

**HOW MUCH
DOES THE GEORGIAN PUBLIC
BROADCASTER COST?**

**Tbilisi
2018**

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INTRODUCTION

Norms introduced in the Law of Georgia on Broadcasting to allow increase of time for airing commercial and sponsorship advertisements on the Georgian Public Broadcaster (GPB) went into effect on 5 March 2018. Clearly, this will increase the broadcaster's revenue but only at the expense of revenues of other commercial broadcasters.

This research addresses the question of whether the Georgian Public Broadcaster is in need of additional revenues and how it spends funds allocated to it from the State budget.

The research also summarizes effectiveness of performance the GPB Board of Trustees and the Board's decision-making process about changes in the budget of the Public Broadcaster.

KEY FINDINGS

- The Board of Trustees adopts and amends the Public Broadcaster's budget without receiving a detailed budget and justification from the GPB General Director;
- More than a half of the Broadcaster's budget is spent on remuneration;
- Data submitted by the Public Broadcaster to the Ministry of Finance for preparing the budget – the number of employees and the amount employee remuneration – is inaccurate and needs to be verified;
- The GPB has not adopted the staff list or regulations for providing remuneration;
- The GPB is holding the first place in terms of revenues (on account of funding that it receives from the state budget), while it ranks fourth with its average annual (2017) rating;
- The GPB has big-budget projects for 2018;
- The GPB website does not feature or provide upon request relevant information about budgets;
- The Board of Trustees meeting agendas do not provide a complete list of issues to be addressed;
- Funds allocated to the Public Broadcaster from the state budget are often much bigger than funds allocated for other institutions, however effectiveness of the GPB performance and fulfillment of program priorities are not measured.

THE PUBLIC BROADCASTER'S FUNDING SOURCES

Today the primary source of the Public Broadcaster's funding is the state budget of Georgia. The amount of funding allocated to the Public Broadcaster is at least 0,14% of Georgia's gross domestic product.¹

Funds are allocated to the Public Broadcaster from the state budget in consideration of public interests, with the aim of preparing and airing programs including social and political programs, films and sports events.²

Funds allocated to the Public Broadcaster from the state budget in 2018 amounts to GEL 52 522 000, which includes GEL 7 879 000 meant for Ajara TV and Radio of the Public Broadcaster.³ The latter is financed from the GPB budget, with at least 15% of the budget.⁴

Total budget of the LEPL Public Broadcaster for 2018 is GEL 50 255 577, of which the state funding amounts to GEL 44 643 000 and non-state funding to GEL 5 612 577.⁵

Total budget of the LEPL Public Broadcaster for 2017 was GEL 46 377 418, including GEL 39 443 000 allocated from the state budget and GEL 6 934 418 from other sources.⁶

Total budget of the LEPL Public Broadcaster in 2016 was GEL 43 285 395, including GEL 37 484 000 allocated from the state budget and GEL 5 800 395 from other sources.⁷

¹ Para.5 of Art.33 of the Law of Georgia on Broadcasting

² Para.8.3 of Art.14 of the Law of Georgia on the State budget of Georgia 2018

³ Art.15 of the Law of Georgia on the State budget of Georgia 2018, Code 4200

⁴ Para.1 of Art.3512 of the Law of Georgia on Broadcasting

⁵ Decision no.403 of the Board of Trustees of the LEPL Public Broadcaster, dated 29 December 2018

⁶ Decision no.397 of the Board of Trustees of the LEPL Public Broadcaster, dated 01 December 2017

⁷ Decision no.326 of the Board of Trustees of the LEPL Public Broadcaster, dated 30 December 2015

	2016	2017	2018
State funding	37 484 000	39 443 000	44 643 000
Other sources	5 800 395	6 934 418	5 612 577
Total	43 285 395	46 377 418	50 255 577

BUDGET OF THE PUBLIC BROADCASTER AND AMENDMENTS MADE TO THE BUDGET

The Board of Trustees is the governing body of the Public Broadcaster. Functions of the Board also include such important matters as determining the broadcaster's program priorities, adopting the broadcaster's bylaws and budget, hearing the broadcaster's quarterly performance reports, giving consent to transactions valued at more than 1% of the Broadcaster's budget, approving the Broadcaster's staff list and employee salaries, etc.⁸

Not including the Law of Georgia on Broadcasting, the Board of Trustees has not adopted any document that it would guide the Board's decision-making process. The Board's meeting agenda always includes "current issues" as the last item and decisions are made within it.

