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Financing the Theatre System in the Republic of Croatia

Introduction

Art is undoubtedly a significant component of the development of society, and its institutions contribute not only to the spiritual aspect of human life but also to economic development and prosperity in the widest sense. However, in order for a country's culture and art to be built up to the level of national and international recognition, it is necessary to develop a good cultural policy and to persevere in efforts to provide the best environment for artistic activities by means of high-quality artistic programs. Ichak Adizes, the founder and director of one of the leading consulting companies in the world, believes that society's policies toward art ultimately decide whether it can play its role as a promoter of new ideas and as a catalyst for social change (Adizes, 1995, p. 25).

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Realizing that their own income depends on the quality of their product, a well-organized post-production phase, and appealing to the taste of their audience, the trap that artists commonly fall into is the struggle between quality and income. Dragan Klaić warned against the risk of “slipping” towards commercialization, stating that politicians, civil servants and cultural workers often do not notice the “rapid rise of commercial theatre” due to the focus on various attempts at reform¹ (Klaić, 2008, p. 2). However, commercial art has no significance in the development of some communities because, unlike fine art, it relies on human potential instead of contributing to it (Adizes, 1995, p. 27). Therefore, a well-designed cultural policy and well-educated staff of cultural managers – who are chronically lacking – is of great importance for the development and promotion of artistic creativity (Lukić, 2011, pp. 32–49).

The main instruments of cultural policy are planning, decision-making, legislation² and financing, the last of which is the most transparent indicator of cultural policy guidelines (Dragojević, 2006, p. 121). This is precisely why the financing of theatre activity (primarily from the perspective of the Ministry of Culture of the Republic of Croatia) is the main topic of interest in this paper. The financing models will be presented later.

Cultural Policy and Theatre

When it comes to large theatre institutions, the transition period in Croatia has not resulted in significant modernization of the inherited systems. However, when it comes to smaller organizational models, i.e. the independent theatre scene, democratization and professionalization of the allocation of budgetary funds has occurred in most of the countries in the region, including Croatia. There is still an unequal relationship between public and private theatres because public theatres are financially supported by their owners (state, counties, cities), who cover their operational costs. However, this is not

¹ For more on this subject, see Dragan Klaić’s book *Početi iznova. Promene teatarskog Sistema* (Klaić, 2016).

² For the legal framework of theatre financing, see Bestvina Bukvić, Mihaljević & Tokić, 2015.

the case with private theatres, which have more difficulties in finding financial resources for their operational costs but are therefore more agile, better networked in international projects, and more “resourceful” in the usage of funding resources (Klaić, 2008, p. 2).

The way in which public money is distributed depends on the cultural policy. How intensely and in what way various instruments of a cultural policy are applied depends on the political tradition of a particular country, but interference is to a greater or lesser extent an indispensable aspect of cultural life. Sanjin Dragojević thoroughly discusses this topic in his PhD dissertation entitled *Cultural Policy. European Approaches and Models*, in the chapter “Cultural Policy Instruments and Measures”. He describes the basic types of states, which can be differentiated according to the ways in which they implement cultural policy instruments. Like most European countries, Croatia is an architect state

which is realized through the establishment and operation of a mostly elaborate network of measures, financial supports and administrative structures. The field of culture is usually funded directly through the Ministry of Culture or similar institutions at lower levels, whose work is significantly controlled and determined by it (Dragojević 2006, p. 120).

A major step towards the professionalization of decision-making in the financing of cultural programs in recent Croatian cultural policy was the establishment of Culture Councils in 2004: these bodies consist of experts in their fields who evaluate every program that applies for financing; they then make proposals to the Ministry of Culture regarding which programs should be financed and to what extent. The Culture Council is an important adviser – a corrective to the Minister of Culture. The functioning of the Council is legally prescribed by the *Law on Culture Council* (OG 48/04, 44/09, 68/13). Theatre programs are evaluated by the Culture Council for Drama, and Dance Art and Performing Arts, which follows the *Criteria for Accepting Program Proposals in the Field of Dramatic Art and Contemporary Dance and Movement*, pursuant to Article 7 of the *Ordinance on the Election and Establishment of a Program of Public Needs in Culture* (OG 55/16). Culture Councils are also established in local authority units, such as in the city of Zagreb. Although the establishment of Culture Councils is a significant step forward, there is criticism from the Croatian cultural public regarding their work in practice. Vitomira Loncar believes

