

Working Paper 5/2017

The Future of Public Service Broadcasting in Croatia

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Sarajevo, 2017

Title:

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Published by:

Analitika – Center for Social Research

Year: 2017

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Publisher Address:

Hamdije Kreševljakovića 50, 71000 Sarajevo, BiH

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www.analitika.ba

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This publication is produced within the project “The Prospect and Development of Public Service Media: Comparative Study of PSB Development in Western Balkans in Light of EU Integration”, performed together with the University of Fribourg’s Department of Communication and Media Research DCM and funded by the Swiss National Science Foundation through the SCOPES (Scientific Cooperation between Eastern Europe and Switzerland) programme.

The views expressed in this publication are those of the author and do not necessarily represent opinions of the Swiss National Science Foundation, University of Fribourg and Center for Social Research Analitika.

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1.

Introduction*

The transformation of the former state-controlled Radio-television Zagreb into a broadcaster serving the public interest in Croatia, and its subsequent reform to comply with the European standards and principles is the main focus of this paper. Croatian-Radio Television (Hrvatska radiotelevizija, or HRT) - as the reformed broadcaster was named after the first multi-party elections in 1990¹ - underwent several developing stages. The analysis provided within the study reflects on the process of its evolution against the backdrop of specific political, social and economic factors, also taking into account challenges of a substantial and technological nature. In recent years, as Croatia moved towards full membership of the EU, the status and operation of the PSB, as well as its broadcasting regulatory mechanisms and media policies, were reviewed to bring them in line with the new EU regulations.

Croatia's case seems somewhat unique compared to other countries that were once part of the former Socialist Republic of Yugoslavia, but it also shares some similar contextual characteristics. First and foremost, the funding model is what sets apart the Croatia's PSB from other Western Balkan post-socialist states. Considered one of the most successful models, HRTs license fee collection system has been continuously and systematically improved since the 1960s when it was first introduced. Albeit the level of editorial independence and financial sustainability has seen frequent oscillations at different points in time, HRT maintains its financial sustainability, and manages to drive its internal development. Like the other countries, Croatian PSB is under permanent political pressures, while its program has been commercialized, becoming less distinctive from content provided by commercial competitions.

In order to assess the transformation of HRT into a public service, considering the challenges to its current operation and further development, the paper intends to answer the following questions. The first is related to the development of regulation and media policies in regard to PSB, including the various actors involved, the political setting, and internally or externally driven reforms. The second question targets the current regulation, status and role of the PSB in Croatia, with special attention to the PSB remit, funding model, formal and de-

* This report is updated as of December 2016.

¹ "Zakon o izmjenama i dopunama Zakona o informiranju" [Amendments to the Law on Public Information], *Official Gazette of the Republic of Croatia* 11/82, 28/87 and 71/90; "Zakon o Hrvatskoj radioteleviziji" [Law on Croatian Radio-Television], *Official Gazette of the Republic of Croatia* 28/90.

facto independence, market share, and the progress regarding technological innovations and digitalization. Finally, the paper deals with the challenges to the PSB operation in Croatia, taking into account ongoing debates on the global level, and country-specific discussions.

This research draws upon the ongoing debates on the status and operation of PSB in a changing media environment. Technology developments, commercialization processes and the growing role of the market in defining media roles and audience tastes, information abundance, and audience fragmentation significantly define what we know today as 'media ecology'.² In such a context, the status and role, funding model and social role of PSB, and its relation with the audience, are contested. To evolve into a genuine public media, Croatian Radio-Television has to face these challenges both internally and externally. This study follows recent and ongoing debates on the future of PSM, and builds its analytical framework on concepts and ideas developed by contemporary PSM scholars such as Donders, Lowe, Moe and Van den Bulck, also taking into account theoretical accounts of media and PSB developments in the post-socialist area, including Jakubowicz, Sukosd, Splichal, and others.

This research paper is divided in four main sections. The following section outlines the main theoretical concepts and the key debates in regard to the future of PSB. The third section reflects on the country background including political and economic factors, the development of the media system in Croatia and its PSB. The final section summarizes the main findings and discusses them in relation to the socio-political context and contemporary trends related to regulation, funding and the technological developments related to PSB in general. A discussion of the main trends and dilemmas on the European and regional level is presented within the final section.

² See further: Neil Postman, "The Reformed English Curriculum", in *High School 1980: The Shape of the Future in American Secondary Education*, ed. Alvin C. Eurich (New York: Pitman, 1970), pp. 160-168; Lance Strate, *Echoes and Reflections: On Media Ecology as a Field of Study* (Cresskill: Hampton, 2006).

2.

Theoretical and Methodological Framework

2.1 Discussion on the European Level

If we look into the history of the development of the concept of PSB, it presented a unique type of media organization; detached from the state and from political and economic interests, and primarily designed to serve the public. Created as an independent institution, its status has been defined through a set of international standards and principles, which are then enshrined in national legal frameworks. PSB is established as a public institution, to serve all citizens despite their backgrounds and preferences, to produce programs of public importance and universal values, to operate in a transparent and accountable way, and to take into account the diversified information needs of citizens.³ Today, PSB is a contested concept and its relevance for society is no longer taken for granted. Its legitimacy, remit, structure, models of funding and relation with the audience in a changing media landscape have been extensively debated in recent years. In the search for convincing argumentation, advocates of PSB see “public service media as an ideological and political choice in favor of democracy.”⁴

Taking into account the challenges regarding Public Service Media (PSM) legitimacy, it is necessary to question the mission of PSM in a new media environment. The first dilemma is related to the increased and segmented content offer on the market. In such a situation, PSM has to find the right balance between a universal approach and personalized content.⁵ The second dilemma tackles the results of increased audience segmentation. As Mancini notices, media fragmentation and audience segmentation can be observed as an increased trend towards commercialization, and it has very important consequences on the perceived role, current performance, and future profiling of public media.⁶

³ See: Georgina Born and Tony Prosser, “Culture and Consumerism: Citizenship, Public Service Broadcasting and the BBC’s Fair Trading Obligations”, *The Modern Law Review* 64, no. 5 (2001); Indrajit Banerjee and Kalinga Seneviratne, eds., *Public Service Broadcasting: A Best Practices Sourcebook* (UNESCO, 2005).

⁴ Karen Donders, *Public Service Media and Policy in Europe* (Palgrave Macmillan, 2012), p. 25.

⁵ European Broadcasting Union (EBU), *Vision 2020: Connecting to a Networked Society* (Geneva: EBU, 2012), p. 75, 85.

⁶ Dr Paolo Mancini, University of Perugia, interview with author, June 12, 2015; See also: Paolo Mancini, “Media Fragmentation, Party System, and Democracy”, *The International Journal of Press / Politics* 18, no. 1 (2013), pp. 43-60.

The third dilemma includes changed consumption habits, including non-linear watching, on demand content, and the audience's increasing habit of watching TV online.⁷ In order to meet these challenges it has to follow market trends, it has to be both universal and plural at the same time in order to meet the needs of citizens, and it has to cover topics that are scarce on the market, while at the same time taking into account all groups and individuals within a society without discrimination.⁸

In order to perform its role, public service must not only produce diverse content, but must also use all legitimate and available means to expose and promote it.⁹ As Helberg and Burri claim it is not enough to produce and provide the plural content (supply side), but it must also make sure that the provided content will be recognized, accessed, and consumed by the wider audience.¹⁰ The European Broadcasting Union (EBU) in its "Vision 2020," also declared that "only organizations of sufficient size and scale, such as PSM, can guarantee a long term, sustainable, high quality and independent information and entertainment offer that is universally available."¹¹ Therefore, this is the chance for PSM to stand out as being distinctive, different and trusted in the era of abundance and audience fragmentation.

Following the structural changes in societies, PSM are expected to adapt their structures and develop corporative cultures that support public values, interaction and partnership.¹² Traditional definitions of governance fail to take into account the changing nature of media and media landscapes, usually focused on a narrow meaning including legal and procedural steps for nomination and appointment of key managing PSM staff. The model proposed by the CoE consists of three levels – a structure that secures a framework for independence and accountability, management that involves practical and outcome-oriented activities in order to ensure the resources and capacity to

⁷ European Commission, "Media Use in the European Union", Standard Eurobarometer 82, November, 2014; European Commission, "Public Opinion in the European Union", Standard Eurobarometer 84, December, 2015.

⁸ See further: Born and Prosser, "Culture and Consumerism"; Lesley Hitchens, *Broadcasting Pluralism and Diversity: A Comparative Study of Policy and Regulation* (Portland: Hart Publishing, 2006); P. M. Napoli, "Exposure Diversity Reconsidered", *Journal of Information Policy* 1, (2011), pp. 246-259; James G. Webster and Thomas B. Ksiazek, "The Dynamics of Audience Fragmentation: Public Attention in an Era of Digital Media", *Journal of Communication* 62, no. 1 (2012), pp. 39-56.

⁹ See in: Napoli, "Exposure Diversity Reconsidered".

¹⁰ Natali Helberger and Mira Burri, "Public Service Media and Exposure Diversity: Introduction", *International Journal of Communication* 9, (2015), pp. 1319-1323; Natali Helberger, "Exposure Diversity as a Policy Goal", *Journal of Media Law* 4 (2012), pp. 65-92.

¹¹ EBU, *Vision 2020*, p. 85.

¹² This derives from the Council of Europe's recommendation on PSM governance which call on traditional PSM structures to adapt to new media ecologies. See: <http://www.coe.int/en/web/freedom-expression/mc-s-pg> (Accessed on July 20, 2016); See also: EBU, *Vision 2020*, Recommendation 9: Transform organizational culture and leadership style, p. 30.

deal with the new environment, and finally, the culture of the organization, embracing principles such as transparency, openness, responsiveness, and responsibility.¹³ As the EBU envisioned, “transition to a networked organization entails a gradual yet fundamental shift in the corporate structure and culture of PSM.”¹⁴

Funding seems to be one of the most debated issues in regard to PSB, especially the license fee as a widely accepted model. It is believed that the fundamental reasons for the participatory role of the state in supporting PSB are unchanged. Arguments in this regard fall under two broad fields. The first is *economic* – as well as a ‘public good’, TV is also an ‘experience good’ about which consumers have difficulties making rational choices. The second is *non-economic* – for social, cultural, and political reasons, TV is simply too important to be left to market forces alone.¹⁵ Since only public money can safeguard the non-competitive position of PSB, authors who support intervention (in different intensities) believe this should affect not only the quality of PSB outputs (high quality programs), but also the long-term results of PSB work.¹⁶ However, some market economists are against state intervention, criticizing the license fee model. They use various rationales: it keeps the public from being able to use market mechanisms to influence content,¹⁷ it distorts the television market,¹⁸ or asymmetric treatment of broadcasters acts to distort the incentives of commercial broadcasters¹⁹. Responses to these critics claim that they essentially refer to state broadcasters, not to genuine public service broadcasters, which are essentially different when it comes to funding mechanisms and both internal and external control.

There are two main contemporary approaches to PSM, one that could be labeled as the ‘market failure approach’ and the second known as the ‘social responsibility approach’.²⁰ The ‘market failure’ approach aims to limit PSM services to those domains that are not adequately served by the market, by

¹³ Council of Europe, “Guiding Principles for Public Service Media Governance”.

¹⁴ EBU, *Vision 2020*, p. 30.

¹⁵ See: Andrew Graham and Gavin Davies, *Broadcasting, Society and Policy in the Multimedia Age* (London: John Libbey, 1997); Andrew Graham, et al. *Public Purposes in Broadcasting: Funding the BBC* (Luton: University of Luton Press, 1999); Robin Foster and Kip Meek, *Public Service Broadcasting in the UK* (London: The Social Market Foundation, 2008).

¹⁶ Robert G. Picard and Paolo Siciliani, *Is There Still a Place for Public Service Television? Effects of the Changing Economics of Broadcasting: Report* (Oxford: Reuters Institute for the Study of Journalism, 2013), p. 5.

¹⁷ Alan Peacock, *Report of the Committee on Financing the BBC* (London: Her Majesty’s Stationery Office, 1986).

¹⁸ Alan Peacock, *Public Service Broadcasting without the BBC* (London: The Institute for Economic Affairs, 2004).

¹⁹ Mark Armstrong, “Public Service Broadcasting”, *Fiscal Studies* 26, no. 3 (2005), pp. 281-299.

