

**#ReForMediaMKD**

**MEDIA AND JOURNALISM SUBSIDY MECHANISMS  
IN MACEDONIA AND THE COUNTRIES IN EUROPE**

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# MEDIA AND JOURNALISM SUBSIDY MECHANISMS IN MACEDONIA AND THE COUNTRIES IN EUROPE

*Author: Mirche Jovanovski*

## 1. INTRODUCTION

Due to the small and limited market, the media in Macedonia are facing numerous existential problems. The revenues generated by the media from its core business and marketing activities are not enough to cover even the basic operational needs, let alone give the opportunity to consider any development or increase in the number of employees.

Therefore, subsidies are applied as one of the ways of encouraging quality and diverse production of public interest domestic media content, especially in such media that do not have sufficient financial, personnel and technical capacities to produce high quality programmes. Such as, for example, regional and local televisions, the print industry which is particularly affected by the digital and technological revolution, or the non-profit media that have had a difficult time developing in Macedonia. There is a lack of public interest content even in the programmes of the public service broadcaster, both in scope and quality, despite the fact that the sources of financing are known, reliable and predictable.

Traditionally, two types of mechanisms are used throughout the countries in Europe: indirect and direct assistance. Indirect assistance, through tax incentives and state advertisements, has proven to be ineffective. Direct assistance has served in preventing the decrease in the number of media, journalists, themes and perspectives, but it has been mainly aimed at commercial media and co-financing profits. Thus, the stable financing of public service broadcasters has proven to be a good political choice.<sup>1</sup>

Even despite the absence of a complete system for subsidizing journalism from domestic sources, or the existence of a fund from which to promote quality journalistic products in a transparent manner, the domestic media market still receives financial assistance. These are donations from foreign organizations and institutions that, in the period of severe pressure on the media in the country, managed to make themselves heard in the decade-long media silence and stimulated debate. We are talking about several debate and political TV shows, television series with a political note, as well as some Internet portals, some of which foster serious investigative journalism, that use financial assistance from foreign donors.

But, the question is how much the media can rely on this kind of assistance in the long run and whether, if they are left alone to work in the distorted and economically poor media market, they would be able to survive. One of the possible solutions is the establishment of a “fund” from the budget for financing media or media content that is in the public interest. While further debate on the mechanisms and modalities for allocating these funds is necessary, the essential prerequisite is to respect the principles of non-selectivity, transparency and independence of the bodies and procedures through which media subsidizing would become operational.

The purpose of this analysis is to detect the opportunity for a possible introduction of a subsidy system or other type of assistance for the media, based on the experiences and practices of other countries in Europe and the region, as well as to analyze the effects from the previous application of subsidies or other types of support for the media awarded in the past years.

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<sup>1</sup> Zhivkovikj, F. M., “Alternative models for independent financing of the media. Who will pay for the journalism?” [Alternativni modeli za nezavisno finansiranje na mediumite. Koj kje plati za novinarstvo], Mediumska opservatorija, 2016. Available at: [https://mim.org.mk/attachments/article/885/3\\_alternativni\\_modeli.pdf](https://mim.org.mk/attachments/article/885/3_alternativni_modeli.pdf).

The analysis was carried out from May to June 2018, through desktop research, by considering several media experts reports and analyses as a starting point, and by conducting a series of interviews with media professionals and institutions.<sup>2</sup> Numerous secondary data from relevant official sources were analyzed as well.

## 2. TYPES OF MEDIA ASSISTANCE

Traditionally, there are two types of media subsidy mechanisms: indirect assistance that can apply to all actors on the market, such as preferential tax rates or reduced postal and transport costs; and direct assistance, which can be directed to individual media or, for example, in support of a specific public interest content.

Opinions on the effectiveness of both types of subsidies are divided. Some media experts believe that indirect assistance, through tax incentives and government advertisements, has proven to be insufficiently effective. Direct assistance, on the other hand, serves to prevent the decrease in the number of media, journalists, themes and perspectives, but, this type of assistance is more focused on co-financing the company profits, and less on journalism itself.<sup>3</sup>

Other countries in the region also have media subsidies, such as the direct subsidies for local service broadcasters in Bosnia and Herzegovina, or the subsidies financing projects for producing media content via public competition on the local and national level in Serbia. In some countries, there are also other mechanisms outside of the system that, in certain situations, provide interventional support, such as writing off or reprogramming tax debt or arrears for paying fees to regulatory agencies; for example, in Serbia, the tax debts of the largest commercial television and other private media, or in Montenegro by writing off the debts of electronic media for the fees owed to the regulator and other media for debt relief for other financial obligations towards the state.<sup>4</sup>

In practice, new forms of media support, such as mediation platforms aimed at linking as many non-profit media as possible, on the one hand, with one or more philanthropic foundations, on the other, constantly appear. Despite the existence of the source potential for participation in the so-called *crowdfunding*, new non-profit media structures still seek the systemic support of public policies.

One of the possibilities is through the establishment of a special fund from the budget for financing public interest media or content that could be filled through various sources. In Canada, for example, the state redirects a portion of the profit tax from the IT industry (which is closely related to the media, and is much more profitable) in funds that serve to subsidize the media. Another possibility is the redistribution of part of the funds from advertisements on the public service broadcaster arising from the received exclusivity for the transfer of sporting events (World Football Championship, etc.), as well as through grants from wealthy individuals, who in turn would receive tax incentives. In doing so, it is necessary to distinguish between investing in the media by such wealthy individuals (that is, media ownership, for which there are several examples in our country) and the donations.<sup>5</sup>

In Macedonia, in the absence of an overall system for subsidizing journalism from domestic sources, or a fund for transparently stimulating high-quality journalistic products, journalists often compete with foreign donors to secure funding for a media project. In this way, several media outlets and projects received assistance in the period of fierce political pressure in the country and managed to make themselves heard in the decade-long media silence and encourage debate at the same time. Several debate and political TV shows, television series with a political note, as well as some Internet portals, some of which foster serious investigative journalism, use financial assistance from foreign donors. But, the question is how much can

<sup>2</sup> Interviews with Lirim Dulovi, Mirche Adamchevski, Klime Babunski, Lirim Hajredini, Erol Rizaov and Naser Selmani.

<sup>3</sup> Zhivkovikj, F. M., "Alternative models for independent financing of the media. Who will pay for the journalism?" [Alternativni modeli za nezavisno finansiranje na medijumite. Koj kje plati za novinarstvo], Mediumska opservatorija, 2016. Available at: [https://mim.org.mk/attachments/article/885/3\\_alternativni\\_modeli.pdf](https://mim.org.mk/attachments/article/885/3_alternativni_modeli.pdf).

<sup>4</sup> Petkovic, B., „Evropska tradicija i prakse finansijske pomoći medijima iz javnih sredstava“, Uvodni referat na okruglom stolu o financiranju medija iz javnih budžeta u BiH, Sarajevo, 15 March 2018. Available at: <http://media.ba/bs/mediametar/evropska-tradicija-i-prakse-financijske-pomoci-medijima-iz-javnih-sredstava>.

<sup>5</sup> Interview with Klime Babunski, Communicologist, 13 June 2018, Skopje.

the media rely on this kind of assistance in the long run and whether, if they are left alone to work in the distorted and economically poor media market, they would be able to survive?

### 3. LESSONS LEARNED

Media subsidy is not an unfamiliar category in the media sphere in Macedonia, but most of the subsidies were abolished in the past years. Part of them as an indirect measure - the preferential value added tax (VAT) rate – still remains in force, while most direct subsidies have been abolished.

