

REPORT ON MEDIA FINANCING
FROM LOCAL SELF-GOVERNMENTS'
BUDGET FUNDS

The Report was done by BIRN for the needs of Media Coalition



Balkan Investigative Reporting Network
www.birn.eu.com

Media Coalition consists of:



Association of Independent Electronic Media (ANEM)
www.anem.org.rs



Independent Journalists' Association of Serbia (NUNS)
www.nuns.rs



Journalists' Association of Serbia (UNS)
www.uns.org.rs



Association of Local Independent Media (Lokal press)
www.localpress.org.rs



Independent Journalists' Association of Vojvodina (NDNV)
www.ndnv.org

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1. Introduction

The Report before you is aimed at mapping the main models and mechanisms of expenditure of local budget funds on local and regional print and electronic media in 2011.

The basic presumption is that the funds earmarked ought to support the activities of media, to enable all citizens to realize their right to complete, timely and objective information. The said right, as defined by the Public Information Law¹, involves the freedom of expression of opinion, the freedom of gathering, researching, publishing and dissemination of ideas, information and opinion, the freedom of printing and distribution of newspapers and other media, the freedom of production and broadcasting of radio and television content, the freedom of receiving ideas, information and opinion, as well as the freedom of establishing legal persons engaging in public information”.

In the Republic of Serbia, there are several channels of allocation of public budget funds to media engaged in public information:

- 1) Funds allocated by the means of an open competition called by the line Ministry of Culture and Media²;
- 2) Funds spent by individual ministries, mostly through specialized and contracted services³;
- 3) Funds allocated by the means of an open competition called by the Vojvodina Secretariat for Culture and Media⁴, especially emphasizing and encouraging information in ethnic minority languages;

¹ Public Information Law, Official Gazette of the Republic of Serbia 43/2003 and 61/2005.

²In late 2011 (for the year 2012), the Ministry earmarked a total of 75 million dinars in five open competitions – 34 million dinars to support programs and projects for enhancing public information, 20 million dinars for projects and programs of information in minority languages, 10 million dinars for information for the Diaspora, 6 million dinars for public media on the territory of Kosovo and Metohija and 5 million dinars for information of disabled persons.

³A survey conducted by the Balkan Investigative Reporting Network (BIRN), released on the “Skockajte budžet” web portal has shown that the ministries have spent for these purposes a total of 52 million dinars in 2010.

⁴The Provincial Secretariat called in January 2012 an open competition by which it earmarked 49 million dinars through three open competitions – 45.125.000 dinars for enhancing public information, 2.000.000 dinars for enhancing public information in the Diaspora and 1.900.000 dinars for enhancing professional standards in public information.

- 4) Funds allocated by local self-government units;
- 5) Funds allocated by public companies;
- 6) Funds directly used by beneficiaries such as the state news agency Tanjug, the Panorama publishing company, Radio Jugoslavija and Jugoslovenski pregled⁵.

A significant source of media financing, especially at the local level, are budget funds earmarked by local self-government units. By consistently applying, but also interpreting at their own discretion, Article 20 of the Law on Local Self-Government⁶, stipulating that local self-government shall “attend to public information of local relevance and ensure the conditions for public information in the Serbian language and the languages of ethnic minorities used on the territory of the respective municipality”, each town/municipality plans for budget funds for the said purpose.

Having all the aforementioned state-related sources of funding in mind, however, it needs to be emphasized that there are no consolidated and completely transparent data about the exact amount of money channeled to the media in such a way. The data stated in the Public Information System Development Strategy in the Republic of Serbia by 2016⁷ show that “state money” accounts for a significant share on the media market: with around 25 million Euros⁸ in 2011 it accounted for up to 15% of the overall media market, which was worth 172 million Euros that same year, although some estimates point to a much greater share of “state money” on the market⁹.

Apart from being of essential to allow the citizens full access to records on the expenditure of public funds, transparency in the allocation of budget funds for media also matters in terms of:

- Fair market competition, since public information companies, founded by the local self-government, may count on budget funds irrespective of the changes on the media market, such as in the case of private media;

⁵A total of 382 million dinars in 2011 for the four aforementioned media (source: Public Information System Development Strategy in the Republic of Serbia by 2016).

⁶Law on Local Self-Government, Official Gazette of the Republic of Serbia 129/2007.

⁷Public Information System Development Strategy in the Republic of Serbia by 2016.

⁸That amount does not include money channeled in the media in other (lawful or unlawful ways), through specialized services or contracted services.

⁹See, for example, the Report on the Media of the Government Anti-Corruption Council.

- Editorial independence, since funds earmarked in such a way may be used as a mechanism for exerting influence;
- Ownership structure of the media and its overall transparency, bearing in mind that the state remains the owner of a certain number of media;
- Neutrality in the allocation of state aid and equal access of all media to such a source of financing;
- Support especially to production of media content and not only for meeting current and operational needs;

Due to the above, the Media Coalition, consisting of the professional associations NUNS, UNS, ANEM, NDNV and Local Press, has been advocating for the overall funds for this particular purpose to be determined and earmarked in the local budgets; that their minimum percentage share in the total budget of the local self-government be determined as a single value at the level of the Republic; and that the total of the funds earmarked in the said manner also include the funds that were hitherto earmarked separately for the financing of local public information companies, with the overall purpose of having a unique treatment of these funds, so as to ensure competition on the media market.

At the present time, the way, in which public (budget) funds are spent, matters for the following reasons:

- 1. Complete and consistent implementation of the solutions provided for in the Media Strategy and the Action Plan.** The Public Information System Development Strategy in the Republic of Serbia by 2016 stipulates: the complete withdrawal of the state (territorial autonomy, local self-government, companies predominantly or partially owned by the state) from ownership of media, with the exception of founding rights to regional public service broadcasters (subparagraph 3.4), ensuring ownership transparency, the development of the media market and healthy competition, as well as the removal of legal inconsistencies in this field (subparagraph 3.2). The said measures are aimed at supporting media pluralism, which involves diversity of ownership, sources of information and media content (subparagraph 3.7).

2. Alleviating the effects of the economic crisis. The Serbian media market, which is poor and underdeveloped, has been dealt an additional blow by the economic downturn. Data show that, since 2008, the advertising market has been constantly plummeting and that it dropped by 16.5% - from 206 million Euros to 172 million Euros. In such a situation, evenhanded and non-discriminatory access to state bailout funds is of great importance.

3. Further reforms of the media sector and the introduction of democratic standards. The withdrawal of the state from media ownership, enhancing competitiveness on the media market, greater editorial independence and reducing the influence of the state on editorial policy, raising the quality of programming and encouraging pluralism, are just some of the standards the Serbian media system should apply as its core values.

The ensuing Report is merely a small step towards further reforms and it is significant first and foremost in reaching a certain level of transparency and media pluralism as a prerequisite for a democratic system, on the basis of the recommendations of the Council of Europe, binding Serbia as the member thereof.

The main focus is directed at local self-governments and the ways they spent the funds for media. The local media are an important factor in realizing the right to public information and contributions to overall pluralism of the media system. At the same time, local and regional media are the most numerous and they manage to survive on a limited and poor market. In addition, one of the key contention points in the implementation of media reforms concerns the financing of local media and ownership rights to them held by local self-governments.

After the democratic changes of 2000, the consolidation of the media system involved, among other things, the establishment of a functional media market. The dual media system, involving a parallel existence of public service broadcasters and commercial media on the media market, which was enshrined by the Broadcasting Law (2003), involved a fundamental transformation of RTS at the republic level and RTV at the provincial level, but also the privatization of media founded by local self-governments. The privatization process, however,

was stopped in 2007, on the eve of the parliamentary and local elections, under the guise of protecting the media reporting in minority languages. Meanwhile, a number of privatizations was cancelled for poorly prepared and executed tender procedures, which resulted in increased opposition to this process, sometimes even from media professionals (the Kragujevac Initiative, for example). Such a situation paved the way for the discretion right of local self-governments in the financing and control of local media that they (the LSG) finance directly and indirectly, as well as for indirect influence on editorial policy.

