



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

TUESDAY, 30 JANUARY 2001

MELBOURNE

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HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON COMMUNICATIONS, TRANSPORT AND THE ARTS

Tuesday, 30 January 2001

Members: Mr Neville (*Chair*), Mr Gibbons, Mr Hardgrave, Mr Hollis, 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, and Mr Neville

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.

WITNESSES

BARTLETT, Mr Peter, Partner, Minter Ellison	93
BUTLER, Mr Richard Edmund, Chairman, AsiaSpace Limited	154
CASINADER, Ms Tarini, Superintendent, Severe, Public and Agricultural Weather Services Program, Bureau of Meteorology	113
COLLIER, Mrs Shirley Alice, Presenter/Secretary, Central Victorian Gospel Radio Incorporated	124
DAVEY, Mr Leslie James, Vice President, Regulatory Affairs, AsiaSpace Limited	154
EGAN, Ms Tanya, Economic Development/Grants Officer, Warrnambool City Council	135
HARVIE, Mr Peter, Executive Chairman, Austereo	93
HASSETT, Mr Michael, Superintendent, Communications, Bureau of Meteorology	113
HEADEN, Mr Peter, General Manager, 3YB Ace Radio Broadcasters Pty Ltd	135
JOLLEY, Mr Stephen, Chairman, Australian Council for Radio for the Print Handicapped Co- op Ltd.....	126
MacINNES, Mr John Galloway, President, Community Radio Endeavour Warrnambool Inc.	135
McDONALD, Mr Robert, Engineer/Treasurer, Central Victorian Gospel Radio Incorporated.....	124
McGinn, Mr Anthony James, Chief Executive Officer, MCM Entertainment Pty Ltd.....	106
MICALLEF, Mr Richard, Executive Officer, Australian Council for Radio for the Print Handicapped Co-op Ltd.....	126
MOTT, Mr Walter Hilaire, Chairman/Managing Director, North East Broadcasters Ltd	147
PHILP, Mr Peter Bruce, Media Manager, Country Fire Authority.....	113
WELLS, Ms Marilyn, Secretary/Public Officer, West Gippsland Community Radio Inc	135
WILLMER, Mr Robert, President, Central Victorian Gospel Radio Incorporated.....	124
WRIGHT, Mr Robert, Assistant Director, Services, Bureau of Meteorology	113

Committee met at 9.00 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 from across Australia. We have received approximately 280 submissions. They have come from relevant federal and state government departments, 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 these submissions. It is an indication of the importance of radio to regional Australia, of the concern in the community about the current policies and practices revolving around radio networks and also, no doubt, of the concerns that some have about possible changes to those 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 the non-metropolitan areas.

The issues that have been raised in the submissions are many and varied. We do not yet have all the answers. Some are very strong views, and these have been expressed with great vigour. For every claim that has been made, there is often a strong counterclaim. We will be testing this evidence thoroughly, travelling widely and listening carefully. We will be looking for solutions to the problems in regional radio which provide the right balance between providing an environment that recognises the reality of the commercial and other considerations faced by all sectors of the radio industry on the one hand and ensuring that the community has access to a diverse range of quality radio services on the other.

On behalf of the committee, I welcome all the witnesses and participants here today and those who are present in the public gallery. During these proceedings, because of litigation that exists between a number of the witnesses, the committee may have to adjourn briefly to consider matters, or we may at some time have to have one or other of the litigants in a private session. So, if you are asked to leave the room for a brief period, please do not be insulted—it is just the nature of the particular activities that we are engaged in.

Resolved (on motion by Mr McArthur):

That submission No. 133.01 from the Federation of Australian Radio Broadcasters, together with any attachments that have not otherwise been received as exhibits, and submission No. 189.01 from AsiaSpace, together with any attachments not otherwise received as exhibits, be received as evidence to the inquiry into the adequacy of radio services in non-metropolitan Australia and authorised for publication.

CHAIR—I would like to touch briefly on the matter of sub judice. Before we start, I draw your attention to the implication of the sub judice convention to parliamentary proceedings. Under this convention, parliament and its committees have placed a restriction on debating matters that are under adjudication in the courts. The restriction is designed to avoid parliament being used as an alternative forum to the courts and to ensure that proceedings in parliament do not interfere with the administration of justice. In practice, this means that a committee chairman can rule that any discussion of matters currently before the court is out of order. Alternatively, a committee may resolve that such a discussion may take place in private session, as I indicated before.

I am aware of newspaper reports that DMG has initiated legal action against one of its competitors, Austereo, alleging that Austereo has engaged in improper conduct. To help determine whether the sub judice convention should be applied, we would appreciate a statement this morning from those involved in this particular action, clarifying whether the reports are accurate and, if so, explaining, first, the nature of the action that has been taken; and, secondly, the current status of the proceedings. At this stage we are inclined to take a cautious approach and simply seek information about the nature and timing of the legal action without discussing the detail of the allegations. However—as I also indicated earlier—we may briefly adjourn the hearings after the statements, both here and in Townsville, to consider whether the allegations are central to our inquiry and, if so, whether we might invite the participants to comment further in private session.

[9.07 a.m.]

BARTLETT, Mr Peter, Partner, Minter Ellison

HARVIE, Mr Peter, Executive Chairman, Austereo

CHAIR— Before asking our first witnesses today from Austereo to make an opening statement on general matters before the inquiry, I will ask them to clarify whether the newspaper reports of legal actions are accurate. Are they continuing and, if so, could you describe the nature and cause of the action that has been taken, the remedy you are seeking and the current status of proceedings? Before we move to that phase of this morning's activities, I would like to welcome to the table Mr Peter Harvie from Austereo. Mr Harvie, would you like to comment on those matters?

Mr Harvie—Those issues are in the hands of our legal advisers—Peter Bartlett is here this morning and he will comment further—and we will vigorously defend our position. I will ask Peter to comment further.

Mr Bartlett—There is litigation pending at the present time. DMG has taken action in the Federal Court against Austereo and against Turnbull Porter Novelli Pty Ltd, Peter Harvie and Ken Davis. That action was issued in December and it comes before the Federal Court on 1 February for directions. The litigation is at an early stage. The allegations are that some fictitious letters or letters written by a person who does not exist were sent to the media and published as letters to the editor. They were also sent to some parliamentarians. It is alleged that all of the respondents took part in the production and sending of those letters. The position of Austereo and Peter Harvie is that they knew nothing about such letters and they deny any involvement at all. At the present time we believe the DMG action has been taken without their holding any evidence at all that would directly implicate Austereo and Peter Harvie. The action comes before the Federal Court on 1 February for directions and, as I said, the litigation is at a very early stage. I am not sure when the action is likely to be heard—the actual trial—but it could well be six, nine or 12 months away.

Our position in relation to your present inquiry is that the issues involved in the litigation are not central and not relevant to your terms of reference. We believe that the proper forum to air the claims and the defences in that litigation is the Federal Court. It would be our submission that this inquiry should not look into whether there were letters sent, how those letters were produced and who took any part in the production of those letters. It is a very narrow issue which we believe is not central to the terms of reference.

CHAIR—One question I would like to raise with you, and I will be raising it with the other party, is about a matter that I believe impugns the integrity of this committee, and I invite you to make a comment on it. It has been alleged that one of the parties unduly influenced this committee to initiate these proceedings to affect the other. Do you have any comment to make on that?

Mr Bartlett—Mr Harvie is in a position to respond to that.

Mr Harvie—I think that that contention is absurd.

CHAIR—Have you at any stage sought to influence any member of this committee to hold this inquiry?

Mr Harvie—On many occasions I have spoken to a range of people, not necessarily this committee, in all walks of life as to concerns that I have about the changes to the radio industry and, in particular, to the non-metropolitan radio industry. I have not restricted my comments and I hold passionate views on this.

CHAIR—Have you spoken to any members of the committee, other than in a general sense, about the holding of this inquiry?

Mr Harvie—Not in a specific sense, no. I have spoken to a broad canvas of people. For some time I began to hear general stories of major changes that were taking place to radio in rural and regional areas. They were just general comments that came in from some of our programming people or people we would bring in on additional programming work, and they began to concern me. They began to concern me because radio had a great struggle to assert itself and to grow itself, not so much in terms of listeners—though that is an issue—but also in terms of what keeps it alive: advertisers. When I began to hear these stories I began to become very concerned. Radio's real reason for existence is as a medium of immediacy and relevance. If you strike at the heart of those elements—there are others, of course—then you cause great problems.

CHAIR—I understand where you are coming from. My concern is that the integrity of the committee was impugned. What I want to know, other than in the general sense that you have just described, is: have you ever sought to influence this committee to hold an inquiry?

Mr Harvie—No. I am sorry I was so verbose.

CHAIR—This is an important inquiry and you are giving evidence on oath. While, because of the nature of these proceedings, your legal adviser may join you at the table, I want you to understand that the questions are directed to you as an officer of the company and, unless on matters of legal import, I expect you to respond.

Mr Harvie—Yes.

CHAIR—Mr Harvie, would you like to make an opening statement regarding your submission?

Mr Harvie—Mr Chairman, Austereo operates 10 capital city stations; two in Canberra in a joint venture with a competitor, ARN; and two in the regional Newcastle market. Austereo believes that regional and rural radio plays a crucial role as a source of information, entertainment and community knowledge, as well as a unique medium for advertisers. We have interest in the non-metropolitan market and we have already demonstrated that by our move to Newcastle. Equally we would see that perhaps part of the future of Austereo in this country would be to expand that interest.

Regional and rural radio is the only major parochial information source. Television is aggregated. Press is infrequent in many cases. I think this is part of the nub of my concerns. As

I mentioned to you beforehand, radio faces a constant struggle to assert itself with audiences and with advertisers. It is a wonderful medium but it obviously suffers in the shadow of television and, in some instances, press and magazines. Its share of 8.8 per cent of total advertiser spending indicates the position that it stands in against the 30 per cent shares held by television, and print and press.

One has to be very careful with the way one handles radio. It is my belief that radio is the only medium that is the glue to communities. It is immediate and it is relevant. It is talking about local issues all the time, and that does not happen on television and that does not happen in the press because of the infrequency of the appearance. Therefore radio is an extremely powerful community tool. In making it work, certainly I believe there are some concerns if you wish to re-engineer the medium, as I believe has been happening through some operators. It goes without saying that there are great difficulties in the non-metropolitan area. It goes without saying there are enormous divisions. We all know that but I think that this is, from what I can see emerging, a blow right at the heart of rural communities and also, quite selfishly, it is a blow at the heart of radio.

Austereo has invested a great deal in bringing creative radio to Australia, both to capital cities and through our move to Newcastle. I might add that in Newcastle, rather than cutting the operating costs, we have increased them in the years since we made the acquisition of NXFM and KOFM in Newcastle. We have increased certainly around 20 per cent in the expenditure that we have put into building those stations. They are somewhat networked but in general terms they are live to air from 6 a.m. to 6 p.m., so I hope I do make that point that we must see radio, and in particular regional and rural radio, as being something that is ongoing. It is immediate, it is relevant, it is community affairs, it is a binding medium and no other medium can touch it in that respect. If you change the equation, if you re-engineer it or if you change the dynamics of it, then suddenly you are potentially beginning to create a monster.

It is also important, Austereo believes, to consider the employment opportunities of regional and rural radio. At the same time we must not underestimate the importance of regional and rural radio with its 65 per cent audience share against the ABC's 29 per cent share. It is currently a vibrant medium.

CHAIR—Could you repeat those figures?

Mr Harvie—I said 65 per cent audience share for regional radio and 29 per cent share for ABC. Those figures are from the Radio Marketing Bureau, I understand. Looking at the commercial aspects of the business, I will turn to the Newcastle experience. Seventy-five per cent of all commercial content with us in Newcastle is represented by local businesses. Therefore, regional and rural radio is a very important tool for local businesses in the respective towns and regions. Again, it is an affordable and economic way of handling advertising. It is generally less expensive than television. As I said, it is all-intrusive, it is all-pervasive and it gives advertisers the opportunity to have an active environment. Again, advertisers look not just at commercials; they look at environment. They have seen an environment in radio over the years where they are included within a program. Even if they are within commercial segments, they are included in a program. This is what they want. I will use the illustration of what is happening in Sydney today where Andrew Denton or Wendy Harmer provide the aura and the commercials sit within that structure. The live presence is so important because, again, it

increases the immediacy—the live, local, regionalism of the whole thing. That is the strength of radio and that is how Austereo particularly has used it to sell and build our share—and the overall radio share, I would hope—with advertisers.

CHAIR—Do you have much more to say? I would like to allow plenty of time for questions.

Mr Harvie—No. Amongst some operators in recent times, networking has increased to a significant degree, perhaps at the expense of relevant local content. Networking is not a bad thing in itself. We use networking. In fact, we have a 50 per cent equity in a company which is involved in networking, so we do not have a problem with networking. It can provide very high quality content, but there must be a balance to protect localism.

CHAIR—You are virtually in the metropolitan market, so to speak. Quite often Newcastle has been considered to be more a metropolitan station than a rural station. Nevertheless, you do have a regional perspective in respect of Canberra and Newcastle. What do you do in those two markets to achieve localism? For example, do you have newsrooms in both cities?

Mr Harvie—No, in those cities we use Prime Television's newsrooms, which gives us access to a greater source of news information than we would normally have.

CHAIR—Do you do that under contract, or are they partners with you?

Mr Harvie—No, it is under contract.