The General Director nominates and the Board of Trustees approves the Public Broadcaster's budget as well as changes in the budget and adopts the budget execution report.⁹

The Board adopts the budget without receiving a detailed budget and its justification from the General Director of the LEPL Public Broadcaster. It uses similar approach for amending the budget. Further, amendments are made without providing any justification as to why a concrete fact could not be considered in the process of adoption of the initial budget.¹⁰

The Board of Trustees hears quarterly report of the Public Broadcaster's performance including financial report (based on the International Financial Reporting Standards - IFRS), within the period of 1 month after the quarter ends.¹¹ These reports are always heard late and the Board of Trustees has failed to take any meaningful measures in this regard. For instance, the Board heard Q3 and Q4 reports of 2017 on 29 March 2018.¹²

NUMBER OF THE PUBLIC BROADCASTER EMPLOYEES AND THEIR REMUNERATION

Under the Law of Georgia on the State budget, number of employees and their remuneration is determined according to the Budget Code, based on the budget application of the spending institution, meaning that the Public Broadcaster itself provides information about these issues to the Ministry of Finance.

The Law of Georgia on the State budget of Georgia 2018 indicates that the number of staff employed by the Public Broadcaster (including those of Ajara TV and Radio) has been 184 since 2016 and continues to be 184 in 2018. According to the information provided by the Ministry of Finance¹³ – the budget application submitted by the GPB indicates that the number of staff employed by the GPB will be 122 and the number of freelancers – 1,000 in 2018. Notably, the document requested from the Broadcaster (the budget application submitted to the Ministry of Finance) does not specify number of staff and freelancers employed by the Public Broadcaster.¹⁴ Moreover, the GPB has not yet adopted the employee list and remuneration rules.

The Public Broadcaster had 1135 employees as of 31 December 2015, 1138 as of 31 December 2016 and 1173 as of 31 December 2017.

In 2018, 54% of the Public Broadcaster's budget - GEL 27 095 212 - will be spent on remuneration¹⁵, which is far bigger than the number specified in the document submitted to the Ministry of Finance.¹⁶

⁸ Articles 22 and 30 of the Law of Georgia on Broadcasting

⁹ Para.1"e" of Art.30 of the Law of Georgia on Broadcasting

¹⁰ E.g., 2 April 2018 meeting of the GPB Board of Trustees - <https://1tv.ge/video/sazogadoebrivi-mauwyebelis-sameurveo-sabchos-skhdoma-2-aprili-2018/>

¹¹ Para.1"d" of Art.30 of the Law of Georgia on Broadcasting

¹² <https://1tv.ge/document/ssip-sazogadoebrivi-mauwyebelis-2017-wlis-iii-kvartlis-angarishi/>
<https://1tv.ge/document/ssip-sazogadoebrivi-mauwyebelis-2017-wlis-iv-kvartlis-angarishi/>

¹³ Letter no.08-04/32858 of the Ministry of Finance, dated 13 March 2018

¹⁴ Letter of the Public Broadcaster dated 26 March 2018

Decision of the Board of Trustees of the LEPL Public Broadcaster no.397, dated 1 December 2018. Decision no.326 of the Board of Trustees of the LEPL Public Broadcaster no.326, dated 30 December 2015

¹⁵ Letter no.1073/02 of the Public Broadcaster, dated 13 March 2018

¹⁶ Letter no.08-04/32858 of the Ministry of Finance, dated 13 March 2018

Similarly, more than half of the Broadcaster's budget was spent on remuneration in 2016 and 2017.¹⁷

THE PUBLIC BROADCASTER'S RATING IN 2017

Based on the 2017 data, GPB revenues exceeded revenues of all other broadcasters and amounted to GEL 42 322 355. In the revenue ranking of Georgian broadcasters, GPB holds the first place and is followed by Rustavi 2 Broadcasting Company combining revenues of the following three channels _ Rustavi 2, Comedy Channel and Marao. Rustavi 2 Broadcasting Company is followed by Imedi TV with GEL 26 857 718 in revenues and GDS with GEL 18 877 088.¹⁸

According to TV MR Georgia¹⁹, Imedi TV that ranks third in terms of revenues holds the first place with its average annual rating among the 18+ target audience, followed by Rustavi 2 – one of the channels of Rustavi 2 Broadcasting Company, which in turn is followed by GDS and another channel of Rustavi 2 TV Company – Comedy Channel. Channel 1 of the Public Broadcasters legs behind these channels in the ranking.

The audience share of GPB's Channel 1 is 3,36% while its average annual rating is 0.68%.

The audience share of Comedy Channel is 3,86% and its average annual rating is 0.73%.

The audience share of GDS is 5,61% and its average annual rating is 1.06%.

Rustavi 2 that ranks second has the audience share of 26,76%, while its average annual ranking is 5,04%.

Imedi TV that ranks first has the audience share of 28,08% and average annual rating of 5,28%.

