



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

**HOUSE OF
REPRESENTATIVES**

STANDING COMMITTEE ON COMMUNICATIONS, TRANSPORT
AND THE ARTS

Reference: Adequacy of radio services in non-metropolitan Australia

FRIDAY, 8 DECEMBER 2000

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HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON COMMUNICATIONS, TRANSPORT AND THE ARTS
Friday, 8 December 2000

Members: Mr Neville (*Chair*), Mr Gibbons, Mr Hardgrave, Mr Jull, Mr Lindsay, Ms Livermore, Mr McArthur, Mr Mossfield, Mr Murphy and Mr St Clair

Members in attendance: Mr Gibbons, Mr Hardgrave, Ms Livermore, Mr McArthur, Mr Mossfield, Mr Neville and Mr St Clair

Terms of reference for the inquiry:

To inquire into and report on the adequacy of radio services in regional and rural Australia and the extent to which there is a need for the Government to take action in relation to the quantity and the quality of radio services in regional and rural Australia, having particular regard to the following:

- The social benefits and influence on the general public of radio broadcasting in non-metropolitan Australia in comparison to other media sectors;
- Future trends in radio broadcasting, including employment and career opportunities, in non-metropolitan Australia;
- The effect on individuals, families and small business in non-metropolitan Australia of networking of radio programming, particularly in relation to local news services, sport, community service announcements and other forms of local content, and;
- The potential for new technologies such as digital radio to provide enhanced and more localised radio services in metropolitan, regional and rural areas.

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Committee met at 9.18 a.m.

CHAIR—I declare open this public hearing of the House of Representatives Standing Committee on Communications, Transport and the Arts in its inquiry into the adequacy of radio services in regional Australia. The inquiry has generated strong interest across a wide area of Australia. We have received approximately 280 submissions. They have come from relevant federal and state government departments and statutory bodies, peak industry associations, commercial networks, independent broadcasters and the community radio sector, shire councils, sporting associations and many individuals. It is clear that considerable effort has been put into the submissions. It is an indication of, firstly, the importance of radio in regional Australia, secondly, the concerns of the community about current policies and practices concerning radio services and, thirdly, no doubt an indication of the concerns that some have about possible changes to the policies and practices.

The information that has been provided to us will assist us greatly in considering the very important issues concerning the provision and adequacy of radio services in non-metropolitan Australia. The issues that have been raised in the submissions are many and varied. We do not yet have the answers. Some have very strong views which they have expressed in the submissions. For every claim that has been made there has been a strong counterclaim. We will be testing evidence thoroughly, travelling widely and listening carefully.

The public hearing this morning marks the beginning of the second phase of the inquiry, namely, the public hearing phase. Today we are hearing from some key bodies in the industry. All the organisations here today have provided the committee with substantial and very useful submissions, and I thank you for the efforts that you have made and for making the time to come to Canberra today.

On behalf of the committee, I welcome all the participants and others in the public gallery to this inquiry. We wish to express our appreciation of those who have made these submissions and as I said earlier have given up time to be here. Also, in opening these proceedings this morning, I wish to apologise both to the witnesses and to members in the public gallery for the proceedings starting 20 minutes late. The parliament sat until about a quarter to six this morning so members have had to do a lot of reorganisation of their day and their travel arrangements and it was not possible to start at 9 o'clock. We apologise for any inconvenience that may have caused you.

[9.25 a.m.]

BACON, Mr David John, Chief Executive Officer, Federation of Australian Radio Broadcasters Ltd

CARROLL, Mr Graeme Austin, Manager, Public Affairs, Federation of Australian Radio Broadcasters Ltd

LYALL, Ms Aleksandra, General Manager, Marketing, Federation of Australian Radio Broadcasters Ltd

CHAIR—I welcome representatives from the Federation of Australian Radio Broadcasters. Before we commence I remind witnesses that any proceedings of a standing committee of the parliament are a serious matter, and any false or misleading evidence is considered to be a contempt of the parliament. Mr Bacon, you may make an opening statement of about five minutes or so to give us the flavour of your submission and any other points that you might like to make.

Mr Bacon—Good morning, ladies and gentlemen. In opening, I would like to thank the committee for the opportunity to appear before the inquiry as the industry spokesman for commercial radio and, in particular, regional radio. My comments are made at an industry level. No doubt the committee will be seeking opinions from individual networks and operators during the hearings. We welcome the opportunity to appear for two reasons: first, because it allows us to say publicly how proud we are of our industry, of the role that commercial radio plays in the lives of communities around Australia, and, second, because it provides the opportunity to clear the air and put to bed some of the anecdotes, myths and perceptions that have circulated surrounding regional radio for many years. In this initial appearance I would like to keep my comments brief, so I will only deal with three points. The first point is the evolutionary factors which have shaped regional commercial radio today; the second point is the term ‘localism’ as it relates to regional commercial radio; and the third point is regional radio’s ability to respond to communities in need.

The first point is the evolutionary factors. As is the case with all industries, regional radio today is the product of a number of evolutionary factors. In a nutshell, these can be identified as the Broadcasting Services Act, prevailing market conditions and the impact of technology. I will deal with each of these in turn.

Let us deal with the act to start with. In response to repeated legal challenges to preceding legislation, the act’s introduction in 1992 effectively did away with the black-letter law approach providing a degree of freedom not previously experienced in broadcasting. Its intention was to provide diversity of choice by creating new categories of services. It created a coregulatory environment and removed the burden from commercial radio operators to be all things to all people. Both the operators and the industry regulators share these freedoms. It therefore follows that if any imperfections exist, the industry, the regulatory authority and perhaps the parliament equally share the responsibility for these.

In terms of market conditions, I do not propose to presume to be able to educate the committee on market conditions in regional Australia. You would be far better qualified to comment on these than I am. However, it should be noted that there has been an explosion in the number of broadcasting licences in regional Australia, with no commensurate increase in population and a distinct decline in some places in regional economies. Radio is doing far more with less. Despite these market conditions, commercial radio—unlike many other industries—has stood by the bush providing 24-hour service, 365 days a year. Of the two million hours of airtime broadcast in Australia each year, 1.75 million hours are broadcast in regional Australia. This is considerably more than was the case 10 years ago. Regional radio provides a remarkable level of service despite tough market conditions.

In terms of technology, as in most industries, technological advances have played a major role in the evolution of regional radio. They have enabled better storage, better reproduction and operational efficiencies, which have both improved the quality of sound and the financial viability of regional radio today.

With regard to localism, localism is one of those descriptions that I referred to earlier. What is localism? It is a term that has all sorts of connotations. Some of them are warm and fuzzy and presumably considered good for the community. Possibly in some contexts it even refers to such things as funeral notices and lost pet announcements. Some stations still carry this type of programming and in many markets this is still good radio. To others, localism means having local news bulletins and to others again perhaps it is something entirely different. But herein lies what we think is a myth. Localism means different things to different people. It is subjective and difficult to define and, most importantly, it is not a requirement of the Broadcasting Services Act. I ask that the committee bear this in mind when considering anecdotal evidence about the loss of localism in regional radio.

The third point is regional radio's ability to respond to communities in need. There has been much discussion and some criticism of the perceived trend by licensees to network regional radio. My first comment is that commercial radio has always had some owners with multiple licences. Admittedly, the lack of restrictions on foreign ownership in radio has meant greater consolidation of the industry since the introduction of the act. Networking enabled by new technology has also led to greater economies of scale in the tough market conditions mentioned earlier. However there is a perception that networking has made radio less responsive to communities in crisis. I am not aware where this perception has come from or what we can do about it but nothing speaks louder than actions so I will attempt to describe very briefly some commercial stations' emergency responses during the recent New South Wales floods. I doubt that I can do justice to what those stations did and I would encourage you to perhaps hear the stories from some of those operators.

In one instance the station manager has worked in local radio and television in the north-west of the state since 1967. He knows what to expect during floods and bushfires. In the case of floods the water rises quickly and the local SES unit traditionally contacts the station when it comes time to warn the community. The SES, police and other emergency services all have out-of-hours contact details. The stations in the region are part of a network but they can go live at any time. Rising floodwater is such a time.

Despite some staff being themselves isolated by floodwaters—including in one instance the station manager himself—the stations were staffed 24 hours a day and stayed live during most of the crisis. At one station the local switchboard was inundated with callers for two days—more in the case of their sister stations—where the floodwaters took longer to rise and subside. In all three cases the stations not only regularly broadcast official emergency bulletins but also acted as a phone-in information service for everyone from those directly affected by floodwaters to those who simply wanted news about sporting cancellations. The network also placed its full resources at their disposal.

In closing, I would urge the committee during these hearings to remember that people do value their local radio. The nature of this relationship is worth understanding as it will go a long way to explaining some of the myths which perhaps surround our medium. As change affects anything we value some people will be disaffected. However, despite a proliferation of new radio licence types, audience survey figures show that commercial radio is still the popular choice for listeners in regional Australia.

Radio is succeeding in its mission to satisfy its listeners and be complementary to other broadcasting services in regional areas. It now has an unprecedented degree of sophistication and service. While all the programming may not be generated in the local station, the technology allows it to sound local. Commercial radio can and does respond to local communities and it will not be found wanting when the community is in crisis. FARB would be happy to address specific issues which may arise in the course of the hearing and to assist the committee throughout its deliberations. Thank you, Chairman.

CHAIR—Thank you, Mr Bacon. You have a board of 10, I understand.

Mr Bacon—That is right, yes.

CHAIR—How many of those represent the major networks and how many represent independents or perhaps chains of less than, say, three stations?

Mr Bacon—I might work my way through the list if I may so that I get it right. Our chairman represents Austereo—

CHAIR—I can see that. I just want you to tell me.

Mr Bacon—In terms of the numbers?

CHAIR—How many representatives?

Mr Bacon—Austereo is one of the major networks.

CHAIR—No, I don't want you to go through them. I want you to tell me how many of your board of 10 represent major networks and how many represent either independents or chains of less than three.

Mr Bacon—Eight.

CHAIR—Eight represent major networks?

Mr Bacon—Yes.

CHAIR—In the profile of FARB you say you do a great deal of research and that it is accredited research. Have you ever conducted a survey into what the public wants in the way of localism?

Mr Bacon—If I can explain how our research is conducted—

CHAIR—Is your research purely of listening patterns, market share and those sorts of things, or do you probe matters such as localism and what the listening audiences in, say, regional areas might require?

Mr Bacon—FARB, as a body, coordinates the metropolitan audience survey figures and does ad hoc projects from time to time about listener preferences. Our members individually do conduct tracking surveys, talking to their listeners about the type of programming they want. That is perhaps an issue on which you would get a better answer from one of our members.

CHAIR—In other words, FARB itself has never conducted—

Mr Bacon—FARB itself doesn't.

CHAIR—research into what generically might be required by country or non-metropolitan stations?

Mr Bacon—No.

CHAIR—You say that localism means different things to different people. What would you consider to be the minimum requirements of localism?

Mr Bacon—It would depend on the market but I would expect that there would be local news; access by the local community to community service announcements; as the act requires, coverage of matters of local significance. If you have major events in the town, I would expect that the local radio station would at least be talking to its listeners about it occurring. In many markets, I would expect that members still do outside broadcasts from those events. Those are the sorts of things that I think we could consider.

Ms Lyall—Local advertising, of course, which is the bulk of the regional revenue.

CHAIR—Could you take this on notice: you talked about the floods; could you identify those stations for us?

Mr Bacon—Yes.

CHAIR—You say they went to air for 24 hours a day during the crisis. Could you tell me how many hours a day that they broadcast live from those same stations when there is not a crisis? You can take that on notice. I do not expect you to answer it now.

Mr Bacon—I am able to tell the committee now which stations I was referring to.

CHAIR—Yes, we can put those on the record.

Mr Bacon—It was 2TM in Tamworth, 2MO in Gunnedah and the other one was 2BM in Moree. We will take the rest of the question on notice.

Mr GIBBONS—You said in your opening remarks that the act does not specify local content—localism?

Mr Bacon—Yes.

Mr GIBBONS—What would be the view of your members and your organisation if that was amended to include a degree of local content subject to the renewal of a licence?

Mr Bacon—We believe that radio needs to retain the flexibility to be able to respond with as much or as little as the audience is telling them. We would not see a prescriptive rule about the amount of localism as being positive. It takes away the flexibility.

Mr HARDGRAVE—What is the difference between a prescriptive rule and a minimum amount?

Mr Bacon—Having myself worked in the country, news is often pretty scant. If I had an obligation every morning, particularly perhaps on Sunday mornings, to run a certain level of local news, I know from my experience I have at times found it very difficult. One of the things which is worth noting here is that being local and providing what the local audiences demand, and responding to that, is also good business. So our members will be endeavouring to achieve what the local audiences are demanding.

Mr HARDGRAVE—You have saved me a question on that. A few years ago radio used to market itself as something that gets people where they live. I think that might have been FARB's catchcry. Is that right?

Ms Lyall—It was before my time, but, yes, 'Radio gets you where you live.'

Mr HARDGRAVE—So localism has always been a basis of marketing for radio. I think localism is a huge issue that your industry would be contending with. Do you survey your members and ask about their commitment to localism? You have listed things like local news, access by local community to community service announcements, events of local significance, OBs and local advertising. Do you have figures from your membership about what their actual realisation is of those five items that you have put forward?

Mr Bacon—We certainly surveyed them in the preparation of our submission.

Mr HARDGRAVE—What percentage of a station's local content is locally sourced, or sourced because of a local decision being made? There are probably two separate categories there.

Mr Bacon—It is not that we do not wish to tell you, but I have to tell you that we would not consider the response to be statistically robust. I do not want to mislead you by quoting percentages—

Mr HARDGRAVE—You do not have to tell us right now, but I think it would be quite interesting to the committee if we could get a set of numbers that say, for example, 'A third of the stations have 80-plus per cent locally sourced.' In the country, I think, is the other category. Do the figures start to change when you get out of the major metro markets?

Mr Bacon—Could we take that on notice and come back to you and try and make something of those numbers?

Mr HARDGRAVE—I think you should. I have one other thing and then I will let others ask questions. Essentially, what you said this morning confirmed my perception before I even got here that it would be awfully difficult for FARB to have a set position on this. The chairman of the board represents a company that prides itself and markets itself in its markets as a local station. In other words, its whole basis is localism, listener driven approaches to running their station. Others through your board and others through your organisation have quite the opposite view—they just pump stuff down the line and slot in a few local ads. You have this great conflict within your industry and therefore your organisation, haven't you?

Mr Bacon—If you addressed those questions to other members of the board they would tell you that they have the same philosophy as the chairman's company. I note myself in reading some of their own submissions that they make much of the local research and the tracking research that they do. Commercial radio today is a very market-driven business and if you are not providing what the audiences want, they will leave you because there is a lot more competition in those markets today. So they do need to be market driven.

Mr HARDGRAVE—But it is still very hard in the bush to turn off 2TM because you are going to get some semblance of local content there, even if the program source is coming out of Sydney. It is going to be very hard to find an alternative station.

Mr Bacon—To go somewhere else?

Mr HARDGRAVE—Yes.

Mr Bacon—There is the national broadcaster, of course, and there are—

Mr HARDGRAVE—But its program content is coming out of Sydney too.

Mr Bacon—I will leave the ABC to comment on that. I am not sure that I have answered your question.

Mr HARDGRAVE—That's okay, we will keep working forward.

Ms LIVERMORE—I am not sure whether my question covers territory that Gary has just covered. Alexandra, I was wondering whether you have done any research or whether there is any feedback from your member stations as to what value, if any, advertisers place on the degree of localism? I know that in regional stations it is like a 70:30 breakdown between local advertising versus national advertising. Is that because those local advertisers do place a certain value on localism, or is it just—

Ms Lyall—It all depends on the size of the business. In a lot of towns a business only has one outlet and only in that town. To go on television, which covers a far larger area, is just not viable. If they only want people in that catchment area who shop at their business they want their local radio station. It is very important to them that they are involved at that level. The reason radio gets such a small share is that the national advertisers want those bigger areas whereas the local advertisers want the smaller area. It can be wasted money if they are in larger areas. Localism is very important to small businesses. Most of the revenue is from small business that reside in that town or surrounding towns in the listening area of the radio station.

Ms LIVERMORE—So the advertisers would not really be concerned about the actual content or programming of the station. They are just looking at where they are going to reach?

Ms Lyall—That is right. They know that the majority of their customers listen to that radio station.

Mr HARDGRAVE—Because there is no other?

Ms Lyall—No, there are a lot of others.

Mr HARDGRAVE—There might only be one station in the market.

Mr Bacon—They can take advertising.

Ms Lyall—Communities can take advertising as well but still the majority of the customers to any business in any town are going to be listeners to commercial radio.

Ms LIVERMORE—In your submission you talk about the commercial pressures that regional radio stations are under: more licences and smaller populations. The advertising revenue is spread very thin. You talk about the attraction to networking to achieve economies of scale. If you have a radio station in a town that is just scraping by and very marginal, what is the attraction to the network of picking up that station? How does the network win in picking up these licences or stations that are just scraping by?

Mr Bacon—You get into the area of critical mass and size. If you have a number of operations which can return a certain margin, and you have enough of those and are big enough, you can make a reasonable return. It may not be enough to sustain an individual business which has all of its overheads of administration, accounting and those sorts of things. It may not be viable as a stand-alone operation. But if you have one accounting function, which perhaps

issues all the invoices, and one engineering function and things like that, you can make it turn a profit.

Mr MOSSFIELD—The state emergency services in New South Wales have claimed that networking has reduced the volume of the vital emergency service information. Would you like to comment on that? Quite clearly it is a major issue in regional Australia and also in the area that I come from, the outer metropolitan area of western Sydney where we have flash floods. Would your organisation be responding to that? Is there a way of local organisations getting through to you?