2. Methodological Notes

The data presented herein has been collected pursuant to a Request for Access to Information of Public Importance, on the basis of a response submitted by 32 local self-governments¹⁰ namely: Arandjelovac, Bor, Cacak, Jagodina, Kikinda, Knjazevac, Kragujevac, Kraljevo, Krusevac, Leskovac, Nis, Novi Pazar, Novi Sad, Odzaci, Pancevo, Petrovac on Mlava, Pirot, Pozarevac, Prijepolje, Raska, Ruma, Sombor, Subotica, Sabac, Sid, Uzice, Valjevo, Vranje, Vrbas, Vrsac, Zajecar and Zrenjanin.

The Report involved the submission of the following information:

1. A list of media companies that are indirect beneficiaries of budget funds and the amount of annual transfers by each media outlet;
2. The total amount paid to print and electronic regional and local media in 2011 on all grounds and from all budget lines and the analytical card;
3. A list of media companies with which the contracts were concluded in 2011, together with supporting information concerning 1) the subject matter of each particular contract, 2) the term of each particular contract, 3) the value of each particular contract, 4) the basis on which each particular contract was concluded and 5) the budget line under which the amount of the contract was paid;
4. Information on invoice-based payments to media, containing the following: 1) name of the media to which the relevant payments were made 2) the value of each particular payment supported by the proper invoices, 3) the period that the invoice pertains to, 4) the purpose of payment, namely the type of service the invoice pertains to and 5) the budget line under the payment was made;
5. Whether an open competition was called prior to the allocation of funds for local and regional electronic and print media in 2011 (if yes, please furnish the Conclusion of the Competition Committee, the composition thereof and the criteria based on which the financing decision was passed);

¹⁰ The sample involved 33 municipalities and towns. Loznica was the only town that did not furnish the required information.

6. If there were reports of the media companies about the expenditure of funds received from local self-government in 2011 (if yes, to furnish a copy of the report).

The initial sample involved 33 local self-governments¹¹, while the main selection criterion was that the relevant municipalities/towns had minimum regional coverage by radio and/or TV signal, according to the applicable license register of the Republic Broadcasting Agency¹². This entails the existence of local electronic media and presumably print ones too, which would meet the criterion of diversity of the media system. These municipalities also meet the criterion of consistent regional coverage, although it must be noted that the sample does not include the municipalities of the City of Belgrade, as well as the ones in Kosovo and Metohija. Furthermore, the information presented herein is exclusively based on the records submitted to BIRN, which were in several cases incomplete, or (due to excessive volume) only summary reports were furnished, containing the responses to the request.

¹¹The requested information was not furnished by the Loznica municipal administration.

¹²The list of licenses may be seen at http://www.rra.org.rs/pages/browse_permits/cirilica/regional

3. Allocation of funds

3.1 Allocation by city and municipality

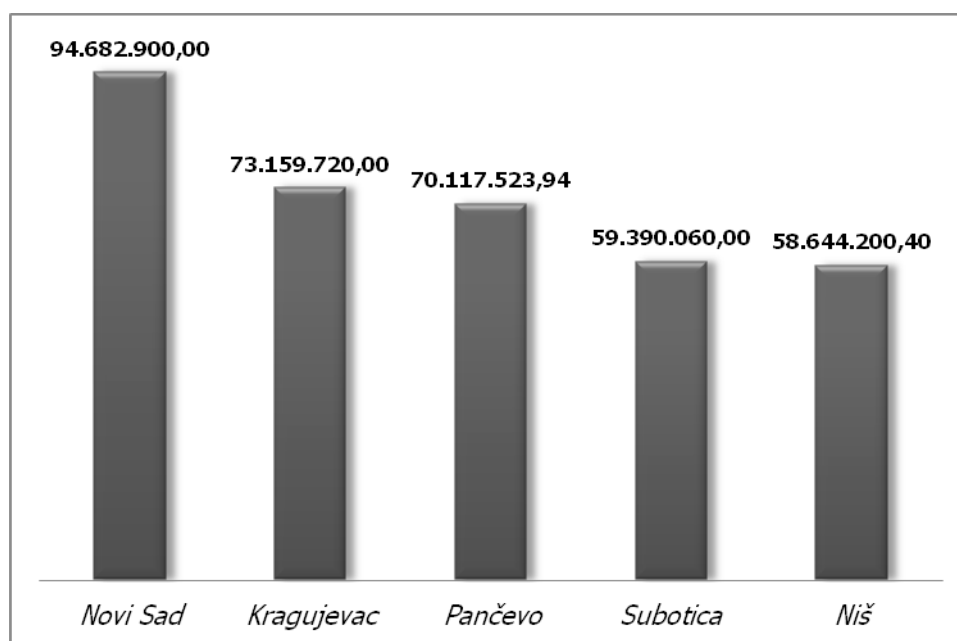
Each of the 32 local self-governments that supplied the requested information, in keeping with the Law, have earmarked budget funds for public information, mostly in the budget line 423 – contracted services (Table 1).

City/municipality	Amount	Budget line
Arandjelovac	15.091.549,97	451, current subsidies
Bor	38.539.032,11	423, information services and 451 current subsidies
Cacak	9.706.975,00	423, information and publishing services
Jagodina	52.224.718,00	423, information services and 451 current subsidies
Kikinda	30.701.680,74	423, information services and 451 current subsidies
Knjazevac	4.890.061,42	423, information services
Kragujevac	73.159.720,00	423, information services
Kraljevo	5.675.000,00	454, subsidies to private companies
Krusevac	1.604.999,74	423, information services
Leskovac	26.897.917,00	423, information services and 451 current subsidies
Nis	58.644.200,40	423, information services and 451 current subsidies
Novi Pazar	49.088.667,00	451, current subsidies
Novi Sad	94.682.900,00	423, information services and 451 current subsidies
Odzaci	8.212.899,00	423, information services
Pancevo	70.117.523,94	423, information services
Petrovac on Mlava	1.780.000,00	423, information services
Pirot	18.525.618,82	423, information services
Pozarevac	17.754.598,65	423, information services and 451 current subsidies
Prijepolje	783.973,34	94231-219, information services
Raska	26.447.000,00	451, current subsidies
Ruma	11.292.000,00	424, specialized broadcasting and publishing services
Sombor	8.957.528,00	423, information services and 451 current subsidies
Subotica	59.390.060,00	423, information services and 451 current subsidies
Sabac	24.119.982,00	423, information services and 451 current

		subsidies
Sid	11.625.679,77	423, information services
Uzice	4.710.000,00	423, information services
Valjevo	4.833.717,44	423, information services
Vranje	40.245.842,00	423, information services; 424 specialized broadcasting and publishing services and 451 current subsidies
Vrbas	26.650.991,06	451, current subsidies
Vrsac	14.673.801,04	423, information services
Zajecar	25.883.800,34	423, information services
Zrenjanin	11.750.000,00	423, information services
Total	848.662.436,78	

Table 1

The most budget funds intended for local and regional electronic and print media were earmarked by the municipal administration of the City of Novi Sad (a total of 94.682.900,00 dinars), followed by Kragujevac (a total of 73.159.720,00 dinars); Pancevo (a total of 70.117.523,94 dinars); Subotica (a total of 59.390.060,00 dinars) and Nis (a total of 58.644.200,40 dinars) (Graph 1).



Graph 1

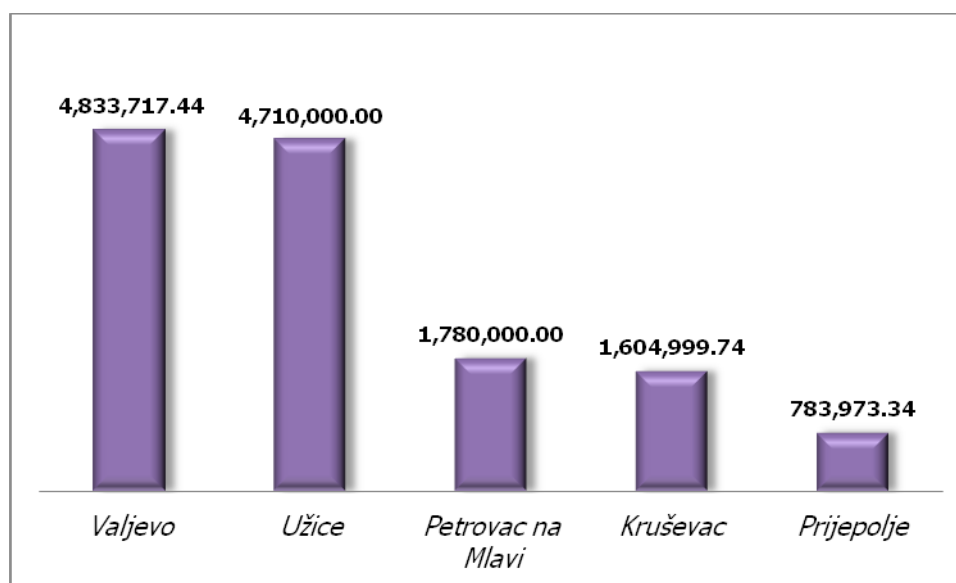
Three media companies were financed in Nis and Pancevo each, four in Kragujevac, 12 in Novi Sad and up to 14 in Subotica.

