

6.3 Improvement of Programmes

In order to improve the broadcasts of the SNBC, its programmes in all fields should be enhanced through the development of new programmes and the effective use of purchased programmes. This process should be done according to a basic policy on programming and programming plans.

Table 6.3-1 shows a tentative programming schedule for the year 2000.

Direction needs improvement if the SNBC is to produce programmes that will attract audiences. Drawing up a programme structure chart that considers time allocations, and restructuring programme contents according to the coverage material are fundamentals in the production of every programme.

The SNBC should make use of captions and charts to make television programme content readily understood. The major news items should be clearly shown at the beginning of news programmes; captions and still photos should be featured at the beginning of every news item in order to impress on viewers what the coming item will be about.

News announcing and programme narration should not be in the undeviating, formal style of 'announcing' reminiscent of the Soviet period. Announcers and narrators should feel that they are speaking to their audiences. This style of announcing and narration allows communication with viewers and listeners. Prompters are necessary for news casters.

People on the broadcasts should be allowed a degree of adlibbing to make programmes more 'alive.'

It is most important, however, for people involved in programmes to willingly improve them through seeking the counsel of many people. All the people involved in programmes including technicians must be able to engage in debate as work partners. The debate should transcend work categories.

SNBC staff have the ability to produce excellent programmes.

Table 6.3-1 Weekly Schedule of TV Programmes (2000)

11 hrs (2 hrs Multilingual) 05:30 – 08:00, 11:30 – 14:00, 17:00 – 23:00

	MON	TUE	WED	THU	FRI	SAT	SUN
5	Farmers						
6	News					Kyrgyz Economy	Weekly News
7	Children and Housewives					World News Weekly	Weekly Central Asia
8						Feature Film	
9						Children	
10						Special or Repeat	
11	Children and Housewives						
12	News						
	Senior Citizens					Concert or Sports	
13	Repeat (Last Night's Entertainment)						
14							
15							
16						Culture Hour	
17	News						
	Children					Other Countries	
18	Language (15')						
	Youth					Folk Music and Dance	
19	Local News or the Land of Kyrgyz						
20	News						
21	Destiny	Quiz	Family Songs	World Music	Variety Show	Cinema	Theatre
22	My Video	Travelling Kyrgyz	Masters	Advice on Life	Health		
	News, Weather, Music						
23							

6.3.1 News and Information Programmes

As mentioned in the Basic Policy, the SNBC will expand and improve the quality of news and information programmes which form its key programmes.

To allow for immediacy, a feature of broadcasts, there should be arrangements for first reporting of urgent news items in the form of superimposed captions, as well as live broadcasts.

(1) News

1) Long News Programmes

Long duration news programmes in the morning and evening will form the backbone of Kyrgyz TV's news and information programmes. The long duration news programmes will feature domestic and foreign news, topical items, commentaries, government announcements, and commercials.

2) Regular News

News will also be aired at 12:00, 17:00 and 22:30 to meet viewers' demands for news.

3) Local News and Information

Long duration news programmes will be introduced at nights in 2000. The 30 minute time slot preceding the programme will feature local news and information from the local OBC. Furthermore, the quality of national and local news will be improved by building up cooperative news gathering between the SNBC and the OBCs.

(2) Current Affairs

1) Information concerning democratization and the changeover to a market economy should be provided in the news programmes as much as possible.

2) Questions and debates on politics and economics and other issues could be inserted in the special programme time slots on Saturdays and Sundays.

3) Time should be allocated to programmes featuring the economic conditions in the Kyrgyz Republic and its neighbours, as well as the rest of the world.

4) What has happened throughout the week in the Kyrgyz Republic, as well as in Central Asia and other parts of the world, should be broadcast in a compact 'digest' form.

(3) Documentaries

The SNBC should produce documentary programmes that focus on interesting topics and issues facing the Kyrgyz Republic. They should be sharp and in-depth documentaries like the current *Destiny* programme.

(4) Sports Programmes

Sport events, both inside and outside the nation should be offered on Saturday and Sunday afternoons in the form of relays or recordings.

6.3.2 Educational Programmes

Educational programmes may cover an extensive range of subjects aimed at audiences in different age groups. They may include subjects useful in daily life, languages and broadcasts for schools.

(1) Preschool Children

Animated cartoons, games, rhythm games, puppet plays, skits by costume characters, etc.

(2) Children in Primary and Basic Education

News for children, segments featuring talents or achievements of children, animated cartoons, children's activities, folklore, social studies, etc.

(3) Youth

As of August 1994, programmes for youth were concentrated on Monday. Youth programmes should be spread throughout the week. The programmes could feature current lifestyles of the young, live musical performances, in-studio debates, interviews, and so on.

(4) Housewives

Cooking, current items of interest to housewives, advice on raising children

(5) Senior Citizens

Old popular songs, courses on hobbies

(6) Farmers

Information on agriculture

(7) Counselling

Medical care, counselling on health, advice about personal affairs

(8) Language Courses

The Kyrgyz Republic aims at popularizing Kyrgyz as the official language and becoming a tourist-oriented nation. The SNBC will offer courses on languages for 15 minutes a day, starting at 18:30, in the hope that such segments will help people communicate at least to a minimum degree with foreigners. Foreign language courses to be offered may include English, Russian, Chinese and Turkish.

(9) School Broadcasts

Kyrgyz TV is currently airing educational programmes targeted at children on Sunday mornings. However, much preparation is necessary to air programmes connected with school education. Kyrgyz TV may air such programmes after 2000. At present many schools are having to operate two shifts per day. It is desirable to develop programmes for young children in the periods that they are at home.

6.3.3 Cultural Programmes

Kyrgyz TV could feature the following types of programmes that focus on the rich natural environment and culture of the Kyrgyz Republic.

- (1) Art and Culture (Saturday and Sunday)
 - 1) Relays of stage performances
 - 2) Concerts
 - 3) Reports and lectures on literature, arts and other items of culture

- (2) Introduction of Scenic Sites, the People and Culture from Many Parts of the Country
 - 1) Travels in the Kyrgyz Republic
 - 2) Scenic beauty in the Kyrgyz Republic
 - 3) People in various cultural fields
 - 4) Traditional cultures of different ethnic groups

- (3) Cultural Information about the World
 - 1) World music
 - 2) The world's countries

6.3.4 Entertainment Programmes

The following types of entertainment programmes can be enjoyed by the whole family.

- (1) Song Programmes
 - 1) Amateur singing contests (from local preliminaries to national contests)
 - 2) Singing contests among families
 - 3) Old popular songs
 - 4) Popular songs requested by audiences
 - 5) This week's star singers

- (2) Quiz Programmes
 - 1) *I'm a Genius* (currently on air)
 - 2) *Girls and I* (currently on air)
 - 3) *Who am I?*

(3) Performances and Variety Shows

- 1) Satires and humour (currently on air)
- 2) Talk shows

(4) Dramas

- 1) Outside procured programmes
- 2) Dramas produced by the SNBC

(5) Films

- 1) Foreign movies
- 2) Movies produced in the Kyrgyz Republic

6.3.5 Special Feature Programmes

Large-scale programmes, that cannot be prepared on a regular basis, will be produced as special feature programmes and aired on special occasions, such as New Year's Day and national holidays.

Feature programmes will be produced that delve into important news from various angles or focus on subjects closely related to people's lives.

6.3.6 Multilingual Programmes

Apart from one channel that is exclusively devoted to broadcasts in the Kyrgyz language, which is the official language of the Kyrgyz Republic, another channel is required to offer programmes in a number of other languages, including Russian, in order to promote harmony between different ethnic groups. A second TV channel will be established in 2001. The new service should be created by reallocating channels that are currently being used by foreign networks.

(1) Until the Year 2000

Until Kyrgyz TV 2 is established, multilingual broadcasts will be offered mainly in news bulletins in two languages - Kyrgyz and Russian. Broadcasts in Russian will be aired for one hour a day in 1996, and will be increased to 1 1/2 hours per day in 1998 and 2 hours per day in 2000.

(2) 2001 and Beyond

Kyrgyz TV 2 will be established as a separate multilingual service in 2001. It will provide news and information concerning the Kyrgyz Republic in Russian and other languages. Kyrgyz TV 2 may carry news and programmes from the Kyrgyz TV 1 service voiced over in other languages.

Foreign broadcasts, which may be even further reduced in the future, might be absorbed by Kyrgyz TV 2.

Programmes for Kyrgyz TV 2 will be produced mainly by the SNBC. But in view of the extra amount of programmes required in the future, it is essential for the SNBC to take a positive attitude toward programming and producing programmes together with the OBCs.

6.3.7 Commercials

There are four types of commercials. Commercials should be made for and presented when people are likely to be home.

- Programme Commercials

These commercials are run during a programme which the sponsors have provided.

- Spot Commercials

Run between programmes and unrelated to them.

- Participating Commercials

Run in a special spot in a programme set aside for commercials.

- Information Commercials

Commercials run in succession at times set by the broadcasting station.

At present, the SNBC airs commercials during special time slots. However, consideration should be given to the other types of commercials mentioned above.

Furthermore, current commercials are inadequate in terms of their techniques of presentation. Equipment is needed to provide a more diverse range of images.

In general, commercials are aimed at providing information on different commodities and stimulating the urge in consumers to buy them. They often create trends and vogue words. From the standpoint of credibility and protecting consumers, there should be proper consideration to the quality and quantity of information in commercials, as well as to the way it is presented. Private TV and radio stations in Japan and their professional association have standards which limit commercials to within 18% of the total programming. The networks and the association try to scrutinize the contents of commercials; they also call on outside firms and people involved in the production of commercials to strictly observe the standards.

Being fully aware that commercial broadcasts are a vital source of revenue, the SNBC must step up sales activities for commercials.

6.3.8 Partnership with the OBCs

The OBCs currently conduct their own local broadcasts during the times in which the SNBC does not provide programming.

The OBC stations also provide in turns 30-minute long nationwide broadcasts at night four times a week. Each OBC delivers tapes for the broadcasts by bus and other means of conveyance to the SNBC in Bishkek.

There is a need for the SNBC and the OBCs to collaborate in news gathering to build up national news. The OBCs should also have access to lines with which they can promptly send material to Bishkek.

It is desirable to study the possibility of a programme transmission network to allow for region-by-region broadcasts.

6.3.9 Programme Operation

Switching from the previous programme to the next must be carried out accurately in accordance with the programming schedule. The switching must occur smoothly and without any interruption in the broadcasts.

Audiences find it unpleasant when the broadcasts are interrupted or a completely different programme is run. Viewers will stop watching the station and switch to another.

Many TV stations install automatic programme switching equipment in a bid to broadcast programmes smoothly and proficiently.

This equipment is not fulfilling its proper function unless programmes are produced according to schedule. Individual programmes must be produced in strict accordance to the times allocated in the programme schedule.

Programme material and equipment must be prepared for unexpected cases in which a programme finishes earlier or later than scheduled.

6.4 Resources for Producing Programmes

(1) Production Staff

Broadcasts of 11 hours per day in 2000 means a total of nearly 2,000 programmes (excluding news and commercials) will be required in a year. The SNBC will have to purchase about 200 outside produced programmes. The SNBC will need approximately 60 programme producers and about 70 production engineers (including directors). (See Table 6.4-1)

There is an adequate number of production staff for news and commercials. The SNBC should integrate the separate radio and television Main Information Programmes and Main Socio-Economic Programmes offices, as well as some director positions in the interests of greater efficiency.

1) Programme Producers

The programme producer decides the topic and works out an outline of the programme. He or she also checks materials, decides main appearances, and estimates overall costs. Other duties include drawing up a producing schedule. The programme producer is responsible for the programme's completion and directs production staff under him.

2) Production Engineers

Production engineers are specialists who operate equipment to produce programmes in accordance to the production producer's wishes.

a) Studio production staff	9
Director & switcher	1
Video engineer	1
Sound mixer	1
Lighting director	1
Cameraman	3
Microphone assistant	1
Lighting assistant	1

b)	Post-production dubbing staff	2
	Director & switcher	1
	Sound mixer	1
c)	VTR editing staff	1
	Video engineer	1
d)	EFP staff	2
	Cameraman	1
	Lighting/sound staff	1
e)	Outside broadcast van staff	7
	Director & switcher	1
	Video engineer	1
	Cameraman	3
	Sound staff	1
	Lighting staff	1

Table 6.4-1 Number of Staff (Excluding Staff for News and Information Programmes)

	1996	1998	2000
No. of programme categories	13	14	16
No. of programmes to be produced per week	30	35	42
No. of programmes to be produced per year (52 weeks)	1,560	1,820	2,084
No. of programme producers	45	51	60
No. of production engineers	68	68	68
Medium-sized studio	(9×2) 18	(9×2) 18	(9×2) 18
Large-sized studio	(9×1) 9	(9×1) 9	(9×1) 9
Post production	(2×2) 4	(2×2) 4	(2×2) 4
Dubbing	(2×4) 8	(2×4) 8	(2×4) 8
Video editing	(1×3) 3	(1×3) 3	(1×3) 3
EFP	(2×6) 12	(2×6) 12	(2×6) 12
OB van	(7×2) 14	(7×2) 14	(7×2) 14

(2) Operation, Labour and Programme Procurement Costs

1) Operation and labour costs required to increase the number of programmes and improve their quality must be calculated on the basis of a study into present costs of operation and manpower.

