

## **Ownership transformation of spa resorts in the Republic of Serbia (the model of the privatization of Gornja Trepča Ltd., Gornja Trepča)**

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**Abstract:** The subject of this paper is an explanation of the concepts of ownership, ownership transformation and detailed analysis of the key elements in the business operations of Gornja Trepča Spa Ltd., Gornja Trepča, before and after privatization. The aim of this paper is to present a good example of a privatization through the analysis of the key elements that are responsible for successful spa business. The importance of this work is in its very goal, which is to draw attention to the significance of spa resorts and ownership transformation that is still in progress in the Republic of Serbia. An example of successfully implemented privatization can serve as a model for all remaining unresolved problems in the field of transformation of the properties of spa resorts.

**Keywords:** public property, transition, privatization, spas, Gornja Trepča Ltd., Gornja Trepča

**JEL classification:** P31, P26

## **Svojinska transformacija banja u Republici Srbiji (model: privatizacija „Gornja Trepča“ d.o.o. Gornja Trepča)**

**Sažetak:** Predmet ovog rada jeste objašnjenje pojmova svojine, svojinske transformacije i detaljna analiza ključnih elemenata poslovanja banje “Gornja Trepča” d.o.o. Gornja Trepča pre i nakon privatizacije. Cilj ovog rada jeste da se prikaže dobar primer jedne privatizacije kroz analizu ključnih elemenata koji su zaslužni za uspešno poslovanje banje. Iz ovog cilja proizilazi i značaj rada, a to je skretanje pažnje na značaj banja i svojinske transformacije koja je u Republici Srbiji započeta, ali još uvek nije okončana. Primer uspešno sprovedene privatizacije može služiti kao model za sve preostale nerešene probleme iz oblasti transformacije banja.

**Ključne reči:** društvena svojina, tranzicija, privatizacija, banje, „Gornja Trepča“ d.o.o. Gornja Trepča

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## **1. Introduction**

Spas in the Republic of Serbia are characterized by a long tradition, but the position of all of them is not the same. Some of them are doing business well today, while others are facing difficulties and are expected to find solutions for continuation of their business activities.

This paper will look into one of the ownership transformation models, i.e. the case of the privatization of Gornja Trepča Ltd., Gornja Trepča. For the purposes of this work, data is collected and processed from the archive of the Special Hospital for Rehabilitation Gornja Trepča from Gornja Trepča, the Ministry of Economy and the Bankruptcy Supervision Agency, as well as professional literature from various sources. The main goal of this paper is to present a good example of a privatization through the analysis of the key elements that are responsible for successful spa resort business.

The paper consists of theoretical and empirical parts divided into four segments. In the first and second segment, the notion of public property and ownership transformation with reference to the legal regulation is described in more detail. The third segment explains the methodological framework. Finally, the fourth segment provides a detailed example of the successfully implemented privatization of Gornja Trepča Spa, Ltd. Gornja Trepča, with comparative analysis of the operations of the subject of privatization before and after the privatization.

## **2. Ownership transformation and the concept of social property**

Ownership transformation is the transformation of one form of property into another. Over the last 30 years, according to [Radulović & Dragutinović \(2015\)](#) “public opinion and attitudes about privatization has significantly changed – from it being a necessary evil, as privatization was observed until the late nineties, to its treatment as a panacea, the cure to all problems of the Serbian economy during the early 2000s” (p. 11).

Ownership makes one of the most important concepts of the Western social thought. For the first time, ownership was defined in the Middle Ages as “total power over things”, or otherwise “belonging to the owner”. The elements of ownership are: (1) *Usus* or the use of things according to the needs of the owner (2) *Frustus* or the right to the yield products of things (3) *Abusus* or the owner's authority to dispose of his means at will: to maintain, change, save, throw, destroy or give it to another ([Property law, 2013](#)).