Mr Bacon—We read that with interest as well and noted that. That was the first time that we had seen something raised formally like that by the peak body of the SES. We would be hopeful in the future that we would be able to get together with them. FARB is certainly happy to foster some sort of a forum which enables these concerns to be raised. I am somewhat disappointed they did not come to us. We have access to our members to raise these concerns. We have taken what they have said quite seriously. We are hopeful that we will be able to get together with them, address them and, if there are problems, help find solutions.

CHAIR—This was the 1998 flood circumstance, was it?

Mr MOSSFIELD—Yes, that was one of the examples. There are other examples too.

Mr Bacon—The announcers were reprimanded for breaking into the networking program.

Mr MOSSFIELD—That is another thing too.

Mr Bacon—I read that; I am not familiar with that individually. But we certainly have taken seriously the concerns which have been raised there to see whether it is something that we can address.

Mr Carroll—To follow up on that answer, I actually spoke with the stations involved. They have no evidence at all of anybody being reprimanded in the station on that occasion. We are a little puzzled by some of the comments of the SES because in the most recent floods, particularly in Moree which was singled out in that submission, they responded immediately as did the other stations in that area—Gunnedah and Tamworth. They have even faxed copies of letters to me from the local SES commending their involvement in the covering of the floods in the past couple of weeks.

Mr MOSSFIELD—I will leave my comments at that and let other people have a go.

Mr ST CLAIR—Could you talk about the code of practice or code of conduct that you have got? I think it is referred to in the act. Could you explain to me how your code works. Is it a voluntary code; is it an industry code; is it mandatory or fixed somewhere through the system?

Mr Bacon—The act requires that the codes be developed so that the content of the code is not part of the act but the act requires that we have them. We are then required, in consultation with the Australian Broadcasting Authority, to develop those codes and review them from time to time. They were reviewed the year before last and authorised this year.

Mr Carroll—No, they were authorised in October 1999.

Mr Bacon—They were authorised late last year—yes.

Mr MOSSFIELD—What mechanism is there to enforce the code? Is there any at all?

Mr Bacon—No, they are voluntary codes. The system works so that, should a listener have a complaint, they will make their complaint to the radio station and the station will deal with it in the first instance. Under the code, they are obliged to tell the complainant that they can refer their complaint, if they are not satisfied, to the Australian Broadcasting Authority. If they do not get a response within a certain time, or if they are not satisfied with that response, that is then referred to the ABA. But there are no sanctions under the codes, if that is what you were—

Mr ST CLAIR—That is what I was wondering—how it actually gets enforced and how the mechanism—

Mr Bacon—There are not sanctions. We collect data from our members on it and the ABA publishes that in its annual report. It publishes a full report on the complaints that it has to deal with, but the ones which are dealt with at a station level, where listeners are satisfied with the response they get, those are not published.

Mr ST CLAIR—Is there an ombudsman within the industry?

Mr Bacon—No there is not.

Mr ST CLAIR—What happens if someone is not satisfied with—

Mr Bacon—With the ABA? That is the last court of appeal under the present system.

Mr ST CLAIR—Do you think that is satisfactory?

Mr Bacon—It seems to have worked well since the BSA was introduced in the sense that we do not believe we have a particularly high level of complaint. Leaving aside the ABA inquiry into the so-called cash for comment, the industry would get no more than 1,000 to 1,100 complaints a year in total. Last year, leaving aside the ABA inquiry, no more than about 25 of that 1,000 were referred to the ABA. I would not want to be held to these—but this is in the right order of magnitude—I think about six or seven were found where the station had actually breached the code. So in terms of a record, that is not bad in two million hours of programming during the year. We also have not observed a huge outcry from anyone in not getting satisfaction. So I suppose on those grounds we assume it works reasonably well.

Mr McARTHUR—I would like to go back to the networking argument. You would be aware that the committee visited 2UE and it became obvious to us that the networking arrangements of that station were extensive throughout eastern Australia. In view of the technology, why wouldn't some of the local radio stations network totally? It might be more efficient and more commercial. So where do you really make the judgment as to networking the total station? We understand some of them do that from a central point. In the case of the John Laws program—which I know in western Victoria takes up sometimes one, two and three hours of the morning

high I know in western Victoria takes up sometimes one, two and three hours of the morning program—some of us would have some difficulty in relating western Victoria to central Sydney. So how do they propose to make those judgments, taking into account commercial factors and the changing technology and the cost of it? Where do you put the various weightings?

Mr Bacon—As we have heard previously, localism is still one of the unique qualities of commercial radio and it would be bad for listeners. I think everyone who works in commercial radio is aware that if you try to totally network a service—particularly out of a capital city into regional area—your listeners would abandon you. Certainly our members who network do extensive tracking research with listeners to know what they are demanding.

Mr McARTHUR—But what if they cannot get it? Say the John Laws program takes three hours in the morning and there is no alternative. How do they really know what they want?

Mr Bacon—How does the existing operator know what his audience wants?

Mr McARTHUR—The local citizenry, the listeners. They have had John Laws for three years for three hours a day. Do you do a survey—do you like him or don't you?

Mr Bacon—Yes, that would be part of it. I am sorry I am stumbling a bit here as it is not my area of expertise. I would suggest that it is a very good question to ask some of those who are networking as to how they go about making those decisions. It is certainly a combination of research. They are talking to listeners all the time asking them about their program preferences, and they tailor the programs accordingly.

Mr McARTHUR—We get the impression that because of technology networking is an expanding operation for some of these radio groups and that localism—whatever you might call it—is a lesser component of the commercial outcome.

Mr Bacon—Yes. One of the interesting things though about some of the programs like the one you mentioned is that it is considered by the generators of that program to be a national program. I think some people who work in Tiwi complain that it is too national. You mentioned Sydney, but it actually does not have a Sydney flavour if you listen to it for long periods. It has more of a national flavour. You will hear national interviews and calls from people around Australia. Because a program comes from another source does not necessarily mean it will reflect the values and perceptions of what is going on at the point of generation. Again, program makers, if you like, are very well aware of the fact that, if they are dealing with traffic in Sydney, listeners in north Queensland will not buy it; they will not accept it. If anything is being networked it has to be very carefully generated.

CHAIR—You have actually found that, have you: where traffic, say, in a capital city is broadcast to regional areas it is considered quite a negative? You said that they will not accept it. Is that what you are saying?

Mr Bacon—I know that from my experience in my early years as broadcaster myself.

CHAIR—Do you think it is still valid?

Mr Bacon—Yes, I do.

Mr MOSSFIELD—Does it still happen to your knowledge?

Mr Bacon—I do not know the answer to that, Mr Mossfield. If it does it is probably by accident or inefficiency from time to time. It certainly would not be a longstanding feature, shall we say, of someone's program, but I could not sit here and tell you that it does not happen.

Mr McARTHUR—I just want to get through this networking argument and you really have not answered the question. What sort of criteria do they put into it? If it is cheaper to network you could argue that you would network the whole lot, but you might lose audience.

Mr Bacon—Only if it is good for the audience. If the audience is going to walk and not listen to you any more you would not do it.

Mr McARTHUR—If you charge for the 2UE Laws program you reckon you might maintain the audience and then not have so much local content? You will make those judgments, will you?

Mr Bacon—Yes, that program in particular is very popular, whether it is broadcast in the capital cities or in regional Australia. So there are such programs, despite the fact that they may come out of the city. One of the things that we were aware of in generating this submission, and that I am sure the committee is very well aware of, is that people in rural and regional Australia also demand quality programming and the sorts of things that are enjoyed by people in the cities. It is a very difficult balance.

Mr McARTHUR—Would you care to make a judgment as to where you will be in 20 years time? Do you think you will have programs coming out of the smaller radio stations in regional Australia or will they be networked out of central locations?

Mr Bacon—It may be famous last words but, if you push me, I think you will still get a combination of both, because that is what the audiences demand, and commercial radio is about servicing audiences.

Mr McARTHUR—You are quite hopeful from where you sit that, with all the pressures of programming and staffing, local news will still be there providing a service?

Mr Bacon—Yes, because that is good for business.

Mr Carroll—In relation to the John Laws program you mentioned, when we were conducting our questionnaire one of the operators actually said to me that it is not always a matter of it being cheaper that is the reason you network. In fact, it costs him more to take the John Laws program than generate the program locally, but the local listeners want that program.

Mr HARDGRAVE—I have a couple of questions about community radio. It seems, certainly judging from some of the submissions that we have received, that the break-out to using spectrum by community groups is because they believe that commercial radio does not respond

to their needs and wants, particularly in rural and regional Australia, and so they have set up their own stations. What has that done? How does that impact upon commercial radio's viability in the regions? I note there is some concern from the Association of Independent Regional Radio Broadcasters about the fact that paid advertisements have increased by 25 per cent, four minutes to five per hour. What is your view on that and the break-out of community radio? I think it is a comment on the commercial radio. Judging from the submissions there is certainly that view.

Mr Bacon—In the first instance, the fact that they are able to generate sponsorship announcements is further pressure on the limited advertising dollars in the market. But, notwithstanding that, I think the services are complementary and part of the requirement of the BSA which says that there needs to be an adequate and comprehensive service within the range of services available, and that includes both radio and television. Community can therefore play a very valuable role in contributing to that range of services. There is no doubt that in smaller markets it is additional pressure on the advertising dollars, but I believe it is a complementary service.

Mr HARDGRAVE—Do you see, if networking becomes more extensive and commercial licences essentially become the stick from which content sourced elsewhere is transmitted, that perhaps community licences may complement that decline in localism even further?

Mr Bacon—That may be a potential outcome, but I would like to think that my members certainly are far smarter and will continue to remain in touch with their local communities and provide them with the services which they wish to listen to.

Mr HARDGRAVE—But we all know, as amateur economists, that there is a cost benefit associated with this, that you lose a dollar but you might make five. So, if for every dollar you lose you are making five more, you are not going to be too worried about the dollar you lose rather than the five you make. That trade-off factor is certainly in there, isn't it?

Mr Bacon—As we said in our submission, 70 per cent of the revenue of our rural and regional members is local. They live on local revenue, so they must continue to provide services that enable them to do that.

Mr HARDGRAVE—The IRB have also said they are prepared to accept a restoration of this programming requirement for some sort of recognition within the Broadcasting Services Act for commercial viability, I guess taking into account the community stations as well. Has FARB got a view on that kind of trade-off?

Mr Bacon—We might take a view if that was perhaps one of the recommendations or part of the considerations—

CHAIR—How would you react, for example, if we recommended that the advertising be increased to six minutes as a trade-off for more focused local content on community stations?

Mr Bacon—Are you suggesting that there is a demand for more local advertising? I am sorry, I am just trying to understand—

CHAIR—There is a demand from some community stations to be able to receive more advertising. Currently they are limited to five minutes. What would FARB's attitude be if we were to recommend that that be increased to six?

Mr Bacon—I would have to defend my members' interests and say to you that we would not think that was a good idea.

Mr HARDGRAVE—Is the Broadcasting Services Act, and the ABA administering it, keeping a close enough eye on the commercial viability matter in relation to the mix of stations that come in to have a piece of the pie of income—which is not growing? Is there enough of a focus on viability?

Mr Bacon—My understanding is that the ABA does consider viability.

Mr HARDGRAVE—Yes, but is there enough of a focus on it? Is viability really being understood properly by those who are administering the BSA?

Mr Bacon—I find that difficult to answer. I am just not sure. I have not considered it in the way that you have asked the question.

Mr HARDGRAVE—Can I help you by suggesting that we have already established in preliminary discovery, if you like, leading up to this hearing today, that there is this junction of 80:20 or 70:30, with 70 per cent of the revenue going to 30 per cent of the stations, or 80 per cent of the revenue going to 20 per cent of the stations. Surely that, in itself, creates pressure in a vast chunk of the commercial radio industry. I am now seeking a view from FARB about whether or not this viability pressure on a vast majority of your members is, in fact, being considered properly by the ABA when they start issuing other licences, both commercial licences and community licences. We already have the fact that community licences are impacting upon commercial viability in certain areas. Is this commercial viability factor really being given enough of a heavy premium in that decision making process?

CHAIR—Was it not before the current ABA? It was a very strong component of the licence.

Mr Bacon—It was an actual requirement, yes.

CHAIR—I think Mr Hardgrave is asking, and we all want to know, if there is a case for some form of re-regulation as under the old system?

Mr Bacon—Some of my members hold that view, but not all of them. That is the best way I can answer that for you. Some of them do and some of them don't. I think you would probably find a majority think that viability should receive more attention. I will try to answer it that way.

Mr HARDGRAVE—The viability factor, in itself, or perhaps the lack of sufficient attention to viability may, in fact, be contributing to the conditions that are creating a decline in localism?

Mr Bacon—Yes.

Mr HARDGRAVE—A decline in local programming content and all of those sorts of things?

Mr Bacon—To the evolution of radio into the form that it is. I probably would not agree with you that it was a decline in localism.

Mr HARDGRAVE—You are a good salesman for the industry, Mr Bacon. Thank you.

CHAIR—I think Mr Hardgrave has opened up a very important area. I have sat, in my previous manifestation, on applications for commercial licences in established markets under the old system and it was very rigorous. You had to justify your financial viability and your viability in the market in which you proposed to go. You had to demonstrate that you had an appreciation of the local economy and the requirements of the community. You had to demonstrate that you would have sport and news services that would reflect that. Is there a case for going back to that in the light of the fact that this inquiry itself has been set up to test those things?

Mr Bacon—I don't believe so, in the sense that this was a very expensive process so it occupied a lot of time and—

CHAIR—We are relying solely now on a code and on the commercial judgments, in many instances, of networks. For example, does your code of practice say anything about localism?

Mr Bacon—No, it does not.

CHAIR—I will just test another thing. It is perhaps not totally relevant to the inquiry but I think our backbench committees have the same complaint. There seems to be no mechanism that takes the tackiness out of the Triple J and the corresponding Triple Ms and things in the commercial market such as sexual references and fairly tacky comments. Who is responsible for weeding those out if someone rings up and complains? Is there a genuine effort made to try to get that sort of tackiness out of the stations? From listening to them one would not perceive that there has been any work done in that field.

Mr Bacon—As you will appreciate I am not able to comment on Triple J but I am able to talk about our codes and what our members do. We have a provision in our codes which deals with taste and decency. If there were complaints they would certainly be dealt with. My understanding—and this was before I came—was that the taste and decency provisions were either included or increased in recent times.

Mr Carroll—They were as a result of the revision that was undertaken 18 months ago.

CHAIR—Who disciplines a station other than through a major complaint to the ABA? Who disciplines a station that skirts the perimeters of this all the time?

Mr Bacon—It would only be the responsibility of management if they were continually finding that breaches were found. If there are continued breaches of codes then the ABA will impose a condition on the licence. There is a process which emerges if there is a continual breach of the codes. Once a condition is on your licence it becomes very serious. You are

subject to fines at present of up to \$50,000 per breach and I would think, if it persists, a loss of licence.

Mr McARTHUR—I will raise two issues. One is that it has been suggested to us that large UK interests control a big chunk of the radio ownership in Australia. Have you got a view on overseas ownership of the regional radio industry?

Mr Bacon—No. As you would appreciate we have members of FARB who represent those interests. We have members of FARB who are locally based and local investors. FARB does not take a view on whether overseas ownership is good or bad. We note that the act permits it but FARB does not have a view on the merits of this.

Mr McARTHUR—That leads me to the next problem. You note in your submission that over the last nine years licences have increased in number by 78 from 109 to 187. Some of us are aware that, if you put two licences in where there was one in a regional radio area, that will reduce the amount of available advertising revenue. Could you give us a feel for what your view is on that emerging trend of more licences?

Mr Bacon—Fortunately, the trend to date in many markets has been the issue of section 39 licences which are effectively supplementary licences given to the existing AM operator. That has been an excellent move because it has ensured that the one operator with his existing economies can provide another service which is far more efficient than someone else trying to come in to set up another system. I think that has been the way in which consumers have been able to benefit significantly by being able to receive additional programming without threatening the viability of the existing operator.

Mr McARTHUR—It has been suggested to me in a couple of local markets that the ABA were looking at issuing a third licence where there are currently two licence holders. It took a fair bit of activity by the current licence holders to win the argument that the viability of those two were better maintained by not having a third player who then might sell their licence capacity to a metropolitan area. Have you a view on that?

Mr Bacon—No. There has been an issue which is being discussed—and I stress only being discussed—as to whether we should seek changing the rules which might enable three stations to be owned by the one operator in the market. This again would guarantee viability and at the same time increase consumer choice. But FARB has not developed a view on that.

Mr McARTHUR—You are happy to have three in the one market where there are currently two?

Mr Bacon—Some of our members feel that that is a view. As I have stressed, FARB has not developed its view. It has been under discussion—

Mr McARTHUR—Some people might suggest that that just increases the monopoly position of the 80 per cent.

Mr Bacon—Or ensures continuing viability so that consumers are not disenfranchised. I guess it depends where you are sitting, doesn't it?

Mr McARTHUR—That is what we are debating; that is the key issue.

Mr Bacon—Yes, it is difficult.

Mr McARTHUR—Your membership has—

Mr Bacon—The membership has not formed a view. There are some of our members who support that view—I think that is the best way I can describe it.

Mr McARTHUR—Support which view?

Mr Bacon—That the number of stations which can be owned in the market should be increased.

Mr McARTHUR—And they would remain in that market or deflect themselves to the metropolitan market once they get control of the licence?

Mr Bacon—No. Ownership would be retained by whoever owns the station in the market at the time.

Mr McARTHUR—Some of the arguments put to me personally—not so much to the committee—suggest that is a very big question as to local viability and the ability of the ABA to allocate the licences or not allocate them.

Mr Bacon—Yes, viability is key. There is no question about that in the allocation of a third licence in many markets.

CHAIR—One of the arguments put to us verbally along the lines Mr McArthur is raising is that part of the excessive networking in some areas has arisen because the state, having too many stations in a market, has become easy pickings, so to speak. Is that a fair comment? There is not sufficient viability as a sole operation so that they have to network to survive?