Mr GIBBONS—Can you tell us how that access to Prime news works? Do you use their announcers to broadcast news over your network?

Mr Harvie—Yes, that is correct.

CHAIR—Who selects the stories—you or Prime?

Mr Harvie—Prime selects the stories but certainly our news people would have a viewpoint on the types of stories that were selected, and Prime would be briefed on that.

CHAIR—Why would you not use your own journalists? If you are talking about immediacy and empathy with the community, why would you not use your own journalists? If you were part of the aura that your announcers built up, why would you not have a news service that was within that aura?

Mr Harvie—We have news services in all other markets, but using Prime makes particular sense in those markets—Prime is sitting in the same town and sharing the same news.

Mr GIBBONS—You said that you had a choice over which news items you actually take. How do you work that when you have Prime bring together a broadcast? What do you do—cut and chop it?

Mr Harvie—No, our news people put a view as to the types of stories that we are interested in. Clearly we are interested in parochial stories.

Mr GIBBONS—I understand.

Mr HARDGRAVE—How do you define localism?

Mr Harvie—To me, localism in radio is an operator who is absolutely immersed in local affairs and events. We have our community switchboards which are full of information, both metropolitan and non-metropolitan, on local events, on sporting events and on whatever is going on. We become involved in all issues ranging from social groups through sporting groups to charitable groups. We immerse ourselves absolutely and totally in local affairs. So I think that has been part of our success.

CHAIR—As Mr Hardgrave asked, how do you do that in Newcastle and Canberra? Do you work through their switchboards?

Mr Harvie—Yes, through community switchboards, but also by getting involved in a range of issues and a range of matters. In our submission we do make the point so I shall not bog you down. We do operate a number of initiatives that bind us to the local community.

Mr HARDGRAVE—So you are sponsoring local events and you just get more involved.

Mr Harvie—Yes.

Mr HARDGRAVE—Is there a certain minimum amount of time that a local radio station should be live to be truly local? In your submission you talk about the way ahead and having live on-site broadcasting Monday to Friday for ‘a reasonable period of time’, sufficient to adequately meet local needs. What is a reasonable period of time?

Mr Harvie—As far as we are concerned, networking within Austereo generally—and I will just give you an overall coverall—would represent about 20 to 25 per cent of the total time. I could give you specific information. We are talking about 80 per cent of the time that is live and relevant.

Mr HARDGRAVE—So networking is more of a supplementary thing rather than a mainstream—

Mr Harvie—Yes, and mainly night-times.

Mr HARDGRAVE—When we talk about some of those regional and rural stations, which is the inquiry’s main purpose, there is a lot of talk about cost structures and the viability of the industry. What sort of cost impact is it going to have on a small station currently coming out of one of the great network hubs of Townsville or Albury or wherever to, following your way ahead example, go back to, say, a 6 a.m. to 6 p.m. Monday to Friday kind of operation or more? What kind of cost structure would that introduce?

Mr Harvie—That is the way it was in the beginning. I am sure that it would vary from area to area. This is the difficulty, I am sure, that this inquiry faces—to get the balance. What I am suggesting is that the balance has gone too far the other way. If, in fact, some figures that I have put forward are correct—and I am led to believe they are—they show that, in some instances where a station has been broadcasting live and one would have thought doing reasonably well from 6 a.m. to 6 p.m., it has now been cut back live from 6 a.m. to 9 a.m. That is not good enough. In answer to your question, I cannot speak of the economic balance of the thing. I should only tell you that, in the Newcastle instance, we turned around a loss into a profit and we have spent money doing it.

Mr HARDGRAVE—Maybe I should ask the same question in a different way. To go into a networking operation is obviously a cost saving?

Mr Harvie—Yes, it is.

Mr HARDGRAVE—What do you shed to save those costs?

Mr Harvie—You shed localism, and you then run into the problem of advertisers suddenly saying, ‘You have changed the dynamics of this industry.’ In my submission, I have put down some comments of the key media buyers in Australia, and these are the people who keep us alive. What they are saying generally is, ‘You have changed the dynamics of this and you have changed the reason we buy radio.’ I should tell you, by the way, that that would apply in the metropolitan area as well as in the non-metropolitan area.

Mr HARDGRAVE—When you say you shed localism, you mean you shed local staff.

Mr Harvie—You shed local staff but you also, by need, shed local content because you are not there—because you are not functioning as a part of the community. You have to be within the community to be able to continue to go out to mine the information to give to your listeners to be relevant.

Mr HARDGRAVE—Have you seen the submission to this inquiry from the Daily Mail Group?

Mr Harvie—I apologise. There was somewhat of a botch up in my receiving documents. I have seen some of the submissions. I have not seen theirs; I am sorry.

Mr HARDGRAVE—In their submission they talk about the fact that they now employ across their network more people, albeit at the hubs, than they did before they networked. Do you have a comment on that?

Mr Harvie—I think that that is very good from a staffing viewpoint because the radio industry needs to generate additional staff for its strong future. But that does not get away from the point that, regardless of how many people you appoint, if they are not there, they are not there.

Mr HARDGRAVE—What I am getting at is that, if the cost of staff, say, were one of the major costs of maintaining a local feel, is it a reasonable argument that hiring more staff but

having them in two or three locations rather than at each of those small towns is perhaps the best way to service a local market?

Mr Harvie—I do not think so, and I do not think that the major advertisers that I have spoken to think so either. I had a research exercise going through on three issues. I think it was in November last year, and I think there are some details in here. Millward Brown, Max Yanns's research organisation, did it. I just asked them to take a look at one of the markets. I think the audiences aren't too satisfied about that. There may be some who are very satisfied, but I think it does not get away from the problem.

Mr MOSSFIELD—Austereo is owned by the Village Roadshow Ltd. Could you give us a breakdown of what the Village Roadshow Ltd consists of?

Mr Harvie—The constituent elements of Village Roadshow are cinema, domestic and international; theme parks in Brisbane—Warner Bros Movieworld, Seaworld, Wet and Wild; and Roadshow Entertainment, which comprises video operations, entertainment and games. We have covered Austereo, of course. I think that pretty well covers it, but we are a primary supplier of products not only to audiences through cinemas but also to pay television networks. We are distributors of film and we also have one of the most vibrant motion picture production operations in the world today. I am sure that you would not have rushed out to see *Matrix* because we were directing it to another market, but it was one of the most successful Australian movies.

Mr MOSSFIELD—This is from the Gold Coast.

Mr Harvie—Some are made on the Gold Coast, some are made in Sydney and some are made overseas. We have a joint venture with Warner Bros currently.

Mr MOSSFIELD—So there is a fair amount of overseas involvement in the ownership of your company?

Mr Harvie—No. We are a major international operator. We have gone into markets around the world. In the UK you go to a Warner-Village cinema. We are through Asia and Europe, and we are obviously here in Australia and New Zealand.

CHAIR—Mr Mossfield wants to know what sort of percentages of foreign ownership there is.

Mr Harvie—I am sorry—the percentage of foreign ownership?

Mr MOSSFIELD—That is one way of putting it, thank you.

Mr Harvie—Can I get back to you on that? I would have to check the share register, but certainly there is one UK group that has, I think, between a 13 and a 15 per cent shareholding. The company is in the hands of the institutions, so I would have to check the share register. Should I respond to that in writing?

CHAIR—Yes, to the secretary.

Mr MOSSFIELD—I have one other question on a completely different angle. In your submission under ‘How has regional and rural radio changed in recent times?’ you have a fairly hard-hitting statement about the impact that DMG has had on the industry, which could apply to other restructuring of rural radio. You itemise community radio stations, staff numbers and a whole range of things. Could you make any suggestions to the committee as to how we could overcome those problems that you have identified? Do you have the points I am referring to?

Mr Harvie—They are listed on page 3 of 22.

Mr MOSSFIELD—Yes, that is the one.

Mr Harvie—Mr Hardgrave has made the point—and for a certain reason I was unable to see that document—that in fact they have increased the staff. By the way, there are other people as well as DMG. DMG only emerged in my thinking simply because they were the ones where reports kept coming through. There are other operators who are doing, I believe, a very good job on metropolitan radio and others that are not. So it is not just DMG. The situation is that they have more staff now than they had beforehand. Perhaps if they turned the ship around then the problem would not exist there.

CHAIR—Let me put it to you another way. What distinguishes your network in respect of Canberra and Newcastle from DMGs? If you do not have your own newsrooms and they do not have theirs, what do you offer in localism that they do not?

Mr Harvie—On the figures that I have received, we offer significantly more than a number of their stations in live airtime.

CHAIR—Live air time?

Mr Harvie—Yes, that is live people, at the station, broadcasting.

Mr HARDGRAVE—You are talking about Canberra and you are talking about Newcastle?

Mr Harvie—Yes.

Ms LIVERMORE—I am curious, talking about the Newcastle experience, about who your main competitors in commercial radio are in that market.

Mr Harvie—We have the other operators in the market.

Ms LIVERMORE—You have those listed, have you?

Mr Harvie—If you look at the situation there, it is HD, New FM, ABC and RM. We are not competing against them for advertising but we are competing against them for audience which, in turn, influences that side of it.

Ms LIVERMORE—This goes to the issue of viability, if you are suggesting that you can translate your experience, the model that you have achieved, in Newcastle to other regional centres. I am trying to work out whether or not there are specific dynamics in that Newcastle market that have made it possible for you to increase your costs and still attract that advertising revenue and support to make it a success.

Mr Harvie—We have done that by growing our share, not only against competitors in the radio industry but against competitors—and this is the most important thing—in all media. Radio's competitors are not radio, they are television, press and outdoor—the other media. That is how we have attempted to grow Austereo's market share, both metropolitan and non-metropolitan. What we have done is apply unique models in the way that we program, in the way that we handle promotions, in the way we handle marketing and in the way we handle sales.

Ms LIVERMORE—You have done those things because, I assume, you see it as good business. From a policy or broader level, do you think that perhaps there should be different obligations imposed on licence holders in regional or non-metropolitan areas as opposed to metropolitan radio stations? Are you saying that this is so important it should go as far as putting those requirements on licence holders, rather than leaving it to their business planning?

Mr Harvie—There is an obligation on the part of a licence holder, I believe, to deliver excellence in product, and if achieving that requires having live, excellent talent and other activities then you should do it—that is your obligation. I know this is a rural and regional inquiry but, talking overall as this is a major issue, we could cut significant costs this afternoon out of Austereo. We had to do it some years ago when we inherited the group and it had financial problems—I had to do it. I could do it again, but we are not doing it. The talent that we use, the promotions we are involved in, are of world repute. Our promotions have appeared in headlines in the UK and in France last year. We invest heavily in the things that we do, so we could cut back.

Mr HARDGRAVE—But you also had a nasty experience a few years ago when the breakfast program on one of the Brisbane stations you own came out of Melbourne and it died, ratings wise, in the Brisbane market, didn't it?

Mr Harvie—Yes, that is correct. Some years ago, under certain circumstances, the Triple M network entered into networking, which I stopped. I am a non-interfering old executive chairman. I am not an interventionist; I am too old for that. But I did interfere and intervene in that particular respect and we stopped it because I saw with my own eyes the damage that happened when we networked. We were networking breakfast, we were networking daytime.

CHAIR—It is pretty obvious, if you look through the profiles of all the radio stations, that if there is a common area for localism it is the breakfast program. Just to take Mr Hardgrave's question a step further, a lot of networked stations are operating 5.30 or 6 a.m. until 9 or 10 a.m. Is that sufficient for real localism? Is there both a commercial and intellectual laziness there on the part of the networks in not being able to source appropriate presenters and provide a program in the morning and lunchtime?

Mr Harvie—You made the point that breakfast is most important, but I would submit that daytime, afternoon and evening are just as important—less so in non-metropolitans. Drive time is key: it is the No. 2 radio usage period. Daytime is incredibly important for the reach of certain demographics. From a marketer's viewpoint—specifically the marketers of fast-moving consumer goods—

CHAIR—I am not talking about the marketer's viewpoint now.

Mr Harvie—From the audience's viewpoint, you still have extremely strong audiences.

CHAIR—The question is not whether you have strong audiences, but whether there is both intellectual and operational laziness on the part of some of the networks to source appropriate presenters to present local morning and lunchtime programs. A lot of networks are now even taking those programs out of their hubs or capital cities.

Mr Harvie—I think you could conclude that.

Mr HARDGRAVE—How do you make a decision to network? Returning to the Brisbane example, there is a cost involved in putting a radio broadcast to air and a benefit comes to the company from selling access to its air time in the form of advertising. Arguably, if it doesn't cost you two announcers—there is one in Sydney and one in Melbourne and you broadcast the Melbourne one into Brisbane so you save the price of that announcer—do you lose much in advertising? The decision is based on the fact that your advertising viability drops off and the number of people who want to buy time on your station drops off in the Brisbane market.

Mr Harvie—Absolutely. That is what happened with the Triple M experience some years ago.

Mr HARDGRAVE—It is a bit hard to compare Melbourne and Brisbane with Emerald, Charters Towers, Bunbury and Kalgoorlie. However, do 24-hour networking stations that exist outside various hubs around the country say that it is cheaper not to have announcers there and so what if they don't make as much in advertising dollars? Is that the decision they would make or is it simply, as the chairman says, a bit of laziness?

Mr Harvie—I do not know what is behind their decision.

Mr McARTHUR—It has been suggested in the financial press that Austereo might be for sale. Would the attitude of the company be the same if it were sold off as a unit? Would you care to comment about that?