City/municipality	Amount	RTV	TV	Radi o	Pres s	Interne t	Other users	Total financed
Novi Sad	94.682.900,00	2	3	5	2	0	0	12
Kragujevac	73.159.720,00	1	1	1	1	0	0	4
Pancevo	70.117.523,9	1	0	0	2	0	0	3

	4							
Subotica	59.390.060,0 0	3	2	3	3	2	1	14
Nis	58.644.200,4 0	1	0	0	1	0	1	3

Table 2

The least money from the budget intended for public information was earmarked by the municipal administration of Prijepolje, a total of 783.973,34 dinars (Graph 2).



Graph 2

The most media were financed in Uzice (8), Valjevo (7), in Krusevac and Prijepolje (4 each) and merely two in Petrovac on Mlava.

City/municipality	Amount	RTV	TV	Radio	Press	Internet	Other users	Total financed
Valjevo	4.833.717,4 4	0	1	5	1	0	0	7
Uzice	4.710.000,0 0	0	3	4	1	0	0	8
Petrovac on Mlava	1.780.000,0 0	2	0	0	0	0	0	2
Krusevac	1.604.999,7 4	0	1	0	1	0	2	4
Prijepolje	783.973,34	0	1	1	2	0	1	5

Table 3

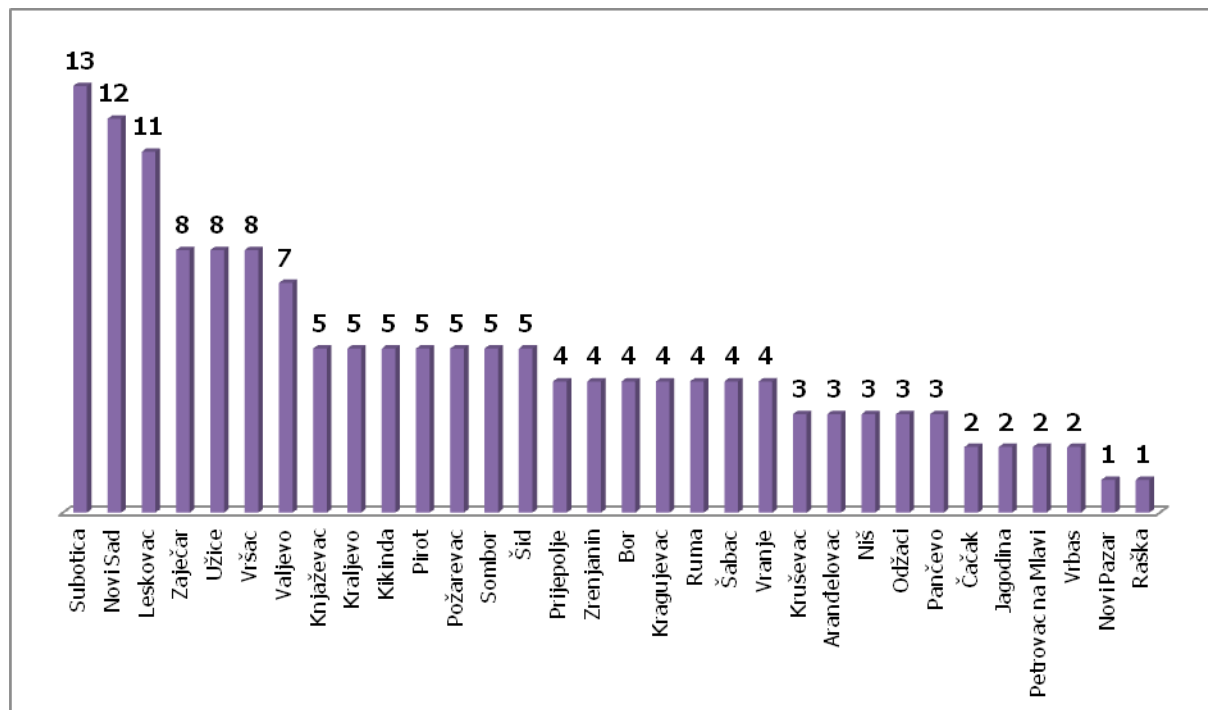
The beneficiaries of the total amount of **848.662.436,78 dinars**, allocated by **32 local self-governments**, are **151 print and electronic media** (Table 4).

City/municipality	Name of media
Arandjelovac	RTV Šumadija, Public Company for information; RTV Fleš; RTV Sunce
Bor	RTV Bor, Press radio i film, Public Company for information; TV Sezam, Sezam o.d.; Borski Nedeljnik Problem; List Kolektiv
Cacak	RTV Čačak; TV Galaksija 32
Jagodina	RTV Jagodina, JIP Novi put; Beta Press doo
Kikinda	Radio Kikinda, PE Informativni centar Kikinda; NIN, BeoTown; RTV Rubin Kruševac, ogranak Kikinda; RTV VK, Jet company; TNT Novine i magazin d.o.o.
Knjazevac	RTV Belle Amie, Niš; Timočka televizija i radio a.d.; Za media d.o.o, Zaječar; Radio Em, SMP Elektronik; Cinnamon Produkcion; Kompjuter centar Bor, Knjaževačke novine; East star group d.o.o, Knjaževac
Kragujevac	RTK, PE Radio televizija Kragujevac; TV Kanal 9, Kragujevac; Kragujevačke novine, Javnost d.o.o; Radio 34
Kraljevo	RTV Melos d.o.o.; Kraljevačke novosti, AIM international d.o.o.; TV KA, Kraljevačka televizija d.o.o.; Radio 996, CIP d.o.o.; Radio M; Medija -M
Krusevac	Albos d.o.o.; NIP Pobjeda; ADD Production; TV Jefimija, Agencija Kanal 12
Leskovac	Televizija Protokol-K1; Televizija Studio MT; Televizija Klisura; RTV 4S Bojnik; Jug Press; Radio Prik; Radio 016; Televizija Leskovac; Nedeljnik Panorama; PE Radio Leskovac; Internet portal Južne vesti
Nis	Narodne novine Niš, A.D. za izdavačku delatnost; Infobiro, regionalni informativni video servis d.o.o., BeoTown; RTV Niška televizija, Public Company for information
Novi Pazar	Regionalna RTV Novi Pazar Public Company for information
Novi Sad	Novosadska TV, Gradski informativni centar "Apolo" Novi Sad; Radio Kisač, Kulturno-informativni centar Kisač; Regionalno društvo RTV-RTD d.o.o., Novi Sad; RTV Panonija, Novi Sad; TV Kanal 9, Novi Sad; Radio Futog Kulturno-informativni centar Mladost, Futog; TV Mozaik, Fondacija Mozaik, Novi Sad; NIU Hlas Ljudu, Novi Sad; Radio Jugović, Kać; Radio 5, Novi Sad; RTV Signal, Novi Sad; Novi građanski list
Odzaci	Radio Odžaci, PE Informativni centar Odžaci; TV Kanal 25, Medija centar d.o.o Odžaci; Naše novine doo, Odžaci
Pancevo	RTV Pančevo; Dan Graf d.o.o.; Pančevac, AD NID Pančevac
Petrovac on Mlava	RTV RUF, RUF Radiotelevizija d.o.o.; RTV Mlava
Pirot	TV Pirot; TV Pi kanal, Pirot; Radio Pirot; List Sloboda (nedeljnik); Radio sport plus
Pozarevac	Radio Požarevac, Public Company for information; Radio BOOM 93; TV Duga, Požarevac; List Reč naroda; SAT TV
Prijepolje	TV STV USA; Radio 33; IP Polimlje; TV Forum žena; Magazin Vodič kroz investicije
Raska	PE radio stanica Radio Raška