that certain interest groups are favored due to the small number of inhabitants, experts from various areas of culture, clientelism, and even conflicts of interest. However, Sanjin Dragojević indicates good practice in the work of Culture Councils and Cultural Policy in general in Great Britain and France: members have a simpler mandate to avoid clientelism; long-term contracts are signed with institutions that are considered relevant to cultural development; programs are thoroughly evaluated by independent experts and the institutions themselves (Ožegović, 2013). One of the problems of Croatian cultural policy that is emphasized by the theatrologist Darko Lukić is the lack of good analysis of the real consumers of culture in Croatia; according to this author, without such analysis it is impossible to develop a serious cultural policy (Lukić, 2011, p. 74). All these challenges are faced by Croatian cultural policy, which compared to many European countries is very recent and therefore has room for improvement provided that the dialogue between legislators/financiers and the cultural public is worked on systematically.

The Ministry of Culture of the Republic of Croatia has published two important documents related to cultural policy³. *Cultural Policy in Croatia: National Report*, published in 1998, was the first systematic and comprehensive overview of all cultural areas. Twenty-three associates and experts worked on it. Part of the report is a chapter entitled “Stage Art”, which is divided into several units: war and theatre, politics and theatre, legislative framework, work and employment, old federal theatre connections, how to improve the situation, chapter summaries. Vitomira Lončar, whose specialty is strategic planning in culture, praised and criticized the document, considering it a “project that promised a different view of culture” that “would be of great benefit to theatre in Croatia if similar reports were issued at least every five years to see the trends in all areas of theatre work, but there is no indication that this will happen in the near future” (Lončar 2013, p. 102). The National Report was followed by an expert report entitled *Croatia's Cultural Policy. From Barriers to Bridges*, which analyses the state of cultural policy in Croatia. It was created by European experts and the editor was Charles Landry, a British consultant whose company deals with creativity,

³ In the chapter entitled Strategic Documents, Vitomira Lončar analyzes all strategic documents created in Croatia as well as their application and implications for cultural life in Croatia (Lončar, 2013, pp. 95–125).

culture and urban changes (Lončar, 2013, p. 102). This group visited Croatia several times in 1997 and talked to about 320 participants from all areas of cultural life (not only in Zagreb but also in smaller towns), representatives of civil society, as well as to the Ministries. The aim was to evaluate the achievements of Croatian cultural policy since the early 1990s and to implement the principles of the cultural policy as concrete objectives. This external perspective should have enriched the development of Croatian cultural policy. *The National Report* was considered unbiased and encouraging for this process and was considered to be the best national report submitted for the final discussion at the Council of Europe (Lončar 2013, p. 103). Vitomira Lončar analyzed both reports in detail and considered them stimulating for the cultural development strategy; however, she pointed out that there was a good chance that the necessary change in the strategy would be caused not by the content of the reports but by the problem of financing cultural programs.

In 2000, work on a cultural development strategy started as part of a project called *Croatia in the 21st century*. In 2001, the *Strategy of Cultural Development. Draft* was published by the Ministry of Culture, and at the end of the same year a text entitled *Croatia in the 21st century* was abridged and amended in a publication of the Central Office for Development Strategy of the Republic of Croatia. The *Strategy* is related to changes on the Croatian political scene and – as is stated in the introduction above – the turning point towards the independence of culture and art from society and the state happened with a shift of ideology (Strategija, 2001, p. 10). However, although it is an extremely valuable and significant document for Croatian cultural policy, Lončar concludes that “the section related to the theatre lacks vision: it is not clear what kind of theatre was to be achieved in the period for which the Strategy was foreseen. There is less emphasis on infrastructure and the promotion of program excellence in this section. Strengthening infrastructure is important, but it is the program that makes a high- or low-quality art organization, and this part of the document is insufficient” (Lončar 2013, p. 120).

The challenges of cultural policy in Croatia are analyzed in detail by Darko Lukić in a collection of essays entitled *Kazalište, kultura, tranzicija (Theatre, Culture, Transition)*. Vitomira Lončar and Snježana Banović strongly criticized the influence of politics on theatre art in the Republic of Croatia, and they published a series of texts, essays, criticisms and columns on this subject:

Vitomira Lončar in *Slamka spasa (Final Straw)* (I, II), and Snježana Banović in *Kazalište krize (Crisis Theatre)* i *Službeni izlaz (Official Exit)*.