²⁰ Donders, *Public Service Media and Policy in Europe*, p. 147.

private media content producers and distributors, such as news, educational and cultural programs. It is argued that it should be the role of PSM to correct this failure by providing the missing content, which is considered as a merit good.²¹ There are different ideas expressed within this approach and some advocate for the de-institutionalization of PSM. Elstein et al. (2004) favor a system without a public broadcaster as a separate institution, considering that missing content should be subsidized on a competitive basis, and arguing for a new institution – a Public Broadcasting Authority (PBA) – to be created to ensure a fair and transparent process of subsidization. Other authors, such as Peacock (1986, 2004), are not against the abolition of PSM as an institution, but emphasize consumer sovereignty and healthy competition as important for defining what is worthwhile as public interest.

The second perspective regarding the future of PSM - the 'social responsibility approach' - heavily relies on Garnham's (1990) argument that the values promoted by PSB shouldn't be left to or determined by the market itself, but that PSB has to grasp a wider perspective and provide the public with open access to a variety of information, and not only those missing on the market. As Donders and Van den Bulck put it, Garnham's position is still the point of departure for current media policies, and PSM expansion online is seen as the potential to strengthen its reach and impact, and to spark and maintain public dialogue.²² A variety of authors advocating this perception²³ (Jakubowicz, 2004; 2007; Bardoel and Lowe, 2007; van den Bulck, 2008; Donders, 2012) believe PSM is a valuable asset to society, something that should be re-thought outside market logic. Its guiding ideal is the public sphere, understood in the Habermasian sense, as a public forum accessible to all citizens in which they can freely participate and express themselves.²⁴ Authors belonging to this stream, such as Bardoel and d'Haenes, hesitate to support new concepts and the deinstitutionalization of PSB, as losing important public institutions is a far too risky endeavor.²⁵

²¹ Barbara Thomass, Hallvard Moe and Leen d'Haenens, "Renewing the Public Service Media Remit," in *European Media in Crisis: Values, Risks and Policies*, eds. Josef Trappel, Jeanette Steemers and Barbara Thomass (New York: Routledge, 2015), p. 185.

²² Karen Donders and Hilde Van den Bulck, "The 'Digital Argument' in Public Service Media Debates", in *The Value of Public Service Media*, eds. G. F. Lowe and F. Martin (Göteborg: Nordicom, 2014), p. 148.

²³ See: Karol Jakubowicz "Ideas in Our Hands: Introduction of PSB as Part of Media System as Part of Media Change in Central and Eastern Europe", *European Journal of Communication* 19, no. 1 (2004); Karol Jakubowicz, "Digital Switchover in Central and Eastern Europe: Premature or Badly Needed?", *The Public / Javnost* 14, no. 1 (2007), pp. 21-38; Gregory Ferrell Lowe and Johannes Bardoel, eds., *From Public Service Broadcasting to Public Service Media* (Göteborg: Nordicom, 2007); Hilde Van den Bulck, "Can PSB Stake Its Claim in a Media World of Digital Convergence?: The Case of the Flemish PSB Management Contract Renewal from International Perspective", *The International Journal of Research into New Media Technologies* 14, no. 3 (2008), pp. 335-349. Donders, *Public Service Media and Policy in Europe*.

²⁴ Dr. Paolo Mancini, interview with the author, June 12, 2016.

²⁵ Donders, *Public Service Media and Policy in Europe*, p. 81.

2.2 Key Issues Related to PSB Development in Post-communist Countries and Western Balkan Societies

The model of PSB introduced in the post-Communist states has been shaped upon the experiences and practices of the Western models.²⁶ While transformation theorists' initially distinguished three modes of transformation – paternalistic, democratic, and systemic, a fourth type – mimetic or imitative – has been introduced to describe PSB transformation in the post-Communist countries.²⁷ Some authors claim that what really happened in the countries of the former Yugoslavia can be explained by the 'atavistic' orientation, in which public resources, including institutions such as PSB, are captured and controlled by the political elites.²⁸ This trend has been labeled by Mancini and Zielonka (2011) as 'politicization of the state', where political parties, business corporations and organized interest groups have attempted to 'conquer' state institutions and extract resources from them.²⁹

Recent studies, analysis, and assessments, suggest that the introduction of PSB in the Western Balkans has either so far failed, or has produced very uncertain results. The initial predictions that one can transplant institutions as part of a process of 'imitative transformation' have proved to be wrong. For PSB organizations to become deeply rooted and operative in a new environment, it requires more time, effort and ideas.³⁰ Some authors point out that "one of the largest challenges for development efforts is the lack of an enabling environment that allows independent media to develop (...). Funding agencies and intermediary implementation agencies face legacies of undemocratic structures, politicians,

²⁶ Different states have imported different models; in the domain of public service, many states looked to the BBC model of public broadcasting – and even attempted to implement it – but with mixed results.

²⁷ See: Slavko Splival, "Imitative Revolutions: Changes in the Media and Journalism in East-Central Europe", *Javnost/The Public* 8, no. 4 (2001), pp. 31-58; Karol Jakubowicz, "Participation and Partnership: A Copernican Revolution to Reengineer Public Service Media for the 21st Century" (paper presented at RIPE@2008, Keynote Presentation, Mainz, Germany, October 9, 2008); Jakubowicz, "Digital Switchover," pp. 21-38.

²⁸ See series of studies produced by Analitika – Center for Social Research on media assistance in establishing functional media institutions. Available at: <http://www.analitika.ba/en/projects/development-functional-media-institutions-western-balkans-%E2%80%93-comparative-study> (Accessed on September 19, 2015).

²⁹ Jan Zielonka and Paolo Mancini, *Executive Summary: A Media Map of Central and Eastern Europe*, (Oxford: University of Oxford, 2011).

³⁰ Jakubowicz, "Ideas in Our Hands," p. 53.

and traditions, which make the creation of enabling laws and policies difficult or impossible.”³¹

In practice, public broadcasters in the region of former Yugoslavia are facing three major existential threats, including politicization of the media, broken funding models, and rapid changes and development caused by the introduction of digital technologies. There is an increasing politicization of the media landscape, which results in the colonization of public broadcasters in these countries. Even in Croatia, now an EU country, PSB underwent a total reshuffling of key personnel and editorial policy at Croatian Radio-Television only a few months after the new government took office in late 2015. The situation is further exacerbated by the fact that legislation seem to be ineffective against politicization, as ruling elites are prone to interpret or change laws as needed in order to turn them into instruments of political power. The funding models of PSB have collapsed in several of these countries. The countries that still have a collection fee system are struggling with its inefficiencies, while those that have been funding PSB from the budget are becoming even more prone to governmental interference. Rapid changes in digital media technology result in additional pressure on PSB. These developments have sparked some fundamental questions with respect to the future of the current PSB model in the digital environment that policy makers and broadcasters themselves are looking for answers to. Lagging behind technological trends and audience preferences prevents the PSB in the region to be forums for discussion in which different societal views and political options are expressed and reconciled.³²

2.3 Methodology

A combination of qualitative and quantitative research methods has been applied to collect the necessary data for the research. Within the first phase of data collection, a qualitative content analysis was applied, which took into account different legal, strategic and policy documents related to HRT operation and development, and serving as the primary source of information. As secondary sources, all relevant literature related to PSB have also been consulted. This includes reports produced both locally and internationally, existing analysis,

³¹ See: Monroe Price, *Mapping Media Assistance* (Oxford: University of Oxford, Centre for Socio-Legal Studies, The Programme in Comparative Media Law & Policy, 2002), p. 57; Kristina Irion and Tarik Jusić, “International Assistance and Media Democratization in the Western Balkans: A Cross-National Comparison”, *Global Media Journal, German Edition* 4, no. 2 (2014); Davor Marko, *Media Reforms in Turbulent Times: The Role of Media Assistance in the Establishment of Independent Media Institutions in Serbia* (Sarajevo: Analitika – Center for Social Research, 2013).

³² Davor Marko, *The Future of Public Service Broadcasting in the Western Balkans: The Need for a New Paradigm* (Sarajevo: Analitika, 2016).

academic articles and pieces published in various journals, edited volumes, and publications.

Additional information, insights and interpretations have been collected through in depth interviews. During December, 2015, 10 interviews were conducted with current and former HRT employees, members of regulatory bodies, representatives of professional associations, public institutions, and the academic community in Croatia (see Annex 1 for details). Data and interpretations gathered through in depth interviews provided an additional dimension of analysis and enabled the researcher a nuanced and fine-tuned understanding of the processes, current operation and challenges for PSB in Croatia. This collected and interpreted data will be reported within the structure agreed among the project team, and further analyzed and discussed against the theoretical framework set within this chapter.

3.

Country Background

The Republic of Croatia declared its independence from Yugoslavia on June 25, 1991, following the first multiparty elections held in 1990 and a subsequent referendum on independence held in May 1991.³³ After its Constitution was amended in November 2000, the semi-presidential system was transformed into a pure parliamentary democracy.³⁴ The Government, headed by the Prime Minister, is politically responsible to the Croatian Parliament (Sabor). The President of the Republic is the Head of State, directly elected for a term of five years. The President is also Commander in Chief of the Armed Forces, and represents the Republic of Croatia. Since July 1, 2013 Croatia has been a full member of the European Union. According to the last census of 2011, Croatia has a population of 4.3 million, with ethnic Croats representing 90.4 % of the population, and ethnic Serbs as the largest group with national minority status (4.4 %).³⁵

The Croatian economy was badly affected by the Global Financial Crisis, and its GDP decreased by 6.9% in 2009, 1.4% in 2010, and then showed signs of recovery in 2011. With an unemployment rate of 13.3% as of July 2016, Croatia had the largest decrease after Cyprus.³⁶ According to the World Bank data from 2014, the GDP per capita in Croatia is 20,830 USD.³⁷

According to the 2016 IREX Media Sustainability Index, Croatia has a 'near sustainability' mixed media system. With an overall score of 2.50 Croatia is the second best rated country in the region of SEE, behind Albania which has 2.55. Compared to previous years, there are steady ratings related to free speech (mainly due to the fact that Croatia has to adopt laws and mechanisms for their implementation in line with the EU demands) and supporting institutions,

³³ State Election Committee, *Izvešće o provedenom referendumu* [Report on Conducted Referendum] (Zagreb: State Election Committee, May 22, 1991).

³⁴ For more details on the political system see: "Ustav Republike Hrvatske" [Constitution of the Republic of Croatia] *Official Gazette of the Republic of Croatia* 28/01; Nenad Zakošek, *Politički sustav Hrvatske* [Political System of the Republic of Croatia] (Zagreb: Faculty of Political Science, 2002); Dejan Jović, "Croatia after Tudman: Encounters with the Consequences of Conflict and Authoritarianism", *Europe-Asia Studies* 62, no. 10 (2010), pp. 1609-1762.

³⁵ Croatian Bureau of Statistics, *Popis stanovništva, kućanstava i stanova 2011. godine* [Census of Population, Households and Dwellings 2011] (Zagreb: Croatian Bureau of Statistics, 2011).

³⁶ Eurostat, "Unemployment Statistics". http://ec.europa.eu/eurostat/statistics-explained/index.php/Unemployment_statistics (Accessed on August 15, 2016).

³⁷ World Bank, "World Development Indicators," (Washington: International Bank for Reconstruction and Development / The World Bank, 2014).

a slight decrease has been indicated in regard to plurality of news sources and professionalism, while a decrease has been noticed related to business management (from 2.59 in 2010 to 2.27 in 2016).³⁸

Table 1: Scores for Croatian media, according to the IREX Media Sustainability Index

Indicator	Year			
	2001	2005	2010	2016
Free Speech	2.72	2.90	2.71	2.80
Professional Journalism	2.50	2.67	2.36	2.03
Plurality of news sources	1.97	3.02	2.60	2.64
Business Management	2.71	3.39	2.59	2.27
Supporting institutions	2.30	3.23	2.80	2.75
Overall score	2.44	3.04	2.61	2.50

Source: IREX, Media Sustainability Index (2001, 2005, 2010, 2016).

According to Peruško, “the Croatian media system exhibits the characteristics of a polarized pluralist (Mediterranean) model with regard to all of the dimensions of the Hallin and Mancini typology: weak and late development of the mass media, weak professionalization of journalism, strong political parallelism, and the strong role of the state.”³⁹ Such a pluralized political scene reflects divisions within political blocs and dominant political ideologies, having elements of external pluralism.

Plurality of media sources seems to be guaranteed by a number of media outlets existing on the market. There are 10 daily newspapers, 6 weeklies, 147 radio stations (out of which 6 are with national coverage) and 30 television channels (11 with national coverage), and 204 web portals. The estimated daily circulation of print newspapers is 310,000 copies, with the tabloid ‘24sata’ having the highest circulation (55,000), followed by ‘Večernji list’ (45-50,000) and ‘Jutarnji list’ (35-40,000).⁴⁰ Croatia is one of the leading IPTV markets in the region.⁴¹ Rural areas are a bit under covered with these packages, although “the satellite-provided IPTV service offers infrastructure for covering non-urban areas as well.”⁴² Television is still the most popular media in Croatia, and according to

³⁸ International Research and Exchanges Board (IREX), *Media Sustainability Index 2016* (Washington: IREX, 2016).