Mr Harvie—There have been press reports of an IPO of Austereo, and those reports have indicated a 45 per cent sell-off of Austereo. I submit that our opinions and views on the issues we have discussed today—and, indeed, on other broad philosophical issues relating to this great medium of radio—will not change so long as I am here, and I doubt that they will change after me because I have people far more intelligent than I working with me.

CHAIR—Is that 45 per cent derived from selling off the stations or selling off the shareholding?

Mr Harvie—Shareholding; it does not affect the stations.

Mr McARTHUR—The second issue is the one that we have been talking about: localism and networking. Do you recommend that this committee suggests to the parliament that legislation is a way of overcoming the difficulties of networking, hubbing and maintaining an element of localism?

Mr Harvie—I would not presume to tell this committee how to deal with these issues; I am a simple fellow doing my job.

Mr McARTHUR—You have made some very strong statements.

Mr Harvie—I have simply put forward my views. I strongly believe in them; I passionately believe in them. I don't want to see any damage done to this industry—not for selfish or for fiscal reasons but because I came into this business seven years ago, having sat on the other side of the fence and seen what a mess it was when I was with one of the biggest media buyers in Australia for many years. I have a passionate view that you should not wreck something that is world's best. By the way, Australian radio—particularly metropolitan radio—is considered world's best.

Mr McARTHUR—What about the view of DMG? You made some pretty strong comments about that group, which has 55 stations.

Mr Harvie—Yes, more than 55.

Mr McARTHUR—You make that point in your submission. Do you suggest to the government that the Foreign Investment Review Board should look at this quite major ownership of regional radio?

Mr Harvie—I think the horse has bolted. Austereo tries to expand into international markets. We have had outstanding success in Asia, where we have imported not money but just our intellectual capital. We are now the number one station in the Malaysian peninsula, where we have five stations. We are outstanding there. We have just moved into the UK. We may do a joint venture in Athens. But we cannot own them. We are totally controlled. The only market in the world that we can go into is Argentina. I went over to Buenos Aires to probe that, got frightened and left. I went and had a look at New Zealand, got frightened and left. The Australian Radio Network moved in and took it over. That was their Vietnam. I think Australia is the only other one.

Mr McARTHUR—If all the other countries are excluding you, why should Australia be open to anyone who comes in with the massive purchasing power the DMG group has?

Mr Harvie—In my wistful hours I have often pondered that, but I am merely a small bloke who is just trying to do the right thing and who is passionate about his business.

Mr McARTHUR—You are committed philosophically to the regional localism argument and you are saying to the committee that that philosophical commitment does convert to a

return on capital because you are servicing those markets better than some of your competitors. Is that what you are telling us?

Mr Harvie—Yes, I think so. On the UK issue, I have been banging my head on the heavy wooden doors of Whitehall for quite some years and only now have we penetrated the United Kingdom in a minor way. They hold us out; they hold others out. We have just a toehold there.

CHAIR—Taking Mr McArthur's point, talking about the level of ownership and the harm that is done to radio, is FARB today the peak body looking at the overall integrity of radio in this country, or is it just a reflection of the networks that control it?

Mr Harvie—I do not think the networks control it. Austereo is the largest contributor to FARB. Yet, as you know, I have said that I do not wish to join them.

CHAIR—Don't three networks own 60-plus per cent of the radio stations in Australia?

Mr Harvie—That could well be the case.

CHAIR—Who speaks fearlessly for the quality and integrity of radio in all its markets in Australia?

Mr Harvie—FARB represents the interests of its stakeholders.

Mr McARTHUR—All the stakeholders or just three or four?

Mr Harvie—Certainly in this case they are not speaking on my behalf, as I have made very clear. I take issue with their comment that everything is fine and dandy. That was what I distilled from their comment.

CHAIR—That was the essence of my question. Does that comment reflect just the commercial interests of its members, or does it reflect the integrity and quality of radio in Australia?

Mr Harvie—That is a very difficult question to answer.

Mr MOSSFIELD—Seeing that we have identified that you operate out of those major capital city areas in Newcastle and Canberra, what other regions in the Newcastle and Canberra areas does your signal reach?

Mr Harvie—Do you mean to which we network our own programs?

Mr MOSSFIELD—No, beyond the immediate cities.

Mr Harvie—Our leakage?

Mr MOSSFIELD—Yes, the leakage, if you want to call it that.

Mr Harvie—In response to that, I will provide you with the coverage maps because I would have to define each city. They will give you the sphere of cover.

Mr MOSSFELD—It is a fairly important issue when you are looking at regional radio beyond the capital cities.

Mr Harvie—All right, so I will provide coverage maps of all capital city areas. That would include, obviously, all capital city signal coverage areas.

CHAIR—Mr Harvie, I would like to thank you for your evidence today. I trust that we can come back to you. I have it in my mind that we may need to recall you later in the inquiry—events elsewhere might determine that. Thank you for your submission and for the interest you have expressed today. In accordance with our normal practice, you will receive a copy of the *Hansard* transcript of today's proceedings.

[9.51 a.m.]

McGinn, Mr Anthony James, Chief Executive Officer, MCM Entertainment Pty Ltd

Mr McGinn—MCM Entertainment Pty Ltd is, in my commercial opinion—but realistic opinion—the largest independent provider of radio programming to the radio industry nationwide, servicing both metropolitan and rural stations.

CHAIR—What is its ownership, Mr McGinn?

Mr McGinn—It is 50 per cent owned by Austereo. The other 50 per cent is owned by MCM International Group, which represents me as the largest shareholder and also Mr Michael Gudinski, along with some minor shareholders.

CHAIR—Does it operate as a separate and independent unit from Austereo?

Mr McGinn—It is totally separate from Austereo. We do not operate on Austereo's premises. We operate ostensibly as an independent business. Indeed we deal with Austereo's competitors, so for commercial reasons we need to.

CHAIR—Could you describe for the committee the sort of programming you devise and how you sell that to individual stations or to networks?

Mr McGinn—We provide predominantly prerecorded music programming.

CHAIR—The whole package?

Mr McGinn—Yes. They are theme programs, such as top 40 chart programs, dance music programs and specialty programs that are usually suited to broadcast on the weekend, predominantly in the evening on the weekends, which is when radio stations relax their formats a little bit and look for some more music lifestyle type programs for their communities.

CHAIR—Do you package that out to individual stations? Or do you have streams of music continually available into which they tap?

Mr McGinn—We distribute by two different methods. One is by burning or pressing compact discs and distributing them via courier each week. Some stations, alternatively, prefer to take it via satellite. For that purpose we run a 24-hour digital satellite channel for stations that wish to download the programming into their computer systems that then re-broadcast the programming on air.

CHAIR—How are commercials slotted in that?

Mr McGinn—The way we operate commercially in 90 per cent of our business is on a barter basis, whereby we provide the programming to the radio stations for no cash outlay. In return, we take about half the commercial air time in the program and we sell that to national

advertisers. The local radio stations are free to place their local advertisers and, indeed, some national advertisers in the remaining 50 per cent of the advertising time they have.

CHAIR—So you pre-sell 50 per cent of the advertising?

Mr McGinn—Yes, generally around 50 per cent. It varies.

CHAIR—But you do not charge the radio stations any fee for the program itself? Is that the idea?

Mr McGinn—There is no cash charge on at least 90 per cent of our products. Some of our products, such as some comedy and production packages, are provided on a cash basis to radio stations.

CHAIR—Could you describe some of your other things, like fillers and so on? What sorts of things do you do there?

Mr McGinn—We do not do filler or sustaining programming as such. One of our competitors, Sky Broadcasting, which is owned by 2UE in Sydney, provides some filler programming, or at least some time ago they did. They may not still be doing it, because I do not think commercially there is a market for it anymore.

CHAIR—Do you do anything like *On This Day* and that sort of thing?

Mr McGinn—We have some segment programs where we provide, as I said earlier, comedy and interviews with celebrities which stations can then present in their own programming.

CHAIR—Do you charge for that?

Mr McGinn—We do charge cash for most of our comedy and production elements as opposed to our pre-produced block programs.

CHAIR—And they can just buy those in; is that the idea?

Mr McGinn—Yes.

CHAIR—Let me ask you a very blunt question: have you ever been placed under pressure from one or other networks not to provide that material to a radio station?

Mr McGinn—We operate in a market where increasingly, because of the numbers of licences that have been issued in regional Australia, there is a substantial growth in competition. Radio is a very competitive medium. In the smaller regional markets, where it has become increasingly competitive, obviously some radio groups are using their commercial negotiating power to try to secure our product for all of their stations and not just for some of them. When we syndicate a program, the markets may change after that program has been subscribed to by radio stations, say, six months or 12 months later when there is a new licence issued. If a group

goes into a new market—for instance, a DMG or an RG Capital or an Ace—any of the major radio groups in regional Australia—

CHAIR—Do those networks all buy from you?

Mr McGinn—There is only one network that does not deal with us on a regular basis, which is the Korallis group in northern New South Wales.

CHAIR—I just repeat my question: have any of those networks at any time pressured you not to sell a program to another network or to another radio station?

Mr McGinn—They have pressured us to provide them with all our catalogue. For instance, if we are supplying *Take 40 Australia*, the national top 40 countdown, to a group and they get a licence in a new market, they will say, ‘Can we please have *Take 40 Australia* for that licence in the new market?’

Mr HARDGRAVE—What happens if there is a station already in that market that has been running it? Do they then get pressured to lose that particular program concession?

Mr McGinn—We operate on 12-month contracts. Every client, even our biggest broadcasters and indeed Austereo, which is a client broadcaster of ours, subscribes to the program on a 12-monthly basis and either party can terminate that arrangement upon six weeks notice prior to the expiration of that 12-month licence. A broadcaster can drop one of our programs and say, ‘We no longer wish to carry it,’ and we can say to a broadcaster, ‘We, for whatever reason, do not wish to license the program to you anymore.’

Mr HARDGRAVE—And you would not have the same program broadcast on two stations in the one market?

Mr McGinn—I would love to be able to do that but that is not commercially possible.

Mr HARDGRAVE—What happens when one station or network buys part of your catalogue in a market and then another station comes along and wants to buy another part of the catalogue? Do you still operate that way if there were two separate programs in your catalogue? Do you allow that to occur in that instance?

Mr McGinn—Yes. I was trying to think of another commercial analogy but, yes, absolutely. We would indeed, for all the right commercial reasons, like to supply as much program to as many different radio stations, indeed competing radio stations, as possible. But as I mentioned to Mr Hardgrave, it is not possible to provide the same program to competing broadcasters. We have about 12 programs in our catalogue.

Mr MOSSFIELD—I have a general question on the issue that the committee has to come to grips with. Have you got any view of what is the ideal balance between networking and local broadcasting?

Mr McGinn—Radio is a local medium. It needs to be able to reflect the local community's needs. If there is an increase in networking, I believe it behoves the broadcasters to ensure that they still provide a good local service, a community service, emergency services and things like that. If they can technically achieve that through the way they set up their networks, then that may suffice. If they cannot technically achieve that, if they blatantly put out a generic program from one centre to many centres, then I fear the market is going very much in the way that some of the international markets are going. France, Italy and Spain have national networks that put out purely national programming through 100 transmitters across the country. I would not want to see Australia go that way. For commercial reasons that could hurt our business. If they can achieve it while still providing sound community service and local service through the technology available to them, I think it is acceptable.

Mr MOSSFIELD—Does the product that you provide to radio stations require local backup—live announcers in the studio—while you are running your program?

Mr McGinn—Almost all stations we deal with now have automation systems, which are computer systems that can broadcast either live or prerecorded programming and basically retrieve audio files from a predetermined log. They are very flexible systems. The technology is very advanced. Most stations that broadcast our programs—certainly those that take them via satellite—will load our programs into their automation systems and generate the broadcast from there. In some instances those stations still have a panel operator or an announcer in the studio playing the CD of the program and inserting the local breaks and timing it out to the hour.

Mr HARDGRAVE—Those who make a decision to buy in program content, forgetting the network stations for a moment, theoretically they will be doing that because they can turn a dollar having a feature program like that. I think *Take 40 Australia* would be a feature programming item. I listen to Barry Bissel—I think he is a Melbourne announcer, but I am not 100 per cent sure; he broadcasts in Brisbane and Sydney. But that is a feature thing—that is something you can turn a dollar at selling advertising on.

Mr McGinn—It can be a standout feature for the radio stations to sell.

Mr HARDGRAVE—It is not localism, but it is actually a local advantage to have a decision made. I am helping you sell your product by this questioning. In theory that helps that local station's viability by having those feature programs.

Mr McGinn—Any media has to be global, national and local and they have to get a balance of those, a proportion—even your newspaper does. The front page of the *Herald-Sun* here in Melbourne will react first to the community needs of Melbourne if there is a bigger story, but they will also cover world news and national news. Radio is no different there. From our perspective, we bring programming to radio stations that is of a national perspective, and even of a global perspective. We employ full-time stringers in Los Angeles, New York and London who provide content for our programs. Of course not every radio station can have those resources.

Mr HARDGRAVE—Hot FM in Bunbury could not afford to have a stringer in Los Angeles filing on a weekly basis, but they may be able to afford to purchase, or not to purchase—you are

telling me there is essentially no cost involved in those programs. They just simply have the ability to sell the advertising space that you do not sell on that particular program content.

Mr McGinn—That is correct.

Mr HARDGRAVE—So, in fact, these sorts of segment decisions assist the viability of regional stations?

