1 INTRODUCTION

The media situation in Slovenia is rather specific. After almost 15 years of market economy and completed privatisation process, many media companies are still directly or indirectly owned by the state. Media legislation is thorough and restrictive, but media concentration is high and regulatory bodies do not have political support or the autonomy necessary to implement it. Data on ownership are easily accessible but change rapidly, making the media landscape difficult to map and interpret.

So, when in June 2003 Prime Minister Anton Rop announced changes to the Mass Media Act, he stressed that it was necessary to introduce more order and clarity into the media field, restrict concentration and ensure plurality. This move came in response to warnings that “the media are controlled by the owners and managers of big companies that are at the same time the largest advertisers in these media, then by the owners of advertising agencies who buy and sell media advertising space, and the presidents of executive boards of the largest Slovenian companies (mainly state-owned) as well as secret representatives of political interests.”¹

Other threats to media pluralism include the monopolisation of print media distribution and of the distribution of radio and television signals via cable networks. All this led to the Government’s decision to amend the media law and introduce tighter media regulation, at least as regards ownership, cross-ownership and takeovers.

But the problem the state will have to confront is the conflict of interest involving the state itself – in fact, it will have to impose restrictions on media companies in which it indirectly has considerable stakes via state funds. People who sit on the supervisory boards of these funds, banks and companies are a group of individuals with unambiguous political profiles. Another salient question is whether legislative amendments are indeed necessary, given that the current law includes a sufficient number of mechanisms that could prevent media concentration if only there were sufficient political will. Why have not the Government and institutions responsible for this field taken steps earlier if they believe that concentration in the media sector has occurred and that media plurality has been threatened?

The print media in Slovenia mainly do not have strategic owners. For example, among the owners of the largest mainstream daily, Delo, which is also the owner of the Slovenske novice tabloid, a daily with the highest circulation in the country, one can find a large brewery, several state funds and an investment company. The Dnevnik daily is controlled by a company that is officially involved in the publishing business, but the bulk of its profit goes to the purchase of shares in marinas, spas, insurance companies and distribution companies. The major shareholder in the Večer daily is a bank and a related investment company whose major owner is the state. The present owners buy and sell media shares...
with such alacrity that even while writing this report we had to update it several times to reflect all the changes that had happened in the meantime. The buyers of media shares are banks, investment and insurance companies, most of them with the state as a significant owner. The reasons propelling this media brokerage, where the property only apparently changes hands, remain guesswork.

It is fairly easy to obtain data on owners and their ownership stakes in media companies. The Mass Media Act stipulates that the publishers must provide information on owners when registering a medium, and these data are published in the Uradni list rs (The Official Gazette of the Republic of Slovenia). Data from the media registry are publicly available on the web pages of the Ministry of Culture,² and the law envisages high penalties for those who fail to meet these requirements. But it is obvious that the main problem does not arise from any flaw in the current law, but from the fact that legal obligations are not met. There are many reasons for this and they range from inefficiency of supervisors and shortage of staff, to the lack of will to actually impose sanctions for the most serious violations. Accordingly, while media ownership may appear dispersed at first glance, what it actually comes down to in practice is an intricate web of links among various companies.

The present ownership structure is the result of two factors: the absence of distinct media policy and a specific model of media privatisation. The law that regulated the transformation of ownership of enterprises indeed enabled media employees to become major shareholders in media companies. However, these employees, whose interests the law was protecting, “sold out” their advantage (by selling their shares). The state, on the other hand, has directly or indirectly preserved its ownership stakes via state funds. Does the state adhere to its media stakes because of economic or political gains? The Ministry of Finance, which regulates this field, has proposed that the new law should be adopted through an accelerated procedure “in order to forestall consequences that cannot be easily repaired and that could affect the operation of the state.”³ It seems that the story of privatisation will obtain its epilogue only now, ten years on, at the time of Slovenia’s accession to the EU. And it is precisely the kind of epilogue Slovenia once tried to avoid.

2 MEDIA PRIVATISATION

The factor that most importantly contributed to the present ownership structure was a specific privatisation model implemented at the beginning of the 1990s. The fundamental dilemma widely discussed during the early stage of privatisation was whether media privatisation should have been subject to the Transformation of the Ownership of Enterprises Act⁴ or a separate law. A group of MPs who participated in the drafting of the Transfor-
mation of the Ownership of Enterprises Act were of the opinion that media privatisation (with the exception of the public institution RTV Slovenija whose ownership was regulated by the 1994 RTV law)⁵ should have been governed by the law observed in the privatisation of any other company. This raised the issue of whether the capital investment by the state should be taken into account in the process of privatisation, the same as in the privatisation of all other, previously state-owned companies, because this could lead to a situation in which the privatisation of the state-owned media could have effectively resulted in their nationalisation. The ultimate decision – a political one – was to use a special model of media privatisation, which implied an internal buyout. In this way, the media could remain the property of their employees, and this was expected to ensure their political autonomy. It was in this spirit that Article 39 of the 1994 Mass Media Act (ZJG)⁶ was adopted – the article that represented a kind of “safety valve” aimed at preventing nationalisation by stipulating dispersed ownership. In other words, it forestalled the possibility of the media ending up in the hands of a single owner.

In practice, media privatisation was based on the following scheme: a certain amount of ordinary shares was transferred to special funds, i.e. 10 percent to Kapitalski sklad invalidskega in pokojninskega zavarovanja (Capital Fund of the Pension and Disability Fund, hereafter KAD), 10 percent to Odškodninski sklad (Indemnification Fund, hereafter SOD) and 20 percent to Razvojni sklad (Development Fund of the RS). These shares were later to be distributed to authorised investment agencies. The second stage of the privatisation process consisted of the internal buyout. The part of the socially owned capital allocated for the internal buyout was transferred to the Ordinary Shares Fund, and these shares were subject to a 25 percent discount. More than one-third of all employees had to participate in the internal buyout. The company had to buy back all shares from this fund within the next four years, at least one-fourth of all shares annually, at a price that was equal to their nominal value. The company could not grant any loans or issue any guarantees to the employees for the purchase of common shares.

2.1 PRIVATISATION OF DAILY DELO

Although formally this model of media privatisation enabled employees to acquire the majority shareholding in their companies, the outcome was contrary to what was expected, as the case of the largest daily newspaper, Delo,⁷ clearly demonstrates. It was the state that emerged as one of the largest media owners, albeit indirectly, because it acquired media shares through state funds and other companies in which it had considerable shareholdings.

The goals of privatisation, as they were presented to the future owners of Delo, were as follows: to preserve the autonomy and independence of the company, to achieve better
business results and to ensure the highest possible standard of living and work conditions for employees, which would be based on capital gains among other things.

*Delo* decided on the following privatisation scheme: 40 percent of socially-owned capital was allocated to the state funds, i.e. the Pension Fund (10 percent), the Indemnification Fund (10 percent) and the Development Fund (20 percent), while its employees were to become a 60 percent owner. The internal buyout scheme was as follows: 20 percent of the property was distributed among the employees, their close family members, former and retired employees in the form of ownership certificates; 22 percent was to be sold through the internal buyout, and 18 percent was to be sold to *Delo*’s readers. This privatisation model indeed provided the chance for *Delo*’s employees, ex-employees, their families and readers to become a majority owner. However, the story took a different twist.

As a result, the current dispersed ownership of media in Slovenia, as it was envisaged by the provisions of the Mass Media Act, is only apparent, while in reality media are concentrated in the hands of few companies that are directly or indirectly owned by the state. *Delo*’s journalists, much like their colleagues at other daily newspapers, as well as employees and former employees, simply sold out the option of having control over their media.