2) Procurement of Programmes

Following programmes are to be procured:

Beyond 1996:

Types of programmes	hours of air time	No. of programmes per week	Procurements per year
Films	2	1	52
Feature films	1	1	52
Programmes for children	1	1	52
World music	11	1	52
Total: 208 programmes per year			

Note: Programmes that can be procured from Japan *gratis* include: (JAMCO International Library)

Puppet plays for children

Picture book features for mothers and children

Programme *O-nyugaku*

Piko-piko-pon

Dekirukana

Classical music segments

6.5 Responses to the Multimedia and Multichannel Age

(1) Responses to Foreign Broadcast Programmes

1) Position and Assessment of Existing Broadcasters

Agreements between the governments of the Kyrgyz Republic and the Russian Federation allow for the Ostankino and Russia TV networks to operate in Bishkek. Other agreements permit the state-run Kazakh and Uzbek TV networks and Turkey's TRT network to also broadcast in the capital. All these networks compete with the SNBC. We found that the Ostankino network is highly rated. In the Soviet period Russian was the main language used in broadcasts. Ostankino and Russia TV operate throughout the CIS; they hold a dominating position in the Kyrgyz Republic. The two networks are popular with viewers in the Kyrgyz Republic. In our survey viewers said Ostankino and Russia TV offer interesting, comprehensive, in-depth, and high-level programming and programming that enables them to find out what is happening in the world.

However, in July 1994 the Ostankino network reduced its broadcasts in the Kyrgyz Republic to 6 hours per day from 19 hours. The network cited financial reasons for the move. The Kazakh TV, Uzbek TV and TRT networks have small audiences. But the networks provide a valuable source of information for people who understand Kazakh, Uzbek and Turkish.

Channels which are being used by the foreign networks must be reallocated if the SNBC is to establish a multilingual Kyrgyz TV 2 service. Sovereign nations do not usually permit foreign networks to operate within their borders without restrictions on the programme contents. In the Kyrgyz Republic they are free to operate and have no restrictions on their programming contents. Foreign networks are a future issue for broadcasting in the Kyrgyz Republic.

2) Incorporation of Foreign Broadcasts into Domestic Broadcasts

If foreign networks operating without restriction in the Kyrgyz Republic are regarded as problematical, then an issue for the future is incorporating foreign broadcasts into domestic

broadcasts through channel reallocation. The SNBC must increase multilingual broadcasts when it establishes the multilingual Kyrgyz TV 2 service. Kyrgyz TV 2 could allocate time for foreign broadcasts and thereby make them part of the domestic broadcasts.

(2) Programmes in the Multimedia and Multichannel Age

1) The Multimedia Age and the SNBC

The Kyrgyz Republic currently has a form of multiple channels because people in the nation can receive both domestic and foreign broadcasts. Furthermore, the installation of dish antennas makes it possible for the people in the Kyrgyz Republic to receive television broadcasts that transcend national borders. Some hotels in Bishkek can already receive the Star TV service and CNN. Many communications satellites targeted at Asia are scheduled for launch in and after 1994. At the same time, digital compression technology is also expected to gather momentum, offering more and more channels. It is evident that international and cross-border TV services on a multiple number of channels will gather steam. In the not too distant future, households in the Kyrgyz Republic will be able to directly receive cross-border TV services through dish antennas or cable TV.

In the fields of science and technology, notably telecommunications, it is noticeable that many developing countries in East Asia have adopted state-of-the-art technology in recent years. As is the case of China, where cellular phones are rapidly spreading, the East Asian nations have been adopting up to date technology, skipping the so-called development stage that most advanced nations have passed through. In other words, before analogue products were fully introduced in East Asian nations, digital products already began to spread and are now in high demand. Such a tendency will sooner or later emerge in the Kyrgyz Republic.

It is thus essential to thoroughly consider how broadcasters in the Kyrgyz Republic should cope with such high-level technological advances which will sooner or later surface in the receiving and transmitting of broadcasts.

a) In transmitting, an immediate task that needs to be addressed is how to use communications satellites. Using communications satellites is far more economical than maintaining and modernizing a microwave network. Microwave networks require massive investment and manpower. What is more, considering that many more satellites are expected to be launched from now on, it is highly likely that fees for leasing transponders will go down. Even though the Kyrgyz Republic has no plan to acquire its own communications satellite, the time will come when it has to choose between transmission via satellites jointly owned by Central Asian nations and transmission via satellites of Russia and the CIS member nations.

b) In the receiving of signals, the time will also come when audiences can receive TV broadcasts directly via satellites or via two-way cable television systems using optical fibre networks. Whether this comes about will depend on the government's financial situation and policy; satellite and cable television will be a challenge for the Kyrgyz Republic in the 21st century.

Cross-border TV broadcasts will undoubtedly have a dramatic impact on the culture of the Kyrgyz Republic and its people's lifestyles. Will the Kyrgyz Republic allow unrestricted broadcasts, or will it impose restrictions like China, Iran, Saudi Arabia, and Malaysia?

2) Cooperation with Neighbouring Countries

Though the Kyrgyz Republic is a small country, cooperation with other countries, especially neighbouring countries, is indispensable to its peaceful development. Broadcasting will be able to play a leading role in attaining this goal. The Kyrgyz Republic must promote such efforts as exchanging programmes, jointly using communications satellites with its neighbours in Central Asia, and providing broadcasting services for the Kyrgyz living in China.

3) Programmes in the Media-Mix Age

It will be essential for broadcasters in the Kyrgyz Republic to win support from audiences in order to survive in the multichannel and multimedia age. Broadcasters will only be able to gain the support of audiences if their broadcasts are reliable and attractive. Such broadcasts arise from programming in which production divisions provide audiences with programmes that audiences desire. Broadcasts are a nation's culture. Their true value will be tested in the multimedia and multichannel age.

Efforts should be made to videotape, publish and export programmes. At the same time, efforts should be made to sell character images of popular programmes. These efforts help diversify sources of revenue.

**Chapter 7 Restructuring and Development
Plans for Broadcasting Networks**

Chapter 7 Restructuring and Development Plans for Broadcasting Networks

7.1 Radio Broadcasting Network Plan

The broadcasting system, which was established during the Soviet period, reaches nationwide.

The MOC transmits Kyrgyz Radio 1 and Radio 2 on medium and shortwave AM channels and very high frequency FM channels. Together these transmitting media cover 100% of the population. The coverage for each type of transmitting media is not known.

Generally speaking, it is not desirable in terms of efficiency to transmit the same programmes simultaneously of different types of signals. It means more facilities and equipment are required and it means increased duplication for listeners in service areas.

The following is a description of the types of transmitting media used by Kyrgyz Radio 1 and Radio 2.

1) Medium Wave Broadcasts

The medium wave broadcasts are stable, fine-quality and cover considerable service areas. Reception is good in the daytime. But there is often interference at night from radio signals from neighbouring countries since medium wave signals are often reflected back to the earth from the ionosphere. The increasing power of the signals in neighbouring countries is aggravating the problem. There is a sharp decline in the number of clear medium wave channels.

2) Shortwave Broadcasts

Shortwave broadcasts rely on reflections from the ionosphere, which makes stable reception difficult. Shortwave broadcasts, however, cover extremely broad areas.

3) FM Broadcast

The FM broadcasts have a number of advantages over medium wave and shortwave broadcasts.

a) Little interference by noise

There is little noise interference since the FM broadcasts are on the VHF band.

b) No interference at night

FM broadcasts are mostly propagated in a direct line. There is almost no propagation beyond the line-of-sight optical horizon day or night, and no interference at night.

c) Extensive use of same channel

Since FM broadcasts are for the most part propagated in a direct line, there is high attenuation from mountains. There is also high attenuation over distance compared to medium waves and shortwaves. It is therefore possible to use the same channel in many areas.

d) Enables stereo and other broadcasting services

FM has a more dynamic range compared to AM broadcasts such as those on medium waves. The wide range of frequencies allows for stereo broadcasts as well as paging and facsimile broadcasts.

e) Simple transmitting facilities

FM has similar propagation requirements to television broadcast signals. It is possible to carry out FM transmissions from existing TV tower and transmitting facilities.

In view of these advantages and the present situation of transmitting facilities throughout the Kyrgyz Republic, very high frequency FM broadcasts should form the core of the SNBC's radio (audio broadcast) services.

The shortwave broadcasts could provide programme relays between stations when the normal programme transmission system fails (i.e. as radiorelay signals between transmitting facilities). The Kyrgyz Radio 2 medium wave channel should be opened up to the OBCs so they can obtain their own broadcast waves, or otherwise opened up to private stations. This will help make radio programmes more diverse.

7.2 TV Broadcasting Network Plan

Kyrgyz TV extends nationwide like the Kyrgyz Radio 1 and Radio 2 services. The Kyrgyz Republic is a multi-ethnic nation that must foster understanding between peoples of different languages.

The establishment of the multilingual second channel (Kyrgyz TV 2) service will give different ethnic groups equal access to information.

Kyrgyz TV 2 must utilize the advantages of the television media to provide effective services.

The scale of the new Kyrgyz TV 2 service must be decided after due consideration of stable sources of revenue.

Development of the new service will depend on the broadcaster adequately grasping the needs of the public and introduction in phases after a trial stage.

Kyrgyz TV will gradually increase multilingual broadcasts with the goal of establishing separate Kyrgyz TV 2 service in the year 2001.

(1) Stage 1

In the first stage toward the establishment of a second TV service, it will be necessary to open up TV channels by integrating the foreign TV relay signals.

For example, acquiring UHF Ch. 33 would allow Kyrgyz TV 2 to cover Bishkek and the surrounding area.

(2) Stage 2

The following matters need to be considered if Kyrgyz TV 2 is to provide a nationwide service.

1) Terrestrial and Satellite Broadcasts

Table 7.2-1 compares ground and satellite broadcasts.

Table 7.2-1 Comparison Between Terrestrial and Satellite Broadcasts

	Terrestrial	Satellite
Advantages	<ul style="list-style-type: none"> • Receiver are simple and easily spread among the public. • Regional services can be provided. 	<ul style="list-style-type: none"> • Depending on the scale of transmission, a single channel can cover the entire nation enabling low cost and effective nationwide broadcasts. • Unaffected by topography (Effective in resolving problems of poor reception). • New channels can be allocated on a nationwide scale. • High-quality services can be offered on a broad range of channels. • Multichannel system (via a communication satellite) enables specialized services.
Disadvantages	<ul style="list-style-type: none"> • Service areas can be limited, depending on geographical conditions. The geography may require the construction of a large number of costly transmitting facilities. • Consideration has to be given to channels being used inside and outside the nation. 	<ul style="list-style-type: none"> • Receivers are expensive and not always affordable. <div style="border-left: 1px solid black; border-right: 1px solid black; border-bottom: 1px solid black; padding: 5px; margin: 5px 0;"> <p>(Note: In recent years, it is possible to receive signals with small dish antennas.)</p> </div> • Has same problems in retransmission as terrestrial broadcasts. • Cable networks are not suitable for sparsely populated areas e.g. rural villages.

	Terrestrial	Satellite
Expansion Capability	<ul style="list-style-type: none"> Digitization will enable responses to wide frequency band communications. 	<ul style="list-style-type: none"> Possibility of new broadcasting services with a high degree of picture quality and sound fidelity. It is possible to integrate satellite broadcasts with cable TV and Space Cable Net to provide a multichannel service. By linking the satellite and terrestrial digital systems it is possible to create a business data and an advanced information system that has ample room for expansion.
Future Trends in Broadcasting Technology	<ul style="list-style-type: none"> digitized broadcasts, data broadcasts and the development of other new media. Digital compression and efficient use of channels. High-Definition broadcasts (Extended Definition TV, etc.) 	<ul style="list-style-type: none"> Development of multi-channel technology. Development of data broadcast systems. ISDB (Integrated Services Digital Broadcasting).

Table 7.2-1 shows that satellite broadcasts are not affected by geography and can offer a nationwide service on a single channel. Satellite broadcasts are also superior to terrestrial broadcasts in terms of their potential for expansion. However, the problem of satellite broadcasts is whether receivers will spread among the public.

2) Transmitting Methods

Table 7.2-2 compares the transmitting methods for terrestrial and satellite broadcasts.