Mr McGinn—It definitely assists the viability of regional stations. We service about 130 stations a week with around 20 hours of programming, which is predominantly broadcast on weekend evenings. We have had very loyal stations. *Take 40 Australia*, for instance, is 17 years old. Other programs are 12 and eight years old. They are quite established products in the community and in the broadcasting industry.

Mr HARDGRAVE—There is nothing new in this. *Blue Hills* was sent around on discs 50 years ago, wasn't it?

Mr McGinn—If you remember, back in the early days of radio, the radio soaps and the radio theatre plays were all networked by production companies such as ours.

CHAIR—Is there any protocol with industry that prevents you from selling more than 50 per cent of the advertising?

Mr McGinn—No, it is purely commercial negotiation. When we started the business 18 years ago, it was one minute of advertising. But as we have grown better and better at what we do, we have grown to roughly four minutes of advertising. In America, it is six minutes per hour of advertising in the barter syndication market.

CHAIR—You call that 'barter syndication'?

Mr McGinn—'Barter syndication' is the term generally used for that type of networking.

CHAIR—Are there any instances in which you take more than 50 per cent in advertising?

Mr McGinn—No. I estimate 50 per cent; it depends on the minutage that the local radio station is running. Commercial radio stations in Australia will run anything from eight minutes an hour to about 14 minutes an hour. Some of the AM talk stations run heavy content. We do not necessarily move up to 50 per cent. We generally work on about four minutes an hour, so it is just under 50 per cent of your music station format.

CHAIR—Do you find that most of the local stations generally fill their 50 per cent of advertising? Do you monitor them? Do they use fillers?

Mr McGinn—It depends on the show; it does differ per show. For instance, we have a dance music program called *Party Hard*, which broadcasts late on a Saturday night. That is obviously a difficult show to sell to commercial advertisers in Kalgoorlie or something like that, but it is still a great service for those who like some party music late at night. But the regional stations,

in particular, are generally very proactive in selling advertising during shows like *Take 40 Australia* or the Denton comedy weekend program that we produce, which are real standout features.

CHAIR—Do you have a country and western program as well?

Mr McGinn—No, we do not. We tend to stay out of niche areas. We would like to, but there is a country and western program provided through Sky that is quite popular nationwide.

CHAIR—Before we conclude, I would like to turn briefly to the pressure of the networks. After a contract period has expired, do you generally find that a network that may go into a market where it has not operated previously and where a number of its stations already use your program expects you to automatically give it the next 12 months, the next two years or whatever it might be?

Mr McGinn—The major groups use their negotiating power—as you would expect them to do. We do not like terminating licences on regional broadcasters to suit the new map.

CHAIR—Do you see a danger in that if your company does not have a certain integrity about the way it does that, over time the larger and more forceful networks will usurp the quality productions, which are essentially content for small radio stations?

Mr McGinn—One of the big differences between us and any other producer in the country is that we have only ever produced programming that can work on a truly national scale, including in the capital cities. That is one of the reasons why we are a commercial success when a lot of the other producers are very, might I say, boutique.

CHAIR—That is not my question. My question is: over time, isn't all your programming eventually purloined by the networks?

Mr McGinn—We are not changing the market: the market is changing itself. In a perfect world, a syndicator would prefer not to have networks because you are spreading your eggs across a lot more nests in your commercial relationships. If DMG sneezed, we would catch pneumonia. If Austereo sneezed, we would catch pneumonia. If RG Capital sneezed, we would catch pneumonia. I would prefer that the networks were not as big as they are, but it is the commercial reality of radio. It has happened elsewhere in the world: it has happened in America and certainly throughout Europe. It is a reality.

CHAIR—My final question is: quite apart from their market dominance in purchasing radio stations, can they also dominate programming?

Mr McGinn—I think it is more a practicality issue. A lot of the radio networks, for all the right commercial reasons, tend to have a standard format across, say, their FM stations or their AM stations. Unless there are some unique market conditions, it is predominantly the same format across their network. This is what obviously enables them to do some network programming as well. Therefore, for instance, *Take 40 Australia* suits that format. They do not just want it for 20 or 30 per cent of their network; they obviously want to run *Take 40 Australia* on a Sunday evening or whenever they schedule it across their entire network because their

entire network appeals to the same audience as *Take 40 Australia*. So it is commercially impractical for them to have that just on part of their network. It is like the Nine Network running *60 Minutes* on only three stations and not the entire national network. It would not necessarily be sensible or viable for them to do that. So I think there are more practical reasons, rather than just using negotiating power, for the networks to require our programs to fill all their markets.

CHAIR—What would be your attitude if the independent stations were to ask you to syndicate a program for them?

Mr McGinn—We would gladly work with the independent stations, and we still do work with all of them as much as we possibly can. I do reiterate that it is not usually commercially viable to work on a small scale in syndication; you have to work on a truly national scale. Sixty or 70 per cent of the value of the advertising rates that we command in the market are because our programming is broadcast in the metropolitan markets as well as the rural markets. So we would be working on much smaller economies of scale to just service a small rural market as a stand-alone market.

CHAIR—Mr McGinn, thank you for your evidence. It raises matters which I am sure, as we move around in these two weeks of public hearings, are going to come back a lot. That is why I asked you to appear today, because we think the nature of what is networked is going to be an important issue. I thank you for appearing before the committee today. As is our custom, we will be forwarding you a *Hansard* draft of the evidence given before the committee today.

Mr McGinn—Thank you, Mr Chairman and committee members.

[10.14 a.m.]

CASINADER, Ms Tarini, Superintendent, Severe, Public and Agricultural Weather Services Program, Bureau of Meteorology

HASSETT, Mr Michael, Superintendent, Communications, Bureau of Meteorology

WRIGHT, Mr Robert, Assistant Director, Services, Bureau of Meteorology

PHILP, Mr Peter Bruce, Media Manager, Country Fire Authority

CHAIR—Would the Bureau of Meteorology like to give us a five-minute overview of their evidence?

Mr Wright—Yes, thank you. I will not touch on our submission. The director of meteorology provided a submission to the committee back in October. I will give a few brief points with respect to the bureau's interest in this inquiry. The bureau is the national meteorological authority for Australia. It operates under the Commonwealth Meteorology Act 1955. The bureau's basic service to the community includes severe weather warnings, for example, for tropical cyclones, severe storms, strong winds, gales, storm force winds, flooding and conditions conducive to the spreading of fires. As well, we undertake a broad public and marine weather services program. For example, typically we produce about 460,000 forecasts per year for the community and slightly more than 15,000 warnings in a typical year nationally. Those services are provided for 170 towns around Australia and 60 districts which cover Australia. All of that information is made available in the public interest free of charge through the mass media. The mass media is the primary distribution means for that meteorological service. In effect, we operate in a partnership with the media. We use the media as a conduit to provide that service, which we are obliged to provide under the Meteorology Act, to the community.

We survey our users regularly and we use a commercial surveying company for that. The most recent surveys indicate that in the last three months around about 76 per cent of respondents used radio to obtain weather information. Of that 76 per cent, in aggregate, slightly more than 76 per cent of users in metropolitan areas and 72 per cent of users in rural areas used radio as a source for weather information. We have also very recently undertaken a survey of 400 marine users of our marine products and found that 11 per cent of that sample used non-marine radio as their primary source of marine forecasts and warnings. There is no doubt in our mind that radio is the best medium for meteorological information and, in particular, warnings. In our submission paragraph 10 refers to a number of reasons for that, including immediacy, contact and getting to people particularly in times of severe weather when radio might be available and other forms of media may not be. The bureau regards the use of radio as a critical part of its service to the community.

Mr Philp—The Country Fire Authority represents communities in 130 different locations around Victoria. It is responsible for about 60 per cent of Greater Melbourne in fire and emergency protection and is responsible for all private land around Victoria, with the exception of crown land, which is the responsibility of the Department of Natural Resources and

Environment. There are two major functions of the CFA. One is fire prevention. There are very extensive programs that go on throughout the year that work with local communities and local councils in alerting people and communities on how to prevent fire. The CFA also has a big role in road accident rescue. Many of its fire brigades throughout Victoria are involved in that and, in some cases, rescue is a bigger operation than fire.

We are also involved with fire suppression, but more and more the emphasis is on fire prevention. As a result of that, we use the mass media, particularly radio, as the prime source of getting information across. When situations like fire restrictions come in, we need the radio to get that across so that people know that fire restrictions have come into their area. We also need to alert tourists and people moving into country areas that they cannot do things that they may be able to do in the metropolitan area. Warnings need to be going out constantly. On days of total fire ban, which can now be statewide or partial across the state, it is very important to get the message across the day prior to the actual fire ban and throughout the day. Certainly, radio is the prime area there. People that fail to adhere to a total fire ban can face hefty fines, jail terms or both. We find that people, when fire is approaching or when they hear information that fire is approaching their community, turn to their radios first—we know that from surveys—and their local radio. We find that more and more the local community is asking us how they can get a better service through their local radio stations.

CFA is very strong in asking people to have fire protection plans, and when the fire is actually in the neighbourhood we say the fire prevention plan should go into operation. A lot of work and consultation with the community needs to be done beforehand so that they know exactly what to do when fire approaches. For that reason, radio is very flexible. We are dealing with a large section of the metropolitan area, which I think we have covered because there are three major stations—ABC, 3AW and 3AK—that are giving good service for the metropolitan area. We also need that strong penetration into country areas, particularly where metropolitan stations cannot be picked up.

CHAIR—To cut to the chase, the purpose of you being here is so that we can ask you the extent to which the changes in regional radio over the last eight or nine years since the Broadcasting Services Act 1992 have affected operations. Has the general level been one of improvement as a result of networking and the like, or has it become more difficult? Are you caught up in the fact of generalist activity? You heard the previous witness saying that programs are pre-packaged: how do you get warnings into pre-packaged programs? What has your experience been? Have you had instances where you have not been able to access the emergency warnings or the like?

Mr Wright—One of the concerns that the bureau has is the impact of networking on our ability to get a message to, particularly, the rural community. In recent years there has been examples where we have not been able to get warnings out effectively. In our paper we indicated an example in Ingham in Queensland where flood warnings issued for the Herbert River were not carried by the local radio station because it was networked overnight through Townsville. There was an example recently in Dubbo in New South Wales where a severe storm hit on 6 January and our warnings were issued about 2½ hours before the onset of that severe storm. From our point of view that is a very good forecast, a very good lead time for a severe storm. We attracted criticism from people in Dubbo that they were not aware of that storm

warning. We have a suspicion that one of the problems there was the lack of local distribution by the media in the Dubbo area. We are having a look at that at the present time.

We had a number of discussions with the media, both television and radio, after the severe hail storm in Sydney two years ago. One of the difficulties there, again, was the distribution of warnings. Television is obviously a means for distributing our warning services. The problem with television, of course, is that it does not have the immediacy of radio. A greater percentage of the population are more likely to be tuned to radio at any particular time and a warning that can be disseminated by radio is more likely to reach the majority of people. We do have a problem with networking. In Tasmania, for example, we have seen a reduction over the last 12 months—about three to five radio stations no longer take our warnings that are distributed to them.

CHAIR—When you say they do not take your service, do they take the normal daily weather?

Mr Wright—We understand that they take the morning normal daily weather through the networking channel. We no longer send directly to them. They would get weather through their networking arrangements.

Mr GIBBONS—So you do not send it directly now. Was there an issue to do that?

Mr Wright—Yes.

CHAIR—Do you mean there is just one generic forecast for the whole of Tasmania?

Mr Wright—No, Tasmania is broken up into district and town forecasts. We have the capacity to try to tailor the forecasts and the warnings.

CHAIR—Have you monitored how it is sent out?

Mr Wright—Yes, we have a routine system from our end for distribution. We know exactly whom we have sent to and at what time.

CHAIR—Have you monitored it from the receiving end to see in what form it comes through to the public?

Mr Wright—We get feedback from the public. That is primarily the best technique.

CHAIR—Has that been better or worse as a result of networking?

Mr Wright—There are problems that we are aware of where people have complained that they have not had access to warnings and forecasts.

Mr GIBBONS—Would that come up in those surveys you were talking about earlier?

Mr Wright—Not specifically in the surveys. But we could well have the opportunity in those surveys. We are regularly doing them. That may well be something which we should be able to do.

Mr GIBBONS—I have just one question before I finish. Prior to the advent of networking, when you put out a flood alert to the local radio station, I take it you would have faxed that alert from your office directly to that station.

Mr Wright—Yes.

Mr GIBBONS—And that is how it used to work with other media?

Mr Wright—Yes. We disseminated most of our information by fax. The media prefers to have it by fax still. We are moving into new methods of dissemination through the Internet but, generally speaking, the media still requires it to be in hard copy by fax.

CHAIR—I will get you to comment along similar lines and then Mr Hardgrave will start the questioning.

Mr Wright—Firstly, I think we have a good relationship with management of local radio stations individually but particularly on our days of total fire ban we fax all media, metropolitan as well as country. Because the issue is so important, we always do a follow-up telephone call. As recently as 2 January, where we had total fire bans, we rang on New Year's Day to fax and confirm they had received the declaration. Of the stations we rang, 15 gave no reply at all. At some of those there were messages left. We had no confirmation of whether they had received those.