Social property should be, as its name itself says, the property of society. The society consists of all residents of a social community (state, republic, provincial, region, municipality, etc.), and the property of society can be called joint ownership. The common property of all inhabitants of a given social community is, in other countries and in old literature, less often called “social” and more often called “state”, “public“, “governmental” or “general public” property ([Šoškić, 1995](#)). In the Yugoslav economy the management of this communal, social property was transferred to the labour collectives, which, in comparison with the developed market economies, proved to be ineffective. Between workers and means of production, in capitalism the capitalist is its owner, in state socialism the state is its owner ([Gnjatović, 2007](#)). In the late 1980s and early 1990s, the socialist countries fell into a deep and comprehensive crisis, and it was believed that progress would be made if countries and the developed Western countries would converge. This convergence required major changes in socialist societies. Ownership is the fundamental determinant of the established social order, the basis on which relations in one society lie, so that any change in property implies a change in the social order ([Ćeranić, 2011](#)).

Transition is a break with the so-called socialist economic pattern in which the state plays the main role. The main stronghold to transition is privatization. In fact, the transition to a market economy is a comprehensive process because it contains ownership transformation, change of the role of the state, smooth functioning of the market, gradual and selective liberalization of economic relations with foreign countries, restructuring of enterprises, increase of social stability and creation of more favourable terms for inflows of foreign capital, changes in infrastructure and environmental protection, macroeconomic stabilization ([Marsenić et al., 2004](#)) as well as a number of other important segments of social change.

### **3. Legislation**

Article 56 of the Constitution of the Republic of Serbia from 1990 stipulates that a social, state, private and cooperative ownership and other forms of ownership are guaranteed ([Constitution of Republic of Serbia from 1990](#)).

Article 86 of the Constitution of the Republic of Serbia from 2006 stipulates that private, cooperative and public property is guaranteed ([Constitution of Republic of Serbia from 2006](#)). Public property is a state property, property of an autonomous province and property of a unit of local self-government. Furthermore, it has been established that the existing social property is converted into private property under the conditions, in the manner and within the deadlines stipulated by the law.

From the mentioned constitutional provisions, it can be concluded that since 2006 the Constitution of the Republic of Serbia no longer recognizes social property, although it still exists in social enterprises, until converted into private property either through privatization or bankruptcy.

Namely, the process of property transformation in the Republic of Serbia began in 1991 with the adoption of the Law on the Conditions and Procedures for the Conversion of Social Property into Other Forms of Property ([Official Gazette of the Republic of Serbia, No. 48/91, 75/91, 48/94, 51/94](#)). In accordance with this Law, employees could buy shares of socially-owned enterprises, but not state capital. The co-ownership of employees in the enterprises in which they work not only increases their interest in better use of capacities, but also contains elements of social justice, because they have contributed to the formation of business funds with their work ([Marsenić et al., 2004](#)). After a period of three years of deterioration of social capital in conditions of hyperinflation ([Gnjatović, 2007](#)), in 1994, a large number of ownership carried out transformations were annulled.

The new legislative activity in the field of change of capital structure was introduced in 1997 when the Law on Ownership Transformation ([Official Gazette of the Republic of Serbia No. 32/97](#)) was adopted, according to which employees and pensioners in the social and state sector could acquire shares without compensation up to 60% of the total value of capital. The adoption of this law resulted in a further slowing down of the initiated process of ownership transformation, creating business entities without investment and credit ability and without the interest of strategic investment partners. Also, the new shareholders were not able to provide the necessary investments for the survival of their enterprises by their means ([Radović-Janković, 2001](#)).

In 2001, the Law on Amendments to the Law on Ownership Transformation was adopted with the six-month application period, in which time a new law would be passed which would regulate the field of privatization of state and social capital. Namely, the applicable Law on Ownership Transformation at that time gave the explicit advantages to the employees of the company in the privatization process. The workers had a priority over other

citizens in registration of shares in the first round, as well as a priority when registering shares in the second round ([Radović-Janković, 2001](#)).