Ruma	Radio Srem; RUM PRESS MCV d.o.o, Sremska Mitrovica; Sremske novine d.o.o, Sremska Mitrovica; Sremska televizija d.o.o
Sombor	NIU Dunataj; Somborske novine a.d.; Televizija STV KA-54; RTV Radio Sreće d.o.o.; Radio Sombor a.d. RTV Yu Eco, YU Eco d.o.o.; Radio Subotica, Public Company for information; NIU Hrvatska riječ; Het nap, D.o.o. za novinsko-izdavačku delatnost; Subotičke novine, marketing i plasman za istraživanje tržišta, marketing i plasman d.o.o.; Internet portal
Subotica	www.diurnarius.info, Udruženje Protego; Snoma d.o.o. za marketing, Internet portal Vesti info kanala www.snoma.co.rs ; Radio Slavoslovlje, radio SPC; Radio Marija, Udruženje Maria Mater Egysesulet; Televizija K23; City TV, Euro Alfa eksport-import d.o.o.; TV Pannon, Fond Panonija; RTV Red 9; Cro Media
Sabac	RTV AS; RTV Šabac, Public Company for information; PE „Glas Podrinja“ Šabac; DOO „Podrinjske“ Šabac
Sid	Sremske novine d.o.o, Sremska Mitrovica; Mitrovačke novine d.o.o, Sremska Mitrovica; Sremska televizija d.o.o; Radio Šid, Public Company for information; NIN, BeoTown
Uzice	Radio Luna; TV Alfa, Alfa press; TV 5, Užice; Radio San; List Vesti; Radio Užice; Radio 31; TV Lav, Užice; Agencija Zoom
Valjevo	Vujić televizija d.o.o; 'Napred' a.d.Valjevo; Radio 014 d.o.o; Radio Patak, Informativno preduzeće Centar d.o.o; Radio Kula, VinoTownina d.o.o; Radio Točak, Citizens' association Romski centar za demokratiju; Radio Istočnik, radio Pravoslavne Eparhije valjevske
Vranje	RTV Vranje; Slobodna reč a.d. Vranje; Vranjske d.o.o.; Srpski venac
Vrbas	RTV Vrbas; List Glas
Vrsac	TV Banat; NID Vršačka kula d.o.o.; Vršačke vesti, Vršalica d.o.o.; E-vršac, javno glasilo; NIU p.o. Libertatea Pančevo; RTV Victoria, Društvo ljubitelja rumunske muzike i kulture Victoria; Radio Vršac; TV Lav, Vršac
Zajecar	Timočka televizija i radio a.d.; F kanal d.o.o.; RTV Folk Disk/ TV Istok; List Timok a.d.; Naš glas d.o.o.; AS Medija; Alliance international media; Za media d.o.o, Zaječar; Radio Magnum 18 d.o.o.; Radio Tempo
Zrenjanin	Linea elektroniks d.o.o. KTV televizija www.ktvtelevizija.com ; RTV Santos, Santos komerce d.o.o.; NIP Zrenjanin ad, List Zrenjanin; Cube production, agencija za TV i kino produkciju, dopisništvo Prva TV (FOX TV); RTV, Radiodifuzna ustanova Vojvodine, Novi Sad

Table 4

The number of media (a total of 151¹³) financed by local self-governments ranges from merely one media (in the case of Raška and Novi Pazar) to 13 media, which are allocated funds by the Subotica municipality. (Graph 3)



Graph 3

3.2 Allocation by type of media

The beneficiaries of the funds are 159 institutions, namely (Table 5):

- 101 electronic media, 43 print media, 4 Internet portals, 8 production companies and 3 news agencies.
- Electronic media: 30 RTV stations, 37 radio stations, 34 TV stations, of which 28 a regional frequency, 57 with local frequency, 12 with combined regional/local frequency (in the case of RTV stations) and 4 cable broadcasters.

¹³ Graph 3 however shows total of 155 media, because Timocka TV was financed by both Knjazevac and Zajecar, Sremska TV by both Ruma and Sid, Sremske Novine by both Ruma and Sid, weekly NIN was allocated funds for its services by both Kikinda and Sid. Also, the list of media exclude production companies, 8 in total. Za medija d.o.o. was however financed by both Knjazevac and Zajecar. The total number of financed institutions for information is 159, out of which 151 media and 8 production companies.

- Print media: 4 with regional distribution, 37 with local distribution and 2 with national distribution.
- 26 public companies, 127 privately owned media and 6 citizens' associations.

City/municipality	RTV	Radio	TV	Press	Internet	Other users	Total media
Arandjelovac	3	0	0	0	0	0	3
Bor	1	0	1	2	0	0	4
Cacak	1	0	1	0	0	0	2
Jagodina	1	0	0	0	0	1	2
Kikinda	1	1	1	2	0	0	5
Knjazevac	2	1	1	1	0	2	7
Kragujevac	1	1	1	1	0	0	4
Kraljevo	1	2	1	1	0	1	6
Krusevac	0	0	1	2	0	1	4
Leskovac	0	3	5	1	1	1	11
Nis	1	0	0	1	0	1	3
Novi Pazar	1	0	0	0	0	0	1
Novi Sad	1	5	4	2	0	0	12
Odzaci	0	1	1	1	0	0	3
Pancevo	1	0	0	2	0	0	3
Petrovac on Mlava	2	0	0	0	0	0	2
Pirot	0	2	2	1	0	0	5
Pozarevac	0	2	2	1	0	0	5
Prijepolje	0	1	1	2	0	1	5
Raska	1	0	0	0	0	0	1
Ruma	0	1	1	2	0	0	4
Sombor	0	1	2	2	0	0	5
Subotica	3	3	2	3	2	1	14
Sabac	2	0	0	2	0	0	4
Sid	0	1	1	3	0	0	5
Uzice	0	4	3	1	0	0	8
Valjevo	0	5	1	1	0	0	7
Vranje	1	0	0	3	0	0	4
Vrbas	1	0	0	1	0	0	2
Vrsac	1	1	2	3	1	0	8
Zajecar	3	2	0	3	0	2	10
Zrenjanin	2	0	1	1	0	1	5
Total	31¹³	37	35¹⁴	45¹⁵	4	12¹⁶	164

Table 5

The beneficiaries of the funds are mostly electronic media. Print media are to a lesser extent the recipients (beneficiaries) of funds earmarked by local self-governments, while the Internet portals are marginal. At one hand, it is understandable due to high production costs incurred by broadcast media, but on

¹³ RTV Timočka televizija a.d. was funded by both the municipality of Knjazevac and the city of Zajecar.

¹⁴ Sremska televizija was funded by both the municipality of Sid and the municipality of Ruma.

¹⁵ The services of the weekly NIN were used by both the municipality of Kikinda and the municipality of Sid. Sremske novine was funded by both the municipality of Sid and the municipality of Ruma.

¹⁶ Other beneficiaries include 3 news agencies and 8 production companies (while the services of one of the same agency were used by the municipality of Knjazevac and the city of Zajecar).

the other hand, it doesn't contribute to pluralism and results in the discrimination of the beneficiaries of budget funds.

As per the amount of funds received, the most of the funds were allocated to RTV with 60% (which are predominantly public companies); TV stations are second with 18%, radio stations follow with 14%, while the share of all the other recipients is less than 10% in the overall distribution (Table 6).

Type of media	Amount	%
RTV	512.553.950,11	60%
Radio	122.104.771,94	14%
TV	150.865.800,77	18%
Press	55.461.479,34	7%
Internet	510.000,00	0%
Other users	7.166.434,62	1%
A total of	848.662.436,78	100%

Table 6

3.3 Allocation by type of ownership

A considerable difference in the allocation of funds is visible if we observe the ownership type: public companies, where the municipality is the founder of the media, and privately owned media. Although the private media are the predominant recipients of funds, the amount they receive in total is much lesser than the amounts received by public information companies as indirect budget beneficiaries. The allocations for public information companies amount to 73% of the overall funds allocated, while private media share the remaining 27% (Table 7).

