The Challenge of Decentralization Policy for Television Broadcasting in Indonesia

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Abstract
This study aims to explain the challenges in the decentralization of television broadcasting in Indonesia, specifically, the role of political transformation over the last 20 years. Three provinces, i.e., Bali, South Sulawesi, and Daerah Istimewa Yogyakarta, were selected to represent various broadcasting operation characteristics in Indonesian provinces. Focusing on private television broadcasting, the case study examines the challenge of broadcasting decentralization policies in Indonesia. Data were collected via structured interviews involving 37 informants with a good understanding of local television broadcasting. The interviews were conducted in March, April, and July 2017. Meanwhile, secondary data in the form of relevant documents were analyzed using a desk study. Data were collected in two stages: May-September 2018 and November 2020-March 2021. These steps follow the current policy development on broadcasting decentralization. The findings indicate that decentralization faces challenges and that the policy has been tainted by media conglomerates’ economic interests and the central government’s recentralization politics. The economic interests were apparent in the fabrication of capital ownership and the centralization of business management and broadcast program production. The recentralization interests were noticeable through the operation license mechanism in the regions. In sum, Indonesia's decentralization policy faces perpetual challenges from the surge of capitalization and the centralization of governance.

Keywords:
political transformation; decentralization; broadcasting policy; regulation; local television

Introduction
Democratization often targets decentralization, and countries in various regions make it a valuable indicator of good governance (Ladner, Keuffer, & Baldersheim, 2016; Hadiz, 2004). For example, democratic states in Europe make various sustainable efforts to strengthen their decentralization. Countries in Latin America use decentralization to reduce inefficiencies in their centralized government (Eaton, 2020). Meanwhile, aside from boosting the government’s efficiency and economic development, decentralization may also be used by politicians in developing countries in Asia to increase trust in political transitions (Tang & Huhe, 2016; Kim, Lee, & Kim, 2020).

Decentralization also accelerates the pace and spread of the benefits of growth (Bello-Gomez, 2020; Zon, Pavlova, & Groot, 2020). In Indonesia, decentralization is a way to improve services, empowerment, community engagement, and administrative efficiency and effectiveness (Lay, 2003; Talitha, Firman, & Hudalah, 2020).

Since decentralization promises numerous advantages, numerous studies have uncovered the drivers and barriers to its success. The three main drivers of success in implementing decentralization policy are administrative arrangement, constitutional arrangement, and political institutions (Ladner, Keuffer, & Baldersheim, 2016). These three...
decentralization elements have become the focus of many studies on subnational governments’ political issues. Examples include those dealing with the distribution of political power and degree of autonomy (e.g., Keuffer, 2016), community participation (e.g., Haouwelingen, 2018), trust between central and regional governments (e.g., Tang & Huhe, 2016), local public investment (e.g., Kis-Katos & Sjahri, 2017), decentralization models (e.g., Lay, 2003; Marcel, 2011), and public goods delivery (e.g. Ponce-Rodriguez & Hankla, 2018).

Meanwhile, research on decentralization outside of politics and government studies remains limited. Examples of such research mostly discuss tax and fiscal matters (e.g., Yang, 2016; Baskaran, Feld, & Schnellenbach, 2016), forestry (e.g., Adam & Eltayeb, 2016), agrarian issues (e.g., Chinigò, 2014), health and education (e.g., Channa & Faguet, 2016; Tran, 2014). This is an important research gap because decentralization policy continues to expand to various sectors along with the increasing demand for power distribution and the trending political pluralism. One area that has not been comprehensively discussed is broadcasting decentralization. Past studies have discussed this topic briefly, but they examine primarily the contribution of broadcasting towards geographic decentralization in relation to political decision-making, economic initiatives, and culture (e.g., Hägerstrand, 1986; Gamachò, 1999; Tarrega & Guimerà, 2020). Therefore, this study explores the challenges in television broadcasting decentralization in the context of political reformation and economic liberalization in Indonesia.

This study focuses on broadcasting decentralization in Indonesia as part of the political reform agenda since the fall of the New Order in 1998. Before the reform, Indonesia’s broadcasting system was controlled by the central government in Jakarta (Kartosapoetro, 2012), which used television as its political tool (Kitley, 2000; Sen et al., 2001). Local stations only broadcasted relays from the central station. Local viewers were forced to watch ‘Jakarta’ shows with little relevance (Armando, 2011).

During the reform, the civil society demanded the broadcasting system be reorganized and democratized, hence decentralized (Siregar, 2014; Pratikno, 2014). In this case, decentralization grants authority to local people to develop local television programs, which can meet the local community’s needs for information and entertainment, as stated in the Broadcasting Law No. 32 of 2002.

Even though the legal foundation and direction for broadcasting decentralization are clear, the implementation remains far from ideal. Theoretically, the transition from an authoritarian to a democratic media allows television broadcasting to prioritize public aspirations. However, in the case of Indonesia, television remains market-dominated (Armando, 2014), somewhat an epitome of ‘rich media but poor democracy’ (McChesney, 2016). The programs do not consider the public interests because their orientation is toward profits. The capital-driven system reduces the television’s role in guarding democracy.

