS* official website emphasises that special attention will be given to the development of content for new platforms such as the Internet and digital broadcasting.[54] However, *RTS* does not state any elaborate plans for content production for the future, nor the content that shall be produced for or adjusted to digital platforms. So far, all the attention related to new technologies and their development has been directed towards technical aspects. *RTS* has just been recently transformed into a PSB and has yet to develop a culture of focusing most of its strengths on programme production. It is still struggling to increase the percentage of its income dedicated to programmes, and the production of programmes for digital platforms is still very far away in the future. New technologies require a significant amount of investment. The structure of financial expenses displayed in the table below shows that in the last year *RTS* spent only five percent of its available funds on investment. The company still spends a huge portion of funds, more than one third, on personnel salaries, while the same amount is dedicated to production and the acquisition of programmes (see Table 12). Current funding is insufficient to allow for the *RTS* to adopt new digital technologies. The only department that has been involved with digital broadcasting development so far has been the technical department of *RTS*.

52 Ibid.

53 Statistical Office of the Republic of Serbia, Usage of ICT in Serbia 2007.

54 Available at www.rts.co.yu/rts_buduc.asp (accessed on 20 July 2007)

Table 12.
RTS Financial Expenses in 2006- (in thousands of dinars)

Type of expense	Value (dinars)	Structure (%)
Program production and acquisition	2,510,000	35.2
Personnel	2,651,000	37.2
Support services	1,610,000	22.6
Investments	362,000	5.1
Total	7,133,000	100

Source: *RTS annual report for 2006*, Radio television of Serbia, Belgrade 2006

Program acquisition and production cost €23.8 million in 2006. One third of this money was spent for RTS programme production, including education, art and entertainment. Similar amount was spent for producing sport programmes. A quarter was spent on film purchases and ten percent on independent productions, as

Table 13.
RTS Programme Production Expenses in 2006

Type of program	Structure of expense (in %)
RTS programme production	35
Sport	32
Film	23
Other production	10

Source: *RTS annual report for 2006*, Radio television of Serbia, Belgrade 2006

required by law (see Table 13). It is not clear what the proportion between foreign and domestic acquisitions is.

The license fee that citizens pay on a monthly basis is the primary source of income for *RTS*. Money is collected by public enterprise Elektroprivreda Srbije, along with an electricity bill. All households owning television or radio sets are obliged to pay DIN 350 (app. €4.5). The total license fee income for 2006 was around €50 million, or €4.2 million per month. *RTV Vojvodina* is by law[55] entitled to 70 percent of the total subscription fee gathered in the province. Another 1.5 percent of the generated fees go to the republican fund for cinema development. It is estimated that there are around 3 million television households in Serbia. The base of subscribers obliged to pay the license fee amounts to around 2.5 million households, but only 60 percent of these regularly pay a fee. Other sources of income are commercials (and other forms of sales income), and in 2006 a transition fund provided by the Government (see Table 14).

Table 14.
RTS Financial Income in 2006

Type of expense	Value (dinars)	Structure (%)
Subscription fees	4.100.000	57.5
Commercials/sales	1.900.000	26.6
Transition fund	1.133.000	15.9
Total	7.133.000	100

Source: *RTS annual report for 2006*, Radio television of Serbia, Belgrade 2006

In line with the provisions of the Broadcasting Act that stipulate that one of the obligations of public service broadcasters is to draft and duly fulfil plans of transferring to new digital technologies, and in the absence of an active state strategy for the digital switchover, *Radio Television of Serbia* and its Technical Department have launched the pilot project "Digital terrestrial broadcasting of *RTS* programmes." The project was started in July 2002, and in the next three years conducted all the necessary tests and digital transmission trials. It was concluded that the digital signal reach within the territory of Serbia was more efficient that initially presumed. In 2005,

55 Article 83., Broadcasting Act

RTS launched two digital terrestrial transmitters through UHF channels 27 and 31. The digital signals cover a wider territory of Belgrade and Novi Sad, with a potential audience of approx. 1,500,000 viewers. *RTS* broadcasts its TV and radio channels and one experimental TV channel.

The audience has no significant impact on PSB content provision, as there are only a few interactive platforms provided. The official *RTS* web site offers forum for public debate and a section called "Ask the general manager," but with no serious exchange of opinion. In order to fulfil its remit as a public service, *RTS* needs more transparency and a more active relationship with its audience.

6. Conclusions

Throughout the last two decades, public television in Europe has faced many challenges: financial difficulties, fast changes caused by technological innovations, liberalisation and a highly competitive environment. Media pluralism did not, on the audience's side, bring significant qualitative changes in programme content. There is still a lack of much-needed diversity in programme content. Commercial broadcasters tend to treat the audience as consumers rather than members of a democratic society. In countries in transition, reforms to the media sector turned out to be even more complicated. Formerly state-owned broadcasters, now transformed into public service institutions, are still under strong political and economic influences. The dual broadcasting model is seen as a part of European democratic and cultural heritage. Public television has to undergo serious changes in order to be seen as a defender of public rights.

Changes in the global media scene are visible even in small media markets such as Serbia. The Serbian media scene is predominantly shaped by two factors: hyper competition and regulatory chaos during the 1990s and the slow and inefficient reforms after democratic changes in 2000. Authorities have been slow to give up media influence, making initial steps of media reform unsuccessful. The Broadcasting Act, which was adopted in 2002, is the first important law to regulate the media sector, introducing a dual broadcasting system, licensing of commercial broadcasters, general program standards, advertising issues and anti-concentration instruments. So far, it was changed five times in line with the political climate and lost most of its initial democratic potential.

The public tender for frequency allocation for terrestrial broadcasting was finalised only in 2006. Along with PSB channels, five commercial television and five radio stations won licenses for national broadcasting, along with 25 regional television stations, while local media are still waiting for privatization. Frequency allocation was done without serious market analysis, and analysis of the programme offerings and audience demand were not respected. The number of broadcasters was determined only according to the technical characteristics of the spectrum, without consideration of the capacity of the media market to support this large number of outlets. RBA often refuses to recognise its direct influence on media market.

The broadcast media market is one of the fastest-growing industries. Commercial broadcasters emerged during the legislative void of the 1990s. It is estimated that at least 800 electronic media were operating in the media market at the time. Such a large number of outlets operating in a small media market reflected regulative and market chaos. Programme quality was left a question mark. It was expected that a new regulatory body would intervene mostly in the segment where the market had failed - in satisfying public needs for quality information and quality programming. Transparency of ownership remains an unsolved issue and anti-concentration instruments have yet to be implemented.

Several outlets still managed to survive the chaotic situation and establish themselves in the market. Still, worth €115 million in 2006, the Serbian media market lags behind not only developed European countries, but regional ones as well. Television is the most important medium, both in terms of revenue and public influence. It is still the main source of information for most people. New media are slowly penetrating. The Internet is used by one quarter of the population, while three quarters own a mobile phone.

The introduction of DTT presents another challenge for the Serbian broadcasting industry. Serbian regulatory bodies are far from establishing a coherent policy framework, and broadcasting institutions have made no serious attempts to introduce digital TV in the market. *RTS* has only made technical experiments with a digital terrestrial signal, and the platform has neither an original programme nor an audience. Other commercial broadcasters showed no interest in offering this platform to the audience. DTH service is available, as is TV-on-demand for analogue broadcasting. *Television Pink*, the most important commercial player, is the only network that introduced thematic channels via DTH in SBB's Total TV package. The programme content of most of television channels is available through several interactive platforms, including RSS, Internet and Podcast, but has no content different from that already available through analogue broadcasting.

None of the existing media Laws recognize the importance and challenges of the digital switchover. The only document dealing with this matter is the Broadcasting Development Strategy. DTT is mentioned only in one article and offers only general recommendations. The technical plan for frequency allocation of digital signals relies mostly on Plans developed in two sessions of the Regional Radio-communication Conference (RRC 2004 - 2006). As stated in the Strategy, RBA expects PSB to be the leader in introducing new technologies, but to enable experimenting with digital signals to other commercial broadcasters. A detailed strategy has yet to be developed in order to answer all the challenges brought by the introduction of the new technology.

Serbia lags behind developed European countries with regard to the development of digital broadcasting. No date has been set for the general switchover from analogue signal to digital transmission. The existing legal framework and policy documents do not provide for the progressive regulation and development of digital broadcasting. However, even without state initiative, broadcasters, cable and satellite operators are already introducing new digital services.

RTS is in an advanced phase of preparation and is showing more understanding of contemporary developments regarding digital television than any other state institution. It will be the most important partner for the state when it decides to proceed with digital strategy development and digital switchover, since most of the Serbian broadcast transmitting network is still owned and managed by *RTS*. It has yet to become a genuine service for citizens, but it is, and will remain, an important contributor to the media scene.

7. Recommendations

- Serbian regulators should adjust laws and develop a digital switchover strategy. This should involve plans prior to the digital switchover for monitoring the entire process while it lasts, with constant monitoring after it is introduced. Timely regulative action is necessary.
- Both market players and consumers should be encouraged to accelerate the switchover by promoting the benefits of digitalisation and reducing switchover costs.
- Authorities should formulate and publicise their vision of long-term spectrum management (including principles and procedures for digital frequency distribution) and digital broadcasting developments. The public debate should become a wider and more professional forum.

- The state should provide equal opportunities for all market players to participate in the process. All stakeholders should be included. In order to encourage a faster, more cost-efficient switchover, public and market players should coordinate their actions and have some degree of information about each other. It would be beneficial for market players to conduct common research on consumer behaviour and expectations. The concepts of digital television, digital sets or analogue turn-off are often confusing for some population groups, and information and awareness campaigns are necessary.
- The state should establish a Digital Switchover Fund that would be used for the implementation of the switchover strategy.
- In the process of digitalization, special attention should be given to the public broadcaster. An entire multiplex (4-6 channels) should be assigned to the PSB. Regulative bodies should provide the PSB with political independence and sustainability.
- The PSB should use digital technologies to introduce a wider range of services and programmes (for example e-government, education or health-care services) and transform itself into a public service provider. It should increase the quota for independent productions. Special attention should be focused on minors, minorities and local communities.
- There should be more transparency in the operations and decision-making process of the PSB.

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WILL THE DIGITAL REVOLUTION BE TELEVISED? CONCERNS ABOUT THE FUTURE OF PUBLIC SERVICE PROGRAMMING IN BOSNIA AND HERZEGOVINA

By Adla ISANOVIĆ

1. Executive Summary

Besides the country's complex constitutional structure imposed by the Dayton Accords 1995[1], peace building efforts and slow economic recovery, other factors, transnational in scope, such as introducing new technology, and a multi-channel and multi-platform environment, have started affecting audience behaviours and are likely to change Bosnian-Herzegovinian (B&H) media landscape. Although these transnational changes are mostly ignored in B&H public discourse, seen as trivial issues compared to major ethno-national issues, it does not mean that they are far away from our reality, and that their effects will not hit public service broadcasters in Bosnia and Herzegovina (B&H) as well.

1 The General Framework Agreement for Peace in B&H, reached in Dayton in November and signed in Paris in December 1995, put an end to the three-and-a-half-year-long war in Bosnia. The main participants of the negotiation from the region were three presidents: Slobodan Milošević (Serbian), Franjo Tuđman (Croatian) and the Bosnian President, Alija Izetbegović. The negotiator was Richard Holbrooke, and one of the key participants in the US delegation was General Wesley Clark. The agreement defined the country's constitutional framework, including its governance structure and the present political division. It defined two constituent entities that enjoy substantial autonomy: the Federation of BiH (FBiH) and the Republika Srpske (RS) covering 51 percent and 49 percent of the land area, respectively. Each entity has its own legislature, and its tripartite presidency is made up of Bosniak, Croat, Serb representatives. As a result of the war, the three dominant constituent peoples live in territorial units that are ethnically much more homogenized than before the war. Today it is evident that this Agreement poses many problems in the process of reintegration and development of the civil society of B&H. Also it has been often criticized for the complexity of the constitutional framework. It also renders the process of European integration more difficult, which has as a precondition more efficient, simple and transparent structures which B&H with such a constitutional framework and governance structure does not have.

The lack of will and interest of the local political elites, the non-existent strategic approach to the future of media landscape in B&H in general with the development of the PSB in particular, the lack of sufficient understanding of digital age challenges, and information would not permit society to keep its status quo, but would more likely create a sense of illpreparedness regarding confronting such an environment and its empowered citizens.

As will be elaborated in the paper, in order to ensure sustainability and its development, public service broadcasters in B&H need support both from their audiences and from governmental structures. It is urgent that PSB change its attitude towards its audience, re-examining its changing behaviour (re-examine both its "public" and "services"). Together with governmental structures it needs to re-examine its role in multi-channel and multi-platform media environment, defining the remit of its activities, examining existing and possible state and regulatory policies, all in order to enable functioning and even the development of public service media in the future.

After all it is not technology that will save the public service media in B&H, but its "public" and the "services", since public service media can be justified only in terms of the programming it can develop, acquire or produce, and deliver to its audiences "anywhere, anyhow, anytime".

2. Introduction

It is often forgotten that the challenges of the digital age are not only related to technological changes (in content production, distribution and reception) and arriving market changes (internationalisation and concentration), but also to changes in audience / user's behaviour. These combined factors are reshaping the conditions for the public service media, challenging its role, remit, and questioning the whole idea of the public service media serving society and its citizens.

Audiences, who have too often been taken for granted, do not passively sit and wait for the full implementation of the reform or for PSBs to deliver them the content of their interest. On the contrary, they are increasingly taking power into their own hands from the broadcasters, by changing to other channels or platforms, deciding on what content, where and how it will used.

The chapter assumes that the central question is not whether we need public service broadcasters / media, or if their/its role in the cultural and political life of BH society would be dispensable. It is assumed that BH society would have a continuous need for such an instrument for social, political and cultural cohesion, for the protection and promotion of national and cultural diversities, serving "all" and "everybody", minority groups and the individual citizen, as well as that the commercial media alone would not be capable of fulfilling these needs.

The question is rather if the public broadcasting system in B&H is ready to confront these new challenges and furthermore, how it could be successfully adapted regarding the inevitable changes arising with digital age and information society.

In trying to answer these key questions the study will start with the analysis of the media environment and television content sector in B&H, audience shares and changing audience / user's behaviour. After presenting the regulatory framework and state policies, re-examining the obligations of the public media and the remit governing their activities, the analysis will concentrate on the public service programming in the digital context, in order to be completed with conclusions and finally offer a set of recommendations.

3. The Multi-channel and Digital Media Landscape

3.1 Media Landscapes - Shape and trends

Almost each household in the country has at least one television receiver (94.9 percent in 2004).[2] According to The Communications Regulatory Agency (hereafter, CRA or The Agency), in 2005 there were approximately 1,100,000 television households (hereafter, hh) in B&H, all of which could receive terrestrial television. Same reports noted that 48 percent (532,800) had satellite television while 9 percent of television hh (101.244) subscribe to cable TV services. Terrestrial television is only kept by 43 percent (475,956)[3]. According to Astra, a satellite operator which has conducted a similar survey for the region during the same period, the number of hh with satellite antennas in B&H is a little bit lower as is the number of hh subscribed to cable television, although it is still remarkable compared to the total multichannel penetration in B&H (see *Table1*).

Table 1.
Multichannel Television Penetration in South-East Europe

	TV hh	DTH / CATV		Cable TV		Total multichannel TV	
Bosnia	1,180,000	470,000	39.8%	90,000	7.6 %	560,000	47.5%
Croatia	1,430,000	480,000	33.6%	22,000	1.5%	502,000	35.1%
Serbia	2,580,000	220,000	8.5%	760,000	29.5%	980,000	38.0%
Slovenia	670,000	90,000	13.4%	380,000	56.7%	470,000	70.1%

Source: Astra survey - end 2004 (CRA)[4]

Cable and satellite penetration rates, as indicators of the multichannel penetration in B&H, would be very important for defining the strategy for introducing DTT and

2 Agency for Statistics of B&H, 2004, http://www.bhas.ba/ (accessed July, 2007)

3 Source: Eutelsat survey 2004, quoted in *Economic and legal analysis of the communications sector in Bosnia and Herzegovina*, 2005, p. 97.