Municipality/town	%	%
Arandjelovac	80%	20%
Bor	96%	4%
Jagodina	100%	0%
Kikinda	40%	60%
Kragujevac	84%	16%
Leskovac	64%	36%
Nis	75%	25%
Novi Pazar	100%	0%
Novi Sad	84%	16%
Odzaci	88%	12%
Pancevo	98%	2%
Pirot	30%	70%
Pozarevac	65%	35%
Raska	100%	0%
Sombor	42%	58%
Subotica	68%	32%
Sabac	96%	4%
Sd	26%	74%

Vranje	98%	2%
Vrbas	97%	3%
Zrenjanin	10%	90%
Total	73%	27%

Table 7

Hence, only one private station has made it among the top 15 media as per the amount of funds received from local self-governments (Table 8).

	Municipality/town	Name of media	Amount	Ownership type
1	Novi Sad	Novosadska TV, Townski informativni centar "Apolo" Novi Sad	74.983.860,00	Public Company (PC)
2	Pancevo	RTV Pančevo	68.978.216,97	PC
3	Kragujevac	RTK, PE Radio televizija Kragujevac	61.280.000,00	PC
4	Jagodina	RTV Jagodina, JIP Novi put	52.108.948,00	PC
5	Novi Pazar	Regionalna RTV Novi Pazar, Public Information Enterprise	49.088.667,00	PC
6	Nis	RTV Niška televizija, Public Information Enterprise	44.000.000,00	PC
7	Subotica	Radio Subotica, Public Information Enterprise	40.500.000,00	PC
8	Vranje	RTV Vranje	39.534.509,00	PC
9	Bor	RTV Bor, Press radio i film, Public Information Enterprise	36.993.032,11	PC
10	Raska	PE Radio i TV Raška	26.447.000,00	PC
11	Vrbas	RTV Vrbas	25.857.391,06	PC
12	Sabac	RTV Šabac, Public Information Enterprise	22.569.876,00	PC
13	Leskovac	PE Radio Leskovac	17.277.917,00	PC
14	Zajecar	Timočka televizija i radio a.d.	14.900.000,00	private
15	Kikinda	Radio Kikinda, PE Informativni centar Kikinda	12.215.209,00	PC

Table 8

3.4 Allocation by coverage

As per coverage, the highest percentage of allocated funds went to regional media (44.02%), followed by local media (31.59%) and combined media, which involve broadcasting at the local and regional level (23.57%) (Table 9).

Coverage/frequency	Amount	%
regional	371.748.860,45	44,02%
local	266.797.841,92	31,59%
combined	199.058.347,1	23,57%

	4	
national	3.972.333,05	0,47%
cable	2.918.590,00	0,35%
	844.495.972,	
	56	
Production companies	4.166.464,22	
	848.662.436,	
	78	

Table 9

4. Expenditure models

4.1 Main allocation models

The records show major inconsistencies and different practices of financing media and expenditure of public funds intended for public information. This is evidence of a type of autonomy enjoyed by local self-governments in disposing of budget money and the financing of those activities they believe to be the most suitable for their local communities. Different practices, with a minimum of joint standards, however, open the way for discretionary interpretation of legal provisions and non-transparent expenditures.

Four main models of financing local and regional media are:

1. Subsidies to public companies
2. Direct contracting
3. Open competitions for enhancing public information
4. Public procurement

Of the above models, among the observed municipalities as per the percentage of earmarked funds, subsidies are the most dominant, with 71.78%, followed by direct contracting with around 15.08%, while the remaining two models, which involve some kind of competitiveness, account for a total of 13.14%, of which open competition with slightly more than 9.82% and public procurement with 3.32% (Graph 4).

Graph 4

4.2 Allocation models by subject of financing

In the scope of these four main models, other subcategories have been identified as per the subject of financing, such as the procurement of services in the field of public information about the activities of local self-government, on which 14.09% of the funds, allocated to media by local self-governments, are spent. The monitoring of the work of local self-governments is financed through public procurement (1.92%) and partially through open competitions for enhancing public information (7.14 %) (Table 10).

Grounds	Amount	%
<i>Direct contracting, service procurement in the field of public information about the activities of local self-government</i>	119.570.830,2 5	14,09%
<i>Direct contracting, advertising and promotion</i>	7.991.016,87	0,94%
<i>Direct contracting, co-financing of programming content</i>	400.000,00	0,05%
<i>Public procurement, service procurement in the field of public information about the activities of local self-government</i>	16.256.915,06	1,92%
<i>Public procurement, advertising and promotion</i>	2.146.078,71	0,25%
<i>Public procurement, co-financing of programming content</i>	9.779.720,00	1,15%
<i>Open competition, co-financing of content - enhancing information of ethnic minorities and disabled persons</i>	22.799.040,00	2,69%
<i>Open competition, co-financing of content - enhancing public information</i>	60.578.313,00	7,14%
<i>Subsidies to public companies</i>	609.140.522,8 9	71,78%

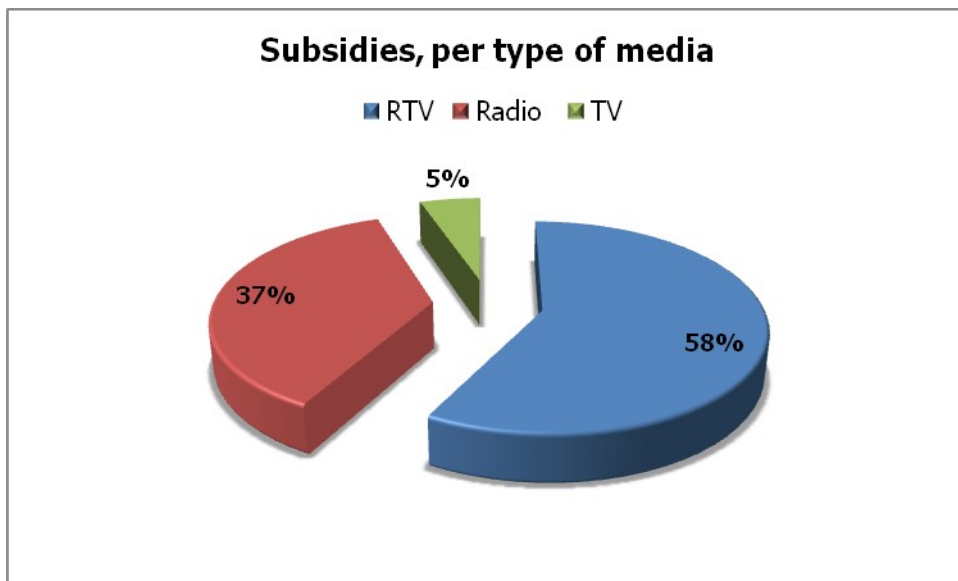
Total	848.662.436, 78
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Table 10

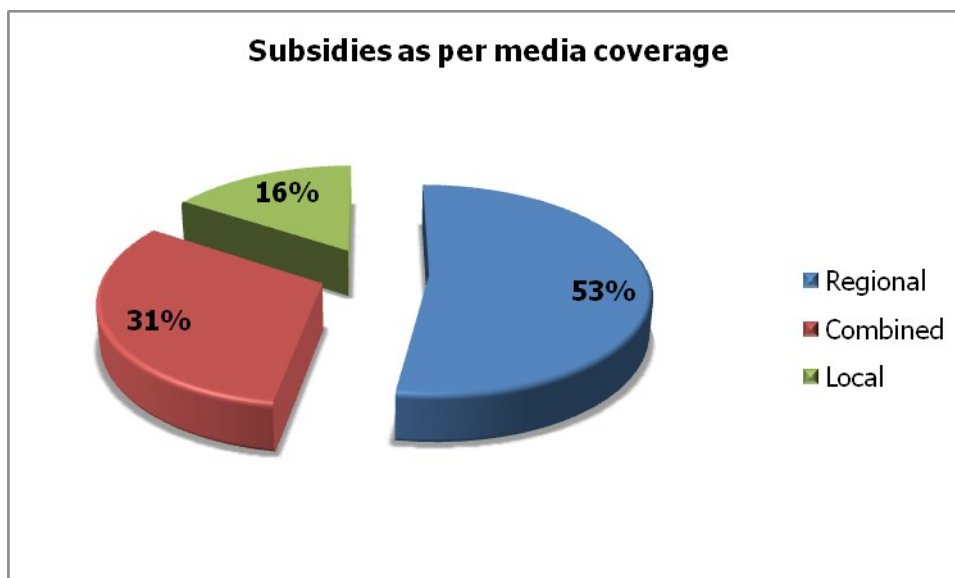
4.3 Subsidies

Subsidies are allocated to public companies (PC) as indirect budget beneficiaries.