Organizational model

Before breaking down the financing model, it is necessary to explain the organizational model of theatre activity in Croatia more closely. Theatres and theatrical companies are engaged in professional theatre activities⁴. According to the *Theatres Act* (OG 71/06, 121/13, 26/14), theatres in Croatia are either public or private. Public theatres and theatre companies are established as public institutions if their founder is a state, local, or regional self-government unit. The Republic of Croatia is a co-founder of only one public theatre: the Croatian National Theatre in Zagreb⁵, which is funded from a separate budget item of the Ministry of Culture and not from the budget for theatre activities. For the purposes of transparency and visibility, all state-owned institutions (theatres, museums, libraries, etc.) are specifically identified in the state budget according to their financial situation. The *Theatres Act* specifically separates public theatres and theatre companies with the *national* denomination, implying the realization of a program of “drama and music and performing arts, taking into account territorial uniformity and regional representation in performing theatre activities” (Art. 19). The national theatres include the Croatian National Theatre in Zagreb, Split, Rijeka, Osijek and Varaždin, whereas the private theatres include arts organizations, private institutions and companies. The Register of Theatres (n.d.)⁶ at the Ministry of Culture lists 32 public institutions in Croatia (as of 10 August 2018) registered to legal persons who perform professional theatre activities in the Republic of Croatia.

When it comes to private theatres, they can be formed as a trading company and then enrolled in the Register, provided that they have a special organizational unit which performs theatre activity as part of their activi-

⁴ Vitomira Lončar writes in detail about organizational theatre models in her book *Theatrical Transition in Croatia* (Lončar, 2013).

⁵ The Republic of Croatia is the owner of the Croatian National Theatre in Zagreb, with a 51% share of ownership; the City of Zagreb holds 49% of ownership shares.

⁶ The Register of Theatres is regulated by the Regulation on the Register of Theatres (n.d.), which prescribes content, the management model and the registration procedure.

ties – a theatre group. In Croatia the only theatre that is registered as a private institution is the Epilogue Theatre; this was registered on 23 January 1996, i.e. before the *Law on the Rights of Self-Employed Artists and on the Promotion of Cultural and Artistic Creativity* entered into force in May of the same year. This act allowed a new organizational founding model that is now the most common model for the performing of professional theatre activity, namely art organizations. According to Lončar,

art organizations are the most favorable form of performing professional theatre activity in the Republic of Croatia. [...] they brought not only organizational changes but also a program change in business activity [...]. The number of art organizations is increasing, which means that the independent scene in Croatia (not only in theatres) is getting stronger (Lončar, 2013, pp. 250–251).

According to the Register of Theatres (n.d.), 138 art organizations and 16 trading companies are registered in Croatia (as of 25 August 2018). When it comes to the financing of artistic programs, both public and private theatres and artistic theatre organizations are financed from public funds. However, their great disadvantage compared to public theatres is that unlike public theatres, whose owner is a state or a city which provides funds for salaries and expenses, art and theatre organizations have to find other financing sources to cover all non-artistic-related costs (salaries, overhead expenses, etc.). Considering the fact that the sponsorship and donation system in Croatia is not yet well developed, the main source is often their own income.

Financing models

All the aforementioned theatres are financed according to the following models: subsidies, donations, sponsorship and theatres' own income. Subsidies are incentives from the state, county or city for artistic creativity: budget funds granted through public calls with the aim of supporting the realization of art programs. As previously mentioned, programs are evaluated by the Culture Council for Drama and Dance Art and Performing Arts, which follows the *Criteria for Accepting Program Proposals in the Field of Dramatic Art and Contemporary Dance and Movement*. Donation is defined as “giving gifts in money, goods or services without any compensation and service in return” (Milinović, 2006, p. 42). Sponsorship is “giving money, goods or services to a legal

or physical person in exchange for a certain advertising (promotion) service” (Milinović, 2006, p. 45). ‘Own income’ refers to financial funds that in the case of theatre art are mainly realized through ticket sales.

