



**Submission to the House of Representatives
Standing Committee on Communications,
Information Technology and the Arts**

INQUIRY INTO COMMUNITY BROADCASTING

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Executive Summary

The Community Broadcasting Foundation was established in 1984 as the funding agency for the Australian community broadcasting sector. The Foundation's vision is to assist the community broadcasting sector to reach its full potential as a well-resourced, independent, diverse and accessible Australian media sector. Over the past 23 years the CBF has disbursed more than \$86 million in Australian Government support for the community radio sector. Australian Government funding support has been a vital catalyst in community broadcasting development.

As the sector's funding agency this submission concentrates primarily on the final term of reference – *Opportunities and threats to achieving a diverse and robust network of community broadcasters*, as it relates to community broadcasting funding issues and their impact on optimal sector development. Community broadcasting is a very different kind of media, comprised of hundreds of independent media organisations united by a common philosophy based on the principles of Access, Diversity, Independence and Localism. With 484 licensed services, over 23,000 volunteers, and 960 staff, community broadcasting is a substantial industry contributing an estimated \$280 million dollars to the Australian economy each year. National audience research has established that both community radio and television have considerable audiences. A broader research program is revealing the strong social and cultural benefits provided by community broadcasting to the communities it serves.

Despite its many achievements the community broadcasting sector remains fragile and severely under-resourced. A sector survey conducted in 2004 revealed that much of the community radio sector operates with inadequate technical infrastructure. Analysis of Australian Government funding via the CBF establishes that, despite increases in the absolute value of the support provided, the real value of those funds and the level of access to funding for community broadcasting stations, has significantly decreased over time as a result of inflation, the sector's burgeoning growth and structural diversification. Funding commitments for specialist Ethnic, Indigenous, RPH program production and sector coordination need to be increased as does funding that is more generally accessible by all community broadcasters. The lack of any funding support for the maintenance and development of the CTV sector needs to be addressed. Greater certainty in the provision of ongoing funding support is necessary in order to allow the sector to undertake effective long-term planned development.

While access to new digital platforms holds immense potential for further development the community broadcasting sector cannot engage with this opportunity effectively until spectrum access issues for community television are resolved and Australian Government funding commitments for community broadcasting infrastructure and operational costs are clarified.

The CBF believes that on the basis of the analysis of Australian Government funding presented, other relevant information provided above, and drawing on its broad experience in dealing with the community broadcasting sector for more than two decades

the following conclusions can be drawn which have a bearing on the Inquiry's terms of reference:

- Australian Government support for the community broadcasting sector has been a vital catalyst in its growth and development;
- The level and complexion of funding support provided has not adequately addressed the sector's massive growth and structural diversification.
- The level of funding support provided has not retained its real value due to partial indexation. More recent funding provided without indexation will decline in its real value at a faster rate than earlier funding commitments.
- There is a pressing need to review and substantially increase the level of Australian Government funding for the community broadcasting sector to:
 - address the inadequate technical infrastructure of the community radio sector;
 - provide assistance for the production of specialist program content meeting government policy objectives at a level that recognises its true cost of production and its value to Australian society;
 - provide assistance to rural and regional community broadcasters to increase their stability, viability and broader level of engagement with the communities they serve.
 - provide assistance for general community broadcasting purposes at a level that recognises the broad social and cultural values that community broadcasting plays within the communities it serves;
 - assess and address the maintenance and development needs of the community television sector and commit adequate public funds for that purpose;
 - assess and address the maintenance and development needs for extension of community broadcasting program production and distribution processes across new and emerging digital delivery platforms and commit adequate public funds for that purpose.
 - recognise the growing structural diversity within community broadcasting and provide sufficient resources to allow effective coordination and planned development to be undertaken at both sub-sector and sector level.
- Future public funding of community broadcasting should be delivered in a form and quantum that allows the sector the financial stability necessary to undertake mid and long-term planned development while still meeting all necessary accountability and transparency requirements.
- Australian Government funding commitments underpinning the sector's expansion of community radio into and transition of television to a digital platform require early clarification and confirmation to assist the community broadcasting sector to engage effectively with new and converging technologies.

1. Scope of submission

1.1 The Community Broadcasting Foundation (CBF) is mindful that the peak community broadcasting representative organisations will be providing detailed submissions to the Inquiry. As the sector's funding agency our submission concentrates primarily on community broadcasting funding issues and their impact on optimal sector development. As such we will be principally addressing the final term of reference – *Opportunities and threats to achieving a diverse and robust network of community broadcasters*. However, in doing so we will be presenting information, analysis and recommendations relevant to all terms of reference.

2. Organisational Profile

2.1 The Community Broadcasting Foundation (CBF) is the community broadcasting sector's independent non-profit funding agency. Its core purpose is to solicit funds and to disburse such funds for the maintenance and development of the community broadcasting sector in an ethical and transparent manner. The Foundation's values are informed by those of the community broadcasting sector as expressed in the Community Broadcasting Code of Practice. As such the CBF affirms the principles of access, diversity, independence, innovation and localism and the commitment to social justice that underpin the sector's philosophy and operation. The Foundation's Vision is to assist the community broadcasting sector to reach its full potential as a well-resourced, independent, diverse and accessible Australian media sector.

2.2 The Community Broadcasting Foundation was established in 1984 following widespread consultation with community broadcasters and Government. CBF funding provides a small, but vital element of sector operational and development costs. Funding is provided for local Ethnic, Indigenous, and RPH program production; national program production, distribution and exchange; station infrastructure and operational support; training; national infrastructure development projects; sector coordination and research. Further information on funding categories and guidelines is available at www.cbf.com.au

2.3 The Foundation's corporate structure and operational methods balance its requirement for independence with the need to maintain close consultation with all stakeholders. The CBF's Constitution provides for peer group assessment of funding applications through a range of advisory committees, and a management structure that promotes an open dialogue with sector and government interests. Funding categories, guidelines and criteria are developed by the advisory committees and are informed by the views of relevant key stakeholders communicated through sector representative organisations and more directly with community broadcasters at those organisations' annual conferences.

2.4 The CBF Board and advisory committees are supported by the CBF Secretariat. All Board and advisory committee members are volunteers (with the exception of DCITA representatives and the CBF Secretariat). The Secretariat is currently comprised of five full-time staff: the Executive Officer, three Grants Administrators and an Administrative Officer.

3. Relevant research

3.1 Awareness, understanding and recognition of community broadcasting and its value to Australian society has suffered in the past due to a lack of information about the community broadcasting sector. Recognising this as a considerable impediment to its further development the sector has in recent years worked with government to sponsor community broadcasting research. While this is an ongoing process, sufficient independent, authoritative research now exists to ensure that the Inquiry is well informed on the current state of Australian community broadcasting, its considerable, multi-faceted value to Australian society and the opportunities and means that exist for that value to be further optimised.

3.2 The CBF has provided a range of relevant publications for consideration as Inquiry exhibits. In particular the Foundation recommends the following research for close scrutiny by the Committee:

- *'culture commitment community – the Australian community radio sector'* by Forde, Meadows and Foxwell, Griffith University, 2002. This seminal work studies the current issues, structure and value of the community radio sector from the perspective of those working within it as volunteers and staff. It provides an overview of the community radio sector and a framework for understanding its role as a cultural resource. In particular it explores the value of localism, ethnic and Indigenous community radio programming, news and current affairs services, the sector's training role and funding issues.

The Griffith University research team is presently completing a two-year complementary research project focussing on the value of Australian community broadcasting to its audience. While this Qualitative Audience Research Project will not be completed until late 2006 much of the primary data has been gathered and it is expected that the researchers will provide their preliminary findings in a submission to the Inquiry.

- *Survey of the community radio broadcasting sector 2002-03*, ACMA, Sydney, August 2005. This is the most detailed quantitative study of the sector published to date. It is based on the 2004 Community Broadcasting Database (CBD) survey and is the most comprehensive study available until the 2005 CBD survey results are published by the CBAA in late April.
- *Community Radio National Listener Survey*, McNair Ingenuity Research, September 2004. This is the summary report of findings of the most recent large scale quantitative audience survey. The survey was based on a sample of 5,014 interviews conducted by a nationally respected audience research firm. Its methodology was determined in conjunction with the DCITA Communications Research Unit. The survey establishes that community radio has developed a substantial audience reach. 24% of Australians aged 15+, over 3.7 million people listen to community radio in a typical week. In addition to quantitative and demographic data, the survey included a range of questions which produced some insights into reasons for listening. This

qualitative information provides strong evidence that audiences value the broad cultural role played by community radio broadcasting in Australian society.

The CBAA is currently negotiating with McNair Ingenuity to conduct a second comparable national listener survey in mid-2006.

A number of independent consultants' reports and other studies have also been supplied which may assist the Committee in its understanding of areas such as:

- the strong symbiotic relationship developing between community radio and the Australian music industry (DMW AMRAP evaluation, 2005);
- the current state of the sector's national computer, database and online initiatives, its satellite services and a view of its future ICT needs (Diasakos Report, 2004);
- the development of accredited training within the community radio sector (DMW, Community Broadcasting Training Fund Implementation Report, 2005)
- The cultural benefits of community broadcasting (Arts Victoria Report, 2002).

As the resources above have been supplied under separate cover they will be referenced within but not supplied with this submission.

4. Community Broadcasting Sector Profile

4.1 A very different kind of media – Accessible, Diverse, Independent and Local

4.1.1 Community broadcasting is in many ways a very different kind of media. It is a diverse media sector comprised of hundreds of independent media organisations united by a common philosophy. The essential principles of the community broadcasting creed are Access, Diversity, Independence and Localism. In recent years they have been expressed and clarified in the community radio and television Codes of Practice. These principles and their practical expression in the daily operation of community broadcasting organisations distinguish the community broadcasting sector from other broadcast media and highlight many aspects of community broadcasting's value to our society.

4.1.2 **Access** - Community broadcasting provides all Australians with the opportunity to access the airwaves. It has a particular commitment and responsibility to providing access to minority groups that are unable to effectively access other media. Active participation in media production, and in the governance of independent, community owned and operated media organisations, is a necessary corollary of being an accessible media. Access and participation are underpinned by a commitment to the provision of training in media production, presentation, technical, management and administrative skills. The sector's commitment to volunteerism is a necessary expression of its commitment to ensuring access for, and the active participation of, ordinary citizens in an otherwise highly professionalised industry. The degree of access offered contrasts the community broadcasting sector strongly against most other Australian media where program content, production and presentation are comparatively tightly controlled.

