

## **PRIMORSKE NOVICE**

### **A PREY TO POLITICAL AND ECONOMIC INTERESTS**

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April 2007

Last year's events at the *Primorske novice* newspaper are an example or a prototype of a media takeover stemming from an amalgam of political and economic interests. Although the recipe is not a Mediterranean one, the ingredients and procedures are very similar to those in numerous other cases we have been witnessing in the 'reshaping' of the economy and controlling the media in the last couple of years: first the ownership structure of companies is rearranged, then Supervisory Board members are replaced, then Directors or Management Boards are dismissed, or they resign citing 'personal reasons' (this has been one of the most abused phrases of the recent period), and finally another cadre is appointed. The case of *Primorske novice* is even more prominent, firstly because the newspaper was in the midst of realizing its project of becoming a daily and had no significant financial reserves, but especially because of the unprofessional – one could even say careless – attitude of the owners. By interfering in the operation of the company and by replacing certain individuals, they did not only interrupt the development but also caused a staffing and financial crisis in the company. In addition, they also chose to turn a blind eye to the public interest, i.e. the population of the Primorska region.

In their annual reports, the companies Luka Koper, Intereuropa Koper, Hit Nova Gorica, Primorje Ajdovščina and Banka Koper emphasize their commitment to social responsibility; however, being owners of *Primorske novice*, they clearly demonstrated that other interests were more important.

#### **The Region of Primorska and *Primorske novice***

Primorska has a population of a little more than 250,000; it extends from Bovec to Piran, encompassing Postojna and Ilirska Bistrica. It is witnessing a population increase and it is the second-most developed region in the country.

The most influential media in the region by far is *Primorske novice*, which has a daily readership of more than 73,000 readers. In 3<sup>rd</sup> place is *Radio Koper*, which reaches 45,000 listeners, in 5<sup>th</sup>, *Nedeljski dnevnik*, and in 13<sup>th</sup> the daily *Slovenske novice* – otherwise newspapers with the highest readership share on national level – with only a half of the previously mentioned readership.

This year, *Primorske novice* will celebrate 60 years of publication and development – starting with two separate newspapers in Nova Gorica and the Slovenian Istria and continuing with a single newspaper, first published as a twice-weekly 1981. After 1991 the growth of the company and the newspaper continued, in

1997 the third weekly edition, *Sobota*, was born, and in 2004 the first regional daily in the country was launched.

The company welcomed Slovenian independence with minimal assets, a small number of employees and modest business results. Every year since then, it has recorded an increase in income, assets and number of journalists (or other employees). Its successful operation and profit reserves enabled it to take a crucial step in its development and become a daily. Sales stabilized within a year and a half, the operation was in accordance with plans, and the company was expected to make a profit in the third year of operation.

Irregardless of this, the owners halted this development.

### **The Owners and their Business Ties**

Since 2004 the largest shareholders of *Primorske novice* have been the companies Banka Koper, Primorje Ajdovščina, Luka Koper, Intereuropa Koper and Hit Nova Gorica. They hold a 64% share in the company. They are the largest and most important companies in Primorska, connected not only by common regional interests but also by common business and economic interests. Intereuropa and Luka are important clients of Banka Koper and, until recently, were also its major stockholders. Consequently, they also have their representatives in the Supervisory Board of the bank. The bank cooperates with state institutions and funds and municipalities as a pillar and developer of the economy; its loans to the state have been increasing. The Municipality of Koper, Luka Koper and the state are the most important partners of Primorje Ajdovščina. Primorje is second biggest construction company in Slovenia and builds motorways, border crossings and viaducts. The company has won three Best Supplier Awards from Luka Koper. In the spring Primorje was about to sign an important contract to build the sewerage system in the Littoral region. Dušan Črnigoj of Primorje and the mayor of Koper Boris Popovič signed the 4.5 billion tolar (ca. 19 million Euro) contract on March 7<sup>th</sup>, 2006.