PROJECTS OF THE GEORGIAN PUBLIC BROADCASTER

The Public Broadcaster's media production bloc in 2018 includes big-budget projects provided below:

#	Name of program	Budget
1	Are you smarter than the sixth grader or not	896 860
2	Simple logic	836 660
3	Musical show for adults	634 250
4	Real space	464 880
5	Ranina	401 050
6	Project Acoustics	387 075
7	Bookshelf	352 400
8	Gourmania	322 812
9	Personal doctor Mari Malazonia	268 363
10	Project diversity (ethnic minorities)	224 000
11	Farm	176 158
12	Hoopla – We are alive	130 500
13	Electrolyte	90 000
14	Illusionist	82 000
15	Project Math	12 500

Total budget of these programs is GEL 8 677 625, while total budget of programs that report on new and current events is GEL 15 055 633, which includes the following remuneration costs for several programs:²⁰

#	Name of program	Budget
1	Programs – Current Issue with Maka Tsintsadze, Interview of the Week, Afternoon Program and Debates	196 500
2	Weekly Magazine	264 000
3	Investigative Reporter	133 860
4	Overview of International News	120 000

¹⁷ Letter no.1073/02 of the Public Broadcaster, dated 13 March 2018

¹⁸ Data from the informational/analytical portal of the Georgian National Communications Commission

¹⁹ <http://www.tvmr.ge/ka#!ka/news/60>

²⁰ Decision no.411 of the Board of Trustees of the LEPL Public Broadcaster, dated 2 April 2018

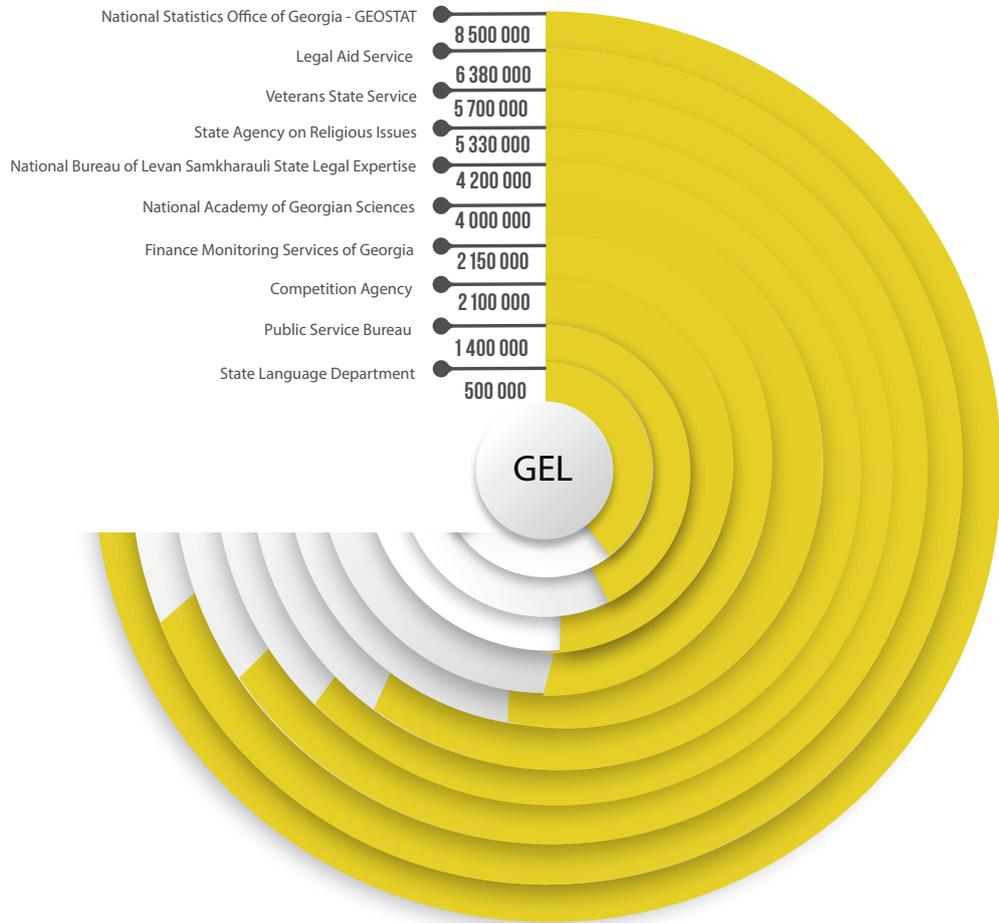
STATE BUDGET ALLOCATIONS FOR THE PUBLIC BROADCASTER IN 2018

It is impossible to state directly whether the amount allocated from the state budget to the Public Broadcaster is a lot or a little, but it is quite possible to evaluate relevance of the amount in consideration of the outcome and the amount of state funds allocated to other institutions, especially after the amendments made to the Law of Georgia on Broadcasting in 2018.