³⁹ Zrinjka Peruško, “Media Pluralism Policy in a Post-socialist Mediterranean Media System: The Case of Croatia”, *Central European Journal of Communication* 6, no. 2 (2013), pp. 205.

⁴⁰ International Research and Exchanges Board (IREX), “Croatia at a Glance”, in *Media Sustainability Index 2016* (Washington: IREX, 2016), p. 56.

⁴¹ International Research and Exchanges Board (IREX), “Croatia”, in *Media Sustainability Index 2015* (Washington: IREX, 2015), p. 50.

⁴² International Research and Exchanges Board (IREX), “Croatia”, 2016, pp. 60, 67.

the 2016 IPSOS research, 80 % of those surveyed watch it linearly, mostly in their home.⁴³

Programs of commercial TV stations in Croatia are the most popular. In recent years, the commercial Nova TV was by far the most watched as an individual channel, HTV1 was the second, while commercial RTL was in third place.⁴⁴ As noticed in its internal reports, during the first nine months of 2015, the HTV1 rating was 15.05 %, HTV2 – 7.07 %, HTV4 – 4.38 %, while HTV3 attracted 2.4 % of the viewership.⁴⁵ From 2005 until 2010 HTV recorded a constant decrease in the popularity of its programs among the audience, gradually losing the race with the commercial broadcasters that appeared on the Croatian market in the early 2000s. While the popularity of HTV1 and HTV2 decreased, RTL maintained a steady rating, and the biggest expansion was experienced by the program of Nova TV - from 13.6 percent in 2005 to 23.1 percent in 2010.⁴⁶

Table 2: TV program ratings in the Republic of Croatia (2005 – 2010)

	2005	2006	2007	2008	2009	2010
HTV1	36.7	34.6	33.1	32.6	31.5	26.8
HTV2	16.6	17.7	16.0	14.0	12.3	11.3
Nova TV	13.6	15.0	17.5	19.4	20.5	23.1
RTL	24.9	24.6	23.7	22.8	22.1	21.3

Source: Mapping Digital Media, 2012, p. 24

The citizens of Croatia are not fully satisfied with the quality of PSB programs. In the 2016 IPSOS survey, respondents considered the program of the commercial TV stations to be of better quality than all four channels of their public broadcaster. Of the different genres, they prefer movie and documentary, as well as informative programs.⁴⁷

Albeit the economic crisis and recession have affected Croatia, its media market, with an estimated USD 310 million in annual revenues, remains the largest in the region. Most of the advertising money, around 75 percent, goes to television.

Legislation in Croatia provides a chance for local and regional electronic media to gain additional funds, on a project basis, through the Fund for Promotion of Plurality and Diversity of Electronic Media. This fund is managed by the Council

⁴³ IPSOS, *Navike gledanja televizijskog programa* [Citizens Habits in Consumption of TV Program] (Zagreb: IPSOS, 2016).

⁴⁴ Republic of Croatia, Agency for Electronic Media, Official web page: <http://www.e-mediji.hr/hr/> (Accessed on April 20, 2016).

⁴⁵ Croatian Radio-Television, *Izvešće o radu HRT 2015* [Annual Report for 2015] (Zagreb: HRT, 2016).

⁴⁶ Viktorija Car and Ivana Andrijašević, *Mapping Digital Media: Croatia: A Report by the Open Society Foundations* (London: Open Society Foundations, 2012), p. 24.

⁴⁷ IPSOS, "Citizens Habits".

for Electronic Media and it has an annual budget of EUR 5.5 million to EUR 6 million, providing project support of up to \$120,000. The main source of the fund is the PSB license fee, since Croatian Radio-Television is legally obliged to transfer 3% of the collected license fee to the Fund on a monthly basis.⁴⁸ Beneficiaries of this Fund are obliged to produce content of public interest, promoting quality production, and reflecting pluralism and diversity.

⁴⁸ “Zakon o Hrvatskoj radioteleviziji” [The Law on Croatian Radio-Television], *Official Gazette of the Republic of Croatia* 137/10 and 76/12, Article 35.

4.

Research Findings: PSB in Croatia

4.1 Background of PSB in Croatia

Croatian Radio-Television (HRT) is the legal successor to Radio-Television of Zagreb. RTV Zagreb was on air from May 26, 1956, and until the beginning of the 1990s it was part of Yugoslav Radio-Television (JRT), the pan-Yugoslav state broadcasting system that coordinated the exchange of radio and television programs between the regional RTV centers located in the capitals of the former Yugoslav republics and provinces. The republican radio-television centers enjoyed a considerable degree of autonomy, with the obligation to respect the unique editorial concept designed by the Communist Party of Yugoslavia.⁴⁹ In the early 1960s it introduced a system for the collection of a license fee and during the late 1960s and 70s it significantly improved technical conditions for programming and production.⁵⁰ JRT ceased to exist in 1992, but the war of 1991-95 devastated Croatia socially and economically thus preventing HRT from using its technological and human capacities to develop into a public service. Following the political changes in 2000 and the liberalization of the political sphere, the introduction of new legal and regulatory frameworks, with the establishment of the dual system, created the conditions for the substantial transformation of HRT.

The Law on Croatia's Radio-Television of 2010 defines the HRT as a public institution founded by the Republic of Croatia, and granting public broadcasting services independent from any political or economic interest.⁵¹ The Law was amended in 2012, introducing changes in the domain of HRT governance and the mechanisms of public control over the broadcaster.⁵² Following the examples of other countries (the BBC and the Royal Charter were taken as a prime example), the Croatian Government and HRT management signed an Agreement⁵³ on establishing a service with a public mission, and on the financing of the

⁴⁹ Rade Veljanovski, *Javni RTV servis u službi građana* [Public Service Broadcaster Serving the Citizens] (Beograd: Clio, 2005), p. 215.

⁵⁰ In 1967, the European Broadcasting Union (EBU) decided that Television Center Zagreb would be the Eurovision Technical Centre for the entire Yugoslav territory.

⁵¹ "The Law on Croatian Radio-Television", 2010, Article 1.

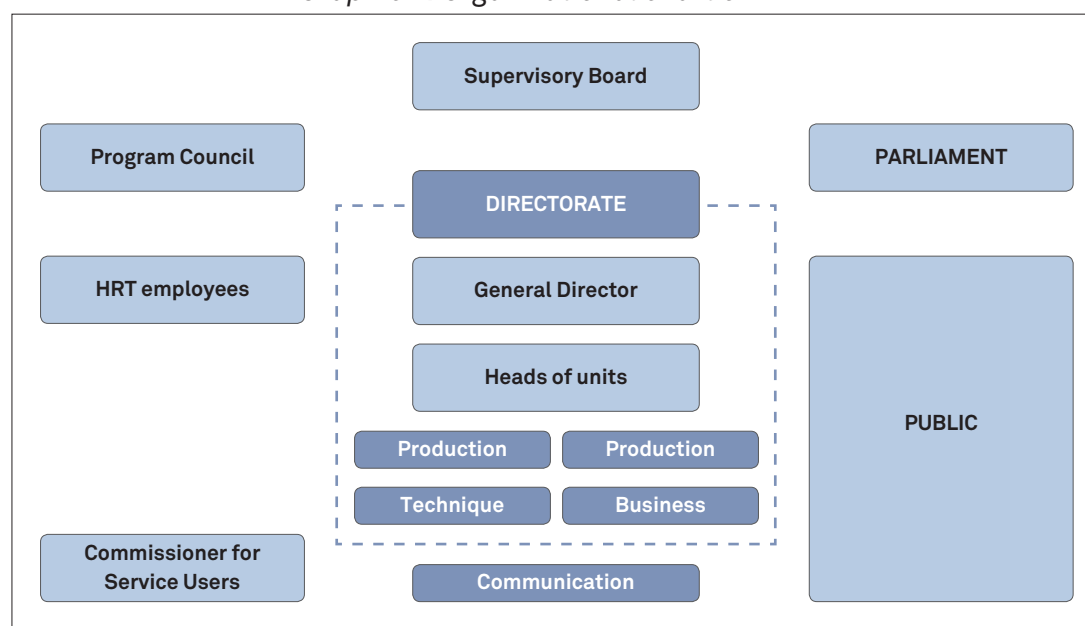
⁵² "Zakon o Hrvatskoj radioteleviziji" [The Law on Croatian Radio-Television], *Official Gazette of the Republic of Croatia* 137/10, 76/12 and 78/16.

⁵³ Agreement between HRT and Government of the Republic of Croatia for the period between 1 January 2013 and 31 December 2017.

programming obligations of HRT under the Law (Articles 9-12). The Agreement also defines the type, scope and content of all the public services that HRT can provide, as stipulated by the Law. HRT also has to apply the provisions of the Electronic Media Act⁵⁴ in its work unless the primary Law on HRT provides different obligations.

The main governing bodies of the HRT are - the General Director, the Directorate, Supervisory Board and the Program Council.⁵⁵ The General Director is the main governing body, responsible for the operation of the PSB in accordance with the Law. He is appointed by the Croatian Parliament by a majority of votes, following the proposals of the Parliamentary Committee on Information, Informatization and Media.⁵⁶ The Supervisory Board, with 5 members (out of which 4 are elected in the Parliament and 1 represents HRT employees), controls the HRT operation. The HRT Directorate includes the Director General, and heads of the working units within the HRT – Program, Production, Technology, and Management. The Program Council advocates and protects the public interest, controlling the program and insisting on its improvement, including other audiovisual and multimedia services. It has 11 members out of which 9 are appointed in the Parliament, and 2 by HRT employees.⁵⁷

Graphic 1: Organizational chart of HRT



⁵⁴ "Zakon o elektroničkim medijima" [Electronic Media Act], *Official Gazette of the Republic of Croatia* 153/09, 84/11, 94/13 and 136/13.

⁵⁵ "Zakon o Hrvatskoj radioteleviziji". [The Law on Croatian Radio-Television]. *Official Gazette of the Republic of Croatia* 137/10, 76/12 and 78/16, Article 18.

⁵⁶ Ibid, Article 19.

⁵⁷ Ibid, Articles 24 and 25.

HRT broadcasts four television channels – HRT1 and HRT2 (offered throughout MUX 1), HRT 3 – a channel specializing in culture and the arts, HRT4 – 24-hour news channel, as well as one TV channel offered through satellite. It also has 3 radio channels with national coverage, 8 regional radio stations, and 2 international channels – Voice of Croatia (Glas Hrvatske) and the Croatian Channel for diaspora.⁵⁸ In the last several years, as a result of the complex process prescribed under the Law regarding the introduction of ‘new services’,⁵⁹ HTV3 – a digital channel specializing in culture and the arts, and HTV4 – a news channel, were introduced. According to the Report on Financial Operation of October 2015, HRT has 2,926 employees. From 2015⁶⁰ HRT began the practice of continuous publication of the salaries of its employees.

The Agency for Electronic Media (AEM), and its Service for monitoring, are legally obliged to monitor entities that offer audio-visual media services and electronic publication services, including HRT. Under the Electronic Media Law, AEM provides control over the implementation of provisions on program principles and standards that are legally defined, and provides control of the audiovisual and radio programs broadcast through satellite, Internet, cable and other means of transmitting.⁶¹ From May 2014, in cooperation with AGB Nielsen, an agency specialized in TV audience research, AEM has regularly published analyses on TV ratings in Croatia. AEM also manages the Fund for the Promotion of Pluralism and Diversity of Electronic Media, which is funded through the HRT license fee.⁶²

4.2 Socio-cultural and Political Aspects of Transformation

During the 1990s - and until the end of the Croatian Democratic Union (Hrvatska demokratska zajednica, or HDZ) regime, which ended with Croatian President Franjo Tuđman's death in 2000 - HRT was largely a party-controlled

⁵⁸ Official web page of Croatian Radio-Television, <http://www.hrt.hr> (Accessed on December 19, 2015).

⁵⁹ “Zakon o Hrvatskoj radioteleviziji” [The Law on Croatian Radio-Television], *Official Gazette of the Republic of Croatia* 137/10, 76/12 and 78/16, Articles 9, 13 and 15.

⁶⁰ Croatian Radio-Television, *Izvešće o poslovanju HRT* [Report on Business Operation] (Zagreb: Croatian Radio-Television, October 2015).

⁶¹ “Electronic Media Act”, Article 69.