Despite the importance of decentralization as outlined above, studies in the context of television broadcasting have not examined the phenomenon in Indonesia. Most studies about broadcasting analyze the contents (e.g., Bishop & Hakanen, 2002; Wildman, 2009), ownership structure (e.g., Napoli & Yan, 2007; Yanich, 2010), market competition (e.g., Yan & Napoli, 2010), media industry and strategic management (e.g., Gil & Ruzzier, 2018), and regulations, particularly in the case of Indonesia (e.g., Wahyuuni, 2006).

The novelty of this study is to examine decentralization outside of public administration and discuss the influence of economic components on the operating political components. Economic components relate to
economic interests and resources. Being capital-intensive and profit-oriented, the broadcasting industry needs these components to survive. In fact, economic components will determine how decentralization policy can be realized. This article assumes that the broadcasting industry has taken political steps to direct policies toward economic interests. Based on this assumption, the research questions are: How have television broadcasting decentralization policies been implemented in post-reform Indonesia? What are the factors obstructing this implementation?

An Overview of Political Reform and Broadcasting Decentralization in Indonesia

The New Order’s fall in 1998 was the turning point for Indonesia’s decentralization as people began embracing regional/local autonomy. The public demand for political reform toppled the authoritarian-militaristic administration under Soeharto after 32 years of ruling and gave rise to decentralization and democratization. Law No. 22/1999 on Regional Government and Law No. 25/1999 on Fiscal Balance between Central and Regional Government were issued to regulate the central-regional government relations (Karim, Amirudin, Sukmajati, & Azizah, 2003). Since then, the law has been amended several times to adjust to the developments in state administration and the demands for regional administration, with the latest version issued in 2015 (Law No. 9/2015).

Formulating a central-regional government relationship is fundamental in Indonesia’s government politics. Lay (2003) states that governments would begin with a decentralization law in nearly every regime-related administrative change and end with one. For example, the New Order, which began in 1965, criticized Soekarno’s Old Order administration for failing to establish regional political support. The New Order pledged an alternative approach for central-regional government relations (Pratikno, 2003), although it did not deliver. The central government controlled the regions fully, established a uniform government system in all regions, and centralized the political infrastructure (Pratikno, 2003). Consequently, the public insisted on changes and reformulation of the central-regional relations, leaving the New Order administration in a political legitimacy crisis.

Specific to broadcasting, the system change gained momentum in 1999 (Masduki, 2007) at the start of the reform era. During the New Order (1966-1998), under the authoritarian regime, the government-controlled the television broadcasting (Kitley, 2001) and issued licenses and censorship for other media, including the press (Sen et al., 2001). Many new television channels emerged as the reform era granted media freedom (Widyatama, 2018). Unfortunately, media development remained centralized in Jakarta, driven mostly by economic and political interests. Broadcasts were dominated by relays of Jakartan programs delivered to regions with little context and relevance.

In other words, political liberalization in Indonesia was followed by economic one, which gave rise to the liberalization of television broadcasting. The industry then became an economic entity contravening the public’s interest and expectations. Broadcasting activists and associations safeguarding Indonesian democratization considered that the previous centralized and controlled system did not reflect a democratic system. The public pressure yielded Law No. 32/2002 on Broadcasting, concerning decentralization, which cancels Law No. 24/1997 on Broadcasting and its strict government monitoring and control.

Unlike the previous Law, the new law has a clearer orientation for broadcasting decentralization. The legal consideration section states that the objectives of broadcasting operations, among others, are to guarantee...
citizens’ freedom of expression and the right to acquire information, achieve public welfare and utilize radio frequency (RF) spectrum as a limited natural resource, maintain plurality in their communities, and implement regional autonomy. In its main body, the law restricts centralized ownership and control of broadcasting institutions by a single individual or legal entity. It encourages the development of local broadcasting and network broadcasting system. The law also assures the existence of the Indonesian Broadcasting Commission (Komisi Penyiaran Indonesia – KPI) as an independent regulatory body representing the public to control broadcasting and prevent the government’s monopoly.

However, an anomaly in Indonesia’s broadcasting decentralization policy emerged eighteen years after the enactment of the broadcasting law in 2002. Law Number 11 of 2020 on the Job Creation Law (Undang-undang Cipta Kerja) was passed and enacted. In this law, the licensing authorization, previously under the Indonesian-Regional Broadcasting Commission/KPID, is taken over by the central government through the Ministry of Communication and Information of the Republic of Indonesia (article 33). In addition, the central government is granted control over the broadcasting digitization process, starting from selecting multiple providers to determining provinces and districts ready to migrate from analog to digital broadcasting (the analog switch-off) in November 2022. This provision can be seen from the government regulation (Peraturan Pemerintah) derived from the law, i.e., Regulation No. 46 of 2021 on the Post, Telecommunications, and Broadcasting.

Beyond television broadcasting, the rising control of the central government could also be seen from the limitation of Internet access in Papua in 2019, arguing that it was done for the sake of national security (Ramadhan & Munandar, 2021). The limitation after the protest incidents in Papua and West Papua took away the local people’s right to access information through the Internet.

Theoretical Framework

Decentralization’s key principle is to reduce central government dominance and provide regional governments with opportunities to participate in state administration (Richardson, Durose, & Dean, 2019) although it does not mean that all state administration matters concern regional governments. It is important to note that political-economic motives often underlie a decentralization policy. Also, the central government often benefits from reducing expenditures (Manor, 1999; Clausen, 2020).

