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ACHIEVING LEVEL PLAYING FIELD BETWEEN THE PUBLIC AND PRIVATE BROADCAST SECTORS: THE PHILIPPINE EXPERIENCE

By

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Paper No. 9
Achieving a Level Playing Field Between the Public and Private Sectors: The Philippine Experience

by

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Achieving a Level Playing Field
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In discussing this topic, it would be best to put it in perspective. Let me, therefore, start by giving you a picture of Philippine broadcast media today.

Situationer: Broadcast Media in the Philippines

Brief Historical Overview

Broadcast media in the Philippines have primarily been privately-owned and commercial in orientation.

The first radio station was put up in the country by an American businessman in 1922. This was also, undoubtedly, the first radio station in Southeast Asia.

Officially, regular commercial broadcasting began on December 30, 1930 with the opening of KZRM owned by Radio Corporation of the Philippines which later became KZRH. Today, KZRH, now DZRH, is the most popular radio station nationwide.

Unlike its counterparts in the ASEAN region, broadcasting in the Philippines, began as a commercial medium. The stations were owned mostly by department stores and used to advertise radio sets and general merchandise.
Radio continued to grow as a commercial enterprise after World War II up to the present. Latest available data show there are 645 radio stations in the country, 328 of which are AM and 37 FM stations.

Television came to the Philippines in 1953 with the opening of DZAQ-TV Channel 3 in Manila. It was also the first television station in the Southeast Asia. Again, this was born as a commercial enterprise.

By 1969, six commercial stations were operating in Manila. At present, there are 142 television stations 136 of which are VHF and 6 UHF.

Ownership

At least 69 percent of the 645 radio stations nationwide are under commercial and private ownership; 5 percent are owned and operated by the government; and 26 percent by religious, educational and community organizations.

Of the 142 television stations, 124 or 87 percent are privately-owned while 18 stations or 13 percent are government-owned.

Reach

Radio or television as the medium of choice or in combination with one another now reaches every household in the country. Every household has at least one radio set. In Metro Manila and other urban centers, many households own more than one radio and/or TV set. Access to the broadcast media has become easy in every part of the country particularly with the advent of satellite broadcasting.
**Radio Programming**

AM stations focus more on news, commentaries, public affairs, public service and dramas while FM stations have a basically musical programming with news, general information, personal greetings and traffic updates thrown in. Some AM stations have converted into purely news and public affairs stations while some FM stations have an almost continuous music programming catering to specific audiences and tastes - pop, ballad, jazz, classical and others. Serial drama programs, which are a regular staple of radio programming nationwide, have developed their own faithful listeners.

There are many educational, instructional and religious programs such as agricultural, counseling, medical advice, family programs and the like. The Broadcasters Federation of the Philippines or KBP encourages radio stations to play original Pilipino music four times in one hour.

There is a great deal of flexibility in the programming of Philippine radio in that it is able to meet the needs of its provincial audience using the local dialect.

To some extent, Philippine radio programming is still personality-oriented. Listeners tune in because they believe in the credibility of a radio personality or they are fans of some personalities.

**Television Programming**

Surveys show that entertainment programs get the biggest weekly share of broadcast time averaging from 60-65 percent for the No. 1 Channel, ABS-CBN Channel 2, to 20-25 percent for the government's PTV 4. News and public affairs programs take about 12 to 20 percent of the total broadcast time among the stations. Two networks -- IBC 13 and PTV 4 -- are heavily into sports programming with some 25-35 percent given to sports programs.
In recent years, television programming has made a quantum leap in the area of news and public affairs programs with newscasts, commentaries and talk shows taking over a significant slice of primetime. Interesting, too, is the fact that some of the more dominant personalities on Philippine television are talk show hosts, newscasters, commentators and anchor persons, a good number of which are female.