The two systems are compared based on the following premises.

a) Any new terrestrial transmitting facilities will be established in or on the outskirts of the capital of each oblast. There will be available channels in the existing radio transmission systems.

Figure 7.2-1 shows the locations of the facilities and the service areas of the Kyrgyz TV 2 service.

b) Satellite broadcasts will be carried out by leasing satellite transponders, given the large costs in procuring a satellite, the risks involved in the launch, and the special facilities and technicians required to operate a satellite.

The most effective way of establishing a nationwide Kyrgyz TV 2 service would be to utilize existing programme transmission facilities, and integrate existing broadcasting services. The idea of integration is based on the number of networks and the economic conditions in the Kyrgyz Republic.

Table 7.2-2 Comparison of Transmitting Systems

	Terrestrial System		Satellite System	
	Installation of New Transmitting Facilities (See Note #1)	Use of Existing Facilities (See Note #1)	Direct Reception (See Note #1)	Re-transmission from Satellite Relays (See Note #1)
Transmitting system	<ul style="list-style-type: none"> Installation of transmitters 6 stations Installation of antennas 6 stations Modification of the input-output system at radio relay terminals 6 stations Modification of the input-output switching, monitoring system (including monitors) 6 stations Provision of measuring devices 6 stations 	<ul style="list-style-type: none"> Change in transmitter's power from 100W→5 kW 3 stations [Orgochor, Talas, Osh] Installation of transmitter 1 station [Yuzhnaya 2] Modification of antennas (including feeders) 3 stations Installation of antennas 1 station [Yuzhnaya 2] Modification of the input-output system at radio relay terminals 4 stations Modification of the input-output switching, monitoring system (including monitors) 4 stations Provision of measuring devices 4 stations 	<ul style="list-style-type: none"> Installation of satellite broadcast ground station (including backup system) 1 to (2) stations [Bishkek, (Osh)] Provision of monitor reception facilities in each region 6 stations Modification of the input-output switching, monitoring system (including monitors) 1 station Modification of monitoring system 5 stations Provision of measuring devices 1 station Microwave-circuits (=Installation of ST link) (1 to (2) stations) 	<ul style="list-style-type: none"> Installation of satellite broadcast earth station (including backup system) 1 to (2) stations [Bishkek, (Osh)] Installation of satellite link facilities in each region 5 to (4) stations Installation of transmitting media on the ground Installation of transmitter for re-transmitting 8 stations Installation of antenna system 6 stations Microwave-circuits (=Installation of ST link) (6 stations) Modification of the input-output system at radio relay terminals 8 stations Repair of the input-output switching, monitoring system (including monitors) 6 stations Provision of measuring devices 6 stations
Reception system	<ul style="list-style-type: none"> Reception apparatus are simple. (However, receivers, antennas, etc. may have to be purchased.) 	<ul style="list-style-type: none"> It is possible to use existing reception apparatus. 	<ul style="list-style-type: none"> Small apparatus are required for direct reception. 	<ul style="list-style-type: none"> Reception apparatus are simple.
Matters for study concerning facilities and equipment	<ul style="list-style-type: none"> The following should be studied for combination with existing system. Space available inside a station for the installation of equipment Space available for the installation of an antenna tower and the strength of the tower Power source capacity 	<ul style="list-style-type: none"> The following should be studied for combination with existing system. Space available inside a station for the installation of equipment Space available for the installation of an antenna tower and the strength of the tower Power source capacity 	<ul style="list-style-type: none"> <Installation of a new ground station> Land sites for satellite link stations and the construction of the stations Tower for the installation of microwave-circuits Availability of power source 	<ul style="list-style-type: none"> <Installation of a new ground station> The same as in direct reception <Installation of a new stations for Retransmission> The same as in the terrestrial system
Allocation of channels	<ul style="list-style-type: none"> New allocation of channels (UHF) 	<ul style="list-style-type: none"> Re-allocation of channels by increasing power at Orgochor, Talas and Osh stations. Installation of new facilities at Yuzhnaya 2 station and new allocation of channels 	<ul style="list-style-type: none"> Possible allocation of new channels on a nationwide scale Necessary to consider and adjust for interference from radio signals of ground radio stations and other satellites. 	<ul style="list-style-type: none"> For satellite broadcasts, nationwide channel allocation is possible. For terrestrial broadcasts, new allocation of channels and the re-setting of channels are necessary.
Costs	<ul style="list-style-type: none"> Equipment cost (Expensive) US\$ 11,000,000 Maintenance and running expenses (Expensive) US\$ 330,000/year (See Note #2) Annual costs of circuits increase in proportion with transmission distance. 	<ul style="list-style-type: none"> Equipment cost (Small) US\$ 3,500,000 Maintenance and running expenses (Small) US\$ 110,000/year (See Note #2) 	<ul style="list-style-type: none"> Transponder lease fee (Expensive) US\$ 30,000,000/year (See Note #2) Equipment cost (Moderate) US\$ 6,000,000 Maintenance and running expenses (Moderate) US\$ 150,000/year (See Note #3) Annual costs of circuits uninfluenced by distance if within coverage limits. 	<ul style="list-style-type: none"> Transponder lease fee (Expensive) US\$ 6,000,000/year Equipment cost (Expensive) US\$ 16,000,000 Maintenance and running expenses (Expensive) US\$ 480,000/year (See Note #2)
Notes	<ul style="list-style-type: none"> #1 Establishment of a new channel #2 Estimated at 3% of equipment cost 	<ul style="list-style-type: none"> #1 Nationwide multilingual service and the integration with RTV. #2 Estimated at 3% of equipment cost 	<ul style="list-style-type: none"> #1 Assuming that a satellite with a surface power Flux density of about -77 db (mW/m²) or more is used. #2 Estimated from the lease fees of communications satellites. #3 Estimated at 3% of equipment cost 	<ul style="list-style-type: none"> #1 Due consideration to ageing radio relay facilities. #2 Estimated at 3% of equipment cost

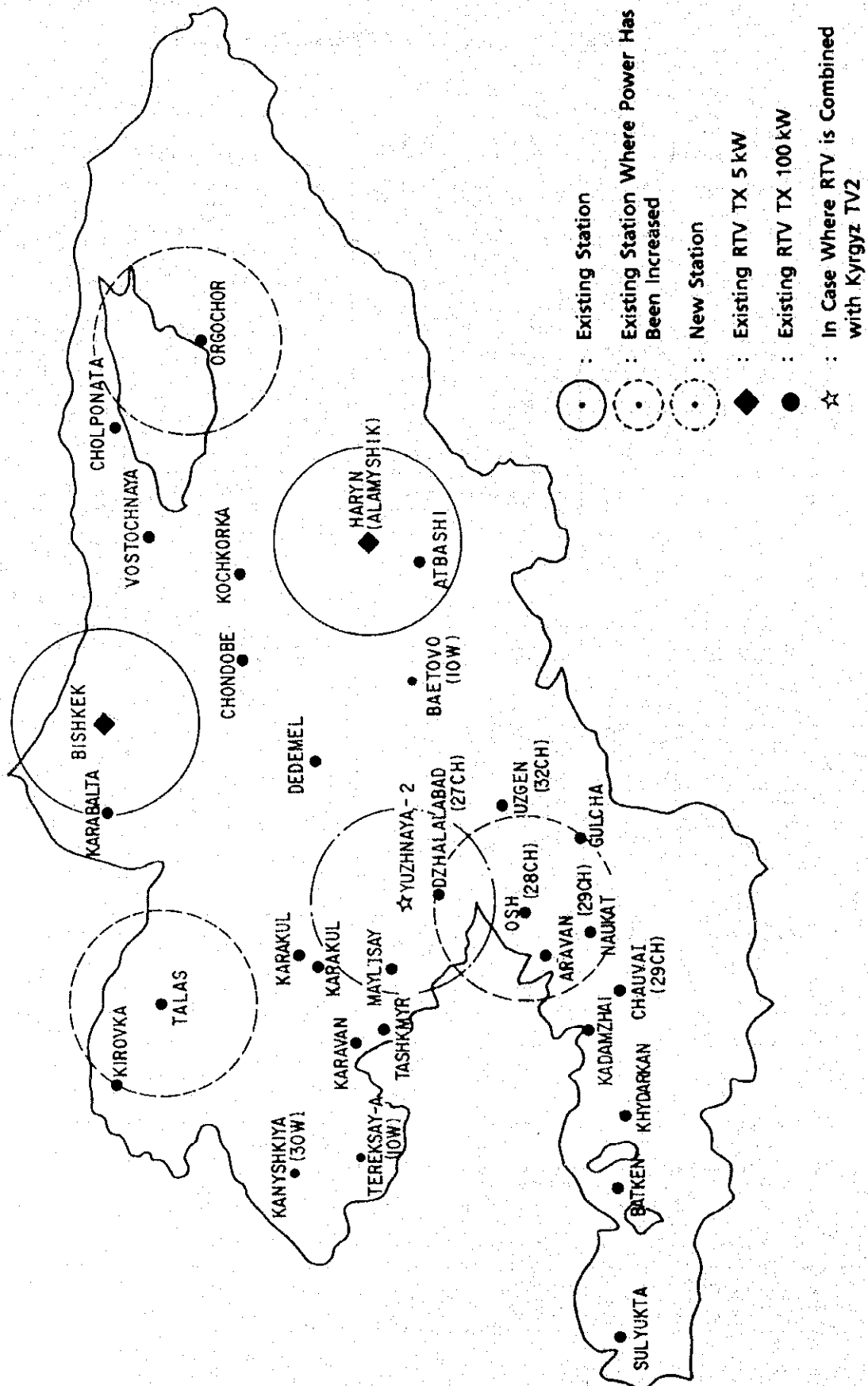


Figure 7.2-1 Service Areas of the Second TV Channel (Kyrgyz TV 2)

(3) Channel Allocation for Kyrgyz TV 2

It will be desirable to integrate the various TV broadcasts in the Kyrgyz Republic to allow for the establishment of a nationwide Kyrgyz TV 2 service. The following discusses the coverage of the new service.

1) The Formation of a New Terrestrial Network

VHF channels are already allocated nationwide. Data on field intensity indicate that VHF channels are being used in neighbouring countries as well. It will be necessary to use UHF band channels to meet the increase in the number of channels associated with the establishment of a nationwide service.

Due consideration should be given to the following issues.

- a) Adjacent channels (the channels above and below) should not be used in the areas which Kyrgyz TV 2 cover.
- b) Interference from neighbouring service areas.
- c) Interference from signals and the same channel in more distant areas.

2) Integration

- a) Existing stations keep the present channels so that viewers will not have to acquire any new equipment to receive the new service. Key stations should consider increasing their signal strength.
- b) When stations boost their signal strength or build new facilities, they should avoid interference with signals from other stations and should also study the possibility of changing channels.
- c) Consideration should be given to directional antennas in cases where it is necessary to eliminate interference.

3) Scale

a) The circles in Table 7.2-1 indicate the areas that Kyrgyz TV 2 will cover. The signal strength should be 3 mV/m for UHF band channels, and 0.5 mV/m or stronger for VHF band channels.

b) To ensure an efficient use and nationwide allocation of channels, the Kyrgyz TV 2 service should not interfere with signals outside its coverage areas.

c) The financial burden to the people receiving the Kyrgyz TV 2 service should be kept to a minimum.

4) Existing Stations

Table 7.2-3 shows present UHF TV broadcasts in the Kyrgyz Republic. Table 7.2-4 shows the key stations of the RTV network.

Table 7.2-3 UHF TV Broadcasts in the Kyrgyz Republic

Station	Kyrgyz TV	Ostankino TV	RTV	TRT	Kazakh TV	Uzbek TV
Bishkek						33 CH (100W)
Osh				29 CH (100W)		
Uzgyen			32 CH (100W)			
Chubai			29 CH (100W)			
Aravan			29 CH (100W)			
Tashkumyr-4	28 CH (100W)	40 CH (100W)				
Jalal-Abad			27 CH (100W)			

Table 7.2-4 RTV Broadcasts in the Kyrgyz Republic

Station	Power	Channel
Bishkek	5 kW	9
Talas	100W	6
Osh	100W	1
Orgochor	100W	12
Jalal-Abad	100W	27
Yuzhnaya-2	—	—
Naryn	5 kW	5

**Chapter 8 Restructuring and Development
Policies for Operations and
Organization**

Chapter 8 Restructuring and Development Policies for Operations and Organization

8.1 Basic Policy

8.1.1 SNBC

In this chapter, we will suggest actual measures for improving and building up the management and organization of the SNBC from the following aspects:

- Management Form
- Sources of Revenue
- Management of Operations
- Organization
- Personnel

For the SNBC, this will mean considerable changes.

Regarding the management form, we will give alternative proposals, taking into consideration the possible sources of revenue.

Regarding sources of revenue, we will present a plan to switch over from the present state subsidies to a new source of income, namely, receiving fees.