Good cultural management should be based on so-called mixed funding, i.e. fundraising from all these four resources; however, reality proves that only a small number of projects succeeds in this and such a situation is not a novelty. Olinka Vištica claimed in 2002 that “an ideal financial basis for the smooth and continuous work of organizations in culture and art would be [...] a balanced and realistic combination of funds from different financing sources, which is a huge challenge in practice” (Vištica, 2002, p. 19). Since 2002, when Vištica saw mixed financing as a challenge, the situation has not improved: in times of ever-increasing economic crises, but also at a time of rapid technological development (which enables increasingly simpler promotion methods), sponsoring of theatre projects has become increasingly difficult to access. In terms of donations, the interest of potential donors has also fallen. There is no Act on Donations, but donations are defined in the Civil Obligations Act (OG 35/2005), whereas the definition of a gift for a legal person is included in the Corporate Income Tax Act (OG 177/2004 and 90/2005), which stipulates the following: donations not exceeding 2% of the total income earned in the previous year (taxable amount), regardless of the donations amount, are recognized as an expenditure. The legislation in Croatia does not foresee the possibility of the donation of a certain percentage of taxes which the state could then “hand over” to another entity, for example to a cultural or artistic organization.

Foundations represent another way of financing culture. These are non-profit, non-governmental organizations “whose basic goal is to stimulate, maintain and aid humanitarian, educational and other social initiatives that enter their specific area of activities [...]”. Foundations are a form of expressing civic awareness and responsibility towards the community; they are an unavoidable element of active civil society” (Vištica, 2002, p. 21). In 2002, the Ministry of Culture of the Republic of Croatia issued a publication prepared by Olinka Vištica entitled *Alternative Ways of Financing Culture*, which gives an overview of foreign foundations in the field of culture, categorized according to their program activities and that are potentially interesting to Croatian cultural workers. In Croatia, the development of civil society takes place continuously in virtually all areas, but philanthropy is significantly lagging behind. The outdated *Law on Foundations and Funds* has been in force

since 1995; however, despite the announced changes, it has not been revised (Bajok, 2017). Although the number of funds and foundations in Croatia is constantly increasing (Bajok, 2017), those that support the development of culture and arts are very limited in number. In this era of digital advertising, theatre art is unfortunately just not attractive enough to attract sponsors, especially to smaller productions.

The basic ways of funding theatre art are direct and indirect financing (state budget), as well as financing from independent sources. Direct financing of theatre art implies the allocation of program funds to subsidize professional associations' programs and first-run and repertory programs, theatre guest performances in Croatia and abroad, the hosting of foreign theatre artists, groups and theatres, as well as the organization of theatre festivals. In order to stimulate the expansion of theatre art in all parts of Croatia, the Ministry of Culture especially subsidizes guest performances in Areas of Special State Concern and in less developed regions with lower-income inhabitants and with inadequate cultural content. Areas of Special State Concern are parts of the Republic of Croatia that are lagging behind in terms of social, demographic and other development compared to the rest of the country. They are divided into three groups: the first two relate to areas that are less developed as the result of the Homeland War (1991–1995); the third concerns areas with economic and structural difficulties, such as remote Croatian islands. They are defined according to the *Law on Areas of Special State Concern*, which has been in force since 1996 (OG 86/08, 57/11, 51/13, 148/13, 76/14, 147/14, 18/15, 106/18).

Indirect funding relates to the payment of compulsory pension and health insurance contributions for independent artists, as is regulated by the *Law on the Rights of Freelance Artists and Encouraging Cultural Creativity* (OG 43/96 and 44/96 – correction). Self-employed artists whose work is of paramount importance to the Republic of Croatia are therefore entitled to the payment of pension and health insurance by the state. There are about 1,300 such artists in Croatia. However, artists who with their artistic contribution have earned the status of independent artists consider the income received by the state inadequate: for example, the coefficient according to which their pensions is calculated is 0.8% of the initial factor 1.0, which has fallen from 1.2% due to the austerity measures implemented in 2009 (which implies a pension of approximately HRK 1,800.00 per month). After the abolition of austerity measures, the coefficient was not readjusted and artists were also burdened by the tax reform implemented in 2017, which additionally reduced their royal-

ties. This resolution should be regulated by the new *Law on Performing Artistic Activity*, and there are some indications on its course of development, but there were no significant insights at the time of writing of this paper.