At that time, the management of Primorje was preparing a management buyout of the company from the state-owned funds SOD (Slovene Compensation Fund) and KAD (Capital Fund), which was successfully completed in late summer.

The Municipality of Koper is a key investor and a co-owner of Luka Koper. The mayor of Koper is a member of its Supervisory Board. The development (physical expansion) of Luka Koper depends on the Municipality of Koper.

### **When do Political Pressures Begin?**

The desire to control the media is everlasting. *Primorske novice* was no exception even though, as a local newspaper that was published only twice a week, it was less appealing to the eyes of the central authority

and politics. Nevertheless, the labels describing it as a red newspaper that should be 'balanced' are inappropriate.

Before Slovenia became independent, ten of the founders of *Primorske novice* were municipal Socialist Associations of Working People. Periodic criticism of the newspaper's content thus came from various municipalities, but they were mostly related to the amount of space dedicated to a particular municipality, the relocation of the newspaper's headquarters from Nova Gorica to Koper and the like.

In 1990, the founders relinquished their rights and responsibilities, and the company was privatized in accordance with then-Yugoslav legislation; in fact, it had no owners until 1995, as all common property was managed by the employees.

Later, the company was privatized – a 67% share remained in the hands of internal owners, SOD and KAD each had an 8% share, and the rest was owned by Infond from Maribor. In the following years the share of internal owners decreased, various companies from Primorska obtained an important role in the company and by the year 2004 the present ownership structure had been formed.

Interestingly, the blame for the defeat of Dino Pucer (United List of Social Democrats) at the local elections was partially attributed to the editorial stance of *Primorske novice*. The winning candidate Boris Popovič (Koper is Ours) had previously demanded from the newspaper to award him a special status. Since he did not receive one, he tried to exert his influence through other means.

Consequently, the business relations between the company and the Municipality of Koper were in a constant state of flux, depending on the content of the newspaper. The mayor kept cancelling meetings on the issue of business premises and the documents regarding the repayment of the municipal debt to *Primorske novice* repeatedly vanished.

The mayor resorted to various forms of pressure: public criticism of the company and its journalists, ordering fewer advertisements, ordering advertisements in the newspapers *Žurnal* and *Dobro jutro*, publishing a municipal gazette, eliminating the official announcements in 2004 and selectively issuing invitations to various crucial events for the director and the responsible editor. In his opinion, it was the management of the Company that was to blame for the content of the newspaper.

In spite of all this, the development of the Company continued with no particular hindrances, since the state government at that time did not support the mayor of Koper.

Things began to change after 2004. Although, in the spring of 2005, Prime Minister Janez Janša (SDS, Slovenian Democratic Party) had stated that director of Luka Koper Bruno Korelič would not be replaced, Korelič suddenly resigned, citing personal reasons. Luka Koper, Hit Nova Gorica and Intereuropa are state-controlled companies. First the composition of their Supervisory Boards was changed, Bruno Korelič was replaced by SDS member Robert Časar, Andrej Lovšin was appointed director of Intereuropa and Branko

Tomažič of Hit was dismissed. Then it was *Primorske novice*'s turn.

In the beginning of February 2006, Boris Popovič invited directors Robert Časar (Luka Koper), Andrej Lovšin (Intereuropa), Vojko Čok (Banka Koper) and Dušan Črnigoj (Primorje) to lunch. The main topic was the employees of *Primorske novice*, i.e. what the composition of the newspaper should be before the upcoming local elections (scheduled for October 2006).

At that time, two dailies *Delo* and *Finance* reported about the pressures to replace managerial staff with those coming from the Municipality of Koper or the governing political option. The changes were supposed to occur with the help of the state-controlled shareholders of *Primorske novice*, primarily with the help of their new managers.

And that is exactly what happened.