### 3 Regulation

Apart from a specific model of media privatisation, the absence of distinct media policy also contributed to the present ownership structure.

The Mass Media Act (*Zmed*) passed in 2001 addresses the issues of media plurality and diversity in minute detail in Section 9. Much like the previous law dating from 1994, this act also treats anti-concentration provisions inside a wider framework embracing the protection of media pluralism and media diversity. But unlike the 1994 law, the new act explicitly addresses concentration restrictions in Article 58. Furthermore, unlike the 1994 act, according to which investment funds were exempt from anti-concentration measures, the new act does not mention exemptions. The question that remains open, however, is how the anti-concentration measures listed in the 2001 law will be harmonised with Article 11 of the Protection of Competition Act (*zPomK*), which stipulates that interests in businesses acquired by investment companies shall not be treated as concentration cases if the rights resulting from these interests are exercised with the purpose of preserving the value of the investment and if this does not affect the competitive performance of the company. It should be added at this point that Article 62 of the 2001 media law stipulates that media publishers and broadcasters are subject to the provisions protecting competition.
3.1 MEDIA OWNERSHIP RESTRICTIONS

What ownership restrictions are stipulated by the 2001 law? Under this law, a publisher of a daily newspaper, or any natural or legal person, or group of related persons, who has more than a 20 percent interest in the capital or assets of that publisher, or more than 20 percent of management or voting rights, may not be an owner or co-founder of a radio or television broadcaster, and may not engage in radio and television activities. The same restriction applies to a radio or television broadcaster, who under this law may not be a publisher of a daily newspaper (Article 56). Paragraph 3 of Article 56 further restricts ownership by stipulating that a publisher or broadcaster, a legal or natural person, or group of related persons with more than a 20 percent share in the assets of another publisher or broadcaster, may not hold an ownership stake of more than 20 percent, or a share in the management or voting rights of more than 20 percent, in the assets of any other publisher or broadcaster.

Article 58 of this law stipulates that in order to acquire an ownership or management stake, or a share in the voting rights in the assets of a broadcaster of 20 percent or more, it shall be necessary to obtain approval from the Ministry of Culture, which shall issue such approval following a prior opinion from the Agency for Telecommunications, Broadcasting and Postal Services. And, according to Article 100, it is the Broadcasting Council that takes a decision regarding the preliminary opinion in connection with the restriction of concentration. In other words, the Broadcasting Council decides whether a specific case represents concentration, and that decision is then adopted as a preliminary opinion of the aforementioned Agency, on the basis of which the Ministry of Culture issues approval.

As regards restriction of concentration, Slovenian law is very precise, if only apparently. The first paragraph of Article 58 explicitly states that in order to acquire an ownership or management stake of 20 percent or more in the assets of a broadcaster, or a share of the voting rights of 20 percent or more, it shall be necessary to obtain approval from the relevant ministry which can refuse to issue such approval if any of the following conditions is fulfilled: first, if by acquiring that stake the broadcaster would obtain a dominant position on the advertising market in such a way that its sale of advertising time in a particular radio or television program would exceed 30 percent of the total sales of radio or television advertising time in the Republic of Slovenia; second, if by acquiring that stake the broadcaster would obtain a dominant position on the market in such a way that either alone or together with its subsidiaries its station signal would cover more than 40 percent of the Republic of Slovenia, with regard to the overall coverage of Slovenian territory by all radio and television stations; and third, if by acquiring that stake the publisher of one or more daily newspapers would have a dominant position on the market, alone or via one or more subsidiaries, such that the number of copies sold would exceed 40 percent of the total number of dailies sold in the Republic of Slovenia.
If the Ministry establishes that any one of these conditions has been fulfilled, it will refuse to issue approval.

In February 2002, the Ministry of Culture considered the first such application applying criteria laid down in Article 58 of the Mass Media Act. The applicant was KBM Infond, which intended to increase its share in the Večer daily, but the Ministry refused to issue approval unless the applicant sold off the “excessive” stakes in Radio Tehnik Ptuj, a broadcaster and a publisher of a weekly.

In the 2001/2002 report,¹¹ the Broadcasting Council, which takes decisions regarding concentration, explicitly stated that paragraph 3 of Article 58 of the Mass Media Act, which establishes the cases in which the Ministry of Culture may refuse to issue approval, is not sufficiently detailed, and that a methodology for establishing media concentration had not yet been formulated. Finally, it pointed out that provisions in this paragraph were incompatible with the law regulating protection of competition. The Council thus concluded that this issue should be adequately resolved within the shortest possible time. At its session in April 2003, the National Assembly Committee for Culture, Education, Young People, Science and Sports approved this report by the Council and, among other things, demanded from the Ministry of Culture and the Government that the articles referring to restriction of concentration should be amended.

In February 2003, the Securities Market Agency¹² focused its attention on media takeovers, particularly the purchase of 25 percent of Delo shares by Pivovarna Laško. As a result, in July 2003 the Agency sent a letter to the Prime Minister drawing his attention to a failure to comply with the provisions of the Mergers and Acquisitions Act¹³ relating to the acquisition of shares via indirect ownership stakes in the media. The Agency, therefore, proposed that the Mass Media Act should be amended in such a way that the Agency would be authorised to revise the related persons’ transactions and their ownership links. In July 2003 the Government convened the first meeting to which were invited all relevant institutions and the representatives of the Journalists’ Association. This meeting marked the beginning of the preparations for the amendments to the Mass Media Act.¹⁴

4 MEDIA OWNERSHIP

According to the data in the media registry as of 31 January 2003,¹⁵ there are 7 electronic (web) media in Slovenia, 83 radio broadcasters, 37 television broadcasters (including local and cable operators), and 330 print media outlets, with the last group including practically every kind of media from daily newspapers to papers published several times a year, various life-style magazines, then magazines targeted at specific demographic or other in-
terest groups, as well as local community bulletins, and even some media that have not yet seen the light of the day.

4.1. PRINT MEDIA

Our analysis will include the following print media: the dailies Delo, Dnevnik, and Večer, and the news weeklies Mladina and Mag. Other important dailies and weeklies in Slovenia include the tabloid Slovenske novice, a daily with the largest circulation in the country almost entirely owned by the joint-stock company Delo d. d. (which is also the publisher of the Delo daily); Finance, a business newspaper, published five times a week and owned by the GV group and Dagens Industri (a member of the Swedish media group Bonnier), each having a 50 percent share; and Žurnal, a free weekly published on Saturdays. The first issue of Žurnal, the latest arrival on the newspaper market in Slovenia, appeared on 7 November 2003. It is the first weekly in Slovenia fully financed by a foreign owner, the Austrian publisher Styria Verlag. Also the other free paper, Dobro jutro, is financed by Austrian capital provided by the Leykam print company, which is one of the major shareholders in the Večer daily.

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Sources: Nacionalna raziskava branosti 2003 (National Survey of Readership 2003), and Delo, Dnevnik, Večer, Mladina, Mag, Žurnal, Finance.
Notes: * tabloid
** business newspaper
*** free newspaper

4.1.1 DELO DAILY

Delo d. d. is a controlling company in the concern that also includes Slovenske novice d.d., the publisher of the Slovenske novice tabloid, the only daily that recorded a signifi-
cant increase in circulation in the past year. Delo is recognised as the most important daily in Slovenia. It is the only daily newspaper with a truly “national” character, since the other two dailies are more locally oriented. It has six local editions. Its daily supplements – Vikend (TV guide), Ona (women), Polet (men), Delo in dom (household), Znanost (science) and Književni listi (literature) – also have large readerships, as well as its Sunday edition and the “elite” Saturday supplement (Sobotna priloga). On 19 December 2003, the newspaper company Delo launched a new weekly called Več (More).