New legislation was drafted in order to correct the noted shortcomings of the law and make privatization mandatory. Thus, in 2001, the Law on Privatization ([Official Gazette of the Republic of Serbia, No. 38/2001](#)) was adopted.

In the application of this law, certain experiences were gained that pointed to the need to amend certain provisions in order to improve and supplement existing legislative solutions. When innovating the text (2003, 2005, 2007, 2010, 2012 and 2014), the need was to overcome the circumstances that emerged and to solve the technical difficulties encountered during the application of the Law on Privatization, but the basic concept has remained unchanged.

The existing Law on Privatization from 2001 did not meet expectations in terms of the result of the transformation of the social/state ownership, so a new draft of Law on Privatization ([Official Gazette of the Republic of Serbia No. 83/2014, 46/2015, 112/2015 and 20/2016](#)) was made. The main objective of this Law on Privatization is to minimize the negative fiscal effects, and to create conditions for economic development and preservation of social stability by opening new ones or preserving the existing jobs. Also, the intention is to draw the attention of potential investors and strategic partners, who would be ready to participate in the privatization of the remaining social and public capital and assets of the privatization entities, to the completely new legislative solutions, and make the privatization process more efficient and fully transparent using simple privatization models ([Parliament of the Republic of Serbia, 2014](#)).

#### **4. Methodological framework**

Privatization included almost all branches of the economy. According to the data of the Ministry of Economy of the Republic of Serbia, two spas were privatized according to Law on Privatization and there are 11 more spas still in the process of privatization ([Ministry of Economy of the Republic of Serbia, 2018](#)), while, according to the Bankruptcy Supervision Agency, more than 3 spas, which are with the majority of social or public capital, are currently in the bankruptcy procedure ([Bankruptcy Supervision Agency, 2018](#)). These data drive the conclusion that only two spas were sold in the privatization process in accordance with Law on Privatization (Spa Badanja from Donja Badanja ([Ministry of Economy of the Republic of Serbia, 2003](#)) and Gornja Trepča from Gornja Trepča ([Ministry of Economy of the Republic of Serbia, 2008](#)), while the remaining fourteen spas wait for a solution to successfully complete the transition process in this segment of the economy of the Republic of Serbia, which has great development potential.

This study analyzes an example of good practice and a company that is successfully operating after the process of privatization and ownership transformation. The degree of freedom in the selection of the companies was limited, as the privatization was carried out only on two companies. A company that was selected has great importance for the local self-government, and therefore the entire economy, which also vividly illustrates the specific aspects of privatization. The case study includes a detailed analysis of five key elements: investment in facilities, equipment, personnel, marketing, and clinical research. Without equal investment in all these elements, this company would not be able to develop and successfully operate both on the domestic and foreign markets of special rehabilitation hospitals. Without a successful continuous development, the ownership transformation that was achieved through the privatization of the Gornja Trepča Natural Healing Centre from Gornja Trepča would not be successful.

## **5. Privatization of Gornja Trepča Ltd., Gornja Trepča - Case study**

### **5.1. Basic information**

Spas are natural health resorts rich in medicinal water, mud, pleasant climate, or other natural factors, which use various therapeutic services, mainly water-based and carried out by qualified staff in a professional facility, to help or relief discomfort, accelerate treatment and healing, or help and support healing process in some other way ([Milićević, 2015](#)). Preservation of health is the essence of the wellness concept which is the main motive for staying in spas ([Živanović & Manojlović, 2016](#)).

Spa Gornja Trepča is located at an altitude of 460 m ([Special hospital for rehabilitation „Gornja Trepča“ from Gornja Trepča, 2015](#)). It could be said that it is located in the triangle between the towns of Čačak, Gornji Milanovac and Kraljevo, at a distance of 18 km from Čačak, 9 km from Milanovac (via Vujan), 159 km from Belgrade, via Ibar Highway ([Obradović-Bursać & Stanković-Vasović, 2004](#)).