Public information companies, the so-called local public service broadcasters, are predominantly financed through subsidies as indirect budget beneficiaries. Out of 32 local self-governments covered by this research, 19 have allocated funds to public companies by granting them subsidies. Of that number, 11 are RTV stations, 7 radio stations and one TV station (Graph 5); 10 with regional, 3 with local and 6 with a combined frequency-coverage (Graph 6).



Graph 5



Graph 6

The total amount spent was 609.140.522,89 dinars or 71 % of the total funds intended for public information (table 11). These public companies use this money to finance salaries, taxes and employee benefits, operational costs (electricity, rent, phones, etc.), as well as the costs of production of content. At the end of each calendar year, public information companies are required to submit to the local council (municipality/town) a report about their activities and to explain the expenditure of funds.

Municipality/town	Name of media	Amount
Novi Sad	Novosadska TV, Townski informativni centar "Apolo" Novi Sad	74.983.860,00
Pancevo	RTV Pančevo	68.978.216,97
Kragujevac	RTK, PE Radio televizija Kragujevac	61.280.000,00
Jagodina	RTV Jagodina, JIP Novi put	52.108.948,00
Novi Pazar	Regionalna RTV Novi Pazar, Public Information Enterprise	49.088.667,00
Nis	RTV Niška televizija, Public Information Enterprise	44.000.000,00
Subotica	Radio Subotica, Public Information Enterprise	40.500.000,00
Vranje	RTV Vranje	39.534.509,00
Bor	RTV Bor, Press radio i film, Public Information Enterprise	36.993.032,11
Raska	PE Radio i TV Raška	26.447.000,00
Vrbas	RTV Vrbas	25.857.391,06
Sabac	RTV Šabac, Public Information Enterprise	22.569.876,00
Leskovac	PE Radio Leskovac	17.277.917,00
Kikinda	Radio Kikinda, PE Informativni centar Kikinda	12.215.209,00

Arandjelovac	RTV Šumadija, Public Information Enterprise	12.000.000,00
Pozarevac	Radio Požarevac, Public Information Enterprise	11.504.597,75
Odzaci	Radio Odžaci, PE Informativni centar Odžaci	7.247.299,00
Sombor	Radio Sombor a.d.	3.500.000,00
Sid	Radio Šid, Public Information Enterprise	3.054.000,00
Total		609.140.522,89

Table 11

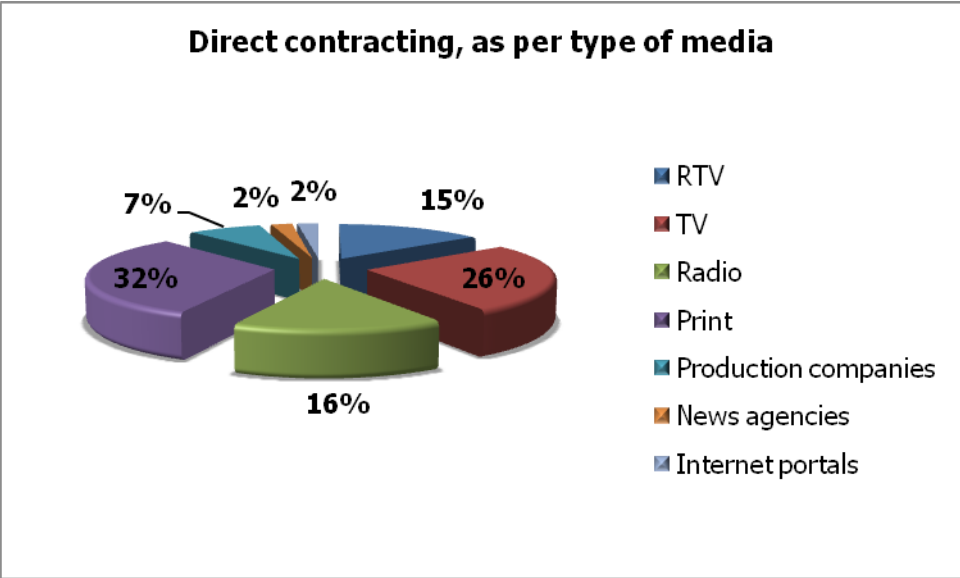
The financing of these public companies have led to the biggest debates among the expert public. Local self-governments hold founding rights to these public companies, pursuant to the Law on Local Self-Government. However, on the other hand, this possibility has collided with other legal concepts, particularly with those from the Broadcasting Law.

It remains to be seen what the future status of these companies will be - the Media Strategy foresees a complete withdrawal of the state from media ownership, as well as the establishment of regional public service broadcasters.

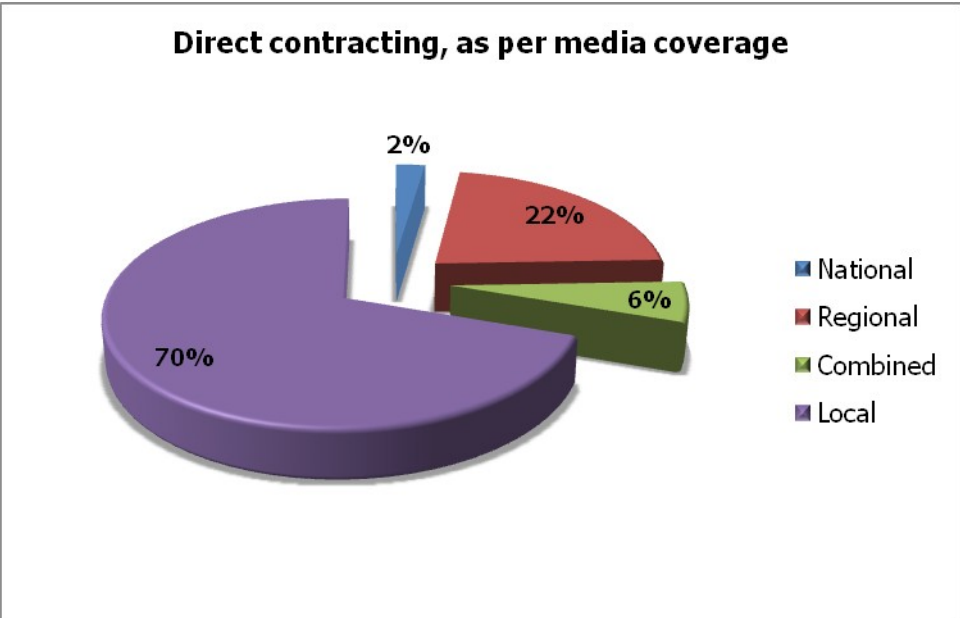
4.4 Direct contracting

More than a half, namely 27 local self-governments, has opted for purchasing public information services through direct contracting with individual media outlets, on the basis of a Decision of local self-government authorities (the Council or the Assembly). Using their legal competences, more than 127 million dinars were spent in this way, which amounts to 15.07% of the total money earmarked for public information in the observed municipalities.

A total of 95 media are beneficiaries of these funds, of which 14 RTV stations, 25 TV stations, 15 radio stations, 30 print media, 7 production companies, two news agencies and two Internet portals (Graph 7). As for coverage, through direct contracting, contracts were concluded with 60 local media, 19 regional media, two national media, five with combined coverage and two cable broadcasters (excluding production companies)(Graph 8).



Graph 7



Graph 8

Although the needs for public information differ among municipalities, the common denominator for all local self-governments is the fact that, under this model, what they most often finance is content about the work of the local self-government.