According to the data of the Klirinška depotna družba (Central Securities Clearing Corporation, KDD),¹⁶ the largest individual shareholder in Delo is Pivovarna Laško (Laško Brewery), the owner of nearly 25 percent of Delo shares. The state funds SOD and KAD are 11.7 percent and 7.4 percent shareholders respectively, while approximately 25 percent of the shares is in the hands of various investment companies many of which are owned by banks, insurance companies, other big companies and investment companies. The largest individual owner among Delo’s employees is its current chairman, Jure Apih (1.5 percent), while journalists and other employees virtually do not have ownership stakes any longer.

4.1.2 DAILY DNEVNIK

Dnevnik d. d. is the publisher of the Dnevnik daily, the Nedeljski dnevnik (the Sunday edition with a circulation of 172,000), and Hopla, a tabloid weekly (circulation 33,000). The majority owner (51.04 percent) of Dnevnik is the DZS, one of the largest book and stationery publishers and traders in Slovenia. Until the end of 2003, the second largest owner had been KD Holding (25.73 percent), a company predominantly involved in strategic investment, marketable securities and other securities not quoted on the exchange market. It is a member of the KD Group which is a 91.3 percent owner of Ljubljanski kinematografi, a film distribution company, a majority owner of the Kolosej multiplex cinema, and of the largest Slovenian cinema network. The other shareholders are the state fund KAD (10.11 percent), Večer, the publisher of the Večer daily (6.6 percent), and the largest state-owned mobile operator, Mobitel (2.7 percent).¹⁷ According to public statements, KD Holding reportedly sold its 25.7 percent share in Dnevnik, along with its 29.8 percent share in the Sarajevo Oslobodjenje daily, to the Austrian company Styria Medien AG. In the words of the Deputy Manager of the KD Group, this sale was prompted, among other reasons, by their disagreement with the management style and lack of clarity in Dnevnik’s business operation, imposed by the majority shareholder,¹⁸ i.e. the DZS.

4.1.3 DAILY VEČER

The Večer publishing company is the third most important newspaper publisher in Slovenia. Its main line of business is the publishing of the Večer daily, the most influen-
tial print medium in the north-eastern part of Slovenia, then of the 7D weekly, the Naš dom magazine and some other special editions. The largest shareholder in Večer is Infond Holding (36.29 percent), which is one among the three companies that was formed after the transformation of the authorised investment company Infond Zlat. Infond Holding is a member of KBM Infond, an investment group whose majority owner is Nova KBM bank, whose majority owner, in turn, is the state. KBM Infond main line of business is the management of investment funds; at the moment it manages Infond PID, an authorised investment company, Infond ID, an investment company (the third largest shareholder in Večer with a 15 percent stake in this daily), and three mutual funds. The second largest shareholder in Večer is Leykam Hoče (26.7 percent), the Slovenian branch of the Austrian print company Leykam. Other important shareholders are the SOD fund (10 percent), and the largest distribution company in Slovenia, Delo Prodaja (6.9 percent). Obviously, the major owner Infond Holding and the related company Infond ID together hold a 51 percent stake in the Večer daily. We should add that a considerable stakeholder in both funds is the state.

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*Table 2: Ownership of the main dailies in Slovenia*

4.1.4 WEEKLY MLADINA

*Mladina* is one of the most important political weeklies in Slovenia. Its reputation for investigative journalism and its popularity date primarily from the 1980s, when several of its issues were banned for political incorrectness and when it uncovered a series of political and economic scandals. On 31 December 2002, the publisher of the *Mladina* weekly, Mladina d.d. merged with Infomedija, the publisher of computer journals and computer-related books. According to the media registry records at the Ministry of Culture as of 30 April 2004, the shareholders (holding more than a 5 percent stake) in Mladina d.d. are members of the editorial office, Bernard Nežmah (6.92 percent), Miha Fras (5.54 percent) and Robert Botteri (6.92 percent); director Andrej Klemenc (14.45 percent); and Delo TČR
Mladina’s ownership structure has been unclear ever since Franci Zavrl, the founder and co-owner of the Pristop Group (the group incorporates several companies involved in advertising, media buying, branding and PR, and has branches in several countries of South East Europe), sold his majority stake in Mladina in 2000. It is not clear to whom he sold this share. But although he formally withdrew as an owner, Zavrl had remained the president of the supervisory board of Mladina d.d. until it merged with the Infomedija company in 2002. Since then, Mladina d.d. and Pristop, have been sharing office space and facilities in downtown Ljubljana.

4.1.5 WEEKLY MAG

The other important political weekly is Mag. In terms of point of view, it is perceived as the opposite pole of Mladina and all three dailies. Its publisher is the Salomon company, which is also the publisher of the Ekipa sports daily, of Salomonov oglasnik, the largest Slovenian classified ads paper, and a youth magazine. The Salomon group consists of three companies each of which has a one-third stake in the Salomon and Salomon 2000 companies. The Salomon group also owns two radio stations, Radio Veseljak and Radio Salomon. In addition, it is connected with the radio station RGL, since a nearly 51 percent owner of RGL d.d. is the SET company, whose 68.56 percent owner is Salomon, while Salomon 2000 is the holder of an additional 9.74 percent stake in this company.

4.1.6 PRINTING AND DISTRIBUTION CAPACITIES

Printing and distribution are prerequisites for the survival of a daily newspaper. By concentrating content, production and distribution resources, it is possible to effectively increase the market share, as this provides an important lever that can be used in fighting (restricting) competition. The costs of setting up a newspaper’s own distribution network are very high, but the owner of a distribution network can easily adjust the price of its services in such a way that it affects the price of the competitive product.

The largest Slovenian printing house is Delo Tiskarna. The larger shareholders in Delo Tiskarna are Infond holding (29.94 percent), SOD (11.8 percent) and KAD (8.02 percent). Delo Tiskarna and its shareholders have considerable shareholdings in two smaller printers. However, concentration in the print market is not so pervasive, because other bigger printers – Tiskarna Ljubljana, Mladinska knjiga, Leykam, Gorenjski tisk and Novo mesto – have completely different ownership structures, with foreign capital being predominant in Leykam and Mladinska knjiga.

The picture of the distribution sector is, however, completely different. The largest Slovenian distributor and seller of both Slovenian and foreign newspapers and magazines is Delo Prodaja, with more than 10 million copies of newspapers and magazines distributed.
each month. The company has its own network of retail outlets. Its main competitors are Dnevnik and Večer, each holding only a 10 percent market share. In 2002, the Salomon and Salomon 2000 companies terminated all business contracts with Delo Prodaja and handed over the distribution of their nine publications to Dnevnik. In 2001, the publica-
tions of Salomon and Salomon 2000 accounted for as much as one-tenth of the net sales revenue of the distribution sector, so the termination of the contract with Delo Prodaja somewhat changed the relations in this segment.

The largest shareholder in Delo Prodaja is Banka Celje (24.4 percent) whose largest owner, in turn, is the mainly state-owned Nova Ljubljanska banka. A 10 percent share-
holder in Delo Prodaja is the state fund SOD. Another interesting shareholder is the DZS, one of the largest book publishers and traders in Slovenia. On several occasions the DZS expressed its interest in acquiring a bigger share in Delo Prodaja.

