

20 July 2006

House of Representatives Standing Committee on Information Technology and the Arts.

Inquiry into Community Broadcasting

Submission by Lee Hubber

I am pleased to have this opportunity to submit to the Inquiry into Community Broadcasting, concerns I have held since 1989 about threats to achieving a diverse and robust network of community broadcasters.

The threat is from government organisations that compete aggressively with community broadcasters to win additional resources from third parties. In competing with community organisations, government broadcasters have a significant and unfair head-start. Their competitive arsenal is bought and paid for by the taxpayer. Unlike other broadcasters, they do not have to factor in the cost of these resources to the price of their bid.

How are community broadcasters affected?

A flashpoint currently occurs when youth-focussed community radio stations compete with the ABC's Triple J network for the right to associate their name with an event. It also happens when those community radio stations with non-English language programs, compete with SBS Radio for the sale of sponsorship airtime and/or production/translation services.

Community broadcasters are at times competing with SBS TV for the sale of sponsorship airtime, community media producers are competing for production funds, and many community broadcasters would suffer in competition with the ABC should the ABC be allowed to sell commercial airtime.

What does this submission ask for?

This submission seeks to require the ABC to desist from requiring exclusive access to resources to the detriment of community broadcasters. It also asks that SBS be required to price their commercial offerings at a competitively neutral level. Finally, I submit that SBS recognise their majority government funding with a substantial allocation of free airtime for government information campaigns.

Who am I?

My perspective on community broadcasting in Australia derives from working in a professional capacity with the sector for the past 18 years:

- 1988 & 1989 Sponsorship and Marketing Consultant at Universities Radio Ltd 6UUVS FM in Perth (now 6RTR)
- 1990, 1991, 1992 National Marketing Director, Public Broadcasting Association of Australia (PBAA now CBAA)
- 1992 Marketing Consultant to Open Channel, Melbourne.
- 1992, 1993, 1994 Sales and Marketing Manager, SBS Radio, Sydney
- 1994 – 2000 Founding Chairperson and director, Free Broadcast Incorporated (FBI Radio), Sydney
- 1995, 1996, 1997 Director, Metro Television, Sydney (now Metro Screen)
- 1994 to present Managing Director I&G Pty Ltd Sydney.

In my current role as Managing Director of I&G Media, I generate sponsorship revenue for more than 200 Community Broadcasting organisations.

What evidence is there?

In this submission I would like to outline the aggressive competition with community radio conducted by the ABC's Youth Network Triple J, SBS's Radio Marketing activities, and the inadequacy of remedies currently available to the community sector to address inequitable competition.

In I&G Media's publication 'Intelligence' published in November 2005, I outlined the negative consequences of Triple J's aggressive stance to the community sector as it affected FBI Radio.

I have attached the article to this submission.

Triple J exercises market power to exclude community radio

The article investigates negotiations for naming association with the *Cockatoo Island Festival* in April 2005. It is clear that Triple J insists on exclusivity when it attaches its name to an event. This exclusivity denies youth-focussed community radio stations a rare and important opportunity to increase their profile with existing and potential listeners. In many cases around Australia, the association between community radio and such events pre-dates the national expansion of Triple J. The demand for exclusivity is anathema to community broadcasters who, far from competing with the ABC, expect to share their listeners with services like Triple J and Classic FM. A similar attitude by the ABC to their obligation of service would see them seek to promote diversity and grow communities of interest rather than blocking the promotion of community media.

Of much greater concern is the competitive resources levied to win these marketing battles. The ABC clearly uses its national audience reach and marketing resources in competition with those generated from volunteer resources and community effort. These marketing resources and consequent audience reach are bought and paid for by the taxpayer. This allows Triple J to provide event promoters, exposure to a national audience at no cost. They do this in competition with community broadcasters seeking to gain name association and sponsorship income. In return community broadcasters provide exposure to their local (and therefore smaller) audience. The decision for the promoter is simple; any businessperson concerned for their profit margin will always choose the subsidised free deal over the paid deal. If the ABC were required to drop their exclusivity requirement, community radio will not be required to compete directly with the Government for these promotional opportunities.

Triple J unnecessarily prohibit staff from volunteering on community radio

The 'Intelligence' article also made it clear that anyone in paid employment with Triple J could not continue to have a role on community radio. Submissions to this enquiry attest to the leading role community radio have in training future staff of the ABC and media industry in Australia. I acknowledge that the ABC will protect their investment in leading on-air personalities. Many Triple J trainees, casuals, and other personnel without an on-air presence have been volunteers at community radio stations. Current Triple J practice prohibits these non-core staff from continuing their volunteer/community role. This competition for human resources is damaging community radio.

Community radio will benefit if SBS is 'competitively neutral'

Another government organisation - SBS Radio, has sold airtime to Government advertisers since 1993 and since 1995 to commercial advertisers as well. They have a marketing unit staffed with up to 8 marketing professionals. They publish their rates on their website at:

<http://www9.sbs.com.au/radio/marketing.php?page=rc>.