That means that there may have been no mention at all of total fire bans for the local community. They cannot rely also on networking that may come out of Melbourne. Southern Cross, for example, will cover a lot of country stations but, if it does not cover the central part of Melbourne, they may not do it. Then on 14 January, the previous day which was a Sunday, we had another total fire ban and there were 10 regional stations which we could not contact at all. One was the key station within the particular area of the north-east of Victoria. So there was no confirmation that the fax had been received. The reason we do the phoning is that often faxes get jammed up or they do not get through or get lost. With the phone call we take the person's name and the time. We are quite concerned about that. When people have fires coming into their community they do turn to their radio. What do we do? The CFA is able to help people through with their emergency fire plan. Often we cannot get through to stations to do this.

Mr HARDGRAVE—Mr Philp and Mr Wright, have either of you written to the individual radio stations and said, 'On 14 January at 3.22 in the afternoon we rang and couldn't get hold of you. There was a fire and we couldn't talk to anyone'? Do you tell them that?

Mr Philp—We have contacted stations asking, 'Are there numbers?' The numbers they give are either studio hotlines that ring out—I am not talking about very small country stations but, in particular, some of the regional centres; these lines just ring out even though they are supposed to be directly to the studio—or after-hours numbers. They give us new after-hours numbers or mobiles and often they just ring out.

Mr HARDGRAVE—Are you telling me that there is nobody at the station to receive the call—that it is being run by one of their computerised devices?

Mr Philp—That is all we can assume, yes.

Mr HARDGRAVE—Have you communicated that to the radio stations and expressed concern about the public danger to them? Have you written to them and received a response?

Mr Philp—I am not sure about that because our local regional headquarters have a closer contact. But on the issue of total fire bans, we actually ring them every year to make sure that we have access to them 24 hours a day. Certainly, the word we get back from them is that these numbers will be able to raise somebody.

Mr HARDGRAVE—Would you find out if in fact you have written to them and whether you have ever received a response from a station giving an explanation as to why or what their circumstance is? I think it might be quite handy for the committee to pursue that.

Mr Philp—I will do that.

Mr HARDGRAVE—In the case of the Dubbo matter, Mr Wright, did you follow up with the local station about what happened there?

Mr Wright—We are in the process of doing that.

Mr HARDGRAVE—I would certainly like you to keep the committee aware of how that unfolds. I think you are quite right in your point that essentially people turn to radio at times of difficulty because they do not necessarily want to turn the idiot box on or pick up the phone during a big storm, but they might listen to the crackling trannie to try to hear what is going on. If they cannot, there is a problem, so I think it is important that you give the committee some follow-up. Commercial stations seem to be letting you down, but what about community radio stations? There seems to be a pretty big network. Do you find that community radio stations are a far more useful commodity?

Mr Wright—Perhaps I could just make a comment following on from Mr Philp. In terms of the bureau's interaction with media and follow-up—

CHAIR—Community radio stations, as distinct from the ABC and the commercials.

Mr Wright—Yes, we are seeing a growth in the community radio stations. By and large, if a community radio station is prepared to run weather information—and most of them are and want to—we will try to accommodate that in sending information to them.

Mr HARDGRAVE—Do you find them a very useful commodity to get the word out? Do you get any feedback about that from people?

Mr Wright—I have not had a lot of feedback from community radio. The ABC, for example, is very good in terms of running our warning services. We have a system of priorities, particu-

larly for tropical cyclone warnings, where we assign a top priority where life is threatened immediately. The ABC will break into television or radio regularly and broadcast those.

Mr HARDGRAVE—In Brisbane we are always hearing about what is happening in the Gulf of Carpentaria, for instance, in the weather report, but that is acceptable given the sort of broadcast that the ABC provides. It is unfair in one sense to pick on one network, but we did inspect the 2UE facilities where the Sky Broadcasting network comes from. They proudly boasted to us about their ability to interact with their local communities—in other words, out of Sydney, they could talk about a road accident at Port Macquarie, a fire occurring at Ballina or whatever. Do you find that it has been the case with that organisation that they have been able to get those sorts of weather warnings and problems out, or do you not have experience with them?

Mr Wright—I am not aware of any experience with 2UE, no.

Mr HARDGRAVE—Are there networks that are actually able to adequately get that local emergency message out for you? Do you have any happy examples you can give us?

Mr Wright—We have no examples that I could give you. That is not to say there may not be any, but I cannot give you any examples of where a radio network has broken in for a warning. It may well happen in times of tropical cyclone events, for example, when there is a significant local threat.

Mr McARTHUR—Could I just raise the issue of fires. I would like to be clear on what we are talking about. My territory is in western Victoria, which is probably the most fire prone zone in the whole of the world. It seems to me that the CFA have a very good communication system amongst their own brigades and interested parties, and the source of information is an internal information flow as to where the fire is, what brigades are there and what actions are to be taken.

Firstly, I would like to get some clarity as to what the public information is actually saying, because in western Victoria total fire ban days are well known, clear and identified. You do not really need the media to tell you it is a total fire ban day. Secondly, what public information is the CFA putting out when there is a total fire ban day and there are three or four fires operating, apart from their own internal communications assessment—VHF, unit to unit, brigade to brigade, and regional; the whole story? Can we just be clear on what we are talking about so we do not have confusion about what we are all discussing: is it public information to individual land-holders to do whatever—to stay where they are or where the fire is—or are you talking to brigade people on the ground?

Mr Philp—We are certainly talking about public information. Every day, or sometimes twice a day, there is radio networking between brigades in a particular region, so brigades are well aware that they have various levels of preparedness. It is really public information. In many smaller country towns we have a weekly newspaper but, apart from WIN television, there is not very much in the way of community television that we can get out on, so radio is very important. In western Victoria, for example, during the Dadswells Bridge fire, which was our biggest fire in the last 15 years, we were able to cooperate very well with the Horsham station.

That was a good example of where a station came off its networking and gave us a good service.

Mr McARTHUR—What did they actually do for you?

Mr Philp—They provided a journalist throughout the day. The problem was that at night the fire did not stop and the danger was still there. It was far more difficult to reach somebody at night, but at least during the day they did provide somebody.

Mr McARTHUR—What were they telling the public in that area?

Mr Philp—We were going straight through to their newsroom; they were virtually recording our warnings, which were along the lines that people in places like Dadswells Bridge, Campbells Bridge and Glenorchy really should be putting their fire plans into action, and we were able to actually describe what people should be doing. People should be either—

Mr McARTHUR—That they should evacuate or put their fire plan—

Mr Philp—People were advised to either leave or put their fire plan into action. We were also able to provide a service—because it was getting into the holiday period—for people who had, in fact, come from the city, and we were able to provide warnings to them. If it had happened in some other areas where we have no access to the station at all—often we do not get long warnings; for example, the fire comes, we phone the station and the phones just ring out on us—

Mr McARTHUR—Do you think it would be worth while giving the committee a two-pager on the good effects of that cooperation between a local radio station and CFA?

Mr Philp—Yes, certainly. On the question from Mr Hardgrave about community radio, we certainly get very good cooperation from them, but I think the reality of life is that they have a very small audience. They are very eager and they are normally live all the time. The national broadcaster is excellent. Its relay stations, of course, are off the air generally on weekends and at night, but we have a plan with the program director that, if fire erupts in Sale or wherever there is a regional station, we can get that regional station back on air very, very quickly.

Mr McARTHUR—Could I suggest that you just give us a resume of what actually happened at Dadswells Bridge, referring to the good things that took place, and how the local radio station made a contribution to the saving of life and livestock, people and the general scenario that you have reported. These are examples of it really working. Do you have another one where it did not happen that you could use to demonstrate this to us?

Mr Philp—Yes, certainly.

Mr McARTHUR—Would you give us the two examples—the most recent example plus one you might care to nominate where the information was lacking—so we have some hands-on information for the committee?

Mr Philp—Certainly.

Mr HARDGRAVE—Have you seen some change or improvement in the actions of the networks since this inquiry began? Has this inquiry triggered any noticeable improvement in their service towards you?

Mr Philp—Not from a CFA point of view. As I say, very recently things are probably worsening in the sense of not being able to reach them. I do make the point that the two examples I gave when we were ringing were New Year's Day and also a Saturday, but nevertheless we did have a string of after-hours numbers.

Mr McARTHUR—Fires generally happen on New Year's Day and Saturdays.

Mr Philp—Exactly—or at night.

Mr HARDGRAVE—Not nine to five, Monday to Friday.

Ms LIVERMORE—My question follows on from that. Have you detected a change over time? You are citing fairly recent experiences where the system just has not worked at all in terms of the CFA communicating with the local radio stations. Is that something that has deteriorated over time?

Mr Philp—I do not think it has deteriorated over time. I will just go back to total fire bans. Unfortunately, generally they are proclaimed between 4.30 p.m. and 5 o'clock. Our chief officer and the bureau have a weather briefing about 3 p.m. Because it affects industry—

Mr McARTHUR—Are you talking about the day before?

Mr Philp—Yes. Because it affects industry, a lot of consultation goes on. It is normally around 4.30 p.m. to 5 p.m. If, for example, there was one proclaimed earlier at 4 o'clock there would be much better access, but once you get to about 5 o'clock it is getting extremely difficult. In that way I do not think it has deteriorated, but it certainly has not improved at all. I can go back years when stations were manned 24 hours a day and you could ring the local station and get it straight on. The CFA used to do that a lot, but that is something we cannot do anymore.

Ms LIVERMORE—That is something that might have disappeared five or 10 years ago?

Mr Philp—It is probably longer than that. We are talking about 15 years ago.

Ms LIVERMORE—I have another question for Bob. You mention in your submission the benefits that would come from having a formal protocol between, say, the Bureau of Meteorology and the CFA—those sorts of organisations—and radio stations. Do you have a relationship, a protocol or a system with any particular network or sector of the radio industry at the moment that you would regard as a model to start with if you were approaching the industry or having government impose a protocol across the sector? Is there something that you would start with now that is already working in practice for you?

Mr Wright—Our interaction with the media by and large is on a region to region basis. We do not have any formal agreements with the media. We have basically tried to encourage this cooperative partnership arrangement whereby we do not charge for the data, for example: we do not charge for the forecast or warnings. We try to make them available and encourage radio stations, in particular, to use them that way. We used to have a formal meeting with representatives of FACT and FARB and the ABC. We called that a bureau-broadcasters working group. That was an initiative of the bureau in the early 1980s to try to encourage that partnership arrangement. We have not had a meeting with them formally as part of that working group for 10 years now, I think. That had limited success, in my experience. It was a useful discussion or coordination means, but there was no formal obligation on the media to broadcast bureau warnings, for example.

Ms LIVERMORE—Does it come down to questions of liability? At the moment, where does responsibility lie if warnings do not go out and people lose their house in a flood, for example? Does responsibility lie with the bureau for issuing a warning that is not then communicated effectively, or does responsibility lie with the radio stations? Are radio stations reluctant to sign up to protocols because they are scared of liability perhaps for having a protocol that says they must issue these warnings, and then if they do not in a particular situation they leave themselves open to liability? Where is the resistance coming from? In your submission you say:

... the media has not been as receptive and pro-active in meeting the dissemination requirements of the Bureau.

Those words imply not necessarily just a technical or logistical breakdown but almost an attitude as well. What would you have to say about that?

Mr Wright—I find it hard to imagine that a radio station management would not have a concern for public safety, for example. Clearly they would. It is hard to know why they would not broadcast warnings or forecasts. Our experience is a mixed one. Some networks and radio stations are very good, and we would certainly congratulate them on the service they provide. But the performance is patchy, there is no doubt. We think networking is partially responsible for that in that it is difficult to break into a service that is being broadcast out of Sydney for a severe storm that might be occurring in northern New South Wales. There is a natural resistance to doing that, I suppose. I should say that we have had the same problems with television—even more so. Television, by and large, refuses to break into routine programs because of scheduling problems or whatever. We are hopeful that we may convince television. We are discussing with the Prime Network at the present time the opportunity to use perhaps crawlers across screens in rural areas. We hope that may well be successful. It would be a major step forward.

Ms LIVERMORE—So it not actually positive resistance coming from the stations; it is more that it is so practically and technically difficult for them to do it that it is just falling by the wayside.

Mr Wright—I think that would probably be the most likely cause, yes.

Mr MOSSFIELD—I am covering the same ground a little bit. It seems there are two issues here. One is for those local radio stations that are not staffed, and therefore you cannot contact them. Surely, there should be some arrangement where the people that normally staff those

stations are contactable, even in their own homes or something like that. Surely, that is something that could be done at the local level. The local council or the local rural fire brigade people should be able to organise that, so there is someone that they can contact even if the station is not fully staffed.

The other serious problem is—and you might have indicated this already—if there is a deliberate refusal for radio stations to break into their networking programs to broadcast major emergency warnings. Maybe they will break in—and other submissions have suggested this to us—if it is newsworthy. If they have got a major fire or a major flood coming down, they may break into their programs. But if it is just a general fire ban, it is not so newsworthy and they may be reluctant to do that. That is probably what Kirsty was saying, that there is a need for some sort of protocol here where people have a responsibility to broadcast the warnings that you are putting out.

Mr Wright—We would certainly endorse that view. In fact we suggested in our submission that, perhaps as part of the licensing arrangements, there may well be an obligation to broadcast community service announcements.

Mr GIBBONS—I have just one question. Have any of the individual radio stations, networks or any other sector of the media ever asked you for a fee to be able to provide that service?

Mr Hassett—We operate a feed to a number of stations already, particularly the ABC. In each state there is a direct feed to the ABC.

Mr GIBBONS—Not feed, a fee. Have they asked to be paid to broadcast your alert?