Broadcasting is a major decentralization political agenda in numerous developing countries aiming to prevent the central government from seizing control over the media (Kwak, 2012; Hollander, d’Haenens, & Bardoel, 2009). This motive to decentralize broadcasting has expanded its scope to include centralization by capitalists and provide space for the growth of ownership and content diversity (Masduki & d’Haenens, 2022). Local communities can curate content and create local television in a decentralized broadcasting system. In this case, television broadcasts wishing for a national reach need to develop cooperation with other local televisions through a networked broadcasting system. Thus, television cannot broadcast nationally without relying on the partnership with local television.

The barriers to broadcasting decentralization must be distinguished from government decentralization because broadcasting is a capital-driven industry. Economic and political liberalization in developing countries post-reform has driven industrial growth in various sectors, including private broadcasting (Robison & Hadiz, 2004).

In broadcasting decentralization, power distribution not only involves lower-level
government administrations but also capital owners who have dominated the broadcasting business on a national scale (Armando, 2014). Such conditions have let broadcasting fall not only under the control of the government or public administration management factors (Ladner, Keuffer, & Baldersheim, 2016) but also the capitalists (Sudibyo & Patria, 2013). These capitalists became both a target of and key agents in implementing the broadcasting decentralization policy. Table 1 compares the regulation components of the centralized and decentralized broadcasting system.

Numerous literature mention that Broadcasting decentralization orients toward reform of ownership and control threatened by capitalists’ business interests (Hitchens, 2006). Capitalists actively attempt to influence government policy through lobbying and gratuities. They do not hesitate to take political action and bend the rules to serve their interests (Mosco, 2009; Freedman, 2008). Media capitalists, especially conglomerates, are interested in policies supporting media centralization. Capitalism needs centralization to assist them in accumulating, concentrating, and centralizing capital and markets (Knoche, 2021). Centralization refers to the concentration of control over media by a dominant corporate or the government (Möller & Rimscha, 2017). Dominance in media ownership and conglomereration is one of the most concrete forms of capital centralization.

**Methods**

The research was conducted in three provinces with different characteristics, i.e., Daerah Istimewa Yogyakarta/DIY, Bali, and South Sulawesi, to represent variations of television broadcasting practices in Indonesia. Yogyakarta’s strong Javanese background influences television broadcasting practices, allowing local content to appear in the programs (Bogaerts, 2017). Likewise, the local culture strongly influences the broadcasting practices in Bali (Hendrawan, 2015). In addition, the industry in Bali is also well-linked. It has developed television broadcasting corporations, one of which succeeded in engaging financiers from other regions and a local television business network (Ida, 2011). Finally, the broadcasting practices in South Sulawesi, known as a trade and business center in Eastern Indonesia, developed rapidly as it was targeted for network television’s expansion by major television corporations in Jakarta and East Java.

The study’s research object is private television broadcasting, which dominates the television industry in Indonesia (Widyatama & Polereczki, 2020) in the context of the post-authoritarian regime following the enforcement of the Broadcasting Law (No. 32 of 2002) from

| Table 1. Comparing centralized and decentralized broadcasting systems |
|--------------------------|--------------------------|--------------------------|
| **Regulation Component** | **Centralized broadcasting system** | **Decentralized broadcasting system** |
| Influential actor(s)     | The central government and/or media conglomerate | Local government and/or local television |
| Ownership                | Centralized ownership/dominant shares ownership | Diversity of ownership |
| Business                 | Market domination/monopoly; centralized management | Healthy competition; local autonomy |
| Content                  | Centralized production; homogeneous content | Decentralized production; diverse content |
| Distribution             | Relay broadcasting system | Networked broadcasting system |
| Licensing                | Central government control over the broadcasting license | Regional government’s and/or regional broadcasting regulator’s authorization to manage the local broadcasting |

*Source: The table is formulated based on this study’s theoretical framework*
2002 to 2017. This time was chosen because, in 2002, the broadcasting law that governs decentralization was issued and implemented. As of 2017, the implementation still has a lot of pros and cons. The government then issued various regulations to provide operational instructions for the law implementation.

The current study applies a qualitative method with data collected from structured interviews (Creswell & Clark, 2017; Tracy, 2019). The interviews aimed at exploring individual perspectives, experiences, beliefs, and/or motivations concerning broadcasting decentralization and operations in the regions. Ten to sixteen informants from each region participated in the study, comprising broadcasting regulators, government officials, legislative members, local television owners, professional media, academics, and civil organizations concerned with broadcasting decentralization. Table 2 shows the number and attributes of informants in each province.

The interviews were conducted in March (South Sulawesi), April (Yogyakarta), and July (Bali) 2017, lasting for 45 to 60 minutes, asking about the informants’ perspectives on the broadcasting decentralization regulations and policies, their expectations of the decentralization, their role in the decentralization, their assessment on the implementation of broadcasting decentralization, the local broadcasting conditions following the implementation of the decentralization policy, the challenges they face in the decentralization, and their assessment on the political actions and the interests of actors involved in the decentralization implementation. All the interviews were recorded and transcribed verbatim before being processed and analyzed along with other data.