Their offering ranges between \$60 and \$170 for a 30 second spot. They sell a maximum of five minutes per hour. If we were to assume that all spots sold in a program are at the maximum rate their potential income from an hour is \$1700 on their national service and \$700 on each of two services in Sydney and Melbourne. Their annual maximum potential income from airtime sales is \$20M based on 18 hours fully sold every day.

If SBS Radio earned \$20M from radio advertising sales, this would represent 57% of the resources used by SBS Radio and deliver a loss of \$15M if the service were not government- funded. These figures are based on actual departmental appropriations 2004/5 for Radio of \$34.995M from the Budget Papers.

This analysis of SBS Radio reveals that it's radio advertising rates are priced at half of what they should be if the organisation were applying principles of commercial neutrality. That SBS Radio attracts just one tenth of this potential revenue (\$1.95M refer Budget Papers) raises the question as to whether it's marketing activity is loss- making in real terms and therefore directly subsidised by the taxpayer. The relatively low level of income generated by SBS Radio shows that the yield from each sale is even lower than its published ratecard.

If SBS Radio were to charge fees for advertising and production services at a rate that reflected the real cost to SBS of providing their service, multicultural community radio stations would be in a position of competitive equality and attract more advertisers as sponsors.

SBS doubles up on Government Funding

Listeners to SBS Radio receive a constant stream of paid government advertising messages. According to SBS Radio's National Sales Manager "around three quarters of ad spend in multicultural media comes from the government" (B&T Weekly Multicultural Report July 2006). SBS Radio acknowledges that delivery of information to migrants about government services is a key obligation of their charter. The Australian Government already provides 95% of all funding for SBS Radio. If SBS Radio were to broadcast Government information messages at no cost to the government advertiser, this would remove a significant area of direct competition with community radio.

No effective avenue for complaint

Finally, there is no effective avenue for community broadcasting to address these issues of Competitive Neutrality and possible abuse of market power. A complaint under the Competitive Neutrality provisions requires a special case to be made for commercial activities of less than \$10M annually and no case can be made for Triple J as they do not conduct a 'commercial' activity. Even if such a complaint was upheld the legislation has little or no power to enforce a change in practice.

These examples demonstrate the vulnerability of community radio to aggressive competition from the Government sector, especially when that sector acts like a commercial entity while remaining subsidised by the taxpayer.

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Key recommendations:

- 1. That Triple J be required to not disadvantage community broadcasters in their arrangements to sponsor or present an event.**
- 2. That the ABC be required to allow staff to volunteer at community broadcasting organisations.**
- 3. That SBS Radio be required to carry a quota of government information messages free of charge.**
- 4. That SBS Radio be required to price its advertising, translation and production services at a 'competitively neutral' level.**

ABC THREAT TO COMMUNITY RADIO INCOME



Trouble is brewing between community radio and the ABC. At the heart of the dispute is a belief by community broadcasters that the ABC should work cooperatively with them, a view that does not appear to be shared by ABC's Triple J network. Community Radio considers the ABC as "cultural fellow travellers" with a different approach to the same mission – to reflect Australian arts, community and culture. While many community radio volunteers aspire to careers with Aunty, policies at Triple J signal a newly-aggressive approach towards community media.

Community stations are savvy marketers – they have to be, as they seldom have a promotional budget. The stations are expert at sophisticated promotions in partnership with event promoters. The promoter will "give" their event to the local station to publicise to their listeners. The station brands the event as it's own, thereby delivering a paying audience to the event. In return the promoter gives the station a split of the door receipts and the event adds colour and vitality to the station's brand. It is a highly successful model for the station, promoter and the listeners.

At Easter this year, youth community station FBI knew they had the inside running to be a media partner for the inaugural Cockatoo Island Festival. The promoter, Brandon Saul, is on the board of FBI. Cass Wilkinson, President of FBI says *Our Saturday night retro-music program Crate Diggers was to host the CD and Vinyl Fair at the festival and (FBI) possibly present a stage of local Sydney music as we had done at the Big Day Out.*

None of this happened. ABC's Triple J got exclusive rights as media presenters of the Festival. Brandon Saul needed JJJ as a partner – they have a huge national

audience and they charge nothing for their support. Securing this level of support at no cost represents a major coup for any event.

Linda Bracken Manager of Triple J said, *Our preference is to be the only radio partner. That is not a personal policy, it is an ABC Radio policy.* Bracken agreed that if FBI was involved with the festival *Triple J would not have been.*

Both Bracken and Wilkinson acknowledge that the two stations have listeners in common but differ in their attitudes towards them. FBI expects to share listeners, JJJ apparently does not.