### **Officially, Everyone is Satisfied**

Officially there were no disagreements between the owners and the management of *Primorske novice* about the management and operation of the company. At the February 6<sup>th</sup>, 2006 share-holders' Assembly, 98% of voters confirmed the plan for the year 2006 and agreed with the assessment that in the first year of daily issues, the company had operated in accordance with the plans laid out in the four-year expert study *Primorske Novice Every Day* as well as in accordance with the plan for the previous year.

At the first session of the Supervisory Board that was composed of Gorazd Humar (Primorje Ajdovščina), Tilen Majnardi (Hit), Mirko Pavšič (Luka Koper), Aleksander Lozej (Banka Koper) and Boris Ugrin (representing the newspaper), the members discussed whether the operation of the company corresponded to the plan. They would not discuss the pressure on the managerial staff, rumours of which had already reached the public.

A similar conclusion was reached at the May 26<sup>th</sup>, 2006 Assembly, where the Annual Report and the assessment that the company had reached the expected goals and strengthened its position on the market was confirmed by a 98% majority.

On May 17<sup>th</sup>, 2006, *Primorske novice* published an extensive article entitled 'The Controlled Origin of Primorska', which queried whether the wave of changes in the Slovenian media landscape would affect *Primorske novice* as well. At that time, one could read the following statements:

**Vojko Čok:** 'As shareholders we expect the newspaper to operate with a positive financial result without drifting into the realm of the yellow press. I would like *Primorske novice* to continue to inform us about events at home and around the world for a long time.' He emphasized the importance of focussing on local events

and the objectivity of reporting, which should be the foundation of the newspaper's recognizability and of its readership's loyalty.

**Dušan Črnigoj** described *Primorske novice* as an interesting newspaper, which should, however, continue to enrich its content. 'I want the newspaper to increase the circulation and the company to operate positively, control costs and organize itself even more suitably.'

The project of *Primorske novice* as a regional daily has proved to be successful, stated Robert Časar: 'Because of this we will continue to strive for it in the future. From the perspective of owners, the business results are important as well.'

**Niko Trošt** stated: 'The content needs to be polished, especially with the help of opinion polls. The readers should have a say in what they like and what they don't like. It is our aim that *Primorske novice* remains in the majority ownership of the companies in Primorska, which is important for the development and the mission of the newspaper in the region and also in the wider area.'

### **In the Background, the Pressures Increase**

Even though the company followed the wishes of the owners, other priorities intensified in the background and became intertwined with political and economic interests of the owners and the ruling government.

After the February lunch with the mayor, two of the participants invited the director of *Primorske novice* to a meeting. They communicated to her that, while her management of the company was beyond reproach, the content of the newspaper was not always favourably disposed towards the mayor of Koper. This is why she would have to replace the responsible editor; otherwise, her own position would be in jeopardy. Her arguments about the fragile position of the company and the stable circumstances required for future development and the fact that the responsible editor's mandate would run out in a few months did not help. The editor must be replaced, was their message.

And who should become the new responsible editor? The name was provided by Mojca Beljan, head of PR at the Municipality of Koper on February 22<sup>nd</sup>, 2006, at a bar in the Koper cinema complex Kolosej. She said that Aljoša Curavić, editor of the Italian programme at the television station *Televizija Koper*, was to become the responsible editor of *Primorske novice*.

Afterwards, a number of telephone calls were made, stating that the replacement process should be expedited.

A personal profile was completed for Aljoša Curavić, as for every other candidate, even though I, as managing staff, was looking for an experienced newspaper editor who would be a good leader, work organizer and would bring experience and knowledge to the newspaper. Darja Verbič was like that: after being forced to leave *Večer*, she became the executive editor of *Primorske novice* – but only after receiving

a high opinion from the editorial board. As it would seem, this was a sign for the owners that I would not submit to their orders.

After the Assembly, I was called by the president of the Supervisory Board and told that I would be dismissed. Aljoša Curavič was to become the new director. When he refused the offer a week later, a new candidate was found overnight. Sergej Škrlič, the previously dismissed director of LB Leasing Koper, was seeking a new position. He was the new candidate.