4 Ibid, p. 93.

its promotion in the area. They introduce the benefits of multi-programming and thus, as praxis are showing, are contributing to the process of preparing the population to understand and accept the switch-over more easily during the transition period.

Nevertheless, terrestrial analogue television still remains a primary source of television programming in B&H, especially for domestic channels.

If we make a comparison to other countries in the surrounding region, we can conclude that unlike in Slovenia and Serbia, in B&H (as well as in Croatia) the number of hh having satellite antennas is bigger than of those subscribing to cable services. It is important to mention that 60 percent of the population in B&H still lives in rural areas which are harder for cable systems to reach. Still, over the last few years the cable industry has been growing. Although official data is not available, it is presumed that the number of cable subscribers in 2007 is significantly higher than the one listed above.

When analyzing the television market in B&H it is impossible to avoid considering the regional market which is made up of a number of neighboring countries sharing similar languages and other cultural and historical circumstances. That is one of the facts that made the CRA recognize that satellite "remains an ideal platform for the distribution and reception of television programs originating from one of these countries and willing to reach a wider potential audience living outside the national borders"[5]. In general, these potentials are not fully used since only a few BH channels are still available on regional and international satellites, reaching the Bosnian community and other public viewers living outside the national borders.[6]

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5 Ibid, p. 93.

6 When this report was written there was only one public service broadcaster, state-wide BHT1 (entity-wide FTV and RTRS were planning to launch their program on satellite in the near future-autumn 2007) and private broadcasters such as *OBN, NTV Hayat, RTV BN TV. Pink BH* licensed certain programming to Pink Plus and Pink Extra satellite television channels.

The terrestrial television market in B&H is very fragmented. The audio-visual sector has experienced a giant growth after the dissolution of ex-Yugoslavia and by the liberalization of the media sector (see *Table2*). There is a huge number of local media, especially if we keep in mind the relatively small population of around 3.8 million[7]. In 2007, besides the three TV operators of the public broadcasting system (BHT 1, FTV and RTRS) there are 40 TV stations among which 15 public and 25 private TV broadcasters operate on the basis of the licence granted by the CRA. According to CRA's data, in 2005 none of the TV broadcasters covered the whole territory, only a few of them were able to reach 70-80 percent of the population.[8] Audience research shows that none of them have domination over the market. At that time, the state wide public broadcaster BHT1 had a minimal coverage in the country. Neither *RTVFBIH* nor *RTSR*, as entity public broadcasters, owned transmitters in the other entity[9]. In 2006 accessibility to BHT1 reached 93 percent of the total BH territory[10], *RTRS*, 78 percent of RS population[11], while the last data for *FTV* noted 92.1 percent covering the population of the Federation B&H[12].

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7 Data on population: The Agency for Statistics of B&H, http://www.bhas.ba/ (accessed July 27, 2007)

8 "There are only two TV stations which are received by more than 2 millions viewers in approximately 100 municipalities (OBN and Pink); 7 "medium size" broadcasters cover between 16 and 50 municipalities reaching between 500.000 and 1.000.000 viewers; 30 TV stations are received by less than 500.000 viewers in less than 16 municipalities. It's worth noting that the remaining 11 TV stations have a very limited coverage, ranging between 1.500 and 80.000 viewers." in *Economic and legal analysis of the communications sector in Bosnia and Herzegovina*, 2005, p.73.

9 Ibid.

10 *Izvještaj o radu i poslovanju javnog radio televizijskog servisa Bosne i Hercegovine za 2006. godinu*, 2007, p.5.

11 Source: RTRS website, http://www.rtrs.tv/kompanija/pokrivenost.php (accessed July 27, 2007)

12 Source: Sector for communication and promotion of RTV and online programs of *RTVFBiH* (September 17, 2007)

Table 2.
Number of Radio and Television Channels in B&H (1991-2007)

Year	Television	Radio	Total
1991	5	54	59
1997	52	156	208
2000	71	210	281
2005	42	146	188
2007	43	146	189

Sources: R. Udovicic et al., 2001; Media Task Force, 2003:10; RAK Public register of RTV broadcasters, http://www.rak.ba

Not a single BH television station broadcasts its programme through digital signal. In that sense this country is far behind neighbouring countries that have already started with the experimental broadcasting of digital TV.

In general, the television market in B&H is financially poor. Although public television broadcasters of the entities were dominating on the market until 2003, they have steadily lost their position. Three major commercial networks (*Open Broadcast Network-OBN, Mreža Plus and TV Pink*)[13] are becoming strong rivals, while smaller broadcasters still face difficulties, and the future for all of them, in such a limited market, is unclear. In addition to these, there are several municipal/ cantonal local radio stations that are still receiving governmental financial support[14].

In the report prepared by the CRA[15] it is noted that television stations' revenues in 2004 were: KM 101,651,969 (approximately € 51,973,816) and their breakdown was as follows: advertising 45 percent (quite low and its relative weight compared to

13 *Television Accross Europe: Regulation, Policy and Independence (Bosnia-Herzegovina)*, 2005, p.269.

14 Representing a pre-war inheritance, a continuation from those times when most of the broadcasters were controlled directly by the State. Privatization of local (municipal and cantonal) public broadcasters is far from complete, although all preconditions are in place.

15 *Economic and legal analysis of the communications sector in Bosnia and Herzegovina*, pp. 69-70.

other sources of revenues is declining); public service subscription license fee 30 percent (and the weigh is increasing since 2003); public financing 5 percent; donations 1 percent; other 20 percent (see *Table3*).

Table 3.
Terrestrial TV Market in B&H

	2005 (estimations)		2004		2003	
	in KM	in EUR	in KM	in EUR	In KM	in EUR
TV broadcasters total revenues	**95,630,004**	**48,894,835**	**101,651,969**	**51,973,816**	**83,276,372**	**42,578,525**
Advertising, teleshoping and sponsorship	38,840,627	19,858,893	46,355,724	23,701,301	37,814,751	19,334,371
Public broadcasting service fee	33,121,101	16,934,547	32,520,817	16,627,626	22,675,148	11,593,617
Public financing	4,429,274	2,264,651	4,776,486	2,442,178	4,336,960	2,217,452
Donations	2,044,719	1,045,448	783,775	400,738	1,236,884	632,409
Other sources of revenues	17,127,004	8,756,896	17,179,168	8,783,567	17,212,630	8,800,676

Source: *The CRA* (in KM)[16]

In 2004[17] three public broadcasting operators represented 67 percent of the total market revenues, 16 percent was shared by three private operators (*NTV Hayat, Pink BiH, OBN*) and is gradually increasing, while the remaining 18 percent was split across the remaining local broadcasters. Advertising growth was slower than the overall market growth and 43 percent of total advertising revenues were shared among PSBs while the three most important private broadcasters controlled 32

16 Ibid, pp. 71-77.
17 Ibid, p.72.

percent of total advertising revenues.[18] In 2005 none of the subjects operating in the sector owned directly more than one TV station (except for the Government).[19]

Surveys confirm that the terrestrial TV market in B&H is characterized by a remarkable degree of vertical integration (infrastructure, and especially content production). Although many stations are active in the radio sector, they do not have much to do with other players in the communication sector (very few indicate lines with marketing agencies, cable operators or telecom industry).[20]

At the moment, there are 49 registered cable operators in the country. The majority is serving less than a thousand households. The standard service offered by them includes the distribution of TV channels, whereas just few of them are providing additional services to their subscribers such as an Internet connection through ISPs that lease capacity on the network[21]. The packages offered by the cable operators are very similar. The number of channels carried in the line-up range between 15 and 40 and they are normally four different types:

1. terrestrial channels originated in BiH seeking distribution in regions where they are not carried over terrestrial networks;
2. terrestrial free-to-air channels from neighbouring countries, such as *HRT1* and *HRT2* from Croatia;
3. terrestrial free-to-air channels from other European countries, such as Germany, France, Spain and Italy;
4. thematic channel usually included in basic packages of pay TV offer (*Discovery Channel, CNN international, Animal Planet, Cartoon Network, MTV Europe, Hallmark*).[22]

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18 Ibid, p.73.

19 Ibid, p.75.

20 Ibid, p.76.

21 Ibid, p.91.

22 Ibid, p.89.

The majority does not own their own channel or create content to distribute on their networks.[23]

In 2004, according to the CRA[24], the cable market was worth KM 11.4 million (approximately € 5.8 million). Its main source of revenues comes from subscription (63 percent). The market is relatively fragmented and only five operators have earned revenues totalling over KM 1 million (approximately € 0.51 million). There is no sign of considolation, nor concrete plans of foreign players entering. However, cable operators are very important players due to the growth of the sector as well as the longer term prospects of the digital transformation.

The other sector of rising importance is the telecommunication industry. Considered as a strategic target during the war, the telecom networks suffered extensive damage.[25] In recent years the telecommunication industry went through significant transformation, thanks to the strong investments in its reconstruction, expansion and preparations for the liberalisation process.[26]

There are three licenced fixed telecommunications operators that are granted a nation-wide licence for fixed telephoning: BH Telecom d.d. Sarajevo which mainly covers the Federation territory[27], Telekom Srpske a.d. Banja Luka which is

23 Except for a few of them that offer a channel for general information in their package or distribute advertising

24 *Economic and legal analysis of the communications sector in Bosnia and Herzegovina*, p.91

25 At the end of the war the subscriber lines had decreased by almost 45%; the exchange capacity had decreased by 25 %; 40 % of transmission routes and 65 % of the long distance network has been destroyed. Source: *Economic and legal analysis of the communications sector in Bosnia and Herzegovina*, p.110

26 The cost to re-establish the infrastructures sector, including rehabilitating the long-distance transmission network and procuring auxiliary equipment was estimated by Swedtel Consulting at US $ 222 million. An additional US $132 million would be required for the expansion and the modernisation of the system.

27 51% of the BH population (2005)

concentrated in the territory of the Republika Srpska[28] and HT d.o.o. Mostar whose network covers the western area of Herzegovina, some areas of Central Bosnia and the municipality of Orašje[29]. However, their licence gives all of them the right to extend their operation over the whole country. Concerning their ownership, since June 2007 the new owner of 65 percent of the total capital in Telekom Srpske is Telekom Srbija, while the other two operators remain by majority state-owned.[30] Three of them are also the sole licenced GSM operators.[31]

Overall telecommunication market revenues in 2004 were approximately KM 850 million (€ 434, 6 million or 8.3 percent of BH GDP) and its year growth of 7 percent was made mainly due to the remarkable grow of the mobile sector[32] (The total breakdown of revenues in the sector in 2004 was: fixed lines 55 percent, mobile 41 percent, data and leased lines 3 percent and Internet only 1 percent).[33]

The number of landline telephones in 2005 was 1,002,000 and the realistic penetration rate in BH households varied between 75-80 percent, while EU average was 97 percent.[34] The number of active mobile-phone subscribers in B&H in 2005 was somewhat less than 1.500.000 and the penetration rate of mobile connections, 39 percent[35]. Total penetration is

28 34 % of the BH population (2005)

29 16 % of the BH population (2005)

30 Ownership structure: BH Telecom d.d. Sarajevo (government 90 %, percent, private ownership 10 %) Telekom Srpske a.d. Banja Luka (Telecom Srbija - 65 %, privatization funds 10%, pension funds 10%, restitution fund 5%, other stake holders 10%); Hrvatske telekomunikacije d.o.o. Mostar (State (FBIH) 63 %, HT Zagreb 30 %, HP Zagreb 7 %).

31 as with June 18, 2007 (Source: www.rak.ba)

32 from 381,000 (2001) to 1,500,000 (2006). Source: *Analysis of BiH Society e-readiness. Report for 2005*, p. 22.

33 *Economic and legal analysis of the communications sector in Bosnia and Herzegovina*, 2005, p. 111.

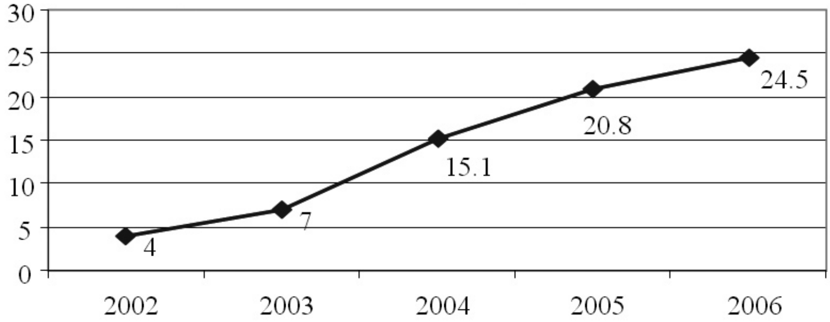
34 *Analysis of BiH Society e-readiness.* Report for 2005, p. 21.

35 Since the population under 16 was excluded from the research sample we can presume that the penetration level was probably higher than 39 percent.

still below the average of the EU and neighbouring countries. In EU countries this number is often over 100 percent, while for Slovenia and Croatia in the same period this number was significally higher than 70 percent. Therefore, we could conclude that there are more developing potentials in the field for BH telecommunication industry.[36]

All three fixed telecom operators also operated as Internet service providers (hereafter, ISPs). Although the Internet penetration rate in B&H is still low (estimated as 24.5 percent in 2006) it has undergone remarkable progress (*Graph1*), as well as the sector of ISPs that reaches the number of 58[37].

Graph1. Internet Usage Rate in Percentages



Source: *The CRA*[38]

36 Also, as stated in the *World Information Society Report 2007* (p. 8), mobile telephoning holds the greatest potential to bridge the digital divide. The least developed countries (LDCs) are catching up with developing countries in terms of mobile phones, Internet usage. However the least developed countries are actually being left behind in fixed lines, where there is a widening gap between developing countries and LDCs. This may have a negative impact on the take-up of broadband in the LDCs.

37 Number of ISPs per year: 42 (2004), 44 (2005), 52 (2006), 58 (June 12 2007). Source: CRA, *Annual Survey of Holders of CRA Licences for Provision of Internet Services in Bosnia and Herzegovina in 2006*, p.4.

38 Ibid, pp. 2-3.

Table 4.
Number of Internet Users for 2004, 2005 and 2006.

	2004	2005	2006
Number of Internet users	585.000	805.185	950.000

Source: *The CRA*[39]

Table 5.
Breakdown of Internet Subscribers by Types for 2004, 2005 and 2006

Internet Access	Number of subscribers (total)						
		2004		2005		2006	
Dial-up	Dial-up	162,300		162,789		197,909	
	ISDN						
Broadband	Wireless	1,641	6,637	3,046	13,702	4,330	39,751
	Cable access	2,394		4,751		11,863	
	ADSL	1,497		4,845		22,170	
	Leased lines	1,101		1,054		1,241	
	Other	4		6		147	
Total number of subscribers		168, 937		176,491		237,660	

Source: *The CRA*[40]

The questionnaire results, based on the sample of 43 licensed ISPs, showed that in 2006 in B&H there were 237,660 Internet subscribers. However, the number of subscribers measures those who are paying for a subscription and not the number of users (the latter is of course larger). Appling the International Telecommunications Union's definition according to which any person between the ages 16-74 using Internet during the year represents an Internet user, the CRA estimated that in B&H there were 950.000 Internet users (24.5 percent) in 2006 (*Table4*).

39 Ibid, pp. 2-3.
40 Ibid, p. 4.

Representing 83.3 percent of Internet subscribers in 2006, the "dial-up" service was the dominant type of Internet access in B&H (see *Table5*). Broadband subscribers are still a minority, representing 16.7 percent out of all Internet subscribers. This is currently one of the major barriers for delivering audio-visual materials by Internet to the audience. Over the last few years cable access and especially ADSL service (offered to B&H users at the end of 2003) have faced remarkable growth (see *Table5*).