Mr Wright—In my experience, I do not think they have.

Mr GIBBONS—Yet.

Mr Wright—Yet. I remember that we did have discussions back in the late 1980s. There were discussions with respect to the bureau treating the media as a customer and charging for its services as part of user pays. We took that proposition in principle to the broadcasters working group. The view back from the ABC representatives, FACT and FARB, was that, if that were the case, they might have to look at charging for time. But that is the only instance that I am aware of where charging for time has been raised.

CHAIR—I would like to ask two questions. Given some of the criticisms you both raised today, how would we be in an Ash Wednesday type of circumstance if you could not get the message out quickly? It is a bit frightening, isn't it?

Mr Philp—It is.

CHAIR—You copped—I thought somewhat unfairly—quite a bit of criticism over the Sydney to Hobart race. I do not think there was anything wrong with the weather warnings; the fact was the transmission of them.

Mr Wright—Yes.

CHAIR—Both organisations obviously have their warning plans. It is the transmission of those plans that seems to be problem, isn't it?

Mr Wright—For example, each year before the tropical cyclone season we send a questionnaire to all media outlets in Queensland. We ask them for their broadcast times, their hours of operation, contact numbers and those sorts of things. We regularly do that before each cyclone season. So through that iterative approach we try to have the best understanding of what media outlets we have got out there that we can use and make sure, for example, that addresses and times of operation are up to date.

CHAIR—If working parties are not working effectively, if protocols are not working effectively and if there is some reluctance on the part of some networks to cooperate, have we reached a stage where the government should alter the Broadcasting Services Act to put a community service obligation in so that these things are put through with some clarity and rigour?

Mr Philp—I think there should be availability at every market. For example, in Geelong there are two commercial stations. One of them calls itself a 'Displan Station' and says if there is any emergency in the Geelong area it will turn program over to the emergency. I think that sort of service needs to be everywhere, because in the time of fire people become very frightened and contact us to say, 'Can you lead us through?' We know that in the Dandenong Ranges, with the support we get from the metropolitan radio stations, it works very effectively. I think people in the country should be given that same service.

CHAIR—When I say 'community service obligation', one option would be, on a local scene, to intervene where possible; but if that were not possible the network station would have to be able to demonstrate that from its hub it could put out a warning. Obviously the hubs must have access to all the stations. The ABC does not seem to have any trouble putting out things from its hubs. What is your comment on the idea of a community service obligation?

Mr Philp—I think it is very important. I am sure the CFA would like to see that.

Mr Wright—I think that would be the view of the bureau as well, Mr Chairman.

CHAIR—Thank you for that. On that note, thank you very much for your evidence. Thank you for appearing both individually and collectively, because you are the people who have to get the message out in the event of an emergency. As is the custom, you will receive a copy of the *Hansard* draft. I trust that, if we need to contact you further, we may do so.

[10.58 a.m.]

COLLIER, Mrs Shirley Alice, Presenter/Secretary, Central Victorian Gospel Radio Incorporated

McDONALD, Mr Robert, Engineer/Treasurer, Central Victorian Gospel Radio Incorporated

WILLMER, Mr Robert, President, Central Victorian Gospel Radio Incorporated

CHAIR— We welcome Mr Robert Willmer, Mrs Shirley Collier and Mr Robert McDonald on line to the committee proceedings today. As you are not present in the room we will not ask you to take the oath, but I would like to point out to you that these proceedings are proceedings of the federal parliament and warrant the same attention and respect. Any false or misleading evidence may be construed as a breach of parliamentary privilege. Are you aware of that?

Mr Willmer—Yes.

CHAIR— Would you like to give us a five-minute overview of your submission? We will then move to questions.

Mr Willmer—Central Victorian Gospel Radio has been trying for a licence since 1983. It has come through the planning stages with the technical reference of the ABA. We met them before they set the frequency for this area. Our radio engineer and I spent an evening reviewing the needs and discussing the areas—site, et cetera. With our future needs clear from our point of view, we negotiated a site on Mount Alexander with 3CCC. Then at an opportune moment we added to the building in which the transmitter is now housed. We have spent quite a number of thousands of dollars and our volunteers did the work. In the time since 1983 we have conducted the maximum number of tests we were allowed. In the early days it was not many weeks per year, but later it became permanent broadcasts which have totalled more than 30,000 hours of radio time and experience.

Gospel Radio is not just an ordinary community radio; it is a service of volunteers willing to be there 24 hours a day if permitted and to assist by phone those who ring in. The tally is about 2,000 calls per year. We are here today to ask for assistance in obtaining a licence, a licence which will bring jobs, experience in radio and broadcasting, and a huge radio technology working with people and recording things for people in the country. There are a number of things which we have been hindered by: the ABA, the comparison communication and the licence allocation. We did our part and the people who put up their hands for the licence did not show any interest in the early days.

CHAIR—Mr Willmer, I hate to do this to you but the reception here is unsatisfactory. The committee cannot hear what you are saying, much less the public gallery. I know you have gone to a lot of trouble in preparing the submission, and no doubt you have waited patiently to appear on line before us today but, in light of the circumstances, we might adjourn your evidence. I will speak with my colleague, Mr Steve Gibbons, who is also your local member, to see whether we can arrange a proper boosted line to Canberra one Wednesday morning. We have committee

meetings in Canberra every Wednesday morning at nine o'clock and we could give you half an hour or 40 minutes on one of those occasions, either on radio or, perhaps in conjunction with your TAFE college, we might be able to do it with the TV link which we have used in Canberra quite extensively over recent years. Would you and your colleagues be prepared to adjourn your evidence until we can arrange better facilities?

Mr Willmer—Yes, we would be happy to do so.

CHAIR—I am sorry to put you to this inconvenience today. I realise that you have come together to give us evidence, but I can assure you from this end that the reception is not satisfactory and the committee is flat out hearing you, much less the public gallery. On that note, I declare that the evidence being given today by Central Victorian Gospel Radio Inc. shall be adjourned until a Wednesday morning sitting of the federal parliament, when the committee will take evidence from that organisation.

Mr Willmer—Thank you for that. Could you give us a date?

CHAIR—The secretariat will be in touch with you.

Mr Willmer—Thank you.

CHAIR—I would like to apologise to the public gallery. That was not satisfactory reception. We will take a short break.

Proceedings suspended from 11.04 a.m. to 11.26 a.m.

JOLLEY, Mr Stephen, Chairman, Australian Council for Radio for the Print Handicapped Co-op Ltd

MICALLEF, Mr Richard, Executive Officer, Australian Council for Radio for the Print Handicapped Co-op Ltd.

CHAIR—Welcome. Do you have any comment on the capacity in which you appear before the committee?

Mr Jolley—Yes. I would like to mention to the committee that I am employed by Vision Australia Foundation as manager of its Radio for the Print Handicapped Service. It operates five RPH services, including four regional ones.

CHAIR—Are you going to lead, Mr Jolley? Would you like to give me us a five-minute overview of your submission and any other points you would like to make?

Mr Jolley—Thank you, Mr Chairman. We welcome the opportunity to participate in this inquiry to explain to the committee the role that RPH plays and can play for the people in regional Australia. RPH involves using radio to broadcast content which would otherwise be unavailable to an audience because of their inability to access print. It is estimated that one in 10 Australians are unable to read print—that is, of course, because of blindness or low vision; but there is a whole range of other reasons why people in the community cannot pick up a printed page and read it as most others can. It could be because of a physical disability that inhibits the handling of the printed word. We do not always think of a condition, even one such as arthritis, where one cannot have full use of their hands and, therefore, is restricted in turning the pages of a newspaper and manipulating other documents. There are many in the community who have learning or comprehension difficulties. There are also many, of course, who have English as not their prime language and therefore can comprehend the spoken word more easily than they can the printed word.

RPH services are provided as community radio services by community groups around the country, ranging from small groups through to organisations involved in service provision in other ways to people with disabilities, such as Vision Australia Foundation. We broadcast, through Radio for the Print Handicapped services, readings from daily newspapers, magazines, books and other specialised information that otherwise would not be available to the intended audience or the community of interest.

In addition to the reading of material, there is the broadcast of information segments from government, disability and other community organisations that would otherwise not be available. Centrelink, for instance, has a regular broadcast on our RPH stations. At times we also broadcast programs making a wider visual environment available to our vision impaired listeners. An example is the broadcast of descriptions of television dramas and major tennis events that are not broadcast on other radio stations: we broadcast a simulcast of the television broadcast superimposing radio commentary over the TV commentary.

RPH services have operated for some years in metropolitan Australia in Perth, Adelaide, Melbourne, ACT, Sydney, Brisbane and Hobart. More recently, they have opened up in regional Australia—particularly in southern Australia—through a station in Mildura, which has been in operation for about three years, and through stations in Albury-Wodonga, Shepparton and Bendigo. All the RPH broadcasters come together in a national organisation, the Australian Council for Radio for the Print Handicapped, which we often refer to as ‘RPH Australia’. We have plans to extend the service much further into regional Australia. We have been working with opportunities that have come through the licence area plan process of the Australian Broadcasting Authority. We have also been talking with the ABA about the possibility of establishing low powered RPH services in particular population centres that would reach communities in those centres using a relay of a satellite feed from a metropolitan centre and including local content in the program.

I would like to make just one more point: we place great importance on the mix of local content and content from a more distant source. Our focus is the needs of the audience. We acknowledge that Australians with a print handicap also need access to the information that is available on a national basis, a state basis and a local basis. The Mildura RPH station, for instance, takes most of its relay from Melbourne, where it is able to broadcast readings of the daily newspapers—the *Age* and the *Herald Sun*—and national and international publications. That broadcast includes three hours per day of local content, which has the local *Sunraysia Daily*, local radio and TV information, and other local community information. We do not regard the content that is relayed into the regional location as a sustaining service—far from it. It is an integral element of the diverse and relevant service that we intend to provide with our RPH service.

CHAIR—Thank you, Mr Jolley. Do you want to add anything at this stage, Mr Micallef?

Mr Micallef—Perhaps not at this stage.

CHAIR—The committee has been very interested in this area for some time. We speak quite a bit in parliament about how to get the best deal for the print handicapped. In fact our first witness, Mr Hall from Hervey Bay, gave evidence along similar lines to your evidence. This seems to present an opportunity to combine the best elements of networking with individual country stations. You made the point, Mr Jolley, that you get your national information on network and then swing to the country stations for various windows during the day for local content. Is that the general idea?

Mr Jolley—We have tended to operate more on a state basis, Mr Chairman.

CHAIR—You have not got on to a national basis?

Mr Jolley—There is some national programming that we are distributing, but the model I am talking about is stronger in Victoria and southern New South Wales at the moment. We are placing emphasis on the service that is already produced in our Melbourne station and then relaying that to Mildura, et cetera.

CHAIR—You have a RPH in Sydney and Brisbane too, don’t you?

Mr Jolley—Yes, we do.

CHAIR—They are affiliates of yours, are they?

Mr Jolley—No, they are associates. They are all members of RPH Australia, but they are separate organisations. So they are not affiliates of other RPH broadcasters, but they are members of the national organisation.

CHAIR—What sort of federal funding do you receive?

Mr Jolley—Through the CBF there is about \$270,000 allocated to RPH broadcasting each year at the moment. That assists the metropolitan stations in the region of \$20,000 to \$30,000 a year and will assist our regional stations in the region of \$5,000 a year.

CHAIR—When you are doing a Victorian program and you are reading from newspapers, what would you read—the *Age*, the *Australian* or what?

Mr Jolley—Yes, the first part of the morning from, say, 7.30 would be just over an hour of the *Age*. It would then be the death notices from the *Herald Sun*, an hour from the *Australian*, an hour or so from the *Age* and then an hour from the *Australian Financial Review*. So we are taking up the first part of the day with news content of the newspapers. In the second part of the day, in the afternoon, we tend to read more the magazine feature type content from the dailies or other publications, such as women's magazines or national publications like the *Bulletin*. In the evening we move into comment and opinion, letters to the editor and some book readings. Many of the RPH stations have an overnight service of BBC World Service, which is not RPH programming but it is very compatible with the kind of service we are providing, and then the newspaper content starts next morning. On most stations it would be with radio and TV guide information and then the *Age*. I have mapped out there what a particular station does, and other stations around the country will follow variations of that.

Mr GIBBONS—Do your regional stations broadcast 24 hours a day?

Mr Jolley—Yes, they do.

Mr GIBBONS—Is there any local content on those regional stations? You just mentioned that you take your statewide reporting of the newspapers and other magazines. Is there any local content from the local papers? For example, is the *Sunraysia Daily* in Mildura read over your local station?

Mr Jolley—That is read over the Mildura station twice during the day. During the early morning, I open a program between 6.30 and 7.30 with some *Sunraysia Daily* content and also there is a full hour between one and two each day from Monday to Saturday.

Mr GIBBONS—Is it the same for your station in central Victoria?

Mr Jolley—Not yet, but it is getting to that. That station is a newer one. We were able to deliver a Christmas present to our audience and get that one to air a week before Christmas this

year. It is now developing. It is reading half an hour a day of the *Bendigo Advertiser*. It will move into doing an hour a day from local studios in the next few weeks.

Mr GIBBONS—How many hours a day is that station broadcasting?

Mr Jolley—It is on air 24 hours a day.

Mr GIBBONS—So it takes a feed from the national one and the other state feeds in the meantime.

Mr Jolley—It is mainly taking the feed from the Melbourne station. It will continue to do this and will build up to three hours a day of local content.