Regarding operations, organization and personnel, we propose a system review with an emphasis on planning and efficiency to allow a suitable conduct of duties.

8.1.2 TVRT

Regarding the management and organization of the TVRT, in this study we focussed on confirming the current situation rather than suggesting changes, for the following reasons:

While the TVRT has unstable finances because of fluctuations in transmitting fee income, it is providing radiorelay services and operating under its own budget without any major problems.

The TVRT was reorganized in April 1994, and is still adjusting to the new situation.

8.2 Management Form

8.2.1 SNBC

(1) Types of Broadcasting Enterprises

Broadcasting entities worldwide can be divided into the following three major categories, in terms of why they were founded, their relationship with the state, and sources of revenue:

- 1) State enterprises
- 2) Public enterprises
- 3) Private enterprises

The SNBC is currently a state enterprise. The management form for the year 2000, which is the target year of the Master Plan, will be chosen out of the above three forms.

(2) Characteristics of the Three Types of Enterprises

The following table gives the characteristics of the three types of enterprises. We have made comparisons regarding the following five items: purpose of establishment, management body, management policy, programming, and the main source of income.

Table 8.2.1-1 Characteristics of Different Enterprises

Enterprise Item	State	Public	Private
Purpose of Establishment	Making government policies known	Providing information/ programmes desired by audiences	Gaining commercial profits
Management Body	Government organization	Public organization (Public corporation)	Incorporated company
Management Policy	As a national broadcasting station, respects instructions from the government	As a public broadcasting station, gives priority to independently providing services to audiences	As a commercial broadcasting station, will seek profitability
Programming	Mainly information programmes that publicize government policies and activities	Aims for a wide range of good quality programmes with unbiased information that are audience-driven	Gives priority to programmes that can expect good audience ratings
Main Source of Revenue	Government budget (subsidy income)	Income from receiving fees paid by the audience	Advertising income

(3) Standard for Choosing a Management Form

The standard for choosing a new management form for the SNBC is: will it allow the SNBC to fulfill its requirements to function as the public key broadcaster? The degree to which each type of enterprise can meet the requirements will determine which of the three management forms is suitable.

(4) Requirements for a Public Key Broadcaster

The requirements are follows:

- 1) Operations and programming that meets the desires of audiences
- 2) Maintaining a sound financial basis

(5) Evaluating the Three Types of Enterprises

The following is an evaluation of how each of the three types of enterprises meets the aforementioned requirements. The evaluations are made following the previous table comparing the characteristics of each enterprise.

1) Operations and Programming

a) State Enterprise

One of the benefits of a state enterprise is that it is easy to obtain important information regarding the running of the nation. The enterprise has an advantage over the others in terms of the reliability of government-related material, and the high certainty of guest appearances.

On the other hand, there is the possibility of becoming the government's publicity department. Depending on the government, the news may suffer by tending to be biased.

As to meeting the demands of audiences on operation and programming, this is possible to a certain extent. But, as a government controlled enterprise, there will be limits.

b) Public Enterprise

The purposes of establishment and management are, fundamentally, based on a public point of view keeping in mind audiences overall. With this type of enterprise, it is possible to have operation and programming that respects the interests of the public.

In particular, this will become more sound if the independence of the organization is ensured through regulations that shut out the influence of outside forces.

But it goes without saying that securing independence naturally means that efforts towards improving business operations are strongly demanded of each employee of the enterprise.

c) Private Enterprise

There is a large chance of having operation and programming that are not limited by regulations. In particular, this type of enterprise has been known to show its true colours in the area of entertainment.

But going after higher audience ratings and profits may lead to the enterprise and its programmes becoming uniform and vulgar.

Since audience ratings are important, this will probably keep the enterprise sensitive to the wishes of audiences. But there are factors not befitting an enterprise aiming to provide public broadcasting services.

2) Financial Basis

a) State Enterprise

While the present subsidies continue to come in, one can say there is a reliable financial basis. However, now that government policy has been set towards privatization and reducing subsidies, it is difficult to forecast whether the subsidies will continue through to the year 2000.

b) Public Enterprise

This enterprise introduces a receiving fee system as a new basis of income replacing subsidy income. Receiving fees can also be imposed by a state enterprise. However, when it is considered that the nature of the income is not a tax, but a payment paid in return of receiving a public broadcasting service, it seems more appropriate for a public enterprise.

The receiving fee system should be established gradually from 1996 if possible. The fees should be levied almost 100 percent by 2000. The subsidy will be reduced gradually in line with the receiving fees and cut out entirely in 2000.

Looking at the scale of income that can be expected, receiving fees will be a reliable basis for income in place of state subsidies.

c) Private Enterprise

If increases in advertising income are large, this could be an alternative to subsidies. Though, judging from the state of the Kyrgyz economy today, it is not realistic to expect increased income from advertising by 2000.

After the year 2000, if economic conditions improve, and there is a lively demand for advertising, this could become a reliable basis of income.

(6) Choosing a Management Form

1) Based on the foregoing evaluations, the possibilities of each of the three types of enterprises fulfilling the requirements of a public key broadcaster by 2000 are as follows:

Table 8.2.1-2 Possibilities of Different Enterprises (1)

	State	Public	Private
Operations & Programming	△	○	△
Financial Basis	△	○	×

Note:

- : Possible
- △ : May be possible
- × : Not possible

2) On a general assessment of the above, the best management form for the SNBC at the target year 2000 of the Master Plan is a public enterprise; second, a state enterprise; and last, a private enterprise.

3) The above order is based on the premise that the receiving fee system will be implemented smoothly before the year 2000, and will take root by the year 2000. Despite the fact that in August 1994 the SNBC said it would consider introducing a receiving fee system as a new source of income, social or economic conditions in the Kyrgyz Republic may result in either of the following two cases:

- a. The receiving fee system would be implemented before the year 2000, but the system would not take hold till after the year 2000.
- b. Both the introduction of the receiving fee system, and its firm establishment do not take place till after the year 2000.

In Case a. In the year 2000 receiving fee income would still be insufficient. This would result in relying on subsidies to make up differences between revenue and budget items, an unstable financial basis for a public enterprise. Therefore, the possibilities of the different enterprises would be as follows:

Table 8.2.1-3 Possibilities of Different Enterprises (2)

	State	Public	Private
Operations & Programming	△	○	△
Financial Basis	△	△	×

Note:

- : Possible
- △ : May be possible
- × : Not possible

In Case b. In the year 2000 subsidies will still be the main source of income, and there is no financial basis to exist as a public enterprise. Therefore, the possibilities of the different enterprises would be as follows:

Table 8.2.1-4 Possibilities of Different Enterprises (3)

	State	Public	Private
Operations & Programming	△	○	△
Financial Basis	△	×	×

Note:

- : Possible
- △ : May be possible
- × : Not possible

4) After the above comparisons, the best management form in the year 2000 is:

In Case a.- first, a public or state enterprise; third, a private enterprise.

In Case b.- first, a state enterprise; second, a public or private enterprise.

5) Privatization by a political decision would mean advertising fees formed the main source of income. If the Kyrgyz economy improves in the future, existing as a private enterprise should be possible. Otherwise, existing as a private enterprise would be possible if the government made a considerable investment when the enterprise was privatized.

However, public key broadcasting is a cultural enterprise that fulfills the role of the main cultural standards of the country. If privatization means operations that place priority on efficiency, this will not necessarily fit in with a public key broadcasting enterprise.

(7) Changing Over to a Public Enterprise

1) Timing of the Switchover

A considerable period of time will be needed for the preparations to be completed. Therefore, the best time for the switchover will be the year 2000, which is the target year of the Master Plan, and also the target year for the receiving fee system to take root.

If social or economic conditions prevent the receiving fee system from becoming firmly established until after the year 2000, the switchover should be postponed till such time the fee system takes hold.

2) Preparing for the Change

The new duties of the SNBC and the receiving fee system that will form the new source of revenue for the SNBC need to be stipulated in the government's basic policy and basic legislation on broadcasting. This must be done soon, by 1996 if possible, which is when this Master Plan will be implemented.

Regarding the internal structure of the SNBC, specific organizations and procedures will have to be drawn up for management, personnel, finances and programming to enable the SNBC to operate as a public enterprise.

For the changes to proceed smoothly, before the official switchover, about six months need to be spent on training and awareness to fully inform the employees of the new organizations and procedures. It would be best for the switchover to take place gradually, with each work place unit shifting into the new organizations and procedures one after another.

Regarding preparations for the financial switchover, the receiving fee system will be implemented quickly, as early as 1996. Before implementation, procedures for collecting the fees need to be decided.

3) Conditions for the Change

The following conditions need to be met for the switchover to take place: first, that the above preparations are completed; and second, that the receiving fee system has been firmly established.

8.2.2 TVRT

The TVRT is one of the major divisions of the MOC, alongside the Mail Department and the Electric Communications Enterprises. The TVRT provides transmitting and radio relay services for radio and television broadcasts.

Transmitting fees are the major source of revenue for transmitting services. However, this income fluctuates according to the amount of transmissions required by broadcasters. For instance, in July 1994 Ostankino TV broadcasts were cut down from nineteen hours a day to six. It cited financial difficulties for the change. This reduced the TVRT's revenue.

Transmitting services are subject to such financial instabilities. However, radio relay services also form part of the TVRT's operations, and the TVRT is able to operate under its own budget without any major problems.

The TVRT has enough spare parts for transmitting facilities to last for over the next ten years, employees are highly skilled, and

there is no worries in the immediate future regarding the system of facilities maintenance.

While the TVRT's finances certainly have elements of instability, but they do not necessitate an immediate consideration of the TVRT's management form.

8.2.3 SNBC-TVRT Relationship

The SNBC handles programme production and provision, while the TVRT transmits and relays the programmes. The relationship between the two organizations needs to be as close as possible to facilitate smooth broadcasting services. In the days of the Soviet Union, the two organizations were managed together as part of the Moscow broadcasting system.

The SNBC may switchover to become a public enterprise in the year 2000. When this happens, it will become possible to manage the enterprise in a more independent manner compared to when it was a state enterprise, and it will become easier to take steps towards forging closer ties with the TVRT.

Therefore, in the time remaining till 2000, the SNBC and the TVRT should continue to make efforts towards strengthening existing relationships, and cooperate in dealing with issues that may come up in the future, such as increasing the SNBC's broadcasting time, and changes in the amount of relay broadcasts from foreign stations.

In the future, if the management form of the TVRT changes and the TVRT has a higher degree of independence in management, the TVRT and SNBC could adjust their relationship and press forward with joint operations eventually with the view to combining with each other.

8.3 Sources of Revenue

8.3.1 SNBC

(1) Sources of Revenue

1) Securing a Source of Revenue

If the SNBC is to continue to take the management form of a state enterprise, or if it is to become a public organization, its main source of revenue for covering broadcasting costs will be either the supply of funds from the national treasury (or the oblasts, public organizations, etc.), or it will need to collect operating funds from audiences (the public). Unless the SNBC changes into a commercial broadcasting station, income from broadcasting advertisements, or other business, will not be appropriate as the main source of revenue (there will be quantitative limits). Therefore, without a receiving fee system, and with the tight government budgetary conditions leading to reviews of subsidies, and the increased possibilities of cuts in state subsidies to broadcasting enterprises, securing a source of income is a top-priority issue that needs to be considered, for today's broadcasting service to develop further.

2) Long Term Funding, Stable Source of Revenue

At the SNBC, immediate and long term funds are needed for obtaining equipment that will make it possible to transmit competitive, high quality broadcast programmes, and for rehabilitating decrepit facilities, equipment and machinery (most of which was put in place during the days of the former Soviet Union - some have been in use for 20 years). A stable source of revenue that provides at least a certain level of income is needed in daily broadcast operations to cover staff salaries, fees for transmitting broadcast waves, and other costs incurred in expansion, such as extending broadcasting time, and enriching the contents of broadcast programmes.

3) Applying for the Introduction of a Receiving Fee System

Based on the above, in January 1994, the SNBC submitted to the government a petition to introduce a receiving fee system (from the President of the SNBC addressed to the First Deputy Minister of the Kyrgyz Republic). The receiving fee system was suggested as an alternative source of revenue for taking the burden off of state subsidies, or as an additional source of revenue to make up for insufficient subsidies for maintaining and expanding broadcasting.

4) Why a Receiving Fee System is Most Appropriate

Other than present state subsidies, various options for sources of revenue are possible, as shown in Table 8.3.1-1. But, taking into consideration a healthy financial structure, and to uphold the public nature of broadcasting, the candidates for sources of revenue are: subsidies from the national treasury; income from independent business; receiving fees; grant aid from overseas; and contributions. When these are evaluated in terms of how reliable they are as mid to long term income or funding, and whether, in terms of quantity, they can become a main source of revenue, subsidies from the national treasury, and receiving fees survive the test. And when considering the issues of 1) lightening the burden on national finances; 2) keeping independence as a broadcasting station in producing broadcast programmes; and 3) reflecting the wishes of the viewers - receiving fees seem to be the best choice as the main source of revenue for the SNBC.