### **The Documents are Prepared at Luka Koper**

All activities related to the dismissal of the director and the appointment of the new director were carried out on Monday, June 5<sup>th</sup>, 2006, the day before the session of the Supervisory Board, on the management floor, right next to the office of President Časar and Board Member Aldo Babič. They were led by *Primorske novice* Supervisory Board members Mirko Pavšič (Luka) and Gorazd Humar (Primorje), others coming in and out of the room were the Luka Koper legal advisor, Sergej Škrlič and I.

First, we had to discuss the dismissal, then agree on a new position of employment, and finally prepare a contract for the new director, the documentation for the Supervisory Board and a public statement.

The trumped up meeting of the Supervisory Board began on Tuesday at 3 pm. First I was congratulated for my work in the past, for my achievements and success. They even said that I should be given an award.

Then I was dismissed: four in favour and one against. I received a bunch of flowers and some looks of regret, then I spoke to the press, and then I went to my office to clear my desk. Sergej wanted it for himself on the next day.

All the Supervisory Board knew about his work was in his CV; he had no relevant qualifications, and neither his experience nor his knowledge about the industry was examined. He was appointed without having presented a programme of work.

The conversation with the press after the session was cursory and unconvincing. Gorazd Humar was unable to explain why I was dismissed and why the new candidate was more convincing. All he said was that the Supervisory Board could do anything in the name of capital, which is what transpired. Sergej Škrlič emerged from anonymity with the statement that he does not read *Primorske novice* or any other newspaper, and that he is a friend of Boris Popovič. As it transpired, that was not enough to manage a media company.

### **The 'Balancing' of the Editorship and the Newspaper**

As early as June 20<sup>th</sup>, 2006 the new director secures the resignation of the responsible editor due to 'personal reasons'. He publishes a call for applications for a new editor and the following candidates apply:

Venčeslav Japelj (a long-standing editor and journalist at *Primorske novice*), Aljoša Curavić (the would-be editor-in-chief and director), Danica Cmrečnjak (a journalist at *Dnevnik*), Franco Juri (a well-known author, journalist and caricaturist), Tadej Labernik (an experienced journalist and editor) and Tino Mamić (a journalist at *Primorske novice*).

The director picks the least experienced candidate, saying that Tino Mamić is well-acquainted with *Primorske novice* and that the employment costs would be lower since he is already an employee at the newspaper. Unofficially, the director claims that Mamić was not a favourite of the mayor of Koper but he had to follow the instructions from Ljubljana given to Robert Časar and Andrej Lovšin.

The newspaper is faced with uncertainty – rumours about replacements and political pressures take their toll and during the vote about Tino Mamić, less than half of those present at the meeting vote in his favour. Tino Mamić assures them that he wants to create a quality newspaper and that there will be no staff purges.

A few days later problems arise at the newspaper desk as the next issue is being finalized in the evening.

The layout is finished, however Tino Mamić demands a full-page interview to be removed from the 7. val supplement because it contains two disputable sentences. The executive editor, the supplement editor and the author disagree; they suggest removing only the two sentences, but the interview does not get published. That is how it starts.

In August 2006, Tino Mamić tries to dismiss the executive editor Darja Verbič verbally, but as he and the director soon find out, there are contracts, laws and official documents to consider – things have to be dealt with more formally. Verbič is not dismissed until October 30<sup>th</sup>, 2006. After that the assistant responsible editor, the deputy editor-in-chief in Nova Gorica and the editor of the politics and business sections are also replaced.

A state of confusion reigns with regard to both organization and staffing; the staff is not familiar with the editor's plan of work and vision, the employees and the editorial board are not consulted about replacements.