Local self-governments have mainly financed reporting about their activities (the work of the local self-government, local public companies, cultural, sports and other activities organized by the local self-governments) and almost 120 million out of the earmarked 127.961.847,12 million dinars were spent on that. About 8

million dinars were spent on advertising and promotion (the largest beneficiary of the funds is Radio Pirot with 1.485.277,8 dinars), while the smallest amount – about 400 thousand dinars – were spent by the municipal administration of Sabac for the co-financing of concrete programming (Graph 9).

Graph 9

This model of media financing involves two ways of financing: 1) contract-based, where the contract determines the total amount, subject of financing, deadlines and mutual obligations of the local self-government and the media, and 2) direct invoice-based payment.

Of 95 media beneficiaries of the said funds, only four are public companies, while the rest are private media. The beneficiaries are for the most part media with local coverage/distribution and to a lesser extent regional media.

4.5 Open Competitions for enhancing public information

Open competitions boosting content production are considered the best model of media financing. Fair and transparent conditions for participating in open competitions, clearly determined amount of money that is earmarked and rules about the distribution thereof, encouraging healthy competition on the basis of clearly defined criteria for project evaluation, promoting the production of original quality content – these are only some of the advantages of this financing model. Two notable characteristics of open competitions contributing to transparency

and public insight in the efficiency and results of budget expenditures are: 1) clearly defined, non-discriminatory conditions for participating in the open competition and 2) the obligation of media to submit narrative and financial reports about the expenditures.

In spite of the above, only 6 local self-governments (covered by the research) opted for that model, namely Novi Sad, Sombor, Zajecar, Subotica, Valjevo and Pirot. The overall funds that were earmarked in such a way are slightly more than 83 million dinars, while the individually allocated funds range from 3.5 million dinars (the average allocated to RTV or TV stations) and one million dinars (allocated in average to print media and radio stations). Variations in individual amounts are great and range from 65 thousand dinars (the amount paid by the municipality of Zajecar to the “Timok” newspaper) to almost 15 million dinars (the amount paid to Timocka TV station).

43 media in total are using these funds – 7 RTV stations, 8 TV stations, 16 radio stations, 8 print media, two online portals and two production companies (Graph 10). As much as 31 beneficiaries have a local frequency/distribution, while 8 have a regional frequency. Finally, they include one cable broadcaster and one with combined coverage (this does not include production companies) (Graph 11).

Graph 10

Graph 11

In four local self-governments – Valjevo, Pirot, Subotica and Zajecar – an open competition was called for enhancing public information, while two local self-governments – Novi Sad and Sombor – have called an open competition for enhancing information in minority languages and for disabled persons (Graph 12).

Graph 12

The bulk of the money allocated in public competitions is aimed at enhancing public information, which involves “monitoring of the work of the local government and public companies” and “the realization of projects in the field of public information”.

The highest percentage of its budget for the financing of media on the basis of an open competition was allocated by the town of Zajecar – 98.63%. Only Novi Sad had an open competition explicitly promoting the right to information of disabled persons.

Akin to the different practices as to the subject of the open competitions called, there are differences as to the criteria for the evaluation of the quality and relevance of the proposals received. Practice has shown that the open competitions called suffer from certain shortcomings, which creates room for improvement of, before all, the type of content financed – the competitions should target innovative and original production, which will yield new quality and not mere co-financing of the operation of certain media or content related to reporting on the work of the local government, which is the subject prescribed by most local self-governments as a competition requirement.

The majority of beneficiaries are private media companies, as well as four public companies and six citizens' associations.

Town	Number of media	Amount	Subject of competition	Criteria	% of overall media allocations
Novi Sad	11	19.699.040,00	Financing or co-financing of programs and projects in the field of promoting public information of ethnic and minority communities, as well as the public competition for enhancing information for disabled persons	Rules on the manner, standards and criteria for the selection of projects from the field of public information co-financed from the municipal budget of City of Novi Sad.	20,81 %
Piro	5	14.550.000,00	Financing of the monitoring of the work of the local government and public companies	Share of the funds from the municipal budget in the planned total budget of the participants in the open competition, registration and performance of activity on the territory of the municipality, quality of the news program, business tradition, collaboration record with local self-government, awards	78,54 %
Sombor	1	3.100.000,00	Information in ethnic minority languages	Information in ethnic minority languages, the requirement that the registered organization does not receive funds from the Republic of Serbia, the Autonomous Province of Vojvodina or from donations; that it is registered and operates on the territory of the town of Sombor and that it reports about the work of the local government.	34,61 %
Subotica	13	17.100.000,00	Financing or co-financing of programs and projects in the field of public information	Programs, projects and articles about the work and activity of the local government; daily issues of general interest for the citizens of the town; contributing to the affirmation of the values of coexistence, multiculturalism and religious tolerance on the territory of the town.	28,79 %
Valjevo	6	3.400.000,00	Financing of the monitoring of the work of the local government and public companies	Regional or local frequency for broadcasting on the territory of the town; radio or TV program; number, time slot and duration of news programs; number, time slot and duration of other programs on themes	70,34 %

that are the subject of the open competition

Zajecar	7	25.528.313, 00	Financing or co-financing of programs and projects in the field of public information	Importance of the news program for the realization of the right to public information; contribution to the diversity of media content and pluralism of ideas and values; enhanced media creativity in the fields of culture, science and education; information and education of children and youth; information and enhancing equality of all segments of society; introduction of new IT and the development of media literacy; contribution to the development of investigative reporting; relevance of the program for the development of the town of Zajecar and the region; number of full-time employees; ratings	98,63 %
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Table 12

4.6 Public procurement

In the observed sample, 8 local self-governments opted for purchasing public information services by the means of an open competition for public procurement, pursuant to the Public Procurement Law. These are Bor, Kragujevac, Krusevac, Pancevo, Subotica, Sombor, Nis and Sid. Depending on the subject of public procurement, 6 local self-governments (Bor, Kragujevac, Nis, Sombor, Subotica and Sid) resorted to this option in order to finance public information about their work and the work of local public companies, while the towns of Pancevo and Krusevac and the municipality of Sid financed advertising and promotion. Finally, the municipal administrations of Kragujevac and Sid used public procurement as the manner for co-financing and production of content.

The total amount spent on the open competition for public procurement is slightly more than 28 million dinars, namely 16.2 million dinars for the service of information about the work of the local self-government, 9.7 million dinars for content (production of specific programs/texts in print media), while 2.1 million were spent on advertising (Graph 13).

Graph 13

The beneficiaries of these services are 16 local media, of which 15 privately owned and one public company, 8 print media and 8 electronic media. In most cases, the criteria for the choice of bidder were the lowest price offered.

The open competitions that were implemented were mainly small value public procurement procedures or negotiated procedures without public call. Although the services pertaining to the “purchase, development, production or co-production of radio and television program or air time” are strictly not falling into the competences of the Public Procurement Law, this Law nevertheless provides for several key principles in the implementation of such procedures, with the priority ones being cost-effectiveness and efficiency of the use of public funds, ensuring competition among bidders, transparency of public procurement procedures and equality of bidders.

4.7 Diversification of financing models

The most common financing model are subsidies to public companies and direct contracting for the purchase of services in the field of public information on the activities of local self-government, which are enforced in 19 municipalities, seconded by direct contracting for the needs of advertising and promotion, which is realized in 11 municipalities.

In more than a half of municipalities observed, the financing models are diversified, i.e. more than one ways of distribution of funds to media are used, while in 9 local self-governments, the money from the budget is still distributed only under one model, of which direct contracting for purchasing services in the field of public information on the activities of local self-governments is the most common way in seven municipalities and towns, while the remaining two pertain to subsidies to public companies (Novi Pazar and Raska).