Mr Bacon—Yes, that is probably what has led to some of the networking. In some markets you have had licences come in and they simply are not viable, so to ensure their viability—

Mr McARTHUR—I agree with the chairman. That is the nub of the question. If you give another licence you are almost duty bound to go networking to make the thing commercial. The two remaining licence holders—

Mr Bacon—That is not an unreasonable conclusion to draw—that is right.

Mr McARTHUR—You are just sitting on the fence a bit. It is a pretty big issue and the chairman has had his own experience—

Mr Bacon—I apologise for sitting on the fence, Mr McArthur, because FARB has not formed a view as a body on that. I am aware that some of our members do support the view of three to a market and that they could be owned by the one licensee. But it has not had wide debate—

Mr McARTHUR—Do they recognise the problem the chairman has put to you though?

Mr Bacon—Yes, everybody does recognise the problem.

Mr McARTHUR—And they play it by the rules and they would not then use that market power to move to another place and control it?

Mr Bacon—I do not understand what you are saying about moving to another place. I think that is what is troubling me in being able to give you a straight answer.

Mr McARTHUR—If you had control of the three licences, then it gives you a capacity to maybe move into a metropolitan market—

Mr Bacon—To buy another station, you mean, in another market?

Mr McARTHUR—In the case of regional Victoria, if you owned the three licences, and there are two going at the moment and you buy another one, you are then able to penetrate the metropolitan market and squeeze out your other two competitors. That is the scenario that has been put to me. I am not saying I agree or disagree with that. I am just interested in your comment.

Mr Bacon—I suspect you are probably referring to a specific market that I am not familiar with and that is why I am struggling to give you a straight answer and I apologise for that.

Mr MOSSFIELD—I will come back to one of the questions that Mr McArthur has already raised relating to the foreign investment influence in the industry. Would your organisation see some value in some restriction being placed on overseas financial control with the view of developing the local industry—localism—

Mr Bacon—As FARB has members who have overseas ownership and local ownership, that would be almost an impossible issue for FARB, as a body, to give you an opinion on. It is just the way it is, I am afraid.

Mr MOSSFIELD—You are only speaking on behalf of your organisation. The way I would see it is that the more overseas financial influence there is the more their only major concern is the bottom line. They are not really worried how it is delivered in the regions.

Mr Bacon—Bear in mind that my members are commercial radio operators—they are all in business to make money. I do not think being owned overseas makes any difference to that.

Mr McARTHUR—But they do get the licence from the ABA, don't they?

Mr Bacon—The ABA issues all licences, yes.

Mr McARTHUR—So there is an element of public concern both ways. You are commercial. Parliament has a responsibility to issue the licences for the benefit of the total community. Would you concede that point?

Mr Bacon—There is a range of licence categories—commercial, community, open narrowcast. The act does provide for all types of licences.

CHAIR—There are two ways concentration can occur. There are cross-media boundaries—newspapers and radio stations—and, as you know, there are certain cross-media regulations. But when does the number of radio stations held by one network become a concentration?

Mr Bacon—The act does not specify, so this is clearly—

CHAIR—What does the industry say?

Mr Bacon—I do not think the industry has thought about that.

CHAIR—It is laissez-faire, in other words?

Mr Bacon—Yes—there is not a restriction on that. The restrictions we have at present are two stations to a market. How many different operators have we got in Sydney and Melbourne?

Mr Carroll—Five in Sydney.

Mr Bacon—So there are as many as a dozen.

Mr McARTHUR—That is the superficial view, but who controls the stations is a bit different, as I understand it. There is the two stations per market cap, but what about the management of those stations?

Mr Bacon—If you have got two stations in the market you will find that you have some common management, yes—there is no question about that.

Mr McARTHUR—A very polite way of putting it.

Mr Bacon—Yes, but you would not double up. You get efficiencies and economies from that.

Mr McARTHUR—But you also would get market power.

Mr Bacon—On those two stations, yes.

Mr McARTHUR—If two stations in each market place are controlled by a broader network you have considerable market power. Do you concede that?

Mr Bacon—Yes, that is reasonable.

CHAIR—We will have to move on. We have given you a full hour so we have to start to wind this up.

Mr HARDGRAVE—Mr Bacon and I are radio professionals so we will keep to time, Chair.

Mr Bacon—Former radio professionals.

Mr HARDGRAVE—The radio industry has really been subjected to the big experiment under the BSA, in the sense that the other sections of media are not afforded, as you put it, a laissez-faire kind of ownership concept. There is no restriction on foreign ownership. Radio, in one sense, is perhaps seen by legislators as the ‘poor cousin’ media. Is that a fairly reasonable view, and perhaps not well understood, or is this simply playing out the experiment to see how that kind of foreign ownership plays out over a period of time?

Mr Bacon—We went back and did as thorough an analysis as we could of the debate at the time when the BSA was formed. It was clear there was a view at that time that television was the more influential medium and therefore radio did not require as many restrictions as perhaps television should have had. I am on the public record as saying that that may not have been correct. In recent times you have seen the ABA’s inquiry into commercial radio, and the influence of commercial radio has been demonstrated. So it may have been an experiment at the time, but the difficulty that certainly the parliament has is: what do you do about it today? How do you fix that? I do not have a solution.

Mr HARDGRAVE—Without reflecting on colleagues past or present, this question of influence could detain the committee for the next week. You are suggesting that the influence of different types of media is not well understood by people framing laws who think they are in fact impacting upon the least influential and so there is no great loss?

Mr Bacon—I would even go so far as to say that it is not well understood generally. We have tended to take somewhat of an empirical approach—how many people are listening; how many people are reached?—and that seems to be the basis of the judgment on influence. I think it is a far more complex issue than that, and I would not even begin to suggest that we understand it fully. You are absolutely right—it could take weeks just discussing it. It is a very difficult issue.

CHAIR—We will have to wind up on that, but I would like you to take one question on notice. Could you advise the committee on how many licence areas there are where all the commercial licences in a particular area, excluding narrowcast licences, are owned by the same individual or company?

Mr Bacon—Yes, or a network.

CHAIR—When you say network, I suppose it may not be a formal network, but we are interested in what markets does one licence holder hold all available licences—we would like to get a feel about that.

Mr Bacon—Commercial licences. Yes, we can provide that to you.

CHAIR—On that note, I would like to thank you, Mr Bacon, Mr Carroll and Ms Lyall. I think that has been very helpful. Thank you for your earlier cooperation with the committee in the private briefing. I trust we can come back to you at a later date.

Mr Bacon—Please do, yes.

CHAIR—As you know, these proceedings are being recorded by Hansard, and you will receive a proof copy of today's proceedings.

Mr Bacon—Thank you.

[10.28 a.m.]

MELVILLE, Mr Barry Lloyd, Policy Adviser, Community Broadcasting Association of Australia

THOMPSON, Mr Michael John, General Manager, Community Broadcasting Association of Australia

CHAIR—Welcome. Who would like to make an opening statement first?

Mr Thompson—I will begin, and in the five minutes I will hand over to Barry about halfway through.

CHAIR—Would you like to start then, Mr Thompson.

Mr Thompson—Over the last three or four years we have had a major expansion in permanent licensing for community broadcasting. There are now, in the year 2000, 200 permanently licensed stations in Australia. There are still around 140 temporary licensees or aspirants awaiting a licence. Not all of those will get them. It constitutes a very dramatic expansion of the community broadcasting sector over the past few years. Seventy of the licences already granted in the last three years are in non-metropolitan areas, and there are a further 63 in non-metropolitan areas awaiting licences. So I think it can be seen that, whether it is driven by a perception, there is a fall-off in local services from other areas or there are other reasons. There is a great interest and keenness within the community—and this is very much the case in non-metropolitan areas, in quite small towns—for there to be a licensed community station.

The community broadcasting sector, of course, is in a unique position in that community broadcasting stations must be owned, controlled and operated by the communities they serve. The licence cannot be transferred to anybody, and the station must continue to provide a service to that community for which it is licensed. It is very strict. At a recent conference on the Gold Coast a week or so ago, the minister was suggesting that in some cases it might be a little too strict in that, if we have a situation where a community group that has been operating a licence is finding it tough going, at the moment—rather than perhaps handing it over to another community group with the ABA taking some interest—the licence has to be surrendered back to the ABA. The ABA would then have to call for applications again. There is a great deal of protection within the act for community broadcasting in terms of maintaining their independence, local ownership and control and local access. It is something which we very much appreciate. It is probably the best legislation in the world. In places like the UK, where there is no delineated sector of community broadcasting, they are very jealous of the Australian system. We would like to congratulate the Australian parliament on that basis.

We have now somewhere between 15,000 and 25,000 active volunteers operating these stations. There are only between 200 and 300 people employed in community radio. Our estimates of about 25,000 people who are in there working are not paid. From our point of view, there is a guarantee of localism and activism of those stations which basically adds to the sense of social cohesion in smaller places, in non-metropolitan towns, particularly as we know in the last decade or so there has been a stripping out of other resources in many towns. The

community station must remain there. To operate at all in a tough environment, it must be effectively connected with its members. I will pass over now to Barry to continue.

Mr Melville—The key to understanding community broadcasting is to recognise that, although it is about the unserved needs of audiences, it is also driven by the notion of community access. That is ordinary people from a wide range of backgrounds and interests participating and contributing to the delivery of locally relevant services. As Michael has already said, volunteer participation is vital. In one sense it is volunteer participation, not revenue per se, that is the key to success in this sector, although obviously for stations to succeed they need to build strong bonds with local businesses. They need to sell sponsorship, but it is not the same as just selling advertising. It is actually actively seeking businesses and organisations, service clubs, charities and the like who are willing to back them. So they do get an advertising message, but the relationship is a little bit more complex than that.

The history of community radio has been characterised by diversity. The sector has grown in response to strong demand from underrepresented groups to be heard and gain access. There has been a healthy proliferation of special interest groups, particularly in metropolitan areas outside the scope of this inquiry. The sorts of categories broadly are: ethnic, indigenous, radio for the print handicapped and religious, with the last being predominantly Christian. These groupings have formed their own subsectors and have pursued and been successful right from the start in gaining licences exclusively for their expressed speciality or community of interest. They are rightly part of a rich tapestry of community broadcasting.

At the same time in rural and regional Australia, where there has been a great deal of expansion in licensing opportunities, the weight has been towards generalist community licences awarded to groups with a geographic community of interest. Mike has already spoken about the 70-odd new licences in regional areas in the past three or so years. Just to break that down further, 34 of these have been for generalist services, which I must stress include a diversity of programming strains and interests. Of these, 18 have been to Christian groups, 14 have been for indigenous services, two for print handicapped and one for a dedicated ethnic service.

Community licences are awarded by the ABA after calling for applications and assessing them on their merits. This has to be recognised as conferring a lot of responsibility on the regulator in terms of getting it right in the first instance, particularly as there is also a statutory provision in the BSA that licensees must continue to service the community of interest that they represented at the time of the licence grant.

Michael has already referred to principles established in the act protecting community stations from formal takeover by commercial interests. Community stations are obliged to enter the commercial marketplace and to compete there, particularly since the bulk of revenue in the sector is derived from sales sponsorship and community fundraising, not from government revenue sources. If stations allow commercial considerations to become paramount, and their air time is accordingly flavoured by this, they inevitably tend to abandon the reason why they were licensed in the first place, so there is a delicate balance there.

From the community broadcasting sector's point of view, access and participation are the defining principles, and volunteering is the key. All of these principles are enshrined in the act

and, in general, the CBAA would want to see them retained and strengthened in any changes being considered to legislation. I would just like to say that they are all part of the important principle of structural diversity imposed by the Broadcasting Services Act. That is that the three sectors of national, commercial and community are essentially part of the system and complementary to each other, and that adequacy and comprehensiveness of services are considered across all services.

Lastly, I would just like to say that we would like to see the BSA continue to guarantee the community broadcasting sector having an individual, distinct and equal role in the Australian broadcasting system. Thank you.

CHAIR—You say you have 200 licences and 40 aspirants. How many of those 200 are members of your organisation?

Mr Thompson—We have between 80 and 85 per cent membership. I have not got the absolute exact figure because licences are changing all the time.

CHAIR—So about 170 of those are members?

Mr Thompson—Yes, that is right. There are four subsector bodies.

CHAIR—You or Mr Melville were referring to Christian groups, Aboriginal groups, print handicapped and ethnics.

Mr Thompson—I was just going to explain that each of those has their own subsector organisation.

CHAIR—Within your framework?

Mr Thompson—Most Christian stations but not all, and all ethnic stations but one, are members of ours. The Radio for the Print Handicapped stations are not members of ours. About five or six Aboriginal stations out of 18 are members of ours. In each case, all of the stations for that subgroup are members of their organisation. So we have a fair percentage, but certainly not everybody.

CHAIR—This might seem a trite question in one way, because the very nature of community stations is localism, but to what extent are your members encouraged to have some formal localism—for example, local news? I am not suggesting that it has to be provided by a professional newsreader, but I am talking about local news in general, sport, rural matters, if it is a rural type station, and community announcements—I suppose they go without saying in one of your stations. Is there a code of practice or an objective that is set for your members to aspire to?

Mr Thompson—There is not a specific one. The codes of practice, however, do point to stations complementing and supplementing other services in the area. In regard to news, we have our own satellite delivered service, which is provided on a national basis. It is prepared by Radio 2MC in Bathurst and the Charles Sturt University, and it is a quality service. From what

we can gather, most stations will provide a local service of some kind. At the moment we have a study being done by Griffith University to find out about that for us.

CHAIR—Do many of your stations buy in an hourly national or state news service?

Mr Thompson—On our own service provided on our satellite, we have—

CHAIR—Do you do one yourselves?

Mr Thompson—Yes, about 70 stations take that. There is a handful that will take a commercial service. Some stations feel that only a commercial service provides them with the localism they want. For example, the community station in Newcastle, owned by the university there, has just decided to take a local commercial service as well as a national commercial service. It is something we frown upon, of course, but they are independent and they do what they like.

Mr GIBBONS—How many people do you employ to maintain that national service? I take it that they would all be qualified journalists.

Mr Thompson—There is a small team at 2MC in Bathurst. I think there are three paid people, and it is part of the student curriculum that, to do their degree, advanced students get the experience on the air. We have had an evaluation of that service and it is considered to be pretty much on par with the existing commercial services.

CHAIR—There is a similar one in Perth that we inspected, attached to one of the universities.

Mr GIBBONS—For the purpose of the record, could you take us through what sort of money it would cost to set up a community radio station now in a place like Bathurst? And what would it cost to have it on the air for a full year?

Mr Thompson—How long is a piece of string? The thing about radio—and this may be quite different when we get digital radio—is that it can put together very cheaply. It depends on whether you have one studio or two or so on. But looking at radio in a small town right from the beginning, and depending on whether they can get the local Telstra person—if there is any left—to help them build a rack and that kind of thing, they could put one together for between, say, \$30,000 and \$50,000, depending on the cost of the transmitter and the links. But if you cobbled it together and did not necessarily use top class bits, it would be something like that.

Mr GIBBONS—What about licences?

Mr Thompson—The licence is free.

Mr GIBBONS—So there is no licence fee at all?

Mr Thompson—No.

Mr GIBBONS—How long are you granted permission to use that licence?

Mr Thompson—It is a five-year licence and, at the moment, is generally turned over at the end of that time.

Mr MOSSFIELD—Was it 200 extra licences this year?

Mr Thompson—No, there are 70 extra non-metropolitan licences. We have a total of 200 permanent licences now.

Mr MOSSFIELD—With the increase in licences over the last 12 months, has there been an increase in the audience you cover?

Mr Melville—There are two difficulties in answering definitively. One is that, by and large, community broadcasting stations are not part of the established industry audience measurement processes. We are not party to the audience surveys that FARB and its members commission. We do have a contract with another company, Roy Morgan Research, which offers statistically reliable information for most metropolitan centres and larger regional centres, but the sample sizes get too small the further you go into rural and regional Australia.

Mr MOSSFIELD—So there is no specific measurement, from what you are saying. The point I am making is that some people would see the value of community radio stations in making local announcements, such as storm warnings, flood warnings et cetera. However, if their audience span is not great it is a no-win situation, isn't it?

Mr Melville—That is true, but there are certain markets where the community station is predominantly the only local voice in the media market, so I guess it is a question of if and when and the extent to which people dip in and out of community broadcasting. There are overall Morgan figures for usage across all of Australia that indicate that six per cent of audiences indicate that a community station is their most listened to station. That is a fairly small percentage, but there is probably a band of about 20 to 30 per cent who will, from time to time, listen to community services. It may not be their first and most listened to choice, but it certainly is there, and there is a fairly high awareness in most of rural and regional Australia of the existence of their local outlets.

Mr MOSSFIELD—Have you any examples of best practice in any particular regional areas?

Mr Thompson—We have a list in our submission of stations we have picked out which are feature stations for us and have some particular aspect to them.

Mr Melville—We refer you to pages 4 and 5 of our submission.

Mr HARDGRAVE—This includes 4BCR Bundaberg. That is a very strategic offering from your organisation.

Mr Melville—Yes, we thought that too—one of the jewels in the crown.

CHAIR—I could not think, for the life of me, why you would want to put that one in there!

Mr Melville—What is your local station, Mr Hardgrave.

Mr HARDGRAVE—I have so many.

Mr Thompson—It was probably a bit unsubtle putting it first.

Mr Melville—Those on the list are by no means selected as the exclusive leading stations in the sector but we did think that, for various reasons, they were good examples.

Mr MOSSFIELD—Are there any examples in western Sydney?

Mr Thompson—The ABA is licensing three new stations in western Sydney: Campbelltown, Blacktown, and the other I am not sure of.

CHAIR—Community stations?

Mr Thompson—Yes, they are what we call submetros. And there will be three additional Sydney-wide services. So people in western Sydney, on the outskirts, will be well covered.