The natural health resort uses underground thermo-mineral waters in balneotherapy. Balneotherapy is a complex of stimuli of the organism of patients with natural factors: mineral water and peloid ([Živanović, 2015](#)). It is well known that the Gornja Trepča basin has springs of thermo-mineral water with medicinal properties. The water temperature ranges from 27° C to 31° C, which means that it belongs to the category of hypothermal waters ([Obradović-Bursać & Stanković-Vasović, 2004](#)).

With these characteristics, spa Gornja Trepča Ltd., Gornja Trepča was a challenge for new investors, who would contribute to better use of all natural and human resources with their investments.

### **5.2. Business activities conducted before privatization**

According to the information obtained from the archive of the Special Hospital for Rehabilitation Gornja Trepča from Gornja Trepča, the subject of privatization had 51 employees. It had a gross income of EUR 1,088 million. The most important assets (administrative building, stationary building, hydrotherapy block, prefabricated restaurant building, prefabricated camping units, spring building, sewerage, hydrofoil facility and river basin I, II and III), according to business books, amounted to RSD 111.7 million. Prior to the privatization, RSD 1.3 million were invested in marketing.

Other business indicators, all obtained from the archive of the Special Hospital for Rehabilitation Gornja Trepča from Gornja Trepča, which will be shown in the next part of the work, and after privatization, are the number of guests, number of overnight stays, the number of foreigners who visited the spa, the number of conducted therapies. Namely, in 2008, 2,052 guests stayed in the resort, a total of 25,524 overnight stays. There were a total of 248 foreigners who had made 3,347 overnight stays. The total number of therapies conducted in 2008 is 217,655.

### **5.3. Privatization of Gornja Trepča Ltd., Gornja Trepča**

The auction was held on 5th of September, 2008, when the buyer, “Bonida” Ltd. from Vladimirci bought 70% of the social capital of the subject of privatization, the Socially-owned enterprise Natural Healing Centre Gornja Trepča from Gornja Trepča. On 9th of September, 2008 the contract regarding the sale of social capital via public auction method was concluded between the Privatization Agency and the company “Bonida” Ltd., from Vladimirci ([Ministry of Economy of the Republic of Serbia, 2008](#)).

#### **5.4. Business operations and key events after privatization**

Three key events that took place after the privatization, which crucially influenced the conduction of business of the privatization subject Gornja Trepča from Gornja Trepča, are:

1. Founding of the Special Hospital for Rehabilitation Gornja Trepča from Gornja Trepča. On 9th of February, 2010 by the decision of the Commercial Court Fi-2/2010, a Special Hospital was registered in accordance with the Health Care Law ([Official Gazette of the Republic of Serbia, No. 107/2005](#)). Namely, Article 46, paragraph 2 of the aforementioned law states that health institutions may be established by means of state or private means. Furthermore, the same article states that a health institution may be established, as a hospital (general and special). Article 48 paragraph 1 of the same law states that state-owned health institutions, depending on the type, are established by the Republic, autonomous province, municipality or city, in accordance with this Law and the Plan of the Network. From this, it follows that every special hospital must have a founder. Socially-owned company Gornja Trepča from Gornja Trepča, a special rehabilitation hospital, prior to this registration, was not a health institution established by the Decree on the Plan of the Network of Health Institutions ([Official Gazette of the Republic of Serbia, No. 107/2005](#)), because Socially-owned company Gornja Trepča was in the process of privatization and there was no legal basis for changing the form of organization without changing the form of capital, that is, without ending the privatization process, or without ending the ownership transformation of the company. Natural Health Resort Atomic Spa Gornja Trepča JSC founded the Special Hospital for Rehabilitation Gornja Trepča JSC. Resources for establishing and commencement of work of the Special Hospital consisted of funds, assets, employees of the Atomic Spa Gornja Trepča Natural Health Resort. This registration enabled the undisturbed performance of the predominant activity for which the subject of privatization was registered on the day of auction sale (Registered activity – 85141 – medical rehabilitation).
2. With the opening of a new facility, the Vujan Special Hospital in 2012, Atomic Spa has expended its offer with 122 beds, that is, 52 single and double rooms and five two-room apartments ([Special hospital for rehabilitation „Gornja Trepča“ from Gornja Trepča, 2016](#)). In the newly built facility, 30 new workers were employed, mostly highly qualified medical staff and tourist workers. The first guests came in May 2012, including foreigners from Poland and Norway. Total revenue and number of overnight stays increased.
3. Investments in marketing, both in the country and abroad, created a recognizable brand. Presentation of Atomic Spa in electronic and written media is an important factor in successful conduction of business. In addition, this spa took part in numerous tourism fairs in Belgrade, Oslo, Gothenburg, Moscow, Bucharest, Paris and Novi Sad. Doctors working in the clinic continuously carry out scientific research and clinical studies and results are presented to the general public, thus improving the work of this institution. Some of the most important published studies are: “MSQoL-54 predicts change in fatigue after inpatient rehabilitation for people with multiple sclerosis” from 2012 ([Druilović et al., 2012](#)) and “Thermomineral water promotes axonal growth but does not reduce glial scar formation in a mouse model of spinal cord injury” from 2014 ([Aleksić et al., 2014](#)).