Mr GIBBONS—Have you ever been asked to share the frequency with any other organisation?

Mr Jolley—Not the Central Victoria one, no.

Mr GIBBONS—Would that be an option, if it were a compatible organisation, with any of your stations throughout Australia?

Mr Jolley—We would be very happy to talk to an organisation about that, yes. We are mindful of the scarce resource of the radio spectrum. We are also mindful, and need to ensure, that the service that we are wanting to provide to our audience is not eroded by too much content that it outside the main objective of the service. But we would be very happy to talk to an organisation about that.

Ms LIVERMORE—Mr Jolley, are you aware of how many community radio stations in Victoria, for example, would subscribe to your blocks of RPH programming? Is that happening, or is that something that you are trying to work towards?

Mr Jolley—Yes. There is a national newspaper reading program at the moment that we broadcast for an hour a day, Monday to Friday. Richard, do you know how many Victorian community stations are taking that one?

Mr Micallef—There are 13 around the country, but I think just one in Mornington Peninsula is taking it in Victoria.

CHAIR—But you make it available?

Mr Micallef—It is free and available.

Ms LIVERMORE—With the regional stations that you have, is each of those set up under its own incorporated association with its own sets of volunteers to do the local programming? Is that the sort of model that you work on?

Mr Jolley—The licence for each of those regional stations in Victoria—and I am including the Albury-Wodonga station—is held by the Vision Australia Foundation. They are services of our organisation, but the local element of the service operates from the local centre with local volunteers, local staff, et cetera.

CHAIR—So they are not strictly autonomous?

Mr Jolley—No, they are not.

CHAIR—But you would give them a pretty free rein once the licence is in place?

Mr Jolley—They operate in the same way as other services of our organisation operate. The people in the local community know best how they want their community services or their radio service delivered. The organisation is about making sure that the right sort of infrastructure is in place—that the guidelines for RPH programming are known to the local operators and that they are conforming to them. They make the judgments about what the local content should be.

Mr MOSSFIELD—I have a couple of questions, Mr Jolley. Firstly, what part does advertising play in your programs?

Mr Jolley—As community broadcasters, we are able to have sponsorship of four to five minutes per hour. I say ‘four to five minutes’ because I am not certain that it is formally five minutes per hour yet. Overall, we would not use that much sponsorship per hour. We would like to be able to. But sponsorship is a significant income provider for our RPH services—not as much, yet, in the regions as we would like, but the service is in its early days there. Certainly, we would like to do that. We are very keen, though, to make sure that any sponsorship does not unduly influence the programming that is offered to our audience today, for instance.

Mr Micallef—Around 90 per cent of our sponsorship is from government sources and government information. Commercial clients do not put a high priority on accessing our audience, whether or not that is the right thing to do. The larger corporations, such as Telstra, regularly support us.

Mr MOSSFIELD—I am leading into asking: would it be an advantage to you if you had the ability to advertise for a period longer than four or five minutes an hour?

Mr Jolley—Yes, I believe it would. I am not sure how quickly we would be able to take that up, because of the limited availability of sponsorship or advertising in radio; but I guess there would be times when that would be an advantage to us.

Mr MOSSFIELD—One final question: going back to the issues that we were talking about prior to our break, on emergency announcements—which I think would be very important to your clients, particularly relating to fire and floods and other matters—how do they operate under your system?

Mr Jolley—We are on the facts distribution list of the Bureau of Meteorology, certainly in Melbourne—and, I am pretty sure, the other stations are on the distribution lists of the local meteorology offices. We do, for our regional stations, broadcast the local weather reports. We

also get the warnings from the CFA, and from the bureau, of any emergency activity. I just hope that we do manage to put those to air as we should and that there are not problems that the gentlemen were alluding to earlier with material not going to air on particular days. But I am not certain of the effectiveness of it.

Mr MOSSFELD—You say that your stations operate 24 hours a day, but are they staffed 24 hours a day?

Mr Jolley—They are staffed 16 hours a day, in general.

CHAIR—Do you all take the BBC feed at night, or is that up to the individual stations?

Mr Jolley—It is up to the individual stations, but I would think about eight or nine of the 11 stations would take it at least, and it might even be higher.

Mr HARDGRAVE—How much content is actually generated across the RPH associated stations? It would strike me that, if the Melbourne station is reading the *Age* for an hour and then an hour a bit later on, then that would be made available to all the Victorian stations. Would that be correct?

Mr Jolley—That is correct.

Mr HARDGRAVE—So there is no duplication of the reading of content. What about that hour of the *Australian* reading in the morning? Is that out of Sydney? There are different versions of the *Australian* all around the country, aren't there?

Mr Jolley—Yes. We do have a national program which some stations take and which contains the *Australian* and one of the dailies of the city that is providing the program on that particular day. In addition, what Sydney would broadcast out of the *Australian* on their station would have a different perspective from what Melbourne would broadcast out of the *Australian*.

Mr HARDGRAVE—Okay. So you are making editorial decisions about what content out of those newspapers is actually broadcast?

Mr Jolley—Yes. We try not to make editorial decisions. You have to make judgments from time to time, but we are very strong on us not being a news source but a news carrier. We are carrying the print media.

Mr HARDGRAVE—So you don't read the whole paper; you read selected articles. Is that what you are saying?

Mr Jolley—That is right.

Mr HARDGRAVE—The selection in Sydney or Brisbane would be different from the selection in Melbourne or Adelaide, I would imagine?

Mr Jolley—Yes.

Mr HARDGRAVE—What about the magazines you said you provide readings of in the afternoon? Do you provide that across the 11 stations you are involved in?

Mr Jolley—Those magazines are available for all stations, and some stations will take a particular magazine and others will not. They might like to do it in their own way: one station might feel that it is appropriate to read an hour and a half of the *Bulletin* and another station might make the judgment that it needs only an hour; and so they would produce the program separately. But there are other magazines for which they would share the content.

Mr HARDGRAVE—What I am driving at is looking at the cost structures involved in the RPH service. You mentioned that 90 per cent of your sponsorship comes from government agencies, which adds on to that \$270,000 that you were talking about in direct funding. Is that correct?

Mr Jolley—That is additional.

Mr Micalef—Yes; that 90 per cent is an estimate, and that will vary around the country, too. Some stations will have a lot more of local businesses.

Mr HARDGRAVE—As the chairman mentioned, our first witness before this inquiry was Mr Ken Hall, who is promoting an organisation called Radio for All Australians—which essentially is an RPH approach, but he believes in broadcasting dramas and all these other things that used to be on radio in years past. He has his own personal concerns: whilst he is fully sighted, he has comprehension difficulties and reflects that constituency. I was wondering if your content would perhaps be made available to an organisation like that, if they were to get a licence in Hervey Bay in southern Queensland.

Mr Jolley—Yes. We would be very happy to talk to anyone about making that content available to them. I want to make the point, if I could, that our emphasis is on access to information—and, following on from that of course, there is entertainment. I mentioned the television simulcast, and the tennis is a good example of that. But we are not about broadcasting content that other radio stations might just as easily choose to broadcast; we are about broadcasting content that in general would not be available anywhere else.

Mr HARDGRAVE—Fair enough. Do you have any difficulties at all on the question of copyright? I know that the 1968 act specified that there is a provision for dedicated RPH stations to broadcast pre-published material. Do you have a comment in general terms about any difficulties in that copyright area for any of the material that you do broadcast?

Mr Jolley—We do have difficulty about being able to broadcast RPH content on stations that are not recognised as RPH stations.

Mr HARDGRAVE—That is what I was getting at, yes. What is the difficulty there?

Mr Jolley—The act at the moment provides only for RPH providers to have the clearance to broadcast any printed material. If the material is to broadcast on another station, special permission needs to be obtained, and this can sometimes cause delays. We do have arrangements with the dailies for the particular daily program *National Press Hour* but, for

other RPH content to be taken by stations that are not dedicated RPH stations, there could be difficulties around their being able to get permission to broadcast some of that content.

CHAIR—In other words, they have got to make their own arrangements.

Mr Jolley—Yes, that is right. It starts to become difficult with syndicated material.

Mr HARDGRAVE—So you are a content provider, but there are some difficulties associated with the content that you provide as far as its being generally used by other stations goes.

Mr Jolley—Yes, that is correct.

CHAIR—Just a small point: you talked about book readings. Do you use your own personnel to do the book readings, or do you take the talking books? There is quite a variety of them, generally British ones with English actors who do book readings. Which do you use?

Mr Jolley—We work with talking book organisations. Sometimes for radio, in practical terms, it is better for us to actually produce the whole work again—because of radio requirements around episodes and other disciplines like that—but there are times when we have used content that has been available on talking book.

CHAIR—Do you need permission to use those book cassettes that are available in music stores? Does it require special permission for those types of book readings? Or do you have a clearance on those as well?

Mr Jolley—I am not certain that we would have clearance on those, but I cannot be specific. I would have to find that out and get back to you about that. However, it is not likely unless there was a particularly compelling reason in a certain circumstance for us to use material that is already available in the marketplace.

CHAIR—Right, I understand. I have one final question. You talk about it being largely state based. Have you ever talked about a national network perhaps doing the *Australian* and the *Financial Review* as a national feed and then going to state and then to regional, or is it just as easy to have people doing the *Australian* and the *Financial Review* from the state based headquarters?

Mr Jolley—I think there is an element of yes in both of those actually, Mr Chairman, in the sense that we would like to do that at some stage and we are working towards it and the new technology is making that more possible. Also, we do find sometimes, particularly with the availability of very willing volunteers, that personnel available to carry out such a function tend to be available and there are not the cost difficulties in that, so that is not so much of a cost saving as what it might be for other organisations. Therefore, there is that opportunity to tailor the program to suit what the particular radio station wants to offer.

CHAIR—I see. Thank you very much, Mr Jolley and Mr Micallef, that has been very important evidence for us. As I said, the committee has exhibited some interest in what you are doing and we have spoken about this to the minister. We trust that, if necessary, we can come back to you for additional information.

Mr Jolley—Certainly.

CHAIR—You will receive a copy of the draft *Hansard*. Once again, thank you for your kindness in appearing before us today.

[11.58 a.m.]

EGAN, Ms Tanya, Economic Development/Grants Officer, Warrnambool City Council

HEADEN, Mr Peter, General Manager, 3YB Ace Radio Broadcasters Pty Ltd

MacINNES, Mr John Galloway, President, Community Radio Endeavour Warrnambool Inc.

WELLS, Ms Marilynn, Secretary/Public Officer, West Gippsland Community Radio Inc

CHAIR—Welcome. We have asked you to appear together, in much the same way as we asked the Country Fire Authority and the Bureau of Meteorology to appear together, because your submissions have some common themes about them. Before we start, I would like the radio stations to clarify for us whether you are commercial, narrowcast or community radio stations.

Mr MacInnes—3WAY-FM is a community station.

Mr Headen—It is commercial station—3YB in Warrnambool.

Ms Wells—Ours is an aspirant community radio station, which means that we do not have a full-time permanent licence; we have a full-time temporary licence.

CHAIR—Do you particularly want to make opening statements? I ask because I think that by having such a wide cross-section we are going to draw out the flavour of what you are saying from the questions. Is there any key point you want to make before we start, Mr MacInnes?

Mr MacInnes—Yes, perhaps briefly, Mr Chairman. I argue that the community radio sector of which we are a part in Warrnambool is an alternative to the ABC and the commercial in that it is essentially local. Its area of coverage is quite circumscribed, probably with a 50-kilometre radius at best. It serves, essentially, the township of Warrnambool, which has a population of about 28,000 and is creeping upwards a little I gather. It depends on the rural sector, dairy industry, other primary production and food processing. It is quite a vibrant city with a major TAFE institute, a Deakin University campus, and major secondary schools and primary schools of both the government and the non-government sectors.

3WAY has had its licence for 10 years. One of the hallmarks of 3WAY-FM, like other community stations, is the extent to which it can respond quickly to a local need. It is very much inclusive of a hugely diverse group of people within the community who become members and who present programs of every imaginable type. There is great diversity. We have members and presenters from teenagers to octogenarians, from part-time to full-time work from every occupational category, retirees and school-age people. We have a German program, a Dutch program, Celtic programs, Koori programs and programs presented by disabled people. The scope is surprising for a place that is wholly run by volunteers with no payroll staff whatsoever. I think that is one of the hallmarks of our sort of operation.

I will give an example of our quick response. The network of my colleague on the left from 3YB opted for commercial reasons, I assume, not to continue broadcasting local Hampden League football at the end of the 1998 season. In 2000, 3WAY-FM picked that up and broadcast local football, which is a new thing for us to do. That was very well received. We got lots of response from residents of old folks homes who could no longer attend matches and from dairy farmers who were milking when the games were on. They found it really great to have local footy back on, because local football is very much a lifeblood in small communities in country areas particularly.

We learnt a lot in doing that. In our first year we entered the Victorian Country Football League media awards. We won the category for dealing with interleague football coverage and we were runner-up for radio coverage of local football. We were pretty happy with that. We also entered the Warrnambool regional business achievement award service category this year. It was a big field—I think there were 13 very diverse entrants—and we won that too. That illustrates our ability to respond quickly to a perceived need in the community and to act to fill that need.

CHAIR—Ms Wells, do you want to make a comment?