Mr MOSSFIELD—Thank you.

CHAIR—Doubtless, all with the Mossfield half hour.

Mr Thompson—That's cruel!

CHAIR—I was only joking.

Mr HARDGRAVE—I want to ask a couple of questions about what drives community broadcasting. Is it a supply of what you think people want or is there a demand being met? What creates a community radio station?

Mr Thompson—Let us look at music because it is an interesting area. The federal government in 1998 set aside \$1.5 million to go to the community sector. If you look at the rest of the broadcasting spectrum, you have the commercial stations—which essentially have pretty tight formats. Often in rural and regional areas you have a second commercial station licensed, an FM one, and that runs a pretty tight format—more and more, of course, off a satellite from somewhere else. You have, in the ABC, certain genres which are particularly supported—for example, the Triple J network all over the country. But there are lots of genres of music which are not well represented on radio, although they may be in some areas. For example, country music: CBAA runs off our satellite every morning a country breakfast show.

Mr HARDGRAVE—So are you saying that your organisation networks as well?

Mr Thompson—We network. The difference between our networking and the other sectors networking is that ours is basically a complementary service which is there to fill holes, and

particularly to provide overnight programs. There are not going to be too many volunteers in small towns, or anywhere else, sitting there at 2 o'clock and 3 o'clock in the morning.

Mr HARDGRAVE—There are not too many people paid to do it who like doing it, either.

Mr Thompson—And I guess it is the nature of volunteerism that, if you are retired, you go in to some station between 2 p.m. and 3 p.m., but some time you might have to go to the doctor or whatever. So our satellite service is a constant backup. The stations can switch it on when the last volunteer goes home and switch it off at 6 o'clock in the morning to run their own breakfast show.

Mr HARDGRAVE—So it is local decision making.

Mr Thompson—Local decision making entirely, and it fills in the holes.

Mr HARDGRAVE—You said that within the provisions governing your sector stations had to be owned, controlled and operated locally. So you are meeting a local demand, be it a genre of music or an expectation of other local content. Is the community sector created to meet a demand or through a group of aspirants who believe that they can supply something that they themselves would like to hear and suspect others would too? What is the more likely driving force?

Mr Thompson—It is not going to be either/or—it is going to be both.

Mr HARDGRAVE—Is community broadcasting growing as a response to the perception of a decline in localism on commercial and ABC alternatives?

Mr Thompson—We have not got any actual research on that. I suspect that it is driven by both the demand and the supply side. Back in the early nineties when government policy was changed, the policy became, 'Let a thousand flowers bloom.' You talked to the commercial people about that and it was open slather. If you were a commercial operator and you fell over, then there was someone there to take your place. That never suited the community sector because often it takes years to build up the group and get them ready to broadcast.

Mr HARDGRAVE—I will talk very quickly about two other things: firstly, the diversity matter which was raised in your comments before, Mr Melville. Essentially, the Broadcasting Services Act says that one station does not have to be all things to all people anymore, but the market has to have a local feel to it. Do you think the community broadcasting sector is actually helping some commercial radio and ABC radio out of the hole as far as the provision of local programming is concerned?

Mr Melville—Yes, by default.

Mr HARDGRAVE—Taking up the slack?

Mr Melville—Just judging from the tone of the submissions I have read, I think that is implicit.

CHAIR—But at other times you compete with them. For example, you have very good community broadcasters in the FM fine music field—especially in Brisbane and Sydney—that, if anything, would compete with the ABC's FM, would they not?

Mr Melville—That's correct. Let's look at this as the market for local advertising. We are only allowed to do a limited form of advertising. We are limited by time—and you have already mentioned the five-minute statutory limit—and limited also in the sense that the advertising message can only be a succinct statement of the sponsor's support and must be tagged accordingly. So the format of the sponsor's message is limited. But, yes, in that sense, particularly in metropolitan markets, there is keen competition from some of the more dominant and successful community stations for sponsorship.

Mr HARDGRAVE—What is the viability like in the community sector?

Mr Thompson—The interesting thing is that over the last 30 years we have had two stations hand back their licences, one recently in Western Australia. In Roma in the 1980s when there was a long drought and recession, the station at Roma, to give you an example, went off the air for two years. But they did not hand back their licence, the then ABT did not ask for it back, and once the economy picked up again the station went back on air. We would hope that if that happened again they would just take our satellite feed, which has become a lot more sophisticated.

Mr HARDGRAVE—I want to find out about the viability of the sector. I accept your examples, but is the sector viable? Are stations, generally, surviving? Are stations, generally, selling their four or five minutes worth of sponsorship an hour? Are stations generally doing okay? There is this problem in the commercial sector where there is a 70:30 split, or 80:20 or whatever. You have got a whole bunch of stations that are struggling, from what has been suggested and from what seems to be around the industry. Viability is a big question. You were here earlier this morning when I put the same thing to the people from the Federation of Australian Radio Broadcasters. Is viability being counted in the issuing of commercial licences, but also in the issuing of community sector licences? Is it a case that these hundreds of extra licences are creating a whole bunch of people who are going to fall down, or is the sector going along all right?

Mr Melville—It is probably a bit early to say. As Michael said, we have got 200 licences now. We have grown from about 126 in 1992 to 200 now. Most of the growth, particularly in regional Australia, has been in the past three years. So far they are holding in. It is difficult; we do hear that it is difficult to raise sponsorship. We hear Mr Neville hypothesising about increasing the five minute limit to six minutes, but in a lot of cases stations cannot even sell the full five minutes. So it is a question of making do with what money you can raise.

CHAIR—You mentioned earlier a figure of \$30,000 to \$50,000. I am not talking about a station where you are doing networking, like Bathurst, but what does it cost per year to run the average suburban or country community station?

Mr Melville—We would probably have to take that one on notice.

CHAIR—Mr Hardgrave touched on a very important there, the viability. If you cannot answer that now, could you answer that on notice. Could you give us, say, six typical ones like you have listed here, and what it costs to run?

Mr McARTHUR—You must have a ballpark figure on that.

CHAIR—Mr Thompson, just off the top of your head, what would you say?

Mr Thompson—We have about 60 to 80 stations whose total income is under \$100,000 a year and probably another 40 to 50 between \$100,000 to \$150,000. Once a community station has paid off its capital—and the current FM technology is cheap—you can run them on the smell of an oily rag so you are not going to have them dropping over. They have quite a bit of flexibility but they are not an optimum service in that situation. They need to be getting up towards \$70,000 to \$100,000 a year to run an effective service. But we have a station with an annual income of \$7,000 a year in Omeo on the border. Local volunteers run it—it is there and it goes.

Mr HARDGRAVE—Are you saying that the ABA, in administering the Broadcasting Services Act, which does not specify viability, would not be able to really make much of an assessment in your sector?

Mr Melville—You should talk to them about how they do it, but they base their licence grant decisions on social need.

Mr HARDGRAVE—On contribution to local community of interest?

Mr Melville—On community of interest and an evaluation of how well you, as an applicant, would serve that particular community of interest.

Mr HARDGRAVE—It has been suggested that, with a perception of decline in localism in the commercial sector, community radio might be well placed to come in and fill this gap. Is community radio able to do that? You are saying you have stand-by networking already as filler material. I would be interested to know how that sits with you regarding provision to be controlled, owned and operated and whether or not that goes close to the edge.

Mr Thompson—You answered that question to me in saying that is totally up to the local station whether it takes any programming off the satellite. It only does it to fill in.

Mr HARDGRAVE—Would the community sector be able to pick up any of this localism and further help the commercial sector and the ABC out of this local hole problem?

Mr Thompson—I think we do so. To be specific, with this dramatic increase in rural and regional licensees, there has been no increase in the very small amount of government money that goes into the bucket for general grants. It does not take much—I think only between five and eight per cent of the income of general stations comes from government sources. Back in the 1980s it was thought that a most effective community station would operate on a three-part basis: a third of its income would come from sponsorship, a third from fundraising, and a third

from all government sources, which would include subsidies from the council that might house the station.

Mr HARDGRAVE—That was probably easy when there were 20 stations, but now there is 200 it is a big dollar, isn't it?

Mr Thompson—Is it? You have \$500 million or \$600 million for the ABC. The total amount of money that goes into the Community Broadcasting Foundation a year is about \$5 million and quite a lot of that goes direct to ethnic and Aboriginal stations.

Mr McARTHUR—The ABC might give you a bit. They have plenty.

Mr Thompson—Would they?

CHAIR—We might move on but we can come back to that.

Ms LIVERMORE—Some of that discussion leads into the things I had to ask. In your submission you talk about the call that you made before the 1998 election for \$6 million for management support and employment package. Why have you identified that as a priority and what are you looking at in the community sector to achieve with that funding and management role that you are not doing now?

Mr Thompson—The reason is that, when we go and talk to politicians, they say the ABA has gone out and licensed all these stations and what if a lot of them fall over? What is the real need often? The real need is for them to develop effective management so that they can go out and make sure that they access their community and access funds and operate as effective small businesses.

There is money that can go into all kinds of things. But two of the things we think are really important are management training and for a lot of the new stations to get somebody who might act as a kind of stable point in the station. He might be paid part-time for a couple of years until the station really gets on its feet and can run itself completely free of government money. I guess our point was to go back to where people say to us, 'But they have licensed all these stations in small towns; they are going to fall over. Why would you put government money into them?'

Ms LIVERMORE—You are saying that community broadcasting has been in its infancy. You see potential opportunities where, with that kind of support, you could move into a new phase and perhaps broaden what you do in town. Is that what you are getting at?

Mr Thompson—It is not in its infancy—

Ms LIVERMORE—Are you consolidating what you have or expanding what you are doing?

Mr Thompson—The new stations are in their infancy, yes. There are plenty of ones in other places. For example, the station in Bathurst operates very effectively. It has got university

backing. There are other country stations that do not need help; there are plenty of Sydney stations that do not need help. But there are a lot of new ones now, and they probably need a little leg up.

Ms LIVERMORE—You said that when you apply for your licence and achieve your licence you have to serve the interests of the community that you were purporting to represent at the time of your application. How is that tested, who tests it and how often is that revisited in the five-year span of licences? Basically, who keeps an eye on the fact that that station is still meeting the same needs of the community?

Mr Melville—The simple answer is that it is the ABA as the regulator that grants the licence. How often is it tested? It probably is not tested at all in the sense that the ABA is a regulator which is complaints driven. You will hear them talk about regulation by exception, so unless there has been a complaint or a campaign of complaints about the sort of programming or the sorts of committee structures or the decisions that go to community of interest questions, it may never get looked at. There is a period of five years for the grant of a licence. We actually call them permanent licences, which is a bit of a misnomer in a sense, but they are five-year licences rolled over perpetually at the end of each five years. But there would be some capacity at the end of that five years, depending upon complaints, I would suppose for the ABA to relook at the question, although I think the ABA would say that its powers are limited to actually review and reconsider community of interest questions.

Ms LIVERMORE—So when you have volunteers running the radio station—and I am assuming there is a management committee of the incorporated organisation that runs it—who or what governs the conduct of those volunteers? If you are a commercial broadcaster or a professional journalist, you have certain codes and standards that you have to adhere to. Is there an equivalent for your volunteers in a community broadcasting environment?

Mr Melville—There are probably a couple of different levels there. In terms of the actual licensees, the companies, they fall into broadly two categories. They are either registered associations under state law or they are corporations—companies limited by guarantee under Corporations Law. So there are certain accountancy, transparency and reporting requirements under company law. That is one area.

They are susceptible to takeovers and changes in personnel at the management committee level and at times—thankfully not in too many cases—there can be quite fraught struggles over stations. We tend to provide the best possible advice on dispute resolution and leave that to communities themselves to sort out. As a sector body we do not intervene. In terms of what might govern conduct and decision making, aside from black-letter law, there is our code of practice—the Community Broadcasting Code of Practice—which, in a similar way to the commercial industry, is a voluntary code that at the end of the day can be sanctioned by the ABA.

Mr Thompson—That requires them to set up mechanisms for complaints resolution and that kind of thing.

Ms LIVERMORE—I just know that, with the conduct or the running of community organisations, you can sometimes get those sort of takeovers and you do not know whose hands things fall into.

Mr Melville—You can, but hopefully it is within the shell of the original company and also it is still too broadly to the purpose that it was originally licensed for.

Ms LIVERMORE—Where do most community stations get their technical support from, or is the equipment not that complicated so that you can call in a local electrician or electronics engineer?

Mr Melville—In the old days, there used to be very rigid rules about all of that. With deregulation, I think some of that has been deregulated as well. It is usually the case that a local station can find some person who is really keen and has experience. There are certain standards that are set but nowadays there is not nearly the same policing, as long as you operate proper health and safety standards and your signal does not become a dirty signal and interfere with others. Nowadays the rest is really up to you.

Ms LIVERMORE—So it is not a big issue for stations in keeping going?

Mr Melville—No.

Ms LIVERMORE—Finally—you might have to take this one on notice—do you know how many towns there are where the community station would be the only service available? Would there be any?

Mr Melville—Yes. There are places like Mallacoota and Omeo, which I mentioned. There might be up to 20 of them. I am not sure.

Mr GIBBONS—You might be able to find that information for us and get back to us.

Mr Melville—We will.

Mr McARTHUR—You note in your submission that community radio is largely sustained by the efforts of 25,000 volunteers. In the context of Australian social life, where volunteerism is actually declining and commercial imperatives are taking over, do you think there is a future for community radio?

Mr Thompson—I think there is one. It is a bit like the Olympics when one says, ‘How can they get all those excited volunteers all being part of the Olympics?’ The thing about being on air—and that is what is offered—is that it gives people a particular kick to run their own program. It is an attractive selling point for volunteers. I do not think we will ever be short of volunteers. We might be short of those to clean the studio or make tea or do the sums, but I do not think there will be any problem with getting people to go on air.

Mr McARTHUR—They enjoy the activity of radio broadcasting and that is what attracts them to be in your particular segment of the market.

Mr Thompson—I think it is important.

Mr McARTHUR—It is my impression that things are always done on a shoestring in terms of both facilities and personnel. But you are telling the committee that that will be overcome by the alternative desire to volunteer and participate and enjoy being associated with radio. Is that what you are telling us?

Mr Thompson—Yes.

Mr McARTHUR—You mentioned some of the groups, religious and others. How many specific groups would be in control of—and I use those words advisedly—community radio groups?

Mr Thompson—I am sorry, I do not understand your question.

Mr McARTHUR—It has come to my attention that some of the radio groups are controlled by particular interests, whether they be quasi-political, religious or have another community point of view. Are you saying that, in your experience, the controlling interests of most of them are broadly based?

Mr Thompson—If they are licensed as a Christian station, then they will have a board of Christians and they will be run in that way. If you are talking politically, Griffith University have done some surveys recently. The university did a survey of 100 of the managers and asked them their political leanings, and it splits down the middle. It is virtually the same for our audiences as in the Roy Morgan survey. We are very close to sitting fifty-fifty. That is the total sector.

Mr McARTHUR—I was trying to keep away from mainstream politics but referring to, say, environmental attitudes, religious attitudes or particular issues of local councils and so on. Are they dominated by that? Is it more mainstream views and ideas that are involved in community radio? Are you confirming that?

CHAIR—Are you alluding to the type of situation that occurred with the community television station in Brisbane where the God Group stacked the annual meeting?

Mr McARTHUR—That was going to be my next question, Chair.

Mr Thompson—Those things happen, I guess.

Mr McARTHUR—Could you give us an assessment of that similar to what Kirsten Livermore was saying?

Mr Thompson—We have an expert on that here.

Mr Melville—I will be very careful here. I do not want to be evasive but it is hard to generalise. It waxes and it wanes. From time to time, you can get cliques and dominant groups;

you can get loose affiliations of like-minded individuals taking over a licence but, at the end of the day, they are meant to be open and democratic associations for people to participate in.

In the case of community television, which is not subject to this inquiry and is a largely metropolitan phenomenon, they are under a lot less strict licensing conditions because they are part of open narrowcasting although they are expressly for community and educational purposes. On other matters of public record, we have views about how appropriately or not community television is licensed, but they are not as strictly regulated by the ABA and others as they should be. Getting back to community radio in regional areas, each and every one of those licensees in rural and regional Australia is an independent, locally owned company.

Mr McARTHUR—A company under the Corporations Law? You were not too sure about that.

Mr Melville—They are both. Each and every one of them is an association or a company and each of them is independent. There is not an ownership network or any dominant group that owns a number of licenses across a wide area.

Mr McARTHUR—One gets the impression it is a pretty loose arrangement all the same. Community radio is the way they are controlled and run. It is not tight. In your early submission you alluded to the fact that they need a bit more management.

Mr Thompson—Yes, they need more effective management but all non-profit community services in all areas are like that. Your local golf club could be taken over by people who have a particular view about something as well.

Mr McARTHUR—So you are saying the bottom line is that there is not a lot of accountability?

Mr Thompson—No, given that they are community organisations, they are accountable for their licence. They are accountable to the ABA for what is on air; they are accountable through the codes of practice.

Mr McARTHUR—Who enforces all this? If you have a problem, because the listening audience is not that big, I get the impression there is not a big enforcing set of guidelines nor people who will come in and straighten it all up.

Mr Thompson—If it were your local golf club, and something happened, you would have the Corporations Law. In the case of community radio you have two things: you have the Corporations Law or the state associations law, if it is about the fact that the chairman is not democratically elected or any of that kind of stuff.

CHAIR—So all your stations are either under the Corporations Law or the community type equivalents in the state.

Mr Thompson—Yes, incorporated associations.

CHAIR—Do you insist on that?

Mr Thompson—The ABA insists on that. You do not get a licence. There are all kinds of rules that cover all community businesses or non-profit companies under that. In addition to that, you have the rules set by the ABA and the codes of practice, so it depends on which way you look at it. But in one way it is more regulated than a lot of other non-profit community organisations because you have the ABA as well as the Corporations Law.