The World Information Society Report 2007[41] thus concludes that B&H is in the group of economies with medium Digital Opportunity Index scores (DOI)[42]. These countries have a high average of Opportunity[43], due to good mobile coverage and relatively low prices. It is also noted that this group is distinguished from the low DOI economies by reasonable infrastructure and the growing use of advanced technologies.

3.2 Audience Share and Changing Audience/ User Behaviour

Television content still remains the main source of information for the majority of the population,[44] both in urban and rural areas.[45] According to the MIB's data from

41 Source: *World Information Society Report 2007*.

42 Together with China, Brazil, Egypt and Indonesia, as well as Albania, Belarus, Ukraine, etc. Precisely BH DOI=0.48, 35th in Europe and 64th in world). *World Information Society Report 2007*, pp. 42-45.

43 Categories: Opportunity, Infrastructure and Utilisation.

44 T. Jusić, "Mediji u demokratskom društvu" in *Procjena razvoja demokratije u Bosni i Herecgovini*. Fond otvoreno društvo BiH, 2006, p.276 - Total readership of dailies in B&H 40% (if the regular readers are those who read newspapers at least three times a week). 20% of adults do not read daily newspaper at all, and the rest (40%) read daily newspapers less than two times a week and rarely. Weekly newspapers- 40.9% do not read, 13.7% read regularly, 22.4% reads 2-3 times a week, 23% monthly (Source: BHMedia Market Monitor, MIB, 2005)

45 According to data gathered through the survey by the Agency for statistics of BiH in 2004 almost 60% of the population lives in rural areas (in RS almost two thirds, while in FBiH and BD more than 50%) http://www.bhas.ba/ (accessed July 2007)

2005,[46] 95.6 percent watch television everyday. If we have in mind that the average time spent watching television (for adults) in Europe in 2003 was 219 min[47], then we can conclude that people in B&H are above this average value, and that time spent watching TV is constantly growing (see *Table6*).

Table 6.
Time Spend Watching TV Programmes (in minutes)

	2002	2003	2004	2005	2006[48]
Bosnia and Herzegovina	279	289	284	296	320
Federation of BIH	289	297	297	294	315
Republika Srpska (including BD)	263	275	264	299	323

Source: *Mareco Index Bosnia (hereafter, MIB)*[49]

Some believe that one of the reasons for such high rates is significantly higher unemployment, which in B&H reaches 31.1 percent.[50] However, we must not forget that the offer of television content has been continuously growing. As a consequence, a multichannal environment and new technology did not decrease time spent watching television but they have decreased time spent watching PSBs, which is now being challenged by a range of content providers.

The last five years in B&H in general, have been defined by a huge increase of audience who watches the programs of foreign television stations received through satellite or cable (*HRT 1&2, NOVA TV, RTL* from Croatia and *PINK, RTS 1&2, BK, B92*

46 BHMedia Market Monitor, MIB, 2005

47 Source: *Television Across Europe: Regulation, Policy and Independence / Overview*, 2005, p. 120.

48 Only from Jan-April 2006.

49 Report MIB - BiH Gallup International "*Mjerenje gledanosti TV stanica 2002 - 2006*".

50 *National Human Development Report 2007*, "Social Inclusion in Bosnia and Herzegovina", p. 74.

from Serbia) while the same period for public service broadcasters have been marked by a significant audience decease[51] (See *Table7 and Table8*).

Table 7.
Television Audience Shares for B&H as a Whole (2002-2006)

	Audience share (percent)				
	2002	2003	2004	2005	2006
Public service (FTV; RTRS; *BHT1 from 2004)	37.9	33.5	31.8	24.8	23.7
Local / regional TV stations	42.6	45.0	48.9	40.6	40.3
Foreign TV stations	14.3	16.3	14.6	30.8	33.3
Other satellite TV channels	5.2	5.2	4.7	3.8	2.7

Source: MIB[52]

In this five-year period, audiences have decreased both by three public operators (from 37.4 to 23.7 percent) and the local public TV stations (from 7.6 to 1.8 percent). Private domestic TV stations are on the other hand taking a bigger slice of the audience share (from 19.4 to 32.6 percent). The rest of the numerous small domestic TV channels are losing their audience and it is unclear how they survive at all in such a fragmented market (from 15.6 to 5.9 percent). (See *Table8* and *Table9*)

Media and especially television broadcasting played a significant role in the dissolution of former Yugoslavia and the wars that followed on its territories. State broadcasting networks were used as action arenas by the political leaders, promoting ethnic nationalism, arousing fear of "the Other," eliminating political alternatives and playing a significant role in the conflict development. Therefore, state-controlled media was more a part of the problem than of the solution. The war in B&H resulted with

51 Since *BHT1* started with broadcasting its content only in 2004, we can conclude that the decrease of *FTV* and *RTRS* audience in particular was even bigger (see *Table10*).

52 Report MIB - BiH Gallup International "*Mjerenje gledanosti TV stanica 2002 - 2006*"

Table 8.
Television Audience Shares in B&H (2002-2006)[53]

Audience share (percent)

No.		2002		2003		2004		2005		2006
1	FTV	30.1	FTV	26.9	FTV	23.8	FTV	13.7	PINK BH	12.5
2	RTRS	7.3	OBN	6.9	PINK BH	10.4	PINK BH	11.6	FTV	11.8
3	OBN	5.8	RTRS	6.5	OBN	7.7	TV BN	6.1	BHT	7
4	NTV HAYAT	5.5	NTV HAYAT	6.2	NTV HAYAT	6.6	BHT	6	OBN	6.4
5	TVTK	3.9	TV BN	4.2	RTRS	5.2	OBN	5.3	TV BN	5.6
6	ATV	3.6	TV TK	4.2	ATV	4.4	NTV HAYAT	5.3	RTRS	4.9
7	TV BN	3.0	ATV	3.7	TV BN	4.4	RTRS	5.1	NTV HAYAT	4.7
8	RTV HIT	1.5	PINK BH	3.6	TV TK	3.5	ATV	3.7	ATV	3.4
9	TV TUZLA	1.5	TV SA	1.7	BHT	2.8	TV TK	2.5	TV TK	1.8
10	TVZENICA	1.3	TVTUZLA	1.1	TVTUZLA	1.6				
11	RTV USK	0.9	RTV HIT	0.9	TV SA	1.2				
12					TV ZENICA	1.2				
13	Other domestic TV channels	15.6	Other domestic TV channels	12.5	Other domestic TV channels	7.9	Other domestic TV channels	6.3	Other domestic TV channels	5.9
14	Other ino TV channels	14.3	Other ino TV channels	16.3	Other ino TV channels	14.6	Other ino TV channels	30.8	Other ino TV channels	33.3
15	Other satellite TV channels	5.2	Other satellite TV channels	5.2	Other satellite TV channels	4.7	Other satellite TV channels	3.8	Other satellite TV TV channels	2.7

Source: MIB[54]

53 *FTV, RTRS, BHT1* -public broadcasting operators; *OBN, NTV HAYAT, PINK BIH*- big private operators available in large part of territory; *TVTK, TV TUZLA, TVZENICA, RTVUSK, TVSA*, -smaller local public broadcasters; *ATV, TV BN, RTV HIT* - smaller local private broadcasters.

54 Report MIB - BiH Gallup International "*Mjerenje gledanosti TV stanica 2002 - 2006*"

the division of the media space along ethnic lines, reflecting the territorial divisions within the country itself and making the three new, ethnically-shaped media systems.[55]

In addition to fragmentation along territorial and ethnic lines, the media sector is confronted with the strong competition from neighbouring countries, which of course reflects the audience's behaviour and is extremely important for the present and future functioning of PSBs.

As seen from *Table 9*, the top category for the entity audiences in RS is TV stations from neighbouring countries. PSBs do not attract a lot of them and a great number is watching other domestic commercial TV channels.[56] As MIB's audience

Table 9.
Television Audience Shares by Entities (2002-2006)

Audience share (per cent)

	2002		2003		2004		2005		2006	
	FBIH	RS	FBIH	RS	FBIH	RS	FBIH	RS	FBIH	RS
Public service (FTV, RTRS, *BHT1 from 2004)	45.2	24.5	39.9	22.6	39.8	16.6	32.2	14.8	31.1	13.8
Local / regional TV stations	44.3	40.3	46.2	43.6	46.1	54.1	41.2	40.7	40.7	40.3
Foreign TV stations	4.4	30.7	7.4	30.8	8.4	26.4	21.0	42.8	24.5	44.4
Other satellite TV channels	6.1	3.6	6.5	3.0	5.7	2.9	5.6	1.7	3.7	1.5

Source: MIB[57] (data crossed)

55 Find more on the issue in *Television Accross Europe: Regulation, Policy and Independence (Bosnia - Herzegovina)* EUMAP, 2005.

56 Although the three largest private TV stations in B&H are commercial stations, *Pink BiH, OBN* and *NTV Hayat,* the top domestic TV channels in RS (excluding PSB) are *Pink BiH, TV BN, ATV, OBN*, while in FBiH those are : *Pink BiH, NTV Hayat* and *OBN* (last available data 2006).

57 Report MIB - BiH Gallup International "*Mjerenje gledanosti TV stanica 2002 - 2006*".

measurement shows each of the public service providers is losing its audience in RS (*Table10*). Public broadcasters *BHT1* and *FTV* have very low rates. Entity public broadcaster *RTRS* was in first place in 2002 and 2003, but in 2006 it dropped to third place, while first place is now reserved for the commercial channel *PINK BH*.

The situation in FBIH is a bit different. Domestic channels (excluding PSBs) attract approximately the same percentage of the audience as in RS, although PSBs are still watched more in FB&H than in RS. However, public broadcasters in total are losing their audience in Federation as well, mostly because of the decrease of viewership of entity-wide broadcaster FTV and very low viewership of the other two public TV broadcasters (see *Table10*). Although, over the last three years, two out of three public broadcasters were among the top 5 channels in the Federation, TV stations from neighbouring countries record a significant increase in its audience (*Table9*).

Table 10.
Television Audience Shares for the Public Broadcasting Operators by Each Entity, 2002-2006 (in%, out of total 100%)

Audience share (percent)

	2002		2003		2004		2005		2006	
	FBIH	RS	FBIH	RS	FBIH	RS	FBIH	RS	FBIH	RS
BHT 1	-	-	-	-	3.9	N/A[58]	9.1	2.2	10.2	3.0
FTV	44.2	7.1	39.0	6.3	34.8	4.1	23.1	2.2	20.9	1.4
RTRS	1.0	18.2	0.8	16.3	1.1	12.5	N/A[59]	10.5	N/A	9.4

Source: Data gathered and crossed from: *MIB*[60]

58 N/A -under 1%, not on the list of top 12 ch

59 under 1%, not on the list of top 12 ch

60 Report MIB - BiH Gallup International "*Mjerenje gledanosti TV stanica 2002 - 2006*".

The media landscape is divided by ethnic lines. As research data[61] shows, in areas with a Bosniac majority the most frequently watched channels were *FTV*, *BHT1* and *OBN*, while in areas with a Croat majority the most frequent channels were channels from neighbouring Croatia (*HRT 1&2, HR RTL* and *Nova TV*). In areas with a Serb majority the most frequently watched channels were *PINK BH, BN* and *RTRS*). However, all these channels attract audiences in all of the three regions.[62]

All these results indicate the problem of PSBs in fulfilling their remit, both state-wide and entity-wide. The fragmentation of the audiences along ethnic lines is actually in a conflict with the role of the public service media and indicates, in a way, a failure of their social and cultural remits.

Besides its own fragmentation, 'inherited' audience segregation along territorial and ethnic lines, the public broadcasting system in B&H is now challenged by the emerging competition from private and commercial media, mainly because those can offer a range of mainstream content and service as we will see in detail in the analysis of the public service TV programming in Section Six.

In finding a content of their interest, today audiences / users not only can choose among different channels, but also among different platforms. The introduction of new technology did not decrease the TV viewing time of the B&H population. However, the usage of other platforms, in particular the Internet and the Web has

61 GfK BH Market Research Centar, "Broadcasting Media in B&H" (Press Release), 16.02.2006 (Sample of 1000 respondents age 15 and over).

62 GfK BH results also suggest that the case of PINK BH Television is interesting when it comes to the age of respondents. According to them, the younger population (15-24 years), in these three areas assessed, watch PINK BH more frequently than other age groups, probably due to the fact that its main program is entertainment, very limited news and informative programmes. Source: GfK BH- "Broadcasting Media in B&H" (Press Release), 16.02.2006

increased and is changing audience behaviour regarding the content and service provision.[63] As of July 2007, the top websites in B&H were[64]:

1. *Microsoft Network (MSN)* (msn.com) - Collection of Internet services provided by Microsoft -global nº 2;
2. *Yahoo!* (yahoo.com) - Provides whole range of products and services, including a web portal, a search engine, the Yahoo! Directory, Yahoo! Mail, news, and posting - global nº 1;
3. *Dernek.ba* (dernek.ba) - BH Social Networking Site;
4. *YouTube* (youtube.com) - Video sharing website - global nº 4;
5. *Google* (google.com) - Search engine - global nº 3;
6. *Windows Live* (live.com) - Search engine from Microsoft - global nº 5;
7. *Google.ba* (google.ba) - Search engine, BH version;
8. *Blogger.ba* (blogger.ba) - BH blog community;
9. *Rapidshare.com* (rapidshare.com) - One-click hosting site, for locating and sharing the files - global nº 14;
10. *Sarajevo-x.com* - BH web portal offering news, and several interactive features (forum, etc);
11. *Myspace* (myspace.com) - International Social networking website - global nº 6.

Similar to global trends, apart from the leading companies for finding information (search engines) or establishing simple interpersonal communication (mail, chat, etc.), the most popular sites are those that offer a variety of contents, shared based, social networking sites and sites that are marked by a high level of user involvement and participation. As British OFCOM recognizes, it seems that

63 There is no official data about the number of sites in the languages of B&H available on the net and even if they would exist their analysis would be very complex.

64 Source: The Web Information Company Alexa (www.alexa.com), best known for operating a website that provides information on the web. (accessed July 2007)

"consumers are no longer merely "end users" of information and service provided by a smaller number of hosts / content generators, but instead are increasingly becoming both consumers and generators themselves."[65]

Dernek.ba, a B&H social networking site is a good illustration of the popularity of these services. The website was launched February 17, 2007. By July 2007 there were 80.984 registered users, who have sent 7.5 millions of messages, 85.662 written blogs. In such a short period users uploaded almost 482.998 images and made 686,381 comments.

Although users using broadband in B&H are still minority, YouTube is still the top site for video content on the Web both locally and globally. Huge number of clips or shows, BH television programming, especially of public service broadcasters (both entertainment and news, documentaries and informative programme) are already on YouTube, uploaded by the users themselves. What is even more important is that many of them often mark a significant number of viewers.[66]

The usage of social networking websites and other areas of user-generated internet content indicate that new technology is transferring the power from broadcasters to audiences, or users. Also, as Papathanassopoulos noted, "Public broadcasters were established to cater to the mass public. On the other hand, the digital era has heralded the end of the mass audience and thus public broadcasters face the most severe challenge in their long and distinguished history."[67]

65 "The Communications Market 2006", Ofcom, 2006, p. 110

66 The number of views of particular clips from news and informative programming of BH outlets was sometimes above 13.000 (until that day). It is hard to search these items since they have been indexed in different ways, however, the clip from BHT on Jusuf Barčić (being perceived as a one of the informal leaders of the Wahhabi Movement in B&H) on that day reached 13.127 views, one clip form the show " 60 minuta"-"Jedan od dokaza o učešću Srbije u genocidu u Srebrenici" (*One of the proofs on Serbia's participation in the genocide in Srebrenica*), had 13.092 views, clips from central news shows were online and viewed, etc.