4.1.3 The community broadcasting sector's level of access for all Australians makes it unique within our media. It adds an extra dimension of Australian identity and culture that would otherwise not exist simply by involving ordinary Australians from all walks of life in the operation of broadcast media. Through access and participation the community broadcasting sector aims to demystify media processes and promote a more informed and critical attitude to all media output. In doing so, we support and foster an appreciation of why it is important for our media to have an Australian identity and culture that reflects our society in all its diversity. Over 24,000¹ Australians are currently actively involved in community broadcasting. Hundreds of thousands have participated in community broadcasting over its comparatively short thirty-five year history – as individuals, through community groups, as local business sponsors, through secondary or tertiary education based media programs, or as volunteer or paid staff. At least seven million Australians listen to or view community broadcasting programs in an average month. Community broadcasting is utilised by a significant and growing percentage of the Australian population. Despite all services being available free-to air almost 150,000 Australians support community broadcasting financially as subscribers, members or donors².

4.1.4 **Diversity** – Community broadcasting is committed to the principle of Diversity in many manifestations. The sector itself is highly heterogenous in its structure, comprised of many hundreds of individual media organisations. Services are either generalist in nature - committed to meeting the diverse programming needs of a specific geographic area, or specialist in their focus - committed to the diverse programming needs of a particular community of interest. Adherence to diversity as a programming principle necessarily turns the central commercial media programming strategy on its head. Community broadcasting does not seek to aggregate and hold mass audiences with particular demographic and socio-economic profiles for delivery to advertisers. It seeks to meet the needs of minority audiences not adequately catered for by other media and accordingly builds its audience from many smaller niche audiences that change in relation to the content broadcast. However, as recent independent audience research has shown the collective national audiences for both community radio and television are substantial. In the case of the community radio sector there is now a large group of Australians - 685,000, who listen to community radio exclusively³.

4.1.5 A further manifestation of Diversity is the sector's strong commitment to tolerance, greater understanding and acceptance of difference, and the promotion of harmony within Australian society. The sector's codes of practice contain a strong commitment to anti-discrimination and represent a broad adherence to the principles of social justice. Community broadcasting organisations are far from perfect, but they do in their daily operation exemplify attitudes and values that are increasingly necessary for the maintenance of a peaceful, harmonious and productive society. As media they can and do play an important role in communicating those values to their communities.

¹ Comprised of over 20,000 community radio & 3,000 community television volunteers and 960 staff.

² Community Broadcasting Database 2002/03 survey Final public report at page 12 shows that in that year there were 113,370 current subscribers or members and 36,470 donors.

³ *Community Radio National Listener Survey*, McNair Ingenuity Research, September 2004 at p.10.

4.1.6 **Independence** - By contrast with the heavily networked commercial and national media sectors, the community broadcasting sector is comprised of hundreds of independent community-owned media organisations. Each station is a voice for its community. Each service provides another source of information and opinion for its community. Each service is a means of stimulating community engagement in the debates and dialogues that allow that community to define itself as a community.

4.1.7 Australia has one of the highest concentrations of media ownership and control in the world. That trend seems likely to continue. By the number of separate services operating community broadcasting now forms Australia's largest media sector. Through its sheer size and independent structure the community broadcasting sector makes a significant contribution to the level of diversity in ownership and control of Australian media.

4.1.8 The community broadcasting sector is avowedly service, rather than profit, oriented. This allows it greater independence in its programming choices and a broad editorial freedom, not enjoyed by commercial media. A strong community broadcasting sector will assist the maintenance of diversity in the sources of information and opinion that are vital to a healthy democracy.

4.1.9 **Localism** – Community broadcasting organisations, both general and specialist in nature, serve the needs of local audiences. They are local media closely bound to the communities in which they operate. While the sector promotes the free exchange of specialist programs as the most cost-effective means of augmenting local programming the great majority of all community broadcasting programming is produced within the communities to which it is broadcast⁴. At a time when commercial media is rapidly being globalised, community media is moving in the opposite direction. As greater networking draws media resources away from rural and regional areas across our country, community broadcasting's role within those local communities is broadening and increasing in value. Many non-metropolitan community radio services are already the only local media outlet in their area. Many more are now the only locally based media source capable of devoting considerable airtime to the discussion of local issues and providing local relevant information in times of emergency. Recent national audience research suggests that community broadcasters are playing an increasingly important cultural role within their communities both in maintaining and developing both a sense of local identity, and Australian identity and character, in media⁵.

⁴ The 'Survey of the community radio broadcasting sector 2002-03, ACMA August 2005 at p.5 notes that nationally locally produced content accounted for 74% of total community radio content – 125 hours per station per week on average. According to a recent CBAA survey the nascent community television sector represented by the four current metropolitan services already achieves 164 hours of locally produced programming each week.

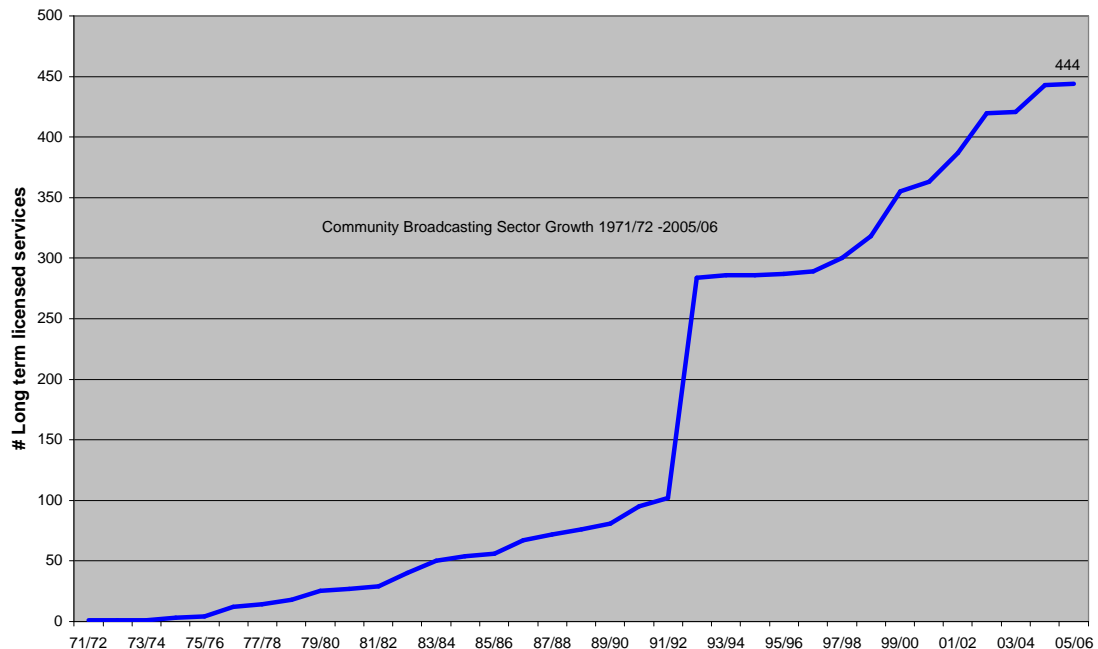
⁵ Refer in particular to Chapter 4 'we want to be a part of this – localism and culture in community radio' within 'culture, commitment, community – the Australian radio sector' by Forde, Meadows & Foxwell, Griffith University, Brisbane 2002; to the qualitative elements describing reasons for listening at page 23 in *Community Radio National Listener Survey*, McNair Ingenuity Research, September 2004. This aspect of the value of community broadcasting to its audiences is expected to be dealt with in greater detail in the current national qualitative audience research project being undertaken by Griffith University.

4.2 A rapidly developing media sector

4.2.1 In its relatively short history community broadcasting has become a vital component of the Australian media-scape. Since the establishment of the first community radio stations in the early nineteen seventies, the community broadcasting sector's growth has been vigorously driven by community demand. While it took 21 years for the first 100 services to be licensed, in the last fourteen years the community broadcasting sector has trebled in size.

4.2.2 For almost twenty years the sector was confined to radio broadcasting. Community television (CTV) began with the issue of remote Indigenous community television licences in the early nineteen nineties. Metropolitan and regional community television stations endured a ten-year test regime with the first metropolitan licences being issued only in 2004. Chart 4.2 below demonstrates the sector's rapid development:

Chart 4.2 Community Broadcasting Sector Growth 1971/72 – 2005/06



4.3 A substantial industry – Australia's largest media sector

4.3.1 Today the sector is a substantial industry with 364 long-term licence holders providing 360 radio and 84 television services across Australia. A further 37 aspirant radio organisations are operating under temporary community broadcasting licences and 3 aspirant television organisations are providing services under open narrowcast licences while awaiting the opportunity to apply for a long-term licence. In all 484 community broadcasting services are currently serving their communities.

4.3.2 While there is an expectation that the community broadcasting sector's expansion will slow with the completion of the analogue spectrum planning process, growth remains strong. The number by long-term community broadcasting licences grew by 22%

over the past five financial years. In its 2004/05 Annual Report the ABA noted that it was expected that ACMA would allocate nine further community radio licences within its first twelve months.

4.4 A strong and growing presence in rural, regional and remote Australia

4.4.1 From its early metropolitan origins the community radio sector has expanded strongly into regional rural and remote areas. Over 70% of community radio services are now located outside metropolitan areas. Community television has taken the opposite path with early activity in the remote Indigenous communities of central, South and Western Australia, now being matched by vigorous development in the capital cities. Community broadcasting is actively engaging with communities across Australia in hundreds of remote communities, rural towns, regional centres and in all major cities. The broad geographic distribution of the community radio broadcasting sector is illustrated in the maps produced on 2004 data by DCITA's Communication Research Unit attached as Appendices A and B below.

4.4.2 With spectrum in metropolitan areas now very scarce, community radio sector expansion is predominantly in regional and rural areas. The last long-term metropolitan community radio licence was issued in 2002. All 37 current temporary community radio licence holders are located in regional, rural and remote areas. Two of the three community television aspirants are in regional areas.

4.5 Contributing in excess of \$280m. per annum to the Australian economy

4.5.1 The community broadcasting sector has an annual turnover in excess of \$69 million⁶. The sector is driven by the collective energy and enthusiasm of over 23,000 volunteers and it employs more than 960 staff (both full-time and part-time)⁷. Community broadcasting volunteers are strongly committed, donating on average 10 hours of their time per week⁸. The current economic value of their contribution is conservatively estimated at over \$4 million each week – almost \$212 million per annum⁹.