Even in the days of socialism, funds from the state budget were allocated for the *Macedonian Radio-Television* [*Makedonska Radio Televizija*] and for the publications of NIP “Nova Makedonija” (*Nova Makedonija, Večer, Birljik, Flaka e vlazerimit, Detska radost*). In the years after the independence, until 2002, there was direct budget support, first and foremost for the print media, but due to the absence of objective distribution criteria, this gave rise to many disputes and quarrels between those who received and those who did not receive funds, or did not receive as much as they thought they should.

By 2006, significant financial resources were allocated for certain public interest projects for radio and television stations through the Broadcasting Council, but the effect of this type of direct subsidies was rather modest, primarily from the aspect of quality of the created content. These mechanisms showcased certain non-transparent procedures for allocation of funds, misuse of funds, and inappropriate use of the allocated funds, which in the end demonstrated the inefficiency of all those measures. Although there were criteria for selecting certain projects, still the result was unsatisfactory.

“In seven years, there were seven contests for broadcasters for public interest projects. They were evaluated, but the defect was that the state indirectly decided who to give the funds to. There were dramas, monodramas, even films. However, perhaps 95-97 percent of that material was poor, unusable, and there were no public interest projects”, said Mirche Adamchevski, former director of the Broadcasting Council.<sup>6</sup>

In 2013, with the Law on Audio and Audiovisual Media Services (LAAVMS, Article 92), in order to stimulate domestic production, a new obligation was imposed on the commercial TV stations broadcasting at the state level, as well as on the public service broadcaster, *MRT* – i.e. to produce and broadcast a certain quota of domestic film and documentary programmes, for which they received 50% compensation for the spent funds, but up to a certain maximum amount. This measure, which was applied for several years, did not result in raising the quality of production and enriching the offer.<sup>7</sup> The Draft Law on Amendments to the Law on AAVMS, which is in currently in parliamentary procedure, proposes to delete this article, thus the TVs would no longer receive support for production of domestic feature and documentary programmes.

“We have achieved the goal in terms of quantity, but not in terms of quality. About 60-70 thousand euros plus our participation are too little to produce 20 hours of quality feature programmes and 10 hours of documentary programmes. The obligation also imposed administrative procedures, preparing reports to justify how the money was spent. All of that was done so as to fulfil the legal obligation and not to pay a penalty of 100 thousand euros. *TV Alsat-M* tried to make a somewhat different content in both the documentary and the feature segment. In the documentary part we made really beautiful documentaries with travel programmes, even distant journeys, such as, for example, Greenland and the region, but this was made with our significant financial participation. If the goal was to achieve quality domestic production, the goal was not achieved”, said Lirim Hajredini, director of operations of *TV Alsat-M*.<sup>8</sup>

Otherwise, as an indirect and non-discriminatory measure in support of the media, , that is a preferential value added tax rate which is applied in the amount of 5% for the printed editions, compared to the regular 18% VAT.<sup>9</sup>

<sup>6</sup> Interview with Mirche Adamchevski, former Editor and Director of the former Broadcasting Council, 6 June 2018, Skopje.

<sup>7</sup> Nikodinoska, V., “*We need an independent model domestic production media subsidies*” [*Potreben e nezavisen model na mediumska subvencii za domašno proizvodstvo*], Skopje: MIM, 2016. Available at: [https://mim.org.mk/attachments/article/844/TRANSPARENCY\\_OF\\_THE\\_REGULATOR\\_del2\\_v2.pdf](https://mim.org.mk/attachments/article/844/TRANSPARENCY_OF_THE_REGULATOR_del2_v2.pdf).

<sup>8</sup> Interview with Lirim Hajredini, director of operations of *TV Alsat-M*, 13 June 2018, Skopje.

<sup>9</sup> Law on Value Added Tax (2016, Art. 30, para.1, item 3). Available at: [http://www.ujp.gov.mk/files/attachment/0000/0986/Zakon\\_za\\_DDV\\_\\_SI\\_vesnik\\_na\\_RM\\_br\\_189\\_od\\_14.10.2016.pdf](http://www.ujp.gov.mk/files/attachment/0000/0986/Zakon_za_DDV__SI_vesnik_na_RM_br_189_od_14.10.2016.pdf).

**Table 1: The amount of the regular and preferential VAT rate in different countries**

	Regular VAT rate	Reduced VAT rate for selling printed media
<b>Austria</b>	<b>20%</b>	<b>10%</b>
<b>Belgium</b>	<b>21%</b>	<b>0%</b>
<b>Denmark</b>	<b>25%</b>	<b>0%</b>
<b>Finland</b>	<b>24%</b>	<b>10%</b>
<b>France</b>	<b>19,6%</b>	<b>2,1%</b>
<b>Germany</b>	<b>19%</b>	<b>7%</b>
<b>Ireland</b>	<b>23%</b>	<b>9%</b>
<b>Italy</b>	<b>21%</b>	<b>4%</b>
<b>The Netherlands</b>	<b>21%</b>	<b>6%</b>
<b>Norway</b>	<b>25%</b>	<b>0%</b>
<b>Sweden</b>	<b>25%</b>	<b>6%</b>
<b>Switzerland</b>	<b>8%</b>	<b>2,5%</b>
<b>The United Kingdom</b>	<b>20%</b>	<b>0%</b>
<b>Serbia</b>	<b>20%</b>	<b>8%</b>
<b>Montenegro</b>	<b>17%</b>	<b>7%</b>
<b>Macedonia</b>	<b>18%</b>	<b>5%</b>
<b>Croatia</b>	<b>25%</b>	<b>5 (13)%</b>
<b>Slovenia</b>	<b>22%</b>	<b>9,5%</b>

Brankica Petković, “European tradition and practice on financial assistance of the media from public funds” [Evropska tradicija i praksi finansijske pomoći medijima iz javnih sredstava]<sup>10</sup>

However, by reducing the circulation of newspapers, its effectiveness has been practically substantially reduced. Earlier, some newspapers had a circulation of 100.000 copies, so the savings were much more significant than now when those numbers have decimated. As a comparison, in Norway, of the 28% VAT, the value added tax for newspapers has been reduced to zero percent, which practically means a subsidy of almost 30% for the newspapers.

The Macedonian Information Agency (MIA) also receives direct subsidies from the budget, i.e. 41.000.000 denars in 2016 and 40.200.000 denars in 2015 received from the Government of the Republic of Macedonia.<sup>11</sup>

<sup>10</sup> Petković, Brankica, “European tradition and practice on financial assistance of the media from public funds” [Evropska tradicija i praksi finansijske pomoći medijima iz javnih sredstava], opening address on the round table for financing the media from the public budget in Bosnia and Herzegovina, Sarajevo. 15 March 2018. Available at: <http://media.ba/bs/mediametar/evropska-tradicija-i-prakse-financijske-pomoci-medijima-iz-javnih-sredstava>.

<sup>11</sup> AD Macedonian Information Agency (MIA) Skopje owned by the state – Financial reports for the year ending on 31 December 2016 and the Report of the independent auditor. Available at: <https://www.mia.mk/File/Document/134022268>.



#### 4. SALVATION OR DOOM OF PRINTED MEDIA

Given the past experience and the achieved effects, it is understandable that subsidies or other types of assistance can contribute to attaining positive effects, primarily in increasing the diversity of the media offer and content quality. The most critical is the situation with the printed media, which in the past years, not only in our country but in the world, were affected by the competition of the Internet portals and social networks the most, as well as by the reduction of the advertisements that dramatically influenced their income.