#### **5.5. Business indicators**

Employees represent one of the most important links in the chain of good business. In addition to increasing the number of employees, it is necessary to conduct continuous education of personnel in order to ensure the path of success.

From Table 1 it can be concluded that the number of employees has grown steadily since 2011, and that the number of employees has increased by almost 30, compared to 2017.

Table 1: Number of employees

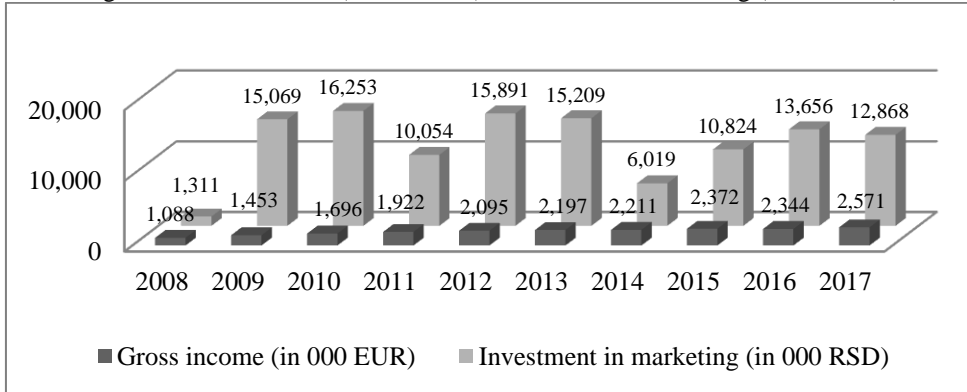
Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Number of employees	51	62	69	51	57	60	62	66	71	78

Source: Archive of Special hospital for rehabilitation Gornja Trepča from Gornja Trepča

Namely, in 2008 and 2011, the company employed the same number of personnel, and the employment of 27 new staff members in the period from 2008 to 2017 represents an increase in the number of employees by 52.94%.

From the financial indicators, the movement of gross income is shown, as well as the movement in value of property and investment in marketing in the period from 2009 to 2017 with the reference to 2008 values when the subject of privatization was sold at a public auction.

Figure 1: Gross income (in 000 EUR)/Investment in marketing (in 000 RSD)



Source: Archive of Special hospital for rehabilitation Gornja Trepča from Gornja Trepča

Figure 1 shows the gross income movement in the analyzed period after privatization. Compared to the level of gross income in 2008, when it amounted to EUR 1,088 million, constant growth was observed with a slight decrease that occurred in 2016, after which the gross income continued to grow in 2017, exceeding the amount from 2015. The largest leap, compared to 2008, was achieved in 2009 when the gross income increased by EUR 365,000. Total gross income increased by 136.31% in 2017 compared to 2008.