⁶ This estimate is based on preliminary 2005 Community Broadcasting Database (CBD) survey data of \$50.7m. for the community radio sector, a recent CBAA estimate of CTV turnover as more than \$5m., 2004/05 CBF revenue of 10.1m., and the collective turnovers of other sector organisations for 2004/05 of approximately \$3.2m.

⁷ Estimated on the basis of 880 community radio staff (*Survey of the community radio broadcasting sector, 2002-03*, ACMA, Sydney, August 2005 at p. 6), a recent CBAA estimate of CTV sub-sector staff of 50, and CBF, peak sector representative organisation, satellite service and news service staff of more than 30.

⁸ 'culture commitment community' Forde, Meadows & Foxwell, in Griffith University, 2002 at p.28. This study also attests to the high level of commitment of community radio broadcasting volunteers noting that 'One quarter of volunteers contributed more than 26 hours of their time per week – more than a half-tie appointment – while only 16 percent worked five hours or less. These figures compare favourably with general volunteering rates for the Australian community, where the highest average volunteering level was 2.5 hours per week, in the 65 and over age group (ABS 2000)'.

⁹ This estimate uses the same method established by Forde, Meadows & Foxwell, in 'culture commitment community' Griffith University, 2002 at p.28 where community radio volunteer input was conservatively valued at more than \$145m. per annum. Here the calculation is based on median weekly earnings of \$673 as outlined in the Australian Bureau of Statistics Ausstats data series 6310.0 published in August 2004. An hourly rate of \$17.71 for an average of ten hours per week, for 23,000 volunteers, yields a figure of \$211,811,600 per annum. Use of the median measure produces a conservative estimate given that the average full-time adult earnings per week as given in ABS Ausstats 6302.0 of November 2005 was \$1,026.

Accordingly, a more accurate estimate of the community broadcasting sector’s economic value is in excess of \$280 million per annum¹⁰. However financial measures cannot adequately indicate the sector’s value to Australian society. A current sector snapshot providing some indication of the breadth of the sector’s activities is attached at Appendix C below.

4.6 Community broadcasting – an under-resourced and fragile sector

4.6.1 The many achievements of the community broadcasting sector have now been documented by independent research. That process has also confirmed what many community broadcasting volunteers and staff know through bitter experience – with few exceptions, the sector is poorly resourced and as a result is not realising its full potential to contribute to Australian society. Inadequate operational funds and poor infrastructure limit the effective operation of many community broadcasting stations. This general paucity of resources is a major threat to the achievement of diverse and robust network of community broadcasters. The table below drawn from ACMA’s ‘*Survey of the community radio broadcasting sector 2002-03*’ illustrates this issue:

Table 4.6.1 Analysis of Community Radio Income and Expenditure 2002-03

Station Type (n) (% of all)	Total Income	Total Expenditure	Average Income	Average Exp.	Average. Surplus/Loss
All stations (262) (100)	46,584,804	45,013,842	177,805	171,809	5,996
stations earning <\$500k.(236) (90)	26,298,809	25,243,897	111,436	106,966	4,470
stations earning >\$500k.(26) (10)	20,285,995	19,769,946	780,231	760,383	19,848
Metropolitan (53) (10)	26,34,709	25,534,362	504,428	481,780	22,648
Suburban (42) (16)	3,899,816	3,402,530	93,082	81,013	12,069
Regional (94) (36)	8,308,186	237,652	88,385	87,635	750
Rural ¹¹ (73) (28)	7,642,094	7,839,299	104,686	107,388	-2,702
General (169) (64)	20,624,120	19,590,107	122,036	115,918	6,118
Religious (34) (13)	9,475,968	9,376,189	278,705	275,770	2,935
Indigenous (non RIBS) (22) (8)	7,171,929	7,753,233	325,997	352,420	-26,423
RPH (14) (5)	2,120,428	1,899,955	151,459	135,711	15,748
Ethnic (7) (3)	3,218,597	2,821,517	459,800	403,074	56,726
Youth (6) (2)	983,690	827,495	163,948	137,916	26,032
Seniors (5) (2)	385,069	328,140	77,014	65,628	11,386
Fine Music (5) (2)	2,605,004	2,417,207	521,001	483,441	37,560

¹⁰ By comparison Australian commercial radio revenue in 2003-04 was \$852.5m and commercial television revenue was \$3,724m. Source: ‘*Financial trends in commercial radio 1978-79-2003-04*’, ACMA, Dec.05.

¹¹ As noted at p.20 of the ACMA survey the results for rural stations have been distorted by the strong presence of 15 Indigenous stations in the sample. Indigenous stations receive operational funding from the DCITA Indigenous Broadcasting Program that accounted for almost 46% of total rural station income. When this amount is removed from the data the average income for the remaining 58 rural stations is \$71,526. Non-Indigenous rural community radio stations actually have the lowest average income of any station type.

This table shows that:

- The average income of all community radio stations in 2002-03 was \$177,805.
- Regional stations, which form the largest single geographic grouping, exist on less than half the national average income - \$88,385 as do Seniors stations with the lowest average income of any stations included in this survey - \$77,014. It should be noted that the 80 Remote Indigenous Broadcasting services (RIBS) were not included in this survey. While the average operating income for RIBS is not known it is expected that they receive the majority of their income from the DCITA Indigenous Broadcasting Program. Such grants are typically in the range of \$10-20,000 per annum.
- All non-metropolitan stations operate on less than 60% of the national average income.
- All General, RPH, Youth and Seniors stations which collectively comprise almost three-quarters of the community radio sector earn less than the national average income.
- Average expenditure per station across the sector was \$171,809. Producing an average surplus of \$5,996 or 3.3% of revenue. At the national level rural community radio stations and Indigenous (non-RIBS) stations expenditure exceeded income.

4.6.2 To place this community radio sector data in a broader industry perspective in 2002-03 the commercial radio industry 258 stations earned revenue of \$773.5 million generating a profit of \$125.8 million before interest and tax¹². Thus the average income for a commercial radio station in that year was \$2,998,062 with an average pre-tax profit of \$487,597. While the significant cost advantage of volunteer input within the community radio sector needs to be acknowledged, as does the expectation that not for profit organisations will have different resource priorities and operational methods from commercial entities, the resource disparity between the sectors remains stark – particularly considering that from the audience’s perspective both produce the same product – a free to air radio service.

4.6.3 While caution should be employed in extrapolating the results from a single financial year from the Foundation’s experience this data confirms our experience that stations remain solvent by tailoring their expenditure to their income. As the ACMA report notes ‘as expected, non profit community radio service spend almost all their income on operational requirements’¹³. What would be considered essential resources and basic infrastructure by national and commercial broadcasters is often beyond the capacity of community broadcasting organisations to acquire and/or sustain.

4.6.4 The financial data in table 4.6.1 above suggests stations in rural and regional areas and suburban stations are particularly poorly resourced while generalist, RPH, Youth and Seniors stations are also comparatively disadvantaged.

¹² ‘Financial trends in commercial radio 1978-79-2003-04’, ACMA, Dec.05.

¹³ Survey of the community radio broadcasting sector 2002-03, ACMA, Sydney, August 2005 at p. 11.

4.7 Community radio basic technical infrastructure needs

4.7.1 In 2004 the CBD survey of community radio stations for the 2002/03 financial year collected data on basic technical infrastructure. The survey gathered information on transmission infrastructure, studio or content production infrastructure, and broadcast-related information technology infrastructure (computer-based digital audio production, scheduling and play-out having become the basic tool of radio production over the past decade). The survey results confirmed that much of the community radio sector currently operates with inadequate technical infrastructure.

4.7.2 In relation to transmission infrastructure, the survey showed that only 69% of stations considered that their existing transmission facilities provided adequate reception across their service area. Sixty percent of stations leased their transmission site. Transmission operation costs and transmission equipment costs formed a significant part of station expenditure¹⁴. These issues were subsequently addressed by the Australian Government with a commitment of \$6 million dollars over four years from 2004-05 for transmission infrastructure and operational costs.

4.7.3 The survey results for studio and broadcast-related IT infrastructure were considered against a minimum benchmark for studio infrastructure. Typically that would be defined as a station that has at least:

- Two studios to enable simultaneous broadcast and production, and preferably a third studio for training and back-up;
- Two microphones and two CD playback machines, preferably augmented with a range of other audio source equipment;
- One broadcast/production capable computer system available for use in each studio, and preferably networked to a server system for storage of programs, music, sponsorship announcements, community service announcements and station ID's and promotional messages.
- Interview facilities:
 - Studio based interview facilities
 - Telephone based interview facilities
 - Talk-back interview facilities
 - Portable interview facilities to allow interviews to be conducted in the field.
- Outside broadcast facilities to allow community engagement through on-site coverage of community, sporting and other events.
- Onsite internet access for communication and program research purposes.

¹⁴ Utilising this information the *Survey of the community radio broadcasting sector 2002-03*, ACMA, Sydney, August 2005 shows that at the national level average transmission related costs form 13% of average station expenditure.

In brief the results were:

- While the average number of studios per station was just under two (1.92) more detailed analysis revealed that over a third of stations have only one broadcast studio. Regional and rural stations were on average less well resourced than metropolitan stations, as were Youth and Religious stations compared to the other sub-sectors.
- Only 34 % of stations had a studio suitable for training separate from their main broadcast/production studios.
- Only 71% of stations have a dedicated production studio.
- 93% of stations have audio production computers, however only 80 % of stations have an audio production computer as a playback device in a studio and only 43% of stations have their computers fully networked.
- While almost all stations had studio interview facilities, only 83% had telephone interview facilities and 49% had talkback facilities. Only 79% of stations had portable interview facilities.
- Just over half (56%) had outside broadcast facilities.
- 89% of stations have on-site Internet access.

4.7.4 These results suggest that many community radio stations still do not meet the modest baseline technical infrastructure requirements outlined above. The Foundation believes that there is a compelling need for a much higher level of Australian Government funding to ensure that basic technical infrastructure levels are achieved and maintained. Such funding should be available for community radio, community television and the extension of community broadcasting program production and distribution processes across new and emerging digital delivery platforms.