The print and distribution sectors also contribute to the peculiar picture of the Sloveni-
an media market. All companies that still have Delo as part of their names – the publish-
ners of the Delo and Slovenske novice dailies, Delo Tiskarna (printing plant), Delo Prodaja (distribution network), Delo Tisk časopisov in revij (newspapers and magazines printer) and Delo Revije (the publisher of magazines) – are actually a case of vertical concentration to a certain extent, given that they have in their hands the entire production and distribu-
tion and together hold a huge market share. Yet, it would be difficult to find formal proof of these companies’ interrelatedness through ownership links. For example, the owners of a competitor newspaper have potentially a greater influence on Delo Prodaja than the former parent company (ČGP Delo). This may appear strange, but an explanation may be indicated by a rhetorical question frequently posed by the political opposition: is it possi-
ble to say that Slovenian dailies really have different owners and that they compete among
themselves?

A simple listing of newspapers’ shareholders does not reveal much. Therefore, in the
next section we describe another useful approach in investigating media ownership, or rather, two other levels on which influential links may be formed. These involve links be-
tween the owners of media companies, and links between board members of official me-
dia owners and companies that are not direct shareholders in media companies but can still promote/realise certain interests.

4.1.7 BEHIND PRINT MEDIA OWNERSHIP

The reason why we dedicate so much space to the print media is simple: newspapers and political magazines remain the major private agenda-setters. Public broadcasting is excluded from this report, while commercial radio stations and television stations in Slov-
enia do not seem to have any political (content) aspirations, although they did use politi-
cal connections to either obtain broadcast licenses or realise mergers. But the Slovenian newspaper sector presents a completely different picture. The question of who will control the most important dailies is not just a question of political prestige. It also reveals a close relationship among politics, economy and media that did not cease to exist despite the fact that the privatisation process has been completed and that all companies have officially become private enterprises.

At the beginning of this report we said that the current state of media ownership was most influenced by the privatisation of the formerly socially owned companies. Brisk changes in the ownership structure of the three largest dailies between 2000 and 2003 clearly illustrate events in the aftermath of privatisation.

Changes in the ownership structure of Dnevnik in the period 2000–2002 make a story about a takeover. However, the case of Dnevnik also illustrates how complicated an attempt to establish links between apparently unrelated media shareholders can be. The DZS increased its shareholding in Dnevnik step by step, and in so doing, it made use of companies popularly known as “parking lots” – these are companies that are brought into the game in order to temporarily store (“park”) the shares of a company targeted by a buyer i.e. in which this buyer is interested in the long run. In this way, the investor circumvents the provision according to which it has to obtain approval from the competition authority before buying a stake in that company. In our study published at the end of 2002,²³ we hypothesised that the “parking lot” for the DZS was Rent A. Our hypothesis was based on the data from publicly accessible sources and our long-time tracking of newspaper articles, which all indicated a number of connections between the two companies. The data from December 2003 confirmed our hypothesis, because Rent A was removed from the shareholder register and its share today officially belongs to the DZS.

The daily that experienced the greatest number of changes in its ownership structure in the period 2000–2002 was Večer. Most of the small shareholders, who at the end of 2000 owned 24 percent of the company, have sold off their shares since then, and the Talum company withdrew. The largest owners of Večer have thus become Infond Holding, the Austrian print company Leykam, Probanka, SOD, Delo Prodaja and the DZS. In 2003 Probanka sold its stake, and Infond Holding, Leykam and Infond ID increased theirs. The ownership structure of Infond ID is practically the same as that of Infond Holding, meaning that the owners of these two companies are indirect owners of a 51 percent stake in Večer.

4.1.8 LINKS BETWEEN PRINT MEDIA OWNERS

A closer inspection of the list of Delo’s owners will show that several of its shareholders - KAD, SOD, Infond holding and Infond ID – together own nearly a 30 percent stake in the Delo’s largest individual shareholder, Pivovarna Laško. The remaining part of Pivovarna Laško’s shares is in the hands of investment companies founded by big banks and insur-
ance companies, in which KAD and SOD still own significant stakes, and whose owner is the state, either directly or indirectly. Among important shareholders in both Infond Holding and Infond ID are the Radenska company, whose majority owner is Pivovarna Laško, and the parent company Nova KBM, in which major shareholders are KAD, SOD and the Zavarovalnica Triglav insurance company, in which KAD and SOD hold an 85 percent share.

A similar pattern is found in the Dnevnik daily. The main shareholders in the DZS (the major owner of Dnevnik) are the Nisa company (we could not obtain data on its ownership structure, but we presume that it is controlled by the DZS), two state funds, Dnevnik, Portorož Marina (controlled by the DZS through related companies), Delo Prodaja (the largest distribution company), and Fond Invest.

Infond Holding and ID together have a 51 percent ownership stake in Večer, the publisher of the Večer daily. Since we have already treated Infonda in the section dealing with Delo shareholders, at this point we will concentrate on the state fund SOD, Delo prodaja, which is one of the DZS shareholders, and the Slovenian branch of the Austrian print company Leykam.

Leykam’s share in Večer is the only case of foreign capital directly invested in a Slovenian daily, and it is a rare example of an ownership stake that cannot be described as “state-owned.” KAD and SOD are state funds that are not majority shareholders in any daily newspaper, but they are owners of other big media owners or owners of those owners (in many cases the owner of an owner of a big media owner is the state itself, particularly of banks and insurance companies). This means that we have good grounds to propose that only two large owners of daily newspapers in Slovenia cannot be categorized as state-related: Leykam, with its stake in Večer, and KD Group with its stake in the Dnevnik daily. All other owners may be controlled by the state through companies that are formally independent. Therefore, it is relatively unimportant in which companies individual media owners actually have stakes, since the question that has to be answered first is whether there are several media owners or there is, in fact, just a single owner.

Another way to approach this issue is to look at it from an entirely different perspective. Slovenia is a small state with a small economy, small stock exchange and a small number of large companies. An important source of income for banks, insurance companies and other large companies are short-term and long-term investments, and the situation for the investment companies is similar. Profitable companies do not have infinite investment opportunities but can only invest in other bigger companies. The logical outcome is ownership links between virtually all important players on the market, and media companies could hardly be left out. Why, then, do we find it so difficult to accept the thesis that a stake in an important daily newspaper should be seen solely as a good investment? The answer is simple: because regardless of what the owners (and the Government) publicly assert,
they are still aware of the importance of capital acquired through media ownership – one that enables them to influence public opinion.

Links between owners within the Slovenian media industry are just one aspect of redistribution and concentration of influence and power. In order to understand how powerful current media owners are, we have to look at the composition of the supervisory boards of these companies. The members of these boards are chairpersons of the largest Slovenian companies (which are also the largest advertisers), owners of advertising agencies and chairpersons or supervisory board members of the largest banks. This means that media power is closely connected with economic power, and with political power, which, although not identifiable at first glance, is nevertheless present.

Composition of the supervisory boards of Slovenian dailies is similar to that of their largest shareholders. The economic and political power of people who supervise Slovenian dailies is under the control of economically and politically powerful supervisors of media owners, who are, most importantly, linked through capital and vested interests.