Figure 1 also shows investment in marketing. Analyzing the obtained results, we notice that in comparison with the starting base from 2008, when the amount of RSD 1.3 million was invested in marketing, in 2009, a huge reversal was made when investments in marketing rose over RSD 15 million. The figure shows that continuation of investments in marketing was made in 2010. In 2011, investments in marketing dropped. This fact can be linked to investing in the construction of new facilities. After the opening of the new facility, the Vujan Special Hospital, it can be noticed that the investments in marketing in 2012 again increased significantly.

Table 2 shows the values of immovable assets by year. There is a remarkable increase in value of assets in 2017 compared to 2008, when the spa was privatized. The table also shows that some facilities were built after privatization, such as the Vujan facility in 2012, and the

pharmacy building in 2016. Also, there is noticeable growth in the value of the objects purchased during the privatization process, due to investment and renovation.

Table 2: Value of immovable assets by year, starting from 2008 to 2017

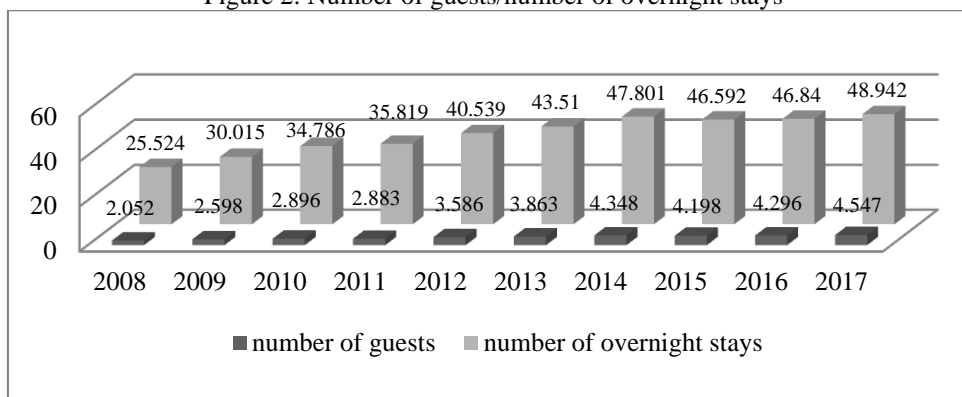
Table 1: specification of immovable property (in 000 RSD)										
Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Stationary building, Hydrotherapy block, Administrative building	90,307	309,025	301,556	332,931	364,247	368,538	368,307	368,307	368,307	368,307
Sewage	3,726	3,726	3,726	3,726	3,726	3,726	3,726	3,726	3,726	3,726
Hydrofoil facility	1,146	1,146	1,146	1,146	1,146	1,146	1,146	1,146	1,146	1,146
River basin I II III	7,249	7,249	7,249	7,249	7,249	7,249	7,249	7,249	7,249	7,249
Spring	1,651	1,651	1,651	1,651	1,651	1,651	1,651	1,651	1,651	1,651
Prefabricated restaurant building	7,155	53,572	56,884	70,041	70,041	70,595	70,595	70,595	70,915	70,915
Prefabricated units-camps	527	18,034	22,191	32,535	32,535	32,535	32,535	32,535	32,535	32,535
Parterre		16,399	16,399	17,537	20,959	20,959	20,959	21,502	21,502	21,502
Vujan facility					187,766	209,766	209,766	209,766	203,937	203,937
Land				15,689	15,689	15,689	15,689	15,689	17,888	20,718
Forests				284	284	284	284	286	284	284
Pharmacy building									874	874
Total	111,761	410,802	410,802	482,789	705,293	732,138	731,907	732,452	730,014	732,844

Source: Archive of Special Hospital for Rehabilitation Gornja Trepča from Gornja Trepča