The Minister of Culture prescribes the manner and conditions for self-employed artists to exercise their right to have their contributions paid through the *Regulations about the procedures and conditions for the recognition of the rights of artists to have their retirement, disability and medical insurance paid out of the national budget of the Republic of Croatia* (OG 91/15) (n.d.), which is based on the *Law on the Rights of Self-Employed Artists and on the Promotion of Cultural and Artistic Creativity* (OG 43/96 and 44/96 – correction). The procedures and conditions for the recognition of independent artist status are determined the *Regulations*, which prescribe the criteria for the granting of independent artist status and determine the manner of appointment and work of the Professional Commission for the recognition of the rights of independent artists. The current version of the *Regulations* came into force in August 2015 and was preceded by a series of discussions and controversy with professional associations, and with several years of attempts to adopt the *Regulations*. The reason for this was the large amount of received objections and the inability to reach a consensus (there are 38 arts associations registered with the Ministry of Culture). At the last public debate preceding the final adoption of the *Regulations*, there were several remarks concerning how the commission should accept new members, how the quality of an artistic work should be judged, and also the fact that artists were not given enough time to respond to the *Regulations* draft (*Pravilnik*, 2015).

In terms of funding from independent sources, the most tangible form of financing today is so-called *crowdfunding*, which consists of platforms for collective financing according to defined rules, from which money is collected for well-designed projects by means of individual donations by a large number of people (*crowd*) (Belleflamme, Lambert & Schwiendbacher, 2014, p. 586). Mala Scena Theatre should be mentioned among the successful group-financing projects in Croatia, which by means of *crowdfunding* launched the first Croatian independent theatre ensemble of children and youth called *Dragon's Nest* (*Zmajevo gnijezdo*) in 2016.

When it comes to budget money and the funds from legalized gambling that are used to fund culture in the Republic of Croatia, they are distributed through public calls and tenders issued by the Ministry of Culture of the Republic of Croatia and the City of Zagreb (these are the largest financiers), and by

the Kultura Nova Foundation and other cities and counties. The Ministry of Culture grants budget support through annual public calls in all cultural fields, including theatre art. However, through the “mediation” of the Ministry of Culture, professional theatres can compete for money from EU funds⁷. Two calls were concluded in 2017: the call to submit proposals for the “Art and Culture 54+” and “Art and Culture for the Youth” projects. A third call was concluded at the end of October 2018: “Culture in the Centre – Support for Development of Public-Civil Partnerships in Culture”. Creative Europe (2014–2020), which is a European Union program intended for performing arts, is coordinated by the Ministry of Culture. This is a seven-year program that is intended for cultural and audio-visual activities and which contains two separate sub-programs: Culture and MEDIA. Educational programs are also offered periodically to bring the process of organizing and registering project documentation closer to the users.

The Ministry of Culture co-finances theatre and dance programs in Croatia and abroad through the *Call for Proposals for Public Needs in Culture* that is published every year, usually in July. This call, depending on the registration location, co-finances program activity and the development of cultural infrastructure. The Ministry also offers the *Public Call for Supporting Entrepreneurship in Cultural and Creative Industries*, which relates to all cultural activities, including performing arts, and is intended for employment in culture, acquisition of new technologies and equipment, promotional activities and audience development. In order to encourage the development of contemporary Croatian drama and theatre, each year the Ministry of Culture issues the *Public Call for the Granting of the Marin Držić Award for Playwriting*. The texts that authors submit under a code name are chosen by an independent body of experts from the field of theatre art. The awarded dramas are then published in an anthology that is issued once a year. The authors are also awarded prize money, but the main significance of this prize is that the Ministry commits to funding the on-stage production of the award-winning texts, which is especially important for young, unrecognized, talented dramatists.

Depending on the type of the call and the applied performing arts program, artistic organizations, public cultural institutions, citizens' associations,

⁷ This is about the system of Financial Management and Control of EU Structural and Investment Funds for program period from 2014–2020 for the operational program “Effective Human Potentials” (2014–2020).

natural persons, and companies with registered theatre activity and local and regional self-government units registered in the Republic of Croatia can compete for the funds. Therefore, if there is foreign cooperation, it is necessary to find a Croatian partner.

The funds provided for theatre art in the Republic of Croatia depend largely on the budget of the Ministry of Culture, which is defined by the overall budget of the Republic of Croatia and its priorities. Looking at the period from 2008 to 2018, it can be concluded that the budget intended for culture in the Republic of Croatia oscillated significantly. However, in the last few years the funds provided for theatre art have gradually increased, and in 2018 the funds for culture came close to the amount allocated in 2008. The state budget ratio, the budget of the Ministry of Culture and the budget for theatre activity are shown in the table below, which clearly shows the oscillations in the financing of culture or theatre activity in this period. In terms of co-financing in the period covered, the theatre activities include professional theatres, amateur theatres, and also the contemporary dance movement since the year 2012.