There are around 20 printed media in the country, about 130 broadcast media, hundreds of websites with informative content and several news agencies. Contrary to this quantitative offer of various media categories, other indicators cast a completely different light on the situation in the media market. According to the IREX Media Sustainability Index for 2018, the five newspapers in total have a daily printed circulation of around 35.000 copies (excl. data for *Nezavisen vesnik*). *Sloboden pechat* daily prints 14.200 copies, *Vecher* - 7.900; *Nova Makedonija* - 7,000 and *Koha* 5,000. Data on sales circulation is not available.<sup>12</sup>

**Table 2. Number of media in Macedonia**

Print Media	Television channels	Radio stations	Internet media
5 daily newspapers	Public service broadcaster – 5 TV-channels	Public service broadcaster - 3 radio stations	Between 80 and 100 news web sites and relevant opinions
2 weekly magazines	5 national	4 national	
11 other periodical magazines	4 national cable	17 regional	
	21 regional	48 local	
	22 local cable	1 non-profit	

Source: IREX Media Sustainability Index for 2018.

The situation is similar with the data for advertisements broadcast on the media, so the assessment is based on data out of the total advertising costs from the insiders in the advertising industry. The total advertising costs are estimated at 35.6 million euros. Of this, 66% (23.4 million euros) in the television sector, 8% (2.8 million euros) accounted for the radio, 4% (1.4 million euros) to the printed media, 10% (3.5 million Euros) digital media, and 13% allocated for outdoor advertising (4.5 million euros).<sup>13</sup>

“Print media are experiencing a crisis and there must be a way to help them survive. According to the experience of the European Union, with the exception of Great Britain and Germany, where the newspapers have indirect subsidies, such as a reduced VAT rates, for example, all other countries support and subsidize the print media. The amounts allocated by individual countries in Europe for assistance to the print media reach up to 400 million euros, annually”, says Lirim Dulovi, owner of the newspaper *Koha* and Chairman of the Association of Print Media.<sup>14</sup>

According to the Register of Print Media kept by the Agency for Audio and Audiovisual Media Services, there are 24 firms – trade companies that publish 37 magazines (newspapers, weekly newspapers, magazines, etc.) registered in the country.<sup>15</sup> At the initiative of the Association of Journalists of Macedonia, in 2017, fifteen of them joined the Association of Print Media. They are now pending a response from the Government to their requests for subsidies in the amount of around 900.000 euros annually, aimed at, as they say, enabling them to survive on the market.

<sup>12</sup> IREX, “Media Sustainability Index 2018”, 2018. Available at: <https://www.irex.org/sites/default/files/pdf/media-sustainability-index-europe-eurasia-2018-macedonia.pdf>.

<sup>13</sup> Ibid.

<sup>14</sup> Interview with Lirim Duovi, owner of the newspaper *Koha*, 4 June 2018, Skopje.

<sup>15</sup> AAAMMS, Print Media Register. Available at: <http://avmu.mk/reg-pechateni-mediumi/>.

“We are trying to include everyone. The national newspapers, *Nova Makedonija*, *Večer*, *Sloboden pechat*, *Koha*, *Lajm*, the weekly magazines *Kapital*, *Fokus*, the monthly *Shenja* in Albanian language, and a periodical magazine published in the Vlach language are among our members ... We also have the local newspapers, *Bitolski vesnik*, *Zenit* from Prilep and *Shtipski glas*”, says Dulovi.<sup>16</sup> He explains that the criteria and rules were proposed by the Association, in order to avoid misuse in granting subsidies, and they will strive to find a system solution, be legally regulated, so as no matter who is in power, the rules apply equally to all. As an additional reason justifying the need for subsidies, he emphasizes that the price of paper has gone up by 30%, and the announcement is that by the end of the year, the price will increase by up to 50%.

The Association demands that newspapers be subsidized by half the costs that each media has for printing, as well as half of the distribution costs, which would be substantiated by submitting invoices. Furthermore, an additional 20% is required for the media of the minority ethnic communities – i.e. Albanian, Turkish, Roma, Vlach, etc.

“This is another obligation that Macedonia has undertaken as agreed in the 2004 EU convention for providing support to the media of the minority ethnic communities. Moreover, the UNESCO convention adopted in 2004 requires states to support the media reflecting cultural diversity, plus this requirement is in line with Annex C of the Ohrid Agreement, which was signed in 2001, but has never been implemented” adds Dulovi.

The third requirement is for companies where the state is a shareholder, such as Telecom, to allocate a part of their budget for marketing in the print media. There is also a proposal for full exemption for social, pension and health insurance contributions for newly employed in print media and an exemption for the existing employees up to a certain percentage (30-50%).

According to the Association’s proposal, media that have been at least three years on the market will be able to apply for subsidies. This is in order to prevent any misuse from the political parties to establish newspapers before the elections and use state subsidies to practically finance their campaign. Also, in order to exclude any misuse, there has been a request for inspection which would check all the data (for example, the circulation) that the newspapers should submit. Still, according to the original proposal, some newspapers will not have the opportunity to apply for subsidies, such as those that do not meet the criterion to survive on the market for at least three years, as well as the free newspapers.

The Association of Journalists of Macedonia supports the initiative of the Association of Print Media. AJM President Naser Selmani says that if the print media is not helped, that it is a matter of time before they die out. He believes that funds should be allocated for this purpose, which would cover a certain percentage of the print media costs. However, it is also necessary to establish a fund, which will stimulate public interest topics, for which, according to him, there is a need to establish a committee that will not receive any pay, and whose authority would be to review the requests and give their opinion, so that the Minister of Culture would later be able to approve the funds.

“To make things clear, one thing is to provide support for the print media, which includes support to local newspapers and newspapers in minority languages, and another thing is to establish a fund for all the media that want to produce content set by the Government as public interest – investigative stories, or environmental concerns, health, culture ... When was the last time you read a review about a play? Or a literary criticism? They are gone. They must be encouraged. However, I would recommend starting with the print media”, says Selmani.

A similar proposal to the proposal of the Association existed in the beginnings of pluralism, when according to Erol Rizaov, then co-owner and editor-in-chief of *Utrinski vesnik*, 11 daily newspapers and more than 100 televisions and radio stations were on the market in Macedonia. An association of employers in the media was formed, which began to seek solutions for subsidizing the media and having equal access to the funds. The project was presented to the then finance minister, who accepted the proposal and said that he would advocate for the proposal to pass through Government procedure, but the expected support did not materialize.

<sup>16</sup> Interview with Lirim Duovi, owner of the newspaper *Koha*, 4 June 2018, Skopje.



“Subsidies are necessary and I think they exist throughout Europe, except in several countries that have opportunities for commercial operation”, says Rizaov. According to him, in Macedonia, the newspapers in particular and other media as well, could not survive if there is no fair subsidy system. “If the government really believes in the democratization of society and its development, it has to build an impartial subsidy system”, states Rizaov.<sup>17</sup>

The European Commission also stressed the necessity to help the print media, as an important factor for the democratization of the society and the regulation of the media market in general:

“The decrease in the number of print media can be seen as a sign of a self-regulating market that is not sustainable without significant national/government support. The state of the print media refers to the number of national newspapers, which is very low (only five daily newspapers) and is a potential threat to free and pluralistic media, which is essential for any democracy.”<sup>18</sup>

Among other things, the international community urged the government to ensure that media reforms fit into the overall strategy and are well planned on the basis of research, as well as on credible, timely and transparent consultations with all stakeholders, both public and private. In view of the special challenges faced by the print media, measures such as VAT or other tax relief can be adopted in order to provide a pluralistic media landscape.<sup>19</sup>

There are different views on the way in which the media should be subsidized among the media professionals as well - through indirect or direct assistance. Indirect subsidies, such as the preferential VAT rate, have little impact on the media in our country. The situation is similar with the prices for postal services, because in our country only a small number of media have some kind of subscription. It would be very difficult to assume that the state would agree to give up the contributions for the employees in the media industry, taking into account the condition of the pension and health fund.