Wilkinson says *We expect our listeners to drift between FBI, Triple J and probably several others – choice and variety are popular, and that is acceptable to us to grow the community of interest. I believe it is explicit government policy for the ABC to do the same.* Wilkinson believes that aggressive competition between community and public broadcasters is a misuse of *cultural resources allocated on behalf of New South Wales and Australian taxpayers.*

Promotional opportunities are not the only area of competition for Triple J and FBI. Bracken insists, *Anyone in an editorial (producers and presenters) position on Triple J cannot also work, or volunteer at FBI.*

Wilkinson believes that both policies appear to be FBI-specific. Bracken acknowledges that, outside of Sydney, Triple J does partner of the Big Day Out along with community stations. Community radio is also a habitual source of trained broadcasting staff for the ABC. As the

ABC's own permanent workforce shrinks, the Community Broadcasting sector represents a most reliable source of trained talent, readily available for casual work.

Concern about aggressive competition by the taxpayer-funded ABC is not new. In an address to the Institute of Public Affairs (IPA) entitled "*The ABC of Monopoly and Synergy*", publisher Michael Duffy questioned the activities of ABC enterprises: *It has effectively nationalised some of the relevant markets, by taking for itself income that would otherwise have gone to private companies.*

Duffy goes on to assert that ABC Enterprises is in breach of the Competitive Neutrality guidelines for Government entities, part of the National Competition Policy. Competitive Neutrality was set up to ensure that government entities do not use the advantage of their taxpayer funding to compete with non-Government organisations.

Potential complaints by FBI on the grounds of Competitive Neutrality are unlikely as the guidelines only cover income-generating activities. Following concerns regarding exclusion raised by 3PBS on the *JJJ Hack* program, FBI has contacted fellow community stations and the CBAA with a view to raising these issues with the Minister for Communications. The Community Broadcasting Association of Australia (CBAA) advocates for its members at a national level.

Aggressive competition eats up volunteer and taxpayer resources leaving the community and listeners worse off. If we accept that the community and the taxpayer are one and the same funding source, competition between community radio and the ABC is the media equivalent to a dog eating its own tail.

* I&G Pty Ltd, the publisher of *Intelligence*, represents FBI FM for the sale of sponsorship.

MEDIA PROFILE



JUSTIN NOEL

MANAGING DIRECTOR, ORIGIN COMMUNICATIONS and ASSOCIATE, CULTURAL PARTNERS AUSTRALIA

Justin is an Aboriginal man (Ngaku Clan of the Dughutti) and an experienced communication consultant, facilitator, researcher and trainer. He specialises in working with Indigenous and mainstream community groups, Commonwealth and State Government agencies and corporate initiatives. With more than 15 years experience, he has developed an extensive repertoire of skills in working with challenging groups and projects.

Justin maintains a balance and connection with community issues through ongoing teaching and training in the community and tertiary sectors (including corporate governance, community management, Aboriginal studies, welfare and health).

What are you most proud of in your career? I think the most wonderful thing is my former students and colleagues who tell me that I played some part in their willingness to take that next step even if it was big a risk. I love teaching and learning from people – probably the underpinning value in communications work for me – and to see people believe in themselves, their intrinsic value, their inherent capacity is just the best. Cultural media, when done well, has that power. Campaign wise I look back fondly on early groundbreaking work with Yothu Yindi and other youth sponsorships. They were hard work, politically sensitive and ridiculously complicated but they were great fun. It's not often you almost lose the Rolling Stone writer to a croc!

Challenges for cultural and community media in 2005-2006 Media and communications that address the needs of culturally diverse or distinct groups are facing a watershed at the moment. There are fewer 'different' faces in mainstream advertising and almost none on commercial TV drama. In terms of Indigenous representation outside sport, all I can say is thank God for Deb Mailman, Leah Purcell and the ABC. Increasingly there appears to be a homogenising of product, theme and talent, which makes it harder for communities and individuals to find a degree of relevance, let alone see themselves. It would be a pity if Aboriginal, Torres Strait Islander or other cultural identities are only presented in micro-targeted campaign materials. Our type of cultural and community-focused work can appear fraught with danger to business and government but there are real opportunities, continuing needs and some very capable people in the field.

Favourite TV commercial At the moment my favourite ad is the new one for Carlton Draught beer. It's the one where two opposing groups of guys run at each other "Lord of the Rings style" with an ode to Orff in the background. The brilliance is in the subtitling of "This is a big ad/ A very big ad/ very expensive ad" ... ending with "It had better sell some bloody beer!" Maybe it was the fact that I saw it late one night getting into a hotel or just that I love that style of music. Regardless, the creative is superb and I laughed out loud when I first saw it (a nice late night antidote for cynicism).

Campaign I would most like to see in 2006 Given our current social changes and increasing divisions I would love to see a deadly education campaign with young people of all cultural backgrounds showing what our rights are and where they come from, the nuances of our collective histories, what it means to be an informed and active member of this society, and ultimately how to unpack the daily barrage of spin and banality. I guess in old terms it would be a citizenship campaign but without the attendant jingoism and vaseline-coated lens.