In 2011, Gornja Trepča Natural Healing Centre from Gornja Trepča and the Serbian orthodox monastery Vujan (The Vujan Monastery is located in close proximity to the Natural Healing Centre Atomic Spa Gornja Trepča, Gornja Trepča) signed a settlement contract, which ended the long-standing litigation regarding the restitution of property to the Monastery, which was taken away on the basis of the Decision of the District Agrarian Court in Čačak from 1946. This settlement resolved the status of the land and the forest of the Gornja Trepča Natural Healing Centre from Gornja Trepča. Part of the assets was returned to the Monastery, while part of it was purchased. After this settlement, changes in the business books of the Spa were made, and the total value of the immovable assets increased.

As other indicators of the success of the Gornja Trepča Natural Healing Centre in Gornja Trepča in this paper, the number of guests of the Spa and the number of overnight stays will be processed. We will also look at the movement of the number of foreign guests who have stayed in the Spa and the number of overnight stays of foreign guests of the Spa. In the end, we will also analyze the number of therapies that have been provided in this natural health resort.

Figure 2: Number of guests/number of overnight stays



Source: Archive of Special hospital for rehabilitation Gornja Trepča from Gornja Trepča

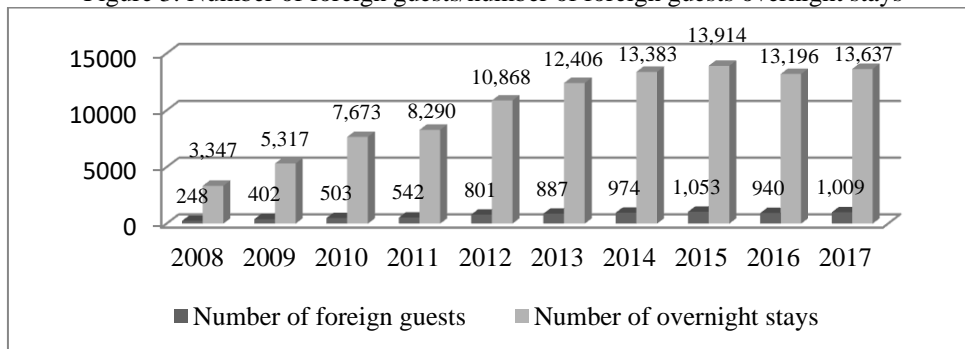


Figure 2 shows the number of spa guests in the period from 2009 to 2017. Compared to 2008, when 2,052 guests were noted, the indicator has increased by 546 in 2009, which is 26.61% more than in the pre-privatization period. Also, a higher leap occurred in 2012 compared to 2011 and in 2014 compared to 2013. This increase in the number of guests can be attributed to the opening of the new facility Vujan, which increased the accommodation capacities of this natural health resort in the form of new beds in new rooms and apartments.

Figure 2 shows the number of guest arrivals in the period from 2009 to 2017. This figure, representing follow-up of the analysis of the number of guests, indicates a significant increase compared to 2008, when 25,524 overnight stays were recorded in the resort. Furthermore, in 2017 a total of 48,942 overnight stays were registered, which is an increase of 18,927 overnight stays compared to 2009, or 23,418 overnight stays more than in 2008. In 2017, the number of overnight stays was almost doubled compared to the period prior to privatization.

Also, by analyzing the data on the number of foreign guests of the spa, as well as the number of their overnight stays, which is graphically depicted in Figure 3, we conclude that the number of visitors from abroad has increased. Namely, in 2008, a total of 248 persons who are not from our country were treated in the spa. In 2009 this number increased by 154 persons, while in 2017 a total of 1009 foreign guests visited the spa, which is 761 persons more compared to the period prior to the privatization.