5. Australian Government support for Community Broadcasting

5.1 Throughout its history the community broadcasting sector has been largely self-financed, drawing support from the communities it serves via sponsorship, subscriptions, donations and general fundraising. Ongoing Australian Government support for community broadcasting has been channelled through the CBF since its establishment in 1984. While the CBF is the main conduit for broad support to the sector, the Government also provides specific support for Indigenous broadcasting and for Radio for the Print Handicapped transmission facilities through other programs administered by DCITA. Support for the community broadcasting sector via the CBF has been limited to the community radio sector. No general support has been provided for the maintenance and development of community television¹⁵.

¹⁵ The single exception to the lack of government support for community television has been the provision of \$2 million in 2004-05 for the RIBS TV Transmitter Roll-out project in 2004-05. This project will provide television retransmission facilities to 150 remote Indigenous communities to allow local rebroadcast of the Indigenous Community Television service (ICTV).

5.2 Australian Government support for the community broadcasting sector via the CBF has grown from \$566,000 in 1984/85 to \$7.6 million in 2005/06. During this 22 year period the community broadcasting sector grew from a base of 54 largely metropolitan and regional radio stations into a diversified media sector with a large radio sub-sector, a remote Indigenous radio and television sub-sector and a relatively recent mainly metropolitan community television sector. Simply put, the community broadcasting sector has changed dramatically. Australian Government support for community broadcasting development via the CBF has been an extremely important catalyst in the development of community radio. However Australian government support has always been modest and has not kept pace with sector growth and development needs. A substantial increase in Australian Government support levels is required to assist the community broadcasting sector to reach its full potential to contribute to Australian society. An analysis of the sector's recent funding history supports this contention.

5.3 Structural components of CBF funding

5.3.1 Australian Government support for community broadcasting is currently made up of several elements:

- Core funding for general, Indigenous, RPH and Ethnic community radio broadcasting;
- Targeted funding for:
 - Ethnic community radio broadcasting; and
 - Infrastructure investment including:
 - satellite uplink charges for the Community Radio Satellite;
 - Information and Communication Technology initiatives and online resources for the benefit of the community radio sector.
- Other funding (funding not identified as Core or Targeted and in some years including specific project funding) for:
 - Transmission-related operational and infrastructure cost; and the
 - National accredited Training Program.

5.3.2 These funding elements are provided under different conditions. Core funding is annual recurrent funding to which a measure of annual indexation is applied that partially offsets the effects of inflation. Targeted funding is provided for a fixed period, usually four years, is also partially indexed and may be renewed by the Australian Government following a departmental review. Other funding, not identified as Core or Targeted, is provided for a fixed period and is not indexed to offset the effects of inflation. It is expected that this last category of funding may be renewed following a similar process to Targeted Funding, but this remains to be clarified. Core funding dates from funding arrangements prior to the institution of the Foundation; Targeted Funding was introduced in 1996/97 following the 1996 election of the Coalition to Government; Other funding has been received for specific projects at various times and since 2004/05 includes funding for Transmission support and National training. The CBF notes that the shift away from annual recurrent funding in favour of set-term funding cycles with no guarantee of renewal affects the sector's ability to formulate and implement long-term development strategies. For example in the current financial year, of the \$7.6 m.

provided in Australian Government funding, just less than half - \$3.76m. is Core funding which can be expected to continue; 22% or 1.69m. is in targeted funding in the last year of a four-year cycle, the continuation of which will not be known until the 2006/07 Federal Budget is brought down on 9 May; and 28% or 2.65m. is other funding which is only committed through to 2007/08 and for which the renewal process (if any) is not clear.

5.3.3 By 2002-03 support via CBF grants formed on average 7.5% of community radio station income. In the same year sponsorship formed 31.7% of average income, Donations 8.9%, Subscriptions 8.1%, Fundraising 6.1 % and other Local, State and Federal grants 6%¹⁶. Initial results from the 2005 CBD survey for the 2003-04 financial year indicate that CBF funding had declined to 6.4% of community radio station income. However the additional Australian Government funding commitments for transmission support and national training flowing from 2004-05 can be expected to reverse this decline.

5.4 Analysis of Australian Government support for Community Broadcasting via the CBF

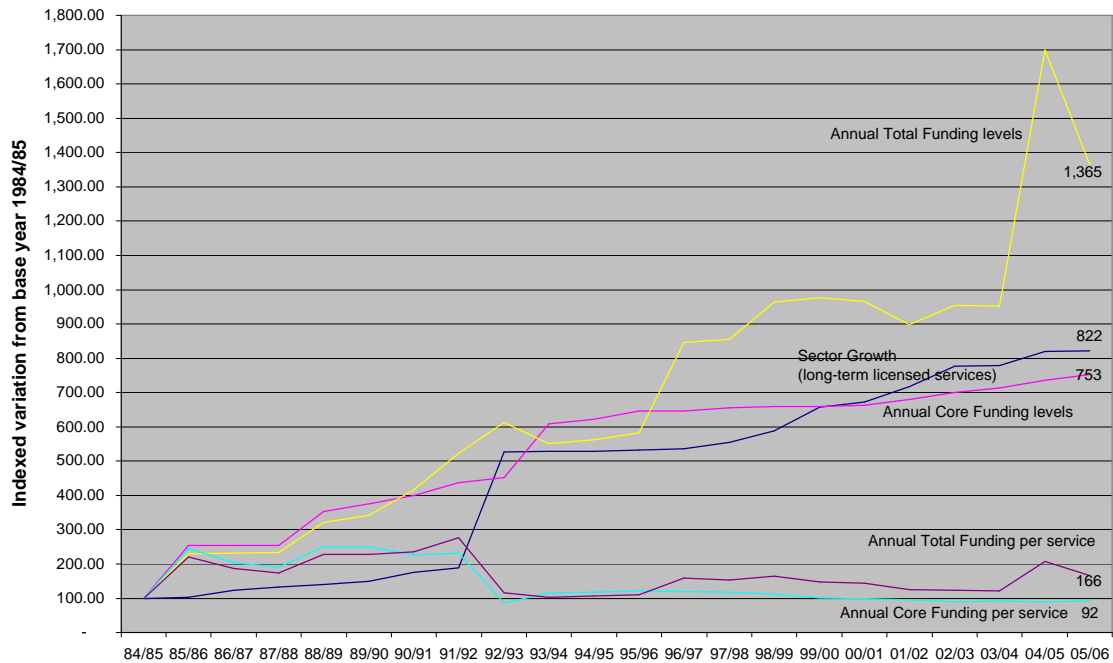
5.4.1 Since its establishment in 1984 the CBF has received and distributed in excess of \$86 million in Australian Government support for community radio broadcasting. Over this twenty-two year period Core funding formed 68% of these funds, Targeted funding 18% and Project and Other funding formed 14%. Funding analysis will be presented across two time-frames, firstly a long-term historical perspective since the Foundation's inception and secondly over the past ten financial years as a more accurate view of the current funding mix since the introduction of Targeted Funding. The latter time-frame relates to the community broadcasting sector in a more mature phase of its development. Each time-frame will be charted firstly in unadjusted dollars and then as adjusted for the effects of inflation utilising the Australian Bureau of Statistics (ABS) longer term CPI index¹⁷ to demonstrate the decline in the real dollar value of the funding provided over each period and the substantial reduction in the quantum of support available per service.

5.4.2 Charts 5.4.3-6 overleaf illustrate the absolute and CPI adjusted trends in community broadcasting funding support via the CBF against sector growth to date:

¹⁶ *Survey of the community radio broadcasting sector 2002-03*, ACMA Sydney, August 2005 at p.72. It should be noted that this survey did not include the 80 remote Indigenous broadcasting services (RIBS), nor does it reflect indirect CBF support to stations via funding for sector organisations and sector-wide projects.

¹⁷ ABS CPI Index – Longer term series as published in Ausstats 6401.0 available at www.abs.gov.au/ausstats

Chart 5.4.3 Community broadcasting funding trends (unadjusted) & sector growth 1984/85 – 2005/06.



This chart shows that in unadjusted dollars over this 22 year period:

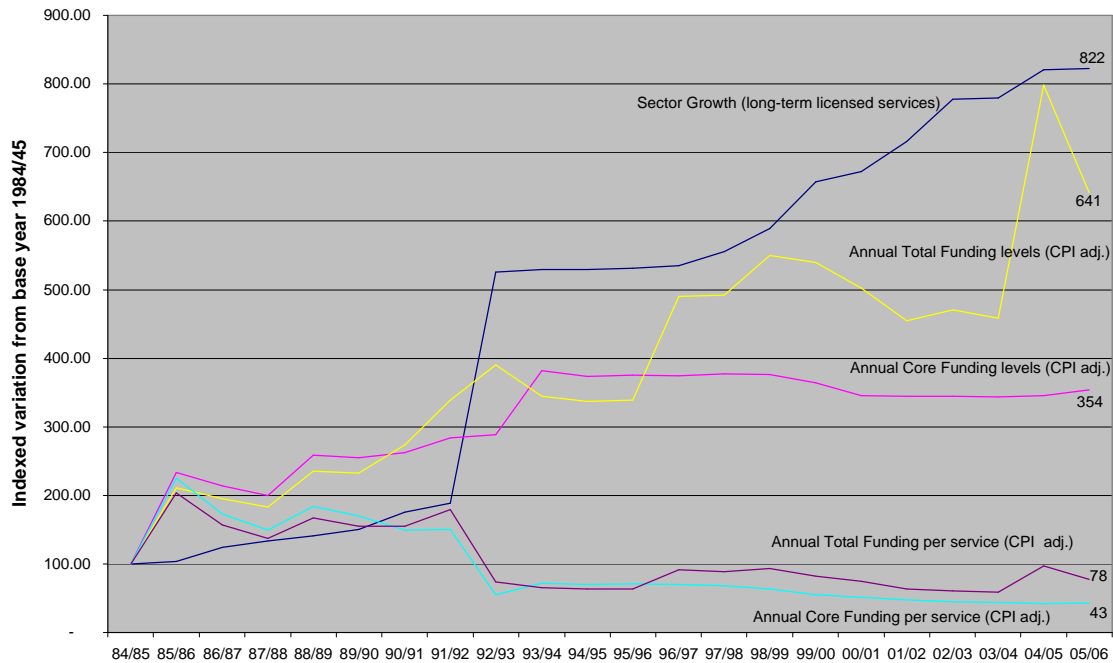
- the total level of Australian Government support has risen by 1265%¹⁸;
- the community broadcasting sector as measured by the number of long-term licensed services has grown by 722%;
- annual core funding (annual recurrent funding) levels have increased by 653%;
- the notional¹⁹ level of annual total funding per service increased by only 66% due to strong sector growth; and
- the notional level of annual core funding per service declined by 8% over the period due to strong sector growth.