CHAIR—On Mr McArthur's point, the societies and corporations act in Queensland is administered by the Office of Fair Trading, for example. They send sporting clubs a model on incorporation, including a set of documents that are quite simple. Do you have a model for a community station radio that fits those community incorporations?

Mr Thompson—It is approved by the ABA and we send it to every group that joins us.

CHAIR—That state corporate affairs people recognise as well?

Mr McARTHUR—And does it work?

Mr Thompson—Yes, it works. You can always find some place where there is a community uprising about something.

Mr McARTHUR—As a rule of thumb, does the set of guidelines work out in community radio?

Mr Thompson—Yes, it works.

Mr McARTHUR—You get the odd takeover and the odd sort of strange set of practices, but overall the thing works out.

Mr Thompson—Yes, that is our view.

Mr Melville—As parliamentarians, you probably receive representations from aggrieved members of the community and are asked to intervene, but the broadcasting industry is at one remove from direct parliamentary intervention, as you would appreciate. I think largely it does work.

CHAIR—On that note we have to wind up. Thank you for coming today. Yours is a very important role in the radio spectrum, so to speak, and we thank you for the frankness of your answers. If we need to come back to you for other information I trust we can do so.

Mr Thompson—Yes.

Proceedings suspended from 11.20 a.m. to 11.36 a.m.

HOWARD, Ms Susan, Director, Radio, Australian Broadcasting Corporation

KNOWLES, Mr Colin John, Director, Technology and Distribution, Australian Broadcasting Corporation

MASON, Mr Michael Phillip, Head, Local Radio, Australian Broadcasting Corporation

SUMMERILL, Mr Roger Bruce, Manager, Local Radio, New South Wales, Australian Broadcasting Corporation

CHAIR—In welcoming you here today, I would like to add our appreciation for your courtesy at Ultimo a few weeks ago and for that very comprehensive briefing you gave to the committee. We appreciate that very much.

This is one of the most important inquiries we have done, and a measure of the importance we attach to it is that we are asking all witnesses to take an oath or make an affirmation. In any normal circumstance, proceedings of a parliamentary standing committee are proceedings of the parliament itself. The same degree of gravity attaches to those activities as to the House itself, so any false or misleading evidence can be considered a contempt of the parliament. But we take this to be an even more serious inquiry, and I just wanted to explain that before we proceed.

Although a lot of the currency this inquiry has received in the media would lead people to believe that it is centred just on commercial radio that is not the case. It centres on commercial radio, the ABC and, indeed, on community radio, whose representatives were the previous witnesses. Sue, would you like to give a five-minute opening statement or an overview of your presentation?

Ms Howard—By all means. I will be brief. From the ABC's point of view, I would like to affirm our commitment to regional radio and ABC radio in regional Australia. It is something that we believe in very passionately. I believe we serve a vast majority of the Australian community very well.

CHAIR—The matter of local content, as you are probably aware, is seminal to our inquiries, and the ABC does have a tradition of regional radio stations. But one of the things the minister has asked us to look into is the extent to which networking is used. The committee is not suggesting that networking is of itself intrinsically wrong but rather the excessive use of networking. What is your general view on the role of localism and networking, particularly in your regional stations?

Ms Howard—Over the last four years since I have been responsible for local regional radio, what we have done as much as we possibly can afford to do is to reduce some of the networking that was in place until then. I believe that there is a place for a reasonable balance between some nationally networked and some state based and local programming, but I make no secret of the fact that it would be nice to have a greater number of staff in each regional station so that we could have a greater amount of local programming. It is not possible, so where we can we network programs in their local state rather than nationally. But there are some programs, for

example, Ian McNamara's *Australia All Over*, which is a nationally networked program that I would not want to take away from an audience, and the Tony Delroy program, which is also very successful, and I would not want to take it away from audiences—I think people would be upset. So there are times when national networking—and our commercial colleagues know this too—is a very good form of radio for us.

CHAIR—Would it be fair to say that most of your stations, except the unique networking system you have got in Victoria, would be local from about 5 a.m. until 11 a.m. each day?

Ms Howard—That is right, except Western Australia also has the state based local program and then local drive programs in the afternoon.

CHAIR—We have had verbal evidence to the committee—and we talked to FARB about this today—that, in the afternoons when the Brisbane feed, as a typical example, is used in rural Queensland and they start getting road reports and Moreton Bay reports, that tends to antagonise people in country areas. Is that a measure of economies or that you just cannot get good presenters in the afternoons in the country? What drives that?

Ms Howard—The state-wide program in the afternoon would be a question of economy for those people, that there cannot be both a regional drive presenter and a regional afternoon presenter. We simply do not have the bodies, unfortunately, to present those sorts of programs. There is, however, a regional drive program.

Mr Mason—It is just the afternoon between two and four that goes across the state.

Ms Howard—There is a metropolitan drive program from four to six and also a regional drive program for regional Queensland.

CHAIR—So the only time that the country people would hear of some road eventuality that occurred in Brisbane would be between two and four?

Ms Howard—Correct.

Mr MOSSFIELD—Could you expand on the question of a greater number of staff: if you did have extra staff, would there be a visible improvement in service and could you identify that improvement, or is it just a wish to have more staff?

Ms Howard—No, I do not automatically wish to have more staff. Each of the regional radio stations runs very lean, so we have a person to do a breakfast program and two people whose job it is to put together the local morning or the local drive time program. If we had an extra staff member, or possibly two, we could mount another program, but until those sorts of people are actually in situ in the stations it is not possible to do that. And, as things stand, it is not likely to happen in the short term.

Mr MOSSFIELD—We all understand the situation. But are you in a position to make representations to top management on those types of issues?

Ms Howard—I believe our chairman will be writing to the minister today or early next week. You may have seen a great many press reports about the corporation asking for more ongoing funding for the organisation. Some of that is directed to regional and rural services in particular.

CHAIR—What proportion of the \$40 million would be going to regional and rural services?

Ms Howard—Off the top of my head I cannot—

CHAIR—Have you got a ballpark figure?

Ms Howard—No. I am happy to supply that to you later but I could not at the moment, I am sorry.

CHAIR—On that point that Mr Mossfield has raised, Mr Shier has said that he has a wider vision for regional and rural broadcasting. Can you give us the flavour of that?

Ms Howard—One of the things that we have been talking about, and that I think we have talked to you about before, is to have staff in each of our regional stations, for example, who are not just there as radio broadcasters but can also film for television and put vision on the Internet. It is something that we have piloted in a small way and it is obviously something that we would like to have happening everywhere.

Next year we begin a national television program called *Radio Pictures*, which we have piloted in Western Australia, which uses the talents of the radio staff in each of the regional stations to make a television program. One of the things that that does very well is show their town or their region to the rest of Australia more effectively than I think anybody else manages to do, because they live in that town, they know the region and they represent their patch very fairly to a wider audience.

Ms LIVERMORE—Sue, my question is about that crossover between the traditional radio service from the ABC and the move into multimedia. I read in your submission, on page 25, about looking at putting this extra position into local stations to do that job.

Ms Howard—Each of the local stations—that is right.

Ms LIVERMORE—Yesterday there must have been some reports in Queensland because I had my local paper chasing me foreshadowing significant cuts to regional radio in Queensland.

Ms Howard—Yes, I noticed that too. It was quite a surprise to me.

Ms LIVERMORE—I read this only a couple of hours after I got the call from my local paper. So is part of the cut to regional radio being channelled—

Ms Howard—There is no cut to regional radio. Your paper in Rockhampton, which got very excited, is being revved up by someone who has got their facts wrong. There is no cut.

Ms LIVERMORE—So no cut to regional radio, but is it the cut to news and current affairs that is feeding that story?

Ms Howard—I honestly do not know, because I do not imagine that journalists will be leaving the station either. I read that with interested surprise.

Ms LIVERMORE—You would envisage that this would genuinely be a new, extra position?

Ms Howard—That is right: extra positions. It is not possible to do it without an extra position. To some extent there are now staff in our stations who are shooting video, but they do it out of the goodness of their hearts to a large extent—it is not part of their main duties by any means. So this would be an extra position. To do it properly, we need an extra body.

Mr HARDGRAVE—In fact, I could not see where he could cut any more staff out of regional Queensland.

Ms Howard—No, neither can I—or regional anywhere else.

Mr HARDGRAVE—Yes, I suspect you are right. Your attachment C tells me that there are 271 people involved in ABC regional radio as full-time staff. Using the example of Rockhampton, where there are five in regional radio, does that include people who answer the phones, do the typing and all of that?

Ms Howard—They all answer their own phones and do their own typing.

Mr HARDGRAVE—I wanted to get that on the record.

Ms Howard—Mind you, so do the rest of us here.

Mr HARDGRAVE—It certainly was like that years ago when I dropped through 4RK and the ABC TV newsroom up there. It was a very modest and efficient operation. I would like to explore a little just how lean and mean that particular sector of the ABC runs compared to others. Is there any ceiling on the level at which, say, people are employed in regional radio—a pay ceiling or something?

Ms Howard—There is a notional range for all of the positions, but that is true for all positions in radio, not just for regional radio in particular.

Mr HARDGRAVE—Is there some sort of disparity, then, between the pay for staff in metropolitan Sydney—because I am from Queensland and it is best to pick on Sydney—compared with what is happening in country regional areas?

Ms Howard—In some ways, yes, there is, but the reason for that is often that people start in regional radio and are therefore at the bottom of the salary scale. You will find that they have a tendency in the city areas not to move on—to remain with the ABC and move up the pay scales as their experience requires. Often it looks as if there is more money in the metropolitan areas,

but in most cases it is more a question of paying experienced staff than a deliberate policy of keeping regional radio poor.

Mr HARDGRAVE—What happens if somebody has lots of years of experience in, say, regional radio in Rockhampton and has built up a loyal following—they are not necessarily rewarded by the system?

Ms Howard—No, they would be. For example, our regional program manager in Rockhampton has been there for a very long time and is very experienced and very valued.

Mr HARDGRAVE—What are the staffing levels like in metropolitan radio for the ABC?

Ms Howard—It varies from station to station. The better staffed stations in Melbourne and Sydney would have around 25 to 28 staff members. Often, though, they also include staff members who are involved in hours and hours of sporting broadcasts, which are then nationally broadcast. Some of the metropolitan stations are quite small: around 12 to 15 staff members.

Mr HARDGRAVE—So what about 3LO?

Ms Howard—It is 774 in Melbourne.

Mr HARDGRAVE—I am sorry, whatever the frequency call sign name is there. That would be one station and obviously in Sydney—again, let us pick on Sydney further—Radio National is produced. PNN comes out of Brisbane more than Sydney, doesn't it?

Ms Howard—It does now, yes. PNN is also out of Melbourne.

Mr HARDGRAVE—So Radio National would have a lot of people attached to it in Sydney?

Ms Howard—Yes, but there is also a large contingent in Melbourne and there are staff also in Adelaide, Perth and Brisbane for Radio National.

Mr HARDGRAVE—How many people are employed for Radio National?

Ms Howard—Around 120 full-time and part-time staff.

Mr HARDGRAVE—So 120 in Radio National and 271 in regional radio all round Australia. That is interesting.

Ms Howard—It is comparing apples and oranges, though. They do very different sorts of programming, and Radio National is on air 24 hours a day.

Mr HARDGRAVE—It is just that Friends of the ABC claim in their submission that the decision by ABC management in changing budgets around has had a direct impact on ABC regional radio—that regional radio has lost its separate identity, that this local radio concept together with the capital city and metropolitan stations are really where regional radio has ended up, and it has all been gobbled up and lost.

Ms Howard—It has been like that for as long as regional radio has been there. There was a patch where the evening program from seven to 10 was nationally networked. We have now pulled that back. It is no longer a nationally networked program.

Mr HARDGRAVE—So the Friends are wrong in their suggestion on that?

Ms Howard—I am a bit surprised by the suggestion.

Mr HARDGRAVE—Can I very quickly ask a question about local content. The chairman rightly raised the question of localism and, as you would no doubt understand, under the Broadcasting Services Act there is this feel in the marketplace about everybody making a contribution to the local feel. How local is ABC local radio?

Ms Howard—It is as local as we are able to be. The thing that I think is important for us is that we are living and working in those towns. I think it is important to have a physical presence there, even though the number of staff there may be small. But you are right: we are truly local for less than half the day and state based for as much of the day as we possibly can. My aim is to make national networking the least significant part of what regional radio hears.

Mr HARDGRAVE—How does it compare to, say, the commercial environment in similar markets? Could you give a rough assessment?

Ms Howard—I do not know that that is fair for me to assess really. I would say that it is different from market to market. We are talking about 58 different places. That is a big ask for me to comment on all of those.

Mr HARDGRAVE—The only reason I ask it is this business of the BSA prescribing this sort of contribution—this is my terminology—to the local feel. We have been walking down the track with the community broadcasters this morning who say that they are helping to get the ABC and commercial operators out of the hole as far as contributing to that local feel.

Ms Howard—That is very generous of the community broadcasters!

Mr HARDGRAVE—You are doing all you can with what you have.

Ms Howard—And it would be wonderful to be local from six in the morning to six at night. There is no doubt that I would love to be able to do that, but it is just not possible.

Mr HARDGRAVE—Just to round this off, Radio National, a national network providing news and information, has 120 people. How many staff work for PNN?

Ms Howard—Up to 20.

Mr HARDGRAVE—What is the more expensive network to operate?

Ms Howard—Obviously Radio National is the more expensive network to operate. It is a specialist programming station. That, by its very nature, is more expensive radio to make.

Mr HARDGRAVE—Would there be any concept within the ABC's forward planning to look at trying to redress this circumstance of pulling from, say, Radio National and putting it back into regional radio to try to boost circumstances to make the dollar travel back into the local areas rather than pumping it out of Sydney?

Ms Howard—I am a fairly newly Director of Radio for the ABC, and at this stage we are reviewing all budgets. It is not a comment I feel I could make this early.

Mr HARDGRAVE—Is it on or off the agenda?

Ms Howard—All budgets are being reviewed. I think that is the fairest thing to say. I may find—and I suspect I will find—that most of my output is as strapped for cash as regional radio is.

Mr HARDGRAVE—The 120 people working at Radio National would be more expensive than having 120 people out in regional Australia.

Ms Howard—Why is that?

Mr HARDGRAVE—Because you have said that there is more or less a ceiling on the capacity of people in regional Australia to be paid.

Ms Howard—No, that is not quite what I said. I said that all broadcasters operate within a ceiling range.

Mr HARDGRAVE—But would the dollars go further in regional areas than in Sydney?

Ms Howard—Not necessarily, no. I do not think that would be a fair comparison to make. I would like to. It would be an easy thing to offer up, I suppose—

CHAIR—You have more of them, I suppose.

Ms Howard—but I do not believe that is the case.

Mr McARTHUR—Due to the shortage of time, could I just raise four issues? Firstly, do you regard yourselves in competition with the commercial regional radio stations? We have had previous witnesses who have had to keep a very careful eye on the dollar, so are you into the ratings argument? Secondly, what of the networking debate? Obviously, the *Country Hour* has, as I understand it, state-by-state segments, so that gives the localism where you have a national program.

Ms Howard—That is correct.

Mr McARTHUR—There is also Tony Delroy, who all of us hear because we are often going home from work about midnight. We reckon that is networked around the nation—

CHAIR—We want to know what is going to be in the papers the next morning!

Mr McARTHUR—Would you like to express your concern about the balance of those two things as we hear them? Thirdly, would you like to comment on the stoush between John Faine and Neil Mitchell in Victoria, putting up the merits of commercial radio versus the ABC? That seemed to be a pretty public debate in the last three or four days. The final issue, which is pretty important, concerns the licence allocation. I have the impression that the ABC has its licence almost by historical allocation and there is no auctioning of that and no real competitive pressure, whereas our commercial friends who we talked to have their licences come up for auction every so often. Would you comment on that?

Ms Howard—I will take the first three points and then perhaps Colin can deal with the final one. I think that we would regard ourselves as having a complementary role in regional Australia with our commercial counterparts. We are there to provide community service. We offer different services from commercial radio, by and large, and I think that is part of our strength. With regard to the networking issue, I think I have answered that, unless there is something that I have missed in your point there.

Mr McARTHUR—This committee is challenging fairly strongly the networking of commercial stations interstate.

Ms Howard—As I said, I would like to have, where I could, less networking than we have now. As I said, we have reduced the amount of networking on local and regional radio over the last three years.

Mr McARTHUR—Reduced or increased it?

Ms Howard—We have reduced the amount.

Mr McARTHUR—What is your policy?

Ms Howard—The policy is to reduce it as much as possible, but, as I mentioned earlier, I do not think that I run the risk of taking Tony Delroy away from most of our audiences, by the same token. On the third point, the question of John Faine and Neil Mitchell, I have not heard the whole tape of that interview but I am told it was a highly entertaining piece of radio.

Mr McARTHUR—It did demonstrate the argument of Victorian local ABC versus a strongly based commercial station and what their attitude was. You do not have a comment on that?

Ms Howard—No, I am sorry, I have not heard the whole of the interview. I heard a couple of comments—

Mr McARTHUR—It was quite well reported.

Ms Howard—I am afraid I was on radio at the same time so I missed hearing it.

Mr McARTHUR—What about the licence allocation?

Mr Knowles—The issue of licence allocation is that if you look at the historical situation, none of the broadcasting licences in existence before 1992 were ever auctioned. They were allocated out to the broadcasters on a beauty contest basis. All of the commercial licences, community licences and national licences that existed before 1992 were simply handed out. The commercials paid an annual licence fee based on revenue, as indeed all commercial licences still do.