A desk study was also conducted using documents concerning broadcasting decentralization regulations and policies, court rulings, judicial reviews of any dispute in the implementation of broadcasting decentralization, the names of private television stations in the regions, the ownership of the television company shares, the local television

<table>
<thead>
<tr>
<th>Province</th>
<th>Number of informants</th>
<th>Informant’s attributes/position</th>
</tr>
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<tbody>
<tr>
<td>Daerah Istimewa Yogyakarta/DIY</td>
<td>11</td>
<td>Commissioner of Regional Indonesian Broadcasting Commission/KPID (2 informants, i.e., Sa, Su), Secretariat of KPID Officer (1 informant, i.e., Im), Manager of a network TV station (1 informant, i.e., Nz), Director of local TV (3 informants, i.e., Su, Pu, Es), Academic Member and local broadcasting Observer (1 informant, i.e., Dr), Legislative Member (1 informant, i.e., As), Regional Development Planning Agency/Bappeda Officer (1 informant, i.e., Ta), Provincial Government Public Relations Officer (1 informant, i.e., Am).</td>
</tr>
<tr>
<td>Bali</td>
<td>10</td>
<td>Commissioner of Regional Indonesian Broadcasting Commission/KPID (2 informants, i.e., Nm, Aa), Manager of a network TV station (2 informants, i.e., Bc, Ka), Founder of a local TV (1 informant, i.e., Sn), Program Manager of a local TV (1 informants, i.e., Gy), Director of a Local Newspaper (2 informants, i.e., Wy, Wi), Former Commissioner of KPID (1 informant, i.e., Mu), Academic Member and local broadcasting Observer (1 informant, i.e., Am).</td>
</tr>
<tr>
<td>South Sulawesi</td>
<td>16</td>
<td>Commissioner of Regional Indonesian Broadcasting Commission/KPID (2 informants, i.e., Fa, Al), Secretariat of KPID Officer (1 informant, i.e., Di), Manager of a network TV station (2 informants, i.e., Sa, Nu), Director of a local TV (2 informants, i.e., Mu, Yu), Journalists of a network TV station (3 informants, i.e., Iv, Ag, Nur), Former Commissioner of KPID (3 informants, i.e., Ru, An, Az), Academic Member and local broadcasting Observer (2 informants, i.e., Mul, Ju), Legislative Member (1 informant, i.e., Ir), Diskominfo in South Sulawesi (1 informant, i.e., An).</td>
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Source: ???
company profiles, the local programs, the local broadcast time allocation in network broadcasting, previous reports and study results on broadcasting decentralization, and other relevant data. Documents were obtained from the state secretariat’s website publishing the legal information and documentation (https://jdih.setneg.go.id/), the Central and Regional KPI offices, the local television stations, the Indonesian stock exchange website (https://www.idx.co.id), and reputable international journal databases. Data for the desk study were collected in two periods: between May and September 2018 and between November 2020 and March 2021, when the copyright law (No. 11 of 2020) and government regulation (No. 46 of 2021) related to local broadcasting were enacted.

Interview data were processed by coding, sorting, querying, categorizing based on similarities and differences, examining interrelations, matching patterns, and taking notes of central themes that emerge for interpretation (Tracy, 2019; Creswell & Clark, 2017). The primary data were processed using Microsoft Word and complemented by the secondary data analysis.

Results

Regarding the broadcasting law, Indonesia’s broadcasting decentralization has two main targets. The first is to develop broadcasting stations in regions by allowing the communities to establish local television stations and own the majority of capital or investment. In this way, the national broadcasting system would be fair, equal, and balanced, as stipulated in the Broadcasting Law (2002). The second is to empower local talents by involving them in local broadcasting operations and program production.

This study results show that the implementation of broadcasting decentralization faced various obstacles. For example, broadcasters, especially media conglomerates, comply only partially with the legislation, i.e., the political instrument of broadcasting decentralization.

Control of capital by capitalists and fabrication of ownership

One of the policies to decentralize broadcasting in Indonesia is to restrict capital ownership, as stipulated in Broadcasting Law (No. 32 of 2002, article 18). Preventing concentrated ownership and control by a single individual or legal entity will provide opportunities for the regional communities to invest in and own shares in local broadcasting operations.

The regulation, however, failed to address the concentrated capital ownership and control over television stations by a few legal entities owned by media conglomerates who also own other media like newspapers, magazines, radios, and telecommunications. Such control over capital could be attributed to the controversial regulation under Broadcasting Law, Governmental Regulation No. 50/2005 (article 32), which allows parent companies operating a broadcasting network to own up to 90% of local television shares. This applies to parent companies that operated broadcast relays nationally before the Broadcasting Law was passed. The governmental regulation was rejected by KPI, civil society organizations, and Commission 1 of the House of Representatives (Mutmainnah, 2014). KPI even submitted a judicial review to the Supreme Court, deeming the regulation contradictory to the Broadcasting Law. Meanwhile, the industry supported the government by requesting the regulation’s immediate implementation. In 2006, one year following the KPI’s judicial review submission, the Supreme Court rejected it and ruled that the regulation does not contradict Broadcasting Law.

The control of capital by television giants over their regional members is also apparent in the deed of incorporation document of a network television member in South Sulawesi. In the
Indeed, locals (indicated by local identification card – KTP) own 10% of shares while the Jakartans own up to 90% of the company (Interview with Al, the Commissioner of South Sulawesi KPID 2014-2017 period, in Makassar, 25 March 2017).

There are also indications of manipulation in the locally owned shares. Locals owning 10% of shares are not interested in establishing local stations. Instead, they are technical or operational staff of the parent network television. “These people who they referred to as the ‘local share owners’ are their staff, like the keeper of the ‘towers’ in each region, etc.” (Interview with Ru, the Commissioner of South Sulawesi KPID 2010-2014 period, in Makassar, 20 March 2017).