Although media owners invariably insist that media stakes are exclusively a lucrative investment, political interests have always been part of the game. One proof is an agreement between the two state funds (KAD and SOD), the holders of interests in all three dailies, on not selling these stakes. This agreement was aimed at preventing “politically unsuitable” companies from obtaining influence (political takeovers), particularly those companies that had close relations with the opposition parties.
Proof that this is not mere speculation was provided in 2000 when the coalition government headed by Janez Drnovšek was brought down. Among the first steps taken by the new government was an attempt to replace the directors of KAD and SOD in order to obtain control over their decisions involving the sale of ownership stakes. Two weeks before he was released from duty in July 2000, the director of KAD sold 5.5 percent of KAD’s shares in Delo. The price was approximately 700 million tolars and the shares were sold to Co-bito (a stockbroker company), Gorenje, and Emona Maximarket. This is the maximum percentage of shares that may be sold without seeking approval of the company meeting (which is an important piece of information because, given political changes at the time, it is very likely that such approval would not have been given). Delo came under further pressures in November 2000, when KAD and SOD allegedly decided to sell their shares in Delo. Presumably, the buyer was Mohorjeva družba, or the “right” wing of Delo share-
holders. In their public statements directors of both state funds asserted that Delo’s shares were not for sale, at least as long as the executive boards of both funds did not lift the ban on their sale.

This was not the end of the redistribution of ownership stakes, nor of the events that clearly indicate that media ownership is primarily a form of political capital (if only insofar as the state is concerned). In February 2003, Pivovarna Laško (whose chairman sits on Delo’s supervisory board) purchased a 24.98 percent share in the newspaper company Delo from Krekova družba. The price was 5.8 billion tolars (approx. EUR 23 million). Krekova družba, the former owner of a one-quarter stake in Delo and a one-third stake in TV3, had to sell its media shares in order to bring these in line with the provisions of the Mass Media Act.²⁹ It sold its interest in Delo to Pivovarna Laško and that in TV3 to the Croatian businessman Ivan Ćaleta. The media spread various interpretations of the “real” motives behind this purchase. According to one, Pivovarna Laško was “forced” into this transaction in exchange for the promised permission to take over the Union brewery;³⁰ other explanations were that “Delo was under the control of persons not listed among the shareholders,” that “Krekova družba has always been an undesired owner,” that “people from Laško overpaid the stake in Delo” and that politics played an important role in the sale/purchase transaction.

Before Pivovarna Laško purchased a one-fourth stake in Delo, the media extensively wrote about the DZS’s alleged plan to takeover Delo.³¹ In an interview given to Finance on 5 February 2002, when asked about the motives for the purchase of Delo, the chairman of the DZS, Bojan Petan, stated that Delo was more than an ordinary joint-stock company so “when buying Delo shares one has to pay for some other values in addition to the share capital value.” In his opinion these “other values” were related to the “shaping of public opinion.” This means that a purchase of a medium is not an “ordinary business transaction.” A media owner may influence medium profiling (according to Petan this is possible “in the long run, but is more difficult to achieve in the short run”) and the structure of media ownership may affect media pluralism.

4.1.9 FUTILE ATTEMPTS TO ESTABLISH NEW DAILIES

Ever since the early 1990s, political parties, particularly opposition parties, have insisted that the media space in Slovenia is “politically unidimensional” and that the media favour the political standpoints of the largest coalition party. Complaints about the bias and absence of media pluralism are thus an invariable component of the relations between the ruling parties and the opposition. In January 2003, Janez Janša, the SDS opposition party leader, presented to the Government six requirements, the majority of which related to the ensuring of media pluralism. The opposition parties demanded live coverage of the
National Assembly sessions and all other important sessions of parliamentary working bodies; they also demanded that RTV Slovenija should have two channels (one under the control of the ruling government and the other under the control of the opposition parties) and that the Mass Media Act should be amended to include an article which would stipulate the establishment of a fund for the pluralisation of the print media (the money would be provided from the state budget). The SD’s demands were supported by a civil initiative called “Something has to be done”, which collected more than 10,000 signatures.

All of the previous governmental interventions aimed at ensuring the pluralism of the print media proved futile. In March 1991, Lojze Peterle, Prime Minister at the time, managed to introduce a new item into the state budget – approx. EUR 1.4 million earmarked for media democratisation and the setting up of new media. The problem was that for the Government media democratisation meant primarily the introduction of a new daily that would pursue editorial policy reflecting the Government’s point of view. Accordingly, most of this fund was spent on the launching of the “right-wing” daily, Slovenec.³²

The chronology of Slovenec’s downfall is quite illustrative. It shows that the media cannot function as a proxy for political interests, at least not in a democratic society. In November 1991, five months after the first issue saw the light of the day, the owners replaced the first editor in chief. Political interference with the editorial policy was obvious. This and subsequent replacements inspired rumours about the newspaper’s radical right orientation, created the impression of instability in the eye of the public and had negative effect on circulation by diverting readers belonging to the political centre.³³ Even though the right and centre-right parties won 40 percent of votes at the election, the Slovene political right never consolidated around its “own” newspaper. Venčeslav Japelj, then president of the Trade Union of Journalists, wrote that the management of Slovenec ventured into the new project “in an amateurish and economically adventuresome manner”.³⁴ The media company Slovenec d.o.o., the publisher of the newspaper, accumulated nearly a one billion tolar debt (approx. EUR 4.3 million) during the seven years of its existence, and the newspaper eventually folded in 1997.

Neither were the left-wing parties satisfied with the state of affairs. Towards the end of 1992, a new daily called Republika was launched – also another political project. The newspaper had reportedly been launched with strong support from some leftist circles as a “counterbalance to right-wing media aspirations.” But both newspapers, the “right” Slovenec and the “left” Republika, were political projects. Their editorial policies were seen as following the political requirements of the parties that were behind their launch. This was also obvious from the manner of covering major political events in the country. Although editors and journalists made efforts to adhere to professional standards in editorial mat-
ters, it was clear that the agenda setting was not under their control but in the hands of the newspapers’ owners.

The designers of the Slovenec and Republika projects (and particularly of the even more tragic Jutranjik that folded within one month of its appearance, in June 1998), were motivated primarily by political interests. One could even argue that all of these newspapers were political rather than market-based projects, so they could not undermine, let alone seriously threaten, the domination of the existing daily newspapers Delo, Dnevnik and Večer.

4.3 BROADCAST MEDIA

4.3.1 RADIO

Among the broadcasting media, it is precisely radio stations that never really recovered from the consequences of privatisation and the lack of strategy. The allocation of broadcast licenses was based on personal relations rather than on agreed, pre-set criteria.

From 1991 to the foundation of the Broadcasting Council in 1994, the allocation of broadcasting frequencies had been under the control of the Telecommunications Office of the Republic of Slovenia. By 23 April 1994 when the Mass Media Law took effect, the Telecommunications Office had issued 86 television licenses and 56 radio licenses. This means that by the time the Mass Media Act took effect and the Broadcasting Council was founded, the Telecommunications Office had allocated more than 90 percent of the available frequencies, including all of the important ones. A review of frequencies allocated from 1995 to May 2001 (when the Council allocated the last license according to the criteria established by the Mass Media Law) shows that the majority of new license holders have ended up as part of one or another radio “network” and with it discarded the programming concept on the basis of which they acquired their broadcast licenses.

A peculiar approach to license allocation is the main reason for the present state of affairs in this sector. First of all, too many frequencies were allocated, although the majority of small commercial radio stations can hardly survive unless they join some radio network. And, since the setting up of these networks was not based on any clear strategy and was not subjected to supervision or regulation, the whole sector is now in disarray. In addition, it is difficult to assess the size of individual radio stations given that their actual size loses significance once they are incorporated in a wider network.