After the Broadcasting Services Act came into being a new arrangement was set in place whereby the ABA would look at a market in its entirety, decide on the mix of services that would best serve the community, and then balance between national services, commercial services, community services and narrowcasting services in terms of allocating the available channels in the marketplace. That is a public process where they call for submissions and so forth. If the ABC wants to bid for frequencies in that process, we actually go in through the ABA's process and say how we would contribute to the marketplace as well. The only way the ABC receives a frequency is for the Minister, at the end of the day, to ask the ABA to reserve a frequency. In other words, he says, 'I think the ABC should have a channel to do whatever,' whether it be an FM service or an AM service. That has been the process since the new thing came in.

In relation to commercial licences, rather than having long, lengthy inquiries, which were awfully expensive and usually yielded a fairly differential result, the ABA moved into an auction process, a very simple process where the frequency was put on the table and, as in a straightforward house auction, it was sold immediately. The same applies to narrowcast licences. The only licence therefore remaining in the beauty contest model is community licences where, if there are competing demands, they will allocate it between the competing interests in terms of how they might best serve their community.

The ABC goes through that process. Yes, we have got frequencies that we have had for many years, which are used. There was a general principle enunciated by Senator Collins in 1992. He asked the ABA to look at the possibility of providing for all of the ABC programs—local, regional, national, et cetera—in its planning. There are many markets in which it has not been able to do that. There is an issue for us at the moment in that in a number of markets it may prove to be totally impossible if we want to expand our network, say, for example, in putting out news radio, because the frequencies are all used up and have been allocated.

Mr McARTHUR—But you do enjoy a certain monopoly status because the minister allocates the spectrum.

Mr Knowles—The minister does not allocate it. The minister goes through a response to a public process with recommendations from the ABA—

Mr McARTHUR—He is supporting the allocation, isn't he?

Mr Knowles—Yes. We have not had that much generosity of late. The government, in taking a reservation, also really needs to say that it is prepared to fund that extension, because the ABC—

Mr McARTHUR—The commercial people would say that is another argument. I am just putting to you that you do enjoy a certain monopoly position in regional radio because you have had the spectrum and the access and nobody is really challenging you.

Mr Knowles—I would say that the existing commercial operators in regional areas have exactly the same monopoly position and have had for many years. You will probably get those sorts of views by people who would like to be new commercial operators in those markets, because they are the only ones who have to contest an auction.

Mr McARTHUR—I rest my case.

Mr MOSSFIELD—I have a general question on news and current affairs. Is there likely to be any change in the programs that you have running currently?

Ms Howard—Not that I am aware of.

Mr MOSSFIELD—Who would make that decision if there were to be changes?

Ms Howard—The executive and the director of news and current affairs would make those decisions.

CHAIR—Do you have any control over regional news programs?

Ms Howard—We have a view, and we have made it clear that we do not believe that we can lose any news staff in regional stations. I think the director of news and current affairs supports that.

CHAIR—Leaving you with what Mr Mossfield said, there is a very clear commitment by the ABC to maintain a station-by-station local news program.

Ms Howard—That is absolutely correct. It also applies to rural reporters who are producing their own rural news and the *Country Hour* as well.

CHAIR—Did I understand Mr Shier to say—and correct me if I am wrong—that, although news and current affairs had been asked to take a cut of three per cent of the internal budget, that would not affect services and in fact he felt that they could do it better?

Ms Howard—I cannot comment. I do not remember him making that comment. I am not sure, Paul, I am sorry.

Mr ST CLAIR—I have a question about the quality of reception, particularly in rural and regional Australia. We get some complaints from time to time from all over the place, as you can imagine. Do you have a monitoring system out there and whose responsibility is it?

Mr Knowles—We have an excellent monitoring system in terms of the audience and they ring us up and tell us when they have a problem.

Mr ST CLAIR—And us.

Mr Knowles—And we have an audience reception group—a couple of people—who are the single point of contact for those concerns. They take them up in terms of identifying whether it is a long-term issue because the transmitters need to be upgraded or otherwise, or whether it is simply a problem with the existing transmission. I think most of you have probably had direct contact with the staff that do that.

As far as further improving existing coverage, the ABC has a limited budget, which we are deploying to extend those services to go very much beyond infills and minor extensions. In fact, we do need to get additional grants from government for that. So the funding arrangements for transmission never envisaged the ABC being able to carry out a massive expansion.

Mr ST CLAIR—No, I am just thinking of the maintenance of the existing area as it gets older.

Mr Knowles—As it gets older, in the funding arrangements for that now we acquire the transmission services from NTL, who have a service agreement with us to deliver a quality of service and a quality of reliability. That is monitored on a constant basis and they report to us. They have their automatic reporting systems, but in addition to that we crosscheck that against the audience complaints.

CHAIR—You have to buy your own station, so to speak. Do you get any help from any of those funds, like the RTIF?

Mr Knowles—There has been some assistance—for example, some of the satellite retransmission areas were funded.

CHAIR—For example, under the black spots television program, the ABC will be eligible for it.

Mr Knowles—Through communities, yes.

CHAIR—I would like to explore the ‘Your local ABC’ slogan. Is that really an honest statement if you use it generically?

Ms Howard—I am not very fond of the phrase ‘Your local ABC’.

CHAIR—I am not criticising the statement. I have heard it even on my own station, when a program is coming out of Western Australia, Brisbane or Sydney, that it is ‘Your local ABC’. I have listened to other stations and they appear to use that logo only when they are on local feed. It leads me to another question: what is your view on what I call pseudolocality, where you have someone in a studio in Sydney, Melbourne or Brisbane who has a lot of cassettes, and the news editor in Sydney or Melbourne might ring up the local representative, the manager or the local journalist and say, ‘Give us a few things that have happened in Warrnambool today, or Horsham today or wherever.’ Then they do a few things and when the program goes out later, it is fed out from Sydney and Melbourne. This is one of the criticisms of commercials. I want to be sure that the ABC is not heading in that direction with this sort of pseudolocality.

Ms Howard—Can I take your point about ‘Your local ABC’, first of all?

CHAIR—Yes.

Ms Howard—As I said, I do not like the phrase very much, but that is just a personal view.

Mr ST CLAIR—Can I ask you why?

Ms Howard—It is just an old DJ thing; it just sounds a bit clumsy on air. It is semantics really. I believe quite strongly that, if someone is listening to Macca through their local ABC station, the local station should be able to be identified. People need to know which radio station they are listening to—that makes complete sense to me.

CHAIR—They do not do much of that on Macca, other than the weather crosses.

Ms Howard—They do a little bit of that, but it is more a technology issue than anything.

CHAIR—A lot of those stations are not manned over weekends, so that would have to be done with that pseudofeed from the capital city station, wouldn’t it?

Mr Knowles—When we do that local insertion, it actually occurs locally in the station. In other words, if we do put local interstitial material into the service, it is material that is coming out of the station. We have no means of actually putting it globally out of Sydney.

CHAIR—No station in Queensland, for example, would be manned on a Sunday either when you have got Brisbane and Rockhampton working.

Mr Knowles—No, so we normally would not do that. We do have some capacity to insert some local material in some of the stations, but not all stations.

CHAIR—And only to enhance an already networked program?

Ms Howard—That is right.

Mr Knowles—Just to identify that it is the particular station.

CHAIR—Not in substitution for local content?

Mr Knowles—No, we do not have the capacity to do that.

Mr HARDGRAVE—Semantics or otherwise, the terminology and the use of it has come about for some positioning reason for the ABC. Is this some reflection of the ABC’s reaction to local communities saying, ‘We expect more of you because we’re seeing our local commercial station being networked more’? Is the ABC finding any of that sort of comment coming out of local communities around Australia?

Ms Howard—It is fair to say that that used to be the case. When we had a national program between seven and 10 at night, even though it was Angela Catterns who presented it and I think she did a great job, I was concerned that we should be at least observing our own town and state at that time of night. It is probably fair to say that there was some reaction against a nationally networked program from 7 o'clock at night. I was very happy to be able to turn that around.

Mr HARDGRAVE—That was the ABC getting a reaction to themselves. Did you get any feedback from local communities about what other stations in the market were doing, saying that since there was more networking they expected more of the ABC, or did people just see you as the national broadcaster and were not really expecting a local thing?

Ms Howard—I think it might depend on what they are listening to. If they are a Radio National fan in regional Australia, then obviously they are happy with a national service. You certainly do hear comments from time to time about networking, but it would not be just about our commercial colleagues; there would also be criticism of us from time to time when we network.

Mr HARDGRAVE—So the use of 'your local ABC' is not a reaction to other forms of radio media?

Ms Howard—No.

Mr HARDGRAVE—How many people are actually listening to stations like Radio National or PNN versus the regional radio?

Ms Howard—In regional Australia they cannot listen to PNN. It is very difficult to get a handle on a regional audience—it is not surveyed in the way that city audiences are regularly.

CHAIR—Why not?

Ms Howard—It is a cost issue for us and our competitors. We could give you some indications, I suppose.

Mr HARDGRAVE—I would be interested to see that. I will be up-front and say that what I am driving at is resource allocation. The government is getting pinged because it made a budget cut in 1996 and everything else has flowed on from there. But, at the end of the day, the ABC makes its own decisions about resource allocation. As I said, the government gets pinged about it, but it is still all internal stuff. I am just driving at what you get out for what you put in. There is Radio National, PNN—even though it is not heard, and I submit that it probably would be very much enjoyed all around Australia—

Ms Howard—And it certainly would be our cheapest networked service.

Mr HARDGRAVE—That is good to know—versus the regional radio services, not just the capital cities but also in other parts on the 58 stations. I would like to try and get some handle on the judgment on resource allocation versus how many people are listening. As you said before, the ABC's prime objective is to provide a public service, a service of information and entertainment.

Ms Howard—I think it is a tiny bit disingenuous to say that, yes, there was a cut but it is a management decision where the money is allocated. That is true, but if we are out to cut costs, and be as efficient as possible, then some networking and some allocation of resources to hubs like Sydney and Melbourne inevitably takes place.

Mr HARDGRAVE—Yes, but if 120 people are employed by Radio National at arguably a per person rate on average that is far more expensive than for 120 people employed in regional radio, and if it is attracting a smaller audience than regional radio, then I, as a shareholder in the ABC and as a member of parliament, am interested in these things and I would question ABC resource allocation internally in that Radio National is not enjoyed by as many people as a number of other ABC services. I would question the efficiency or efficacy of that decision making. We have had these discussions before about how the ABC makes decisions on what they put on programs. In the previous inquiry we raised the question of how those decisions are made. I would just like to try and get some understanding of the criterion that is attached. And if there is not a criterion applied, that in itself would be pretty interesting.

Ms Howard—As you say, we have had these discussions before, and I know your view of Radio National and its costs.

Mr HARDGRAVE—Terrific.

CHAIR—What percentage of Australians listen to Radio National? I know it varies depending on time of day and areas, but what is the benchmark figure?

Ms Howard—Around a million per week listen to Radio National.

CHAIR—No, percentage of audience.

Mr McARTHUR—A million Australians listen to Radio National in a week or each day?

Ms Howard—Over a week.

CHAIR—I think we had this debate last time.

Mr HARDGRAVE—Do we divide that million by seven, or do we divide it by seven and by 24?

CHAIR—When you do a survey, at a given time of day, what percentage of radio listeners listen to Radio National?

Ms Howard—You are asking me to do a sum and I am very bad at sums.

CHAIR—I have seen a figure of around two or three per cent.

Ms Howard—It is about two per cent to 2½ per cent.

CHAIR—What would regional radio be? I know you say you do not survey it as closely.

Ms Howard—I am really sorry, but off the top of my head I cannot give you—

Mr Mason—From memory, our regional radio stations, on average, have about a 20 per cent to 30 per cent share of the market, depending on the market.

Ms Howard—It varies from state to state.

Mr Mason—Overall, the ABC in a regional area that has Radio National, Classic FM and local radio, would have a share of somewhere between 30 to 40 per cent of the market.

CHAIR—What would Classic FM be?

Ms Howard—Again, it varies from state to state. It is somewhere between 2½ to five per cent.

Mr McARTHUR—Can we just get those figures right. What is it for the city based market?

Ms Howard—We are talking about city based markets for the national radio services.

CHAIR—You are in the general capital city surveys, aren't you?

Ms Howard—Yes.

CHAIR—Could you send us those for each capital city?

Ms Howard—Absolutely.

Mr McARTHUR—Could we just get this figure? You are talking about 30 or 40 per cent in regional radio. I would like to get the comparison in the city market, in Victoria.

Ms Howard—For 774 it is around 10 per cent.

Mr Mason—The total ABC figure would be about 20 per cent in Melbourne if you combined all the ABC stations that are available in Melbourne. For regional areas, and these are just very rough averages because there are so many different regional areas, it is between 30 and 40 per cent.

Mr McARTHUR—The definition of the 30 and 40 per cent is that they turn the radio on that week. Is that correct?

Mr Mason—That is the share of the market that is available. There are fewer stations in a regional area than in a capital city.

Mr McARTHUR—The ratings war that we pick up in the airwaves, 3AW versus the ABC, is in the range of 11 to 14 per cent in the metropolitan area. Is that right?

Mr Mason—Yes.

Ms Howard—Depending on the metropolitan area.

Mr McARTHUR—You are saying in the regional areas it is much higher.

Mr Mason—Yes, but they reach far more people through 3LO, or 774.

Mr HARDGRAVE—All of this is anecdotal because we have not got it quantified, but it does justify my question and inquiry. If regional radio is wanted, needed and used by more people, one would suspect that you would allocate more resources into it versus organisations like Radio National, within the scheme of ABC decision making.

Ms Howard—Local and regional radio takes up about half of my budget.

Mr HARDGRAVE—But that is counting metros as local. Is that right?

Ms Howard—That is right. There are another five networks that take up the rest. I would say it has a fair share of the budget.

Mr HARDGRAVE—You could take some of that on notice. It would assist the deliberations of the committee to assess what is happening in regional Australia, which is really anything outside Sydney and Melbourne, essentially. It would help us to understand where the ABC fits into the scheme of things, as the BSA wants it to contribute, help us to understand the priorities, and help us determine how to improve the lot of folk in regional, non-Sydney and Melbourne, Australia. Thank you.

CHAIR—I would like to clear up the localism thing. You say ‘This is your local ABC’ is not used generically, but is only used when it applies to a locally derived program. Is that correct?

Ms Howard—It is a branding thing.

CHAIR—So it is being used generically now.

Ms Howard—I would hope not, actually. As I said, I do not like the phrase ‘Your local ABC’ particularly. I do not think it is particularly useful. I would want stations to actually identify themselves individually, rather than say, ‘This is your local ABC.’

CHAIR—This other thing touches on a point that Gary just raised. We notice that when lobbyists are around and when people want some more money, they come to parliament and hint that they are going to have to cut back rural and regional services. This is not unique to the ABC, and indeed Liz did not pull this stunt, so it would not be fair to say that when she was your lobbyist that she used it. However, the union has done it a few times. There is no suggestion of that here, is there?

Ms Howard—No, and it is not something I am either hinting at or saying directly.

CHAIR—It is still a bit disingenuous, you reckon?

Ms Howard—Why?

CHAIR—You said earlier it was disingenuous to say that the ABC had the right to allocate its own budget.

Ms Howard—What I was suggesting to Gary was that it is disingenuous to say that we do not have a requirement to make our funding go as far as possible and to place it as efficiently as possible, which inevitably leads to things being centralised in many cases.

CHAIR—There has been some media talk of you extending PNN. Under what circumstances can you extend PNN? Do you have stand-by transmitters in some areas of the bush like you have in capital cities? In those areas where you do not have that facility, how do you plan to deliver PNN?

Mr Knowles—Going back to when it first started, PNN was broadcast on stand-by transmitters. It actually has its own transmitters now as a consequence of some AM to FM conversion things that took place. To extend PNN we would in fact need to receive a funding injection in the first instance.

CHAIR—What sort of money are you looking at?

Mr Knowles—It really depends on how far you want to go, at the end of the day.

CHAIR—Say we did all the major provincials as a stage 1.

Mr Knowles—Before I come to the money question, let me go back a step. It would also depend on the ABA having frequencies available to allocate.

CHAIR—I understand that.

Mr Knowles—In many markets where there is a substantial population, the ABA has already given away all the frequencies—they have gone out to auction or otherwise—so there are significant holes in what is feasible anyway in terms of finding frequencies. We do not have lots of frequencies lying around that could put it up. But, assuming the ABA had some frequencies and the government gave us some money, you are probably looking at an annual operating expense of several hundred thousand a year per major transmitter. We do have PNN distributed Australia-wide via satellite, therefore to provide it through a local transmitter just requires us to be able to have a local transmitter. We would purchase those transmitters on a long-term contract of service from a transmission provider. Then there would be an annual operating cost, which we would need to be funded for.

CHAIR—I want to touch on another issue that we will be talking to the commercials about and that we touched on with FARB this morning. I know the ABC goes local when there is a cyclone around. Did you go local during the recent New South Wales floods?

Mr Mason—Yes.

CHAIR—Totally local?

Mr Summerill—Yes, we did. We extended it, particularly in Tamworth and in the north-west, during that period. For instance, we stayed on during the day and the night, and on the Monday night, which was the bad night, we actually took our statewide program out of Tamworth.

CHAIR—One common theme that is coming up in some of the submissions is in relation to bushfire circumstances. I do not think the criticism has been levelled at the ABC, but certainly it has been levelled at a lot of commercial networks that they will not go local in dangerous bushfire circumstances and that there are difficulties in getting break-ins into networks. What is your stance on bushfires? After a very good season last year, there is a lot of material around and this summer in particular we will probably have—

Ms Howard—Yes, we are expecting possibly a bad season. It is the same for bushfires and cyclones. At the moment—

CHAIR—I have never heard an ABC station going live for the day just on a bushfire.

Mr Mason—I have. They do it all the time.

CHAIR—Do they?

Ms Howard—Yes. In Victoria for the last big bushfires we went local and in New South Wales for the last big bushfires the stations were local.

CHAIR—If an emergency breaks out, if everything is tinder dry and a fire breaks out, no-one can expect to get staff in absolutely immediately but you have to put out a warning. What would you do? Would you break into the state feed?