Town	Direct contracting, purchase of a service of public information about the work of local self-government	Direct contracting, advertising and promotion	Direct contracting, co-financing of programming content	Public procurement, purchase of a service of public information about the work of local self-government	Public procurement, advertising and promotion	Public procurement, co-financing of programming content	Open competition, co-financing of content - enhancing information of ethnic minorities and disabled persons	Open competition, co-financing of content - enhancing public information	Subsidies to public companies	Total
Arandjelovac	20,49%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	79,51%	100,00%
Bor	0,00%	0,03%	0,00%	3,98%	0,00%	0,00%	0,00%	0,00%	95,99%	100,00%
Cacak	100,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	100,00%
Jagodina	0,00%	0,22%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	99,78%	100,00%
Kikinda	59,08%	1,13%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	39,79%	100,00%
Knjazevac	100,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	100,00%
Kragujevac	0,00%	0,00%	0,00%	8,75%	0,00%	7,49%	0,00%	0,00%	83,76%	100,00%
Kraljevo	100,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	100,00%
Krusevac	39,88%	0,00%	0,00%	0,00%	60,12%	0,00%	0,00%	0,00%	0,00%	100,00%
Leskovac	35,76%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	64,24%	100,00%
Nis	20,46%	0,00%	0,00%	4,51%	0,00%	0,00%	0,00%	0,00%	75,03%	100,00%
Novi Sad	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	20,81%	0,00%	79,19%	100,00%
Novi Pazar	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	100,00%	100,00%
Odzaci	11,76%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	88,24%	100,00%
Pancevo	0,00%	0,00%	0,00%	0,00%	1,62%	0,00%	0,00%	0,00%	98,38%	100,00%
Petrovac on Mlava	100,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	100,00%

<i>Pirot</i>	10,22%	11,24%	0,00%	0,00%	0,00%	0,00%	0,00%	78,54%	0,00%	100,00%
<i>Pozarevac</i>	35,20%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	64,80%	100,00%
<i>Prijepolje</i>	84,31%	15,69%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	100,00%
<i>Raska</i>	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	100,00%	100,00%
<i>Ruma</i>	100,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	100,00%
<i>Sombor</i>	0,00%	18,36%	0,00%	7,96%	0,00%	0,00%	34,61%	0,00%	39,07%	100,00%
<i>Subotica</i>	0,63%	0,00%	0,00%	2,38%	0,00%	0,00%	0,00%	28,79%	68,19%	100,00%
<i>Sabac</i>	4,77%	0,00%	1,66%	0,00%	0,00%	0,00%	0,00%	0,00%	93,57%	100,00%
<i>Sd</i>	0,00%	5,85%	0,00%	30,53%	0,36%	36,99%	0,00%	0,00%	26,27%	100,00%
<i>Uzice</i>	100,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	100,00%
<i>Valjevo</i>	6,35%	23,31%	0,00%	0,00%	0,00%	0,00%	0,00%	70,34%	0,00%	100,00%
<i>Vranje</i>	0,00%	1,77%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	98,23%	100,00%
<i>Vrbas</i>	0,00%	2,98%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	97,02%	100,00%
<i>Vrsac</i>	100,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	100,00%
<i>Zajecar</i>	0,00%	1,37%	0,00%	0,00%	0,00%	0,00%	0,00%	98,63%	0,00%	100,00%
<i>Zrenjanin</i>	100,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	100,00%

Table 13

5. Transparency (or the lack thereof)

Depending on the type of contracts local media have entered into with local self-governments, they must submit (or not) reports about their work to local self-governments' authorities and the public. Public companies submit annual reports about their work, the private media are most often not required doing that, in which case it is sufficient to send a valid invoice, while in several cases local self-government has a person in charge of monitoring the fulfillment of mutually agreed obligations.

The quality of the reports submitted by the media mirror the heterogeneous practice of municipality. BIRN had access to 40 reports. There were cases of local self-governments failing to submit the required reports, namely 77 reports, for which we are not aware if they have been submitted at all to local self-governments, or if the beneficiaries of the funds were required to furnish them at all. Moreover, according to the information submitted by the municipalities, 50 beneficiaries of the funds allocated by local self-governments were not obligated to submit reports in the first place, while a total of 10 users, from the Pirot municipality and the town of Subotica, failed to furnish the required reports to local self-governments, although they were obligated to do so (Table 14).

Only 16 media also submitted both financial and narrative reports.

Submitted expenditure reports	Number
Yes	40
No	77
Beneficiaries failed to submit	10
Not obligated to submit	50
Service specification	2
Total	179

Table 14

The financial reports we had access to show that the bulk of the money is actually spent for human resources, seconded by running costs (telephone, electricity, etc.), while a fraction of the funds are used for the expenditures related to content production (Table 15).

	Name of media	Type of ownership	% money for salaries	% money for current maintenance and production costs	% money for program
Arandjelovac	RTV Šumadija, Public Information Company	PC	84%	16%	
Bor	RTV Bor, Press radio i film,	PC	60%	22.50%	
Novi Sad	Novosadska TV, Townski informativni centar "Apolo" Novi Sad	PC	78%	11%	11%
Novi Sad	Regionalno društvo RTV-RTD d.o.o., Novi Sad	private		100%	
Novi Sad	TV Kanal 9, Novi Sad	private	30%	70%	
Novi Sad	Radio Jugović, Kač	PC	70%	30%	
Novi Sad	Radio 5, Novi Sad	private	50%	50%	
Novi Sad	Novi građanski list	private	25%	75%	
Novi Sad	Radio Kisač, Kulturno-informativni centar Kisač	PC	100%		
Novi Sad	Radio Futog Kulturno-informativni centar Mladost, Futog	PC	50%	50%	
Novi Sad	TV Panonija, Novi Sad	private		100%	
Novi Sad	NIU Hlas Ljudu, Novi Sad	private		100%	
Raska	PE Radio i TV Raška	PC	84.46%	15.54%	
Sabac	RTV Šabac, Public Information Company	PC	67%	33%	
Sid	Radio Sid, Public Information Company	PC	55%	45%	
Valjevo	Vujić televizija d.o.o	private	80%	20%	
Valjevo	Radio Patak, Informativno preduzeće Centar d.o.o	private	55%	45%	
Valjevo	Radio 014 d.o.o	private	100%		
Valjevo	Radio Točak, Citizens' association Romski centar za demokratiju	citizens' association	40%	60%	
Valjevo	Radio Istočnik, radio Pravoslavne Eparhije valjevske	citizens' association	44%	56%	
Vrbas	RTV Vrbas	PC	75.20%	2.86%	13.50%

Table 15

Of the 21 media, whose financial reports we had access to, 10 are public companies, nine are private media and two are citizens' associations. The funds were allocated to them as subsidies for public companies, in seven cases, or public open competition for the co-financing of content.

Following the prescribed procedures, public companies and the media that received the money on open competitions were obligated to submit reports. Of a total of 43 beneficiaries of budget funds on open competitions, 26 furnished reports. As for public companies, according to the data we have received, only 12 out of 26 submitted reports to local self-governments.

Even such an incomplete access to the reports points to the absence of a unique practice, as well as to an alarming lack of the culture of transparency, which is something that should be addressed in the future.

6. Conclusion

All municipalities covered by the sample, except for one, have earmarked budget funds for public information. Most often, these funds are spent from budget line 423 – information services and one part from budget line 451 – subsidies for public companies.

When it comes to the distribution of money, the practice varies considerably between municipalities, to the extent that we can speak about minimum common standards. However, for the purpose of this Report, certain generalizations had to be made in order to identify the main models, the mechanisms of allocation of funds. There are four main types: 1) subsidizing public information companies founded by local self-government, 2) direct service contracting with media, 3) public open competitions for enhancing public information and 4) purchase of public information services based on a public procurement competition.

A major disproportion may be observed in the financing of public companies and privately owned media. Despite the fact that privately owned media individually get much less allocated funds than private media, more than 70% of all earmarked funds are spent on subsidizing the latter.

Most local self-governments see the funds for enhancing public information as a way to finance regular reporting about their work, its organs and public companies. Although this is undoubtedly of great significance for each local community, it essentially does not contribute to its genuine purpose – improving overall content quality, innovating offers, encouraging media creativity, etc. The exception are mainly open competitions fostering content production, be it public information or information in minority languages.

Transparency in the expenditure of public funds, as well as public insight in the effects and results of such funds, is limited by the mere fact that only a handful of media submit expenditure reports. Apart from public companies that are obligated to submit annual reports to the Assembly, as well as the media that have obtained the money on open competitions, the others are not obligated to justify the funds spent.

According to the reports we had access to, the bulk of the money was spent on covering running costs (first and foremost salaries and employee benefits and a mere fraction on production costs, i.e. content production costs). This fact is evidence of a chronic lack of money in local media and very little room for new investments.