The preparations to cover local elections are running late, the confusion continues, the articles on candidates and activities of SD (Social Democrats, previously United List of Social Democrats), LDS (Liberal Democracy of Slovenia) and some new parties are mostly short and published in less prominent sections of the newspaper. This makes it possible to devote much more attention to SDS, NSi (New Slovenia) and SLS (Slovene People's Party), and especially to Boris Popovič and parties favourable to his cause. In addition, a (still unresolved) breach of election silence occurs when in certain parts of Koper the newspaper is delivered to letterboxes accompanied by photocopies of an article from the tabloid *Direkt* attacking two of Popovič's opposition candidates.

Boris Popovič wins in Koper, and on the following day the journalist Petra Vidrih interviews him. After the interview she is verbally assaulted. The mayor uses sexist expressions and dismisses her by telling her to

'fuck off'. And what follows? Tino Mamić is pressured by his colleagues to defend the journalist, which he reluctantly does. Afterwards the Municipality cancels all subscriptions to *Primorske novice*, and the journalist becomes the subject of a lawsuit filed by the mayor.

After the elections, the Littoral is 'liberated' and on December 1<sup>st</sup>, 2006 Sergej Škrlić dismisses Tino Mamić and appoints an acting editor. Due to accumulated financial and staffing problems, unrest among the employees, who try to appeal to owners and the public, and after receiving a hint from the Supervisory Board, Sergej Škrlić resigns, citing 'personal reasons'.

The Supervisory Board appoints a new director, just as it had in June. Her qualifications, work experience and work programme are not evaluated; her name is simply proposed by some of the owners. Suzana Zornada Vrabc, the PR representative of Luka Koper, becomes the new director.

### **Feigned Ignorance of Supervisors and Owners**

In only seven months, the company and the newspaper with which the owners had been content and which were realizing their goals and fulfilling the expectations of the readers, found themselves in a serious staffing and a deepening financial crisis. *Primorske novice* used to be described as the most developed regional newspaper and company, as an example of successful transition to daily publication. Afterwards, the media reported on problems, conflicts and dismissals. Meanwhile, Tino Mamić and Sergej Škrlić used their medium to publicly wash their dirty linen.

The Supervisory Board and the owners were aware of the crisis situation all along. In the autumn, the minority share-holders, with a 13% share in the company, sent them three letters apprising them of the events taking place, appealing to them to exercise their responsibility and actively participate in order to avoid further degradation of the situation. The supervisors did not reply, or they cited their limited powers preventing them from interfering with the operation of the company. However, their actions of the previous seven months had suggested otherwise. At their first session, they would not discuss political pressures to replace editorial staff; later, they dismissed the director in the middle of her mandate without presenting any arguments or reasons for their decision, and finally, they directly increased the costs of the company by appointing a new director. The new director did not know how to manage the company in either professional or operational terms, yet they chose not to increase their supervision. At a time when everything was already going downhill, they made a similar faulty staffing decision to that of the previous months and appointed a new director overnight. In making their decisions they referred to the rights of capital, in the name of which they could do anything. While doing so, they were forgetting that in accordance with the Companies Act, the supervisors are independent in what they do and bound to act in the interest of the company they supervise,

and not its owners.

### **The Future?**

This year, the problems in the company Primorske novice have intensified and it does not seem they will be solved in the near future. This is reflected in the content of the newspaper, so it is possible that the otherwise loyal readers will start looking for a new medium in the year in which the newspaper celebrates its 60th anniversary. There is no doubt that the future depends on the owners of the company, but it also depends on the journalists.

### **Methods which have been used for controlling the media:**

Pressures and replacements which also have an impact on the media that have not been taken over yet.

PR of the owners, who keep repeating to the public that in the interest of capital they can do anything.

PR of the political government that the media should become pluralistic and balanced.

Pressuring and replacing directors.

Replacing responsible editors and other staff members.

Creating fear, self-censure and censorship.

Inciting conflicts.

Reducing the number of journalists due to 'cost reduction'.

Even more fear and self-censure, even more silenced victims.

The journalists and the media are losing their good reputation.