⁶² Article 35, paragraph 3 of the Law: “Croatian Radio-Television is obliged to transfer 3% of the total monthly amount collected through the license fee to the Fund for the Promotion of Pluralism and Diversity of Electronic Media”.

state broadcaster.⁶³ The ruling party (HDZ) controlled HRT through regulation and the appointment of managers and editors. In the first few years of the HDZ government, HRT dismissed almost a quarter of its employees, mainly politically or ethnically unsuited to the regime, or so called ‘independent journalists’.⁶⁴ In that period, there were no private TV stations with a significant share or influence at the national level, which left HRT in a monopoly position.⁶⁵

The extent to which the media was important for the Tuđman political regime is well illustrated by a statement of the then HRT Director, Antun Vrdoljak, who, in an interview for the daily paper *Večernji list* in October 1993, called HRT “the cathedral of the Croatian spirit”.⁶⁶ In addition, during the war period a decree was issued containing 13 points on how to report from the war zone. That was an example of state censorship over public media.⁶⁷ Accordingly, HRT employed redactors whose job was to control journalists’ and editors’ use of ‘politically correct language’.

From 1990 to 2000, the law regulating HRT was changed six times, and five successive HRT general directors were HDZ members.⁶⁸ The first systematic attempt to reform the HRT into a public service came in 1998 when a group of editors and journalists from HRT and other respectable media gathered under the ‘Forum 21’ movement, and adopted a Resolution in which they insisted on a series of normative criteria, corresponding with the Council of Europe recommendations,⁶⁹ as a necessary precondition for the HRT reform. However, the HDZ regime ignored most of those recommendations and did not include them in the Law of 1998,⁷⁰ although the recommendations were welcomed by the political opposition, international organizations, and professional journalist associations. Nevertheless, the Forum 21 initiative of 1998 represented an important milestone for the process of PSB development in Croatia in its later

⁶³ For details see: Kemal Kurspahić, *Zločin u devetnaest i trideset* [Prime Time Crime] (Sarajevo: Mediacentar, 2003), pp. 71-95; Mark Thompson, *Kovanje rata* [Forging War] (Zagreb: Hrvatski helsinški odbor; Građanska inicijativa za slobodu javne riječi; ARTICLE 19, 1995); Darko Plevnik, *Rat i mir za Hrvatsku: Zapisi 1991 – 1995* [War and Peace for Croatia] (Zagreb: Nakladni zavod Matice Hrvatske, 2002).

⁶⁴ Građanska inicijativa za slobodu javne riječi, *Annual Report*, (Zagreb: Građanska inicijativa za slobodu javne riječi, 1993); Thompson, *Forging War*, p. 143; Viktorija Car, “Transformation from State to Public Service Television - Comparative Analyses of Croatian Public Service HRT and Slovenian Public Service RTV Slovenia” (Master Thesis, University of Zagreb, Faculty of Political Science, 2005), p. 63.

⁶⁵ Kurspahić, *Prime Time Crime*, pp. 71-95.

⁶⁶ Car, “Transformation from State to Public Service Television”, p. 63.

⁶⁷ Thompson, *Forging War*, pp. 147-148.

⁶⁸ Car, “Transformation from State to Public Service Television”, p. 67.

⁶⁹ Council of Europe, “Resolution 1185 (1999), Honouring of Obligations and Commitments by Croatia”. (Council of Europe, April 1999).

⁷⁰ Car, “Transformation from State to Public Service Television”, pp. 65-66.

stages, as all important media policies after 2000 were developed in line with its main recommendations.⁷¹

When HDZ lost the elections in 2000, the autonomy and independence of the PSB became an important political goal. The new parliament majority of the Social-Democratic party (SDP) and its allies adopted new laws and policies in line with European standards and principles. Transparent operation and functional management, as well as participation of civil society in the PSB management, were among the most important criteria for setting the conditions for HRT autonomy, program quality and remit (this will be discussed in the section on Regulation).

From 2000 to 2016, substantial changes shaped the media scene in Croatia, further influencing the development and operation of HRT. These included full implementation of a dual system where commercial competitors of the PSB conquered a significant amount of the media market and attracted increased attention of the media public; a non-linear policy development process which was mostly created from the top (policy documents and laws were usually tailored by politicians, while the influence of media experts, NGOs and other non-state actors were limited to consultative roles); frequent changes of legal solutions that resulted in decreased independence and autonomy of the PSB. The EU accession process also significantly influenced the process of HRT development, speeding up some decisions (state aid regulations, for example) in order to make solutions comply with European principles and standards. Permanent technological innovations and digitalization forced HRT management to develop strategies and take an active role in restructuring the PSB, its organization, and production logic, and follow the new trends on the market.

The institutional autonomy and editorial independence of HRT have been highly debated in the recent period. During 2015 and 2016, part of the management and some editors and journalists of HRT were dismissed due to unprofessional conduct⁷² and this was widely discussed as proof of “ideological and political cleansing.” In 2016, the newly established Government, led by the Croatian Democratic Union (HDZ) affected dramatic changes on the Croatian PSB - part of the management and almost all editors were removed in a short period of time,

⁷¹ For more detail and elaboration on the development of the Croatian media system and policy in the 90s, see: Zrinjka Peruško Čulek, *Demokracija i mediji* [Democracy and Media] (Zagreb: Barbat, 1999); and Zrinjka Peruško, “Croatia: The First Ten Years”, in *Business as Usual: Continuity and Change in Central and Eastern Europe*, eds. David Paletz and Karol Jakubowicz (Cresskill: Hampton Press, 2003), pp. 111-145.

⁷² In February, 2015, two HRT editors and journalists, Elizabeta Gojan and Hloverka Novak Srzic, due to lack of professional conduct. Gojan was editor of a show covering the Presidential inauguration which some viewers saw as unprofessional and biased against Grabar Kitarovic. Novak Srzic initiated a petition amongst colleagues, demanding from the HRT Program Council to debate Gojan’s “responsibility and level of professionalism” in covering the event. Croatian Journalist Association reacted against the decision, asking HRT to reconsider its decision. Finally, in January 2016, the local court in Zagreb found HRT decision to fire Elizabeta Gojan as illegal.

while several shows were re-scheduled or even cancelled.⁷³ This indicates that current laws do not provide sufficient institutional safeguards against political interference in the domain of its operation and program, and international actors consider the process of appointment of HRTs general manager through Parliamentary bodies highly problematic. The same model exists in countries other than Croatia, but it seems that political maturity and the political culture in this country are still not developed enough to prevent the misuse of this parliamentary mechanism.

4.3 Regulation of PSB in Croatia

The Law on Croatian Radio-Television of 2010 defines HRT as a public institution, founded by the Republic of Croatia, that provides public broadcasting services prescribed by Law, and which is independent of any political or commercial influences in its regular operation.⁷⁴ The Law defines the basic activity of HRT as the “production of radio, audiovisual and multimedia program, music production, providing audio and audiovisual media services, multimedia services and electronic publications as public services.”⁷⁵ In its Article 13, the Law stipulates that program obligations of HRT, including the amount and source of their funding, have to be determined by a Contract between HRT and the Government of the Republic of Croatia. The Contract was agreed for a period of five years, and has been in force since January 2013. It contains details of the type, scope and content of all public services to be provided by HRT in accordance with the Law.⁷⁶ HRT also applies the provisions of the Electronic Media Act,⁷⁷ unless the primary Law on HRT provides different regulation.

In regard to its institutional autonomy, the Law states that HRT should be independent in its operation. This should be reflected through editorial autonomy, stable funding, and the jurisdiction and composition of its governing bodies.⁷⁸ Under the 2010 Law, the main governing bodies of HRT are – HRT Management (Croatian “*Uprava HRT*”), the Supervisory Board and Program Council. HRT Management is composed of the President and two members appointed by

⁷³ Among other international organizations, the OSCE Representative on the Freedom of the Media, warned Croatian authorities that their decisions to endanger the independence of the PSB and local regulatory agency “raise serious concerns about the overall media freedom situation in the country”. See: “OSCE: Respect Croatia’s Public Broadcaster’s Independence”, b92, March 11, 2016.

⁷⁴ “The Law on Croatian Radio-Television”, 2010, Article 1.

⁷⁵ Ibid., Article 3.

⁷⁶ Contract between HRT and Croatian Government for the period 1 January 2013 to 31 December, 2017.

⁷⁷ “Electronic Media Act”.

⁷⁸ “The Law on Croatian Radio-Television”, 2010, Article 17.

the Program Council and the Supervisory Board at a joint session. Its President is appointed through open competition, and the decision on the appointment should be made jointly by the Supervisory Board and the Program Council.⁷⁹

In spite of the fact that the 2010 Law was created and formulated in order to guarantee the political independence of the PSB, it did not meet expectations, and in practice it caused the so called “governance crisis”.⁸⁰ Hence, in 2012, the Croatian Parliament amended the Law,⁸¹ which introduced a new management structure and governing bodies – the Director General (instead of the President of the HRT Management) and the Directorate (Croatian “*Ravnateljstvo*”), and kept the already existing Supervisory Board and the Program Council. It also stipulates that the Parliament will be in charge of all the bodies governing and overseeing the HRT. According to the amended regulation, the Director General represents the HRT and is the person responsible for its operation, including financial matters and the implementation of the program principles of the HRT.⁸² Parliament and its Committee on Media and Information are responsible for the selection of the Director General, appointment of 4 out of 5 members of the Supervisory Board, and for all 11 members of the HRT Program Council.

Current legislation, including the Law on HRT, defines public interest. Program diversity, as prescribed by Article 5, points out the importance of satisfying the public interest on the national, regional and local level, and ensuring that all types of programs (informative, arts, cultural, educational, children’s, entertainment, sports and others) are represented as prescribed under the Law. Article 6 of the Law lists the principles, rights and duties that HRT is obliged to advocate in its work with a special obligation to make program and services accessible to persons with impaired hearing and eyesight.⁸³ Amendments from 2012 specify additional obligations of the PSB, such as the production and publication of the program related to health, programs aimed at preserving the dignity and values of the Homeland war, and programs that are dedicated to children of different

⁷⁹ Ibid., Article 18.

⁸⁰ The crisis started even before the 2010 Law was adopted. Initially, the Parliament could not agree on the confirmation of the eleventh member of the Program Council for a long time. Following the adoption of the Law, 11 new members of the HRT Council were appointed. Soon after that, four members of the HRT Council resigned—two left because they were not satisfied with the Council’s work, the third, Viktorija Car, accused the members of the Council of conflict of interest. The fourth member left when he decided to apply for the post of HDZ president. In January 2011 the Council was left with only seven members. In May 2012 there were only six members left because a fifth member left the Council, also unhappy with its work. See in: Car and Andrijašević, *Mapping Digital Media*, p. 89; Decision of the Croatian Parliament to release 5 Council members from 19 April, 2012. Available on: <http://www.sabor.hr/Default.aspx?art=47877> (Accessed on December 19, 2015).

⁸¹ “Zakon o Hrvatskoj radioteleviziji”. [The Law on Croatian Radio-Television], *Official Gazette of the Republic of Croatia* 137/10, 76/12 and 78/16.

⁸² Ibid., Article 19; Additional Program principles are defined by the Law in articles 5, 6, 7 and 8.

⁸³ “The Law on Croatian Radio-Television”, 2010, Article 6, paragraph 2.

ages and adapted to their needs.⁸⁴ Article 8 stresses that the duty of HRT is to use the Croatian language and Latin script in its programs and to promote various dialects of the Croatian language, but also that there are exceptions to this rule (when the program is produced in the languages of national minorities, for example). Additional obligations and guarantees in the domain of public interest are contained in Article 9,⁸⁵ as well as in Article 16⁸⁶ of the Law on HRT.

In order to be more transparent, and to strengthen its direct communication with citizens and improve the program, HRT introduced the Commissioner for consumers in 2011. The Law on HRT of 2010 prescribes that the Commissioner is “responsible for examining complaints and suggestions of viewers, listeners and other users of HRT services.”⁸⁷ As an autonomous and independent agent, the Commissioner is part of a larger unit or department – Communication – and has an obligation to submit reports to the HRT Program Council, twice a year. He or she cannot be a Council member, nor a member of the Supervisory board. According to the Law (Article 26) and HRT Statute (Article 21), the Program Council defines the internal procedures to regulate the process of appointment, the Commissioner’s obligations and the compensation fee for its work. From 2011 this function has been performed by Zvonko Šeb, an experienced and retired radio journalist, who was re-appointed in 2015 after he successfully served his first 4-year mandate. The Commissioner is responsible for collecting citizens’ requests and for responding to them, if they relate to: violation of communication rights of citizens, violation of human rights or discrimination of any kind in the content broadcast, the publication of inaccurate or incomplete information, (Croatian) language and speech, crossing the boundaries of good taste, and terms of broadcasting.⁸⁸ According to his internal evidence, there has been a drastic increase of citizens who are contacting the Commissioner. Most of these complaints are related to inaccurate or incomplete information, while the use of the Croatian language and speech is in the second place. It is followed with complaints that indicate political bias in reporting.