Table 8.3.1-1 Options for Funding Sources and Sources of Running Costs

Funding Source	Payment of Principal and Interest		Where Funds Will be Used		Remarks
	Principal	Interest	Facilities	Running Costs	
Subsidies from national treasury	×	×	○	○	} Present sources of revenue
Independent Income (Advertising, rental fees, etc.)	×	×	○	○	
Receiving fees	×	×	○	○	
Issuing bonds	○	○	○	○	
Issuing Stock (In the case of a switchover to a private station)	×	○ (Dividends)	○	○	
Contributions	×	×	○	○	
Borrowing from government	○	○	○	○	
Borrowing from banks	○	○	○	○	
Grant Aid from overseas	×	×	○	×	
Loan Aid from overseas	○	○	○	×	

○: Necessary

×: Not necessary

5) Making up for Differences with State Subsidies

Today, there is no receiving fee system in the Kyrgyz Republic. It is possible to assume that it will take time for understanding over the receiving fee system to take hold, so collecting fees from 100% of the receivers (households) from the beginning may not be possible.

Even if all costs are to be covered by receiving fees, until 100% of receiving fees can be collected, it will be necessary to continue state subsidies to make up for the difference.

6) Evaluating the Sources of Revenue

For independent management a self-procurement of funds is fundamentally necessary. Priority should be given as much as possible to stable sources of funds, and funding that does not have to be repaid. Repayable funding means the principal must be paid back, and interest on the principal needs to be paid as well. This increases the financial burden later on down the road, and puts pressure on running the enterprise. Until there are realistic expectations for covering the return of principal and interest, funding needs should not be met in this short-sighted, easy manner.

However, if surplus funds can be secured in the future, there should be no reason to deny current borrowings or procurement of investment funds through bond issues or other means, with the future surplus funds as the main source of repayment.

(2) Trial Calculations of Income and Expenditure

The SNBC is a company, as can be seen from the name it was given in 1993. It is supposed to be self sufficient regarding its finances, and is considered to be an enterprise that should procure by itself all assets necessary for broadcast services, such as buildings, facilities and equipment, besides daily operating costs.

Looking at the SNBC's finances today, its books show no depreciation for fixed assets such as buildings, facilities and equipment; neither are there any pools of funds for re-building or re-procurement. Perhaps this was unnecessary because it is a state broadcasting station within a state administrative structure, with a

supply of funds from the state budget paid as subsidies whenever necessary. Continued use of current assets seems to be unavoidable.

However, a considerable number of years have passed since the current facilities and equipment were installed. It is clear that renewal will be necessary soon, because of increased maintenance needs and outdating of functions.

Therefore, it will be necessary to provide for internal reserves, and procure funds for creating a healthy management base as part of the renewal process, in a systematic way.

The following Tables 8.3.1-2 and 8.3.1-3 are for your reference. The tables are trial calculations of how much funds are necessary.

Table 8.3.1-2 Calculations of General Expenditure for Operating the SNBC (No Renewal of Facilities)

	1994	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Labour Costs	5,234	5,141	5,288	5,437	5,587	5,739	6,026	6,327	6,643	6,976	7,324	7,691	8,075	8,479	8,903	9,348
Number of Employees (actual number of people)	1,100	980	960	940	920	900	900	900	900	900	900	900	900	900	900	900
Transmitting Fees																
Radio	2,277	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552
Television	1,274	1,519	1,519	1,870	1,870	2,571	3,039	3,273	3,506	3,974	3,974	4,441	4,441	4,909	4,909	5,377
Total	3,551	5,072	5,072	5,422	5,422	6,123	6,591	6,825	7,059	7,526	7,526	7,994	7,994	8,461	8,461	8,929
Radio Broadcasts (Hours per Day)	25.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0
TV Broadcasts (Hours per Day)	5.5	6.5	6.5	8.0	8.0	11.0	13.0	14.0	15.0	17.0	17.0	19.0	19.0	21.0	21.0	23.0
Production Costs																
Radio	766	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196
Television	2,790	3,328	3,328	4,096	4,096	5,632	6,656	7,168	7,680	8,704	8,704	9,728	9,728	10,752	10,752	11,776
Total	3,557	4,524	4,524	5,292	5,292	6,828	7,852	8,364	8,876	9,900	9,900	10,924	10,924	11,848	11,948	12,972
Facilities, Buildings																
Facility Maintenance	450	18,652	19,441	20,354	20,624	23,207	30,095	33,814	46,160	49,627	52,427	53,603	53,603	53,603	53,603	53,603
Building Repairs	470	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Total	920	19,152	19,941	20,854	21,124	23,707	30,595	34,314	46,660	50,127	52,927	54,103	54,103	54,103	54,103	54,103
Other Expenses	2,780	2,947	2,977	3,230	3,260	3,738	4,094	4,303	4,516	4,880	4,950	5,322	5,399	5,778	5,862	6,250
Total Expenditure	16,042	36,836	37,801	40,234	40,685	46,135	55,157	60,133	73,754	79,409	82,628	86,033	86,494	88,769	89,277	91,601

Note : * Figures for 1994 are based on the SNBC budget (August 1994)

* Annual increase in labour costs (after 1995) estimated at 5%.

* Calculations assume no increase in transmitting fee charges per Hour.

* Figure for radio transmissions in 1994 includes 10 hr/day increase from July.

* Figure for TV transmissions in 1994 includes 1 hr/day increase from October.

* All increases in broadcasting hours from 1996 onwards will be handled with existing facilities.

* 'Other Expenses' from 1996 onwards have been calculated at 20% of Labour Costs + Transmitting Fees + Producing Costs.

* Production costs have been calculated from the 1994 budget figures shown right.

* Production costs and transmitting fees from 1996 onwards have been calculated in proportion to the of transmission hours.

* 10 Som = 1 US dollars (≈ 100 yen) — exchange rate at end of August 1994.

Calculations exclude inflation.

	(1)	(2)	(3)	(4)	(5)
Radio	707	513	9.6%	59	9.6%
TV	1,942	4,828	90.4%	559	90.4%
Total	2,649	5,342	100.0%	618	100.0%

(1) Programming and Production Costs

(2) Outlays from the Planning and Economic Department to the Radio & TV Centre.

(3) Dividing the Production costs of the Radio & TV Centre, using the ratios from (2) above.

(4) Production Costs of the Kyrgyz Telefilm Movie Studio

(5) = (1) + (3) + (4)

Table 8.3.1-3 Trial Calculations of General Expenditure for Operating the SNBC (Renewal of Facilities at a Facilities Maintenance Rate of 16%)

	1994	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Labour Costs	5,234	5,141	5,288	5,437	5,587	5,739	6,026	6,327	6,643	6,976	7,324	7,691	8,075	8,479	8,903	9,348
Number of Employees (actual number of people)	1,100	980	960	940	920	900	900	900	900	900	900	900	900	900	900	900
Transmitting Fees																
Radio	2,277	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552
Television	1,274	1,519	1,519	1,870	1,870	2,571	3,039	3,273	3,506	3,974	3,974	4,441	4,441	4,909	4,909	5,377
Total	3,551	5,072	5,072	5,422	5,422	6,123	6,591	6,825	7,059	7,526	7,526	7,994	7,994	8,461	8,461	8,929
Radio Broadcasts (Hours per Day)	25.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0
TV Broadcasts (Hours per Day)	5.5	6.5	6.5	8.0	8.0	11.0	13.0	14.0	15.0	17.0	17.0	19.0	19.0	21.0	21.0	23.0
Production Costs																
Radio	766	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196
Television	2,790	3,328	3,328	4,096	4,096	5,632	6,656	7,168	7,680	8,704	8,704	9,728	9,728	10,752	10,752	11,776
Total	3,557	4,524	4,524	5,292	5,292	6,828	7,852	8,364	8,876	9,900	9,900	10,924	10,924	11,848	11,948	12,972
Facilities, Buildings																
Facility Maintenance	0	62,280	9,050	1,050	1,300	16,570	3,320	25,150	132,450	34,150	35,000	14,700	0	0	0	0
Building Repairs	450	10,556	10,168	10,944	11,045	11,474	17,931	18,381	13,508	12,536	10,051	10,051	10,051	10,051	13,165	13,617
Total	470	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Other Expenses	2,780	2,947	2,977	3,230	3,260	3,738	4,094	4,303	4,516	4,880	4,950	5,322	5,399	5,778	5,862	6,250
Total Expenditure	16,042	91,019	37,578	31,875	32,406	50,972	46,313	69,849	173,551	76,467	75,986	57,180	42,942	45,216	48,839	51,615

Note : * Figures for 1994 are based on the SNBC budget (August 1994)

* Annual increase in labour costs (after 1995) estimated at 5%.

* Calculations assume no increase in transmitting fee charges per hour.

* Figure for radio transmissions in 1994 includes 10 hr/day increase from July.

* Figure for TV transmissions in 1994 includes 1 hr/day increase from October.

* All increases in broadcasting hours from 1996 onwards will be handled with existing facilities.

* 'Other Expenses' from 1996 onwards have been calculated at 20% of Labour Costs + Transmitting Fees + Producing Costs.

* Production costs have been calculated from the 1994 budget figures shown right.

* Production costs and transmitting fees from 1996 onwards have been calculated in proportion to the of transmission hours.

* 10 Som = 1 US dollars (= 100 yen) — exchange rate at end of August 1994.

Calculations exclude inflation.

	(1)	(2)	(3)	(4)	(5)
Radio	707	513	9.6%	59	9.6%
TV	1,942	4,828	90.4%	559	90.4%
Total	2,649	5,342	100.0%	618	100.0%

(1) Programming and Production Costs

(2) Outlays from the Planning and Economic Department to the Radio & TV Centre.

(3) Dividing the Production costs of the Radio & TV Centre, using the ratios from (2) above.

(4) Production Costs of the Kyrgyz Telefilm Movie Studio

(5) = (1) + (3) + (4)

(3) Receiving Fee System

1) Consensus in Introducing a Receiving Fee System

To the viewer or listener, collecting receiving fees means switching over from receiving radio and TV broadcasts free of charge, to paying for receiving the broadcasts. A receiving fee system will make it possible to reflect the wishes of audiences directly in the programming. But the objective and reasons for the system need to be made clear, quoting examples such as the possibility of lightening the burden on national finances. It is necessary to obtain the consensus of the receivers (the public).

2) Why a Receiving Fee System is Appropriate

The term 'receiving fee' includes: broadcast receiving licence fees (licence fees), the price paid in return for broadcasting services, and running costs of broadcasting service organizations. Both the price paid in return for services, and running costs, have difficulty in coping with the excuse of 'not watching or listening.' The most appropriate charge system for the Kyrgyz Republic seems to be receiving fees (licence fees), now collected in many countries worldwide. (Refer to Figure 8.3.1-1)

Source of Revenue	Number of Stations (Countries)			
Receiving Fees (Licence Fees)	5	9	20	51
Receiving Fees	2			
Fees for Using Receiving Device	1			
Association User's Fees	1			
Receiving Fees (Licence Fees) + Advertising Fees	11	19	25	
Receiving Fees (Licence Fees) + Advertising Fees + Subsidies	6			
Subsidies	7	12	6	
Subsidies + Advertising	12			
Only Advertising				

Out of 51 major stations (countries),

26 stations = 50.9% have a receiving fee system

 out of which, 9 stations = 34.6% have only receiving fees

 and, 17 stations = 65.3% have advertising income

21 stations = 80.7% out of the 26 stations with receiving fee system have clearly defined licence fees (including France)

Figure 8.3.1-1 Source of Income of 51 Major Stations (Countries)
(from the 'NHK Databook 1992, World Broadcasting')

3) Who to Collect the Receiving Fees From

Even if a receiving fee system, or a system for collecting receiving fees is set up, unless the audiences (the people) have the actual ability to pay, collecting the fees will not be possible, and will only invite social confusion. It will be necessary to make realistic plans regarding the introduction and collection of the fees. Which homes with receiving devices will be targets for collecting the fees? How much will the receiving fee be? Will there be discounts or waivers for the poor, or for educational facilities? How much needs to be collected overall? How will this compare with other cost-of-living standards? The possibilities of all the above need to be considered from all angles.

4) Deciding the Amount of Receiving Fee Payments

Fundamentally, the decision will be made based on the SNBC budget, and taking into consideration social and economic conditions (the number of households, the cost of living, whether the economy is doing well or not, etc.). The receiving fee payment amounts are the receiving fee system itself. The amount needs to be decided with care, for example, by using a sliding scale system based on changes in the cost of living.

