



The Committee Secretary
House Communications Committee
Parliament House
CANBERRA, ACT, 2600

23 October 2000

Dear Sir,

I wish to make this written submission to your inquiry concerning the state of non-metropolitan broadcasting.

My station, 4VL Charleville (QLD), serves the second largest coverage area in Australia and does so by maintaining a strong local identity.

We employ a staff of 4 announcers, 2 sales people and a fulltime person to gather and report local and regional news. I understand that we are the only Queensland station west of the Great Divide (including Toowoomba) to employ a fulltime newsperson.

This level of staff has not been employed with an intention to lose money, but rather to provide the level of service to the coverage area that we believe rural listeners deserve.

My principal concern about the current state of regional broadcasting, however, relates to the deliberate reduction in services to rural communities when small stations are taken over by large radio conglomerates, several of which are supported by foreign money.

In the 1930s, licences were issued to local radio stations to serve the local area.

Before they could be selected to provide a regional radio service, potential licencees had to convince the broadcasting regulator that they intended to provide radio services that would be of benefit to the district they served. These undertakings were usually in the provision of news, sporting and information programs, and, music-based programs, which appealed to the majority of listeners in the region.

Perhaps, in the year 2000, this sounds like an old fashioned concept, but, in principle, we, at 4VL, believe it is the direction that regional radio should still be heading.

Unfortunately, since deregulation opened the floodgates to foreign investors, businesses, like DMG, who are supposedly an Australian company, but financed by the Daily Mail Group out of London, have been able to acquire huge numbers of radio stations Australia wide.

They have done this by paying prices industry observers often believe to be well in excess of the stations' market values and in doing so have left small Australian media operators out of the equation because there appears there is no end to DMG's purchasing power. The price of \$155 million paid for the Sydney FM licence by DMG this year indicates the enormity of their resources.

To date, DMG has acquired 58 commercial radio stations in Australia.

While as small Australian operators we object to the lack of limitations in regional ownership, this would not be such a bad situation if they ran the rural stations as the small local businesses they were originally supposed to be.

However, the high prices these groups have paid means that the operations of their rural radio stations have to be 'cut to the bone' to produce a return on investment.

DMG and Caralis Broadcasting have allegedly reduced many once proud rural stations to mere relay facilities, by implementing almost around the clock satellite feeds and slashing local staff.

In a business sense, I find their principles difficult to criticize. Cut staff, cut costs, one program serves all and the profits are maximized.

But, in the service sense, the results are appalling – reduced listener services, the loss of jobs and future employment opportunities in the industry, and, the loss of local influence and control.

I don't wish to criticize greater efficiencies through technology as virtually every station is computerized today, and, I don't really wish to single out DMG, but their example of centralization is the one of the most obvious.

Their northern hub from Townsville feeds Mt Isa, Charters Towers, Emerald, Roma, Mareeba, and, I believe, Mackay.

These areas, while all in the State of Queensland, are quite diverse, ranging from tropical rain forests to arid grazing country, mining and coastal areas. They serve different localities, whose people have different needs and aspirations.

One of the greatest complaints from people in Roma, for example, has been that the announcer in Townsville simultaneously serving all these markets may be heard to comment 'Not another rainy day' as the tropical storms fall in Townsville.

Unfortunately, Roma is in the midst of the worst drought in 40 years and the local people are suffering badly. These types of comments can be quite hurtful.

Another, less offensive comment is 'Aren't our local Cowboys doing well' ... when Roma is in the heart of Broncos country 1500 kilometres away.

I appreciate that these comments in themselves sound petty, but they indicate that widespread networking up to 21 hours a day puts local stations out of touch with the people they were originally licenced to serve.

It appears to me the one thing that has been forgotten in the rush for the regional broadcasting dollar is that there are a finite number of broadcasting licences, and, through this concept, by its very limitation is implied a great responsibility.

This responsibility is to provide relevant programs to the specific audience you are licenced for.

The ability to simply gather together a basketful of radio properties and treat their respective audiences with contempt is unconscionable.

This is reflected in the operators' ability to remove the radio audiences' access to local news and information services, simply because they are claimed to be too costly to provide, and, to provide just one music format for a large part of Australia without any regard for the specific music needs of each area simply because in most of these markets there is no competition.

I am not advocating the issuing of more licences in small rural markets as the commercial viability of the incumbent operators must be taken into account.

Wholesale licencing in small markets has the potential to make every operator in the market unviable. In the end, that would not be in the interests of the listener.

What my company is suggesting is that limitations be placed on the amount of satellite programming that can be fed into rural stations, or, conversely, place specific requirements on the need to provide local or regional programming.

There should also be limitations placed on the number of radio stations that can be owned by a single operator.

This may have the effect of returning local rural stations to independent operators who are focused on the real interests and needs of their local audiences.

Yours sincerely
BRAD SMART
Managing Director