5.4.3 Accordingly it can be seen that there was a large increase in the absolute level of Australian Government funding for the community broadcasting sector across more than two decades. However, due to the community broadcasting sectors massive expansion the level of total funding available per service increased by only sixty-six percent over the period and the component of funding that is ongoing (core funding) has actually declined.

¹⁸ It should be noted that the large spike in funding in 2004/05 is due to partly to new allocations of \$2 million for Transmission Support and National Training but also to the CBF undertaking the \$2 million RIBS TV Rollout project for DCITA. This project benefits 150 remote Indigenous communities, of which 80 hold RIBS community television licenses. The RIBS TV Rollout project funding is an anomaly in the broader funding process but has been included here for the sake of completeness.

¹⁹ This measure is described as notional as it is based on the premise that funds would be equally distributed. CBF funds are not equally distributed but are distributed according to broad criteria determined by the Australian Government as the funding source and more detailed criteria determined by the Foundation in consultation with the relevant peak sector representative organisation.

Chart 5.4.4 Community broadcasting funding trends (CPI adjusted) & sector growth 1984/85 – 2005/06²⁰



This chart shows that in CPI adjusted dollars over this 22 year period:

- the total level of Australian Government support has risen by 541%;
- the community broadcasting sector as measured by the number of long-term licensed services has grown by 722%;
- annual core funding (annual recurrent funding) have increased by 254%;
- the notional²¹ level of annual total funding per service declined by 22% due to strong sector growth; and
- the notional level of annual core funding per service declined by 57% over the period due to strong sector growth.

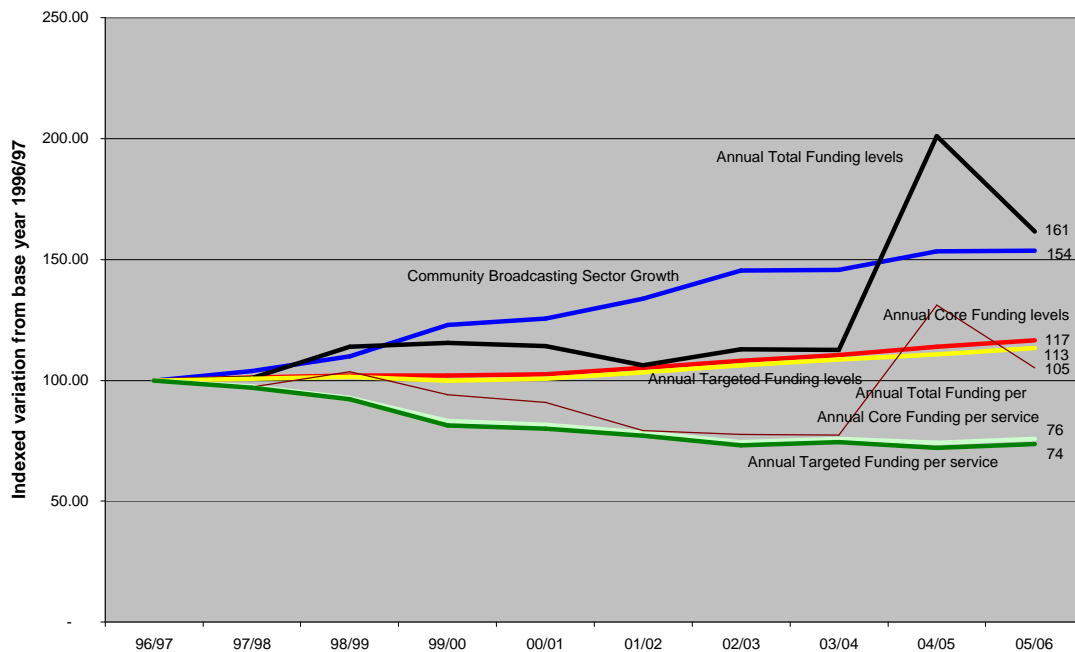
5.4.4 Accordingly it can be seen that when Australian Government funding is adjusted for the effects of inflation via application of the CPI, the level of funding over the period increased by 541% but has not matched the sector’s strong rate of growth. As a result the level of total funding available per service has declined since 1992/93. Despite the introduction of targeted funding in 1996/97 and additional project and other funding in recent years, the level of annual total funding available per service when adjusted against the CPI has been below the level established in 1984/85 since 1992/93. In the current year funding available per service is 22% below that level. Moreover, the only

²⁰ As full year CPI figures are not available for 2005/06 funding figures for this year currently maintain 2004/05 CPI levels. That is there has been no adjustment applied in this year.

²¹ This measure is described as notional as it is based on the premise that funds would be equally distributed. CBF funds are not equally distributed but are distributed according to broad criteria determined by the Australian Government as the funding source and more detailed criteria determined by the Foundation in consultation with the relevant peak sector representative organisation.

guaranteed funding component - core funding when adjusted against the CPI, has similarly been below the initial funding level per service for the last fourteen years. As the last increase in core funding other than by partial indexation was in 1993/94 the measure of annual core funding per service when adjusted by the CPI has shown the most marked decrease over the period to only 43% of the 1984/85 level.

Chart 5.4.5 Community broadcasting funding trends (unadjusted) & sector growth 1996/97 – 2005/06.



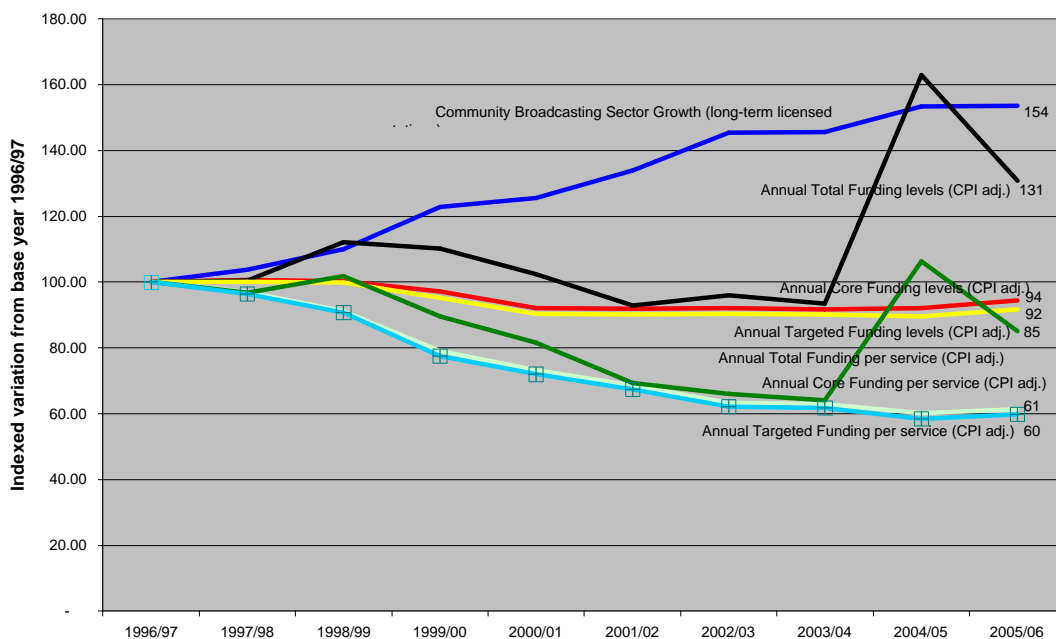
This chart shows that in unadjusted dollars over the last decade:

- the total level of Australian Government support has risen by 61%;
- the community broadcasting sector as measured by the number of long-term licensed services has grown by 54%;
- annual core funding levels (annual recurrent funding) have increased by 17%;
- annual targeted funding levels have increased by 13%;
- the notional²² level of annual total funding per service increased by only 5% due to continued strong sector growth and diversification; and
- the notional level of annual core funding per service declined by 24% over the period also due to strong sector growth and diversification.
- the notional level of targeted funding per service declined by 26% over the period also due to strong sector growth and diversification.

²² This measure is described as notional as it is based on the premise that funds would be equally distributed. CBF funds are not equally distributed but are distributed according to broad criteria determined by the Australian Government as the funding source and more detailed criteria determined by the Foundation in consultation with the relevant peak sector representative organisation.

5.4.5 In summary there was a 61% increase in the level of Australian Government funding for the community radio sector across the decade however due to the community broadcasting sectors' continued expansion and diversification the level of total funding available per service increased by only 5% over the period. For the same reasons the component of funding that is ongoing (core funding) grew by 17% but on a per service basis has actually declined by almost one quarter. The new Targeted Funding component introduced in 1996-97 has increased over the period by 13% but when considered on a per service basis has declined by 26%.

Chart 5.4.6 Community broadcasting funding trends (CPI adjusted) & sector growth 1996/97 – 2005/06²³



This chart shows that in CPI adjusted dollars over the last decade:

- the total level of Australian Government support has risen by 31%;
- the community broadcasting sector as measured by the number of long-term licensed services has grown by 54%;
- annual core funding (annual recurrent funding) has declined in real terms by 6%;
- annual targeted funding has declined in real terms by 8%.
- the notional²⁴ level of annual total funding per service declined by 15% due to strong sector growth and diversification; and

²³ As full year CPI figures are not available for 2005/06 funding figures for this year currently maintain 2004/05 CPI levels. That is there has been no adjustment applied in this year.

²⁴ This measure is described as notional as it is based on the premise that funds would be equally distributed. CBF funds are not equally distributed but are distributed according to broad criteria determined by the Australian Government as the funding source and more detailed criteria determined by the Foundation in consultation with the relevant peak sector representative organisation.

- the notional level of annual core funding per service declined by 39% over the period due to strong sector growth and diversification.
- the notional level of annual targeted funding per service declined by 40% over the period also due to strong sector growth and diversification.

5.4.6 Comparing the trends displayed by charts 5.4.3 and 5.4.4 we note that over the last ten years the number of long term licensed community broadcasting services increased from 289 to 444. This included the issue of the first long term CTV licenses. While in absolute terms there was an increase in the level of Australian Government funding for the community broadcasting sector, this remained confined to the community radio sector. No funds have been provided for the maintenance and development of the community television sector.

5.4.7 In summary when adjusted for the effects of inflation the level of total annual funding increased by 31% but failed to keep pace with continued sector growth and diversification so that total funding available per service declined in real terms by 15%. The annual level of total core funding in real terms has declined to 6% below that of a decade ago and the level of annual core funding per service has declined by 39%. Similarly the Targeted Funding component introduced in 1996-97 has decreased in real terms over the period by 8% and when considered on a per service basis by 40%.