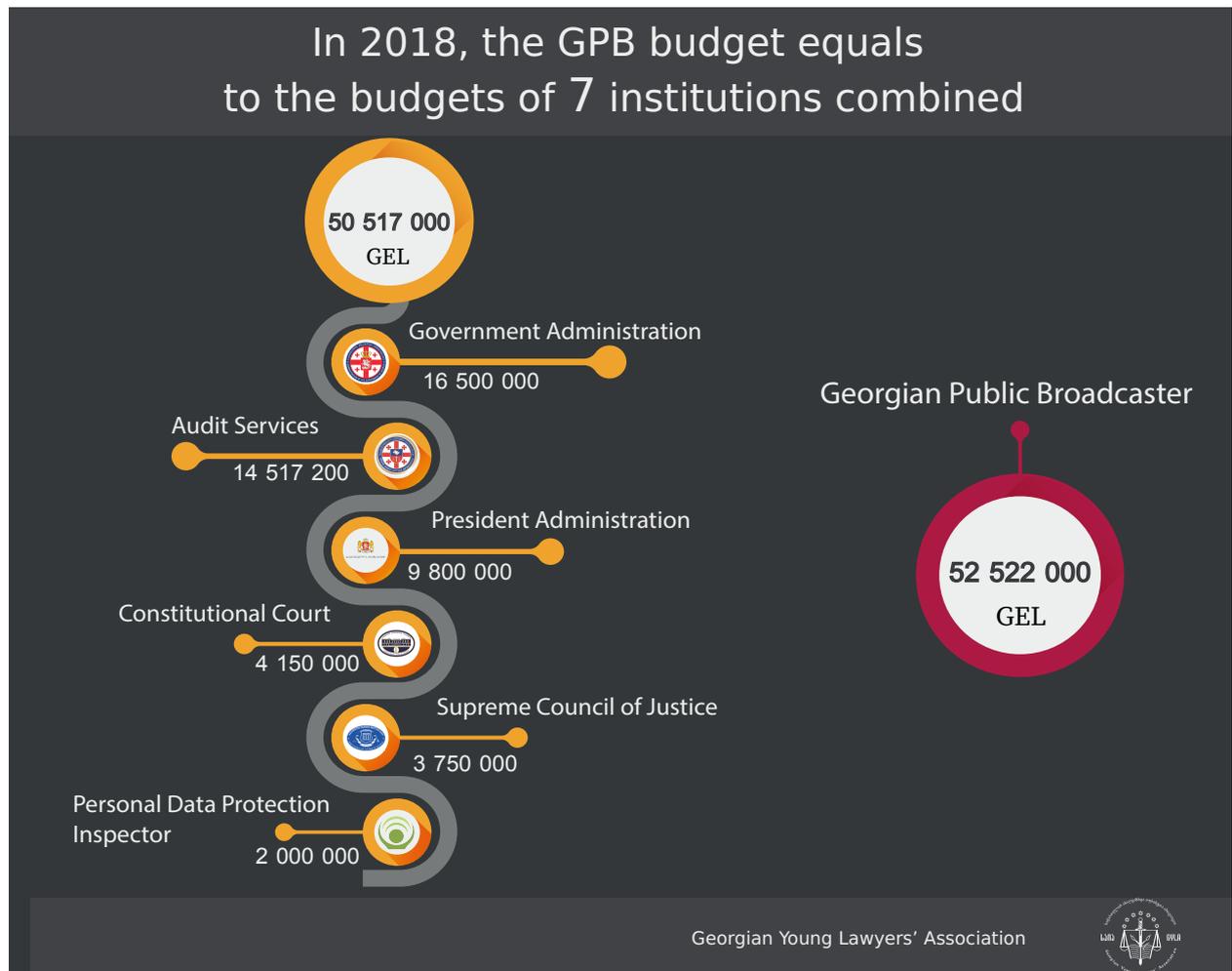
2018 state budget funding for the Georgian Public Broadcaster is 12 million more than the funding for 10 legal entities of public law.