Figure 3: Number of foreign guests/number of foreign guests overnight stays



Source: Archive of Special hospital for rehabilitation Gornja Trepča from Gornja Trepča

As the number of foreign guests increased, the number of overnight stays increased as well. Analyzing the data from Figure 3, that is, comparing the number of overnight stays per foreign guest for the period prior to the privatization to date, we come to the conclusion that this number is approximately 13, that is, that each foreign guest stays in spa for more than 13 days on average, except in 2010 and 2011, when that number was slightly more than 15 days on average.

The number of foreign visitors grew faster than that of domestic visitors to the spa. Namely, the part of foreigners in the total number of spa guests in 2008 was 12.09%, while in 2009 this percentage was 15.47%.

In 2017, the share of foreign guests in the total number of guests rose to 22.19%. Observing the entire period after privatization, there was an increase in the participation of foreign guests in the total number of guests. The largest number of foreign guests was registered in 2015, when every fourth guest of the spa was a foreigner, that is, the guests from abroad made 25.08% of the total number of guests.

Judging by the previous analysis of all parameters that reflect excellent conduction of business, that is, evidence of a good example of successful privatization, it is expected that the values shown in Table 3 will show growth. Table 3 shows the number of therapies provided in the observed period from 2009 to 2017.

Table 3: Number of therapies

Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Number of therapies	217.655	280.911	293.971	277.318	283.158	275.803	302.280	300.169	296.647	316.295

Source: Archive of Special hospital for rehabilitation Gornja Trepča from Gornja Trepča

In 2008, a total of 217,655 therapies were administered to patients. In the Spa, patients are rehabilitated by various forms of physiotherapy. After the privatization, the number of therapies varied, but it was never below 275,000, which, compared to the pre-privatization period, represents an increase of over 57,000, or an increase of 26.35%. In 2017, the number of conducted therapies was 316,295, which is 38,640 more than the number of therapies provided in 2008. From this it follows that the number of therapies from the period prior to the privatization increased by 45.32% until 2017.

## 6. Conclusion

The privatization of the spa was the first step to the utilization of the huge potentials to the best of its potential. Analyzed privatization of Gornja Trepča Ltd., Gornja Trepča is an example of a successful privatization, after which Gornja Trepča Ltd., Gornja Trepča changed its orientation from the classical health and rehabilitation centre to providing modern form of preventive services, offering its guests, not just prime healthcare services and recreation, but, through additional activities, quality accommodation and excellent service.

Through the careful selection of the model of ownership transformation of other spas, as well as investments in infrastructure, the tourist offer of the Republic of Serbia will be significantly improved, and thus will enhance the competitiveness of the tourism industry and other activities related to it. All this will further increase the direct and total participation of the tourism sector in the gross domestic product and ultimately influence the improvement of the overall image of the Republic of Serbia in the region, Europe and the world.

In 2016, the Government of the Republic of Serbia adopted the Tourism Development Strategy for the period from 2016 to 2025, which aims to approach tourism systemically, and recognizes that tourism needs to take a significant place in economic policy. The purpose of tourism policy, according to this strategy, is to create an environment that maximizes the benefits for all stakeholders, i.e. to minimize negative impacts in the processes and activities regarding the creation of valuable experiences for visitors ([Tourism Development Strategy of the Republic of Serbia 2016-2025, 2016](#)).

Article 4 of the Regulation on the conditions and method of attracting direct investments ([Official Gazette of the Republic of Serbia No. 18/2018](#)), which states the Sources and Purpose of funds for attracting direct investments, among other things, stipulates that the funds can be used to finance investment projects in the hotel accommodation sector in the territory of the local self-government unit in which the spa area is established. Furthermore, by the same Regulation, Article 9, Paragraph 1, Item 4) states that the funds can be allocated for investment projects in the hotel accommodation sector in the spa areas with a minimum value of EUR 2 million and providing employment for at least 70 new employees for an indefinite period of time associated with an investment project.

All this indicates that the Government of the Republic of Serbia is taking an active part in creating a good business environment for the development of spa tourism. With impatience, we expect more examples from the practice of solving the problems of ownership transformation of the remaining spas, which represent the true gem of our country.

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