5.5 Sector structural change and its relationship to funding support

5.5.1 The CBF also wishes to briefly draw the Inquiry's attention to structural changes within the community broadcasting sector and their relationship to the adequacy of the quantum and complexion of funding support currently provided.

5.5.2 The ambit of CBF funding programs are defined by the broad purposes set for particular funding allocations by the Australian Government as the funding provider. As noted in paragraph 2.2 above funding is currently provided for local Ethnic, Indigenous, and RPH program production; national program production, distribution and exchange; station infrastructure and operational support; training; national infrastructure development projects; sector coordination and research. The Inquiry should be aware that due to sector structural changes these funding conditions are increasingly reducing a significant proportion of the sector's access to funding support. The Foundation's inability to play a role in the support of community television development, other than through sector coordination funding for the CBAA is an obvious case in point.

5.5.3 There is a further issue within the community radio sector caused by the increase in services that serve particular communities of interest rather than the many interests of specific geographic communities. As the ACMA/CBD 2002/03 survey makes clear the community radio sector can now be seen as having eight major sub-sectors – General, Religious, Indigenous, RPH, Ethnic, Youth, Seniors and Fine music. Of these only the CBF General Grant fund is accessible to all. Specialist Indigenous, Ethnic and RPH stations have access to related CBF funds for these purposes as do, to a lesser degree, generalist stations producing Indigenous, Ethnic and RPH programming. Although

caution should be taken in extrapolating results from a single financial year, the varying degrees to which different sub-sectors received CBF funding as income in 2002/03 may be assumed to provide a rough indication of the level of accessibility to CBF funds that they enjoy: General (9.5%), Religious (0.4%), Indigenous (non-RIBS) (2.3%), RPH (8.6%), Ethnic (34.3%), Youth (2.4%). Data for Seniors and Fine music stations was not published due to confidentiality requirements as 3 stations or less were contributing to the data. While other factors such as the quantum of funds available and the number of eligible stations influence these results we feel that this data supports the criticism raised in other studies that the funding level for general sector maintenance and development is not adequate.

5.5.4 The Foundation's experience with the General Grants Fund and other CBF Grant Funds that are broadly accessible supports the view that there is considerable unmet demand. In recent years the level of Licensed Station grants under the General Grants Fund has been capped at \$7,000 due to the need to balance the provision of a reasonable minimum level of support with provision of support to a reasonable number of applicants within the limited funds available. When new broad eligibility funds for Transmission operational and Infrastructure support totalling \$1.5m.became available in 2004/05 the community radio sector's response was overwhelming. The Foundation received the largest response to a single grant round in its history with 277 applications from 197 organisations seeking \$3.6 million in funding.

5.5.5 It should also be noted that the General Grants Fund also carries the burden of funding general sector coordination and the CBF's own net operating costs. Given rapid sector growth and diversification these costs are now a considerable proportion of the total funds available. In 2004/05 of the total allocation for general community broadcasting of \$1,221,861 the CBF drew \$339,223 (28%) towards its cost of operation while the CBAA was allocated \$404,000 (33%) toward sector coordination costs.

5.5.6 The decline in the real value of Australian Government funding as against sector growth applies across the board with significant pressure also being felt in specialist funding areas:

5.6 Growing pressure on Ethnic, Indigenous and RPH funds

5.6.1 In accordance with Australian Government priorities the CBF has disbursed specific funding for Ethnic, Indigenous and RPH community radio broadcasting for more than twenty years. Sector growth and the effects of inflation have seriously eroded the real value of this support. In 2005/06 the CBF received \$2,685,897²⁵ plus GST to support Ethnic community radio broadcasting, \$706,254²⁶ for the support of Indigenous community broadcasting and \$308, 204 for the support of Radio for the Print Handicapped.

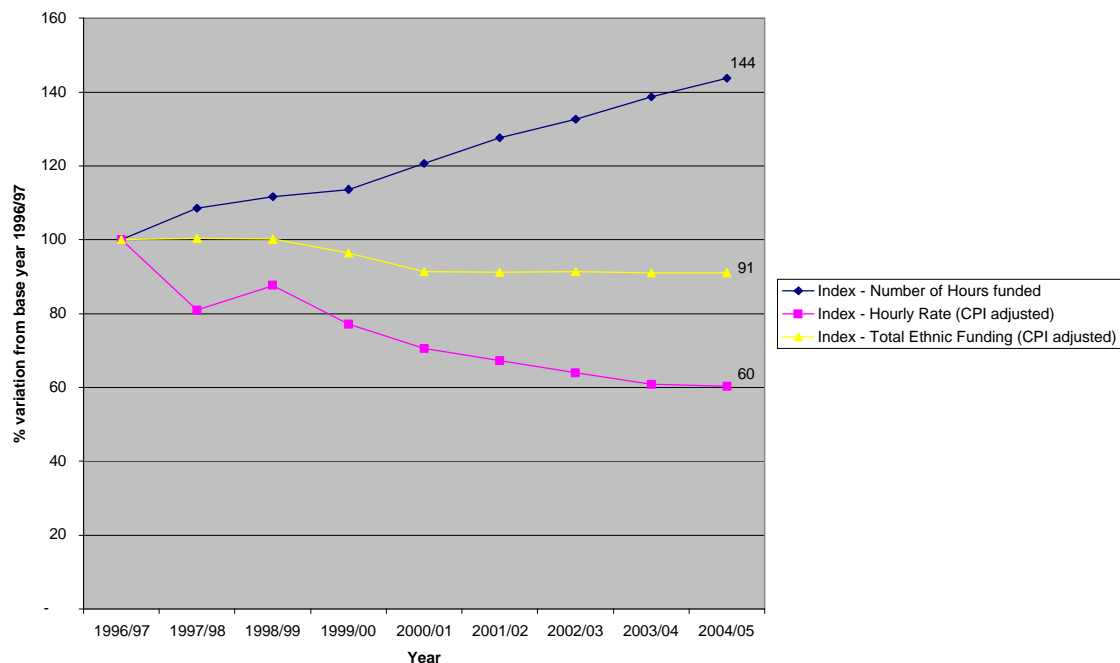
²⁵ In 2005/06 Australian Government funds for the support of Ethnic community broadcasting were received as \$1,251,152 plus GST in core funding and \$1,133,347plus GST in targeted funding.

²⁶ In 2005/06 the CBF received funding support for Indigenous community broadcasting of \$655,254 plus GST from DCITA and \$105,000 plus GST from DIMIA.

5.7 Decline in Ethnic community radio funding support

5.7.1 Australian Government support for Ethnic community radio broadcasting was last increased, other than by partial indexation, in 1996/97 through the addition of a targeted funding component. Such funds are almost entirely disbursed as an hourly program subsidy²⁷. In 1996/97 the hourly rate was \$ 47.66, by 2004/05 it had fallen to \$38.52. Chart 5.7.1 below demonstrates the relationship between the declining level of ethnic funding when adjusted for the effect of inflation through reference to the Consumer Price Index (CPI), increasing broadcast hours funded and the declining hourly subsidy rate (also CPI adjusted) since the last major increase in ethnic funding.

Chart 5.7.1 CBF Ethnic Grants: Number of Funded Hours, Hourly Rate and Total Funding as indexed from base year 1996-97



The chart above demonstrates that:

- Since the last substantial funding increase in support of ethnic community broadcasting in 1996/97 the level of funded hours has increased by 44%.
- The hourly ethnic program subsidy rate as adjusted for inflation has declined by 40% over the same period.
- The value of Australian Government funding support via the CBF for ethnic community broadcasting when adjusted for inflation has actually declined by 9% over this period.

5.7.2 In 2004/05 Australian Government funding via the CBF supported the production and broadcast of 1,324 hours of locally relevant ethnic community radio programming

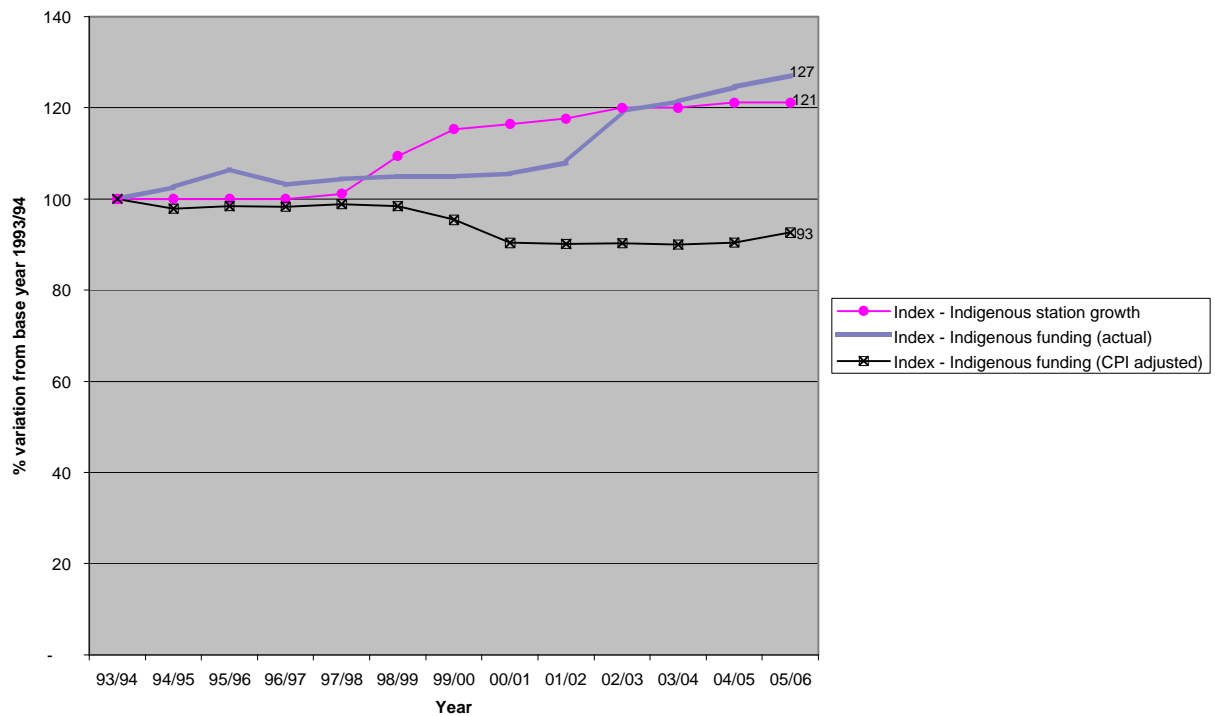
²⁷ Ethnic program grants formed 93% of CBF Ethnic grants in 2004/05.

each week. The Foundation notes that according to a recent CBAA survey the long term licensed CTV stations operating in 2005 broadcast 33 hours a week of ethnic programming. The CBF currently receives no Australian Government funding for the maintenance and development of Ethnic community television.

