

V THE DIGITALIZATION PROCESS

On October 9, 2009, The Serbian Government passed the decision on establishing a public company for the management of broadcasting infrastructure on the territory of Serbia “Broadcasting Equipment and Communications”. This company was established by separating the broadcasting equipment from the Broadcasting Institution of Serbia. Pursuant to this decision, the Government will appoint the Manager, Chairman and members of the Managing Board by December 20. The assets for the establishment of the said company comprise movable property and real estate such as buildings, antenna systems, radio relay systems, as well as property rights and other means of broadcasting infrastructure. The total value of the business assets taken over from PBS (RTS) is estimated at 13.8 million EUR.

The separation of broadcasting infrastructure from PBS was made possible by the Broadcasting Law from 2002. The Law stipulates that the PBS will use the property and equipment of the broadcasting infrastructure (buildings, antennae systems, radio relay systems, etc.) in accordance with the contract with the Property Directorate of the Republic of Serbia. Since this contract was not been concluded for seven years, the PBS managed the broadcasting infrastructure on its own, which created a situation in which PBS was able to control the distribution of the signal of commercial broadcasters, which at the time were still its competitors on the advertising market. This problem was recognized in the *Broadcasting Development Strategy until 2013*, adopted by the RBA. Namely, the Strategy acknowledges that the situation in which one broadcaster (PBS) controls key broadcasting facilities and their respective infrastructure is not a guarantee of an equal position of all electronic media. The Strategy indicates that this issue may be resolved by establishing a public company that will guarantee all broadcasters that obtain the license equal access to broadcasting facilities. The Strategy for Transition from Analog to Digital Radio and TV Program Broadcasting in the Republic of Serbia from July 2009 also says that at the beginning of the transition, a company will be set up that will manage broadcasting infrastructure of the broadcasting system of the Republic of Serbia. This company would be created by separating the broadcasting system from the Broadcasting Institution of Serbia (PBS). The Strategy furthermore says that the company will be obliged to apply identical, non-discriminatory conditions with regard to quality, accessibility and fees to all broadcasters. The fee for broadcasting services will be – as it is envisaged – based on the cost principle, while the role of the company will be a purely technical one, without the possibility to influence the program and program content to be aired.

The separation of the broadcasting infrastructure from PBS was the necessary precondition for an array of tasks that must be dealt with in order to digitalize terrestrial

broadcasting. From a more general standpoint, it also improves the framework for the operation of particularly commercial electronic media in the Republic of Serbia.

VI THE PRIVATIZATION PROCESS

After an almost 2-year break, the Privatization Agency called for December 11, 2009, auctions for the privatization of 12 media companies, employing a total of 236 people. The first on the list is the public company Radio Smederevo, whose capital, intended for privatization, is estimated at about 285 thousand EUR. It is 82.4% of the total capital of that company, comprising slightly over 42% of state capital, while the remainder is socially owned capital. The starting price for Radio Smederevo, which employs 17 staff members, is 5.4 million dinars, while the obligatory investment is 4.9 million dinars. Part of the state capital, as indicated in the public call, will have to be paid immediately and in full, while the rest shall be subject to the same conditions as with all other media – which means that the permitted payment means will include old foreign currency savings bonds, valid on the day of sale, in the first and all other deadlines in the second auction. The list for privatization also includes TV Smederevo with 39 employees, with a starting price for 70% of its capital of 90 thousand dinars, while the minimum investment is 2.5 million dinars. As two separate companies, the list includes Radio Cacak, with a starting price of 6.1 million dinars and the minimum investment of 582 thousand dinars and 14 employees and TV Cacak, for which the starting price was set at slightly more than six million dinars and an investment of no less than 1.7 million dinars. Television Cacak has 41 employees and, contrary to the radio, its incomes in the previous year exceeded the expenditures by nearly one million dinars. Radio Pozega, employing five people, is offered for privatization at the starting price of 1.2 million dinars and a minimum investment of 352 thousand dinars. TV Pozega has 21 employees; its starting price is slightly above three million dinars, while the minimum investment is 316 thousand dinars. RTV Vrnjacka Banja, employing 44 staff members and whose capital to be privatized is estimated at about 30.100 EUR will be offered at the starting price of 283 thousand dinars and a minimum investment of 1.4 million dinars; Radio Obrenovac (18 employees) will be offered at an starting price of 134 thousand dinars and a 75 thousand dinar investment, while the Regional Television Valjevo (16 employees) at the starting price of 289 thousand dinars and a 1.3 million dinars minimum investment. Finally, in the same auction, Radio Mladenovac will look for new owners: it has four employees and its starting price is 2.5 million dinars, while the minimum investment is a puzzling one thousand dinars; Radio Valjevo (27 employees), at the starting price is 5.7 million dinars and an obligatory investment of 396.000 dinars and RTV Barajevo (six employees) with an starting price of 3.2 million dinars and a minimum investment of 180 thousand dinars.

While it is very good that the privatization process has been resumed, the problem remains that, with the changes to the legal framework that have taken place in the meantime, the Agency does not consider privatization to be obligatory anymore. Namely, according to the Law on Local Self-Government and the Law on the Capital City, local self-governments are entitled to establish television and radio stations for reporting on the language of national minorities officially used in the respective municipality, as well as for reporting on the language of national minorities that is not in official use, when such reporting constitutes the achieved degree of minority rights. The City of Belgrade may establish television and radio stations, newspapers and other public information means. The Law on National Councils of National Minorities provides for the possibility that the founding rights to the media that are entirely or predominantly reporting on minority languages be assigned to the National Council of the national minority in question. Instead of making it obligatory, this is turning privatization into merely a possibility, while the decision whether it will take place at is entirely left to the discretion of local self-governments.

In the meantime, concerning previously privatized media, the public is abuzz with stories about failed privatizations, strikes, unpaid wages and benefits. The media have reported about the strike of the employees of RTV Jasenica in Smederevska Palanka over 11 unpaid wages and benefits for pension and health insurance. RTV Jasenica was privatized in May 2006. At the same time, the media reported about strikes in non-privatized media, such as “Dnevnik Holding”, whose employees have had the same problem with joining years of service, unpaid health insurance benefits and unpaid salaries. The strike ended on October 29, when the employees reached an agreement with the management and representatives of the Vojvodina Executive Council about their requests. The employees will receive three unpaid wages in the coming month and a final settlement of the remaining requests is also expected. Although these requests included privatization, it remains unclear how they reached an agreement about this matter with the Vojvodina Executive Council.