Other programming developments are the rise of youth-oriented programs, hence, a deluge of young performers, and the proliferation of showbiz-gossip type of programs and game shows which give away hundreds of thousands of pesos a week. While new young faces and situations have been thrown in here and there, variety shows and situation comedies continue to repeat formulas and use personalities that bring in the advertising money. More lately, however, emphasis is being given to children's programs and continuing education programs particularly for the upgrading of teachers in science and English.

Media Billings and Share by Medium

Data on media billings and share by medium show that from 1991 to 1995 television has lorded it over print and radio.

The total TV advertising revenue in 1996 was estimated to have reached approximately P9 billion with 65% or 5.85 billion going to ABS-CBN, 17 percent or 1.53 billion to GMA and the remaining 18 percent or 1.62 billion divided rather unevenly among three private networks -- ABC 5, RPN 9 and IBC 13 and the government's PTV 4.

The media billings alone already give a salient indication of the commercial dominance of one or two networks thereby fueling even greater imbalance in the broadcast playing field.
Government in Broadcasting

Radio

The Philippine government did not go into radio broadcasting until 1941, just before the start of World War II, when it established KZND under the Department of National Defense. In 1958, the government established the Philippine Broadcasting Service to manage its radio services. Another government radio facility established in the fifties was the powerful 500 kw Voice of the Philippines under the National Media Production Center (NMPC), an information agency under the Office of the President.

From the start, the programming of government radio was a balance of news, information, education, public service and entertainment devoid of commercials.

Today, government owns a nationwide network of 33 radio stations operated by the Bureau of Broadcast Services under the Office of the Press Secretary.

Television

Government's involvement in television broadcasting started in 1974. The beginnings of GTV 4 were very difficult since it had practically no broadcast facilities and had to operate on a very meager budget.

From these innocuous beginnings grew what is now known as the People's Television Network.

While private radio and television never ceased to grow and expand even during the years of the dictatorship and especially after the 1986 People Power Revolution, government radio and television were continuously struggling to survive with a very small government subsidy.
After the Revolution, the People’s Television Network was separated from its mother government agency, the now defunct National Media Production Center (NMPC). The government stopped funding its operations and was forced to go commercial.

For a full year from 1987 to 1988, PTV embarked on almost full commercial programming, producing clones of other commercial network’s highly-sellable sitcoms, musical variety programs, dramas and what-have-yous, just to be able to grab a portion of the advertising pie. The most popular actors and actresses were drawn into the public TV network to perform inanities and tear-jerkers which would normally have rated on other networks but somehow did not work at PTV. The return on investment on this type of programming was a disappointment if not a major loss; after five seasons and millions of pesos down the drain, the plan to go fully commercial was abandoned.

Undaunted, the network embarked on an avant-garde type of program whereby the best film directors were given carte blanche to produce their own type of TV drama. This concept’s execution was off to a good start but unfortunately died a natural death with the absence of ratings. In spite of the perceived commercial failure, the prestigious Catholic Mass Media Wards cited PTV as the network with the “Most Balanced Programming” for three consecutive years, catapulting it into the Awards body’s Hall of Fame.

Constraints notwithstanding, PTV has attempted to compete for its rightful share of the television audience. The past eleven years without government funding has seen a series of experimentations with programming mixes covering a wide range of odd, not-so-odd, and regular television fare. From 1968 to 1991, PTV’s primetime three times a week was contracted to a blocktimer which telecast the Philippine Basketball Association (PBA) national basketball games which, though highly rated, prevented the network from programming its own airtime. The situation would become untenable when PBA was off season and the network would have to resort to ad hoc programming for months on end. The situation came to a head when the nation
was on a crisis mode during the attempted coup d’etats from 1986 to 1989 and the network was unable to use its airwaves for emergency announcements because of stipulations in the basketball contract disallowing such announcements.

In 1992, PTV became a public corporation by an act of Congress thereby assuming a juridical personality. Today, it has a network of 18 stations distributed nationwide with PTV 4, its flagship station, located in Quezon City.