5.8 Decline in Indigenous community radio funding support

5.8.1 Similarly, the Foundation notes that the value of Australian Government support via the CBF for Indigenous community radio has declined in real terms. Funding for Indigenous community broadcasting via the CBF has not increased other than via partial indexation since 1993/94. Chart 5.8.1 below demonstrates that decline.

Chart 5.8.1 CBF Indigenous Funding v. Indigenous community radio growth 1993/94 –



The chart above demonstrates that:

- The Indigenous community radio sector has grown by 21% since 1993/94 while the absolute dollar value of Australian Government support for Indigenous community broadcasting via the CBF (both DCITA & DIMIA funds) has increased through partial indexation by 27% ;
- When the funding support provided is adjusted for the effects of inflation via the CPI the real value of funding support for Indigenous community broadcasting via the CBF has declined by 7%.

5.8.2 Grants supporting Indigenous program production via an hourly subsidy formed 58% of total Indigenous grants in 2004/05 - some 124.25 hours per week of Indigenous radio programming. Recent years have seen a strong growth in demand for such support. Funded hours increased by 34% between 2002/03 and 2003/04 with a further 9% increase in 2004/05 when funded programs were broadcast on 34 RIBS stations, 24 generalist stations and one dedicated Indigenous radio station. Due to this rapid expansion in demand the hourly subsidy rate was reduced in 2004/05 for the first time. This trend is expected to continue and without additional funds the hourly program subsidy level will continue to decline.

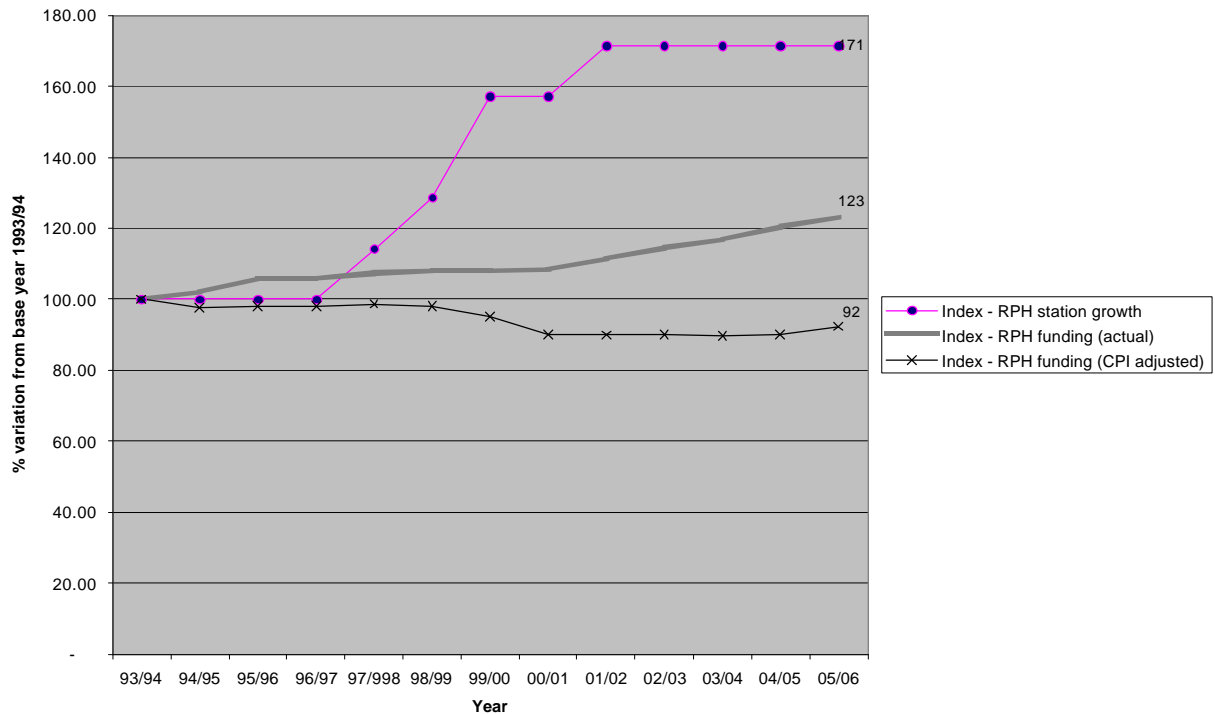
5.8.3 A recent CBAA survey of long-term licensed CTV stations found that those services operating in 2005 produced 6.5 hours of Indigenous programs each week. The CBF presently receives no funds to support the maintenance and development of Indigenous community television program production and broadcast.

5.9 Decline in funding support for RPH services

5.9.1 The provision of 'print radio' is a particularly potent demonstration of the value of the community broadcasting sector. RPH services are a vital communication resource for the 10% of Australians who cannot read print. While first developed for people with severe vision loss, RPH has proved to have a much broader relevance for our society. It assists those for whom English is not a first language and who understand spoken English but cannot read it easily, people with learning difficulties that affect their degree of literacy, and those with physical disabilities such as arthritis or multiple sclerosis that limit their access to the printed word. Print radio is necessarily information rich with an emphasis on the daily news and current affairs coverage of the print media, regular readings from specialist magazines and featured books.

5.9.2 The Foundation believes that the level of funding supplied for the support of RPH community broadcasting via the CBF is extremely modest when considered against the vital and expanding nature of the disability services supplied. Funding for RPH community broadcasting via the CBF has not increased, other than via partial indexation, since 1993/94. During that twelve year period the number of dedicated RPH services supported has substantially increased. Chart 5.7.4 overleaf demonstrates these changes.

Chart 5.9.2 RPH funding level v. RPH sector growth 1993/94 -



The chart above demonstrates that:

- the number of dedicated RPH community radio stations has increased by 71% since the last increase in funding support via the CBF (other than partial indexation) in 1993/94; and
- While the dollar value of RPH support has increased by 23% the real (CPI adjusted) value of that support has declined by 8% since 1993/94.

5.9.3 RPH is a disability service that should be available to all Australians who require it. While dedicated RPH services achieve good audience levels where they are available²⁸ access is limited to Canberra, the state capitals (with the exception of Darwin) and a handful of regional locations. The CBF currently assists 12 dedicated RPH stations with operational grants and 7 generalist community radio stations via a very modest \$10 per hour subsidy for local RPH program production. There is a pressing need to increase funding support for this basic disability service to allow current services to operate more effectively and to fund the extension of RPH services to all Australians.

²⁸ Additional McNair Ingenuity audience research surveys were conducted in Adelaide, Brisbane, Melbourne, Perth and Sydney, and, combining these results with those from the 2004 national audience survey for Canberra and Hobart, the collective audience reach was 217,000 people over the previous week and 429,000 over the previous month. Taking these percentages and applying them to the RPH regional stations, the overall RPH national audience reach is estimated as being in excess of 0.25 million in an average week and 0.5 million in an average month.

5.9.4 Establishment of a service in Darwin is a particular priority. In 2004 RPH Australia undertook a study into the feasibility of establishing and maintaining an RPH radio reading service in Darwin and the Northern Territory. Darwin remains the only capital city in Australia without a dedicated RPH radio service. The study aimed to determine potential users, infrastructure requirements, and government and community support for the project.

5.9.5 Extensive consultation was undertaken with relevant groups and individuals, and community support for the project was high. It was determined that over and above the 17% of the Darwin population who potentially have a print disability, due to other local factors, including a higher than average incidence of illiteracy amongst segments of the population, an RPH station would have particular relevance in Darwin.

“The issue of securing funding for the establishment and ongoing maintenance of transmission facilities has to be addressed. In the first instance this should be through the Australian Government on an equitable basis to that afforded to other principal RPH services. Similarly, recurrent program support grants through the Community Broadcasting Foundation (CBF) will need to be adjusted accordingly.” Peter Lockett, Chairman, RPHA, RPHA interim progress report to the CBF in relation to the RPH Australia Darwin Feasibility study.

5.9.6 The RPH sector has also established a low cost model for regional extension of state RPH services through the use of satellite services as a basic program bed with local broadcast windows providing locally relevant news and community information. It is also trialling FTP transfer of short spoken word programs via broadband as a more flexible alternative to satellite-based program exchange.

5.9.7 Without a significant increase in the level of the Australian Government funding allocation for RPH services such necessary and innovative developments cannot be implemented or maintained. When a cake is sliced this thinly only crumbs are left.

6. Greater support needed for regional and rural stations

6.1 Based on our experience of dealing with the community radio sector the Foundation believes that there is a strong argument for increasing the level of Australian Government support for community radio stations in regional and rural areas as an urgent priority. The CBD survey of technical infrastructure revealed that these stations are amongst the most poorly equipped. The ACMA survey has shown that they have the lowest average income, low levels of staff and comparatively low levels of volunteer involvement by comparison with stations in other locations (although this last factor might be expected as a function of population density).

6.2 By contrast the McNair Ingenuity Community Radio Listener Survey results suggest that in non-metropolitan areas:

- audience reach is slightly higher at 25% compared to 23% over an average week;

- listeners listen to their local community radio service longer - 8.8 hours per week compared to 7.7 hours;
- there are twice as many exclusive community radio listeners – 6% or 339,000 listeners;
- and that the main reasons for listening are different. People listen firstly for local information/ local news (58%); to hear local voices/personalities (43%); because locals can air their views/easy local access (41%) and because stations play Australian music/support local artists (41%).

6.3 The McNair Ingenuity results indicate that despite their low resource level regional and rural stations meet the needs of their communities and play a significant role within them. When this information is considered against the broader trends in the reduction of other local media in these areas there is a compelling argument for providing additional public funding to regional and rural community broadcasters to increase their stability, viability and broader level of engagement with their communities. We look forward to the Griffith University National Qualitative Audience Research Project's findings in providing further information on how Australian audiences value community broadcasting.

7. Funding community broadcasting's extension to a digital platform

7.1 One of the major opportunities for the development of community broadcasting lies in the extension of its services into the digital domain.