67 S. Papathanassopoulos. *European Television in the Digital Age (Issues, Dynamics and Realities).* Polity Press, 2002, p. 83.

Although there are beliefs that the introduction of new technologies leads to isolation, if we keep in mind the popularity of Web 2.0, we might rather think of Henry Jenkins who claims that

> Convergence requires media companies to rethink old assumptions about what it means to consume media, assumptions that shape both programming and marketing decisions. If old consumers were assumed to be passive, the new consumers are active. If old consumers were predictable and stayed where you told them to stay, than new consumers are migratory, showing a declining loyalty to networks or media. If old consumers were isolated individuals, the new consumers are more socially connected. If the work of media consumers was once silent and invisible, the new consumers are now noisy and public.[68]

The problems that could likely mark the future of public service broadcasting in our country (with the arrival of a multiplatform, multi-channel environment) are not to be find or resolved in changing audience behaviour, but in the inflexibility, (the lack of) adequate public policies and regulations that would PSB to adapt to the changing environment, and ensure its development in a multi-channel and multi-platform environment.

4. Regulatory Framework and State Policies

4.1 Legal and Institutional Framework

As Karol Jakubowicz noted, in the Central and Eastern Europe broadcasting legislation which was written after 1989 primarily to answer the questions: "who owns and who controls?" (Jakubowicz, 2007), i.e. to resolve political issues related to

68 H. Jenkins. *Convergence Culture. 2006*, p.19.

broadcasting, with almost total disregard in many cases for the technical market and financial aspects of the sector."[69] Due to the slow recovery of this post-war society and due to the complexity of the political, social and economic situation, the situation in B&H was even worse.

As in other similar post-conflict societies there was a significant engagement by the international community (international CSOs, donors, inter governmental organizations) in supporting media development, but as recognized in UNDP study on the PSB in Bosnia: "much of this support was uncoordinated and carried out in piecemeal fashion."[70]

As stated in the EUMAP report, from late 1995 to 1998 the media scene in B&H was characterized by non-compliance with the basic standards of impartial and professional journalism, discriminatory practices, nationalist parties preventing the development of impartial and professional media, and local authorities obstructing the creation of cross-entity media networks, undermining the whole concept of the rules and regulations regarding the media.[71] International attention at that time was not concerned so much with the media sector as with the military aspect of the Dayton Peace Agreement. They changed its approach and policies around mid 1997 in order to develop an independent domestic media and the legal and institutional framework that was necessary for its functioning and

69 K. Jakubowicz, "Digital Switchover in Central and Eastern Europe: Premature or Badly Needed?" The Public / Javnost, Vol.14 (2007), No.1, p. 22.

70 Find more in "*Supporting Public Service Broadcasting: Learning from Bosnia and Herzegovina's experience*", UNDP-Bureau for Development Policy-Democratic Governance Group, 2004, pp 16-19. Also in M. Thompson, International Assistance to Media, A report to the OSCE Representative on Freedom of Media. Vienna 2000, Conclusions and Recommendations #176

71 In the early 1990s and during the war it was relatively easy to establish a media outlet due to the specific situation in the country - "unregulated" sector, often with the support of the political power centers or international donors. That resulted in 156 radio and 52 TV stations in 1997.

sustainability.[72] The *Independent Media Commission (IMC)* was established by the Office of the Higher Representative (hereafter, OHR) and SFOR, as the respected and influential regulatory body in the field of broadcasting. OHR with its broad powers, including the right to impose legislation, articulated its 1998 media strategy covering: a) media restructuring and new media legislation, b) encouragement of independent and alternative sources of information and c) the establishment of a PSB system.[73]

Today, the sector of print media is self-regulated, while *The Communications Regulatory Agency (CRA)* represents an independent state institution with sole jurisdiction over telecommunications and broadcasting across the entire territory of B&H. The Agency was originally established in March 2001 by a decision of the High Representative (hereafter, HR), combining the competencies of the IMC (broadcasting) and the *Telecommunications Regulatory Agency* (telecommu-nications), which were, until that time, separately performing their respective functions. In October 2002, *Law on Communications of Bosnia and Herzegovina*[74] (hereafter, Law on Communications),

72 The Dayton agreement provided the establishment of the Office of the High Representative (OHR) being appointed by the UN Security Council, with broad powers including the right to impose legislation. Media reform and development have been herded together by the High Representative (OHR), SFOR (stability forces), the IMC (regulatory and licensing competence), and the OSCE. Numerous international actors wished to support the creation of an independent media system and the supporting areas included infrastructure, equipment, institutional reform, regulatory mechanisms, trainings for journalists, media pluralism development (for more on the issue look :"Supporting Public Service Broadcasting: Learning from Bosnia and Herzegovina's experience", UNDP-Bureau for Development Policy-Democratic Governance Group, 2004; Also, Rhodes A., "Ten years of media support to the Balkans / An Assessment", Published under the auspices of Yasha Lange on behalf of the Media Task Force of the Stability Pact for South Eastern Europe, 2007.

73 *Supporting Public Service Broadcasting: Learning from Bosnia and Herzegovina's experience*, UNDP, p.15

74 Law on Communications of Bosnia and Herzegovina, *Official Gazette of BiH*, No. 33/03 of 12 Nov. 2002, available in English at http://www.cra.ba/en/legal/?cid=2427 (accessed July 8, 2007).

which was put in force in order to regulate communications, finally defined the mandate and responsibilities of the CRA, which are: regulating, broadcasting, and public telecommunications networks and services, including licensing, tariffing, interconnection, and defining the basic conditions for the provision of common and international communications facilities; and planning, coordinating, allocating and assigning the use of the radio frequency spectrum. The Law on Communications also defined responsibilities of the *B&H Council of Ministers* which is in charge of policy-making.

Since its creation, the CRA has undergone a transition process from an international agency to a fully domestic agency (March 2005). Today, it has three operational divisions: Telecommunication division, Broadcasting division and the Division of General and Legal Affairs. Its alignment of the administrative autonomy with the institutional framework of EU countries is to be seen as an advantage.

The general legal framework for the communications sector in B&H was introduced by the Law on Communications but was integrated in May 2005 with the ratification of *the European Convention on Transfrontier Television*, which establishes basic rules concerning the content of television transmission, advertising, teleshopping, protection of minors, right of reply, etc. for the purpose of facilitating (re)transmission of TV programmes between the member states of the Council of Europe. The comprehensive framework has been defined also by several rules and codes of practices set by the CRA[75].

4.2 (The Missing) Digitalisation Policy and Strategy

Recently, OHR's efforts are focused on a single media reform issue - the unification of the country's dual entity public broadcasters with the state public

75 Also in 1999, the IMC issued the Rule 01 /1999 "Definitions and Obligations of Public Broadcasting" to define the sector of public broadcasters and to set out the basic principles for governing the sector of public broadcasting. The status of public broadcasters is defined by specific obligations regarding the type, quality of programming and governance system.

broadcaster which should bring B&H public service broadcasting (introduced more than decade ago) in line with established European practice . This is also a precondition for the signing of the Stabilization and Association Agreement with the European Union. Although digitalization of the broadcasting sector in B&H is also one of the preconditions in this area according to the European standards, digitalization policies, and especially those related to the PSB, do not appear to be the priority neither for the government, nor for the public service broadcasters. Similar to other countries in the region, as Beata Ociepka recognizes, there is no evidence that the governments and political parties in the region acknowledge this trend in media development - the tendency is opposite. The governments and parliaments were concentrating on regulating old media and amending media law and that is a form of media power they want to preserve.[76]

Although in other countries the public service broadcasters are in general recognized as key players in the roll-out of DTT, without a joint strategic approach, regulatory framework, and technical and financial pre-conditions , PSBs in B&H will not be able to (nor should) play that role alone. It is already clear that: "this situation is a consequence of two key characteristics of contemporary B&H: it has no regulatory framework for introducing DTT, and its public service broadcasting project has been in such turmoil for years that it has no capacity to engage in such a complex project and become a prime mover of the switchover process".[77]

For effective policy making, a degree of interest, and a proactive attitude of all stakeholders is needed. An important role is to be played by local authorities and the

76 B. Ociepka, "The Use and Misuse of Public Media in Central Europe -Another Form of Internationalisation of Media and Political Communication" Political Communication Research Section, University of Wroclaw, Poland, p.14.

77 In: *Television Across Europe: Regulation, Policy and Independence (Bosnia - Herzegovina), 2005*, p. 325.

CRA and the Council of Ministers (as well as the B&H Ministry of Communication and Transport) responsible for developing and adopting policies and strategies.

Table 11.
Key Policy Documents (Approved and Expected) Relevant to Digitalisation

Year	Institution	Document	Author	Status
2004	Council of Ministers of B&H	Policy for Development of the Information Society of B&H Strategy for Development of the Information Society of B&H Action Plan for Development of the Information Society of B&H	Council of Ministers of B&H and the UNDP (expert team & government team)	Policy adopted on June 22, 2004. Strategy and Action plan (covering period 2004-2010) adopted on Nov 16th 2004
2006	Council of Ministers of B&H	Broadcasting policy in B&H	Ministry of communication and transport of B&H	Policy adopted on Nov 28, 2006, effective from March 13, 2007.
Expected late 2008-early 2009	Council of Ministers of B&H	National Strategy for Introducing Digital Terrestrial Television in B&H	Expert group DTT Forum (CRA and the Council of Misniters)	In the process of creation. Expected to be adopted at the end of 2008 / beginning 2009

By 2015 (preferably 2012) broadcast media should be fully digitalized in Europe. As defined in a report of the Working Group on Digital Terrestrial Television of the European Platform of Regulatory Authorities (EPRA), B&H belongs to a group of so called "followers" - countries where a regulatory framework for the launch of DTT has not yet been established and the transition to DTT is still in a very early stage[78] (*Table 11*). In B&H neither policy making occurred (governance and coordination of the analogue switch off; policy measures for development of DTT measures; supporting legislator; drafting of regulation) nor was it implemented (Licensing procedures; Regulation of access to platforms; Selection of Network operators; Influencing composition of multiplexes;).[79] Regulation for the start up of the DTT has not been drafted, capacity, not yet allocated to operators for the launch of DTT, start up date for DTT of PSB was not established, switch off of analogue frequency has not been set by the law, support policies for network operators and content providers, not yet defined, nor the support measures for the diffusion of receivers, nor have the standardization policies to induce harmonization or quick technological substitution.

The first steps in defining the state strategy were made through the establishment of the DTT Forum, tasked with developing a draft strategy for transferring from analogue to digital broadcasting and proposing a final date for analogue switch-off. The establishment of the Forum was initiated at the conference on "Introduction on Digital Television in Bosnia and Herzegovina"(Sarajevo, end of March 2006).[80] The Forum is supposed to work under the BH Council of Ministers, although its work on preparing the Strategy was starting just when this chapter was being written (early autumn 2007).[81]

78 EPRA - Final Report, Working Group on Digital Terrestrial Television in EPRA Countries, Coordinated by AGCOM (Italy); Rome, 2004, p.7.

79 Frequency allocation is being implemented by the CRA.

80 The conference was held within the Twinning Project between Communications Regulatory Agency and Italian regulatory agency AGCOM. Both the Project and the Conference were sponsored by European Union.

81 The DTT Forum should analyse the current broadcasting environment and elaborate on a comprehensive plan for the transition from analogue and consider: the amount of capacity that can be allocated at national or local level for the digital broadcasting in the initial phase; how to allocate the capacity and through which procedure; the identification of the different phases of the transition and switch-off strategy, if advisable; the identification of different players in the value chain of digital broadcasting: network operators, content providers, service providers etc. and the role played by each of them; the identification of different licenses (and therefore different requirements and obligations) for the different players in the value chain.

It is evident that there is no alternative to the introduction of digital television in B&H, as well as that its regulation and legislation must be harmonized with the valid legislation in the EU. However, as international experts at the 2006 Conference explained, policy convergence would create the need to establish a suitable regulatory framework that would stimulate provision for the most varied contents and protection for the final users at the same time.

Everybody agrees that it is necessary to include a wider community into this process since the issue must be considered not only from a technical but also from an economic, social, cultural and political aspect. Taking into consideration the effects that digital diffusion will have on life of every individual, experts agree that the process of issuing decisions must not be monopolized by a narrow group of people, and instead it is necessary to include as large as possible number of interested people into discussions by establishing relevant official and unofficial bodies, public discussions and other suitable ways of communication.

Although the transition must be harmonized with European timelines, the CRA also believes that due to the complexity, fragmentation and underdevelopment of the media market in B&H, an early switch off would not be a foreseeable option.

The strategy must still be formulated and implemented. In the meantime, numerous questions remain without answers: How would this be possible with the existing disinterest and passive attitude of the governmental structures? What would be their role in the whole process? How will the universal access be ensured? How to ensure that public broadcasters fulfill its public service remit in such a competitive market? Will the citizens be able at all to purchase new products of technology and how will the support be ensured? Shouldn't this process be harmonized wit the Strategy for the Introduction of Information Society in B&H?[82] And finally is this going

82 The Strategy for the development of the BH information society includes: eLegislation, eEducation, eGovernment, ICT infrastructure, ICT Industry, is a document that the Council of Ministers accepted on November 16, 2004. It includes period of 2004-2010.

to be enough to ensure the continuity of published service programming or should there be additional steps made by the public service broadcasters themselves to ensure the fulfillment of their remit? What are the steps that could and should be made by the public service broadcaster itself?

5. Regulation and Management of the Public Service Television Broadcasters

5.1. Establishment and Development of the Public Service Broadcasting System

The establishment of the state-wide public service broadcasting system has been a very long process in B&H and numerous European donors, the European Commission as well as OHR have invested a lot of effort in supporting the development of public service broadcasting, and in particular in creating a state-wide public service broadcaster that should play an important integrative role in the country.

In 1999, the HR made decisions of establishing a state and entity public service broadcaster for the Federation B&H, and requested the National Assembly of Republika Srpska to establish a public broadcaster for that entity as well. A year later HR published the *Second Decision on Restructuring the Public Broadcasting System in Bosnia & Herzegovina*,[83] (which has formally establish two new public corporations: the Public Broadcasting Service of B&H, and the Radio-Television of the

[83] High Representative Decisions amending the Law on Radio-Television of the RS (1 September, 1999). High Representative Second Decision on restructuring the Public Broadcasting System in BIH (23 October 2000);

Federation of B&H). However, local authorities failed to adopt necessary laws that would put them into practice. Therefore, in 2002, HR established statewide BHRT by decree and imposed several related laws[84] in order to create the Public Service Broadcasting System of Bosnia-Herzegovina. This system consists of three parts: the Public Broadcasting Service of Bosnia and Herzegovina (PBS BiH), *Radio Television of the Federation of Bosnia and Herzegovina (RTV FBIH) and Radio Television of the Republika Srpska (RTRS).*

Nevertheless, although they were part of the same law, some important provisions were not implemented, such as the creating a joint Transmission Corporation, thus the organizational structure did not accomplish its goal. Hence, in 2005, with strong pressures by OHR and the international community, two new laws have been adopted, replacing the laws imposed by HR in 2002, in order to create preconditions for a functional and sustainable PSB system. These were: *The Law on the Public Service Broadcasting System in BiH*[85] (hereafter, System Law) and the *Law on the Public Service Broadcaster of BiH.*[86]

The System Law regulates the complete Public Broadcasting System and relationships between its broadcasters: *BHRT, RTVFBIH* and *RTRS*. It also calls for the establishment of a fourth legal entity within the system -*The Corporation* (a jointly run structure among the three public broadcasting services with equal rights and obligations to all three public RTV services) with its organizational units in

84 the Law on the Basis of the Public Broadcasting System and on Public Service Broadcasting in Bosnia and Herzegovina, Decision Imposing the Law on Radio-Television of Republika Srpska, Decision Imposing the Law on Radio-Television of the Federation of Bosnia & Herzegovina, Decision on the Liquidation Procedure to be Applied in Winding-up the Public Enterprise Radio and Television of Bosnia and Herzegovina

85 Official Gazette of B&H, 78/05

86 Official Gazette of B&H, 92/05

Sarajevo, Banja Luka and Mostar.[87] One of the requests of the European Commission is to adopt adjusted laws at the level of the entities, thus regulating *RTVFBIH* and *RTRS* as well. In mid 2006, the National Assembly of the Republic of Srpska adopted the *Law on Radio Television of Republika Srpska*. However, up to now, the Parliament of the Federation of B&H has not adopted *the Law on Radio Television of the Federation of Bosnia and Herzegovina*, since representatives of the Croat parties in Federal Parliament are unwilling to support such a project and are demanding an additional, Croat national channel.