⁸⁴ “The Law on Croatian Radio-Television”, *Official Gazette of the Republic of Croatia* 137/10, 76/12 and 78/16, articles 11, 12 and 13.

⁸⁵ Article 9, paragraph 3, emphasizes that the duty of HRT is to: “nurture, encourage, produce, develop and / or co-produce different forms of domestic audio and audiovisual and multimedia products that contribute to the development of Croatian culture, arts and entertainment; to spread knowledge on audiovisual culture and heritage and contribute to the international presentation of the Croatian cultural identity; to produce and broadcast features, documentary program, animation and related audiovisual works, and to encourage the development of the independent production sector of audio and video content; to ensure high standards in the field of audio and audiovisual creation; and to encourage media literacy.”

⁸⁶ Article 16, defines that HRT should “promote public values and interests, to take into account the interest of the public and to be responsible to that public.” Section two of the same article defines the procedures for nominations and appointment of members of the Program Council, which is the body within the HRT structure which protects the interests of the HRT audience and the citizens.

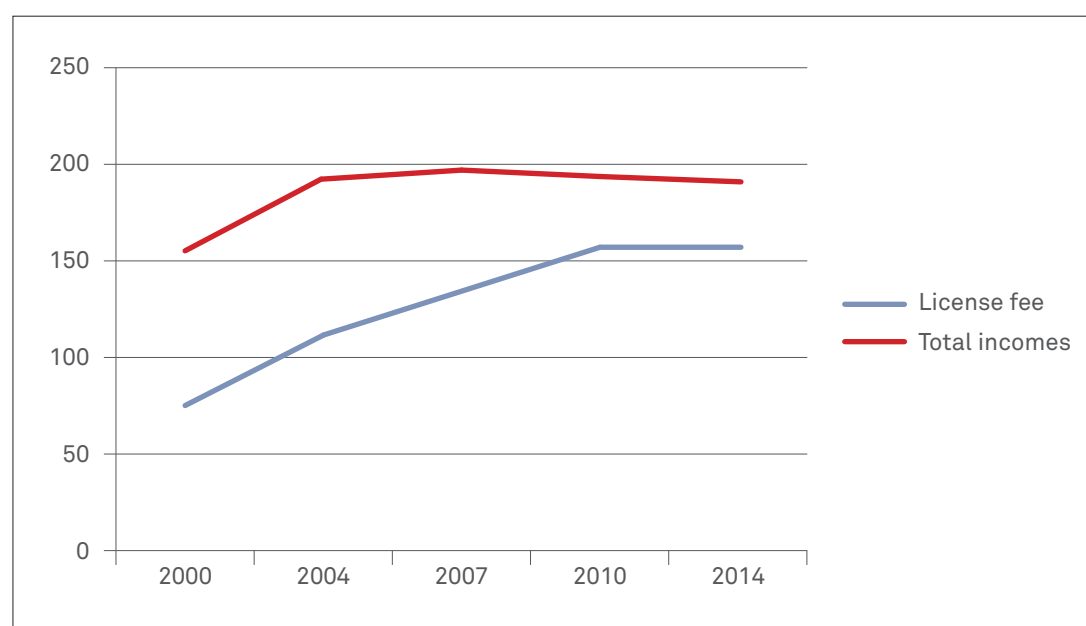
⁸⁷ Ibid., Article 32.

⁸⁸ Official website of HRT, <http://www.hrt.hr> (Accessed on December 20, 2015).

4.4 Funding Model

The current model of funding that HRT has is considered highly efficient. The funding model was initially incepted in the 1960s, when RTV Zagreb started its operation, and subsequently developed and improved.⁸⁹ As a result of long-term, continuous, and systematic investment, HRT today has a functional, self-sustainable, information system to collect and manage a data base on the existing receivers and to check implementation of the Law on HRT when it comes to its financial aspect.⁹⁰ The latest development of this model, between 2000 and 2010, was affected by new EU state aid regulations and decisions which resulted in decreased amount of advertising in the PSB program.⁹¹ On the eve of 2010, HRT found itself in a challenging position, receiving almost 40% of its income from advertising (see Graph 1), and it had to halve its commercial incomes in order to keep the market from being distorted.

Graph 2: Total HRT incomes and incomes from the license fee (2000 – 2014), in million EUR



Source: HRT License Fee unit

⁸⁹ In 1961 its management installed ADREMA – a program for semi-automatic collection and update of data related to subscribers; during the 1980s RTV Zagreb used the platform PRET, and replaced it with a new application – PRETIS – in 1993. This platform was in use during the 1990s and, in spite of hard times due to the war, economic uncertainty, and political pressures, it helped HRT to preserve its subscription base and the relatively high level of license fee collection.

⁹⁰ Damir Tus, Head of the Licensee Fee department, interview with the author, December 7, 2015.

⁹¹ Before these changes, regulations allowed HRT to broadcast 12 minutes per hour, while now, during primetime, this is limited to 4 minutes per hour.

As result of public discussions in 2010, the resulting Law on HRT prescribed that the PSB should be funded through public and limited commercial revenues.⁹² In practice, HRT is primarily funded through a monthly-based license fee (Croatian '*pristojba*'). The license fee has to be paid by everyone who owns or possesses a receiving set - radio, television or other device that could receive radio, television or audiovisual program.⁹³ According to the regulations, the amount of the monthly fee should not exceed 1.5 % of the average salary in Croatia.⁹⁴ Chapter 7 of the Agreement between HRT and the Croatian Government⁹⁵ regulates in detail the mechanism of funding and overall financial operation of the PSB. According to an additional Measure, jointly agreed by the Government and HRT management, the monthly fee is fixed at 80 kuna (EUR 10.67) for all citizens, excluding beneficiary groups (those with lower monthly incomes) for whom the fee was halved.⁹⁶ Distribution of the collected amount through the license fee is fixed by the Law. The largest portion goes towards the production of the TV and radio program, while 30 percent is for HRT maintenance and other costs.⁹⁷

Pressured by new regulations and challenges from commercial broadcasters, HRT management has decided to invest its resources strategically to develop a financial model mostly based on public funds. Consequently, the last phase of modernization of the funding model occurred between 2003 and 2005, when HRT developed PRIS (*Pristojba – Informacioni sistem*) to contain data on more than 1.5 million subscribers and more than 2 million receiver sets, taking into account a gradual increase of 5,000 subscribers per month.⁹⁸ Due to the high cost of the fee collectors, in 2007 it was decided to gradually abolish this system⁹⁹ and to replace it with a system based on precise and accurate information about users, their obligations and activities, followed with warnings and enforcement.

Another important pillar of this funding system includes cooperation with law offices, public notaries and public financial institutions. Cooperation with

⁹² The Law on Croatian Radio-Television, Article 33.

⁹³ Ibid, Article 34.

⁹⁴ Ibid, Article 35; and the Agreement between HRT and the Government, Article 102.

⁹⁵ Agreement between HRT and the Government, Articles 93 to 105.

⁹⁶ Damir Tus, interview with the author, December 7, 2015; Official web page of the HRT, <http://www.hrt.hr> (Accessed on January 11, 2016).

⁹⁷ See: Official HRT web page, <http://www.hrt.hr> (Accessed on January 11, 2016).

⁹⁸ Davor Mezulić, "Model poslovnog informacijskog sustava javnog servisa u suvremenom medijskom okruženju" [Model of Public Service Business Information System in Contemporary Media Environment] (PhD thesis, University of Zagreb, Faculty of Humanities and Social Sciences, 2015), p. 157.

⁹⁹ Since the abolition of the system of fee collectors, HRT still has around 100 external collaborators, who are working in the field, and checking whether the Law on HRT is properly implemented.

law offices started in 2003,¹⁰⁰ when the system of enforcement was introduced, including notification of non-paid service, and three stages of warnings, before a law firm begins the enforcement process. Due to its internal information system, HRT is able to monitor the process and overview its success. The process was additionally accelerated with the inclusion of notaries, which enabled it to quickly obtain final legal solutions, as well as through cooperation with financial institutions such as the Financial Agency (FINA), which enforce the final payment following the final legal solutions. As a result, during 2015, collectability of the license fee (without enforcement) was 95%, and after the activities of law firms and notaries, it increased to 98%.¹⁰¹

Evaluation demonstrated that the new system contributed to a decrease in operative costs of HRT for the license fee collection (see Table 3). Compared to 2003, the total costs for collection of the license fee were halved, mainly due to the abolishment of the system of collectors - persons who physically knocked on every door around Croatia and personally collected the fee.¹⁰² At the moment, the Service for the Licence Fee is the key operative unit within the HRT structure, with a mandate to lead and oversee the process of the fee collection. It also reduced the number of employees from 71 (in 2003) to 63 (in 2011), but increased its costs mainly due to the fact that overload per person significantly increased. In the same time the collection rate increased from 91.83 % to 96.28 %, while the number of subscribers increased from 1,145,725 to 1,210,727.¹⁰³

Table 3: Costs related to the license fee system 2003 – 2011. (in millions EUR)

Year	Total costs	Collectors	PRIS system	License fee department
2003	7.2	6.48	0.16	0.58
2004	7.9	7.03	0.16	0.71
2005	9.15	8.1	0.16	0.89
2006	9.97	8.8	0.16	1
2007	9.78	8.6	0.16	1.03
2008	9.55	8.24	0.16	1.12
2009	6.69	5.35	0.16	1.17
2010	3.86	2.9	0.16	0.8
2011	3.6	2.65	0.16	0.8

Source: Mezulić, 2015, p. 194

¹⁰⁰ The first law office that HRT established cooperation with in 2003 was Hanžeković and Partners, while in 2011 it started cooperation with several other law firms in order to make the process competitive, measuring their effectiveness and results. Each law office has the freedom to choose a notary firm to work with, while HRT License Fee Department only monitors and follows the efficiency of their work.

¹⁰¹ Damir Tus, interview with the author, December 7, 2015.

¹⁰² Mezulić, "Model of Public Service Business Information System", pp. 14-16; 185.

¹⁰³ Ibid., pp. 189-200.

As stipulated in the Agreement with the Government, in the last three years HRT has established a more transparent and planned financial operation. After several years of financial losses (the biggest being in 2009 with 14.2 million EUR),¹⁰⁴ there was a significant reorganization of its work, which resulted in a more successful financial operation. As the HRT business report indicated, for the first 9 months of 2015, HRT managed to operate with an annual profit, with a tendency of continuous growth, increased revenues and rationalization of its expenditures. Following its internal policies in regard to re-structuration and rationalization of its operation, HRT reduced the number of employees from 3,360 to 2,926.¹⁰⁵ Following the example of PSBs from developed European countries, HRT made public the incomes of its employees. The amounts of employees' gross salaries of HRT were published on 13 May 2015, and relates to the first quarter of 2015.¹⁰⁶

Table 4: Incomes and expenses of HRT from 2012 to 2015 (in million EUR)

Year	Revenues	Expenses	Operative incomes
2015 (9 months)	142.6	123.2	19.4
2014	188.5	181.3	7.2
2013	186.5	181.6	4.9
2012	195.9	198.1	No information

Source: HRT Business reports 2013, 2014, 2015

Due to the successful financial results and positive operation, HRT was able to invest in its development, technology, production infrastructure, and improvement of working conditions, all with the aim of increasing the efficiency of the production and distribution of its programs.

4.5 Program Quality

Apart from the politicization of its management and operation, most public dissatisfaction with HRT stems mainly from dissatisfaction with its program quality, the abolition of several informative programs and the commercialization of its content.¹⁰⁷ The public and stakeholders in Croatia believe that besides its informative function and the promotion of cultural, sport, educational, scientific

¹⁰⁴ Croatian Radio-Television, Izvješće o poslovanju HRT-a za 2013. godinu [Annual Report for 2013]. (Zagreb: Croatian Radio Television, June 30, 2014).

¹⁰⁵ Izvješće o poslovanju HRT-a za prvih devet mjeseci 2015 [Report on HRT Operation for the First Nine Months of 2015], <http://www.hrt.hr/304024/organizacija/hrt-u-prvih-devet-mjeseci-ove-godine-nastavio-trend-pozitivnoga-poslovanja-6> (Accessed on December 10, 2015).