7.2 The community radio sector is presently considering its way forward given the announcement of the Australian Government's Digital Radio Framework in October 2005. The framework changed several key industry assumptions about the process and has shifted the time-frame for implementation from the horizon to the foreground. We now know that:

- Digital radio is viewed as a supplementary platform to analogue rather than as a replacement;
- a limited amount of digital spectrum is guaranteed for wide-area community radio services to be introduced in metropolitan areas. This is a lesser amount than that available to commercial and national services and will not be sufficient to translate all existing wide-area analogue services. Jointly, wide-coverage community broadcasters in any metropolitan market will have access to 128kbps per analogue service up to a maximum of 256 kbps per available multiplex on the basis that they collectively determine how this is to be shared.
- Wide area community broadcasters may jointly participate in the management of multiplex ensembles and hold the associated spectrum licenses in each market.
- New services adding to the diversity of services currently available and new innovative functions associated with those services (record & rewind, streamed text, play list information and still images) are expected to drive listener take-up. Accordingly simulcasting of existing services is not required.
- Planning for localised (suburban) and non-metropolitan services will be considered at a later stage.

7.3 The parameters of the Digital Radio Framework set a considerable challenge to the metro-based community radio sector to reorganise from a large group of avowedly independent organisations providing separate services to a collective producing a range of new, innovative services. However the greater challenge will be for the sector to establish the infrastructure for those new services and find the ongoing resources for program production. Clearly the current major sources of income for community radio services in metropolitan areas – sponsorship, subscriptions, and donations²⁹ could only be developed in line with listener take-up of the new digital medium. The Foundation notes that the Australian Government has on several occasions clearly stated its commitment to include community broadcasting as an integral part of digital broadcasting on a basis affordable to the sector. In launching the Digital Radio Framework the Minister for Communications, Senator Helen Coonan stated that ‘consideration of additional funding for community broadcasters to assist them with the costs of digital broadcasting will be considered in the normal budget context’. In response the sector has, through the CBAA, provided to DCITA initial estimates of the additional transmission and contribution costs³⁰ and is participating in the further dialogue required to clarify various contingencies. Whether this issue will be addressed in the 2006/07 Budget process is unclear. The Foundation awaits the outcome of this process.

7.4 In contrast, digital television broadcasting is a full replacement technology for the current analogue regime. The Australian Government has a consistent and longstanding commitment to provide free digital platform access to the CTV sector and to assist with the costs of digital conversion.³¹ The developing community television sector has unfortunately been stymied in its attempts to access the digital platform as an unintended outcome of the Australian Government’s planning process. CTV was to be provided with a Standard Definition service free of charge by one of the expected datacasting service providers. No such providers emerged and CTV was effectively excluded from access to the digital platform while the commercial, national and Pay-TV sectors forged ahead. The drive to digital television has in the interim come to be a considerable threat to the stability and further development of CTV services as more households make the switch to digital. A switch that in most cases effectively excludes further access to analogue CTV services. Twenty-two percent of Australian households have already adopted digital free-to-air television and/or digital subscription television³². While the future use of the unassigned television channels originally planned for datacasting services has once again come to the fore with ACMA currently conducting a consultation process, the timeframe for CTV digital transition and the level of funding assistance that will be provided remains unclear.

7.5 Until the many operational issues surrounding community broadcasting access to digital spectrum are resolved, the prospect of digital transition must be regarded as both one of the sector’s greatest opportunities and threats. From the Foundation’s perspective

²⁹ For further details on current metropolitan community radio income sources refer to the *Survey of the community radio broadcasting sector 2002-03*, ACMA Sydney, August 2005 at p.94.

³⁰ For further details refer to the CBAA submission, “Adding digital value”, CBAA, January 2006.

³¹ For further details refer to the CBAA submission to DCITA ‘Driving Digital’, December 2005.

³² ‘Digital Media in Australian Homes’, ACMA, November, 2005.

early clarification of the Australian Government's funding support for digital infrastructure, associated program production, aggregation, distribution and other operational costs would be of great assistance in ensuring that the sector engages effectively with the challenge presented by new and converging technologies.

8. The rationale for public funding of community broadcasting

8.1 Australian Government funding for community broadcasting is provided to the CBF in recognition of the role that the sector plays in assisting achievement of the Objects of the principal legislation governing Australian broadcasting – the Broadcasting Services Act, 1992 (*the BSA*) including:

- the availability to audiences throughout Australia of a diverse range of radio services offering entertainment, education and information;
- developing a sense of Australian identity, character and cultural diversity;
- diversity in control of broadcasting services; and
- the provision of high quality and innovative programming.

8.2 There is also a very pragmatic reason for the provision of public funding to support community broadcasting. Where government policy requires that certain types of broadcast program content should be provided, but there is insufficient profit for provision by the commercial broadcasting sector and it is much more costly to provide via the national broadcasting sector, production of this content within the community broadcasting sector is generally vastly more cost effective. The provision of funding to the community broadcasting sector for locally relevant Ethnic, Indigenous and RPH programming being prime examples.

8.3 As noted in a recent CBF report to DCITA a simple comparison of the relative cost structures in NESB radio production between the Special Broadcasting Service and the community broadcasting sector illustrates this point:

'The Australian Government provided funding of just under \$35 million in 2004-05 for the operations of SBS Radio³³. SBS Radio produced 15,500³⁴ hours of programming broadcast in 68 languages on two frequencies in Sydney and Melbourne, on the National Network covering all State and Territory capitals and several regional centres, and carried on the SBS digital TV platform³⁵. The average cost to the Australian Government per SBS radio broadcast hour was therefore \$2,258.

With \$2.56 million of Australian Government funding the community radio sector in 2004-05 produced 66,480 hours of locally relevant ethnic language programs in 97 languages used by 124 distinct ethnic/cultural groups located in over 750 distinct local ethnic communities in over seventy locations across Australia. The average cost to the

³³ DCITA 2004-2005 Portfolio Budget Estimates Statements – SBS as published at www.sbs.com.au

³⁴ Comprised of 13,500 hours of specific language programs and 2000 hours of international news programs. SBS Annual Report 2004-05 at p.26.

³⁵ SBS Annual Report 2004-05 at p.26.

Australian Government per ethnic community broadcast hour supported was therefore \$38.52 (the hourly subsidy paid for eligible ethnic programs) or 1.7% of the production cost of an SBS radio broadcast hour³⁶.

8.4 Clearly the community broadcasting sector with its huge volunteer workforce will generally be the most cost effective and efficient means of providing locally relevant programming for minority audiences.

8.5 The Foundation believes that through the course of the Inquiry the Committee will find that not only does the community broadcasting sector amply fulfil these legislative and pragmatic reasons for the provision of public support, but that a much broader rationale for the public funding of community broadcasting exists.

8.6 That broader rationale is the increasingly valuable role that community broadcasting plays in the social and cultural life of our nation. Community broadcasting stations are hubs for the communities they serve, generators of social capital, forums for community dialogue, amplifiers of community activity, contributors to community identity and catalysts for community engagement. They are as essential to community life as public libraries and sporting facilities and just as accessible.

8.7 Yet community broadcasting has much further potential to develop the contribution it makes to Australian society. At present the sector is in many areas prone to 'threadbare broadcasting' where the energies and enthusiasm of many community broadcasters are too frequently deflected from program making to an ongoing struggle to maintain the financial stability and viability of their station. Such issues can be resolved through an appropriately resourced sector-wide development process. Increased public funding is a necessary key to unlock that further potential.

8.8 In this Information Age global social and commercial forces are changing the nature of mainstream media producing greater concentration of ownership and control, centralisation of program production and reduced editorial independence. A by-product of this process is the increasing relevance of community broadcasting in maintaining a local media presence within Australian communities, particularly those in regional, rural and remote areas. An understanding of the process of media gained by being actively involved in it will be an increasingly valuable experience that should be available to all Australian citizens. Ultimately, preserving access to local media for all Australians is the most compelling reason for public funding of community broadcasting.

³⁶ Report to DCITA on funding allocated to the Community Broadcasting sector in 2004-05, CBF, February 2006, at p.49.

9. Conclusions

9.1 The CBF believes that on the basis of the analysis of Australian Government funding presented, other relevant information provided above, and drawing on its broad experience in dealing with the community broadcasting sector for more than two decades the following conclusions can be drawn which have a bearing on the Inquiry's terms of reference:

- Australian Government support for the community broadcasting sector has been a vital catalyst in its growth and development;
- The level and complexion of funding support provided has not adequately addressed the sector's massive growth and structural diversification.
- The level of funding support provided has not retained its real value due to partial indexation. More recent funding provided without indexation will decline in its real value at a faster rate than earlier funding commitments.
- There is a pressing need to review and substantially increase the level of Australian Government funding for the community broadcasting sector to:
 - address the inadequate technical infrastructure of the community radio sector;
 - provide assistance for the production of specialist program content meeting government policy objectives at a level that recognises its true cost of production and its value to Australian society;
 - provide assistance to rural and regional community broadcasters to increase their stability, viability and broader level of engagement with the communities they serve.
 - provide assistance for general community broadcasting purposes at a level that recognises the broad social and cultural values that community broadcasting plays within the communities it serves;
 - assess and address the maintenance and development needs of the community television sector and commit adequate public funds for that purpose;
 - assess and address the maintenance and development needs for extension of community broadcasting program production and distribution processes across new and emerging digital delivery platforms and commit adequate public funds for that purpose.
 - recognise the growing structural diversity within community broadcasting and provide sufficient resources to allow effective coordination and planned development to be undertaken at both sub-sector and sector level.
- Future public funding of community broadcasting should be delivered in a form and quantum that allows the sector the financial stability necessary to undertake mid and long-term planned development while still meeting all necessary accountability and transparency requirements.
- Australian Government funding commitments underpinning the sector's expansion of community radio into and transition of television to a digital platform require early clarification and confirmation to assist the community broadcasting sector to engage effectively with new and converging technologies.

9.2 The Foundation offers these views to the Committee in the hope that it may through its research, investigations and first hand contact with our diverse, energetic and passionate media sector come to a similar understanding and conclusions. We hope that you will come to believe as we do that there is a very strong rationale for the public funding of community broadcasting at a much higher level than that currently in place. Reliable and appropriate public funding is one of the essential keys to achieving a robust and diverse network of community broadcasters. With adequate public funding the community broadcasting sector will be much better placed to fully develop its considerable potential to serve Australian society both now and into the future.