5) Method of Collecting the Receiving Fees

There are various possible ways of collecting the fees. To achieve a high collection rate continuously, the method should be chosen from the following a) to e). Also, for the sake of fairness, it is necessary to consider punitive measures against those not paying, or late in paying the fees.

a) As an additional payment to existing public fees

The receiving fee will be collected together with other public fees, such as electricity fees through existing routes. It will be necessary to pay the public organization making the additional collection a fixed fee, to cover the clerical costs incurred when collecting the receiving fees.

b) Direct payment by audiences

The organizations at which to pay the fees (such as the post office, or banks, etc.) will be decided. The audiences will make payments directly at those organizations. This case also entails payment of clerical costs incurred when collecting the receiving fees to the organization serving as the window for payment.

c) Collection by the government

The government makes the collection from corporations and the people, collecting the receiving fees together with taxes. The total receiving fees collected are paid to the SNBC, after subtracting fees to cover clerical costs.

d) Collection by fee collectors

A fee collector collects the receiving fee directly from the audiences. There are two possible cases. One, the SNBC is responsible for the collection. Two, a collection organization other than the SNBC takes responsibility for the collection. Both cases have high labour costs; collection costs are high, and the efficiency is considered to be relatively low. In cases where collectors collect fees, about 25% of the total amount collected will need to be allocated to labour costs.

e) Including the cost of the receiving fee in the cost of the broadcast receiving device

When the broadcast receiving device is sold (or imported, or shipped), the receiving fee is collected as part of the retail price (or import price, or shipping price). This method has a weakness; there is no hope of this method becoming a stable source of revenue. Once the receiving devices are bought and in place, it will not be possible to count on any further receiving fee income. There is also the fear that this method may become a factor in preventing lively economic growth. The price of the receiving device will be more expensive because of the cost of the receiving fee.

6) Schedule for Introducing the Receiving Fee System

The expansion of broadcasting time, and the improvement of broadcast programming as planned, needs to be backed by source of revenue. The introduction of the receiving fee system will also follow this plan. The following schedule goals will be set:

- The receiving fee system will be introduced (the collection of receiving fees will start) from the 1996 (target year).
- By the end of 2000 fiscal year, all state subsidies to the SNBC will be replaced by receiving fee income.

7) Preparing Receiving Fee Legislation

The Law on Mass Communications in the Kyrgyz Republic stipulates public information must be provided free of charges. Since a receiving fee system can be considered supplying information and charging fees, it will be necessary to amend the Law of Mass Communications. It will also be necessary to adjust the related laws.

* The Law on Mass Communications in the Kyrgyz Republic

'Article 14 Official Information

Mass communication bodies set up by the state power or governing body shall transmit official information regarding such state power or governing body free of charge.'

If the SNBC were to accept private capital (for this to happen, the SNBC would need to be transformed into a joint-stock company first), and this would make it difficult to allow a receiving fee system that is based on receiving fees that have the characteristics of a tax. In such a case also, careful and thorough consideration of the laws of the Kyrgyz Republic will be necessary.

8) Research and Discussion over the Introduction of the Receiving Fee System

To introduce the receiving fee system through preparations are necessary: research and discussion over the impact of the system on the finances of each of the households and on the minds of the people; amending the law; preparing organizations, methods and means of collecting the fees; the timetable for the introduction; and whether the introduction of the fees is appropriate or not. It is necessary to set up a team of specialists, consisting of a representative of the viewers, the government, and other members of organizations involved, and allocate enough time for discussion.

9) Trial Calculations for Receiving Fee Income

Table 8.3.1-4 shows the results of trial calculations.

Table 8.3.1-4 Trial Calculations of Receiving Fees

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Number of Households (in the Kyrgyz Republic)	850,000	850,000	850,000	850,000	850,000	850,000	850,000	850,000	850,000	850,000	850,000	850,000	850,000	850,000	850,000
Ratio of Households Paying Receiving Fees	50%	50%	70%	80%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Number of Households Paying Receiving Fees	35,417	425,000	595,000	680,000	807,000	807,500	807,500	807,500	807,500	807,500	807,500	807,500	807,500	807,500	807,500
Annual Receiving Fees (Som per Household)	36.0	36.0	36.0	36.0	36.0	60.0	60.0	60.0	84.0	84.0	84.0	108.0	108.0	108.0	108.0
Monthly Receiving Fees (Som per Household)	3.0	3.0	3.0	3.0	3.0	5.0	5.0	5.0	7.0	7.0	7.0	9.0	9.0	9.0	9.0
Total Receiving Fees Collected	1,275	15,300	21,420	24,480	29,070	48,450	48,450	48,450	67,830	67,830	67,830	87,210	87,210	87,210	87,210

Note : * Regarding the Number of Households Paying Receiving Fees, we have assumed collection possible from the above ratio of households.

* We have assumed that the receiving fee system will be implemented in December 1996, and that the collection ratio will be 50%.

* 10 Som = 1 US dollar (= 100 yen) — exchange rate at the end of August, 1994 — has been used with inflation rate since then at 0 (zero).

* The figures for 1996 are only for the month of December.

(4) Broadcasting Advertisements and Other Sources of Income

1) Broadcasting Advertisements

As long as the SNBC is a state-owned broadcasting station or a public broadcasting station, income from broadcasting advertisement programmes can never be the main source of revenue for running the SNBC. (On the other hand, if the SNBC becomes a private station, fee income from broadcasting advertisements will become the main source of revenue for the operations.)

But, with subsidies from the national treasury, or the introduction of a receiving fee system, income from broadcasting advertising programmes has a large possibility of becoming a powerful supplementary source of income, for lightening the burden of receiving fee payments on the audiences, or for maintaining and expanding the operation of the SNBC. At present, the environment both within and surrounding the SNBC is not yet ripe for expanding advertising programmes (for instance, there is the lack of customers requesting broadcasting of their advertisements, the lack of ability in producing advertisement programmes, the inability to control costs, etc.). Planned steps for producing and selling advertisement programmes will be necessary for future expansion.

2) Other Sources of Income

The SNBC uses income from broadcast services (subsidies from the national treasury or receiving fees), or related businesses (broadcasting advertisements) and operations (renting broadcasting facilities) as sources of revenue to cover its running costs. In pursuing income, there may be times when the SNBC has to temporarily enter into businesses and operations that are unrelated to broadcasting as a stop gap measure. But we must not forget that the SNBC is a broadcasting station. If such businesses have potential for real expansion, a separate entity needs to be set up, and the business transferred from the SNBC to the new entity. Income from broadcasting services should be used as the source of revenue for running the SNBC.

8.3.2 TVRT

(1) Financial Plans

The TVRT has shown profits for 1993 and 1994 (budget-wise). But depreciation on the books for the dilapidated facilities is insufficient to cover funds for re-procurement. And there have been large decreases in income due to decreased transmission hours from the Ostankino network, which has a large share in contributing to income; leading to worries about lack of funds to cover daily operations, let alone funds for facilities. It is no longer possible to make financial forecasts as an extension of the past. It is desirable to clarify financial measures regarding management in the future, including fund allowances for facility replacement, and forming these into a plan.

(2) Securing Sources of Income

The TVRT currently transmits the Turkish Radio-Television Corporation's broadcast programmes, but the transmitting fees are paid in U.S. Dollars. Because Turkey is not a member of the CIS, the fees are treated as income for the MOC, not income for the TVRT. The TVRT has a self-supporting budget system which covers operating costs with income from broadcasting stations. The stations pay fees in return for the TVRT's transmission services. So it seems fitting for the transmitting fees from the Turkish Radio-Television Corporation to be a source of income for covering TVRT's operating costs. In particular, now that Ostankino has decreased its transmission hours, the above measures are increasingly important in the running of the TVRT from the financial viewpoint as well.

The TVRT is looking to transmitting fee income as a source of revenue. Securing customers that require transmission services, and securing a number of such customers, is the most important thing that needs to be done. At present the TVRT has a monopoly in its transmission operations, and there is no competition. But aggressive measures for expansion and maintaining a flow of income are called for, e.g. finding new transmission broadcast stations, and answering the needs of customers (broadcasting stations) by improving the services provided.

(3) Trial Calculation of TVRT's Income and Expenditure

Table 8.3.2-1 shows a trial calculation of income and expenditures for the TVRT from 1994 to 2010. In this calculation the TVRT is to continue to register deficits even beyond 2010 because the TVRT will have to finance costs for the renewal of the outdated transmitting equipment now in use and for maintenance.

In improving the broadcasting networks, it would be difficult to raise transmitting fees easily. Taking this into consideration, it is believed that financial assistance from the national treasury and other sources will be indispensable for the TVRT to do transmitting service as requested by parties concerned.

This table is one of the options, calculated on the following premises, but not all the elements necessary for trial calculations are totally examined.

Premises

- Income is to increase at an annual rate of 5% (presumed in this trial calculation) because of increases in broadcasting hours and other revenue.
- About 1/21 of all the transmitting equipment now in use (valued at 507,000 thousand Som \approx US\$ 50.7 million) is to be subject to renewal every year starting in 1995. The renewal schedule until 2000 is shown in Tables 9.3.1-1 and 9.3.1-2.
- Procurement costs of transmitting equipment are calculated on the assumption that the equipment corresponding to the procurement costs shown in the above-mentioned tables have got 24 years old.
- Maintenance costs for transmitting equipment are 3% of the procured prices for the period of 21 years since procurement, 8% in the 22nd and 23rd years. Twenty-four years old equipment is subject for renewal.

- International procurement prices or rates generally in use are applied in calculating the procurement and maintenance costs for transmitting equipment.
- Equipment covered in this calculation is equipment for transmitting and does not include equipment for programme transmission.
- Labour costs (including social insurances) are to increase at an annual rate of 5% (presumed in this trial calculation).
- Efficient management makes yearly fuel costs to be fixed at 4 million Som.
- Electric power charge is to be raised at an annual rate of 3% (presumed in this trial calculation) in response to the increases in the broadcasting hours.
- It is possible to maintain the other expenditures at the level in 1994.
- The figures for 1994 are based on projected TVRT income and expenditures in 1994 (see Table 3.3.2-2).
- This trial calculation does not include costs for full-scale remodeling of TVRT buildings.

Table 8.3.2-1 Trial Calculations of TVRT Income and Expenditure

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenue Total	23,082	24,236	25,448	26,720	28,056	29,459	30,932	32,479	34,103	35,808	37,598	39,478	41,452	43,525	45,701	47,986	50,385
Equipment Expenditure																	
Procurement	0	24,000	22,000	24,000	22,000	23,000	22,000	24,667	24,667	24,667	24,667	24,667	24,667	24,667	24,667	24,667	24,667
Maintenance Cost	1,800	17,510	17,510	17,460	17,460	17,543	17,677	17,677	17,677	17,677	17,677	17,677	17,677	17,677	17,677	17,677	17,677
Total	1,800	41,510	39,510	41,460	39,460	40,543	39,677	42,343	42,343	42,343	42,343	42,343	42,343	42,343	42,343	42,343	42,343
Operation Expenses																	
Labour Cost	8,340	8,757	9,195	9,655	10,137	10,644	11,176	11,735	12,322	12,938	13,585	14,264	14,977	15,726	16,513	17,338	18,205
Fuel & Other Costs	6,532	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Electric Power Charges	3,200	3,296	3,395	3,497	3,602	3,710	3,821	3,936	4,054	4,175	4,301	4,430	4,562	4,699	4,840	4,985	5,135
Other Expenses	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160
Total	20,232	18,213	18,750	19,311	19,899	20,514	21,157	21,831	22,536	23,273	24,046	24,854	25,700	26,586	27,513	28,484	29,500
Total Expenditure	22,032	59,723	58,260	60,771	59,359	61,057	60,834	64,174	64,879	65,617	66,389	67,197	68,043	68,929	69,856	70,827	71,844
Net Income	1,050	-35,487	-32,812	-34,051	-31,303	-31,598	-29,902	-31,695	-30,776	-29,809	-28,791	-27,719	-26,591	-25,404	-24,155	-22,841	-21,458

Note : * This table does not cover expenditure for full-scale remodelling of buildings.

* 10 Som = 1 US dollar (= 100 yen) — exchange rate at the end of August, 1994. Calculations exclude inflation.

8.3.3 SNBC-TVRT Relationship

(1) The Financial Relationship between the SNBC and the TVRT

It is basically assumed that the TVRT will continue its relationship with the SNBC in transmitting operations, and that current financial relationships will be unchanged, i.e. the SNBC will pay the TVRT transmitting fees based on the transmission volume (the number of hours of broadcast, power required for transmitting, the routes of programme transmission, etc.).

(2) Deciding on Medium to Long Term Transmitting Fees

When a broadcasting entity like the SNBC makes financial plans, it is necessary to make medium to long term forecasts on transmitting fees, which constitute a large part of running costs. Therefore, it will be helpful if transmitting fees over the next three to five years are decided, and shown to the users.