Appointing company personnel as local shareholders makes acquiring the shares easier for the parent network television. This has raised concern for several parties, particularly KPID. One of the respondents said:

“Once the license is given, the company changes the shares composition by removing local share ownership. Unfortunately, such administrative data change is not prohibited. This legal loophole is taken advantage of to change ownership status. We once called and asked for data on changes to ten television broadcasting networks that are members of the Indonesian Private Television Association/ATVSI, and, indeed, local people are no longer owners” (Interview with Al, Commissioner of South Sulawesi KPID 2014-2017 period, Makassar, 25 March 2017).

The issue of locally owned shares became more pronounced with numerous broadcasting licenses transferred through the acquisition of shares from ownership by local televisions to major network televisions headquartered in Jakarta.

Based on interviews with former commissioners of KPID and local media observers in Makassar and Bali, it is known that numerous media have changed ownership. In South Sulawesi, Makassar TV was acquired by Kompas and changed its name to Kompas TV Makassar. Likewise, Cakrawala TV was owned by Net and changed to Net TV. In Bali, Dewata TV changed to Kompas TV Dewata Bali. BMC became iNewsTV, ATV became NetTV, and Ambara TV became RTV. The change in license ownership alters the local television status into a network television member.

Since the law prohibits broadcasting license transfer, the acquisition of shares by a parent network company can circumvent any penalty—keeping the local television’s legal name, cheating the regulation, resulting in no change to the license holder of the local television broadcast (Interview with Ru, Commissioner of South Sulawesi KPID of the 2010-2014 period, Makassar, 20 March 2017).

This transfer seems triggered by unfavorable conditions in the regional broadcasting industry ecosystem. Local stations must sell their shares and merge with a larger television network to survive. Otherwise, they will not be able to compete with the broader audience of the network television stations (Interview with Mu, Director of a local TV, Makassar, 24 March 2017).

The regional government’s role is also limited as the central government has taken over the authority to oversee local broadcasting. In terms of regional income, the regional government does not receive taxes collected from local stations, as conveyed by An, Head of the Office of Communication, Information, Statistics and Encoding/KISP (Interview, Makassar, 21 March 2017) and Ag, DIY Provincial House of Representative (Interview, Yogyakarta, 5 April 2017). Meanwhile, informants from local televisions in the three provinces feel that government support for their business is lacking.

Meanwhile, local stations that have not changed ownership status seem to have strong corporate financing. Local investors establishing local stations such as Bali TV, Jogja TV, Fajar TV,
Celebes TV, etc., are big investors controlling local media groups (Ida, 2011). Additionally, the finding shows that local stations affiliated with community organizations and politicians do not experience changes in status, such as AdiTV and Celebes TV. AdiTV is affiliated with Muhammadiyah, an Indonesian Islamic organization. The establishment was supported by the Muhammadiyah founder, Amien Rais. The politician is also the founder of the National Mandate Party who once held a position as the General Chair of the Muhammadiyah Central Board (Interview with Pu, Director of a local TV, 12 April 2017). Celebes TV remains under the auspices of Bosowa Corp, supported by an affluent local entrepreneur and Golkar politician, Aksa Mahmud (Ida, 2011).

This finding indicates that unfair practices contradict the local autonomy policy. The RF spectrum, a resource that should be publicly owned and utilized for public interests, is exploited by corporations and media conglomerates from other regions. The shares ownership structure of broadcasting remains nearly unchanged from its previous regime. The control of capital by Jakarta’s major television companies continues.

Centralized business management

The key source in television broadcasting is the RF spectrum. The Broadcasting Law (No. 32 in 2002, article 6) stipulates that the state has control over the RF spectrum and should be utilized for the public welfare as much as possible. The state distributes the RF spectrum to the regions by considering their potential and the regional broadcasting operation license. In other words, licensed broadcasters in a certain region will be allocated a regional RF spectrum.

Unfortunately, most regional RF spectrums have already been occupied by network television broadcasters, leaving no space for the local stations. For example, in Yogyakarta, 17 television stations have become network television members and only three remain locally owned (Interview with Su, Commissioner KPID DIY period 2014-2017, 5th April 2017).

Similarly, in South Sulawesi, 15 out of 18 available RF spectrums allocated for private televisions are owned by network television members, leaving only eight locally owned (KPID Sulawesi Selatan, 2016). Likewise, in Bali, 14 of the 18 RF spectrums allocated for private television are owned by network television members, leaving only four locally owned (KPID Bali, 2016). These network television members operate under the Jakarta-based parent networks, i.e., major television companies dominating Indonesia’s broadcasting industry before the decentralization.

Such unequal frequency allocation is attributable to the government’s policy allowing relay stations to change their status into network television members. Broadcasters in Jakarta had owned these relay stations before the regulation was implemented. These relay stations already exist in several provinces, so network television members automatically dominate the local RF allocation (Rahayu, 2018a).

Regional television operators consider this policy discriminatory since they must wait for the government to give them business opportunities to establish a broadcast station in their region. In addition, they must also compete for the RF spectrum allocation with fellow locals. The commitments of network members and local stations are different in developing local broadcasting. The observations show that not all network television broadcasters have offices, production studios, and human resources in the region, as required by the regulation and KPI, i.e., Governmental Regulation No. 50/2005, Regulation of the Minister of Communication and Informatics No. 43/2009, KPI Regulation No. 1/2012, KPI Regulation No. 2/2012.