Radio and television broadcasters can form a network under the conditions specified in Article 83 of the Mass Media Law. The fundamental requirement is that each network member broadcasts only within the area for which its license was issued, that each broadcasts a minimum of two hours of in-house produced programming, and that each network member acquires approval from the Agency if its programming concept has been changed as a result of networking. Obviously, Article 83 addresses only association through pro-
Programming, while capital and ownership links are an area regulated by the provisions concerning the restrictions of concentration.

There are six radio “networks” in Slovenia. Of these, just one – Infonet – is a real network and as such it was entered in the media registry in 2002. The Infonet network includes 23 radio stations that share the technical service department, musical section, program and advertisements production sections, legal service and promotion departments. Infonet member stations are linked in several ways, i.e. through programming, advertising and ownership links, all of which can importantly influence the programming concepts on the basis of which these radio stations acquired broadcasting licenses. When entering the network into the media registry in 2002, the Ministry of Culture did not check if Infonet fulfilled the requirements set down by law. The statement of the broadcaster that the network fulfilled these requirements was taken as sufficient.

Other existing networks cannot be classified as such if we adhere to legal definitions, although these networks are based on certain forms of association through programming, advertising or ownership links. 24 ur – radijske novice (24 hours – radio news) is a news program broadcast by 16 radio stations. Pro Plus, the broadcaster of the two largest commercial television programs, heads the project.

A cursory look at the list of radio broadcasters would not reveal any ownership concentration in the radio sector. But the reality is just the opposite. Our scrutiny of sources...
showed that many radio stations were related in one way or another – through ownership links, advertising and programming, or through related persons. Therefore, while there are 83 radio stations altogether, the number of owners is far lower. Most of the commercial radio channels are owned by private persons or by joint-stock companies that are not legally bound to reveal all the facts about their operation. In addition, there is another, and quite obvious, systemic flaw in the radio field: while data entered into the court registry are not checked, it is a copy of the court registry record that is required when ownership has to be confirmed or authenticated. So the question that should be posed here is whether an attempt to establish or map ownership links is sensible at all, knowing that even this basic source of data is quite problematic.

4.3.2 TELEVISION

Unlike the print media and radio sectors, where foreign capital is virtually absent, the television sector is dominated by it. The main commercial TV channels are POP TV and Kanal A. The owner of the broadcasters of both channels is Pro Plus, which is, in turn, owned by the CME Slovenia, a branch of the US CME corporation.

The main change in the television sector in Slovenia occurred with the launch of the POP TV channel in 1995. It brought with it many “first-timers” in Slovenia. It involved the first substantial foreign investment (although officially it was called “a loan” and not an investment, because only in such a way could Slovene partners retain equal shares). The American corporation CME invested USD 16 million and hence acquired a 58 percent share in the production company Pro Plus that is responsible for the management, production, technical operation and finances of POP TV. Other shareholders were Slovenian companies MMTV and Tele 59, but the former sold its 20 percent share in Pro Plus one and a half years later to CME for USD 5 million, so CME increased its share to 78 percent. Besides, POP TV was the first television station that “was not a television station.” The executives of Pro Plus strictly adhered to the explanation that POP TV was a program, a trademark, and not a television station. Why was this necessary? The answer is simple. The 1994 media law restricted ownership stakes of individual owners of a radio or television broadcaster to 33 percent. CME could thus acquire a majority share in the production company Pro Plus because it was not subject to this legal restriction, although Pro Plus produced POP TV programming which was broadcast by three television stations where CME was a legally permitted 33 percent shareholder. In October 2000 some complex moves were taken in order to link Pro Plus and Kanal A. Super Plus Holding acquired a majority stake in Kanal A, which signed the contract about the long-term cooperation with Produkcija Plus d.o.o. According to the words of some leading people, the “goals of this business linking were primarily the reduction of program purchase costs, the streamlining of program
libraries and ensuring of domestic production.” In December 2002, Pro Plus got a loan from Bank Austria Creditanstalt and Nova Ljubljanska banka (NLB). The loan amounted to EUR 8 million and was intended for further expansion of the company and reinforcing of its position on the Slovenian media market, as was asserted in the public statement. At the same time, CME became a 96.7 percent owner of Pro Plus. After that Pro Plus applied to the Ministry of Culture for approval of the purchase of a share in excess of 20 percent in \textit{POP TV} and \textit{Kanal A}. In the words of F.T. Klinkhammer, the Chairman and the Director General of CME, the approval was needed in order to simplify their complicated ownership structure.\textsuperscript{37} The Broadcasting Council was of the opinion that although the bringing of \textit{POP TV} and \textit{Kanal A} under the roof of one owner would result in the two broadcasters exceeding the 30 percent advertising share with regard to the size of the entire advertising space in Slovenia, this would not secure for it the predominant position on the market. This view was also corroborated by the opinion issued by the Office for Competition Protection, which was an arbitrator in the conflict between \textit{POP TV} and the public institution \textit{RTV Slovenija} concerning dominance on the advertising market. The Council issued its decision with some reservations: the merger could receive the green light, but only on the condition that the two programs remain separate, that is to say, that their programming concepts are not changed.

Foreign capital is also involved in \textit{TV3}, formerly owned by the Catholic Church.\textsuperscript{38} In February 2003, the then Church-related shareholders, Tiskovno društvo Ognjišče, Koper Diocese, Marketing 3 and Franc Bole, sold \textit{TV3} to four buyers from Croatia. At the moment, a 75% shareholder is the Croatian businessman Ivan Čaleta\textsuperscript{39} against whom several legal proceedings have been brought in Croatia concerning the ownership and management of the Croatian television \textit{Nova TV}. One-quarter of the shares were retained by Krekova družba and Mladinska knjiža. The former shareholders saw this sale primarily as a contribution to the plurality of the Slovenian media and a move that would at least partially obstruct the victorious march of the political left.

\begin{table}
\centering
\caption{MAIN TELEVISION CHANNELS IN SLOVENIA}
\begin{tabular}{|l|l|l|l|}
\hline
TV CHANNEL & BROADCASTER & MAIN OWNER \textsuperscript{(2)} & AUDIENCE SHARE\textsuperscript{*} \textsuperscript{(3)} \\
\hline
TV SLOVENIJA 1 AND 2 CHANNEL & RTV SLOVENIJA & PUBLIC SERVICE & TV SLO1 25.4 \\
& & & TV SLO2 9.3 \\
\hline
POP TV & PRO PLUS & CME 96.7 & 29.7 \\
\hline
KANAL A & PRO PLUS & CME 96.7 & 8.8 \\
\hline
TV3 & TV3 & IVAN ČALETA 73 & 1.8 \\
\hline
\end{tabular}
\end{table}

\textit{Source: Media Services AGB, Ljubljana.}

\textit{Note: *In the period October–December 2003, including individuals over 4 years of age.}
One of the questions relating to media regulation that will certainly gain significance in the next few years is that of convergence. Cable operators and Internet providers are increasingly active distributors of television content. Cable operators have already begun to consider the provision of their own television programs (e.g. TV Pika, TV Paprika and many other local televisions), and the largest Slovenian Internet provider offered, in 2003, the transmission of television programs as part of its ADSL package. Its range of programs is already wider than that offered by cable operators. In addition, mobile telephony operators have also begun to show interest in content provision. For them, this is a way to sell the mobile telephony services of the third generation. Since content providers of this type are not bound by the media law in principle, and since their distribution channels are not limited by technical restraints, which is one of the more important arguments in support of the regulation of the broadcasting field (i.e. a limited number of frequencies), we can expect that this area will be plagued with difficulties that the current legislation will not be able to resolve.