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LEPL

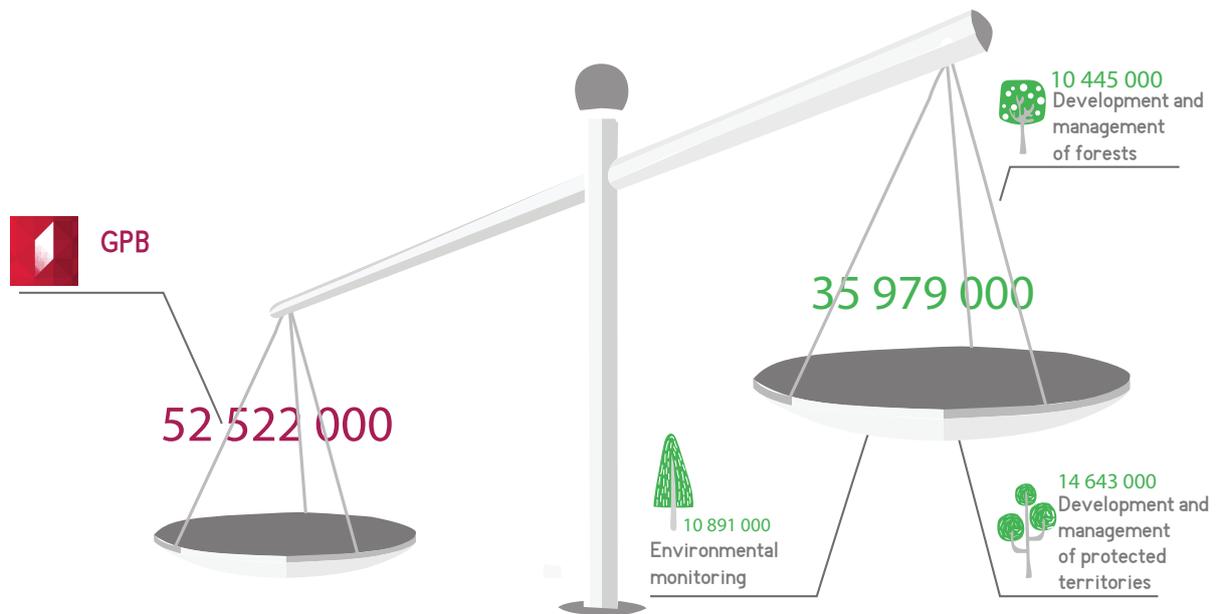


In 2018, the GPB budget equals to the budgets of 7 institutions combined.



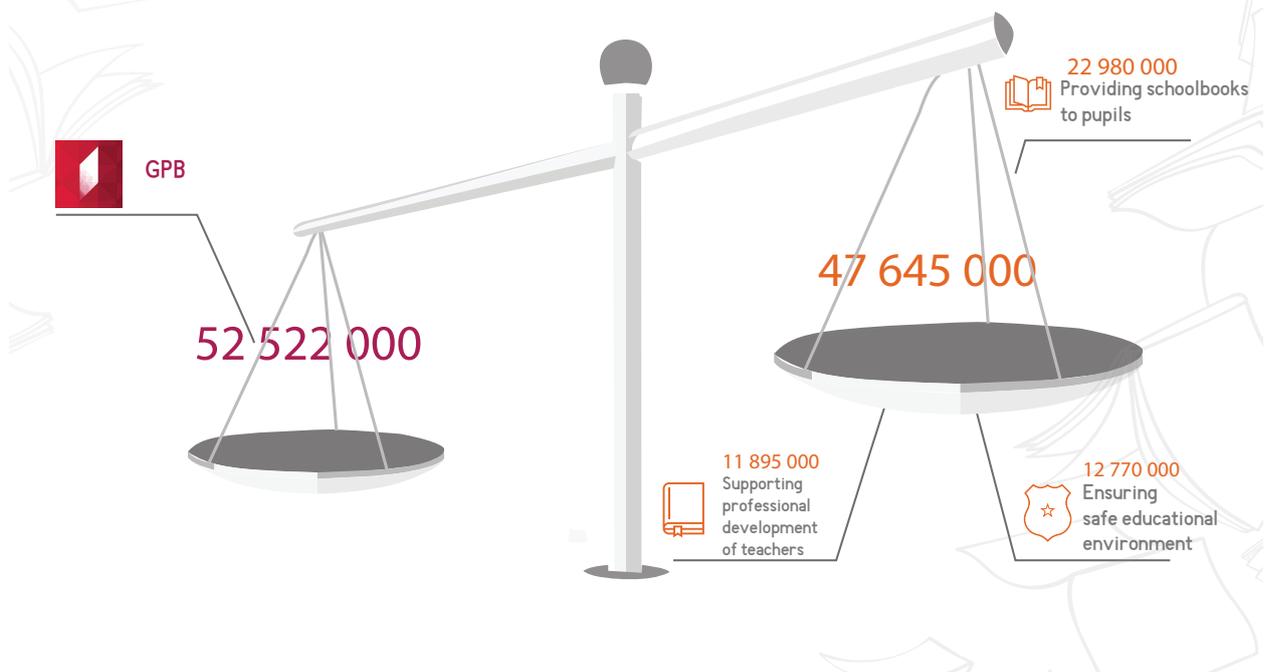
The 2018 budget for environment monitoring, development of the protected territories and forests is 16,5 million less than the GPB budget.