In the data analysis for the period from 2008 to 2017, the starting point was the budget execution related to funds allocation for culture or theatre activity, whereas the analysis for 2018 included monitoring of the planned assets that might deviate from the presented performance numbers in the budget execution. The global economic crisis of 2009 was also reflected in the fact that the cultural budget declined year after year, and in 2014 the planned funds for culture were less than 0.5% of the planned budget. As seen from the graph, this realized budget was somewhat more favorable than the planned one, but still significantly lower than in the pre-crisis times. However, a significant growth in budget funds for culture has been visible since 2015 and if the plan for the year 2018 is realized, it will exceed 1% of the national budget. This is a significant positive step forward in the cultural policy of the Republic of Croatia. Between 2008 and 2011, the budget of the Ministry of Culture covered a program called “Nature Protection”, but the amount foreseen for this program was left out in the table view in order to show only the funds allocated to the culture programs. For instance, the budget of the Ministry of Culture for the year 2011 amounted to HRK 955,171,636.45, of which HRK 14,483,850.64 was for Nature Protection, so this amount was excluded from the total budget. Thus, the table shows in detail that the resulting amount of HRK 940,687,785.81 was allocated only to cultural activities. Below is a tabular and graphical representation of the relationship between the three budgets.

Budget	2018	2017	2016	2015	2014
State	152,828,001.963*	163,925,950,625.30	138,836,599,540.26	145,909,137,374.92	154,679,107,815.32
Ministry of Culture	1,209,592,084.00**	1,038,147,472.70	956,128,326.81	885,822,446.69	776,955,879.97
Theatre activities	23,701,578.50	20,571,133.00	20,353,440.88	20,985,790.00	20,480,642.00
Professional Theatres	20,160,500.00	17,498,000.00	17,717,140.88	18,293,590.00	18,138,000.00
Amateur Theatres	1,033,000.00	852,000.00	794,500.00	817,000.00	684,000.00
Contemporary*** dance and movement	2,508,078.50	1,767,800.00	1,841,800.00	1,875,200.00	1,658,642.00

* Plan for the year 2018.

** Plan for the year 2018.

*** According to the Ministry of Culture of the Republic of Croatia, contemporary dance and movement was categorized as music and musical-stage arts until 2012, but since then it has been categorized as performance arts.

Budget	2013	2012	2011	2010	2009
State	146,892,261,024.43	132,413,411,201.99	134,109,057,178.98	142,754,191,316.85	132,740,020,690.54
Ministry of Culture	813,291,058.08	804,878,171.51	955,171,636.45	1,010,802,439.28	1,079,615,244.63
Theatre activities	21,985,000.00	20,359,320.00	20,229,000.00	21,772,928.00	21,671,000.00
Professional Theatres	19,406,000.00	18,139,320.00	19,829,000.00	21,383,964.00	21,336,000.00
Amateur Theatres	895,000.00	895,000.00	400,000.00	388,964.00	335,000.00
Contemporary dance and Movement	1,684,000.00	1,325,000.00	-	-	-

The Kultura Nova Foundation

The Kultura Nova Foundation also gives financial support to artists by means of public calls; its primary task is the promotion and development of civil society organizations which deal with contemporary culture and arts, including theatre art, as a separate source from the budget of the Ministry of

Culture. It was founded by the Republic of Croatia in July 2011 as a complementary measure in the culture funding system, with the goal of contributing to the development and stability of the civil society organizations for which it was intended. In other words, the Foundation was established to help the civil sector cover the costs not covered by the state and local self-government. Although it was founded by the state, its work is completely autonomous. The Foundation's website states that "The establishment of Kultura Nova [...] marks one of the most significant steps forward in cultural policy in the period of past ten years or so", and "Within the framework of the Croatian model of cultural policy, Kultura Nova sets an important example as an autonomous body responsible for providing professional and financial support to culture's civil sector" (*Kultura Nova's webpage*).