However, there are also such dilemmas with respect to whether supporting the newspapers is perhaps useless if the predictions are that their future, with or without the support, is not bright. Or whether such subsidies are in a certain way similar to giving an infusion to a clinically dead patient?

“The newspapers were declared clinically dead when the radio appeared, because the news could be heard every minute. Television was considered as an even stronger blow. Newspapers survived that too. The Internet has been the strongest blow so far. An awful blow the consequences of which we are experiencing even today. We experienced this with *Utrinski vesnik*, which had a sales circulation of almost 30.000 copies, but once the Internet edition came out, people began to read there. The Internet is now considered as one big jungle. There is a lot of misinformation going round, a lot of fog, so you need to learn how to navigate. I think that nobody can be a better traffic officer than the journalist. This is where I see the chance for the newspapers - they have their own Internet editions, which will have to be different from the actual newspaper editions and people who want to read more in depth analyses or other texts would have the chance to do that... The first signals of newspaper recovery have already come from the big newspapers, and they will reach us as well. Some of them will naturally die out, even the famous ones, but others will survive or create new ones. ... People may no longer affiliate with a certain media, they might start affiliating with a particular author/journalist... They would be keen on hearing his/her opinion, identifying with him/her or going against them and opposing their opinion”, says Rizaov.<sup>20</sup>

Some media experts express reservations for subsidizing print media that have the greatest subsidizing need. “I’m pretty sure that subsidizing the print media will be easily swept into the criminal fog, because in Macedonia that segment of the media industry still cannot tell the size of the sold circulation. This is where any serious and well-meaning thought for subsidizing print media should end”, says Babunski.<sup>21</sup>

<sup>17</sup> Interview with Erol Rizaov, Editor and Columnist, 11 June 2018, Skopje.

<sup>18</sup> Group of experts, “*Assessment and recommendations of the Senior Experts’ Group on systemic Rule of Law issues for 2017*” (Second Priebe report), Brussels, 14 September 2017 година. Available at: [https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/2017.09.14\\_seg\\_report\\_on\\_systemic\\_rol\\_issues\\_for\\_publication.pdf](https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/2017.09.14_seg_report_on_systemic_rol_issues_for_publication.pdf).

<sup>19</sup> Group of experts, “*Assessment and recommendations of the Senior Experts’ Group on systemic Rule of Law issues for 2017*” (Second Priebe report), Brussels, 14 September 2017 година. Available at: [https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/2017.09.14\\_seg\\_report\\_on\\_systemic\\_rol\\_issues\\_for\\_publication.pdf](https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/2017.09.14_seg_report_on_systemic_rol_issues_for_publication.pdf).

<sup>20</sup> Interview with Erol Rizaov, Editor and Columnist, 11 June 2018, Skopje.

<sup>21</sup> Interview with Klime Babunski, Communicologist, 13 June 2018, Skopje.

For the initiative of the Association of Print Media and for this segment of the media industry it is essential that the new government has expressed its will and readiness to meet their demands: “After several public debates with media professionals, media representatives and media and journalistic associations, as well as after several individual meetings with representatives of the Association for the Protection of Print Media, the need for supporting the print media was agreed. For this purpose, Plan 18 includes a measure for providing assistance to the print media. In the forthcoming period, the requirements of the APPM will be reviewed and at the same time the European and world experience on this topic will be considered in working on and finding modalities for possible assistance to the print media in order to correctly and fairly determine the criteria for their support”, say officials from the Private Office/Cabinet of Minister Robert Popovski, in charge of communications, accountability and transparency, to our e-mail questions regarding the request of the Association of Print Media.

However, it seems that the government is not united around this issue either. The Minister of Information Society and Administration, Damjan Manchevski, said that in the first phase there is a possibility to come up with some relief regarding duties, tariffs and taxes. However, giving concrete financial assistance should be considered well, precisely due to the lessons learned in the past.<sup>22</sup>

#### 4. SUBSIDIES – FOR WHICH MEDIA AND IN WHAT MANNER

Diversity of the media landscape in Macedonia needs to be encouraged. This means that in addition to the public service broadcaster and commercial media, the non-profit media sector, various types of media, various television and radio programme services, as well as various programme public interest formats need to be fostered.<sup>23</sup> Therefore, the question that arises is whether, in addition to supporting print media, subsidies should also refer to other media such as television, radio, non-profit media, Internet portals, or some targeted journalistic segments, such as, for example, investigative journalism or specific media content that promotes public interest or civic topics, in order to encourage diversity of the media offer.

According to the published data, in 2017 the audio and audiovisual media industry had the lowest total revenues in the past five years. The total revenues of all broadcasters (the *Macedonian Radio and Television*, 54 commercial television stations and 70 radio stations) amounted to 2.608.84 million denars. Since 2013, the growth rate of total revenues in the industry each year has been negative, but revenues have fallen most in the last year - by 10.35%, according to the latest survey of the audio and audiovisual media services market for 2017, prepared by the Agency for Audio and Audiovisual Media Services.<sup>24</sup>

Similar to the total revenues, the lowest advertising revenue in the past five years was achieved in 2017. With the exception of 2014, when 3.10% more income was realized in comparison to the previous year, in the following three years, the amount of these revenues continuously decreased, reaching 1.383.60 million denars in 2017.<sup>25</sup> Most of these revenues are collected by the five television stations broadcasting their programme at the national level through the digital terrestrial multiplex, and the situation is much more dramatic with other broadcasters.

For years, representatives of local and regional television stations have been directing the attention to the poor financial situation of the local media markets in the country, which is the reason the quality of their work has suffered, and in many cases their survival has been brought into question. Therefore, the owners and directors of local and regional television stations have been stressing the need for the government to find ways to subsidize the media of the minority

<sup>22</sup> Apostolov, V., “The news are waiting for subsidies, the Government is holding a debate” [*Vesnicite chekaat subvencii, Vladata kje debatira*], published on the portal Prizma, on 12 July 2018. Available at: <http://prizma.mk/vesnitsite-chekaat-subvencii-vladata-ke-debatira/>.

<sup>23</sup> Trpevska, S., “The role of the regulatory bodies in shaping structural pluralism in the TV segment in Macedonia, Croatia and Montenegro” [*Ulogata na regulatornite tela vo oblikuvanjeto na strukturniot pluralizam vo TV-sektorot vo Makedonija, Hrvatska i vo Crna Gora*]. Skopje: MIM, 2018. pg. 2. Available at: [https://mim.org.mk/attachments/article/1093/Analiza\\_Ulogata%20na%20regulatornite%20tela%20vo%20oblikuvanjeto%20na%20strukturiniot%20pluralizam%20vo%20TV%20sektorot.pdf](https://mim.org.mk/attachments/article/1093/Analiza_Ulogata%20na%20regulatornite%20tela%20vo%20oblikuvanjeto%20na%20strukturiniot%20pluralizam%20vo%20TV%20sektorot.pdf)

<sup>24</sup> AAAMVS, “Audio and Audio-Visual Media Services Market Analysis for 2017” [*Analiza na pazarot na audio i audiovizuelni mediumski uslugi za 2017 godina*], 2017. Skopje: AAABMY. Available at: <https://bit.ly/2p2hBdM>.