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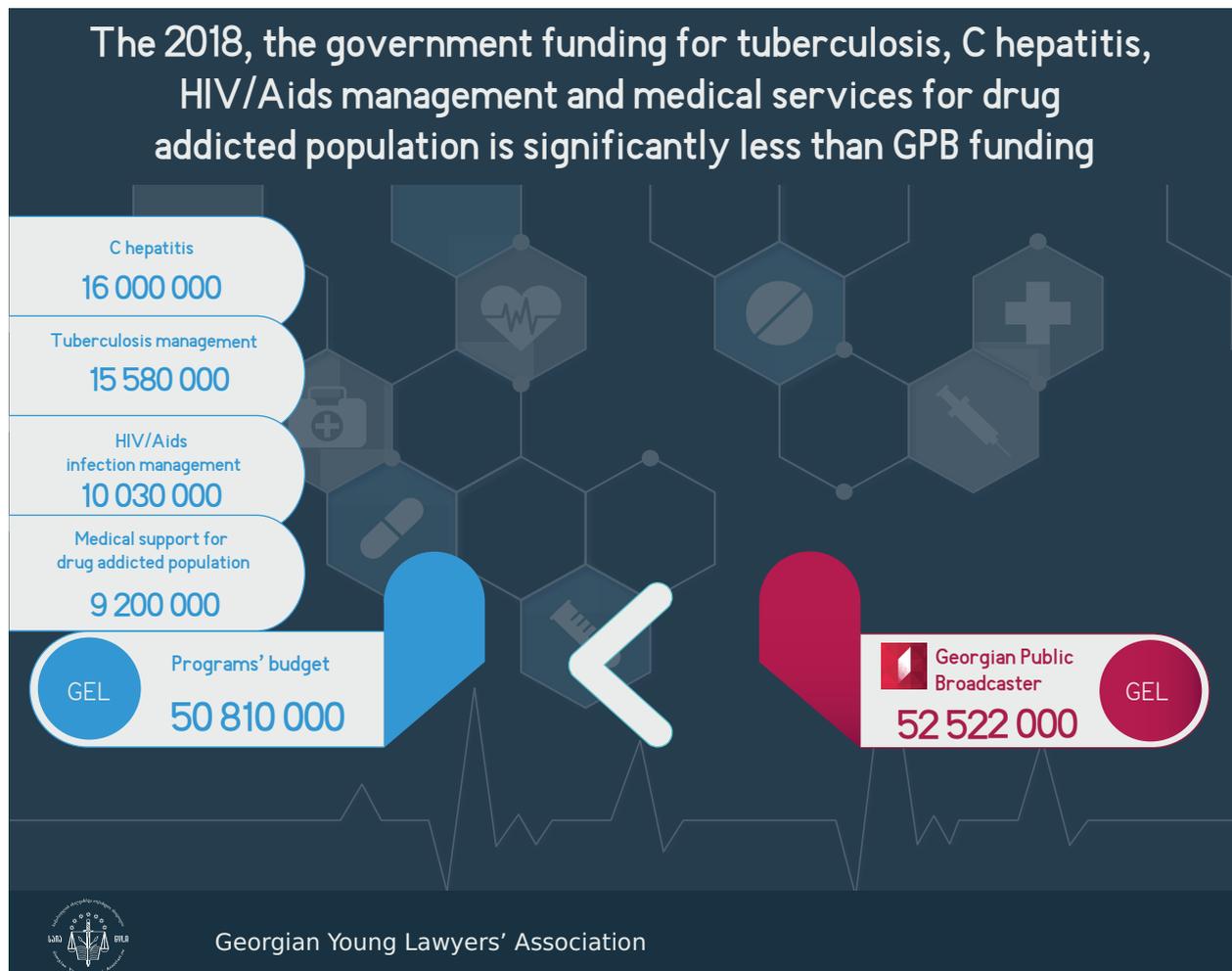


In 2018, comparing with GPB budget, the government spends 5 million less on providing schoolbooks, ensuring safe educational environment and teachers' professional development.

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The 2018, the government funding for tuberculosis, C hepatitis, HIV/Aids management and medical services for drug addicted population is significantly less than GPB funding.



The 2018 budget for GPB exceeds the budget for children's oncohemathologic treatment 26 times

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Children's oncohemathologic
treatment