5 MEDIA INDEPENDENCE

In the words of the President of the Journalists’ Association, Grega Repovž,⁴⁰ the main problems that trouble Slovenian journalists are their social status, demands for ever higher productivity and non-observance of the copyright law. These problems are not noticeable at first sight. Slovenian journalists have signed the collective agreement that regulates employment relations, wages, allowances, compensations and refunds, as well as rights and obligations of parties in dispute. The problem is that the provisions of the collective agreement are not observed in practice. At the beginning of 2003, a new law on employment⁴¹ took effect. It regulates individual relations, while collective relations are the subject of the agreement between partners. The law does not bring any explicit changes nor does it impose deadlines for the amendments to the existing collective agreements, but some employers nevertheless understood the new situation to mean the invalidation of the collective agreement. Iztok Jurančič,⁴² the president of the Journalists’ Trade Union, drew attention to these pressures, primarily aimed at reducing the price of the journalists’ work. In fact, media owners frequently view journalists as “items on the costs sheet” that reduce both the potential and actual profits of the media.⁴³

However, for many journalists in Slovenia, and here we have in mind free-lance journalists, this is not an issue, because in practice the collective agreement is not applicable to them. On top of that, the number of journalists employed by media companies has been decreasing, meaning, among other things, that many young journalists in Slovenia are left...
outside the system of medical insurance and the pension scheme. But these free-lance and contract journalists freely set dumping prices on the grey market, thus indirectly affecting the salaries of regularly employed journalists. Their salaries hence appear high compared to free-lance journalists’ fees and this discrepancy is exploited by employers as a convenient argument. The unsatisfactory social status of journalists raises still another important question – that of pressure exerted on journalists.

This is another area where relations only appear to be in order. In the debates about legal requirements related to data in the media registry, the Association of Journalists succeeded in securing acknowledgement for the legal explanation⁴⁴ that says that the fundamental legal act of the publisher is the act adopted by the publisher’s highest ranking body which, in addition to the components of its organisation and operation, also regulates the issues laid down by the media law. This means that the autonomy of the editorial board and editors in chief must be explicitly mentioned in the company’s statute (in the case of a joint-stock company) or in partnership agreements (in the case of a limited liability company). The owners, therefore, cannot afford to behave arbitrarily when shaping their media contents, since they are not completely independent when choosing editors in chief. Some media require approval from journalists (e.g. the daily Dnevnik) or the supervisory council (if the editor in chief is appointed by the management board), while others seek an opinion from journalists. The Journalists’ Association has further observed that sensitivity to pressure exerted by advertisers has increased. They have partly attributed this to the impact of the new journalistic code of ethics and its explicit warning about covert advertising,⁴⁵ and to the Honourary Tribunal’s contribution to the resolution of such cases. The Journalists’ Association has also noted that media companies began to cover the costs of journalists’ foreign trips that were not covered in the past – escorting state delegations to foreign countries or participations at “educational seminars” carried out by domestic or international multinational companies.

Recently, investigative journalism in Slovenia has been discussed mainly in the context of the case of Miro Petek. At the end of February 2001, Mirko Petek,⁴⁶ a journalist for the regional daily newspaper, Večer, was brutally beaten by unknown attackers. Petek was the author of a series of critical articles dealing with corruption in the region from where he reported. In these articles he disclosed the links between banks and local businessmen, who allegedly exploited the privatisation process to acquire possession of certain socially owned companies at low prices. The police were quick to give assurances to the public that the identification and arrest of perpetrators was expected in a matter of days. The person who was most frequently mentioned in these articles filed claims for damages against Miro Petek and several other journalists who took up “the story.” At the same time, the chairman of the supervisory board of the newspaper Večer (who, at the time of
publication, was the president of the bank which was the subject of Petek’s articles and whose major owner is the state), claimed that “journalists had no business investigating irregularities in banks.” It was only at the end of September 2003 that the police and the public prosecutor announced that ten persons suspected of the attack were detained. In their public statements following these arrests, the General Manager of the Police and the Public Prosecutor “accused” the media and the public of being directly responsible for the prolongation of this case.

The most recent actively debated issue has been that of copyright. “Nearly all Slovenian journalists have signed contracts by which they renounce their copyright in favour of the employer,” writes Grega Repovž. Journalists do not receive compensation for texts published in internal publications, sales of documented materials, or sales of articles by clipping services. Neither do they receive compensations for the second or any further reproduction of their copyrighted texts.

Finally, we would like to propose another, journalist-less-friendly conclusion in which injustice suffered by journalists is not wholly blamed on social pressure. Indeed, only a few journalists sincerely care for their education, read widely or have a good overview of international and domestic developments. Similarly, few of them are willing to dig deeper into their subjects and few have the feeling that their reporting based on references to “official sources,” or their comfortable cohabitation with the political or commercial power centers, or their stenographic coverage of Parliament’s sessions or press conferences, are flawed in any way. There are more international seminars and scholarships available to journalists than journalists interested in undertaking such courses. Few journalists are willing to participate in projects not directly related to personal advantage, while solidarity with fellow journalists and awareness about the primary interests that journalists should represent are very low. This said we can conclude that journalists themselves should be blamed for many things that have gone wrong. Therefore, if they want to exercise their rights they will have to fight for them, and they will also have to gain respect for their own profession.

6 CONCLUSIONS

The main feature of the present day media space in Slovenia is its extraordinarily high concentration with the consequence being corporatisation of media discourse – media content is subordinated to the interests of media owners and the largest advertisers. The model of media privatisation used in Slovenia enabled journalists and other media employees (excluding employees of the public service television RTV Slovenija) to retain ownership of and control over the media. Unfortunately, journalists sold this opportunity
when the value of media shares increased. As an illustration, in the daily Večer, the proportion of small shareholders (internal owners) decreased by nearly 30 percent in the period 2000–2003. Unlike journalists, the state adheres to its ownership stakes in the largest media companies. The privatisation of the formerly socially owned property is currently drawing to an end and its outcome is a special form of state ownership. Although the state maintains, speaking through the voice of media owners, that investment in media is just another way to augment capital, it is evident that certain political interests underpin every single instance of media shares sales. Being a media owner means having an opportunity to influence media content and editorial policy. And this is the kind of influence that the state will not easily let slip from its hands.

At first glance, daily newspapers in Slovenia appear to be characterised by relatively dispersed ownership. But at closer inspection, this seemingly great number of unrelated owners in practice boils down to a few persons related through capital and management functions. The owners of one newspaper sit on the supervisory boards of other newspapers. The media are thus under the control of owners and managers of large companies that are at the same time the largest advertisers in these media, the owners of advertising agencies that sell and buy advertising space in these newspapers, the chairmen of some of the largest, mainly state-owned, Slovenian companies, and “hidden” representatives of political interests. These supervisors actually supervise themselves and take care that their economic and political interests are safe against undesired media reporting. Our inspection of the lists of supervisory boards members has shown that power is actually concentrated in the hands of a small group of individuals. Pressure on media and journalists’ autonomy has become more concealed and this may have long-term implications.

The number of hybrid articles/advertorials that pretend to be editorial content, but are in fact paid advertisements, has been increasing. The barrier separating advertisements from editorial content has been breaking down under the weight of the drive for profit. The responsibility for market success of the media is placed with editors leaving them with little maneuvering space for the shaping of editorial policies.