<sup>25</sup> Ibid.

communities that cannot survive on the market, through transparent and independent mechanisms, and thus encourage media pluralism.<sup>26</sup>

“Media should be encouraged and their efforts to produce public interest content should be supported. This is done to a certain extent through EU funds and assistance from world-wide non-profit organizations, but the state should not be excluded from this. The state should allocate certain funds to the smaller, more endangered, players, such as the local and regional media, through transparent criteria and selection processes made by competent and independent experts” says Irena Arnaudova, manager of *TV M* from Ohrid.<sup>27</sup>

On the other hand, Dimitar Micev, president of the Association of Regional and Local Television and Radio Stations “Medium objektiv”, says that the subsidies are a double-edged sword. “For us it would be great if we receive subsidies and I even know where to use them, because I have a vision. However, I cannot guarantee that the others do, because I know how some people in the industry think. Money is a problem, but on the other hand, do you know the effect that they can have in making people idle? There must be certain regulations - who, how and why should receive that money”, says Micev.<sup>28</sup> He also underlines the irregularities that have occurred during the allocation of funds, as well as the inefficiency of such projects.

According to him, the key problems lie in the existing legislation and its implementation, or lack of implementation thereof. His thesis is that, if the laws are not enforced, it is hardly feasible to expect any benefit from any possible subsidies. Moreover, he thinks that the subsidies should not be allocated to a particular medium, but to specific stories, topics, research stories or cultural themes.

Subsidizing the media is an issue that requires a clear matrix - a hierarchy of values, a defined goal of why a certain thing is done and how it should be done. Many media experts agree that a serious analysis of what the public interest in the media field at national and local level represents is needed. This should be the basis and the starting point when designing the strategy for possible subsidizing in the media.

According to Mirche Adamchevski, former president of the Broadcasting Council, one of the founders of the newspaper *Porta 3* and Chairman of the Appeals Commission of the Council of Media Ethics in Macedonia, the first step that the media should take is to unite, i.e. to establish associations and unions that will protect the interests of the media. According to him, subsidies are not the magic wand that will solve all problems, although he does not exclude such a measure, primarily for the local media, or for certain public interest subjects and contents that should be directed to the journalists, and not to the media owners.

Adamchevski believes that the state should have a strategy where it will specify which media they would support and encourage. “At the time, the main premise was that the market would solve things by itself. But, obviously, there is no solid market here. And the state was obstructing the market. First it disturbed the market in general by giving money to the national media, and then it distorted the regional markets, when the then ruling party formed regional television stations six or seven years ago, which collected the best staff, were equipped with modern equipment and were given money for advertising directly through the municipalities”, explains Adamchevski. After the party lost power, some of those media outlets collapsed, and the employees were left on the street, he concluded.

Klime Babunski also believes that subsidies should be granted only for the purpose of realizing the public interest in informing and communicating, “if we want to have some kind of a popular media scene as a result, in terms of various media products and media facilities or media in general, and at the same time create an informed general public”. According to him, there are as many different solutions to providing subsidies, as there are countries. For him, the reason for subsidizing the media in Macedonia is the size of the market, the language split, the division and pluralism. “Even if we have a much higher standard of living, the need for subsidies will still exist, because realistically the media, the owners, especially the commercial segment are there for making profit, which is not always similar or the same with the public interest. Sometimes they can even collide. There is always a need to promote the public interest”, emphasizes Babunski.

<sup>26</sup> Group of authors “*The future of the Audi-Visual Media industry in Macedonia*” [*Idninata na audiovizuelnata mediumska industrija vo Makedonija*], 2018. Skopje: MIM.

<sup>27</sup> Ibid.

<sup>28</sup> Interview with Dimitar Micev, President of the Association of regional and local television and radio stations, *Medium objektiv*, 22 June 2018.

Lirim Hajredini, director of operations of *TV Alsat-M*, is “against subsidies in a capitalist society, regardless of whether they are intended for a television station or any other sector”. According to him, the market should dictate the quality, and that is difficult to achieve with subsidies.

“Subsidies should have a clear goal - whether they will be used to improve the standard of employees, whether they will be used to offer a better product for viewers or something else. However, if there are no clear market criteria, subsidies will not help, they will even do more damage”, he says. The state, according to Hajredini, can help television stations by providing a more transparent rating measurement, for example. In this regard, he underlines that the Association of National Television Stations, MMA, is part of the Joint Industry Committee (popularly called the JIK, according to the English title Joint Industry Committee), a research organization of television broadcasters.<sup>29</sup>

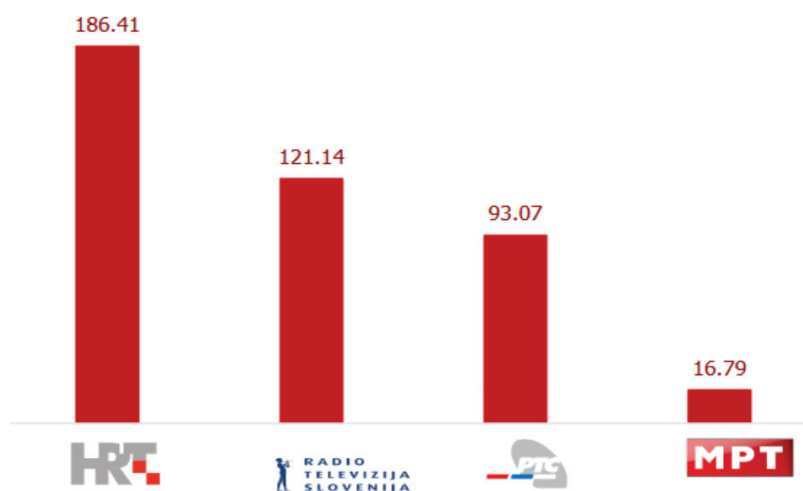
The biggest “trap” in the possible design of subsidy models, indicated by all consulted experts, is to keep an eye on where the money will come from, what mechanisms would be used and which media could be subsidized. The sceptics with respect to this idea underline that in case of a possible introduction of subsidy mechanisms, special attention should be paid to their impartiality and transparency.

## 5. SUBSIDIES NOT ONLY FOR PRINT MEDIA

However, one cannot say that the media in Macedonia are not being subsidized, given the fact that with the arrival of the new government in 2017, the financing of the public service broadcaster was transferred to the state budget.

The revenues of *MRT* in 2017 were 1.037,49 million denars, the lowest amount in the last five years. Compared to the total revenues of the public service broadcasters in Croatia, Serbia and Slovenia, *HRT* had 11 times more funds than *MRT*, *TV SLO* seven times more, and *RTS* had five and a half times more funds than *MRT*.<sup>30</sup>

**Graph 1: Public money in public services broadcasters in Croatia, Slovenia, Serbia and Macedonia**



Source: AAVMS

If the Draft Law on AAVMS, which is currently in parliament procedure, is to be adopted, the percentage that will be allocated from the state budget for financing the *MRT* will be 0.7 percent in 2018, and each consecutive year, this percentage will gradually increase until it reaches 1% in 2021. Additionally, with the new legal amendments currently in parliamentary procedure, *MRT*'s liabilities will increase significantly.

<sup>29</sup> Interview with Lirim Hajredini, director of operations of TV Alsat-M, 13 June 2018, Skopje.

<sup>30</sup> Agency for Audio and Audio-Visual Media Services: Audio and Audio-Visual Media Services Market Analysis for 2017.