5.2. Managing PBS and Preparing it for the Digital Age- Capacities and Obstacles

Apart from the unfinished reform, the lack of financial resources is most often listed as the main reason for PSBs' unreadiness for new challenges (especially heard within PSBs). Public service system operates through three general-oriented broadcasters (*BHT1*, *RTRS* and *FTV*) in a fragmented and underdeveloped market and with relatively small revenues that are mostly invested in "daily" and programming costs and not strategically in infrastructure, new technology, etc.

As defined by the System Law, the primary source of funding for the public broadcasters should be the license fee (apart from advertising and sponsorship). One of the major problems of financing is the extremely low level of collection of license fees in recent years. The introduction of the license fee system in a postwar "divided" society appears to be hard. In 2004, a new system for collecting license

87 System Law (Article 12) defines Corporation as a joint managerial structure among public RTV services. Corporation will have same rights and obligations to all three public services. Corporation also has obligation to introducing new technologies in the agreement with all three public RTV services. Corporation has organizational units in Sarajevo, Banja Luka and Mostar. Official Gazette 78/05

fees through telecom operators was introduced in both entities (collecting the licence fee as part of a household's telephone bill).[88] Now in the Federation some 80.6 percent of fixed telephone owners in BH Telecom and only 28.3 percent of of fixed telephone owners in HT Mostar pay the fee. In Republika Srpska 61.6 percent of fixed telephone owners inTelekom Srpske pay the fee[89].

The difference in compliance is explained as a consequence of the "politically motivated boycott of the license fee collection among the majority of the Croat population in the Federation BiH."[90] Political representatives of Croats claim that Croats in B&H do not perceive existing public service broadcasters as channels fulfilling their needs and rights as citizens, which is why the boycott of paying compulsory RTV tax has occurred. Although it is not the sole issue being discussed in relation to the equal representation of all three constituent people, this is clearly one of the most frequent ones (besides the ethnic representation of staff, and the position and equal treatment of B&H langages on PSBs), especially among the Croat political representatives who request an introduction of a separate fourth channel in the Croatian language. Although there might be no mechanism that guarantees the full implementation of legal obligations, the existing law defines the equal use of language and alphabet as well as the respect for ethnic, religius,

88 Besides collecting license fees through telecom operators, entity television collects its license fee though its own services (from those households that do not own fixed telephone line subscription).

89 Ured za reviziju institucija u FBiH "Izvještaj o reviziji finansijskih izvještaja / *RTVFBiH*", (Audit report for *RTVFBIH*), Ured za reviziju institucija u FBiH, 2007, p.13.

90 *Television Accross Europe: Regulation, Policy and Independence (Bosnia-Herzegovina)*, 2005, p. 302. Also in Udovičić R., "Media Situation in Bosnia-Herzegovina in 2004: Battling Political Frustration", Media Online 2005. "Most Croats are dissatisfied with the RTV system because they believe the two entity televisions are essentially a Serb and a Bosniak channel, while the joint RTV BiH is Serb-Bosniak. Therefore, the vast majority of Croats do not pay the compulsory RTV tax." p.5.

cultural and other characteristiscs of all constituent peoples, which was also confirmed by the Constituonal Court of B&H.[91] Therefore, the reason for introducing the fourth channel, out of these circles is often perceived as of political nature, and as the issue leading ethnic segregation, further disintegration of the society, additional fragmentation of the audiences, and bringing the System and its broadcasters into an even worse financial situation. Having the same programming available on three or even four channels, on an already over-saturated market, sharing the same part of the market cake, increasing its costs, would most likely put the System in an even worse situation.

The sum revenues from advertisements and sponsorships of all three broadcasters together in 2006 were KM 24,986,493 (approximately €12,775,391).[92] Out of that: *RTV FBIH* made 59.78 percent, *BHRT* made 26.99 and RTRS 13.23 percent. However, as defined by the System Law, and with the establishment of the Joint Corporation, the total sum should be distributed as: 25 percent *RTV FBIH*, 25 percent RTRS, 50 percent *BHRT*. Since the Corporation is still not established, this system is still not in effect. However, it is already obvious that this principle will not be adequate. Especially, if we have in mind the efforts and results of the people who worked on its collection in individual broadcasters and how distimulating and discouraging this principle would be for all of them.[93]

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91 Decision of the Council for the Protection of Vital National Interests of the Constitutional Court of the Federation of Bosnia and Herzegovina, deciding on a request of the Croat Caucus in the Federation Parliament, Decision no: U-11/06, dated 19 July 2006.

92 Source: *RTVFBIH* "Izvještaj o radu i poslovanju za 2005. godinu", (Annual report of RTV FBiH), 2006.

93 If the principle would be applied, the final distribution of the total advertisement revenues would not depend on the revenues that each broadcaster actually earned, but on the formula 25:25:50 (*RTV FBIH: RTRS: BHRT*).

Broadcasters' revenues are relatively low[94] and there are differences in their structure.[95] All public service broadcasters have significant debts from previous years which do not allow for investing in the research and development in new technology and digitalization, apart from cases that the additional sources are to be provided by foreign and international donors. Introducing digital TV means more costs in the short and medium run since PBS (because of their public service remit) must purchase new equipment and continue to operate on old equipment until analogue switch-off (which commercial outlets do not have to do). There are growing costs of programs and they need to allocate considerable amounts of money to convert to digital (infrastructure).[96] Although *BHRT* and *FTV* had support from the European Commission for the broadcasting and transmitting networks (in the period from 2000-2006), there is still a lot to be done both though the additional investments and the establishment of the joint media centre. Regarding finances, none of the public service broadcasters is ready for the digital challenges.

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94 Total revenues (in KM):

BHRT	44,486,167 (2006); 36,742,590 (2005); 31,530,949 (2004); 25,596,363 (2003);
RTVFBIH	29,122,366 (2006); 30,617,271 (2005); 31,452,092 (2004); 28,206,414 (2003);
RTRS	14,325,191 (2006); 11,932,758 (2005); 11,806,188 (2004); N/A (2003);

Costs (in KM):

BHRT	44,439,190 (2006); 37,862,818 (2005); 33,919,566 (2004); 31,381,288 (2003);
RTVFBIH	28,667,811 (2006); 31,383,330 (2005); 31,440,386 (2004); 28,634,260 (2003);
RTRS	13,289,033 (2006); 11,504,137 (2005); 11,220,886 (2004); N/A (2003);

Source: annual financial reports of all three broadcasters for the last three years.

95 Revenues from licensee fee in 2006 were approximately: in *BHRT* 45%, *RTVFBIH* 43%, *RTRS* 68.84% out of their individual total revenues. On the other hand, revenues from marketing were in *BHRT* 10%, *RTVFBIH* 40% and in RTRS 19.71% out of their total individual revenues.

96 Norman Molsky (1999:19, 20) in S. Papathanassopoulos. E*uropean Television in the Digital Age*, pp.79-80.

The situation is even more complex due to the hybridity or compilations of two different technologies that are in use (analogue and digital), which is an expensive, complicated system that takes both time and significant financial resources. Also transmission network, as well as all other technical specification must be harmonized within the system (between public service broadcasters) in addition to being part of the state strategic planning.

Besides these existing problems, PBS is to confront the rise of a multi-channel environment that might further reduce their audience share and decrease public broadcaster revenue. As some analysts believe, public broadcasters may witness a further decrease in their audiences which would certainly also pose questions about the legitimacy of their licence fee.[97]

Additional complications to efficient functioning are posed by the problems in the internal organization of the System which is mostly the result of the complexity of the system. Unfinished Reform[98] and the blockade of the work of the Joint Corporation, the lack of system coordination, lack of the coordination of policies and procedures between three broadcasters strongly impact their management and the work.

Although technical expertise within these outlets exists to a certain level and the human resources are not the primal problem, there is a need for continually upgrading knowledge related to all kinds of new challenges of the digital age.

Joint Corporation, which would be obliged to introduce new technologies in the agreement with all three public service broadcasters,[99] is still not established, which

97 S. Papathanassopoulos. *European Television in the Digital Age*. p. 79.

98 On the Federal level there was still no harmonization with the state law, therefore the Law on RTV of the Federation of B&H from 2002 is still inforce-- the law that was accepted by the Parliament of the FB&H, which was previously imposed by the HR. The Board of Governors was appointed by the decision of the agent of the HR, august 2003. Source: Audit report for *RTVFBIH*, 2007

99 System Law, Article 12, Official Gazette 78/05

is certainly the big problem. However, each broadcaster should have a proactive role in the whole process. At the moment, there is no written document that would describe their plan for introducing digital broadcasting and programming that would include all aspects: content, legal matters, policy visions, audience expectations, technical issues, nor the organizational structure, funding or deadlines.

6. Public Service Television Programming in the Digital Context

After all, as Michael Tracey noted, "Public broadcasting is not about technology. It is about an idea, which happens to employ technology, or how one created and feeds a society and its culture."[100]

6.1 Role, Remit and Tasks of the PSB

PSB has a specific role in modern societies which is "to support the values underlying the political, legal and social structures of democratic societies"[101] and a mandate to educate, impartially inform and entertain the public. Although today there are pressures in general from international institutions such as the World Trade Organization, to treat television and culture as just another commodity,[102] public service broadcasting is to be seen as an essential factor for the cohesion of democratic

100 M. Tracey "The Rise and Fall of Public Service Broadcasting" (1998:16) quoted in S. Papathanassopoulos. *European Television in the Digital Age.* p. 82.

101 Council of Europe Recommendation Rec (2003)9 on the remit of public service media in the information society adopted by the Committee of the Ministers- Deputies, 31 January 2007.

102 *Television Across Europe: Regulation, Policy and Independence (Bosnia-Herzegovina)*, 2005, pp. 38-39.

societies, sustaining citizenship and civil society, promoting and contributing to education and learning, stimulating creativity and contributing to the creation, appreciation and protecting of cultural commons, thus fulfilling its political, social and cultural role. Having in mind the specificity of BH society, the very turbulent political and social circumstances, as well as the cultural specificities, we can conclude that this "idea" and the public value the public service media could deliver would be of critical importance both for BH society and for the region.

In addition to the traditional tasks of public service broadcasters, international media experts already recognize new tasks that could be added to the new public service broadcasters, or *public service media*, in relation to political citizenship, democracy, culture, education and in terms of social cohesion (*See Table12- Table 15*). Not only are the new potential tasks of public service broadcasters/ media in B&H not identified but that issue is not even being discussed.

Table 12.
New PSB / PSM Tasks in Relation to Political Citizenship and Democracy

Traditional task of PSB	Additional Task of PSM
- Serve democracy at local, regional, national level;	- Inform citizens of the work of international organizations;
- Represent civil society vis-a-vis the authorities;	- Contribute to creating a public sphere and elements of a civil society at the regional, continental and global levels;
- Provide a forum of public debate;	- Serve as a watchdog of international and global organizations;
- Serve as a watchdog of the government.	- Develop social capital and a sense of community and co-responsibility for the nation-state at a time when cyberspace allows individuals to participate in virtual communities and become detached from their own societies and nations.

Table 13.
New PSB / PSM Tasks in Relation to Culture

Traditional task of PSB	Additional Task of PSM
- Developing and protection of national culture and identity (as well as those of minorities) including: providing universal access to culture, raising the cultural competence of the audience, creating new audiovisual works, supporting and promoting creative talent, investment into domestic audiovisual production, facilitating cultural events, promoting national culture(s) abroad.	- Serving minorities and immigrant communities in a way which satisfies their cultural and linguistic needs, but does not prevent their integration with the rest of the population;
	- Creating a sense of affinity and understanding with the people of other countries in the region, especially if the country in question is involved in some international integrational scheme;
	- Promoting intercultural and inter-religious dialogue at home and internationally;
	- Promoting acceptance of, and respect for, cultural diversity, while at the same time introducing the audience to the cultures of other people around the world;
	- Striving to prevent, or reduce, the digital divide, so that no-one is preventing from access to culture via the new technologies.

Table 14.
New PSB / PSM Tasks in Relation to Education

Traditional task of PSB	Additional Task of PSM
- Broadcast school and educational programming;	- Contribute to life-long learning systems
- Launch projects like the Open University.	- Contribute to e-learning
	- Adjust educational content to the requirements of the 21st century (see e.g. Varis, n.d.)

Table 15.
New PSB / PSM Tasks in Relation to Social Cohesion

Traditional task of PSB	Additional Task of PSM
- Create a reference point in programming for society as a whole as a way of promoting social cohesion and integrating all members of the audience;	- Public service media should contribute to removing the digital divide and exclusion by:
- Reject any discrimination in programming (or employment)	- Developing a strong and recognizable programme and institutional brands, serving as a beacon for people among the multitude of new content providers;
	- Being available on all digital platforms, and thus attracting people to gain access to them;
	- Supporting traditional broadcasting content with Internet and interactive resources;
	- Providing multimedia interactive services, independent and complimentary web services;
	- Serving as a trusted third party, a reliable and trustworthy guide to content in the online world;
	- Actively promoting digital media literacy and awareness of the tools of the information society, in particular of the use of the Internet;
	- Providing content in local and minority languages in order to encourage minorities to use the tools of the information society, as well as for group neglected by commercial content providers;
	- Promoting open standards in API, CA/CI, etc.

Source: (Table 12-Table 15): Jakubowicz, 2006[103]

103 Sources / Tables: K. Jakubowicz "PSB: The Beginning of the End, or a New Beginning in the 21st Century", 2006, pp. 14-15.

In the digital age, where the content distribution has already gone beyond traditional broadcasting,[104] the state should ensure that the public service remit is extended to enable the provision of appropriate content through new communication platforms while at the same time maintaining the key elements of the traditional public service remit.[105] The principle of universality is to be addressed in regard to technical, social and content aspects.

6.2 Platforms and Services

Although the System Law permits public service broadcasters to offer its services through terrestrial, satellite, cable, Internet networks, as well as through all kinds of new platforms, using all available technical means,[106] the public service TV content in B&H, at the moment of writing this chapter, was delivered to the audience mainly through the analogue terrestrial signal. In 2006 none of the three TV public broadcasters had 100% coverage and the improvement of this mode of delivery remains the priority for the broadcasters.[107] At the moment of preparing this chapter only *BHT1*, a state-wide public broadcaster, had an uplink on the international satellite, in order to be received in continental Europe. Both *RTRS* and *FTV* are planning to launch its channels on international satellites in the near future (autumn 2007). One of the reasons for all three operators is the wish to extend the reach to

104 Broadcasting is only one of the activities of the public service media.

105 Council of Europe Recommendation Rec (2003)9 on the remit of public service media in the information society adopted by the Committee of the Ministers- Deputies, 31 January 2007.

106 System Law, Article 11, Official Gazette 78/05.

107 The network was strongly damaged during the war, and significant difficulties are posed also by specific spatial geographical conditions of the country.

the viewership in neighbouring countries and expatriates living outsides B&H, and to raise the coverage within the country. That step could possibly increase their revenues through advertisements too.