¹⁰⁶ Official web page of HRT, http://www.hrt.hr/fileadmin/video/Prosjecna_bruto_placa-RM-treci_kvartal_2015_final.pdf (Accessed on December 20, 2015).

¹⁰⁷ See: Zrinjka Peruško, "Media System and Media Policy in Croatia 2010–2011", Media Monitoring Vol. 1, (2012); IPSOS, "Citizens Habits".

and other contents, HRT is one of the most important places for production, broadcasting and promotion of the creative potential of Croatia, and it is also a valuable resource, in the symbolic, cultural, social, and economic sense.¹⁰⁸ The introduction of specialized channels (HTV 3 for culture, and HTV 4 as a news channel) contributed to plurality of content at HRT, but some respondents to this research believe that their potential is not fully utilized.

Besides a decrease in its popularity, the content of HRT was highly influenced by the arrival of commercial competitors on the national level. As the 2015 MSI report states, “it would be difficult to find a single media consumer in Croatia who is satisfied with the public television (HRT) service. Objections run from allegations of partisan reporting, a lack of flexibility in breaking-news situations, and excessively high monthly subscription fees. With the arrival of TV Nova in 1998 and RTL in 2003, HRT faced serious challengers and its management decided to compete – not with the program quality – but with ratings and entertainment program.¹⁰⁹ Research conducted by Peruško and Čuvalo indicated two related trends when it comes to genres presented on public TV in Croatia. The first is related to the “decrease in the share of the factual/information mode that dominated the first decades of television broadcasting in Croatia” while the second denotes the rise of the fiction mode, affected mostly by commercial television after 2000.¹¹⁰ According to the 2016 IPSOS, the most popular TV genre in Croatia is movies, following by documentaries and informative program, and citizens are willing to pay an extra fee for programs that only air movies, sport and documentaries.¹¹¹

The best example of the influence of commercial television can be observed through reality shows. When commercial TV Nova introduced a musical reality show “Story Super Nova” in which anonymous young people competed for the favor of the jury and the audience, HRT responded by introducing a similar concept – “Coca-Cola Music Star” – which has not recorded significant success. Further commercialization of the public broadcaster and its content was “inspired” by an RTL branded reality show – “Big Brother” – which attracted 31% of the public for its premiere in 2004, performing as the second highest rated show in the whole country after HTV Primetime news (HTV Dnevnik). HRT responded with a globally popular show and licensed BBC product – “Who Wants to be a Millionaire?”¹¹²

As part of its program requirements, HRT is obliged to produce and broadcast programming for national minorities. In spite of the fact that neither the laws nor

¹⁰⁸ On 3 November, 2010, a round table on the “Strategic importance of HRT in conditions of full Croatian membership of the EU”, was held in the Croatia Parliament.

¹⁰⁹ Car and Andrijašević, *Mapping Digital Media*, pp. 24-26.

¹¹⁰ Zrinjka Peruško and Antonia Čuvalo, “Comparing Socialist and Post-socialist television culture: Fifty Years of Television in Croatia”, *Journal of European Television History and Culture* 3, no. 5 (2014).

¹¹¹ IPSOS, “Citizens Habits”.

¹¹² Car, “Transformation from State to Public Service Television”, p. 76.

the Agreement with the Government recommend an obligatory quota for minority programs, HRT produces several important TV and radio shows. Two prominent TV shows – “Prizma” (Eng. *Prism*) and “Manjinski mozaik” (Engl. *Minority mosaic*) are dedicated to minority issues, as well as the radio show “Agora”. While the TV show “Manjinski mozaik” is entirely broadcasted in the languages of national minorities, “Prizma” contains packages in Czech and Italian language, while packages in other languages are subtitled in Croatian. Content related to minorities is regularly broadcast in primetime news and on HTV 4, and in different TV shows (such as Tema dana, Lavirint, Studio 4). HRT also has a special sub-page on its website with new regularly updated material related to the minority groups (manjine.hrt.hr). Radio and television programs intended for informing national minorities are available on demand as well. There is a significant amount of research on the quality of reporting in minority languages and on the minority related issues,¹¹³ but neither among these researches was recently produced.

In order to discuss the program quality, the HRT Program Council organizes thematic sessions, dedicated to certain topics that the PSB should report on. In its last thematic session dedicated to national minorities, the HRT Program Council supported the views and opinions expressed by the representatives of the national minorities in regard to the fulfillment of the public role of HRT in the domain of information in minority languages. They agreed national minorities should not be “ghettoized in specialized shows but have to be more present in the regular program of the PSB.”¹¹⁴ When it comes to culture, the last thematic session dedicated to this area was held in 2014, when cultural and arts content within the HRT program was presented by the editors of HTV3, Croatian Radio 3, and the head of Department for culture, art and religion. Participants confirmed that the establishment of a TV and a radio channel specialized in culture and the arts (HTV 2, HR 3) resulted in a higher presence of cultural content in the program of the PSB, with new formats and shows being introduced. Members of the Program Council in any case concluded that there is a need for more information on culture and arts from the world, content that is focused on literature, and that – on a decision making level – there is a need for a clearer and more efficient hierarchy.¹¹⁵

¹¹³ Viktorija Car and Igor Kanižaj, “Program za nacionalne manjine u hrvatskim televizijskim i radijskim programima” [Program for National Minorities in Croatian Television and Radio Programs], *Međunarodne studije* 10, no. 3-4, (2010), pp. 86-115; Igor Kanižaj, *Manjine između javnosti i stvarnosti* [Minorities–Between the Public and Reality] (Zagreb: Sveučilišna knjižara; ICEJ, 2005); Igor Kanižaj and Berto Šalaj, “Medijska slika manjina” [The Picture of Minorities in the Media], in *Javnost i mediji* [The Public and the Media], ed. Stojan Obradović (Split: Stina, 2004), pp. 30-40.

¹¹⁴ HRT Program Council discussed the new program scheme, including the contents related to national minorities, available at: <http://www.hrt.hr/273745/programsko-vijece/vijece-hrt-a-raspravljalo-o-novoj-programskoj-shemi-te-o-sadrzajima-za-nacionalne-manjine-2> (Accessed on December 25, 2015).

¹¹⁵ Croatian Radio-Television, Zapisnik 18. sjednice Programskog vijeća HRT-a, održane 13. svibnja 2014. godine [Notes from the 18th Session of the Program Council, held on 13 May 2014] (Zagreb: Croatian Radio Television, October 3, 2014).

4.6 Technological Innovations and Digitalization

The digitalization process in Croatia was initiated in 2002, when Transmitters and Communications Ltd. began broadcasting experimental programs in digital terrestrial technology (DVB-T).¹¹⁶ Transmitters and Communications Ltd. was part of the HRT system until 2001, when the new Law on HRT established it as an independent legal agent of public status that could compete, along with other bidders, for the position of multiplex operator, which was announced by the Croatian Regulatory Authority for Network Industries (HAKOM).¹¹⁷ While drafting new regulations after 2000, the state authorities considered competition in the market, including those who offer specific services related to providing a digital signal, as an important condition for a healthy media market and a functional democracy.

The Republic of Croatia officially entered the age of digital broadcasting on 31 December, 2010, meeting the deadline for EU members (the country entered the EU in 2013). Croatia was already entirely covered by digital signal by 2006, and its authorities considered any further postponing of the digital switchover as an unnecessary cost. During the process of digitalization, Croatia was divided into nine digital regions. This division was due to the available resources arising from the technological limitations of distribution channels via DVB-T format, the available frequencies and limitations caused by the geographical configuration of the state and the locations of transmitters. In administrative terms, such a division caused certain confusion, since the digital regions did not coincide with the boundaries of counties or other regional administrative units in Croatia.¹¹⁸

The Croatian Government adopted the Analogue to Digital Television Broadcasting Switchover Strategy in 2008,¹¹⁹ to define guidelines for the introduction of digital terrestrial television services in country. The Strategy covers planning, supervising and implementing the digital television system, and financing and informing the public. The basic task was “to create conditions for enhanced quality and scope of production and broadcasting of new program content, enriching the media space in the Republic of Croatia.”¹²⁰ Following

¹¹⁶ Damir Hajduk, “Digitalizacija u Hrvatskoj” [Digitalisation in Croatia], in *Digitalno doba* [Digital Age], ed. Nada Zgrabljčić-Rotar (Zadar: University of Zadar; Naklada Medijska istraživanja, 2011), p. 151.

¹¹⁷ HAKOM invited for a public competition where Transmitters and Communications Ltd. as awarded bidders were obliged to build a network, under certain conditions, and within a period of 10 years achieve coverage of 98 percent of the multiplex (MUX) A and 95 percent for MUX B, in which they succeeded.

¹¹⁸ Hajduk, “Digitalisation in Croatia”, pp. 158-160.

¹¹⁹ Available at the HAKOM web site, <http://www.hakom.hr/default.aspx?id=453> (Accessed on January 20, 2016).

¹²⁰ Croatian Government, *Strategija prelaska s analognog na digitalno emitiranje televizijskih programa u Republici Hrvatskoj* [Analogue to Digital Television Broadcasting Switchover Strategy] (Zagreb: Croatian Government, July 2008), p. 4.

discussion among relevant stakeholders, it was decided that the basic elements of the model would include: obligatory date, regional (phased) switchover, MPEG-2 standard of compression, subsidies for equipment, and informative campaign.¹²¹

To test the model, the government decided to implement a pilot project in the small geographical area of Istria. This region was chosen due to the problems of frequent interference in analogue TV broadcasting caused by transmitters from neighboring Italy. In 2008 the Croatian Government decided that all radio and television subscribers would be assisted with EUR 26 to purchase the necessary equipment to receive a digital signal. Further preparations for the transition to digital broadcasting included the opening of Call centers, and sending vouchers to 64,006 subscribers, installation of technical equipment and digital transmitters in Istria during 2008. The pilot project was a success, and over 98 percent of households were covered with digital signal, while 51 percent of subscribers used the vouchers to purchase the equipment.¹²² The Croatian model of digital switchover has been acknowledged as a model of good practice internationally¹²³ and it would not have been possible without the undivided and strong political support of both the government and the opposition, and in operational terms by the relevant ministries, professional services, and with the essential financial support of the state.¹²⁴

It was particularly important to define the role of regulators in the changing broadcasting sphere.¹²⁵ The Act on Electronic Media of 2009 extended the jurisdiction of the Agency for Electronic Media (AEM), obliging it to develop a feasibility study for the allocation of certain concessions. According to newly granted competencies, the AEM could, in spite of theoretically free frequencies, assess whether a concession was really necessary. This becomes particularly relevant for the period when capacity for digital transmission increased significantly. The act of 2009, which was harmonized with the Directive on audiovisual media services, granted AEM jurisdiction over providers of audiovisual media services via cable, Internet and satellite.¹²⁶

The most problematic issue related to the digitalization process concerns the selection of a compression format. The Republic of Croatia has opted for MPEG-2 (and not for MPEG-4, which was, for example, chosen in Serbia, and which is now in use in the EU). As Ernest Strika from HRT, and former deputy director of the AIM, explained,

¹²¹ Viktorija Car and Ivana Andrijašević, "How We Survived Digital Television Broadcasting Switchover", *International Journal of Digital Television* 4, no. 3 (2013), p. 283.

¹²² Ibid., p. 285.

¹²³ Hajduk, "Digitalisation in Croatia", p. 152.

¹²⁴ Car and Andrijašević, "How We Survived", p. 284.

¹²⁵ Hajduk, "Digitalisation in Croatia", p. 152.

¹²⁶ Ibid., pp. 156-157.

“At the moment when the decision was made, TV sets and set-boxes that had MPEG-4 integrated were quite expensive, which made the price significantly higher. However, at the moment of transition to digital broadcasting the difference in price was drastically reduced. As many citizens had already replaced the equipment, we opted for MPEG-2, since we had also the public company, Transmitters and Communications, which had already invested in MPEG-2 equipment.”¹²⁷

Today, discussion in Croatia is leading towards the transition to DVB-T2 system, and this is primarily driven by the fact that the current system does not offer an efficient way of broadcasting in HD format, while current multiplexes do not have enough room.¹²⁸

There are three multiplexes operating – two with national coverage (MUX A and MUX B, with the DVB-T standard definition, and MPEG-2 compression format), and one that combines specialized low-budget programs of national broadcasters, for example, HTV4 – 24-hours news program, and programs of regional and local broadcasters (MUX D - DVB-T, the standard definition, MPEG-2). Since 2009, following the decision on the public tender, the public company Transmitters and Communications Ltd., have been administering the operation of the multiplexes. Within three multiplexes, there are 31 channels available. Ten are with national coverage - HRT1 (general content), HRT2 (general), HRT3 (culture, documentaries, movies), HRT4 (news program), NOVA TV, Doma TV, RTL Croatia, RTL 2, Sports television, and Croatian music channel, while at local / or regional level, there are 21 channels available.