As a government-owned corporation, the PTV Network, unlike most of its counterparts in the ASEAN Region, does not receive a regular budget from government. As provided for in its charter, a one-time equity infusion of P500 M intended as capital outlay was given upon its incorporation.

The Network is run commercially, generating revenue for its overhead and operating expenses through the sale of advertising and airtime in effect competing with the private sector. Its published advertising rate cards are comparable to and competitive with those of commercial television networks, as are its programming structure and organizational set-up.

Based on its mandate, PTV is committed to the following objectives:

- give priority to news and public affairs, cultural and educational, and sports programs;
- disseminate objective and up-to-date information on government projects and activities;
- lend itself as an outlet for the government to convey its position vis-à-vis issues and events;
- help translate the government’s vision of national unity, social upliftment, economic progress and enduring peace into reality;
- provide a programming that offers an alternative to that of the private, commercial networks
Since it became a public corporation in 1992, the percentage range of programming of the PTV Network has more or less been along the following lines: news and public affairs, 20-28%; educational and cultural programs, 14-24%; entertainment, 15-30%; and sports 25-38%.

The programming skew towards news and public affairs and sports is part of the strategy to strengthen this marketing niche of the network.

During the last five years, the Network beefed up its Network operations dedicated more airtime for news programs and hourly newsbreaks. Live newsbreaks from remote sites have become the order of the day as developments on news stories are reported on where and when the stories unfold. Live coverages of events of national importance have been given more prominence in terms of more airtime and resources allotted to these. The APEC coverage in November 1996 stands out as a case in point.

It will be noted that the Network's news, public affairs and information service occupies center space in its programming. At present, PTV is the only network with three regular newscasts daily, one weekend report and 10 newsbreaks from 10 a.m. to 12 nn and 3 p.m. to 9 p.m.

The Network has earned an enviable reputation in the industry for its ability to mount the most massive and comprehensive local and international sports coverages. Outstanding among these were the Asian Games in Hiroshima in 1994, the Atlanta Centennial Olympic Games in 1996 and the Southeast Asian Games in Chiang Mai and Jakarta in 1995 and 1997 respectively. During these special coverages, the Network was consistently the second most-watched network, generating ratings and much-needed revenue. It has, undoubtedly, gained a faithful audience for its sports programs.

The choice whether to give the audience what they need versus what they want is not at all a choice for the People's Television Network. Mandated by law to be an alternative television
network, yet obliged by the same law to generate revenue from private sources to cover the cost of its operations, PTV has had to fulfill both provisions of the law to the letter, a situation made more difficult by its resources being subjected to cumbersome government auditing rules and regulations.

The Network has, for the past decade, gone through a boom and bust cycle of sorts, enjoying the benefits of the proverbial ratings some of the time, and staying at the bottom of the rung at other times. Still the question remains: having experimented with all types of programming combinations and not having totally succeeded with any, what type of programming should the Network embark on?

Should PTV go fully into service programming, public existing solely for the public good and forget about competing directly with its counterparts for a share of the advertising pie or compete for mass ratings? Or should it stay semi-commercial and try to become as viewable as possible?

Quite obviously, when talking about levelling the playing field between public and private sector broadcasting, in the Philippines it is the public sector that needs it badly.
Levelling the Playing Field

Clearly, it can be seen from what has been presented that the private sector holds continuing dominance in the Philippine broadcast industry. Its tremendous resources put the public broadcast sector at a great disadvantage. Its financial strength enables it to acquire the best and massive technology in terms of hardware and the best minds for software development. Indeed, it can be said that the private broadcast sector follows a different set of rules in designing a type of programming which find favor with the audience.

Thus, over the years, while the private broadcast sector has grown by leaps and bounds acquiring more commercial and political leverage in the process, government radio and television have had to survive on a barebones budget and inadequate, obsolete facilities.