Our analysis showed a number of links between media owners that point to media concentration, but it eludes the classical definition because of the absence of formal links. The situation in the broadcasting sector is even more serious owing to the uncontrolled allocation of broadcast licenses. The Slovenian market is too small to enable the survival of 83 radio stations and 37 television stations. So, we can expect networking that will essentially alter individual programming concepts. Those radio stations that adhere to in-house production and fulfillment of their basic task, i.e., providing information to citizens, cannot cover the extremely high price of production and cannot compete effectively with networks whose programming costs are much lower. Yet, while the price of radio adver-
Advertising time has been falling and the value of professional journalists’ work hit its lowest level, the market price of radio stations has been increasing. The major part of the 50 million tolars (approx. EUR 210,000), the current market value of a local radio station, is the value of broadcast license. On the other hand, only a few more frequencies are still available for allocation.

In the popular game Monopoly, the winner is the player with the largest property and most money, the one who remains a sole player by excluding others. In the realistic media world in Slovenia, it could happen that a group of ten owners and five of the most influential supervisors come through sharing between themselves the entire media property. The game will probably end with their selling off ownership stakes to foreign investors. But it is ironic that, in contrast to other East and Central European countries with the socialist past that sold off their media to foreign owners at the beginning of the transition period (1990–1992), Slovenia took the whole decade to carry out the privatisation process, impose restriction on media ownership, and pass two media acts, only to be confronted in the end with the outcome that it strived to prevent at the beginning of the 1990s.
NOTES

1 Delo, 12 September, 2003
3 Finance, 6 January 2003.
5 According to the Radio and Television Act, the founder of the public institution ATV Slovenija is the Republic of Slovenia (Article 1). See Uradni list RS, 18-729/1994.
6 The 1994 Mass Media Act (Uradni list RS, 18/1994) stipulated in Article 39 that an individual natural or legal person can have the maximum of 33 percent interest or 33 percent of management rights in the assets of a company or an institution that is a publisher of the daily newspaper or creates, prepares or broadcasts a radio or television program. Article 40 restricted cross-ownership to 10 percent. These restrictions did not apply to the funds listed under Article 22 of the Transformation of the Ownership of Enterprises Act, i.e. Kapitalski sklad invalidskega in pokojninskega zavarovanja, Odškodninski sklad and Sklad RS za razvoj.
7 The privatisation of Delo is a good example of the privatisation formula used by other companies, with smaller or bigger alterations.
9 The Protection of Competition Act was published on 13 July 1999 in Uradni list RS 56/1999.
10 The Mass Media Act (Article 57) precisely defines the meaning of related persons.
12 “We have been studying the fluctuation of Delo shares in the certain time period - from October 2002 to February 2003 Delo shares went up by 40 percent. If we suspect any strange transactions, we shall inspect the transactions by all those involved which could influence the price. This would represent a market manipulation, which is one of the most serious forms of the violation of rules observed on the securities market” said the Director of the ATVP. See Delo, 5 February 2003.
13 Uradni list RS, 47/1997 and 56/1999.
14 Amendments to the law are still at the drafting stage at the Ministry of Culture.
15 Under Article 12 of the Mass Media Act, before the beginning of any activity the publisher must register the medium with Ministry of Culture. Given that the report has not been updated for a whole year now, on 15 December 2003 we checked at the Ministry of Culture whether the state as of 31 January 2003 has changed in the meanwhile. We were told that the registry now includes 752 media, that is, 295 more than listed in the last published registry. We could not obtain an answer to the question why the registry has not been updated.
16 December 2003.
17 Kliničko depotna družba (Central Securities Clearing Corporation, kdd), December 2003.
18 Delo, 30 December 2003.
19 See the media registry records at the Ministry of Culture at <http://www.kultura.gov.si/cache/bin/bin.svc =obj/bin.id=1824> (accessed 30 April 2004).
21 Infond holding and it related companies are a 6.8 percent shareholder in Delo, 51 percent in Večer (Večer is a 6.5 percent owner of Dnevnik) and 29.9 percent in Delo Tiskarna. The largest owners of Infond holding are KBM Infond, NKB and Radenska; a 83 percent owner of Radenska is Pivovarna Laško, the owner of 25 percent of the Delo shares.
22 A 55.583 percent shareholder in the Mladinska knjiga printing company is the Dutch company MBT Holding (source kdd).
23 Sandra B. Hrvatin and Lenart J. Kučić, Medijska preža (Media Watch) no. 15, December 2002.
24 Technically speaking, the share of KB could also be classified as a foreign capital, since the owner of almost 14 percent of its shares is Bank Austria.
25 Kapitalski sklad invalidskega in pokojninskega zavarovanja and Odškodninski sklad.
26 After Gorenje was damaged by fire the Government headed by Andrej Bajuk demanded from Gorenje to sell its share in Delo if it wanted to receive state aid. The management of Gorenje refused to do it. The opposition parties insisted that KAD temporarily stored its shares with the politically “friendly” company thus preventing the takeover by the right wing parties.

27 Finance, 15 November 2000.

28 It is not clear how Mohorjeva družba, whose assets in 1999 amounted to 70 million tolars and its capital to 8 million tolars, could buy a 6.2 percent of Delo shares worth 600 million tolars.

29 The deadline for harmonisation was the end of October 2002.

30 At that time, the main economic topic was “brewers’ war” involving the Belgian trans-national company Interbrew that tried to buy the largest Slovenian brewery, Union. Pivovarna Laško (Laško Brewery) prevented this and thus earned public approval for its presumed “defense of the public interest.”

31 The DZS is the majority owner of Dnevnik.

32 The name is not without historical symbolism, since the newspaper bearing the same name supported the Christian democratic political option at the beginning of the previous century.

33 Delo, 4 May 1996.


38 TV3 never managed to dispel prejudice that it was a “political project,” a television owned by the Church and the political right.

39 According to Croatian analysts, all four Croatian companies are related to Čaleta. See article by Petra Šubic, Medijska preža (Media Watch journal), no. 16, p. 26.

40 Grega Repovž: “Optimizem!”, E-novinar, no. 13, p. 1


42 Neva Nahtigal: “Ne smemo se izgubiti v tej peni” (We must not get lost in this foam), E-novinar, no. 13, p. 6.

For more on the situation of journalists, see Medijska preža (Media Watch journal), no. 14, 15, 16, 17-18.

43 “The biggest costs are those of paper and salaries,” said the chairman of Delo Jure Apih in an interview for Delopis, a bulletin of Delo’s journalists (December 2003).

44 The application for entry into the register must be accompanied with the company fundamental legal act (Article 12 of the Mass Media Law).

45 The Journalists’ Association regularly publishes the examples of violation of the Document about the unacceptability of covert advertising and abuse of newspaper space. See <http://www.novinar.com/krsitve>. Although the Mass Media Law (Article 47) explicitly prohibits such advertising, no publisher has been sanctioned so far.

46 For the chronology of events, main actors, media articles by Petek and commentaries see <http://www.primerpetek.net>.

47 Published on 17 June 2002 in the weekly Kapital in Maribor.

48 Medijska preža (Media Watch journal) featured many texts about the copyright laws.


50 Copyright in Slovenia is protected by the Copyright and Related Rights Act adopted in 1995 and amended in 2001. The rights arising from scientific, artistic, and research activities and inventions are also protected by Article 60 of the Constitution.