A wider reach could be achieved through other platforms and services, which are still undeveloped in B&H. At the moment public service television is just partly extended with new media, mostly with a limited range of services offered online (all three broadcasters have websites). However, news services do not include any alert services on mobile phones, nor do they provide extra information on demand. Regarding participation: Web and SMS services are not an integral part of all TV programmes (e.g. voting and commenting) although few programms and some services on teletext have this possibility. Forums exist on websites of *RTVFBiH* and *BHRT* but are not active and do not gather a huge community. Any type of "community" gathering through websites is not evident. Archival material is not provided to be used on-demand (for exp. through the Internet), only some archives of current shows (inhouse production) exist on the *RTVFBIH* website. Streaming already exists although of a low quality (small resolution); news, sports and other content is still not accessible on handheld devices. At the moment this chapter was written, interactions with entertainment show existed in terms of voting, etc. but nothing else that could be marked as innovative. In terms of potentials for education, the achievements are very poor. There are also no archived materials of educational value or interactive applications with individual applications.

Therefore, interactivity is basic and undeveloped as is the usage of pull-technology, more precisely non-linear, on-demand communication, and access to content. Offered services and contents have very tight connections with the programming offered through "traditional" channels of distribution, and besides generalist services, there is no thematic or personalized/individualized content or services.

6.3 Content

In order to fulfill its traditional tasks in relation to political citizenship and democracy, culture, education and social cohesion, the content of the public service broadcasters must serve public interests, reflect the highest professional, ethical and quality standards, promote democratic rights and freedoms, social justice and international understanding and peace. In its programming, it includes: information, culture, education, entertainment and sports; PSB need to respect artistic and other author's freedoms. Its program must also respect national, regional, traditional, religious, cultural, language and other characteristics of all constitutive people and all citizens of B&H. Programs should also affirmate cultural and other needs of national minorities in B&H and respect the constitutive right that the programs will be edited equally in three official languages (Bosnian /Croat /Serbian) and two alphabets. In its own production and in co-production RTV services should ensure equal representation of the content that are related to traditional heritages of all three "constituent peoples" and adequate representation of "others."

The status of public broadcasters is defined by specific obligations regarding the type, quality of programming and governance system. The Rule *Definitions and Obligations of Public Broadcasting*[108] additionally regulates their obligations during the election periods, guarantee equitable access to the media for all candidates. Eternal program sources should be visible and advertising shall be separated from the rest of the programming. Concerning the scheduling of advertising, public broadcasters have the same regulation as other broadcasters, while in terms of amount of advertising per hour of programming, public broadcasters have more limitation. Public broadcasters must dedicate at least 40 percent of the weekly

108 In 1999, the IMC issued the Rule 01 /1999 "Definitions and Obligations of Public Broadcasting RAK number: 01-02-3202-1/04, 14th June 2004 http://www.rak.ba/en/legal/rules-codes/broadcast/rules/default.aspx?cid=4148 (accessed July 2007)

program to news or other informative or educational programming. The requirements for program content include:

- One hour per week specifically reserved for programming devoted to the issues regarding the return of displaced persons to B&H, and issues of local minorities and other sensitive groups that should be presented in the light of General Peace Agreement;
- Ten hours per week for children programming;
- Public announcements and other materials prepared by the international community;
- Contact programs regarding issues of political, economic, educational, cultural and social importance, having direct contact with viewers and listeners and with the participation of a public figure who answers the questions and offers comments;
- Each program could be repeated only once during the week.[109]

The System Law also defines how public broadcasters should treat European audiovisual creation. It requires them to broadcast at least 40 percent of BH programs of all genres, excluding news and sports programming. At least ten percent, excluding informative shows, sport program and advertisements should be purchased from the independent productions or commercial stations. Thus, the rules are in line with the European recommendation for an "active contribution to audiovisual creation and production and greater appreciation and dissemination of the diversity of national and European cultural heritage."[110]

109 All three broadcasters are obliged to fulfill the obligations set by the Law and to prepare annually both a financial report and a report on the realization of their programs and submit them to the Parliamentary Assembly (Parliamentary Assembly of BiH, Parliament of the Federation of BiH, The National Assembly of Republic of Srpska)

110 See: Council of Europe Recommendation CM/Rec (2007)3 on the remit of public service media in the information society.

Public service media needs to act as a "trusted guide of society, bringing concretely useful knowledge into the life of individuals and of different communities in society,"[111] which is already prescribed in the existing Law and should be maintained in the new digital environment.

In practice, as the latest UNDP study results show, after the police, public service TV broadcasters[112] emerge as the most trusted institution in B&H.[113] The same report notes that however: "Trust in public service TV is greater among FBIH residents and Muslims."[114] The influence of foreign media on the BiH news market is significant too, since 11.5 percent (combined score) of the sample foreign channels are the most trusted source of news. Around one in ten turns to Croatian channels for news: 8.8 percent identifies *HRT* as the most trusted source, 1.2 percent *NOVA TV* and 0.6 percent *RTL-Croatia* (0.9 percent choose RTS from Serbia as the most trusted).[115]

Public service broadcasters in B&H are confronted with emerging competition from private and commercial media mainly because those can offer a range of commercial mainstream content and services too.

All BH TV channels carry informative programmes and they are primarily oriented towards territories covered by the station, followed by news from B&H and news from abroad.[116] While local issues are mostly covered by local production,

111 Council of Europe Recommendation CM/Rec(2007)3

112 *FTV* and *RTRS* only; *BHT* was excluded from the research

113 A UNDP survey shows that in international comparison, social trust in B&H is in the last positions. Reports noted that in perception of social fairness, most responders say that they do not expect much fairness from others, and this lack of trust in others and in society at large, according to the report, appears as highly problematic, "indicating that a core component of social capital (Putnam) is under-developed". UNDP, 2007, p. 2.

114 UNDP, 2007, p. 7.

115 Ibid, p. 53.

116 *Economic and legal analysis of the communications sector in Bosnia and Herzegovina,* pp. 77-78.

news on the events from B&H and abroad rely more on the programmes taken from other sources. Most of the stations have a main news programme. Also, information programmes are compensated by broadcasts of the information programmes of RTV FBIH and RTRS as well as of the international stations such as Voice of America. Some private stations broadcast only short news.[117]

All three public broadcasters include content for children in their daily programming, as well as the majority of private televisions. Public stations broadcast both locally produced (mostly studio shows) and imported programmes for children (cartoons, short films and series). While they are leading in locally produced programmes, private are leading in imported.[118]

Private stations are leading with educational programming in B&H and these programmes are mostly imported.[119] Some locally produced educational programmes are scheduled by public and some private stations in larger municipalities.[120] This is, however, not in line with expectations, since it is widely believed (and the practice in other countries confirms), that PSB should have a leading role in this kind of programming.

117 Central evening news program of a public broadcaster *FTV* "Dnevnik 2" in June/ July 2007 was the top news programme according to the number of viewers registered by the methods of people meters (MIB research) Also, the political magazine, "60 minuta," was ranked as the top political magazine in the country. Informative programs are an important segment of the public service media and very important for the implementation of PSB's remit. Therefore, its viewership and audience trust towards this service of public service broadcaster is a very positive result. Data for other broadcasters as well as for other programming were not available at the moment this chapter was written.

118 According to the CRA, *Economic and legal analysis of the communications sector in Bosnia and Herzegovina*, p. 78.

119 Ibid, p. 78.

120 In this report Educational programming includes themes such as: culture, language, reportages, history, geography, biology, ecology, music, etc.

Table 16.

Program profile of the FTV (2004-2006)

FTV in %	2004	2005	2006
Entertainment & Fiction[121] - total	**53.29**	**58.45**	**58.47**
Serials	16.66	18.28	19.12
Films (fiction)	14.48	15.39	10.12
Film and foreign program-rest	0.10	0.03	0.02
Drama	0.11	0.21	0.41
Serial (animation)	-	0.02	0.18
Entertainment	7.47	6.69	9.94
Music	3.34	3.03	2.95
Music shows	0.18	0.74	0.28
Talk shows	-	1.93	2.37
Cultural-entertainment programs	-	0.52	-
Children and Youth programmes	10.95	11.61	13.08
News & Factual- total[122]	**23.45**	**24.17**	**26.9**
Informative program	15.40	14.84	15.63
Documentaries	5.77	7.75	9.70
Education	0.22	0.35	0.40
Shows on culture	2.06	1.23	1.17
Sport	**7.19**	**3.17**	**4.50**
Other - total	**16.07**	**14.2**	**10.13**
Religion	0.67	0.79	0.55
Program on agriculture	0.53	0.42	0.42
Special programs	-	0.08	0.42
Block shows	5.32	4.76	-
Program promotion	0.21	0.05	-
Commercial program	3.88	4.48	4.74
Other	5.46	3.62	4.00
TOTAL (entertainment & fiction, news & factual, sport, other)	**100%**	**100%**	**100%**

Source: Data were taken from annual reports on programming[123] of the RTVFBIH for 2004, 2005, 2006[124]

121 *Entertainment & Fiction*: Fiction (Series, Films, Feature Films, TV films, Animation), Entertainment, Light Entertainment, Infotainment, Soaps & Sitcom, Music, Children and Youth programmes.

122 *News & Factual*: News, Information, Documentaries, Education, Arts/ Humanities /Sciences.

123 *RTVFBIH* "Izvještaj o emitiranom programu FTV januar-decembar 2006." January 2007; *RTVFBIH* "Izvještaj o emitiranom programu FTV januar-decembar 2005." January 2006; *RTVFBIH* "Izvještaj o emitiranom programu FTV januar-decembar 2004." January 2005.

124 However, categorization "*Entertainment & Fiction*"," *News & Factual*"," *Sport*" and "*Other*" was created for the purposes of this text (The categorisation was taken from C. S. Nissen "No public service without both Public and Service", p.78. with one change. Although Nissen includes Religion in "Entertainment & Fiction", for our purposes we have included it in the category "Other") This categorisation is a result of a compromise since there are overlapings and its sole purpose however is to illustrate programe profiles.

Sports programming decreased for entity PSBs (see *Table16* and *Table17*) since the state wide public broadcaster, *BHT1* got priority (entity-wide) for major state, foreign, international sport events which affect the increase of its viewership. For example, World Championship in football in Germany, for which *BHT* had exclusive rights (2006), Winter Olympic Games[125] were the "shows" that attracted the most attention of the BH audience on *BHT1*, apart from general country elections.

Table 17.
Program profile of the RTRS (2004-2006)

RTRS	2004	2005	2006
Entertainment & Fiction - total	53.8	56.4	56.9
Films, serial drama	31.5	27.5	27.2
Entertainment	6.9	15.5	14.1
Music	8.2	7.1	8.2
Youth programmes	3.6	0.7	7.4
Children programmes	3.6	5.6	
News & Factual - total	33.9	31.7	31.3
Informative program	27.8	23.9	23.0
Documentaries	3.7	4.7	5.2
Culture and education	2.4	3.1	3.1
Sport	7.8	5.1	5.2
Other-total	6.7	6.8	6.6
Religion	1.2	0.8	1.0
Commercial program	2.3	2.1	2.0
Other	3.2	3.9	3.6
TOTAL (entertainment & fiction, news & factual, sport, other)	100%	100%	100%

Source: Data were taken from annual reports of the RTRS[126] for 2005, 2006[127]

125 However, rights for some sport events from abroad are also bought by commercial stations.
126 RTRS "*Godišnji izvještaj 2006. / Godišnji planovi 2007*"., RTRS "*Godišnji izvještaj 2005*".
127 As in the case of *FTV*, categorization and sums were given by the author.

If we observe data on programming presented in Tables 15 & 16,[128] it is clear that culture and education programs, which are generally of low interest to commercial broadcasters, are not the priority of public broadcasters either (see *Table16* and *Table17*).[129] It is known that there are differences between PSBs in various countries concerning the air time they devote to culture, but the scores are however too low, especially if we have in mind that there are no BH thematic cultural TV channels that would fulfil that need on the market (*RTRS* in 2006 devoted only 3.1 percent of its programming to culture and educational programming, while *FTV* has continually decreased its time for shows on culture and in 2006 it reached 1.17 percent).[130]

The most popular programs in B&H are: 1. film programs, 2. sports programs, 3. informative programs and serials (similar interest), 4. documentary programs and 5. news.[131] When analyzing program profiles we recognize that there is a growing

128 There were no similar program statistics for the state-wide public broadcaster *BHT 1* available.

129 Independent Television Commission in UK also noted: "It is certainly the case that despite the range of services on multichannel television, including services such as *Discovery*, *The History Channel* and *National Geographic* designed to cater for particular interests; some genres are under-supplied. These include arts, education, multi-cultural programmes and investigative current affaires which are generally commercially unattractive to produce. These genres have been hallmarks of PSB" (Taken from: K. Jakubowicz,"If not us, then who? Public service broadcasting and culture in the 21st century", 2006, p. 36.

130 Just as an illustration in France: France 2 devotes 14.6 percent to arts and culture, France 3 - 28.9 percent (in 2004), RAI in Italy (20.7; 12.1; 7.4 percent with its three channels), BBC rather low (BBC1- 0.6, BBC 2 2.5 percent). EBU statistics (2005). Data taken from chapter by K. Jakubowicz "If not us, then who? Public service broadcasting and culture in the 21st century", 2006, p. 36.

131 Source: BHMedia Market Monitor, MIB, 2005. The same reports show that only 49 percent of the whole population listen to the radio on a daily basis (mostly music, entertaining program and news), while 59 percent of the population read print media, mostly dailies, then weekly newspapers (BHmedia Market Monitor, MIB, 2005).

presence in entertainment, while some other genres remain underrepresented and marginalized if compared to commercial programming. As stated in the previous chapter, PSBs are obliged (by valid legislation in B&H) to dedicate at least 40 percent of its weekly program to news and other informative or educational programming. Program profiles as well as programming schedules could be used as indicators for the trend of the commercialization of t public service programming.

An additional problem is to be found in the competitiveness among operators of the public service system. They are all generally-oriented broadcasters (although oriented towards their respective entities or state). However, all of them cover a large part of the state, or are reachable in other entity. This means that often the same viewer can enjoy the main news and informative programmes on all three channels, as well as all other genres and programmes, since the System Law, in relation to production and programming recognizes the editorial independence and the institutional autonomy of all three operators. Not only is the audience fragmented on an already small territorial area, but it costs a lot. Absurdly, it does not lead to the development of a programme of high quality and of a recognizable "brand" of PSB, but to the competitiveness of the operators within the System. Not only does all of this bring them into confrontation with the commercial sector but also with the erosion of the System itself. This will be confirmed with the introduction of the digital TV in B&H since in that case, the new technology would enable complete coverage that these days broadcasters are trying to achieve by investing in developing networks for analogue broadcasting and satellite transmission, although it is known that the switch-off is inevitable and coming very soon.

It is clear that their strategy would neither be appropriate nor sustainable if it were based only on the race for their piece of the cake of the media market.[132] At the end, it is the PSB who should treat its audiences as citizens and not consumers.

132 The PSB has lost its monopoly on certain programme types and genres such as documentaries, children programming.

As Jakubowicz says: "PSB should always make its audience feel at home in its own society and culture, confident in its own national and cultural identity, very much a part of the nation-state,"[133] but in the age of globalization and cultural diversity, "the challenge is to become a multicultural and multilingual public broadcaster; to serve minorities and immigrant communities; create a sense of affinity and understanding with the people of other countries in the region; promote intercultural and inter-religious dialogue at home and internationally."[134]

As recognized by Jakubowicz[135]: "Programming that is not made specifically for the audience in a particular country cannot, of course-whatever its other qualities may be, reflect or reinforce its culture" which is always a central objective of public service broadcasting. And as he suggests: "One important form of discharging the PSB broadcaster's cultural obligations is to form partnerships with cultural bodies and institutions, to enhance the impact of its programming, encourage greater participation, underpin audience appreciation, maximize the public value of cultural activity and assist those bodies and institutions (also financially, e.g. by commissioning their work), so as to reinforce the public cultural sector in general."[136]

Currently, PSBs in B&H are involved in raising B&H cinematography through coproductions. In the future, due to the very limited market, low investments in cinematography and art and culture in general,[137] PSB would be very important for the independent audio-visual productions, artists, local directors, and for the whole creative industry in the country / region.