These broadcasters also do not have broadcasting operation autonomy. The interviews with the managers of network
television (i.e., Bc & Ka in Denpasar, 17 July 2017; Sa in Makassar, 27 March 2017; Nz in Yogyakarta, 10 April 2017), show that parent companies in Jakarta control the management of their network television members. A network television member executive is also a Jakarta ‘staff member’, an extension of the parent network’s management. All network members’ policies are decided from Jakarta, including the broadcast programs, human resources, broadcasting technologies, marketing campaigns, etc.

The domination of network television members has also limited the local broadcasters’ opportunity to generate revenue from advertisements (Interview with Mu, Director of a local TV, Makassar, 24 March 2017). Local broadcasters’ income mainly comes from ads, but a substantial portion of this flows into regional network television stations. Paying clients are interested in reaching a wide market, so they select network broadcasters with a wider audience. Consequently, local broadcasters obtain no share of the advertisement pie and limited operational funding.

Additionally, the parent network’s centralized management does not necessarily improve the welfare of workers at regional network stations. There are indications of labor exploitation. The journalists of network television in Makassar (i.e., Iw, Ag, Nur, 17 March 2017) indicate that they had been providing services to several television stations with inadequate pay (equivalent to or even below the reasonable minimum wage rate). The company they work at is a subsidiary (network television member) of a parent network, which is part of a holding company that controls the shares of several parent television networks. The journalists conveyed that the company did not provide health or life insurance.

Concentrated content production

Network television broadcasters are obligated to broadcast local content in their regional operation. According to KPI Regulation No. 1/2012 and No. 2/2012, and Regulation of the Ministry of Communication and Informatics No. 43/2009, local contents have to fill at least 10% of airtime, and this number is expected to increase up to 50%. KPI defines local content as broadcast programs made and produced by local broadcasting institutions and resources.

Since the parent network’s control system is centralized, the local content provider does not adhere to the broadcasting regulations. The network members are compelled to relay broadcasts from their parent network. Their fund allocation, production facilities, and human resources are limited, rendering them incapable of producing broadcast programs. As a result, they cannot fulfill the 10% (daily) portion for local content broadcast. This deficiency is indicated in the random monitoring conducted by KPID in Yogyakarta, Bali, and South Sulawesi in different periods (KPID-Bali, 2017; KPID-South Sulawesi, 2017; KPID-Daerah Istimewa Yogyakarta, 2017).

Parent stations in South Sulawesi supply most of the local content to their regional network members, from producing to distributing programs without being contextualized (Interview with Mu, Director of local television, Makassar, 24 March 2017). Network television members even aired reruns, indicating their lack of commitment to airing local content programs. “Television programs produced in Jakarta are played repeatedly. The broadcast content also does not reflect the local culture” (Interview with Am, Academic and local broadcasting Observer, Denpasar, 12 July 2017). Furthermore, network television members aired most local programs in the middle of the night or early morning, when viewing is extremely low, which locals call the ‘ghost’ (graveyard) slot. Local programs on network television stations are merely to fulfill the requirements instead of meeting the needs of the local community (Interview with Mu, Director of local television, Makassar, 24 March 2017).
Centralized management also decontextualizes the programs from the local culture. A broadcasting scholar and cultural observer interviewed were disappointed when watching a program about Balinese culture haphazardly made by a network parent station (Interview with Am, Academic and local broadcasting observers, Denpasar, 12 July 2017).

Due to the dysfunctional decentralization element and the lack of meaningful contribution to the regional community, some provincial governments issued regional regulations. For instance, the Yogyakarta government issued Regional Regulation (Peraturan Daerah – Perda) No. 13/2016 concerning Broadcasting Operation to respond to the unaccommodating conditions. According to this Perda, broadcasting institutions operating in Yogyakarta must contribute to the province, particularly in relation to labor absorption and development of production houses (Interview with Ag, Legislative Member of Yogyakarta Special Region Province, Yogyakarta, 5 April 2017).

The Perda states that a local broadcaster shall contain elements of arts and culture, creative economy, tourism, local potentials and prized products, entertainment, regional news, counseling of religion and belief, dissemination of information on regional development policies and budget, as well as information relating to potential disasters in the region. In the same article, television stations must use Javanese in at least one broadcast program and air local broadcast programs at least 10% of the total daily airtime between 05.00 and 22.00 Western Indonesian Time.

Recentralization of local broadcasting license

A license is required for broadcasting to operate in a region. According to the Broadcasting Law (No. 32 of 2002), a license is given by the state once KPI has evaluated the organization and issued a recommendation of feasibility. The government and KPI must also reach an agreement.

Through the Ministry of Communication and Informatics (in the Regulation of the Minister of Communication and Informatics/Permenkominfo No. 18/2009), the central government plays a dominant role in licensing. They are considered the sole authority to issue licenses. Meanwhile, regional governments are authorized to evaluate administrative requirements and technical data and provide recommendations relating to these requirements.

Therefore, the licensing recentralization is a paradox. Decentralization transfers the political, fiscal, and administrative power to subnational governments, but this is not apparent in broadcasting operation licensing.