When the multiplexes were created, it was not entirely clear how the channels with national coverage would be allocated. As an option, it was discussed that HRT would have a separate multiplex for itself, which would allow some room for maneuver and the possibility of more rational use of frequency capacity within the multiplex.¹²⁹ It was a political decision that general channels with national coverage would be allocated to MUX A (HRT1, HRT2, RTL, and Nova TV), specialized channels to MUX B, while MUX D was created to enable the broadcasting of specialized low-cost channels, as well as programs of regional and local TV stations. HRT employee Ernest Strika considered this decision as not promising from the HRT perspective, due to the fact that the PSB is constantly facing the challenge of providing better coverage for certain geographical areas.

¹²⁷ Ernest Strika, HRT engineer on technology, interview with the author, December 9, 2015.

¹²⁸ Another, alternative, option is H.265, which supports 4K format.

¹²⁹ Each multiplex is limited with the capacity of the frequency channel, which is 7 MHz. While designing the public call HAKOM determined that each multiplex would have a capacity of 22.4 MBit. MUX A contains 4 channels (general channels – HTV1, HTV2, TV Nova and RTL); MUX B – currently has 4 positions occupied, while the fifth is free; MUX D – combined multiplex – 3 channels on a national level, while for each digital region there are a certain number of local or regional channels that occupy this space.

As he added, “investing in additional transmitters is necessary but it is difficult to realize without unique consensus within the MUX to fund it. And, this is not legally binding. HRT could better manage the multiplex and its capacity, if it were in a position to do it solely. For example, it could establish and run an experimental program in HD format.”¹³⁰ A crucial problem for the production of TV channels for digital broadcasting relates to its high costs. To produce a general channel, TV has to invest around 40 EUR million on an annual level, while specialized channels are much cheaper – from EUR 1 to 3 million.¹³¹ The costs of transmitting are also large.¹³²

According to the 2010 Law, HRT committed to provide audio-visual media services, multimedia services and other online services through two newly established channels. One of these channels was supposed to broadcast news 24-hours per day, while other was defined as a “family channel”. News channel HTV4 was finally launched at the end of 2012, while HTV3, which started broadcasting in the same year, was not designed as a family channel, but was thematically designed as a specialized channel for culture and the arts. Both were supposed to start earlier, but they did not, due to the fact that HRT was poorly prepared for the process, which affected its efficiency. In addition to a lack of technical and financial resources, the HRT management also lacked the will and clear strategic orientation to take advantage of the process of transformation. Compared to the commercial TV stations on the market, HRT represents a large and inefficient organization, which is slowly moving towards a functional model adapted for digital production.¹³³

Following the switchover, HRT began an internal re-organization in order to adjust its structure and operation to meet the new demands and production/distribution logic. In 2013, when the internal strategy was adopted,¹³⁴ the process started and has so far resulted in the creation of several separate units – Business (joint activities), Production (the majority of people and journalists are included here), Technology (everything related to the technological aspect), and Program (a relatively small number of people, mostly people from Integrated Media Service, or IMS – channel editors that usually serve everything related to the informative program). As one of the HRT editors explained, “The IMS relates to the daily news, and the position of its editor is equivalent to the former editor of

¹³⁰ Ernest Strika, interview with the author, December 9, 2015.

¹³¹ The costs of broadcasting are high because it uses the MPEG-2 system of broadcasting, but is also influenced by the geographical landscape and shape of Croatia, which affects the position of transmitters.

¹³² For example, MUX A with 200 transmitters located across Croatia, and 98 % of coverage, costs EUR 1.2 million per year, MUX B with 100 transmitters and 95 % of coverage costs EUR 1 million, while MUX D is far cheaper – EUR 300,000 – with only 26 transmitters and 90 % of coverage.

¹³³ Car and Andrijašević, *Mapping Digital Media*, p. 32.

¹³⁴ Croatian Radio-Television, “Strategija poslovanja i razvoja HRT- a 2013. - 2017.” [Strategy of Business Operation and Development 2013-2017].

informative program. Apart from daily news, the unit Production produces other types of program that are not important for a daily basis.”¹³⁵ A newly established system unified television, radio and web into a single, multiplatform system that has both the person that manages the system, and the person in charge of the content. At the moment of introduction, IMS included seven newsrooms and a News-desk that produced 60 radio and 34 informative TV shows on a daily basis, as well as online content. Transformation happens initially at the level of system, and it is slowly being realized at the operational level. While this research was conducted, in December 2015, the big hall in the HRT premises (known as ‘television square’) was considered for being adapted for a central, integrated, news desk. The new internal structure of HRT also affects the correspondent network. The number of regional centers has been reduced to nine,¹³⁶ merging television and radio production into one, with the introduction of mobile teams of video journalists, which brought a significant shift in the mode of work and production. On the other side, while discussing the IMS, members of the HRT Program Council criticized its implementation, considering it as inefficient, with an unclear structure, and overlapping duties and responsibilities, and with no significant contribution to the program quality and popularity.¹³⁷

When it comes to digital production, HRT introduced the so called ‘wide news system’ in 2004, and slowly implemented it in its daily operation. Today, as witnessed by its employees, HRT is still developing internal capacities, trying to link “digital islands” that exist in the production process, and the abovementioned introduction of IMS is considered as a strategic move towards it. Only in the last 2-3 years have there been intensive investments in the digital production system, including HD technology. HRT mostly invested its own money in technological innovation, with no significant grants, either from European sources, or from the state of Croatia. In the process of digital production, HRT management was faced with obstacles resulting from the habits of its editors and journalists to use “old” logic, and to adjust and rationalize their work in line with the new technologies. HRT strategically educates its staff, mainly through its Academy, which operates within the European Broadcasters Union (EBU). As for HRT and its development and image, both internal and external communication are important. As part of its structure, there is a separate unit for communication that aims to meaningfully and effectively organize and manage communication processes.¹³⁸

¹³⁵ Dragan Nikolić, editor of the Integrative Media System at HRT, interview with the author, December 9, 2015.

¹³⁶ They are mainly located in big cities such as Osijek, Čakovec, Pula, Rijeka, Split, Zadar, Dubrovnik, Šibenik and the capital, Zagreb.

¹³⁷ Croatian Radio-Television, Zapisnik 15. sjednice Programskog vijeća HRT-a održane 18. ožujka 2014. [Records from the XV Session of the HRT Program Council, 18 March, 2014] (Zagreb: Croatian Radio-Television, April 1, 2014).

¹³⁸ Informal interview with the head of the Communication Unit, and its employees.

HRT uses online platforms and social network to expose its content and reach its audience. At the beginning of 2015, HRT completely re-designed its website in order to make it more user friendly and to be more visually attractive and easier for browsing. It's a live and interactive online platform that enables visitors to follow its programs live and on demand. From 2013, HRT users have been able to download a Mobile application for Croatian Radio, while in October 2015, HRT launched a new multimedia service – HRTi – which enables users to watch and listen all 4 TV and 12 radio programs through mobile platforms (smart phones, desktop computers, tablets). This was a strategic decision of the HRT management to approach the young audience, and meet their information habits. So far, users have complained about several things related to the new service – they consider online registration unnecessary, and the platform itself is not compatible with all operative systems, some content is not available or not easily accessible, while those who live abroad are concerned about the ability to follow the content.¹³⁹ When it comes to social networks, HRT has several profiles on FB (among which HRT Vijesti is the most popular), a YouTube channel, and is active on Twitter. Currently, its unit for communication is trying to integrate this into a unique and synchronized system easy to navigate, manage, update, and increase interaction with the public.

¹³⁹ Official web page of HRT, comments available online: <http://www.hrt.hr/303931/magazin/hrt-od-sutra-nudi-novu-multimedijsku-uslugu-hrti-kopija-1> (Accessed on June 28, 2016).

5.

Discussion

Reform of the public broadcaster in Croatia has been marked with a combination of mimetic and atavistic orientations, and a normative approach. External expectations to reform Croatian PSB in line with European principles and standards, and model it – entirely or partly – on successful models from developed democracies neglected a substantial understanding of the local context. The Croatian case demonstrated the importance of local factors in influencing reforms of PSB and its outcome, leading to a specific, ‘hybrid’, model. In practice, Croatian PSB wasn’t fully imposed or transplanted from abroad – the country developed its own model based on the already existing infrastructure, resources and practices inherited partly from the socialist time and influenced by the conditions caused by war, economic uncertainties, and the political and ideological cleavages during the 1990s. Some elements of Western models were borrowed – successfully or less successfully (for example, the ‘participatory’ model of the Program Council), while others – such as the model of funding, were developed completely internally, within the institution, in a systemic and continuous effort to enable sustainable sources of income. In practice, the Croatian PSB demonstrates atavistic tendencies, which is reflected through its lack of independence and failure to execute an autonomous editorial policy, and produce programs that satisfy the larger portion of the media public in Croatia.

Radical solutions, albeit being in line with the best practices of some Western democracies, imported without taking into account local circumstances, proved to be a failure in the case of Croatia. The inclusion of civil society representatives in the Program Council, and enabling their appointment directly and outside of the Parliament, has been considered as a necessary step towards the democratization of the Croatian PSB. International experts, such as Jakubowicz in his 2002 analysis, considered such a ‘civic model’ of PSB governance as an important step for PSB development. His analysis mostly targeted the normative level, neglecting the fact that, in more substantial terms, democracy in Croatia is still too pre-mature to embrace successful solutions from developed countries. Using this as an example, Peruško points to the failure of the normative approach and solutions modeled after democratic corporative countries that share a different civic culture from Croatia (usually labeled as pluralist or Mediterranean type). The role of civil society in corporative countries in ensuring social pluralism in PSB governance is substantially different from in Croatia. Traditionally, in developed countries, it takes the form of strong grass root communities and citizen initiatives that, through history, shaped public life and influenced

politics. On the other hand, in Croatia, civil society is reduced to specific civic organizations, usually with their own particular interests and sometimes tied to specific political options. As Peruško noted, since Program Council members “were not rooted in an actual social segment with durable interests, the influence of informal political powers filled the void naturally.”¹⁴⁰ In practice, such a Council proved to be inefficient due to the clash of many, not exclusively political or party-related, interests that prevented it from functioning properly and fulfilling its mission. This opens a number of questions concerning the accountability of those who are members of the Council, since they rarely represent segments of society with which they have permanent communication and delegate their needs and reactions, but rather are representative of various NGOs whose accountability is rather in question.

The case of the Croatian PSB shows that financial stability and independence doesn't necessarily led to its institutional independence and editorial autonomy. Having the functional mechanism of license fee collection, initiated and developed in house, which secures a monthly income, doesn't provide a basis for the PSB's independence from political influences. Actually, what has happened in practice is political colonization, which was intensified after 2015 when a right wing government was elected, and which enables political parties to misuse the public funds to promote their exclusive political interests. This has also demonstrated that a funding model cannot be borrowed from other models/countries, but has to be developed in line with local circumstances, and also include adequate legal and regulatory solutions. Public polemics regarding the funding of PSB in Croatia have largely been related to the method of its collection, the amount of the monthly fee, and to the output itself – the PSB program. As for the collection, the most discussed issue has been related to enforcement and cooperation with law offices – that has been considered somewhat controversial and problematic due to the fact that certain law offices developed a profitable business out of this, while the HRT management avoided publishing details on this cooperation until 2012.

As it is vulnerable to external political pressures and economic conditions, HRT is struggling to sustain its institutional independence, which has been highly challenged in recent times. The latest legal changes (2010, 2012), which further weakened the institutional safeguards of HRT, demonstrated the will of the decision makers to tailor and adapt the regulations and the law in such a way as to make the public service submissive to political will and vulnerable to political pressures. This also indicates a lack of a strong legal authority in the Croatian context, as well as the phenomenon of ‘floating law’ as indicated. Constant changes of legal text regarding the PSB in Croatia ‘institutionalize’ its

¹⁴⁰ Zrinjka Peruško, “Great Expectations: On Experiences with Media Reform in Post-socialist Europe (and Some Unexpected Outcomes)”, *Central European Journal of Communication* 72, no. 2/13 (2014), pp. 69-80.

politicization and enable politicians in office to easily influence decisions on its management structure and editorial policy. The way the Croatian PSB operates within society, which is ideologically and politically divided, corresponds to the 'polarist-plural model' developed by Hallin and Mancini (2004), characterized by a high level of political parallelism, commentator journalism, a parliamentary or government model of PSB, instrumentalized by political parties.¹⁴¹ Political and ideological cleavages within HRT have led to permanent dissatisfaction with the staff and program of PSB.