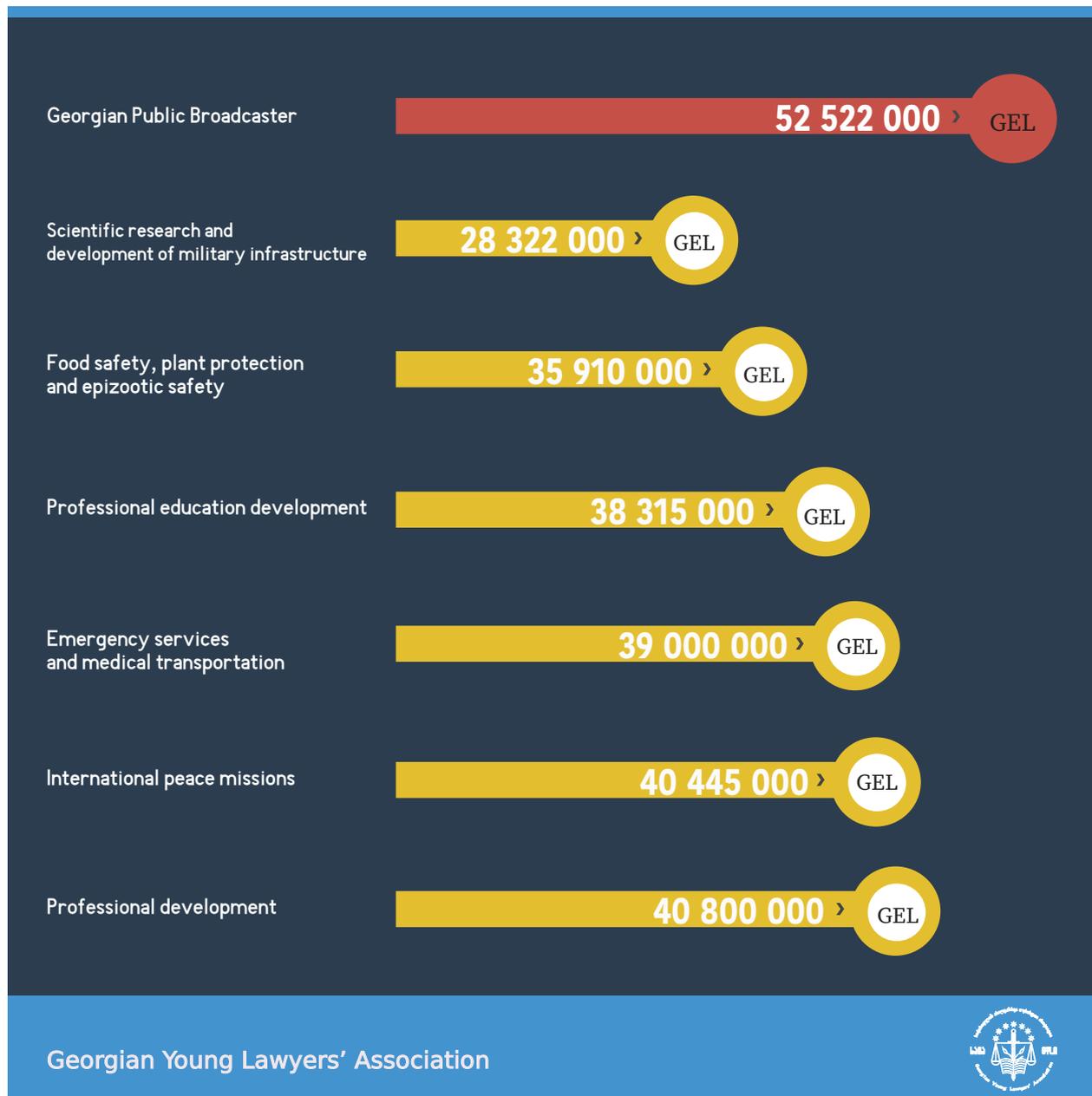


Georgian Public Broadcaster

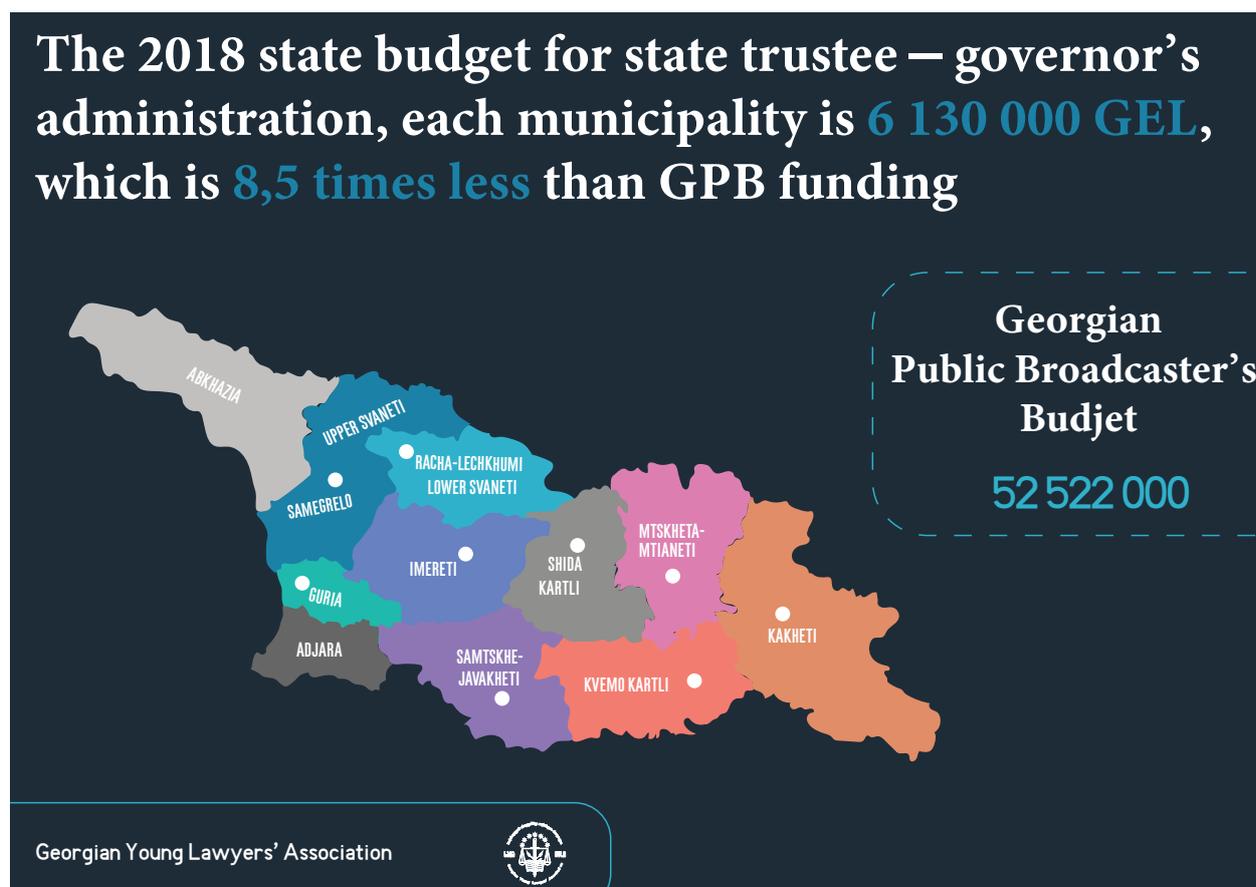
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The 2018, the government funding for scientific research and development of military infrastructure, food safety, plant protection and epizootic safety, professional education development, emergency services and medical transportation, international peace missions and professional development is less than GPB funding.