“A new 24-hour radio and television channel in Albanian language will be opened, a new channel for minorities from the ethnic communities will be opened as well, and a new satellite channel in Albanian is also planned, at the same time, the money allocated for *MRT* will not increase, on the contrary, it will decrease. In 2016, according to the budget, *MRT* had about 20 million euros, currently it has 12 million euros, which will increase to 15 million euros with the new changes. In the West, it takes 25 million euros to make a television channel that will broadcast a 24-hour programme. Here we are expected to make four with 15 million euros”, says Naser Selmani, president of the Association of Journalists of Macedonia.<sup>31</sup> The solution, according to him, is an increase in the percentage of the *MRT* financing to one percent of the budget, or about 35 million euros.

During the public debates and discussions organized on this subject, in relation to the public service broadcaster it was emphasized that first it was necessary to map the needs and expectations of the citizens, the international standards and legal obligations related to the mission of the public service broadcaster, and only then calculate how much the public service broadcaster will cost, and where the necessary funds will come from, whether through a broadcasting fee, through the state budget or a combination of both.

**Table 3: Public funds in the media in Slovenia and Croatian**

	Funding public service broadcaster (assets collected through a special fee)	Indirect subsidies for print media	Direct subsidies for media (through public tenders for coproduction and distribution of programme content)
<b>Slovenia</b>	RTV SLO: 94 million euros (2016)	9.5% turnover tax rate for print media (relative to the regular tax rate of 22%)	2 million euros (2017): 1.5 million euros for local, regional and student radio and television programmes with a special status + 0.5 million euros for print and electronic media, radio and television programmes without a special status
<b>Croatia</b>	HRT: 160.5 million euros (2016)	5% turnover tax rate for the print media under certain conditions and 13% tax rate for other print media (relative to the regular tax rate of 25%)	8.7 million euros (for 2017 and 2018 in the same open call) for local and regional radio and television programmes, non-profit radio and television programmes, non-profit electronic publications, non-profit producers of audio-visual and radio programmes

Source: Brankica Petković, “European tradition and practice on financial assistance of the media from public funds” [Evropska tradicija i praksi finansijske pomoći medijima iz javnih sredstava]<sup>32</sup>

When it comes to the internet portals, the situation is extremely undefined. There are many disadvantages in this segment, as well as opposing views - from the position of the Association of Journalists, which is against any type of regulation in this segment, to the position of renowned journalists that advocate for regulations that would not interfere in the editorial policy segment, but that would be mandatory with respect to containing an Impressum, editor-in-chief, editorial office address, etc. Despite the chaotic situation in the information space on the Internet, we can still identify several serious internet portals that have recently adopted a code of conduct through their association, which affirms journalistic standards and which could help advertisers direct their advertisements to such portals that produce their own information, and not portals that work on the copy-paste principle.

These principles should be probably taken into consideration when it comes to the informative portals if a system for media subsidizing is established. Moreover, the estimates are that the future of journalism lies in this type of media, which are currently facing challenges in our country - small editorial boards, unfair competition, technological lagging, or inability for a more serious development in the multimedia sphere, etc.

<sup>31</sup> Interview with Naser Selmani, President of the Association of Journalists of Macedonia, 11 June 2018, Skopje.

<sup>32</sup> Petković, Brankica, “European tradition and practice on financial assistance of the media from public funds” [Evropska tradicija i praksi finansijske pomoći medijima iz javnih sredstava], introductory speech on the round table for financing the media from the public budget in Bosnia and Herzegovina, Sarajevo, 15 March 2018. Available at: <http://media.ba/bs/mediametar/evropska-tradicija-i-prakse-financijske-pomo-ci-medijima-iz-javnih-sredstava>.



These principles could be established - as such things do not require the adoption of a law, according to the Association of Journalists. That is, if they want to bid for public money, the portals will have to publish their Impressum, the name of the editor-in-chief, ownership, to respect professional standards, copyrights, the Code of Journalists. In addition to this is the agreement reached by the Association of Journalists of Macedonia, the Independent Trade Union of Journalists and Media Workers and the Council for Media Ethics in Macedonia, which have harmonized minimum criteria that will help protect and promote professional journalism in the online media. According to them, the online media should respect the principles of the journalistic profession, such as transparent ownership, publishing an Impressum, contact and address of the media, acceptance and respect of the Code of Journalists and registration of a legal entity in Macedonia. The three organizations asked the Government and public institutions to respect these criteria when issuing accreditation to journalists from online media, and the advertisers to refrain from publishing advertisements in online media that do not meet these criteria.<sup>33</sup>

Erol Rizaov believes that internet portals should not be protected as “endangered species” and write whatever they want and have no responsibility for what they have written. “Not only should such portals not receive subsidies, but they should be sanctioned. That has nothing to do with freedom of expression. They are practically the biggest pests working against the media”. But, he adds that, the serious portals in our country should be taken care of. “They are not only serious, they are necessary and precious, and they should be supported, naturally, according to certain clearly defined rules and criteria, since given their number, not all can be subsidized”, he says.

## 6. REVIEW OF EUROPEAN EXPERIENCES AND MECHANISMS

In more democratically developed countries, regardless of the differences in their media systems, there is public support for the media, which has remained unchanged for decades. For example, in Finland, France, Germany, Italy and the United Kingdom, there is a system of fees for funding the public service broadcasters, while in the United States, federal and state funds for public service broadcasters represent the second most significant form of public support for the media.<sup>34</sup>

In all these countries, governments offer more indirect support, compared to the direct support, to private media organizations. Finland, France and Italy provide direct subsidies - in Finland and France almost exclusively for print media, and in Italy for local broadcasters as well. In all three countries, the indirect subsidies are more significant.

**Table 4: financial assistance for the media (in euros)**

	Financing TV public service broadcasters (PSB)	Indirect Subsidies	Direct Subsidies	Other types of financial assistance
<b>Finland</b>	381 million	313 million	0,5 million	N/A
<b>France</b>	3.927 million	801 million	438 million	0,5 million
<b>Germany</b>	7.265 million	525 million	N/A	N/A
<b>Italy</b>	1.676 million	560 million	161 million	184 million
<b>The United Kingdom</b>	4.185 million	748 million	N/A	N/A
<b>USA</b>	779 million	804 million	N/A	N/A

Source: Nielsen i Linnebank, „Public Support for the Media: A Six-Country Overview of Direct and Indirect Subsidies”, Reuters

<sup>33</sup> AJM, IUJM and CMEM, “Journalist organizations harmonized criteria for the online media” [Novinarskite organizacii usoglasija kriteriumi za onlajn mediumite, 10 October 2018. Available at: <http://znm.org.mk/новинарските-организации-усогласија/>.

<sup>34</sup> Nielsen, R., K. And Linnebank, G., “Public Support for the Media”, 2011. Available at: <https://reutersinstitute.politics.ox.ac.uk/sites/default/files/2017-11/Public%20support%20for%20Media.pdf>.

Institute for the Study of Journalism, University of Oxford<sup>35</sup>

The data on the total public sector support for the media calculated in euros per capita annually are interesting as well - from 130.7 euros in Finland to 43.1 euros in Italy. In the United States, in the private sector media organizations that have significantly reduced their editorial boards in the last decade the volume of public support has been the lowest - around 5.2 euros per capita.