Although the Kultura Nova Foundation does not have large financial resources (according to the latest report for 2017, p. 139, art and cultural programs/projects received HRK 9,124,460.32), its role is crucial for the independent cultural scene as it provides development support to organizations or subsidies for overhead expenses, provided that the association or organization has secured program funds. It is well liked by the cultural public. As mentioned previously, state (Ministry of Culture) and local (for example, City of Zagreb) grants are directed exclusively towards program funds, and the establishment of such a foundation has greatly assisted the "non-artistic" functioning of civil society organizations. Apart from overhead expenses, the foundation also issues public calls for participation in professional training workshops on the operation of cultural and arts organizations, such as the *Business Operation and Accounting of Non-Profit Organizations* workshop, which is coordinated within the "Education in Cultural Management" program. Apart from issuing public calls, the Foundation runs various activities such as public discussions, round tables, seminars, project proposal-writing workshops, working assemblies, information days on the granting of funds by means of public calls, publishing in the Kultura Nova Library⁸, etc.

⁸ The Foundation has four publications: *Workbook for Social-Cultural Centres; Defining the area of work. Labor conditions in civil society organizations in contemporary culture and arts; Custom-made? Practices and tendencies of cultural education in Croatia* and *Let's do it together. Practices and tendencies of participatory management in the culture in the Republic of Croatia* (a collection of papers entitled, published within the scope of *The International Approaches to Participatory Governance of Cultural Institutions* project).

In order to acquire financial support, associations and art organizations have to be registered in the Republic of Croatia and entered in the register of non-profit organizations; they should contribute through their work to the community and respond to its needs by contributing to the public good and to the values of society in the Republic of Croatia; they also have to prove the proper fulfilment of their signed contractual obligations in previous applications.

By establishing the Kultura Nova Foundation, the Republic of Croatia made a step towards solving the problem of the civil sector regarding further development and improvement of the system of financing in the field of contemporary culture and art.

Conclusion

This paper attempts to describe the cultural policy system of the Republic of Croatia by means of the instruments of financing; it provides an overview of the ways in which theatres can obtain financial support from various organizational structures. Good knowledge of this system and of all financing models is a prerequisite for high-quality cultural management and thus the development of theatre activity in general.

As a well-planned strategic support system, good cultural management and the relation between cultural policy and artistic creativity are the prerequisites for the systematic and organized development of culture and art. Pursuant to the cultural policy guidelines, the role of the state as a financier should always be to guide art towards excellence, that is to create an environment that encourages and develops creativity. However, in order for the system to function well it is necessary to focus on the education of staff who deal with artistic creativity from an entrepreneurial perspective, to train managers who understand art and its role in society, and to finance the promotion of art with the least risk of commercialization. Even though there are still challenges to be faced and areas that need further improvement, there have been some positive developments in the (still recent) cultural policy in the Republic of Croatia: some examples include the Kultura Nova Foundation and the culture councils of experts who assess the value of programs that compete for budgetary funds. There should be a better system of support for young artists

who are just starting their artistic journey. The independent cultural scene should be empowered to create greater equality between public and private theatres. However, a primary objective should be systematic work on the dialogue between the state, local government, self-government units and artists (their professional organizations) in order to create trust and mutually deal with strategic development issues in the Republic of Croatia.

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Finansowanie systemu teatralnego w Republice Chorwacji

Niniejszy artykuł opisuje sposoby finansowania kultury w Republice Chorwacji na przykładzie sztuki teatralnej, ze szczególnym uwzględnieniem działalności Ministerstwa Kultury. Przedstawiono model organizacyjny systemu teatralnego w Chorwacji oraz omówiono modele jego finansowania. Zaprezentowano statystyczny i porównawczy przegląd zasobów budżetowych na poziomie państwa, Ministerstwa Kultury i instytucji teatralnych w okresie od 2009 do 2018 roku, dający wgląd w ich wzajemną zależność.

Słowa kluczowe: teatr, Chorwacja, Ministerstwo Kultury, finansowanie, modele organizacyjne

Financing the theatre system in the Republic of Croatia

This paper describes ways of financing culture in the Republic of Croatia using the example of theatre art, with an emphasis on the Ministry of Culture in the Republic of Croatia. The organizational model of theatre activity in Croatia is presented and the models of its financing are discussed. A comparative statistical overview of budget resources is also presented at the level of the state and the Ministry of Culture and the theatre activity for the period 2009 to 2018 in order to gain insight into their interdependence.

Keywords: theatre, Croatia, the Ministry of Culture, financing, organizational models

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