In deciding the fees, since transmitting fees take up a large share of the running costs of a broadcasting station, the TVRT should not unilaterally decide on the fee structure. Coordination with the users, such as the SNBC, is necessary.

(3) Covering Cost of Equipment Investment through Transmitting Fees

At present, the TVRT's electronic transmission enjoys a monopoly and does not face any competition. The TVRT should not, however, increase fees off-handedly. But we must also consider the fact that considerable continuous investment is needed to update transmitting facilities, etc. It should be acceptable for part of these investment costs to be covered by transmitting fees, by deciding on a transmitting fee structure of 'cost + a profit margin.'

The transmission network for broadcast programmes is part of the national telecommunications network, an important social infrastructure. Costs necessary for its maintenance and repairs should as a rule be paid by the users. If, however, it is not possible for the users to cover all the costs, there may be the need for financial aid from the government in certain areas or facilities.

8.4 Management of Operations

8.4.1 SNBC

(1) Management Structure

1) Current Situation

The SNBC already has internal regulations, which define the operating structure, job authorities, division of duties and other matters regarding operations. But since the regulations were established during the Soviet period, and considering one year has passed since the SNBC began broadcasting services in March 1993, the regulations should be reviewed and amended, if necessary, for appropriate management of operations.

2) Establishing Responsibilities

a) Delegating Authority

The highest authority and final responsibility regarding the running of the SNBC lies with the President. But going to the President for all issues requiring decisions is unreasonable in terms of efficiently running broadcasting services (efficiency can be improved through job allocation).

Where appropriate, duties and authority should be actively devolved to department heads and persons in charge of particular matters.

b) Establishing an Overall Management System

However, in devolving authority (e.g. to make proposals, requests, approvals, decisions and requests for reports), some form of management system is needed for overall control. Without a system of overall control, the President can neither exert his highest authority nor final responsibility in running the SNBC; nor can middle-level managers take responsibility for the organizations under them. The devolution of authority should be decided based on the importance of each individual job position

(evaluating the positions by standards such as the duties performed or monetary figures). Also, reporting to one's immediate superior on how the job is proceeding should be included in the system.

c) Reviewing Duty Allocation

In broadcasting operations there are various duties, and each division is allocated set tasks. The allocation should be reviewed, checking whether it is efficient, reasonable and appropriate. Furthermore, this review should not be limited to current structure and system. The review should keep in mind operating policy, and medium to long term plans, and also include a review of organizations and powers.

3) Meetings

The meetings at the SNBC should also be reviewed. Meetings should have an organizing function in the SNBC's operations. Unnecessary meetings should be discontinued. There should be a review of what exactly is required of the meetings, such as the issues to be discussed, their role and their authority. A meeting structure should be set up to invigorate the SNBC in terms of organization and efficiency.

(2) Operating Policy, Operating Plans

1) Operating Policy

The SNBC should clarify a basic policy which it will constantly take note of in its management and provision of broadcasting services.

The policy, for example, should indicate:

- a) The SNBC will provide broadcast programmes that answer the needs of the viewers and listeners.
- b) The SNBC will maintain soundness in its finances.
- c) The SNBC will be run efficiently.

2) Long Term Operating Plans

The SNBC should formulate a long term plan for the period up to the year 2000. Broadcast programme structures, broadcasting time, broadcasting coverage areas, broadcasting facilities and equipment, organizations and finances are among the items that should fall within the scope of the plan. In other words, the plan will set forth the long term goals for the development of broadcasting services and qualitative and quantitative goals in overall operations. Five to ten year long term plans should continue to be formulated after the year 2000.

3) Medium Term Plans

Medium term plans should be decided based on the long term plans. The time frame is to be for three to five years, which seems to be appropriate as a unit of time for measuring broadcasting activities, and also appropriate for making overall forecasts. Medium term plans shall be adjustable by about 10% to provide enough elasticity to adapt to various unforeseen circumstances. Otherwise, the plans shall not be amended in any large scale during the three to five year period. Furthermore, the medium term plans shall consist of a basic policy, and individual plans.

a) Basic Operating Principles

The SNBC should establish operating principles for the next three to five years. This is to be done after analyzing changes and trends in the socio-economic milieu and the needs of audiences in addition to the SNBC clarifying issues and directions in which it should proceed.

b) Individual Plans

- Plans on Programmes and Broadcasting Time

Specific programmes should be drawn up for programme composition, programming and production methods. There should also be plans for broadcasting hours and broadcasting time slots.

- Facility Investment Plans

Facility investment plans should be coordinated with financial plans and plans on broadcast programmes and broadcasting time. When construction takes more than three years, the length of the facility investment plan shall be fixed at such time the construction is completed. This means it will have to be incorporated into the medium term plan. The facility investment plan may have to be reviewed and altered when the medium term plan is formulated.

- Financial Plans

These are important plans supporting the operating plans. Financial plans clarify financial allocations. They are indispensable particularly in facility investments that require a large amount of funds. Such plans are also important in making forecasts of income and expenditures of operating funds, enabling smooth development of daily operations. Financial plans are basic plans on income and expenditures. There are three types of financial plans, and they can be formulated for the medium, long and short term.

- ° Current Account-Related Plans (e.g. income and expenditure involved in daily operations)
- ° Investment-Related Plans (e.g. facility investment)
- ° Financial Balance-Related Plans (e.g. borrowings, capital)

- Personnel and Labour Plans

Human resource training, personnel numbers and other items related to personnel and labour require long term responses. The SNBC should formulate personnel and labour plans centred on items that particularly need to be addressed in the medium term.

- Organization Plans

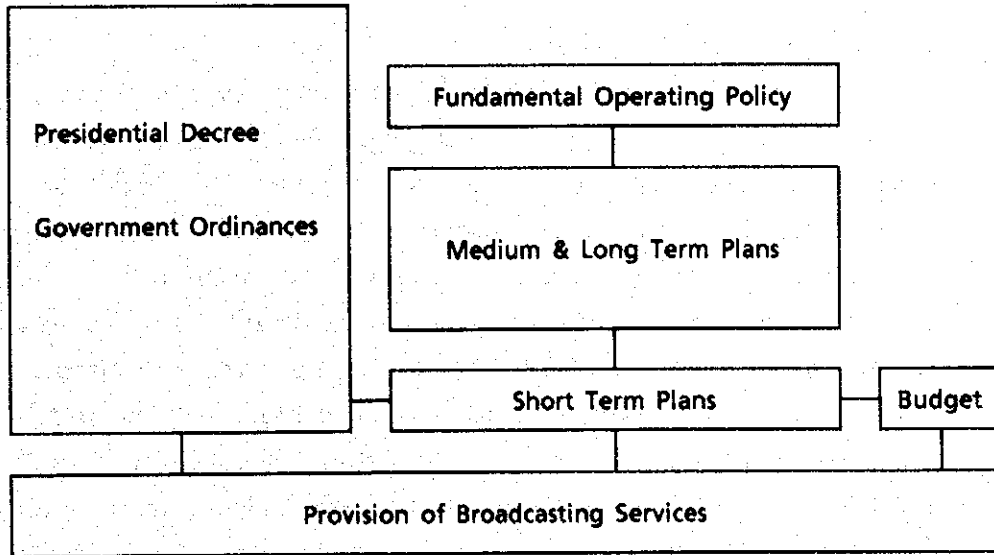
What are the functions of the SNBC in order to fulfill the work required of it? What sort of organizational structures and organizational functions are necessary to enable the SNBC to carry out its functions efficiently and reasonably? These issues are considered in medium term organization plans. Organization plans establish structures and unit functions.

- Other issues that require medium term planning, or are appropriate for medium term planning, should also be covered in these medium term plans.

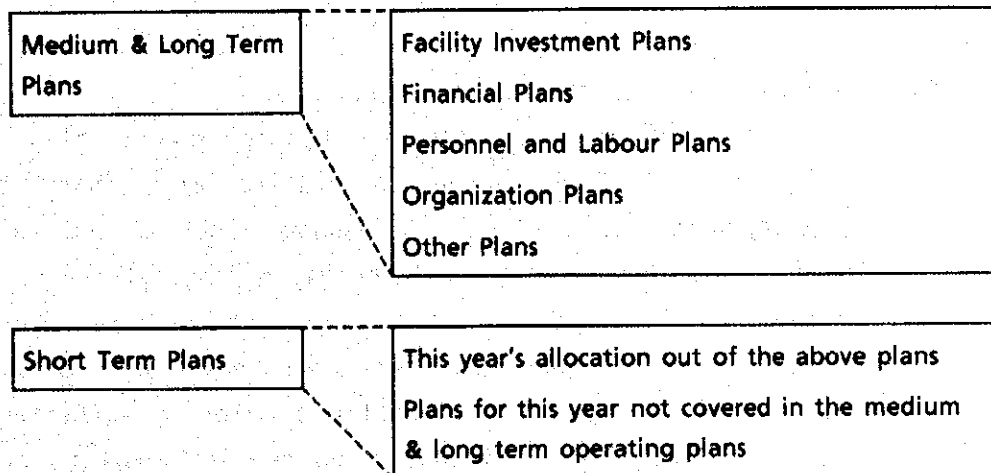
4) Short Term (Annual) Operating Plans

The medium term and long term operating plans should be used to set up an annual operating plan for the following financial year, after taking into consideration changes in the environment and government policies, and making the necessary adjustments and amendments.

[Suggested Improved Structure]



[Details of Medium & Long Term Plans, Short Term Plans (example)]



(3) Budget Control

1) Budget Control System

The bigger the organization, the more important it is to clarify operating directions and goals beforehand, and to have control on the practical side to ensure the directions are maintained and the goals actually achieved. The operating directions and goals are the organization's intentions. A budget control system clarifies them in figurative terms by incorporating them into a budget. The system controls the organization's activities through a comparison of the degree to which directions are maintained and goals are achieved with the budget. The SNBC should not merely use budgets as a means of applying for state subsidies. There should be adequate understanding of the functions budget control have in managing broadcasting services. It is desirable that the system be built up.

2) Reasonable Timeframes for the Budget

The budget is a guideline for operating activities, and though it is usually made to conform with short term (annual) operating plans, it cannot function unless it matches the operating cycle of the various activities of the enterprise. Therefore, if the activities have monthly cycles, a monthly budget is needed. A weekly cycle means a weekly budget. From the viewpoint of clerical efficiency, or full control of operations, timeframes of monthly, semi-annual and annual budgets seem to be appropriate. In addition to making the budgets conform to operating cycles, the approach of 'plan-do-see' in all duties needs to be filtered through to all employees, from management down to the last individual.

3) Clarifying Operating Responsibilities Through the Budget

The SNBC is run as an organization. Therefore, the budget must clarify the responsibility of each manager and each employee in running daily operations. What is called a Budget Responsibility System is necessary. However, from the viewpoint

of clerical efficiency, and ease of putting the system to actual practice, employees responsible for the budget should be managers above the level of department and office heads.

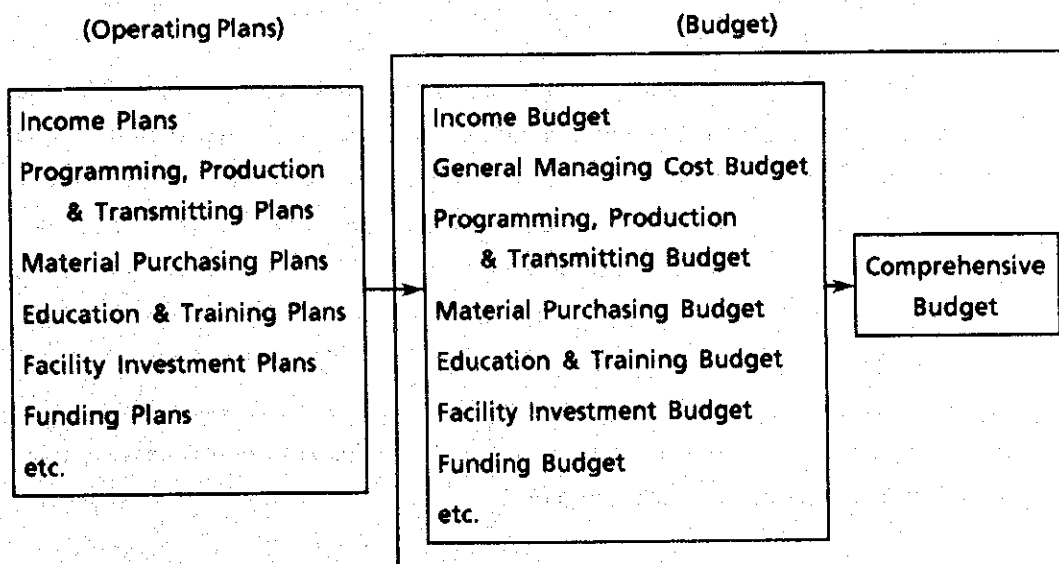
4) Budgets for Important Items

If the budget is set up treating each operational activity on an equal basis, this means not enough attention is paid to the important items, and too much effort is put into unimportant items. The weight of each item needs to be assessed according to how important it is to run the SNBC. Clarifying the control points in this manner is necessary.