Already, private networks, particularly, the two leading channels have gone into various divisions and subsidiaries covering a wide spectrum of interest. These range from UHF operations, cable companies, movie production outfits, sales and marketing arms, post-production companies, cinema theater operations, international sales and syndication of programs, investment houses and satellite operations.

Such diversification give the private networks undue advantages and clout in generating advertising revenue as well as in gaining access to a wider audience. However, there is no curtailing the private sectors' ventures into economies of scale unless these overstep legal and ethical bounds.

Data earlier presented show that ABS-CBN garners some 65 percent of the annual adspend in the country with GMA Channel 7 coming in a far second at around 17 percent. The rest of the 18 percent are shared among three other private networks -- ABC 5, RPN 9 and IBC 13 and the PTV Network with ABC 5 getting a bit more of the slice than the three other TV Networks.
In such a telling situation, how can a level playing field between the public and private broadcast sectors in the Philippines be made possible? How can there be fair competition between public and private TV organizations for growth and expansion in a broadcasting environment that, from the start, was commercial and entertainment in orientation and objective?

With this Philippine scenario, some givens have to first be stated. A private television station must have a programming that is competitive, hence, commercially-oriented. It can not but be profit-driven. Hence, it relies on revenue generation from entertainment programs with formats that had been found to appeal to as big a chunk of the viewing audience as possible.

On the other hand, a government network starts with a given mandate — that of being part of the government’s information support system. It has mandated responsibilities which translate into expectations from the public regarding its programming. In a manner of speaking, its very existence is tied up with the people’s expectations. It is expected to take the lead in providing alternative type of programs that can address people’s needs rather than their wants.

How can the government TV network rise up to these expectations hampered, as it were, by dire constraints of logistics?

Two options may be possible. The first is to transform the network into a genuine fully-subsidized public broadcasting system divorced from political/partisan and commercial interests with a programming based on public need rather than perceived wants. Such a system will not bother about ratings but about specific audiences it wishes to address who, it hopes will view its programs.

The second option is a mixed type of funding where income from revenue-generating programs will fund operations while government supports non-revenue generating programs such as educational and cultural programs. With such a funding mix, PTV would be able to provide for a programming that would 1) command a bigger audience share and generate
revenue and 2) make provision for adequate developmental programs that would meet the broadcast support requirements of government programs and projects. This would seem to be the more preferred option.

The viability of the Network could thus be insured while at the same time government would be assured of a bigger audience for its development-type/public service programs.

As regards continuous upgrading of infrastructure and equipment to ensure a level playing field facilities-wise, this could be provided for from revenues generated. In the event revenues are not sufficient to enable the Network to acquire the best possible equipment and to keep up with the latest developments on broadcast technology, the government should provide enough investment for additional equity expressly for this purpose.

This option would, however, need amending of the Network's charter -- Republic Act 7306. Provisions would need to be made regarding government subsidy for mandated programs which should be a certain percentage of the total programming hours of PTV Network. The additional infusion of funds could come from government corporations that are big income earners.

Would such an arrangement bring about a leveling of the broadcast playing field? In a way, yes, because the PTV Network, while generating sufficient revenue for quality programs with entertainment value, will be able to fulfill its mandate of broadcast support to government with a built-in wider audience.

The experience of the network in the past years should guide it in decisions it will make regarding the nature of its programming for such a mixed funding operations. It can compete with the private sector to generate revenue and build a larger audience base without having to resort to exploitative or inane program formulas and formats.
Levelling the playing field to favor government would also entail some legislative measures that would put a limit to the presently uncontrolled diversification of interests which has given to the private broadcast sector undue advantages.

In an environment of development such as in the Philippines, public broadcasting can make a difference. PTV has a charter and a vision of providing alternative viewing fare to the public. But it needs infusion of resources at this point in time to realize its main goal - that of being the "Network for the Filipino People".

This is our situation in the Philippines. The option presented to level the playing field between the public and private sector will, in all probability, be just applicable to our setting. Indeed, it is most likely that a reverse situation would hold true in our other ASEAN member countries.