Mr Mason—Yes, we would break into the state feed if we could not get our staff back to the station. It would be done from the state office and they would do the feed for that area.

CHAIR—One of the criticisms of commercial radio in one of the submissions was:

If breaking in is not possible, the tendency is for emergency information not to be read to air or to be read badly. An example of the potential for poor communication relates to the pronunciation of local place names.

and that is very important in fire and floods—

... this reduces the credibility of the information being provided.

Are you confident that you do not fall into that sort of trap?

Ms Howard—I cannot always guarantee that a newsreader or a person reading those emergency notices would get every placename absolutely perfect. I hear some great clangers sometimes.

CHAIR—It illustrates a point: when you do get into emergency situations—not just cyclones; it applies to floods and bushfires as well—it is essential to have someone in the area who knows not only the geography but also the names of the places.

Ms Howard—Absolutely.

Mr Mason—But if it were to come from our state office, then those presenters and producers generally have a bit of knowledge, and it is up to them to check pronunciations. They are normally fairly experienced and know that pronouncing it the wrong way could raise serious concerns in different parts of the state. So they would normally check.

Ms Howard—It is fair to say that, if there were an emergency situation in a regional area, staff would be on stand-by, regardless of whether they were officially rostered on or not.

CHAIR—Fires can start very quickly.

Mr Summerill—In each of the local stations, and particularly in New South Wales, we have five to seven people who are actually broadcasters of a sense. If they are not actual presenters or producers, they often have been presenters or are presenters in a dual role—they are in news and there are rural people on the ground.

CHAIR—And most of your managers have been presenters, too.

Mr Summerill—All the managers are presenters, generally, anyway. Most of them actually present a program. So they are there on the ground. I can only speak for the people who work for me in New South Wales, but if they fear that a bushfire, a flood or whatever is going to happen, as soon as it happens, they will let us know and they will break into programs immediately.

CHAIR—I do not want you to think we are being precious about this.

Mr Summerill—No, not at all. I think it is very important.

CHAIR—This is a common theme coming through submissions from SES, bush fire brigades and people like that. I want to be sure that the ABC has mechanisms in place.

Mr Summerill—A number of members of the New South Wales parliament, particularly from the north-west of New South Wales, last week actually made statements in the state parliament of New South Wales about the ABC local radio service providing those services.

CHAIR—I heard that.

Mr Mason—Each state has an emergency services contingency plan, which is escalated up through the station.

Mr HARDGRAVE—I do not want to put anybody on the spot, but I am about to. I want to put to you, for your comment, the claim that the New South Wales State Emergency Service has made. Their submission says:

Networking has had ... the consequence of markedly reducing the quality of the promulgation of vital emergency information. This has occurred because the bond between emergency managers and radio station personnel has been weakened. The changes apply to commercial radio and the Australian Broadcasting Corporation alike.

Is that old news?

Mr Summerill—It is old news. I work for the ABC, and most of my managers and broadcasters over the last few weeks have actually been having seminars with the State Emergency Service and people like that, getting prepared for bushfires. They have actually been out with the State Emergency Service in the last fortnight or so.

Ms Howard—The same applies in Victoria; we have a relationship with the Country Fire Authority and so on.

CHAIR—Perhaps we should challenge some of that evidence.

Mr HARDGRAVE—I wanted you to know that that is stated in their submission.

Mr Mason—They need to know so we can tell whether there is a weakness.

CHAIR—One of the things that I notice sometimes—again you might say it is a matter of cash strapping—is that, if a rural announcer is not available in a particular area, you pair that region with another region.

Ms Howard—We try not to; it is not something that we like to do. But it is true, sometimes, that at short notice we may not be able to get a replacement rural reporter.

CHAIR—It is preferable to get someone from an adjoining region rather than doing it out of Brisbane?

Mr Mason—Yes.

Ms Howard—Absolutely, someone who at least has some idea of the patch, I believe. The preference is to have somebody fill that job, but if there is some kind of extenuating circumstance then it would be preferable to have a person from another region.

CHAIR—Why do some ABC regional stations have afternoon news bulletins and others do not? Is it a measure of the number of journalists?

Ms Howard—I am not sure. In some places it may be a measure of the number of journalists and their capacity to cover those shifts. There are different arrangements in different states, and I think it depends on staffing levels.

CHAIR—In this reorganisation and your request for money and Mr Shier's general vision, is there any suggestion of closing the outreach type ABC stations like Gladstone, Maryborough—the one- and two-man shows?

Ms Howard—No. We also have one- and two-person stations in Warrnambool, which is very small, Esperance and Kununurra.

CHAIR—And there is no suggestion that they be closed?

Ms Howard—No.

CHAIR—Thank you for coming and for providing us with that very thorough briefing. We appreciate that very much. I am sure we will come to you before the inquiry. Can I compliment you, Mr Knowles, on the maps. I wish to heaven that we could have had the same sorts of maps on the TAB stations at the time of the last inquiry, because we had a lot of trouble getting accurate mapping of regions. Thank you for the trouble you have gone to in providing us with that.

Mr Knowles—Some very good staff in both Sue's department and my department put that together.

CHAIR—Thank you again. We apologise that the circumstances in the House last night have resulted in our being about half an hour behind.

[12.39 p.m.]

EVERETT, Mr Stephen Frederick, Member, Executive Committee, Australian Association of Independent Regional Radio Broadcasters

FOSTER, Mr Desmond Lionel, Director and Head of Secretariat, Australian Association of Independent Regional Radio Broadcasters

O'NEILL, Mrs Alison Stewart, Member, Executive Committee, Association of Independent Regional Radio Broadcasters

CHAIR—Welcome Mr Everett. Mr Foster and Mrs O'Neill. We thank you for the trouble you have gone to in being with us today. As you have probably heard, this has been a fairly unusual day in the parliament and with airline schedules and other things being disrupted we have fewer of our colleagues here than we had originally intended. We apologise for that, but they had other commitments. You may have heard my prior caution to previous witnesses. We take this inquiry very seriously because we think there are going to be some fairly important outcomes from this, and so in this instance we are asking people either to take an affirmation or an oath.

Mr Everett—As a matter of record, I am also the Managing Director of Ace Radio Broadcasters, which operates nine licences in Victoria in regional areas.

CHAIR—For definitional purposes, what is the eligibility criterion for your participants to be members of your organisation? Is there a limit on the number of network stations they can own?

Mr Foster—No, there is not. The essential test of eligibility is that they be the controllers or the licensees of one or more regional stations.

CHAIR—But in practice you tend to represent the independents and the smaller networks, do you?

Mr Foster—Yes. Perhaps my colleagues could say something about networks. Mr Everett has a group of stations, but we do not refer to it as a network. I think when we talk about networking, we are talking about a process and not a matter of ownership. I think Mrs O'Neill might have something to say about that.

CHAIR—All right, who is going to lead?

Mr Foster—I will try to lead it.

CHAIR—Will you give us a five-minute opening statement or overview of your submission, or a shorter one if you like.

Mr Foster—I think I could do it in less than that. I think I would just make the point that this submission was thrashed out by a general meeting of our members. It is a unanimous view. We are committed to the principle of localism in regional areas while ever we can afford to do it. I think we come here on the side of the angels. The record of our stations in regional areas, as far as localism goes, is pretty good. We want to see that preserved, but we feel we need the resources to be able to always do it.

CHAIR—This is not meant in any pejorative way, but what advantages do your members have that are not already provided by FARB?

Mr Foster—I suppose there are two areas. One is that there are times when FARB is probably not able to reach a consensus. An example of that in the past was the issue of cross media ownership. Because of the nature of the FARB membership, some were for it and some were against it. Our members were uniformly against relaxing the cross media ownership rules, and so that was an instance where we were able to put a point of view when FARB with the best will in the world could not do so.

The other area where we are able to help each other is wrapped up in the fact that none of our members competes with each other. So we are able to undertake cooperative activities to the general benefit of all. We can do things in a cooperative way that would not be possible between competitors.

CHAIR—Do you believe the remaining independent stations are under threat of takeover because of the size of the networks that are now operating in the market?

Mr Foster—At the moment I do not believe that. I am interested in my colleagues' views. If they were to be taken over, they would have to agree to that. I do not pick up from my members the feeling that they are under threat in that sense.

Mr Everett—I would endorse that. In one of our markets we compete against one of the larger groups. I do not feel under any threat from that at all.

Mr HARDGRAVE—Perhaps I could put it another way. There is a viability question—you mentioned it in your submission and we talked about it this morning—and we all accept that the viability of the industry is certainly the key element to really what this whole inquiry is about. What are the threats to the viability of your sector? I think, because of your being a subset of the commercial radio industry, you can sort of home in specifically on your sector. Can you sum up those?

Mr Foster—I think we see the principal threat as the possibility that competition will be allowed in the small markets in which we operate. We make the point that the markets cannot sustain competition and continue to deliver the sorts of services they do now. I think we made that very plain in our submission. That is our concern—that perhaps in the backlash to this inquiry or the backlash to the circumstances which have prompted it, solutions might be looked at which would be detrimental to us. We are anxious to avoid that.

Mr HARDGRAVE—So the stations in your markets, the stations you own, are 'all things to all people kinds of stations'? Is that the sort of—

Mrs O'Neill—In most of the markets we operate in bar one, I think where we are up against a competitor. We actually own the only two commercial stations in the market. One is FM and tends to be to a younger audience and one is AM and tends to be to an older audience. The two of those complement what the national broadcaster does, where Triple J sits very much in its own niche and the others sit at a higher end of the target audience. There are also the community broadcasters.

Mr HARDGRAVE—So you took up the section 39 licences?

Mrs O'Neill—Most of our markets did, yes.

Mr HARDGRAVE—Did that particular development assist you in that sort of solar circumstance to be a lot of things to most people with one and a lot of things to the rest of them with the other? Was that essentially what you did?

Mrs O'Neill—In the past we were all things to all people. I believe, because the government wanted to see some increasing diversity into the regional areas, they said they wanted at least two stations—one being FM. The choice for them was to licence an independent brand new station, and FARB and the radio industry said, 'If you do that, that will be the death of both of them.' Therefore, I think the option was to do a section 39, where the increased costs for us were about 25 to 30 per cent. So we were able to provide two programs which were very different programs rather than two programs that went head to head.

Mr HARDGRAVE—So two can live as cheaply as 1.3 basically. Is that what you are saying? Is it something like that?

Mrs O'Neill—Our revenue in most markets increased about 10 per cent as a one-off and our costs increased—

Mr HARDGRAVE—If revenue increased—

Mrs O'Neill—I think it was a one-off increase of about 10 per cent, and our expenses increased 25 to 30 per cent. So we are less profitable in real dollar terms today than we were prior to section 39.

Mr HARDGRAVE—However, if the section 39 development had not occurred, and there had been another competitor in the marketplace, viability was out the door.

Mrs O'Neill—I would not be sitting here today.

Mr HARDGRAVE—Are there any other threats? What about this business of the community stations and their 25 per cent increase in the level of sponsorships? Is that a problem as far as meeting your expectations of your slice of the pie?

Mrs O'Neill—At the end of the day, we compete for the advertising dollar: radio, television, press yellow pages, outdoor, Internet, cinema, you name it; there is an enormous gambit. We have seen an explosion of that in the last 10 to 15 years. If you bring it down to radio, we

compete with community broadcasters, but on a much lower level due to their audience share. One of the problems is that, the more radio stations there are, the more fragmented the audience. At the end of the day, the advertisers may find it too hard to advertise on radio because there are too many choices.

Mr HARDGRAVE—To what extent has community radio expansion in the last decade impacted upon your area?

Mr Foster—Are you asking in revenue or in audience terms?

Mr HARDGRAVE—Both. They are probably somewhat linked, aren't they?

Mr Foster—I think I can safely say that, in audience terms, it has made very little difference. Commercial radio has always dominated listening in regional areas. The introduction of section 39 licences improved that situation. We checked a number of sample markets with A.C. Neilson, which told us that in every case it looked at, when a section 39 licence was increased, listeners to commercial radio increased. Community stations rate very, very low on the audience table.

Mr HARDGRAVE—So community stations are not a threat to the viability of your type of station?

Mr Foster—My personal opinion is no.

Mr Everett—Regarding the issuing of section 39 licences, in the three markets in which they have been allocated it allowed our AM station to have even more local content because we are up against being all things to all people. If you have an FM station, you can have wall to wall music for that market. That allows the AM station to have an enormous amount of talk—I will not say wall to wall talk. So the issuing of a section 39 licence, without the threat of another competitor, allowed us to have a flexibility that did not exist before.

Mr HARDGRAVE—You are obviously making local decisions—you are up-front about localism. How much of your content is content providers outside the local market? Do you pool resources within your own networks?

Mr Everett—As to pooling resources, we will certainly shift voices around for advertisers. If your voice suited a particular client, we would do that.

Mr HARDGRAVE—Not many.

Mr Everett—We do not network; we take programs on syndication. It is often more expensive than having a person sitting in a studio—John Laws is a good example and Derry Hinch is another.

Mr HARDGRAVE—Do you run Laws on your station?

Mr Everett—Yes, on some stations; only AM, at varying times. We have Derryn Hinch at night on some of our stations—on the AM, not the FM. We would not have even considered Derryn Hinch at night on AM stations for talk.

CHAIR—What is your group?

Mr Everett—The Ace Radio network.

Mr HARDGRAVE—What happens with grants?

Mrs O'Neill—Some of our stations take Laws for about an hour; other than that, it is very minimal. Can we take that question on notice and find out from our members what percentage of time comes from syndication outside the station?

CHAIR—On the syndicated programs, do you tend not to fill up the three hours, but take a section of one or two hours and then use local content for the rest?

Mr Everett—The short answer is yes. We look at each market. One of our stations takes Laws for three hours; one takes the program for one hour. The one in Gippsland does not take Laws at all.

CHAIR—Do you let the local manager make that decision?

Mr Everett—We have a group program manager who assesses what is appropriate for each market.

Mr HARDGRAVE—With regards to the FARB organisation, are you the only subset group that clubs together?

Mr Foster—I think so, yes.

Mr HARDGRAVE—How recent is this grouping?

Mr Foster—I think it is three or four years old.

Mr HARDGRAVE—Is that a response to the fact that FARB is perhaps dominated by those with a lot of stations and views that are somewhat different from your own?

Mr Foster—No, it grew out of the cross-media issue—that really focused our people's minds on the problem of being represented. We regard ourselves as being well represented by FARB when FARB represents us. However, it is not able to do that for some issues.

Mr HARDGRAVE—Okay, so there is a bit of safety in numbers for you—is that what you are saying?

Mr Foster—Yes, of course there is. What is an association for?

Mr McARTHUR—I want to go back to the licensing argument. You suggest that you need only two licences in a particular area—the FM and the AM. I put to you this argument: why should you enjoy that monopoly when all your listeners are facing global competition in regional and rural Australia? How can we argue your case?

Mr Foster—The key issue is that you have to ask yourself: what are the outcomes? Sure, it is feasible to introduce competition in our market. We are not seeking a monopoly for its own sake. What we are trying to say is, if you do that, certain things will inevitably flow as a result, and that is going to affect the ability of the stations to spend money on programs and to resource the stations with people. If you reduce that income, if you reduce the number of people, then you are going to lose out on localism. It is inescapable.

Mr McARTHUR—What do you think, Mrs O'Neill? What is your view?

Mrs O'Neill—I agree with that. We are no different to the ABC or the community broadcasters. It is about funding, and if the advertising falls away due to increased competition—

Mr McARTHUR—Why should you be any different to any other commercial group in Australia? How can we argue your case in the parliament? Let us just run through a few of them. Newsagents have been asked to meet more competition—that was a change in the government's attitude; a lot of rural producers have been asked to make change; the car producers we know about. Yet you are in island of no competition.

Mr Foster—I would like to answer that.

Mr McARTHUR—I am giving you the argument that other groups have to put up with it.

Mr Foster—With respect, I think you are overlooking an important aspect of commercial broadcasting generally. In the sorts of businesses you are talking about, the seller deals direct with the buyer—it is a two-party arrangement. We have two universes to work in: our consumers are the listening audience and our customers are the advertisers. It is a totally different relationship. It is not the sort of case where you can apply the ordinary competition arguments.

Mr McARTHUR—They always say that.

Mr Foster—That is true. Everybody says they are different—I accept that.

Mr McARTHUR—Everyone has got a different argument. I hear your argument and I support what you are saying. But you need to make sure that this committee can argue the case for the allocation of licensing in regional and rural Australia so that you can maintain the service. You cannot just say it is different. I have been hearing that argument for the last 20 years.

Mrs O'Neill—If all the licences that were available in rural areas were actually allocated you would see a situation like the current one in New Zealand, and that is that all programs come out of Auckland and they are all networked because of the economies of scale.

Mr McARTHUR—Could you expand on that? Is the consequence of allocating, say, three licences instead of two in one of your regional areas that there would be a detrimental effect on the listener?

Mrs O'Neill—Absolutely. As our income is cut, so are our resources.

Mr McARTHUR—Have you got some demonstrated models around the world?

Mrs O'Neill—New Zealand is one of them.

CHAIR—How long has that been going on in New Zealand?

Mrs O'Neill—About 10—

CHAIR—Did it come from a deregulation of the market too?

Mrs O'Neill—Yes—they just auctioned off every licence.

Mr HARDGRAVE—Isn't it still back to the liability test? If tomorrow, section 39 aside, we say there are two more stations in each of your markets, something is going to give, isn't it?

Mr Foster—Of course.

Mr HARDGRAVE—Isn't the problem, therefore, that the Broadcasting Services Act has no test for that in making the assessment of allocating those licences? That is still the problem, isn't it?

Mrs O'Neill—Correct. Early on in the licence area plan, many of the existing broadcasters were arguing that for viability you could not allocate any more licences, and the ABA did.

CHAIR—What would be your reaction to some form of re-regulation?