133 K. Jakubowicz "If not us, then who? Public service broadcasting and culture in the 21st century", 2006, p. 35.

134 Ibid, p.35.

135 Ibid, p.36.

136 Ibid, p.46.

137 After all, this country does not yet have a cultural strategy or cultural public policy (as with July 2007).

Although we witness a great profusion of programming in a multi-channel, multi-platform environment , as some experts recognize "paradoxically, public service media may in the future face less, rather than more, competition in the provision of cultural and other typically public-service programming. After all, audience fragmentation and ferocious competition among broadcasters will force the commercial sector to watch the bottom line more than ever."[138]

Besides fulfilling its cultural role, the public service broadcaster needs to fulfil other obligations towards its citizens to promote broader the democratic participation of individuals. In that process public service broadcasters need to intensify its dialogue with the general public, which could be especially effective with the help of new interactive features and services.

The Council of Europe Recommendation (Recommendation (2007)3 of the Committee of Ministers) to member states on the remit of public service media in the information society stress that: "In view of changing user habits, public service media should be able to offer both generalist and specialised contents and services, as well as personalised interactive and on-demand services. They should address all generations, but especially involve the younger generation in active forms of communication, encouraging the provision of user-generated content and establishing other participatory schemes".[139]

After all, it is important to note that the final word will be given by the public and we have to remind ourselves that it is the content and not the technology that encourages the adoption of digital programming by the public.

Many industry leaders argue that the main reason that television cannot continue to operate in the same old ways is the fact that the broadcasters are losing younger viewers, who expect greater influence over the media they consume.[140] That is why,

138 Ibid, p.37.

139 Adopted by the Committee of Ministers on 31 January 2007 at the 985th meeting of the Ministers' Deputies

140 H. Jenkins. *Convergence Culture*. 2006, p. 244.

as studies show, children channels have heavily invested online since, as Papathanassopoulos say, they believe the market will be huge. He adds: "Children will play a key role introducing interactivity to the home. According to the research company Jupiter Communications, children and teenagers are the largest growth sector of the online population (…) Thus one can easily understand that, for the children's channels as well as for the producers, establishing a web presence is all about extending the brand."[141] This should be taken into consideration when PSB plans its approach to this audience. Public broadcasters in B&H offer limited content and services to children and youth, even through its traditional broadcasting, although it is the widely accepted opinion that PSB have a special remit and responsibility towards young audiences, "responsibility for bringing the young audience into society and its culture."[142]

Here we need to mention that *RTVFBiH* has already put some few test games on its website.[143] This service and its visibility could be improved. The other two providers of public service content do not have similar services nor do any of them have any subdomain or website presentation, which is reflected in the planning of the website; preferences of these groups were not taken in consideration.

The first wave of web sites of TV broadcasters worldwide was represented by sites that were mostly designed as tools for promoting television channels. For the second wave, the content appears to be the most important. Not only is the website a promotional tool, but the new content is being produced. It is possible to watch news and archive material, both up to date and always available. There is a huge

141 S. Papathanassopoulos. *European Television in the Digital Age.* p. 243.

142 K. Jakubowicz, "If not us, then who? Public service broadcasting and culture in the 21st century", 2006, p. 36.

143 As an extension of their Hugo show for children.

potential for the transmission of channels out of the state borders or away from the locality.[144] Besides that, numerous services and platforms are able to develop.[145]

However, as we saw previously, public service programming in B&H has just partly developed with new media, mostly with a limited range of services offered online, although public service broadcasters do not have the same practice on their websites. In general, video sharing practices on the web sites of the Bosnian TV stations are still underdeveloped. Still, most of those websites are closer to the first wave.

According to the EBU report from 2002, in that year, many PSBs in Europe had web sites that were among the most visited sites[146] in their countries. As we said in B&H the hype about these sites is not as wide. On July 29, 2007 (alexa.com) none of the web sites of B&H public service broadcasters was among the top 100 in the country. The same day in Croatia in the top 100, their PSB (HRT) was on 43rd place, *RTVSlovenia* in Slovenia was on 16th place, etc. The contra argument to the explanation that users in B&H want more "fun" online and not "public service" content is the fact that on the same list in B&H among the top 100 web sites Bosnian PBSs were not present, but there were websites of some public service media from other European countries such as Croatian Radio Television in 83rd place and BBC in 88th place.

Apart from websites, a number of experiments have been made with enhanced programming (for exp. multimedia complements to news and sports programmes have proved to be successful). EBU Digital Strategy Group[147] also recognizes that

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144 S. Papathanassopoulos. *European Television in the Digital Age.* p.245.

145 Likely to be created for hybrid TV/PC platforms, interactive news, enabling users to control the type of news that they want access to, etc. Already most of the web versions of the leading news channels use the web as an additional distribution platform, being unable to reach a broather audience.

146 "Media with a purpose (Public Service Broadcasting in the Digital Era)" The Report of the Digital Strategy Group of the European Broadcasting Union, 2002, p. 15.

147 Ibid, p.16.

although public service broadcasters have less experience with video on demand (VOD) / broadband, if it proves to be significant for public access to the media, it will be a road that public service broadcasters must take. "VOD/broadband could make use of public service broadcaster's programmes and archives, if rights are available, and of public service channels. Fast access Internet, available via broadband networks, would enable more sophisticated multimedia applications to be delivered."

By 2005 the BBC was digitalizing a large segment of its archive and making it available on the Web, opening up TV content (to take, reformat, save, copy, share, comment) while experimenting and researching new ways of how to index those materials.[148] The digitalisation of archives started in all public service broadcasters in B&H, but archives are not exploited for new services.

As stated in a recently published OFCOM discussion paper, *A new approach to public service content in the digital media age*, "Users of interactive services behave differently from television viewers, they want different things. The distinction between 'lean forward' and 'lean back' media captures an essential quality-user's approach to a website with an active purpose in mind - be it to find content and information or to participate or contribute"[149] which is already evident from the list of the top websites in B&H and the changing user behaviour that was presented above in Section 3. That is why, as OFCOM believes, any new version of public service content has to be underpinned by the idea of user participation, and the citizen treated as "users" rather than "viewers" of content. Therefore citizens are active participants who produce, modify, comment on, judge and repurpose content rather than act as the passive recipients.[150]

148 "BBC opens TV listings for 'remix'", 23 July, 2005 , http://news.bbc.co.uk/1/hi/technology/4707187.stm (accessed July 29, 2007)

149 Ofcom, "A new approach to public service content in the digital media age /The potential role of the Public Service Publisher", discussion paper, 2007, p. 27.

150 For exp. MyBBCRadio would use peer-to-peer technology to provide to individual radio services created by audience themselves.

If we have in mind the content and services they offer we can conclude that public service media in B&H still treats it citizens as passive "viewers" rather than active "users," therefore continuing old habits of mass production and consumption. Watching television is culturally-determined habit and although specialists confirm that "cultural habits do not change overnight but in course of generations,"[151] experience gained from early adopters as well as the knowledge of the changing habits of new, young generations "give us reason to believe that fundamental changes will take place in our use of media in coming years."[152]

As being recognized by Jakubowicz: "Public service broadcasting has come a long way since its paternalistic beginnings. One thing, however, has remained basically unchanged, and that is the asymmetrical relationship between PSB organizations and their audience. In this new era, it will be vital to develop a new partnership between the public and PSB."[153]

7. Conclusions

Although the creation of a multi-channel and multi-platform environment is almost ignored in B&H public discourse and policy making, treated as trivial in relation to ethno-national issues, the analysis shows that the technological and market changes of the digital age that affect their creation, as well as the changes in audience / user behaviour are

151 C. S. Nissen "Public service media in the information society", p. 13.

152 Ibid, p.13.

153 K. Jakubowicz, "Public Service broadcasting: a new beginning, or the beginning of the end'", 2006, pp. 18-19.

inevitably arriving to the underdeveloped, oversaturated, dauntingly complex and financially poor B&H television sector. Furthermore, they are reshaping the conditions for the public service providers, are challenging their role, remit and questioning the whole idea of the public service broadcasting serving its society and its citizens.

Even though television remains the main source of information for the majority of the B&H population and analogue terrestrial broadcasts, a primarily source of television programming, especially for locally originated programs, media monitorings show that the audiences are however increasingly using other programs and platforms, making benefits out of arriving multichannel and multiplatform environment. Thus, besides local television broadcasters who have been the major players on the market of the audiovisual content provision for quite a long time now, new media players are arising. Due to the changing market environment and changing audience/user behaviour, new operators still have a lot of developing potential in the industry in terms of content production, distribution and reception, even if their importance is still not recognized within the terrestrial TV market. More precisely, the television market in B&H is characterized mostly by a remarkable degree of vertical integration .Attempting to assert greater control over the distibution process, broadcasting equipment and infrastructure are owned by most operators. Regarding horizontal integration, many stations are active in the radio sector. However, they do not have many relations with other players in the communication sector, such as marketing agencies, cable operators or the telecom industry.

Due to some of the recent developments, B&H is situated in the group of economies with medium Digital Opportunity Index scores, indicating a high average of "opportunity," (in all these economies mostly due to good mobile coverage and relatively low prices), reasonable "infrastructure" and the growing "utilisation" of advanced technologies (mobile phones, internet usage and broadband).

On the other hand, the capacities of the B&H TV market and the level of its readiness for the digital age are not promising. Total revenues of the whole terrestrial television content market in B&H are low and as data from 2004 show, the advertising growth is slower than the overall market growth. In terms of revenues, the public broadcasting operators were major operators whose turnover represented the biggest part of total market revenues. However, three major private operators are quickly increasing their revenues and market share, eroding market shares from PBS operators and other small local outlets (both public and private), whose future in such poor and fragmented market is completely unclear.

None of the B&H TV broadcasters (public nor private) have domination over the relatively poor and very fragmented market, which indicates that hardly any of them (alone) would be ready to confront the arriving market changes (internationalization and concentration), or the "digital tsunami"[154] that is getting under way. Results show that there is a huge increase in audience members who watche foreign television stations, especially those from neighbouring countries and a consistent decrease of those who watch television content provided by the PSBs and the programming provided by small local stations.

The situation is further complicated by the fragmentation along ethnic and territorial lines which influence audiences' behaviour and is to define the present and future functioning of PSBs. Also, the current programming / content of the three PSBs are often concurrent. Any overlaps in programming of the individual public service broadcasters are strongly increasing their competition and thus damage the system. With the introduction of digital television, if this practice continues, the situation might be even worse since new technology would enable all of them to have state-wide coverage.

Existing disintegrative elements and the arriving ones coming with the multichannel and multiplatform environment, urge for a functional PSB system that

154 K Jakubowicz, *Digital Switchover in Central and Eastern Europe*, 2007, p. 24.

would act as an instrument for creating and maintaining social, political and cultural cohesion. Having in mind the specificity of B&H society, very turbulent political and social circumstances, as well as cultural specificities, it is obvious that the value public service media could deliver is of critical importance both for B&H society and the region.

All available data show that new technologies are transferring the power from broadcasters to the audience, or users. It is clear that such conditions could bring huge democratic potentials, lead to a decentralised media environment and a liberated public sphere. Those conditions could create a form of media power that B&H political elites are obviously not ready to acknowledge.

The unfinished reform of a single, statewide public broadcasting system, and unachieved political compromises which should enable cooperation among broadcasters that were, until recently, competitors, are all indicators of the lack of will and interest of the local political elites, the lack of a strategic approach of the local governmental structures towards the future of media landscape in B&H in general and the development of the PSB in particular. Complex constitutional structure as well as the ethno-nationalistic preoccupations (rather than the citizen's interest) of the majority of the political elites are constantly projected on the public sector together with the lack of sufficient understanding of the issues involved in the digital switch-over, broadcasting, programming and market development. All of these issues do not keep the status quo, but more likely lead to the absolute unreadiness for the digital and multi-channel environment.

Besides the unification of the country's dual (entity-wide and state-wide) public broadcasters, digitalization of the broadcasting sector, and especially those policies which are related to PSB, are also needed for bringing the Bosnian system in line with European standards and practices. However, they do not appear to be the priority for the government or for the public service broadcasters, who continue to treat them as trivial in relation to ethno-national issues.

It was only in 2005 that B&H legislators managed to pass the legislation on public broadcasting, although described as too complex and not likely to be sustainable in the long run. As Boro Kontić recognizes:

> (...) if a political settlement is ever reached, i.e. if the law on public radio and television in B&H is ever passed, only then will it become clear that the system has, in the meantime, become cumbersome, dysfunctional and at odds with media trends. We live in an environment where decisions are made every millisecond, where the technological changes are as rapid as the weather; so the local habit of taking years to resolve any issue followed possibly by three-fold signings on parchment can no longer be taken seriously, not even as a bizarre custom.[155]

Therefore, we can conclude that it is not ensured that the public service remit is extended to enable the provision of appropriate content on new communication platforms. New potential tasks of public service media were not identified (in relation to political citizenship, democracy, culture, education and social cohesion) in order to permit PSB to preserve its special social, political and cultural remit in digital context.

B&H thus belongs to a group of so called "*followers*" - countries where a regulatory framework for the launch of DTT has not yet been established and the transition to DTT is still in a very early stage. Not only is the legislation in the field of broadcasting and digitalization not harmonized with the valid legislation in the EU, but neither policy making occurred nor was it implemented. Regulation for the start up of the DTT has not been drafted, capacity, not yet allocated to operators for the launch of DTT, the start up date for DTT of PSB was not established, switch off of analogue frequency was not set by the law, support policies for network operators and content providers not yet defined, neither were the support measures for the

155 B. Kontić, "Taking a Screwdriver to The System, or Why a Public Broadcasting Service will never function in BiH", *Pulsdemokratije* (Nov 2006).

diffusion of receivers, nor the standardization policies to induce harmonization or quick technological substitution.

Even though in other European countries the public service broadcasters are often recognized as key players in the roll-out of DTT, with all the current problems of the system, without a common strategic approach, regulatory framework, technical and financial pre-condition , PSBs in B&H will not be able to (nor should) play that role alone.

Apart from the unfinished media reform, the lack of financial resources is usually listed as the main reason for PSBs unreadiness for new challenges. In B&H, the public service system operates through three generally oriented channels with relatively small revenues. Regarding finances, none of the public service broadcasters is ready for the digital challenges. Besides the low level of the licence fee collection, all broadcasters have significant debts from previous years which do not allow for investments in research and development in the field of new technologies and digitalization, only if the additional funding are provided by foreign and international donors. Introducing digital television means more costs in the short and medium run since PSBs must purchase new equipment and continue to operate on old equipment until analogue switch-off. There are growing costs of program production and the need to allocate considerable amounts of money to convert to digital (infrastructure). The multichannel environment might further reduce their audience share and decrease public broadcaster revenue, not to mention that the audiences might certainly pose questions about the legitimacy of their licence fee.

Additional problems for efficient functioning are imposed by the delay of the establishment of the Corporation, the lack of systems coordination, not coordinating policies and procedures among three public RTV services, which strongly impact the management and work of each broadcaster.

Though the technical expertise within these outlets exists to a certain level and the human resources are not the major problem, it is necessary to upgrade the knowledge related to all kinds of new challenges of digital age continuously.

It is however alarming that still there are no written documents to describe plans of the three public service broadcasters for introducing digital broadcasting and programming that would include all aspects: content, legal matters, policy visions, audience expectations, technical issues, nor the organizational structure, funding or deadlines.

DTT is just a part of the digital context where public service media needs to find its place. After all, it is not technology that will save public service media, but its "public" and "services". Public service media can be justified only in terms of the programming it can develop, acquire or produce and deliver it to its audiences "anywhere, anyhow, anytime."