Although it is considered pluralistic, balancing between the imperative of universality and the personalized needs of the media public, the biggest concern regarding the HRT program relates to its quality. Reasons for dissatisfaction vary from topic selection to lack of professional approach, production quality, and a general lack of innovation. Critics can be categorized into two main groups. The first includes dissatisfaction with the balance provided within the PSB content. The main critical voices consider it as not embracing all social, political, cultural, religious, and minority viewpoints, while the last period has been marked with growing complaints about the obvious political bias within the HRT's informative program. Another cluster of criticism relates to program commercialization. The Croatian experience has demonstrated that, in the long run, competition with commercial stations through the entertainment program usually results in a decrease of program quality, which is meant to be one of the essential strengths and trademarks of public broadcasters.

Croatian PSB is not a leader when it comes to innovation, but rather it follows the trends already established abroad and performed by commercial TV competitors operating locally. A traditional and robust organizational structure, with many employees and a complex hierarchy, prevents Croatian HRT from developing a corporative culture that supports public values, interaction and partnership, as well as from establishing a functional and efficient model for digital production and distribution. At the level of decision making, it still maintains a rigid top-down decision making process, with several mechanisms recently introduced to make it more open, transparent and to enable regular communication with its public. The biggest challenge to establishing an integrated, functional and efficient system is the lack of resources and internal capacities, including the mindset of the people employed in this institution. As confirmed by several interlocutors, Croatian PSB still needs to develop an organizational culture that fully embraces and reflects principles such as transparency, openness, responsiveness, and responsibility.

Digital switchover in Croatia opened up a number of issues and challenges that had to be addressed. The primary issue was how to respond to the new program obligations, since HRT had to introduce two specialized digital channels

¹⁴¹ Daniel C. Hallin and Paolo Mancini, *Comparing Media Systems: Three Models of Media and Politics* (Cambridge: Cambridge University Press, 2004), pp. 67-68.

(one in the domain of culture, and the second labeled as a news channel) whose quality and influence still has to be comprehensively assessed. The second issue is related to the system of production, which includes internal restructuration, creation of an integrated news desk, and changing the logic of news production and distribution. Some experts and professionals believe that HRT still needs to employ all its capacities, expertise, and other resources in order to achieve a desirable outcome and benefit from digitalized production. HRT also needs to be innovative and creative. Its web page looks modern, it is popular and it includes several tools for interaction (such as HRTi), but there is still some space for further improvement into a genuine online platform, combining different formats that attract audience attention, and maintaining high production quality and reliability in the terms of professional conduct and the PSB mission.

6.

Conclusion

The purpose of this paper was to analyze the different stages, achievements and challenges of the transformation of Croatian Radio-Television into a public service. This study took into account the most prominent contextual factors that shaped the process of transformation, including the non-friendly environment during the 1990s when the HDZ regime prevented any substantial reform, and the political shift after 2000 towards a more democratic environment for development. The role of EU accession played an important role in the case of Croatia, and its impact can be significantly traced through the intensive discussions on HRT's role and future in 2010, and the adoption of new PSB related legislation that reflected the policy orientation of the EU.

The regulatory and legal framework, as well as the media policies related to PSB in Croatia, have been developed as a result of the interplay of two important streams of influence – the Europeanization that became the dominant driving force in the period after 2000, and permanent political interference. International actors, especially the EU, CoE and OSCE, heavily influenced the way legislation and PSB related regulation was developed from 2000 until 2010. Among the most important imperatives of the newly adopted legislation were the demonopolization of the media market, enabling fair and open competition for all media, re-conceptualizing the PSB's funding model in order to limit commercial income and follow the 'state aid' rules of the EU, and finally to foster the process of digital transmission and production. As most interlocutors in this research said, local politicians never gave up their influence over HRT. Considering it as a 'post-election chase', local political actors perceived PSB as a mighty tool for shaping public opinion. Once the process of EU accession had been completed in July 2013, the EU's leverage decreased, and the re-politicization of the PSB took place as result.

Both the state of Croatia and its public service embraced the process of digitalization strategically. Not only the technical aspect, but the more essential aspect related to digital production and digital convergence were widely discussed and partly implemented in practice. Croatia entered the era of digital transmission earlier than the other Western Balkan states, and the state invested mostly its own resources to build a transmitting network to cover the majority of its geographical space with digital signal. Croatian Radio-Television started to produce digitally in 2004, and it is slowly adjusting its internal structure and network of regional centers to the new production and distribution demands. In spite of continuous education of its staff, the introduction of new online and on-

demand services, as well as the wide use of new platforms, HRT is still struggling with the mindset of its editors and journalists, who are adjusting with difficulty to the changed production logic. In this regard, HRT still needs to strategically embrace the new consumption habits and needs of the audience in Croatia, and to develop its service accordingly.

In spite of efforts to cover all important areas of the HRT transformation, this study has certain limitations. Due to limited time and resources, the field research was conducted in a short period of time, which prevented the author from meeting and discussing the issue of HRT transformation with all relevant and suitable stakeholders. Secondly, the author was not involved in the processes and debates shaping public policies towards establishing the PSB in Croatia, which could be read as both a limitation and advantage; a limitation due to the fact that secondary sources (reports, transcripts from discussions, journalistic articles, and interviews) were most heavily relied on, and an advantage because the author held no bias towards the processes and was able to analyze them neutrally. Both – time and resources - limitations were mitigated through intensive field work and communication with important actors, mostly from an academic background, who have continuously assessed the development of HRT, including both its successes and failures.

There are still many open questions and dilemmas that stakeholders in Croatia should discuss in order to create sound and feasible policy solutions. The transformation of PSB to PSM, including provision of the news service and expansion on new platforms, was not challenged in Croatia as was the case in some other countries (Germany, Belgium, and Netherlands, for example). In this regard, policy makers in Croatia enacted a promising legal frame for its PSB to use the advent of new technologies and digitalization to make its services innovative and follow new trends without constraints. At the same time, such freedom can easily be a burden, especially taking into account the still limited internal capacities, inefficient traditional structure, and lack of motivation and know how to gear up the potential for innovation. The development of a 24 hours news channel was a big task, and still is. In order to produce a live, recognizable, authentic and accountable news channel, HRT has to re-think internally how to employ all its capacities, technical, production and human, and also to decide strategically on the main channels or platforms for its distribution. This is strongly connected with the second challenge, which is related to the audience. Socio-behavioral research on habits and needs in Croatia is rare,¹⁴² and there is a growing need for this type of research.

In order to properly address the challenge of audience fragmentation and information abundance, the PSM needs to know who its public is, what their main concerns and interests are, and to develop regular mechanisms to interact

¹⁴² Pioneer work in this field, not only in Croatia but in the entire region, has been done by Zrinjka Peruško, Dina Vozab and Antonija Čuvalo, "Audiences as a Source of Agency in Media Systems: Post-socialist Europe in a Comparative Perspective", *Medialni studija* [Media Studies], no. 2 (2013).

with them. In this regard special focus should be put on the younger generations who use media content differently – in a more fragmented, non-linear way, consuming dominantly through their smart phones, relying on social networks as news-feeds, and even migrating from open towards more closed social networks and platforms (e.g. from FB to Instagram). In order to provide its destined role, to offer content distinctive from other content providers, and to be recognized, the PSM has to explore the possibilities offered under the new technological and digital paradigm, and to act as a leader of innovation. In that regard, the PSM management has to work with the research and policy community in Croatia and abroad to see how and where its services should be improved in order to remain accessible, findable and recognizable.

7.

Recommendations

At policy level

- *Institutional safeguards* – Croatian decision makers, in partnership with local and international stakeholders, should reform current policies and legal provisions that do not provide sufficient safeguards against undue political influence over the broadcaster's operations and output. Specifically problematic is the process for nominating HRT's director general via a parliamentary vote, through which the person appointed is either tied to, or easily controlled by, holders of political power.
- *Introduction of new services* – Wider debates among main stakeholders are needed to develop local regulations in line with the growing trends on media markets. Considering the fact that PSMs are not the sole providers of content of public interest and that many new channels and services have been introduced recently, new policies should tackle this and respond in such a way as to affirm the PSB's role, and also to avoid any monopoly position or distortion on the market. In addition, new policies should introduce possibilities for public/private partnership, for the sake of quality and reliable information.
- *Content exposure and audience* – Distorted PSB/audience relations should be in the focus of policy debate, and in this regard experiences from developed countries (UK, Belgium, Germany, Finland) could provide useful insight on how to create the conditions for the PSB to get to know its public and re-establish its relations with citizens. Concepts such as content exposure and engagement of the public through innovative means should be part of policy documents and future strategic documents related to PSB.

At the level of PSB

- *Structural level* – HRT should continue its transformation from a traditional towards a more networked organizational structure, and build a corporative culture that will embrace principles such as accountability, transparency, efficiency, quality, reciprocity, and openness.
- *Funding* – Although it has a functional model of public funding, which enables its sustainable operation, HRT has to make its operation and services more transparent and suitable to justify public funding. Some voices have risen against its cooperation with law offices and the current system for enforced payments, which leads to the need for the development of internal capacities to ensure license fee collection. In addition, while planning on an annual level, HRT should reserve part of its budget for innovations in the domain of content production and distribution.

- *Professional level* - Professional standards and a balanced approach to news and content at HRT will be tested in the run-up to the parliamentary elections scheduled for September. The delegation underscored the need to ensure respect for European standards of the editorial independence of public broadcasters during this period, and to maintain and defend the principles behind its editorial policy, which is the most important safeguard of PSB's trust and reputation. Professional qualifications and recruitment standards should be emphasized while selecting editorial boards.
- *Investment in content* – HRT needs to distinguish its program from content provided by other, commercial, media, by continuous improvements in its quality, diversity, and interaction, balancing between universality and the personalized demands of the audience. HRT needs to further develop the channels it has already launched, such as the cultural channel (HTV3) and news channel (HTV4), in which further calibration it needs to employ its experience, know how, and other available resources to run a 24-hour interactive and dynamic news channel, with its journalists, reporters and editors providing an in-depth background/analysis of the ongoing events. In the domain of informative and news program it should be established as a center for excellence in the local context, recruiting young and talented journalists and developing experimental and courageous projects.
- *Permanent innovations* - Services and products should be developed to include mobile phone, social networks, real time streams, and personalization. It is important to reach the growing audience on the Internet, to be the primary source of information for the public to consume, developing targeted services based on type of program, topics, channels of distribution, and audience they are directed to. It should develop inclusive and cross-genre or multimedial formats targeting audiences of various status, interests and ages.
- *Partnerships and multistakeholder approach* – It should establish partnerships with cultural and educational institutions, libraries, publishers and archives (so called 'digital commons') to share its video and radio archives as a contribution to the (informal) learning process in society. Coproduction and program exchange beyond borders would be of greatest benefit for both the Croatian PSB and its audience. In order to make it available, the archive needs to be digitized and open for free access.
- *Audience* - Research capacities should be developed in order to better understand the public, engage citizens, and follow the trends among them. Audience feedback should be strategically embraced by the management structure of the PSM to serve its audience better, with no commercial interest. Active engagement of the public implies a systematic approach, experimenting across boundaries within the fragmented audience market, embracing flexibility, improving own capacities, fostering open dialogue, establishing and maintaining networks, developing a specific portfolio approach for different age groups and delivering such produced content through various platforms.

8.

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ANNEX 1 – List of Interviews

1. Damir Tus, HRT License Fee Department; Zagreb, 7 December, 2015; face-to-face
2. Zvonko Šeb, HRT Commissioner for consumers, Zagreb, 7 December, 2015; face-to-face
3. Saša Leković, Croatian Journalist Association, president, Zagreb, 9 December, 2015; face-to-face
4. Dragan Nikolić, HRT, editor of the Informative Media Service, Zagreb, 9 December, 2015; face-to-face
5. Tomislav Špoljar, HRT editor, Zagreb, 9 December, 2015; face-to-face
6. Ernest Strika, HRT employee, expert for digitalization, former vice-president of the Agency for Electronic Media, Zagreb, 9 December, 2015; face-to-face
7. Bruno Kragić, HRT Program Council, director, Zagreb, 10 December, 2015; face-to-face
8. Mirjana Rakić, Agency for Electronic Media, director, Zagreb, 10 December, 2015; face-to-face
9. Mirko Galić, former HRT General Director, Zagreb, 10 December, 2015; face-to-face
10. Viktorija Car, expert on PSB, Faculty of Political Sciences, Zagreb, Zagreb, 10 December, 2015; face-to-face

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