Mr Foster—At the end of the day, if we had the provision, like we had in the previous act, of an obligation to be adequate and comprehensive, we would cop that, providing the other side of the equation was recognised—that is, that it was essential that the viability of the stations be preserved.

CHAIR—The two major groupings you have are Ace and Grant. I am referring to page 27. Do either of those two groupings have networked programs of their own?

Mrs O'Neill—No.

Mr Foster—This is Ace and Grant here, by the way.

CHAIR—I see. You may buy programs in like *Laws* and so on—

Mrs O'Neill—We do purchase syndicated programs.

CHAIR—but you do not run your own generic network.

Mrs O'Neill—No, we do not.

Mr Everett—The only amendment that I would make to that is that we do a rural program specifically for audiences networked out of one of our stations at 6.30 in the morning. That is a quite deliberate policy so that we get the resources.

CHAIR—I am not being critical. Do you do something similar?

Mrs O'Neill—No, we do not.

Mr Everett—But that is for half an hour at 6.30 in the morning, for obvious reasons.

Mr McARTHUR—Would you care to comment on the argument that I had with the ABC about their semimonopoly position on the spectrum?

Mrs O'Neill—Their semimonopoly?

Mr McARTHUR—Their semimonopoly on their licences. They do not have to bid for them. They get the support of government for their current licence. You have got to go out and bid for yours.

Mr Foster—I must confess I had difficulty hearing their answer, so I could not comment.

Mr McARTHUR—I am interested in your comments on that.

CHAIR—You have a bit of a shot at the ABC in your submission. On page 4, you say, 'Most regional areas today have a choice of four national radio services,' and then you describe those. Then you highlight 'so-called local ABC'. I was pursuing a line of questioning with them about the use of the word 'local' generically—I am not against it being used when it is a locally derived program. What is your twist there? Do you think that that word 'local' has been misused?

Mr Foster—Probably. It was not meant as a shot, actually. We tried to make a distinction here between the kind of microlocal service that our members provide, which is at a much smaller level than the ABC local. In other words, the typical ABC local station will probably cover the licence areas of several local commercial stations.

CHAIR—Just on that point: do you and your stations get Nielsens or one of those companies to do surveys? Obviously they do the various sectors of the ABC.

Mr Everett—Yes. We certainly do in Victoria.

CHAIR—Do you know what the ABC gets in any given market?

Mr Everett—Yes.

CHAIR—I wonder why the ABC cannot provide us with something similar.

Mr Everett—They—I can only speak for Victoria—made a contribution to that survey. I am not aware of how much information they provided them with, but I can tell you that they did contribute in our areas.

CHAIR—They should know the answer to the question that was asked before about what your segment of the market is.

Mr Everett—They must have some information, because they paid a substantial amount of money towards the AC Nielsen survey that we participated in

Mr HARDGRAVE—That is raking over some extremely exciting coals. We can give you some *Hansards* from a previous inquiry about those matters. There was one question I wanted to ask about your section of the industry's perspective about the industry as a whole. You made a comment before about the ABA not considering viability and bunging in new licences and all this sort of stuff, which is terrific in the sense of more competition and all of those sorts of things. But is it all having an impact on the industry's viability and its career paths and prospects or am I overrating this saga? Do you have concerns about the viability of the radio business? Do you have concerns about the imbalances in income streams and some stations doing well and a lot of a stations not? Do you have problems with that sort of thing? I do not want you to talk your industry down.

Mrs O'Neill—I do not know that IRB can necessarily, as an industry body, answer that one.

Mr HARDGRAVE—Everyone talks, though, in an industry. Everybody knows what is going on.

Mr McARTHUR—Let us get an answer here.

Mrs O'Neill—Like a number of other people, I am concerned about the divide between metropolitan and regional Australia, and that seems to be the case very much in radio. But as for increase in competition, as it currently sits I am not personally concerned about the viability of the industry.

Mr Foster—Could I just throw in here that I do believe that it is not wise to generalise too much about the commercial radio industry. Speaking personally, I am very much one for taking cases on their individual merits. It probably leads you up the wrong alleys to try to generalise.

Mr McARTHUR—Could we just move on to the networking argument that we have had across the board, both within the 2UE and with your stations.

CHAIR—On that point, do you buy from MCM and places like that? Do you buy a lot of their sort of material?

Mr Everett—Yes, but it would not be a substantial amount. Comedy segments—

CHAIR—What do you do overnight? Do you run your own programs overnight or do you buy something in?

Mrs O'Neill—We run our own automated programs.

CHAIR—That are composed during the day.

Mrs O'Neill—Correct. They are not live, but they are local.

Mr Everett—In the nine stations, we take Derryn Hinch for three hours on the AM—I am talking from 6 at night to till 6 the next morning—and all the others are local. Sections of them are certainly automated.

CHAIR—What time does your last announcer go off duty?

Mr Everett—It is hard to generalise. There would be an announcer in most stations—I think I need to expand upon this—probably until 9 or 10 o'clock at night. Access to an announcer or anyone at the station is 24 hours a day, seven days a week.

CHAIR—You have someone on call.

Mr Everett—No. What we do is we simply have an answering machine that reverts to the police if it is an emergency, and the police have the general manager program director's home number, mobile number and pager number. If it is an emergency community announcement—like the footfall is off tomorrow because it is too wet—there is a mobile number to ring so that the station manager can come in, because they are all local, and put that announcement to air. So we are accessible 24 hours a day, seven days a week. Having someone physically in the building—I needed to make that point—is not critical to be able to do something on air literally within minutes.

Mr McARTHUR—Can I just go back to this networking competition argument. I get the impression that your groups network amongst themselves, and you do take some networking off some of the other groups. Is that how it works?

Mrs O'Neill—We purchase syndicated programs.

Mr McARTHUR—Where from—anywhere?

Mrs O'Neill—From anywhere. If I could make the distinction between syndication and networking, we pay money to take the syndicated program. Therefore, it is our choice at any point in time to pull it. To increase the hours or reduce the hours is a choice because we are actually paying for it, and it is a third party arms-length transaction.

Mr McARTHUR—So that is syndication. Could you give us a technical definition on networking?

Mrs O'Neill—IRB's definition is, when it is produced within the company organisation and it is forced upon another radio station within that organisation, it is totally internal.

Mr Everett—My definition of networking is where you have one location broadcasting out—like an octopus, if you like—to a group of stations. Syndication is where we choose certain programs if we think they appeal to the audience.

Mr McARTHUR—It is a pretty important definition.

Mr Everett—There is a fundamental difference.

Mrs O'Neill—In our opinion, John Laws is a syndicated program. We pay money to take that. We choose to do that because we believe that is what our listeners want.

Mr McARTHUR—Can we just go back to your little group, the IRB. I am still not sure—because you have given us a bit of a negative response—why you are together. Can you give us a positive response as to why you are together.

Mr Foster—Looking over some of the submissions, I saw a reference in the New South Wales State Emergency Service's submission to a case where they had sought help from a station during some emergency and that help had been refused. That could not happen on any of our member stations.

CHAIR—That was going to be my next question. What arrangements do you have for fires or floods? You do not have any cyclone areas.

Mrs O'Neill—We do actually—Darwin.

CHAIR—Darwin, right.

Mr HARDGRAVE—Just a little place for cyclones.

CHAIR—Do you go on 24 hours in one of those emergencies?

Mr Everett—I will go back one step. All of our radio stations have scanners. We know if there is an emergency at the same time as the police, the fire brigade or whatever. We listen across. It is part of our service. How do we get it to air? Simply by putting it to air the moment we can get the information from the police and the ambulance. Let us say it is in conventional hours—and 'conventional' in a radio station for us is about five in the morning, when the first person is there, until the last one leaves at, say, 10 o'clock at night. Outside of that, if you ring the station, you will be referred to the local police station and, from there, they then make a decision as to whether we need to put something on the radio.

CHAIR—If it is a late summer's afternoon, you have just swung on to Derryn Hinch and the SES are trying to chase you up and they say, 'This fire down the road at so and so is really dangerous. We do not want any traffic down that road.'

Mr Everett—Straight to the station, straight to air—no difficulties at all. We do not have any difficulties taking Derryn Hinch off.

Mrs O'Neill—Yes, absolutely.

CHAIR—What about the independents?

Mrs O'Neill—I believe they would be exactly the same.

Mr Foster—It is inherent in that submission that every one of our stations has somebody in place in the location with the authority to make that kind of decision.

Mr Everett—There would be several people to make that decision. At any of our stations—and I think I can speak on behalf of most of our members—half the staff who work at that radio station have the ability to go to air and know how to put to air an emergency announcement.

CHAIR—And when you have an emergency you go on 24-hour alert.

Mr Everett—Yes. Going back years, if there is an emergency flood or fire, of course we do. It is essential and it is instinctive for us.

Mr McARTHUR—Going back to this ownership question and commitment to regional areas, I am personally aware of the background of both the groups. Are you concerned about the possibility of the Daily Mirror Group from the UK buying market share and removing your regional influence?

Mrs O'Neill—I am not sure what you mean by removing regional influence.

Mr McARTHUR—An overseas group who now have considerable power in regional radio coming in and making a bid for your groups to buy market share and then removing what I consider to be a reasonable local content and regional empathy with the local stations as you have listed them.

Mrs O'Neill—As it currently stands, the only way—I would believe—for DMG to buy any share in our markets is to purchase us, and I do not believe that is on the table.

Mr McARTHUR—So you are not worried about what happened in the mid-eighties when entrepreneurs like Bond got hold of radio stations and paid extraordinary prices? You are not worried that that scenario is around the corner and that regional Australia will be disadvantaged because of straight-out commercialism? It is a pretty fundamental question, as far as I am concerned.

Mr Foster—I am not sure I understand the question. Would you mind stating that again?

CHAIR—There is a perception—in fact, it is one of the things that triggered the inquiry, and we want to test this, and Mr McArthur wants it tested on you—and there are lots of reasons why it might have happened, that country radio stations may be bought up, as much networking and

syndication as possible will be put into those stations, staff numbers will be reduced, the newsroom will be closed and it will be networked back to Sydney, Melbourne, Brisbane, the Gold Coast, Townsville or wherever. Mr McArthur is asking if that scenario holds terrors for you. Do you know why that perception is well held, or is it just vocal?

Mr Everett—As the Broadcasting Services Act stands, yes, in theory that could happen. As the managing director of the ACE Radio Network, I would obviously be very disappointed. But then it goes back to who owns the radio stations.

Mr McARTHUR—The government has a commitment to look after regional and rural Australia, which has some downsides in programming and networking—as we heard the ABC say and obviously you have got similar problems. Should the government of the day, in this whole regulatory regime, put some protective mechanism there or just let the system work as it does now?

Mr Foster—It does not hurt to recall that DMG, for example, which has the biggest group, purchased a great bulk of those stations in one hit from an Australian company called Rural Press. I think Rural Press had something like 50 of the stations—a great bulk of what DMG bought. Therefore, it would have been open to Rural Press to have done what DMG has done. I do not really see it as an Australian or foreign issue, quite frankly. It is a matter of practice, culture and commercial motivation.

Mr McARTHUR—That is the fundamental question. We are talking about radio, regional Australia, the cultural background and what influences all those arguments.

Mrs O'Neill—Without knowing the actual strategy of DMG—which, of course, I would not be aware of—the most recent acquisition of a regional station was by us and the two prior to that were by RG Capital. So DMG have not acquired, to the best of my knowledge, a regional station since the new licences were auctioned.

Mr McARTHUR—You are giving some confident signals that you are in regional Australia providing good local performance, you are commercially viable and you are there in the long term. Is that what you are saying to the committee?

Mr Foster—Yes.

Mr McARTHUR—As far as you can see, as anything can happen?

Mr Foster—I said we were on the side of the angels.

Mr McARTHUR—The chairman and I are on that side, too.

Mr HARDGRAVE—I would like to count myself in on that, too.

Mr McARTHUR—The witnesses don't believe that!

CHAIR—He is an archangel. Do you have newsrooms in all your stations, other than when you might have two towns very close together?

Mr Everett—There are two parts to it. We do not have newsrooms at all our stations, but we have local news at all of our stations. Historically we had one journalist at each radio station, and let us just take six markets, nine stations. The dilemma we always face is: what do we do when that person goes on holidays? What we do is we have got seven journalists but we centralise them. We put three in Warrnambool who can access the local news for Colac and Hamilton, so when someone goes on holidays two people can still manage it. The newsroom in Warrnambool talks to the Colac police, et cetera, so it can all be done from one location. It is using the resources we have to provide, quite frankly, a better news service.

CHAIR—In your group you have got two small groupings?

Mr Everett—We have journalists in Traralgon. We have three in Warrnambool. We have one in Swan Hill. Both Colac and Hamilton are fed from a central newsroom in Warrnambool because they are very close. In fact, we now provide a better local news service 52 weeks of the year, which we were not able to do when we had single journalists at each location. It is consolidation of resources and more talented people.

Mrs O'Neill—In our group all of our stations have a newsroom. In most instances they are only staffed by one journalist. But in some of them, like Geelong, have a team of three, and in Wollongong we have a team of two. So it does vary from market to market, but all of them have a newsroom. Generally I would think the membership of IRB would have a newsroom.

CHAIR—Do you do your own state news or buy it in?

Mr Everett—In our case we take the Southern Cross news, which is Victorian generated. It is, if I can use the expression, Victorian national news, 24-hours a day, seven days a week, on the hour.

CHAIR—What do you buy in?

Mrs O'Neill—For all bar Geelong we buy Sky or 3AW. Geelong is totally integrated.

Mr McARTHUR—Unique to Geelong.

Mr HARDGRAVE—On the viability matter, your house of cards is vulnerable if the ABA moves in and starts to offer new licences in each of your markets. You would agree with that?

Mr Foster—Yes.

Mr HARDGRAVE—Would that be true if community stations came in as well? You said before you are not threatened by community stations.

Mrs O'Neill—Generally speaking, if the community stations are licensed for a specific interest group, they have limited impact on us. There are, unfortunately, a couple of rogue community broadcasters who try to operate as commercial broadcasters.

Mr HARDGRAVE—Play radio stations.

Mrs O'Neill—Play commercial radio. It is not a slant against the entire industry. Generally speaking, if they are special interest they are usually complementary to our programming.

Mr Everett—In our particular case, despite what might be a popular conception, we will help out the community broadcasters with equipment. They generally do not have a lot of money. We generally have redundant equipment—we have had examples in Warrnambool—and we will help them. They are able to provide certain services that, quite frankly, do not attract a large enough audience for us and are not commercial, so we assist them to do that.

Mr HARDGRAVE—That is being good local citizens because everyone in town would know you have done that, I suspect.

Mr Everett—No, generally not. The newspaper will generally approach it from an entirely different position, but that is life. We are not fussed by it. We are a competitor to the local newspaper, so it is not in their interest to say we are good guys helping the community station.

Mr HARDGRAVE—So you are happy to see a trade-off—basically because you are doing it anyway—as far as localism is concerned versus considering viability, if there was a recommendation along the lines of the BSA re-examining viability and localism. You would want to see the two occurring, not one.

Mr Foster—We do not necessarily want to see it occurring. The point we are making is that if, in your wisdom, you feel that intervention is necessary, we would want to see it on a trade-off basis.

Mr HARDGRAVE—We have not quite got that far. We are simply testing concepts.

Mr McARTHUR—I want to raise the issue of the commercial viability of stations. FARB indicated the difficulty with the advertising dollar in rural Australia for commercial stations. Looking 15 to 20 years ahead, do you think you can maintain viability? There are declining numbers in rural Australia.

Mrs O'Neill—That is a difficult one. Is the government going to have a policy of sending people to the bush?

Mr McARTHUR—That is another debate.

Mrs O'Neill—We cannot control population numbers.

Mr McARTHUR—Do both of you think you can maintain your advertising revenue as you see the market, and that you can continue to be a viable operation?

Mrs O'Neill—I believe so.

Mr Everett—Yes, I believe so.

Mr Foster—I would urge caution on the statistical approach to this question because a lot of the information that is put out on profitability relates to stations and not to entities. In many markets where there is a section 39 and a parent licence, there is no set method for allocating the costs and the resources between those two stations. It may well be that, because of the accounting practice that is followed, in that market there may be seen to be one station in profit and one at a loss.

Mr McARTHUR—But these two groups have pretty sharp pencils, I can tell you. They know whether they are making a quid or not.

Mr Foster—The point is that the ABA only gets that information. It shows so many stations—

Mr McARTHUR—It does not matter about them, it is whether they have the sharp pencil.

Mr Foster—What do they say, 'Lies, damn lies and statistics.'

CHAIR—Could you give us an idea of which of your independent members might be interested in giving evidence?

Mr Foster—I am sure practically any of them.

CHAIR—I would be pleased if you would liaise with Jan Holmes, the inquiry secretary, because we are going to do a sweep through western New South Wales, Queensland, the Northern Territory and Western Australia, probably by charter aircraft. We will probably knock over six or seven towns in four or five days.

Mr Foster—Yes.

CHAIR—If there is anything unique that we should look at in those types of stations we would like your advice on that, or which ones might like to talk to us. We are obviously not going to go to all of them, we have to take a cross-section. We will be going to the capital cities to talk to the near capital city stations, and the networks. We do not have any prejudice against them.

Mr Foster—I feel sure we will have some nominations for you. One of our members in New South Wales has already made a separate submission, I understand, and that is 2BS, Bathurst Broadcasters.

Mrs O'Neill—As has our company.

CHAIR—Thank you, IRB, for your evidence, it has been very helpful. We may come back to you, as I said, and we would appreciate that information. Also, you understand that today's proceedings were recorded by Hansard and you will receive a draft copy of today's evidence.

Resolved (on motion by **Mr McArthur**):

That this committee authorises the broadcast of this evidence and the publication of the proof transcript of the evidence given before it at public hearing this day.

Committee adjourned at 1.23 p.m.