In early 2000, prior to the 2002 Broadcasting Law, regional television broadcasting operations were made possible via regional government licensing. One of the regulations guiding this was the governmental regulation (PP No. 25/2000 on the Authority of the Government and the Authority of the Province as an Autonomous Region), which gave the regional government the authority to determine the guideline for regional broadcasting operations.

Nonetheless, the central government believes that the locally issued license might result in the RF spectrum utilization for broadcasting purposes that are not technically sound or properly licensed (in Press Release No. 95/DJPT.1/Kominfo/8/2008). Therefore, the central government issued a policy prohibiting regional governments from issuing new and extension regional licenses for broadcasting purposes (in Announcement of the Minister of Communication and Informatics No. 196/2008 and Regulation of the Minister of Communication and Informatics No. 18/2009).

Stakeholders such as local television station founders and managers, KPID commissioners, Regional House of Representatives members,
and government officials expressed differing opinions. They consider it as a recentralization of power. A local television station Founder and Manager revealed that the needs of local television stations should arise from the local community and the regional government, not the central one. Accordingly, it is only natural that the regional government gives licensing since they understand the regional broadcasting operations’ needs better (Interview with Pu, Director of local television, Yogyakarta, 12 April 2017; Sn, Founder of local television, Denpasar, 12 July 2017; Al, Commissioner of South Sulawesi KPID of the 2014-2017 period, Makassar, 25 March 2017; Nd, Manager of a network television station, Makassar, 27 March 2017).

In South Sulawesi, the government did not respond positively to the public plan to establish a community television station to address blank spot areas. A former commissioner of South Sulawesi KPID called on the central government’s sensitivity and understanding of the regional broadcasting’s needs. The respondents stated that the decision of whether any business opportunity exists or not should be conducted locally and not nationally (Interview with Fa, Commissioner of South Sulawesi KPID of the 2014-2017 period, Makassar, 22 March 2017).

Licensing recentralization is a time-consuming, costly, and non-transparent process. A respondent interviewed in Makassar said, “In terms of issuing a broadcasting license, only the Ministry of Communication and Informatics and God know when it will be issued” (Interview with Ru, Commissioner of South Sulawesi KPID of the 2010-2014 period Makassar, 20 March 2017). Such a statement indicates that the broadcasting licensing process is uncertain, time-consuming, and concealed.

The cumbersome process also contributes to the high cost of broadcast licenses. One of the costs is holding an evaluation hearing (Evaluasi Dengar Pendapat – EDP). During EDP, the applicant assembles three parties, i.e., the applicant, the government, and KPID, to discuss whether a license can be issued. The applicant would bear the expenses.

Local televisions, KPID, and the regional government assert that a decentralized licensing process would be more time and cost-efficient (Interview with Sa, Commissioner of Yogyakarta Special Region KPID 2014-2017 period, Yogyakarta, 5 April 2017; An, Head of the Office of Communication, Information, Statistics and Encoding/KISP (Interview, Makassar, 21 March 2017). Decentralization should also increase the local community’s participation in decision-making, empower them, and democratize society (Rajasekhar, 2022). However, challenges in broadcasting hinder the achievement of these goals.

In addition, the centralized licensing process does not have any meaningful contribution to the regions. Yogyakarta Province’s Legislative Member revealed that all expenses and taxes relating to licensing and broadcasting operations go into the central government’s revenue (Interview with Ag, DIY Provincial People’s Representative Council, Yogyakarta, 5 April 2017). He mentioned that the region receives a share only from the building permit. This will not benefit the development of broadcasting. Since television programs are often low-quality, socially impacting the community, the revenue should be kept in the region instead. The local government can then allocate the budget to produce relevant and quality media literacy programs to enhance critical thinking and minimize the adverse impact of media broadcasts.

The central government’s economic interest seems to drive the recentralization of the licensing process (Interview with Dr, Academic Member and local broadcasting Observer, Yogyakarta, 4 April 2017). The revenue gained from the licensing process is one of the elements of Non-Tax State Revenue
Rahayu: The Challenge of Decentralization Policy for Television Broadcasting in Indonesia

(Pendapatan Negara Bukan Pajak – PNBP). The government sets a target and uses PNBP as one of the criteria for assessing the ministries’ performance. Accordingly, ministries compete to obtain as much PNBP as possible. A KPID commissioner stated that “This licensing process is an ATM (source of revenue) for the government, and they are not making serious efforts to understand the needs of regional broadcasting” (Interview with Sa, Commissioner of Yogyakarta Special Region KPID of the 2014-2017 period, Yogyakarta, 5 April 2017).

Discussion

Research findings indicate that the implementation of broadcasting decentralization policies faces several barriers. The systemic approach using political instruments in the form of legislation is undermined by the pragmatic and economic interests of the media conglomerates and the control of the political power of the central government.

Economic interests manifested in capital control, centralized management, and concentrated content production contradict the main principles of decentralization. The dominance is not by the central government but by the media conglomerates. However, the effect is the same, i.e., the industry players’ opportunities are reduced, and local television broadcasting companies cannot fully participate in the broadcasting operations. Economic interests, i.e., business survival and escalation, trump decentralization’s value.