In these six countries, three models for distributing assistance can be identified: in Finland, Germany and the United Kingdom, there is a dual model, a combination of a high fee for financing the public service broadcasters with significant indirect subsidies for private print media. France and Italy have a mixed model, combining intermediate funding for public service broadcasters with a combination of indirect and direct forms of media support from the private sector (in France for newspapers, and in Italy for some local broadcasters as well). The US are left with their minimalist model, combining low levels of public service broadcaster media support with low levels of indirect support for the private press.

In all six countries, the indirect support for print publishers is a much more important form of public support for the media and amounts to hundreds of millions of euros annually. But, since media systems are changing and people are switching to new media platforms, the effectiveness of this type of intervention will be reduced. Therefore, those favouring public support for the media will have to re-examine the role of public policy, and in particular how governments can support those private-sector media companies that provide public goods such as journalistic accountability and a diverse public debate which benefits democracy.<sup>36</sup>

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<sup>35</sup> Nielsen i Linnebank, "Public Support for the Media: A Six-Country Overview of Direct and Indirect Subsidies", Reuters Institute for the Study of Journalism, University of Oxford, August 2011, pg. 8. Available at: <https://reutersinstitute.politics.ox.ac.uk/sites/default/files/2017-11/Public%20support%20for%20Media.pdf>.

<sup>36</sup> Nielsen, R., K. And Linnebank, G., "Public Support for the Media", 2011. Available at: <https://reutersinstitute.politics.ox.ac.uk/sites/default/files/2017-11/Public%20support%20for%20Media.pdf>.

Table 5: Types of direct and indirect subsidies in several countries

		TYPES OF SUBSIDIES / Some examples – in <i>euro (per capita)</i> per year
INDIRECT AID	NON-SELECTIVE (HORIZONTAL)	<b>REDUCED VAT-RATES FOR NEWSPAPERS</b> UK: zero instead of 20 % equivalent to 838 mil. (13) SWEDEN: 6 instead of 25 % equivalent to 220 mil. (22.7)
		<b>SUBSIDIZED PRICES OF PUBLIC TRANSPORT AND COMMUNICATION INFRASTRUCTURE (POST, RAILWAYS, AIRWAYS, TELEPHONE, INTERNET) AND OTHER INDIRECT DISTRIBUTION SUPPORT</b> USA: reduced postal rates equivalent to 252.5 mil. (0.8) FRANCE: aggregate value of 359.8 mil. (5.4) in different distribution subsidies
		<b>FAVOURABLE SPECTRUM FEES</b> BOSNIA AND HERZEGOVINA: collected fees decreased for 312.6 thousand, from 2013 to 2015
		<b>SUBSIDIZED PRICES OF PAPER AND PRINT</b> FRANCE: plan “ <i>Imprime</i> ” for restructuring of printing plants - 25 mil.
		<b>COMMERCIAL TAX BREAKS</b> FRANCE: 200 mil. (3)
	SELECTIVE (VERTICAL)	<b>SUBSIDIZED INTEREST RATES AND STATE GUARANTEES FOR LOANS</b> ITALY: 77 mil. subsidy for 10-year loans
		<b>STATE ADVERTISING</b> UK: 5 mil. from 11 councils
		<b>DIRECT AID FOR PUBLIC NEWS AGENCIES</b> FRANCE: 117.9 mil. (1.8) for AFP
		<b>REDUCED TRAVEL FARES AND INCOME TAX-BREAKS FOR JOURNALISTS</b> BELGIUM: free train and reduced plane tickets, telecom discounts, car lease and purchase... FRANCE: 30 % income tax break for first 15 thousand earned, terminated in 1996
		<b>FUNDING OF TRAINING FOR JOURNALISTS AND MEDIA RESEARCH</b> NETHERLANDS: 170 thousand for research and seminars, 486 thousand for employment of young journalists
DIRECT AID	FOR PRIVATE MEDIA	<b>SELECTIVE DISTRIBUTION SUBSIDIES</b> SWEDEN: 5.9 mil. (0.6) for ca 130 newspapers
		<b>OPERATING SUBSIDIES FOR THE PRESERVATION OF PLURALISM</b> SWEDEN: 49.8 mil. (5.1) for ca 90 newspapers
		<b>SUBSIDIZED CONTENT OF SPECIAL PUBLIC INTEREST</b> IRELAND: 13.6 mil. (3) SERBIA: 495.3 thousand (0.07) CROATIA: 3.9 mil. (0.93)
		<b>SUBSIDIES TO MEDIA WITH LOW AD REVENUES</b> FRANCE: 11.8 mil. (0.2)
		<b>MODERNISATION SUBSIDIES FOR MODERNISATION AND INNOVATION</b> FRANCE: total of 90.4 mil. (1.37) of various modernisation subsidies
	FOR PUBLIC SERVICE	<b>DIRECT BUDGETARY TRANSFERS</b> SERBIA: 61.1 MIL. (8.6) 2014
		<b>HOUSEHOLD LICENSE FEES</b> NORWAY: 306.5 per household for 2016; 585 mil. (113.9)
<b>INDIVIDUAL PUBLIC SERVICE TAX</b> FINLAND: 0.68 % (50 – 143 euro per annum) for income range 7,500 - 21,029; 507.9 mil. (93)		

TYPES OF SUBSIDIES / Some examples – in <i>euro (per capita)</i> per year	
NEW MODELS OF FUNDING FOR NEW MEDIA STRUCTURES – PUBLIC SUBSIDIES FOR NON-PROFIT MEDIA	<b>SUBSIDIES FROM STATE BUDGET</b> CROATIA: 413.8 thousand (0.1) FRANCE: 28.8 mil. (0.43)
	<b>SUBSIDIES FOR THE PRESERVATION OF PLURALISM</b> CROATIA: 202.8 thousand (0,05) UK: 492.6 thousand (0.01)
	<b>FUNDING OF LOCAL PUBLIC MEDIA</b> NETHERLANDS: 7.7 mil. (0.46)
NEW SOURCES OF FUNDING	<b>LICENSE FEE REFORM</b> CROATIA: a calculation showed that cost and evasion reduction could increase license fee revenue for 123.4 mil. (29.1)
	<b>ADVERTISING TAX AND PROLONGED WRITE-OFF FOR BRAND CAMPAIGNS</b> SERBIA: 1 % ADVERTISING TAX WOULD CREATE A FUND FOR JOURNALISM OF 1,58 MIL. (0.2)
	<b>CONSUMER ELECTRONICS TAX</b> SERBIA: 1 % of the market is equivalent to 1 mil. (0.2)
	<b>ISP-REVENUE TAX (CONTENT FLAT-RATE)</b> MACEDONIA: only 1 euro/internet subscription would create a fund for journalism of 754 thousand (0.4)
	<b>SPECTRUM USE AND AUCTIONS TAX</b> CROATIA: 800-MHz spectrum allocated for 68.7 mil. (18.5)
NEW MODELS OF DISTRIBUTION	<b>CITIZENSHIP NEWS VOUCHERS</b> CROATIA: each of 3.5 mil. citizens above the age of 15 chooses a non-profit medium to receive 13.5 euro from the fund for journalism of 47.6 mil. (11.2)
	<b>PUBLIC COMMISSIONING</b> Non-allocated resources from the fund for journalism may be distributed to investigative journalism and new media, via internet voting by all interested parties
	<b>TAX DEDUCTIONS FOR CROWDFUNDING</b> USA: Over 7.2 mil. raised for more than 800 successful projects through Kickstarter platform, from 2009 to 2016

Source: Milan F. Zhivkovikj, “Who will pay for the journalism?” [Koj kje plati za novinarstvoto?] Mediumska opservatorija, 2016<sup>37</sup>

<sup>37</sup> Zhivkovikj, M. F., “Who will pay for the journalism?” [Koj kje plati za novinarstvoto?] Mediumska opservatorija, 2016, pg. 24-25. Available at: [https://mim.org.mk/attachments/article/885/3\\_alternativni\\_modeli.pdf](https://mim.org.mk/attachments/article/885/3_alternativni_modeli.pdf).