It is evident that the public service broadcasters in B&H, with their existing capacities are not capable of responding to new trends and demands with an appropriate speed. They still do not manage to provide appropriate content through all new communication platforms with a recognizable institutional "brand(s)," "serving as a beacon for people among the multitude of new content providers."[156] At the moment public service television in B&H remains just partly involved with new media, mostly with a limited range of services offered online. Interactivity is basic and undeveloped as well as the usage of pull-technology, more precisely non-linear, on-demand communication and access to content. Offered services and content are in very tight connection with the programming offered through the "traditional" channels of distribution, and besides generalist services, there is no thematic or personalized/individualized content or services.

PBSs activities are oriented mainly to analogue terrestrial channels, as well as to other terrestrial commercial channels. Actually, at this point, the remit of the public broadcasting system in B&H is generally challenged by the emerging competition

156 See Table14, Source: Jakubowicz, 2006, pp. 14-15.

from private, commercial media (as well as from the public television broadcasters from neighbouring countries), mainly because those can offer a range of mainstream content too. When analysing data on the programming of PSBs it is evident that there is a growing presence of entertainment and fiction, hallmarks of the commercial sector. However, cultural, education and youth programs that are usually underrepresented by commercial sector (and should be a very important segment of the public service), do not occupy a lot of time of the B&H public service broadcasting. The continuation of this trend would be absurd, since the PSBs may face less, rather than more competition for providing cultural and other typically public-service programming in a multi-channel and multiplatform environment.

Due to the very limited market, low investments in art and culture, public service media would be very important for the independent audio-visual productions, artists and the whole creative industry (both in the country and the region). Also, an advantage of the public service media is to offer an opportunity to form partnerships with cultural bodies and reinforce public cultural sector in general. They have several advantages when moving to the digital era since they could join forces with other public institutions, such as schools, libraries or museums to develop new forms of digital content, "digital commons."

It is clear that the strategy for the public service media in the digital age would not be appropriate or sustainable if it would be based only on the race for the market share, high reach and by giving priority to commercial programming. At the end, it is the PSB who should treat its audiences as citizens and not consumers.

In that sense public service media must serve public interests, reflect professional standards, integrating all communities, social groups and generations, including minority groups, while respecting their different identities and needs.

This might be even an advantage for the public service media. Distribution costs decrease in the entertainment industry as companies keep more and more backlist titles in circulation, and as niche communities use the Web to look for titles that satisfy their particular interest. There are expectations, such as those by Wired reporter Chris Anderson,[157] that the greatest profit will be made by those companies that generate the most diverse content and keep the content available at the most reasonable prices ("Long Tail Model").[158] However, in the digital context this includes the ability to deliver a "personalized public service" in the "pull" of the online and on-demand environment.

It does not seem that a lot of the attention by B&H public service broadcasters is given to the youngest audience, nor to their interests or changing habits (expecting a greater influence over the media they consume), although they are responsibile for bringing the young audience into society and its culture. This generation is actually the largest growth sector of the online population and the one that is changing cultural habits by brining the new technologies home.

Early adopters of new platforms give us reason to believe that users of interactive services behave differently from TV viewers, as they behave more as active "users" than passive "viewers." That is why it is believed that public service content has to be underpinned by the idea of users' participation and citizens treated as "users" rather than "viewers." If public service programming in B&H is to survive and even develop in the multichannel and digital environment, it should thus change its attitude to the audiences. This lead OFCOM to conclude that "Rather than thinking of high quality 'content' in the manner of TV programs it might be more useful to think of high quality participatory services where linear content is only one aspect of an experience that might be accessed through many channels - online, via mobile, kiosk or TV."[159]

Even the EBU's Digital Strategy Group calls for a redefinition of the basic concepts relating to public service broadcasting, including the universality of access and universality of content:

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157 Taken from H. Jenkins, *Convergence Culture*, 2006, p.252.

158 C. Anderson "The Long Tail", Wired, October 2004.

159 Ofcom, "A new approach to public service content in the digital media age", 2007, p. 28.

- Universality of content can no longer be understood as one-size-fits-all programming on one or more broadcast channels, but as both universality of basic supply on generalist channels (including mass-appeal, entertainment programming), which will be central to what public service broadcasters offer to the public, and universality across the full portfolio of services, some of them specialized or tailored for specific audiences, adding up to a more extended and comprehensive range of services.
- Universality of access can no longer be understood as a couple of terrestrial channels available to the entire population, but as presence on all relevant media and platforms with significant penetration, but also the ability to deliver a 'personalized public service' in the 'pull', online and on-demand environment."[160].

As Mark Thompson, Director-General of the BBC said, announcing their "Creative Future" program, this is a unique creative opportunity for public service broadcasters and finally "This new digital world is a better world for public service content than the old one."[161]

For B&H public service content it could be too, but this requires substantial change in thinking and management. Thus, political elites, government and regulatory bodies as well as public service broadcasters, civic and professional groups should change their attitude and work in a proactive, strategic manner in order to have positive and momentary results.

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160 "Media with a purpose (*Public Service Broadcasting in the Digital Era)" EBU quoted in K.Jakubowicz, Public service broadcasting: a new beginning, or the beginning of the end?,* 2006, p.16.

161 "Creative Future - BBC addresses creative challenges of on-demand". BBC Press Office (28.3.2007)

8. Recommendations

Based on the conducted analysis, specific recommendations can be drafted for two major groups.

8.1 Policy and regulatory authorities

Reforms

- Long standing discussions and postponement of law adjustments and acceptance concerning the organization of the public broadcasting system must be urgently resolved. Achieved consensus should lead to the creation of the system that would be vialable and reasonable, serving B&H society and all its citizens, fulfilling its political, social and cultural role (on local, national and international level) while ensuring its economic sustainability.

Policy and strategy of digitalisation

- Government and regulatory bodies in B&H should engage more intensively on introducing new media technologies in B&H.
- Based on the analysis of the profound changes in new media technologies, market, audiences behaviors as well as on the analysis of local specificities, government and regulatory authorities should develop a sound policy for converging media whose goal is ensuring the sustainability and the development of themedia sector in general, and the public service media in particular, in multi-channel and multi-platform environment of the digital age.
- For effective policy making, a degree of interest and a pro-active attitude from all stakeholders are needed and none of them should be excluded from the key-decision making processes in order to reach political, economic, public and private consensus.

- The CRA and the Council of Ministers (as well as Ministry of Communication and Transport), should urgently develop a strategy for introducing digital television in B&H (paying special attention to the transition period) and should be drafted in coordination between all major players in the media and communication field.
- Authorities must clearly specify the roles, the modes of participation and the obligations of all stakeholders included in the process of digitalization.
- That strategy should be harmonized with other strategic documents such as the Strategy for the Informatization of B&H Society.
- An activity plan for the transition from analogue to digital broadcasting must be harmonized with European timelines.
- Standardisation policies for digitalization must induce harmonization in technological solutions.
- In relation to public service media, the principle of universality is to be addressed in regard to technical, social and content aspects.

Legislation and support measures regarding public service media in the digital age

- It is necessary to continue with harmonizing the legislation in the field of broadcasting / telecommunication with relevant legislation in the European Union.
- In accordance with the Council of Europe Recommendation of 2007 on the remit of public service media in the information society of the Committee of Ministers the state should:[162]
  1. guarantee the fundamental role of the public service media in the new digital environment, setting a clear remit for public service media, and enabling them to use new technical means to better fulfill this remit and

[162] Rec (2007)3 on the remit of public service media in the information society - Adopted by the Committee of the Ministers' Deputies, 31 January 2007.

adapt to rapid changes in the current media and technological landscape, and to changes in the viewing and listening patterns and expectations of the audience;

2. include, where they have not already done so, provisions in their legislation/regulations specific to the remit of public service media, covering in particular the new communication services, thereby enabling public service media to make full use of their potential and especially to promote broader democratic, social and cultural participation, inter alia with the help of new interactive technologies;
3. guarantee, via a secure and appropriate financing and organizational framework, public service media, the conditions required to carry out the function entrusted to them by Member States in the new digital environment, in a transparent and accountable manner;
4. enable public service media to respond fully and effectively to the challenges of the information society, respecting the public/private dual structure of the European electronic media landscape and paying attention to market and competition questions;
5. offer universal access to public service media for all individuals and social groups, including minority and disadvantaged groups, through a range of technological means;

- Support measures, including additional funding, since the sector of public service media must be provided in order to allow investments in research and development in the field of new technologies, and to enable technological substitution. Additional funding and adequate financial policies would be needed also for enabling the provision of a greater variety of of quality content and services.
- Support measures for the diffusion of receivers defined and the cost for households minimalised in order to contribute to removing the digital divide and exclusion.

8.2 Public service broadcasters

Policy

- The public service broadcasters should have a more pro-active approach in the whole process of introducing new technology, in addition to participating in the removal of the digital divide and exclusion.
- For effective policy making, a proactive attitude of all broadcasters would be needed and none of them should be excluded from the key-decision making processes.

System coordination

- The coordination of policies and procedures among all three public broadcasters should be improved and strengthend in order to reach sustainability of the system.
- System coordination among all three public broadcasters should be improved in order to avoid any further overlapping and competitiveness in the provision of services and programming.
- A strategic plan for introducing digital broadcasting and programming must urgently be created by public service broadcasters and it should be harmonized with state policies and other strategic documents. Such a strategic plan should cover all aspects: content, legal matters, platforms, policy visions, audience expectations, technical issues, the organizational structure, funding and deadlines.

'Public' and 'services'

- All public service broadcasters should analyse the changing behaviour of audiences / users in multichannel and multiplatform environment, re-examinining both its "public" and "services."
- New tasks and services should be created and adjusted to the changing audience/ users' behaviour, in accordance with the remit of the public service media in B&H.

- A great variety of content should be ensured while answering the real needs, serving public interest and reflecting professional standards.
- Although it should integrate all communities, social groups and generations, special attention should be given to the youngest population, their needs and their changing habits of media utilization.
- The public broadcasters should adjust informative, educational and entertainment content to the greatest possible extent, to the requirements of the digital age, including adjusting to different platforms (broadcast, on-line, mobile, etc.)
- The public media should invest in the development of the programs / content that is usually underrepresented by commercial sector, and for which public media would not easily face competition in multichannel and multiplatform environment.
- Within the multitude of new content providers, the public service system (broadcasters) should build strong and recognizable brand(s), "islands of trust," across different distribution platforms.

New forms of partnerships and cooperation

- The public broadcasters should analyze the possibility of cooperation and the creation of the new form of partnerships with other media and communication players, other alternative markets, in order to offer new services (in terms of content creation, distribution and reception).
- The public broadcasters should analyze the possibility of cooperation and the creation of the new form of partnerships with cultural bodies or other public institutions (such as libraries, museums, etc.), in order to reinforce public cultural sector or develop and offer new forms of digital content / "digital commons" that would provide universal access for citizens.

Research and developpment

- PSB should develop and manage research and development activities to increase continuously the stock of knowledge and improvement of its services.

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List of Abbreviations

B&H	Bosnia and Herzegovina
EU	European Union
FBiH	Federation of Bosnia and Herzegovina
RS	Republika Srpska
UK	United Kingdom
UN	United Nations

Public service broadcasting

BBC	The British Broadcasting Corporation
BHRT	Radio Television of Bosnia and Herzegovina
BHT	Television of Bosnia and Herzegovina
BNR	Bulgarian National Radio
BNT	Bulgarian National Television
FTV	Television of Federation of Bosnia and Herzegovina
HR	Croatian Radio
HRT	Croatian Radio Television
HTV	Croatian Television
MMC	Mulimedia Centre (within RTV SLO)
PBS	Public Broadcasting Service
PBS BiH	Public Service Broadcasting System of Bosnia and Herzegovina
PSB	Public Service Broadcasting
PSM	Public Service Media
RTRS	Radio-Television of the Republika Srpska
RTS	Radio-Television Serbia
RTVFBiH	Radio-Television of the Federation of Bosnia and Herzegovina
RTVSLO	Radio-Television Slovenia

Regulators

AGCOM	Italian Regulatory Authority in the communications sector
APEK	Agency for Post and Electronic Communications
CEM	Council for Electronic Media
CRA	Communications Regulatory Agency
CRC	Communications Regulation Commission
CTA	Croatian Telecommunication Agency
IMC	Independent Media Commission
OFCOM	Office of Communications
RATEL	Republic Telecommunication Agency
RBA	Republic Bradcasting Agency
SRDF	Broadcasting Council

Other authorities and organizations

ANEM	Association of Independent Electronic Media
CoE	Council of Europe
EBU	The European Broadcasting Union
EPRA	European Platform of Regulatory Authorities
ETSI	European Telecommunications Standards Institute
HR	High Representative
IJAS	Independent Journalists’ Association of Serbia
ITC	Independent Television Commission
ITU	International Telecommunications Union
OHR	Office of the High Representative
OSCE	Organization for Security and Cooperation in Europe
NATO	North Atlantic Treaty Organization
SAITC	State Agency for Information Technology and Communications
SFOR	Stability Forces

Media and Technical acronyms and abbreviations

3G	Third Generation
4G	Fourth Generation
ADSL	Asymmetric Digital Subscriber Line
API	Application Programming Interface
AVC	Advanced Video Coding
BVU	Broadcast Video U-matic
CDS	Cable Distribution System
CATV	Cable TV
DAB	Digital Audio Broadcasting
DOI	Digital Opportunity Index
DSL	Digital Subscriber Line
DTH	Direct-to-Home
DTT	Digital Terrestrial Transmission
DTT	Digital Terrestrial Transmission Broadcasting
DTTTV	Digital Terrestrial TV
DTTB	Digital Terrestrial Transmission Broadcasting
DTV	Digital TV
DTVB	Digital Television Broadcasting
DVB	Digital Video Broadcasting
DVB-C	Digital Video Broadcasting - Cable
DVB-H	Digital Video Broadcasting -Handheld
DVB-S	Digital Video Broadcasting -Satellite
DVB-T	Digital Video Broadcasting -Terrestrial
DVC	Digital Video Compression
DVD	Digital Video Disc
DVR	Digital Video Recorder
EDGE	Enhanced Data Rates for GSM Evolution

ENG	Electronic News Gathering
EPG	Electronic Programme Guide
GHz	Gigahertz
GPRS	General Packet Radio Service
GSM	Global System for Mobile Communications
HD	High-Definition
HDTV	High-Definition Television
HGK	The Croatian Chamber of Commerce
HH	Household
HSDPA	High-Speed Downlink Packet Access
HTML	Hypertext Markup Language
ICT	Information-Communications Technologies
IMAP	Internet Message Access Protocol
IP	Internet Protocol
IPTV	Internet Protocol Television
ISDN	Integrated Services Digital Network
ISP	Internet Service Provider
iTV	Interactive TV
LCD	Liquid-cristal display
MHz	Megahertz
MPEG	Moving Picture Experts Group
MMS	Multimedia Messaging Service
POP3	Post Office Protocol version 3
RF	Radio Frequency
RTV	Radio-Television
SD	Standard-Definition
SDTV	Standard-Definition Television
SMS	Short Message Service

STB	Set Top Box
S-VHS	Super Video Cassette Recorders
T-DAB	Terrestrial Digital Audio Broadcasting
TV	Television
UHF	Ultra High Frequency
UMTS	Universal Mobile Telecommunications System
VHF	Very High Frequency
VoD	Video on Demand
VOIP	Voice over Internet Protocol
WAP	Wireless Application Protocol

Other acronyms and abbreviations

AGRFT	Theatre and Television Academy
BGN	Bulgarian Levs
BTC	Bulgarian Telecommunications Company
bTV	private national TV station (ownership: Balkan News Corporation)
CME	Central European Media Enterprises
CSO	Civil Society Organizations
ECA	Electronic Communications Act
EUMAP	EU Monitoring and Advocacy Program
GDP	Gross Domestic Product
KM	Bosnian Convertible Mark
NUT	The National Association of Television Networks
OBN	Open Broadcast Network
RIS	Research of Internet in Slovenia
RRC-06	Regional Radio Communication Conference, Geneva, 2006
SBB	Serbia BroadBand (cable oprerator)
UNDP	United Nations Development Programme