Political actions, namely the recentralization of broadcasting licensing, limit the regional government’s role in the management. Local resources are distributed in a centralized manner by the central government without giving any control to the regional government. For example, big television companies’ control over the RF spectrum in the regions is facilitated and protected by political instruments that the central government creates. Consequently, regional governments lose a sense of ownership and cannot manage and maintain the business. This indicates that the broadcasting decentralization objectives in Indonesia have not been achieved.

The relatively different economic and social capital settings in the three study locations (Yogyakarta, Bali, and South Sulawesi) seem not to influence broadcasting decentralization. The structured and massive domination by large investors in expanding their businesses in the regions and the lack of any meaningful intervention by the regional government to protect local players resulted in a similar failure. The patterns are likely the same in provinces throughout Indonesia.

Jakarta’s dominance in regional broadcasting recurs, albeit by different actors. During the New Order (1966-1998), the key actor was Soeharto’s government, whereas during the post-New Order (1998 to date), media conglomerates replaced government control. Both have similar desires to dominate and control regional broadcasting. As a result, the role of local players declined, if not disappeared, while local communities continued to ‘watch’ Jakarta from their TV screens (Kitley, 2001). This finding corroborates prior theory stating that economic interests and ‘center’ politics define decentralization (Manor, 1999).

The status of relay stations as local broadcasting legal entities and the manipulation of capital ownership by the locals exist outside the constitutional arrangement and administrative capacities. These findings indicate how the commitment and goodwill of actors, i.e., central government and media capitalists, especially media conglomerates, targeted by the decentralization policy, are key in determining broadcasting decentralization’s success.

The limits of Indonesia’s broadcasting decentralization are not surprising, considering that conflict and competition of interests have
existed for a long time. When Broadcasting Law was drafted and ratified, large television moguls in Jakarta maintained relay stations in numerous provinces throughout Indonesia, rejecting restrictions on broadcasting and shared ownership. Meanwhile, ‘reformists’ supporting the law expected a more democratic region-based broadcasting system (Wahyuni, 2006).

Political lobbying influenced regulations and laws, driving them toward the big companies’ interests (Mosco, 2009; Ali, 2013; Freedman, 2008). The fragile affinity the government shows in promoting public interests cannot be ignored by the intersecting and intertwining interests between the media conglomerates and the central government (Rahayu, 2018b).

The findings of this study indicate that the implementation of the television broadcasting decentralization policy was ineffective even though the political reforms had officiated the law.

The interests of a media conglomerate to centralize capital and markets seem to have limited the growth of the local broadcasting industry. This finding contradicts the argument that decentralization can accelerate the pace and spread the benefits of growth to local communities (Bello-Gomez, 2020; Zon, Pavlova, & Groot, 2020). The centralization of content management and production has also limited the participation and empowerment of local communities.

These findings do not align with the ideals of decentralization (Rajasekhar, 2022). The pragmatic actions of media capitalists are protected by government regulations that take advantage of the discretion allowed by the unsound broadcasting law. Moreover, the dated perspective stating that the challenges faced by decentralization in Indonesia are caused by the lack of subnational government and local resource capacity and skills does not seem to be entirely accurate (Nasution, 2016). One of the obstacles to broadcasting decentralization is due to the resistance of the central government, which is unwilling to share its economic and political power with provincial governments. The central government’s desire to monopolize the broadcasting licensing process has been further reflected through the Job Creation Law (UU Cipta Kerja, No. 11 of 2020) regulating digital broadcasting.

Conclusion

The research findings show that the implementation of decentralization policy is challenged by, firstly, the desire of media capitalists to maintain their dominance in the broadcasting business and, secondly, by the central government, which wants the political power of media licensing to remain centralized.

Indonesia faces four main obstacles in implementing the decentralization policy of television broadcasting. The first challenge is the capital control by media conglomerates to maintain their dominance in share ownership, including those entitled to the locals. Despite the supposed reforms, this resulted in an unchanging television broadcasting industry structure.

Secondly, the centralization of business management, in terms of broadcast program management, human resource management, broadcasting technology, marketing ads, budgets, etc., has limited the autonomy of network television members’ participation in local broadcasting. In addition, this centralization of business also prevents local television from benefitting from advertisements.

Thirdly, the concentration of content production in the main television network has also limited the network members’ creativity and overlooked the locality element in local broadcasts.

Fourthly, the recentralization of broadcasting licenses does not provide space for the provincial government and KPID to manage broadcasting at the local level. The
local government also does not receive much revenue share from regional broadcasting. The study has shown that the current broadcasting regulations have loopholes that hinder the implementation of broadcasting decentralization. The government should not only focus on the digitalization of broadcasting but also on solving this shortcoming. Future broadcasting regulations should be based on a comprehensive reflection of this shortcoming. This reflection should also consider the limitation of authority, management autonomy, diversity of broadcasting content and licensing, which remain relevant in today’s digital context and essential for a more democratic broadcasting industry.

Other recommendation is to strengthen the people’s sovereignty. In this case, the public should not view television broadcasting as a profit-oriented business entity. The public should be critical in viewing the function of television to serve the public through its broadcasting programs.

Future broadcasting regulations should also focus more on granting subsidies and facilities to local televisions. This is important to guarantee their development as an alternative media service that could meet local needs and interests. Priority should be given to community televisions with limited broadcasting reach. This subsidy should include, and is not limited to, improving management abilities, quality content production, technology, means of funding, tax relief grants, etc.

References


Rahayu: The Challenge of Decentralization Policy for Television Broadcasting in Indonesia