5) A Budget that has Operating Plans and Achievement of Goals as its Standard

An extended budget that is based on last year's results makes it impossible to review 'costs and results,' or allocate the budget resources in terms of importance. As a general rule, the budget needs to be compiled after evaluating everything against the plan, and by how important it is in daily operations, and by 'cost and results.'

[Budget Set-Up]



(4) Controlling Programme Production Costs

When producing a programme, in the same way that efficiency in procedures and organization is necessary, efficiency in costs is also necessary. One rational way of doing this would be to establish the standard cost of producing each type of programme (including cost of the materials, time, personnel, etc.). This will be a standard of reference when actually producing a programme.

The standard costs will be decided after full consideration of efficiency, reasonableness and appropriateness in meeting the objectives of the category (categorized, for instance, by the number of broadcasting hours, or programme contents). However, in programming and the production of broadcast programmes, it is difficult at present to decide on a strict standard cost based on something like efficiency. Therefore, control costs used for controlling the costs of programming and production should start out with planned costs, composed of standard costs which expresses an efficient model generation of costs, plus a margin of leeway.

(5) Financial Management and Accounting

1) Integrating Different Sections involved in Finances, Planning and Accounting

The SNBC at present, in terms of financial management and accounting, consists of the Planning and Economic Department, the Radio and Television Centre, and the Kyrgyz Telefilm Movie Studio. Since each of these divisions conduct their own operations, they have sections responsible for finances, planning and accounting (the Kyrgyz Telefilm Movie Studio only handles accounting). But responsibility for finances should be undertaken by the SNBC as a whole. It is desirable from the standpoint of efficiency to combine the various sections engaged in finances, planning and accounting.

2) Standardizing & Reconsidering Accounting Procedures

Accounting procedures from the Soviet Period remain in use. Accounting classifications at the Radio and Television Centre remain the same. The Planning and Economic Department uses different accounting classifications and different bookkeeping methods to the Radio and Television Centre, perhaps because it is considered part of the administration structure. Even if organizational unification is not possible, standardization of accounting practices is desirable, with exceptions in formats for submitting reports to the government.

Standardization will mean that the management at the SNBC can read the financial statements without confusion, and also simplify evaluation of accounting transactions. Having some sections other than those handling accounting deal with some of the accounting transactions, and doing this in the midst of reviewing the former Soviet methods of accounting procedures, both seem necessary.

3) Computerization of Accounting Procedures and Financial Plans

At present, the sections handling finances, planning and accounting use the abacus for all necessary calculations. This makes it impossible to submit satisfactory financial information and operating plan information to management when needed. Manual labour also makes fast, efficient accounting procedures impossible. The Planning and Economic Department above all needs computerization; implementation at an early date is desirable.

(6) Internal Auditing

There is the need for an organizational function that spans the various divisions, to make suggestions and provide advice for improvement, and evaluate all aspects of the SNBC. The structure will watch over aspects such as: Are operating policy and operating plans being followed? Are regulations being kept? Are business operations being carried out in a reasonable, efficient manner? And so on. The budget does have the ability to provide a certain function in this respect. However, the budget is fundamentally a numerical target and will lack the ability to evaluate and control efficiency of operations, and how employees are carrying out daily operations, and

other aspects that do not appear in the budget. Therefore, such aspects will be left to the self-control of each department, division and employee. Self-control and management does, however, tend to become arbitrary and self-willed. Such weaknesses need to be complemented through a subjective critical function of business control.

8.4.2 TVRT

(1) Operating Plans

Long term forecasts regarding programme transmission for each broadcasting station (broadcasting stations within the Kyrgyz Republic, and within the CIS, such as the Ostankino network) are unclear. Other factors such as inflation also make it difficult to set up plans for running the TVRT. At present, no medium and long term plans are in place. This means future plans regarding the TVRT, such as organizational structure, technology, facilities and funds, are as yet unclear.

The TVRT is an organization that provides the important service of broadcast programme transmission. It is a large organization. Internally within the TVRT, and among external related organizations, such as broadcasting stations that receive these services, there is a requirement for establishing medium and long term plans that clarify the future form of the TVRT.

(2) Financial Management and Accounting

At present, financial management and accounting procedures remain unchanged from the former Soviet period. However, democratization and the development of a market economy demand timely disclosure of a wide range of adequate information regarding the reasonableness of the transmitting fee charges, the financial situation of the TVRT, and the transparency of its accounting procedures. A review of financial management and accounting procedures seems to be necessary.

8.5 Organization

8.5.1 SNBC

The restructuring and improvement of the organization of the SNBC will be considered along the following lines:

- (1) Building up Planned Operations
- (2) Building up a Structure for Responding to Audiences
- (3) Making the Organizational Structure More Efficient

(1) Building up Planned Operations

1) The organizational chart of the SNBC shows a weakness in departments that are responsible for planned operations.

There are two bodies that manage the whole organization: the Collegium, and the Planning and Economic Department. The Collegium is a deliberative body, while the Planning and Economic Department undertakes management duties. Examining and proposing medium and long term operating plans for the whole of the SNBC appears too big a task for the Planning and Economic Department, in terms of its structure and the allocation of personnel. Neither is it possible for the Department to handle daily management duties of the whole organization.

2) The Radio Broadcasting Department and the TV Broadcasting Department are both large departments, each with over two hundred employees. However, they have no managing divisions. Thorough management does not seem possible, even if management was conducted at the immediate working level, or else placed in the hands of the Planning and Economic Department.

3) It is not a good idea to enlarge the managing bodies without due consideration. Nevertheless, an appropriate management division is necessary for building up planned operations. For instance, it would be a good idea to build up the functions and structure of the Planning and Economic Department, and make it handle the long term operating strategies and plans. At the same time, in the fields of daily accounting, employee management and

utilization of equipment and materials, centralized, on-hands managing departments should be established (Operating Planning Department, Budget Management Department, Accounting Department, Personnel Department, General Affairs Department). If these departments can handle the SNBC's business as a whole, it should facilitate planned operations.

(2) Building up a Structure for Responding to Audiences

1) Under the organizational structure of the SNBC, the Administration Department is the division that deals with non-technological aspects concerning audiences. However, it is in need of strengthening. Going forward, once the SNBC becomes a public enterprise and introduces a receiving fee system, it will need to win and maintain the support of audiences in order to survive. The essence of responding to audiences is to listen well to the opinions of the viewers and listeners, including complaints and criticism, and make use of the information in its programming. Such a structure for responding to audiences needs to be strengthened considerably.

2) Responding to audiences is, in other words, broadcasting good programmes. One way of doing this is to create an internal division for assessing programmes. The results will be passed on to the offices producing the programmes, and will be reference material for future production. If a deliberative organization for broadcasting programmes, composed of outside experts, is set up, together with an internal assessing body, the two should have good effects on improving the quality of programmes.

3) To achieve results, there must be a change in the consciousness of the SNBC employees toward valuing audience service. Training is necessary for this. However, the Skill Enhancement Department was only established in April 1994, and needs to be built up. When the SNBC becomes a public enterprise, various training sessions will be necessary because of the change in operating duties. Training to bring about a change in

consciousness is most important, and should be done as soon as possible.

(3) Improving the Efficiency of the Organizational Structure

1) There is a duplication of offices with the same names in the Radio and TV Broadcasting Departments, viz:

Programme Production:

- Main Information Programmes Office
- Main Socio-Economic Programmes Office
- Main Literature and Drama Programmes Office
- Main Music Programmes Office
- Main Youth Programmes Office
- Main Children Programmes Office
- Programming Office

Skills:

- Office of Producers Association
- Office of Announcers Association

If daily business operations permit, these offices should be merged. While there are differences between radio and television broadcasts, expanding job responsibilities through an integration of the offices is desirable from the viewpoint of cultivating personal abilities and efficiency of the organizational structure. At present a single office in the TV Broadcasting Department handles advertising programmes for both TV and radio.

The Radio and TV Centre runs on its own budget with administrative divisions (e.g. Planning and Financial Division, Human Resources Division) and divisions to manage facilities (e.g. Information, Communications & Computer Control Division, Premises Maintenance Works Division). While the need for these divisions is understandable, it would be better to have a centralized managing department.

2) Television programme production facilities are currently split between the old TV Centre and the Radio and TV Centre; this too is problematical. Given the current premises and facilities, unification will not be easy. However, once the situation improves, they should be merged as soon as possible.

3) The Kyrgyz Telefilm Movie Studio is an organization that produces film dramas and documentaries. Though with the high cost of film production, the Studio is losing its function as a programme producer at the SNBC. From the viewpoint of efficiency in the organizational structure, it is desirable to separate the Studio from the SNBC.

However, if separated from the SNBC, the Studio may be in danger of perishing. Within the SNBC, there would be many who would lament the loss of the Studio and its filming capabilities.

The Studio should seriously look into ways to contribute more to the SNBC's programme producing system, for instance by taking on production of television commercials.

(4) The above measures (1), (2) and (3) for improvements and strengthening should be implemented along with other developments such as the introduction of receiving fees, the increase in programme production, the expansion of broadcasting time, and the change in management form.

8.5.2 TVRT

The MOC carried out a large scale reorganization in April 1994 centred around the Electric Communications Enterprises. The organizational structure of the TVRT was also reviewed, with the establishment of a Satellite Communication Station, and an adjustment of responsibilities of the General Director, Deputy General Directors and Technical Director. Letting the new organizational structure settle in through daily business operations seems to be the main issue for the TRVT at present.

8.6 Personnel

8.6.1 SNBC

(1) Number of Personnel

1) Personnel Plans

The SNBC does not have any medium and long term personnel or recruiting plans at present. Priority is given to decisions at each worksite (division). The SNBC's *raison d'être* is providing broadcasting services, so personnel (the scale and quality) should be based on the volume, quality and seasonal factors of broadcasting services. Personnel and recruiting plans need to be considered at such time the operating plans are formulated and made part of them. The operating plans are the principles and plans of the SNBC's broadcasting services.

2) Reallocating Staff

Despite the realization that the current number of employees is relatively too large (compared to broadcasting time), there are intentions of increasing staff numbers. This is because of insufficient analysis of each task, especially analysis of how many people are needed to fulfill a task. Another possible reason is the fact that there has been no consideration to make use of personnel (human resources) by the SNBC as a whole. When considering the number of personnel needed by each section, or the number of personnel needed by the SNBC as a whole, there should also be some thought given to reallocation (moves between organizations).

This is especially true for the younger staff. Experiencing jobs and areas related to the person's field of specialty should lead to cultivation of staff that will become the backbone of the SNBC in the future. Considering reallocation of staff at regular intervals is well worth it.

3) Target Plans for Appropriate Staffing

The number of staff at the SNBC will be downsized to 900 (a reduction of 20%) from the current 1,100 by the year 2000. This will be done while maintaining the quality and quantity of broadcasting services through efficient introduction of devices and equipment, improvement of duties and so forth. To avoid disruptions, the reduction will be carried out in phased manner. (See Table 8.6.1-1)

Table 8.6.1-1 Number of Personnel

Year	1994	1995	1996	1997	1998	1999	2000
Total Number of Personnel	1100	1000	980	960	940	920	900

4) Moving Certain Departments and Divisions Outside of the SNBC

In accordance the above, consideration will be given to moving outside of the SNBC all departments and divisions that are not necessary in providing broadcasting services.

(2) Human Resources, Education & Training

1) Establishing Policies and Plans for Education and Training

Increasing broadcasting time, improving the quality of broadcast programmes, and fulfilling broadcasting duties efficiently of course require sources of revenue, however, they cannot be realized without superior human resources. Even if the SNBC tries to find superior human resources, without a concrete training policy or training plan, the SNBC will be forced to go to outside sources. This will be difficult, especially since there are no other enterprises in the same field of business.

The SNBC need to confirm that obtaining and training good human resources are important above everything else for the SNBC, both for today and for the future. Policies regarding human resources, and realistic training programmes need to be set and put into practice as soon as possible.

2) Investment in Training Human Resources

The budget for training in the 1994 financial year came to only 800 Som (less than 0.01% of the whole budget). The awareness or anxiety of the organization over training human resources seems to be very low. Sufficient budget allocations need to be made for investments in training and educating human resources, the same way investments are made in facilities and equipment. Furthermore, it will be necessary to formulate the education training programme based on priorities and important items specified in the SNBC's broadcast service policy and plans. It will also be necessary to form two groups: one for regular annual activities; and the other for acting when necessary. This is required also from the viewpoint of effective and planned control of finances.