The 2018 state budget for state trustee – governor’s administration, each municipality is 6 130 000 GEL, which is 8,5 times less than GPB funding.

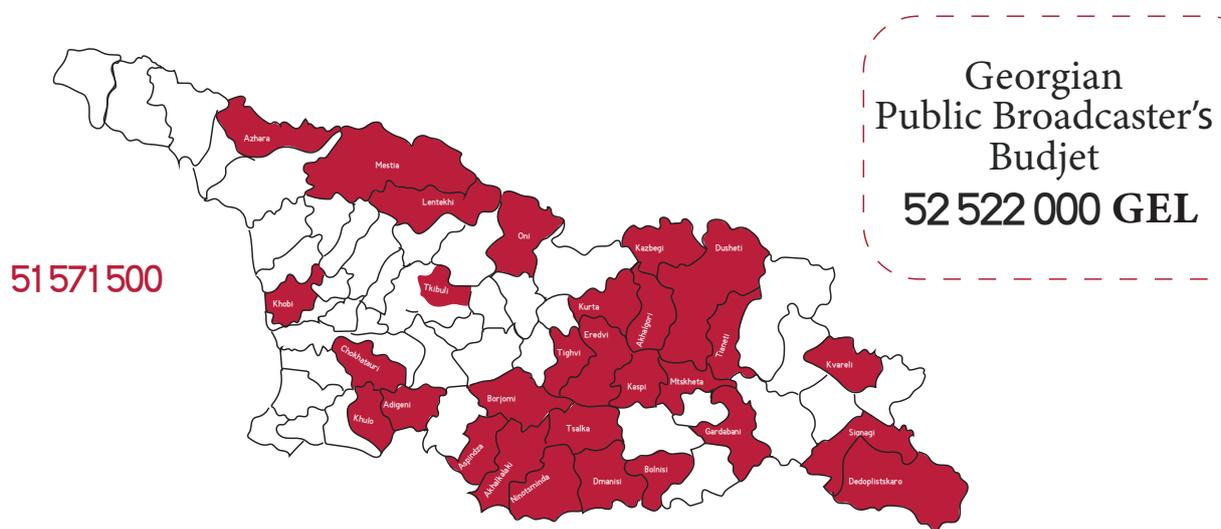


The sum of 2018 transfers from the state budget to 29 municipalities is less than the GPB funding.

Kazbegi Municipality	85 000
Oni Municipality	3 055 400
Lentekhi Municipality	2 828 500
Mtskheta Municipality	2 923 000
Tianeti Municipality	3 372 800
Dusheti Municipality	3 615 900
Akhalkgori Municipality	2 413 300
Ninotsminda Municipality	2 095 700
Borjomi Municipality	190 000
Akhalkalaki Municipality	215 000
Aspindza Municipality	526 000
Adigeni Municipality	3 377 500
Chokhatauri Municipality	2 260 400
Tsalka Municipality	1 092 600
Dmanisi Municipality	3 881 200
Gardabani Municipality	260 000
Bolnisi Municipality	305 000
Tighvi Municipality	1 565 900
Kaspi Municipality	3 721 000
Eredvi Municipality	1 968 100

Kurta Municipality	2 122 600
Khobi Municipality	2 010 00
Mestia Municipality	2 602 100
Signagi Municipality	2 660 500
Dedoplistskaro Municipality	1 002 900
Khulo Municipality	1 456 000
Kvareli Municipality	3 062 000
Tkibuli Municipality	2 792 200
Azhara Municipality	1 099 600

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SUMMARY

Although the funds allocated to the Public Broadcaster are often much bigger than funds allocated to other institutions, its existence is necessary for the country. The primary purpose of a public broadcaster is to provide the audience with information including commercially unviable information and take into account interests of all groups of the society.

To correct the flaws discussed herein, the Board of Trustees should perform its functions and obligations fully and adequately, and the management of the Public Broadcaster should act in abidance by Georgian legislation.

The GPB Board of Trustees is accountable before the Parliament of Georgia.²¹ It is also important that Parliament ensures effective oversight of activities of the Public Broadcaster.

²¹ Art.35 of the Law of Georgia on Broadcasting