## CONCLUSION

The problem of financing high-quality and diverse content in the media, structural pluralism and diversity is present in Macedonia. The media market in the country is small and poor and therefore this problem seems even more pronounced. Due to this condition, there is a lack of resources for quality production and media diversity. Therefore, the dilemma of whether journalism can respond to the challenges if left by itself in conditions of an increasingly unfavourable market environment or whether it needs a financial incentive from the state by directing a part of the public funds towards journalists, or the media, is still present.

Although critics of public media support mechanisms are numerous and claim that state intervention jeopardizes the independence of journalists and editors and distorts competition on the media markets, one still has to accept the idea that subsidies can contribute to creating greater pluralism in the media systems, with a more quality content and practices of responsible journalism, and thus make important information more accessible to the wider audience.

The need for media subsidies can be increasingly heard in the media community in Macedonia. Print media have already made a step in that direction, and through the Association of Print Media they submitted concrete proposals to the government, expecting direct budget support to cover part of their operation expenses. However, the problems are not present only in the print media. The local and regional media are facing bigger problems, the non-profit sector has never managed to spur, and when it comes to the internet portals, there is still hope that they will not be left out of the possible assistance, regardless of whether they would received it in the form of subsidies or as a different type of support for the development of technological and personal and professional capacities.

The signals from the government are positive, although there is a lack of a clear strategy in the field of media policy in the area of financial support for the media. Political elites support the introduction of subsidies for print media in their statements. However, the government should have a clear concept and systemic approach to this very important and sensitive issue. Before granting consent for subsidizing one segment of the media sphere, it is necessary to make a comprehensive analysis of the situation on the media market - which segments, programmes and initiatives should be supported, because they represent the public interest or the interest of the citizens, and cannot survive on the market in the wider or in the local political, media and economic context. Governments should have a clear vision as to which sectors of the media need to be enhanced, such as the print media, community media, non-profit media, public interest programmes and media content or investigative journalism, and not only respond to initiatives that come from individual segments.

Parallel to the growing demands for subsidies, grows the fear of what they could turn into, given the poor past experience when media support transformed into an instrument for media control and influence over the editorial policy. Hence, the views that the problems faced by journalism in general, as well as the media in particular, in our country do not only arise from the changes imposed by the information age, the development of technology and the Internet, as well as the change in the habits of advertisers and consumers and their mass migration to internet platforms. Objectivity and professionalism in the work of the media were jeopardized by the clientelist relations that some of the media established with the political elites.

On the other hand, the experience of the countries in Europe, and even beyond, show that in more developed and richer societies than ours, there are models and various forms of media support aimed at fostering diversity and quality of reporting, or supporting certain endangered media types, primarily print. All surveys related to the issue of subsidizing the media bring the public interest in the foreground, as well as the role of the media in the development of democracy in the society. This is also indicated by the Council of Europe's latest recommendation of 7 March 2018, which emphasizes that in order to promote media pluralism and transparency of media ownership, states should ensure stable, sustainable, transparent and long-term financing of the public service, as well as encourage and support the establishment and operation of minority, regional, local and non-profit media, including through the provision of financial mechanisms, which will accelerate their development.<sup>38</sup>

<sup>38</sup> Council of Europe, Recommendation CM/Rec (2018)1 on media pluralism and transparency of media ownership, 7 March 2018. Available at: [https://search.coe.int/cm/Pages/result\\_details.aspx?ObjectId=0900001680790e13](https://search.coe.int/cm/Pages/result_details.aspx?ObjectId=0900001680790e13).



## RECOMMENDATIONS

1. The Government should take measures to support the media and media pluralism in accordance with the recommendations of the Council of Europe, adopted on 7 March 2018, by the Committee of Ministers of the Council of Europe.
2. The Government should adopt measures to support the media and media pluralism based on an analysis, aimed at determining the situation on the market and in consultation with media and civil society representatives, taking into account the good examples of other European countries.
3. Based on this analysis and the conducted consultations, a strategy should be drafted and specific mechanisms for supporting professional media with an informative programme, independent and investigative journalism and other deficient media and content types should be developed, so as to contribute to the improvement of media pluralism and other goals determined by the analysis of the situation, consultations and strategy.
4. Media and media pluralism support measures should be different and targeted at different types of media and platforms at national, regional and local level.
5. Measures for supporting the media and media pluralism should be financial by nature, such as subsidizing the media and journalistic production, but there should also be other forms of assistance, such as financial support for education and training of journalists, investigative journalism, innovation, research on the state of the media and the media market, etc.
6. The media financial support measures must be clearly defined and based on precise, objective and transparent criteria. Financial assistance should be used by fully respecting the institutional and editorial autonomy of the media.
7. Financial media support measures must be organized administratively in a way that guarantees non-discrimination and transparency.
8. The recommendations of the Council of Europe should be respected, and according to the recommendation this task should be dealt with by an autonomous functional and operational body that is transparent and functions outside the authorities at the national and local levels of government. That body could be a part of the media regulator, as a fund for financing audiovisual culture, or as an independent, stand-alone body, such as the Dutch Journalism Fund.
9. The transparency rules should refer to: the procedure for granting subsidies and other forms of financial support; all relevant information on the awarded subsidies; information about the spent funds and the efficiency of the awarded subsidies.
10. When introducing a mechanism for direct financial assistance (direct subsidies), it is recommended that the allocation of funds be made for long-term/multi-year projects and initiatives.
11. The employment of journalists, especially young journalists, the respect for the social rights of employees and the full respect of the obligations of the legislation governing the rights of employees should be considered as particularly important objectives and criteria for granting financial assistance to the media.
12. The measures for financial assistance to the media i.e. direct subsidies should be provided in a manner that will not allow their use for making profit and support media with a non-transparent ownership structure.
13. The state budget and the budgets of the local communities can be used as a source of funding for providing financial support (subsidies) for the media and media pluralism (or a public fund for media pluralism and journalism, if the support system is organized in that manner). Other taxes and charges that exist or would be introduced, for example, part of the tax on advertising revenue, part of the tax on the sale of electronic devices, part of the income tax from the collection of Internet access, etc. can be used as well.
14. It is also necessary to consider the possibility for tax regulations that would allow a reduction in the tax basis of citizens who want to donate small individual sums as civic donations to support journalism and the media.

15. In parallel with the introduction of a system for financial and other types of support for the media and media pluralism and journalism, it is necessary to establish a system for monitoring that financial mechanism, both by the state auditors and the anti-corruption bodies, as well as by the civil society and the independent researchers.

16. The public radio-television service broadcaster funding system should be a strategic part of the system of measures for supporting the media and media pluralism. It should be established in the long term and in a way that would protect the institutional and editorial independence, provide conditions for stable functioning and establish high demands for transparency, regular reporting and independent supervision over the financial performance of the public service broadcaster. Financing measures should encourage and facilitate the establishment of high quality standards and a variety of programmes that will be produced and broadcast on the public service broadcaster.

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Naser Selmani, President of the Association of Journalists of Macedonia, 11 June 2018, Skopje.

Dimitar Micev, President of the Association of regional and local television and radio stations, Medium objektiv, 22 June 2018.

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