Ms Wells—I would like to agree with what John said. We are very similar in our provision. Perhaps we should look towards the welfare provision that we give too. Quite a lot of our programs are presented by local organisations and quite a number of the people whom we interview on our local network program are representatives of welfare groups, so the service provision is reinforced. As an aspirant we are doing it hard, as all aspirants do. We have to prove that we can do the job in all its aspects before we can possibly expect to be awarded a licence. The job is hard. It is done by volunteers, many of whom are retired self-funded or pension people who really subsidise the provision of these services.

CHAIR—Mr Headen, your focus is somewhat different.

Mr Headen—I am here at the request of the Warrnambool City Council and Tanya Egan. I think at this stage it is perhaps best if Tanya speaks first and I will then answer any questions that you may have.

CHAIR—Ms Egan, are you on staff or are you a councillor?

Ms Egan—I am a staff member of Warrnambool City Council.

CHAIR—What is the council's reason for appearing before the committee?

Ms Egan—We were offered an opportunity to appear before the inquiry and we would like to give a summary presentation of our submission.

CHAIR—Give us a brief overview.

Ms Egan—I will start by defining Warrnambool. It is one of the major regional coastal cities located in south-west Victoria. Warrnambool has a population of 28,000, which is growing by 1.8 per cent per annum. Major industries in Warrnambool include the food processing—especially dairy processing—health, education, tourism and retail sectors. In preparing for this

submission Warrnambool City Council consulted three broadcasters that operate locally: ABC Radio, 3YB and 3WAY-FM community station. By way of an overview of the council's understanding of the situation with radio services, we believe Warrnambool is lucky to have good radio reception, especially with local broadcasters throughout Warrnambool City.

We would also like to make certain statements about the terms of reference of this inquiry. First, Warrnambool City Council certainly supports the development of the radio industry. We recognise the importance of the industry in the life of the local economy and community. We see the radio industry as an employer and, in the community radio field, we see the industry as a pathway to further employment. A lot of people start their careers as volunteers on community radio. We also see radio as providing informative services to the community. I believe we are lucky to have in Warrnambool a very good mix of local content as well as prerecorded broadcasting, which covers a good variety of services. We believe radio has a supporting role in the development of local business through providing an avenue for businesses to advertise and through coverage of local markets. In conclusion, we believe radio plays an important community function through coverage of community events, sports and functions. Peter Headen can provide more detailed answers pertaining to the radio situation in Warrnambool.

CHAIR—We might proceed to questions. You have given a fairly general overview; do you have any areas of concern?

Ms Egan—At present we do not have any particular concerns.

CHAIR—Is your station independent or is it a network station?

Mr Headen—We are part of the Ace radio group.

CHAIR—To set the scene, have you done surveys of what percentage of the audience you have in your area?

Mr Headen—Yes. We last conducted a survey in 2000 in Warrnambool and also in Koroit, Port Fairy, Mortlake and Terang. In broad terms, some of the feedback from the outlying areas was that they were a little critical of the quality of reception but the numbers were there. Since the advent of football, in particular, the numbers have increased considerably. In the Warrnambool area, of those who listen to radio, just under 72 per cent said that they spent some of their radio listening time on 3WAY-FM.

CHAIR—And in Gippsland?

Ms Wells—It is much more anecdotal than that. It is very expensive to run a survey and we are an aspirant station with limited resources. We have done some questioning at events that we have publicised and we are quite interested in the fact that an increasing number of people put up their hands when we asked whether they had heard about it on 3BBR.

When we speak to organisations, we ask how many people actually listen. We find that over the years there has been quite an increase. I cannot quantify it, because it varies from organisation to organisation. We did a very small street survey and we were very satisfied with the results because it was speaking to the people we were actually aiming at during the day.

CHAIR—I do not want to be heavy-handed, but you understand that we have to make recommendations to government. Some people are saying that certain announcements could be made on community radio. That will hinge on the degree of audience. For example, the ABC's Radio National program is said to have between 1.8 per cent and 2.2 per cent of audience. Obviously, you are not going to put the fire, flood and cyclone warnings on that station as distinct from their regional network. In looking at commercial and community radio, I was just trying to get a feel for what percentage of the audience you have in those two areas. If there has not been an accurate survey, then fair enough. We might let Mr McArthur ask some questions.

Mr McARTHUR—Mr Chairman, I merely wanted to follow the same line of argument that you were raising. I raised the submission from the Warrnambool City Council. Mr MacInnes has known me personally both in Colac and Warrnambool. I just note the relativity in your submission, Ms Egan, from the Warrnambool City Council exactly along the lines that the chairman is raising. You have an interesting scenario: you have an ABC radio station and a commercial radio station 3YB. A lot of your submission talks about the community radio impact. It would be my impression that the ABC and 3YB have a much bigger listening audience than the community radio station. I note that 3YB has 3½ paragraphs in the submission and community radio gets 3½ pages. I think that is a relative—

Ms Egan—What we have done in preparation of this submission is to ask the local broadcasters to provide us with the material that they would like to be included.

Mr McARTHUR—The submissions provide important evidence before this committee. If people were not aware of the local scene, they might have an understanding that community radio is the dominant feature. I do not think that is quite true. Maybe Mr Headen might care to add some light to that observation.

Mr Headen—Going back to your question before about survey, we certainly survey the Warrnambool and surrounding areas. I know that last year was the last time we surveyed the area as to our listening audience. It did show that we had contact with 73 per cent of the community at some stage throughout the week in our breakfast session between seven and nine in the Warrnambool area. With the potential of 28,000 people at stages, we were reaching up to 15,000 of those people throughout their morning as well. So it is quite significant contact that we have with the local community.

Mr McARTHUR—What is your judgment of the ABC contact? Is that recorded or are you not prepared to make a comment?

Mr Headen—What was your question again?

Mr McARTHUR—What contact has the ABC? Do you think their figures are similar to yours?

Mr Headen—No, they would be less than ours. They should have access to those figures as well from the survey.

CHAIR—Did you do the survey or did someone like Nielsens do it?

Mr Headen—AC Nielsen conducted the survey.

CHAIR—How did they show who listened to what at any given time? In the capital city surveys, they give you the market and they say that such and such FM has got 23 per cent and someone else has 18 and someone has 16. The last one that I saw in the capital cities I think Radio National was 1.8 per cent.

Mr Headen—Yes, we had those figures as well.

CHAIR—Could you give us those figures? How does the town break up?

Mr Headen—Off the top of my head I cannot, but I can supply those figures for you from the survey books.

CHAIR—There would have been you, the ABC and the community station plus the other variations of the ABC probably with a bit of each as well.

Mr Headen—I would not like to put an exact figure on it at this stage.

Mr McARTHUR—Following on that argument, how much local content do you think your station and the ABC provide? The community radio station is telling us they provide a lot. They get the footy, which is only in the winter season, I might remark. How much do you claim you provide south-west of Victoria in local content?

Mr Headen—I claim that we have local content from 6 a.m. in the morning right through until 10 p.m., and then again throughout other programs throughout the evening. So I would say 24 hours a day we are offering some local content, information, about the local area.

Mr McARTHUR—No broadcaster from New South Wales takes a slot?

Mr Headen—I'm sorry, there is Mr Laws.

Mr McARTHUR—He is a pretty dominant feature in south-west Victoria, isn't he?

Mr Headen—He is.

Mr HARDGRAVE—Mr Headen, if we took that 72 per cent at face value—and I am delighted Mr McArthur has drawn out that that is a cumulative figure and not an actual radio rating figure—3YB may as well turn its transmission off tomorrow. You would be hit for six from an income stream point of view, wouldn't you? If you were facing 72 per cent up the street and you were running with 28 out of your station, it is hardly a very viable operation, is it?

Mr Headen—You may have misunderstood what I was trying to say. Out of the 28,000 people—

Mr HARDGRAVE—No, I think I completely understood, I am actually giving you an opportunity to reiterate it. Maybe you have misunderstood me. What you are saying is that you

have an average radio listening audience that stays with you, not a cumulative figure, that is listening for eight minutes out of a quarter of an hour, and they have been counted as having listened to the station. That is what you are saying.

Mr Headen—That is right.

Mr HARDGRAVE—The only other thing that I wanted to explore was the perception of the Warrnambool City Council. Ms Egan, your submission describes 3WAY as ‘our station’. Is 3YB no longer seen as the local station?

Ms Egan—No. We certainly see all our local broadcasters as local broadcasters.

Mr HARDGRAVE—But it has less local content than it had in the past?

Ms Egan—I cannot comment because I have not been in Warrnambool for that long myself, but from what I have ascertained it still has a significant local content. Because we have three broadcasters it is possible to cover everything fairly widely from those three avenues.

Mr HARDGRAVE—The Broadcasting Services Act, which I do not expect you to be familiar with, basically talks about the feel of the marketplace. There is a range of services and so you think Warrnambool is pretty well served by radio now.

Ms Egan—We believe so.

Mr HARDGRAVE—Mr MacInnes, there are some who are suggesting that maybe community radio could fill in some of the gaps as far as the needs of local communities in the event of emergencies are concerned. Would community radio be better placed to do that than local commercial radio?

Mr MacInnes—Not necessarily better placed but well placed, I think. We too have live presenters in the studio from breakfast, 7 a.m., until midnight and then community radio satellite overnight so that the station is unstaffed overnight. But we do play community service announcements, as a previous witness remarked, on the met bureau and storm warnings in Bass Strait because a lot of people are using boats for fishing and recreational boating and whatnot off Warrnambool. We do that all through the day. CDs are supplied to us by people like Coastcare and Lifeline and CFA and whoever, with all those sorts of messages.

Mr HARDGRAVE—So you take your responsibilities very seriously?

Mr MacInnes—Indeed, yes.

Mr HARDGRAVE—What about 3YB? Is there any impediment to your ability to respond in times of emergencies such as taking something from down the line?

Mr Headen—No, not at all. If we had an emergency call from the police, the fire brigade or any other organisation that had an important announcement to air, we could do that within minutes, and we do that.

Mr HARDGRAVE—There have been no instances you know of where that has not occurred?

Mr Headen—Not to my knowledge.

Mr HARDGRAVE—Have you received any correspondence from the CFA or from the Bureau of Meteorology about arrangements to ensure that you are able to do those broadcasts?

Mr Headen—Yes, we have.

Mr HARDGRAVE—And you have obviously complied with that?

Mr Headen—And we have complied with that, yes.

Mr MOSSFIELD—One question to 3YB. How many staff have you got?

Mr Headen—We have 28 staff. There are 20 full-time staff and eight part-time people who cover sporting events et cetera.

Mr MOSSFIELD—I think your submission said that the station has a local news journalist who provides coverage of local information on a daily basis. How many employees are journalists who go out to get stories and respond to events?

Mr Headen—There are two journalists. We use another fellow part time as a sports journalist; he does our sporting commentary of an evening as well.

CHAIR—Does that cover Warrnambool only?

Mr Headen—No—Warrnambool, Portland, Cobden, Timboon and the south-west area.

CHAIR—But there is just one station.

Mr MOSSFIELD—Are the others administrative and technical people?

Mr Headen—Yes, another chap, Lindsay Hill, does our football. We send him to the football each Saturday and he does quarter-by-quarter scores for us. John O’Flaherty covers non-TAB race meetings for us. John Holland is another chap who sits on the Thursday night football show panel with Tom Smith, who comes back and does the programs as well.

Mr MOSSFIELD—Is that the local football: the community station broadcasts direct and you provide a back-up service for general information?

Mr Headen—That is correct.

Mr MOSSFIELD—I am interested to know what impact advertising has on each of the three stations and whether there is any increase in the ability of, say, community radio stations to

advertise for a longer period? Would that impact at all commercially or would it improve community radio stations' viability?

Mr MacInnes—I think the current provision is five minutes within any given hour on sponsorship messages, which we do not fill. It is probably filled sometimes at peak times, but there are other times when it would be quite sparse.

Mr MOSSFIELD—So having 10 minutes available would not be much advantage to you if are not filling five minutes at the moment?

Mr MacInnes—There is an advantage at certain peak times. It relates back to the question about listening audiences: we have had a definite upsurge in businesses and other organisations wanting to use our station for sponsorship. There has been a quite marked increase during 2000. I have a couple of documentary letters that attest to that fact, if that is of any interest to the committee. There has been a big upsurge in sponsorship, which, to us, reflects the fact that people who spend money must think that people are listening to us.

Mr MOSSFIELD—What about 3YB?

Mr Headen—We have constant competition from radio stations, newspapers and TV stations in the area. Any other increase in competition would certainly have an impact. In this case, I do not think it would cause the station to lose staff or put anybody off—or close down for that matter—but it would have an impact somewhere.

Ms Wells—It would not make a great deal of difference to us at the moment. Who can tell in the future—especially since rural business is having problems—but I would not foresee it in the immediate future. One of the comments from our listening audience is that they listen to us because they do not have the interruption from sponsors.

Mr McARTHUR—Mr Headen, you are in a unique position because at Warrnambool and at Horsham—both regional centres—you have the ABC and your station. Do you think both those stations provide a good service to the local community? We can compare one with the other. Would you like to make some observations for the benefit of the committee?

Mr Headen—Yes, most definitely. I think I can speak for 3YB and Horsham because I have spent time in the Horsham market as an employee in that area. I have a number of letters with me today from various community groups—whether it is the boy scouts, the local girl guides, a football club that we sponsor or the Mortlake buskers festival that we get involved in. We give lots and lots of community time and free publicity to those community events. I see that as part of our role in the community. I live in the town and my daughters go to school in the town. I am chairman of the Warrnambool football/netball club committee. I talk to local people and I know what their involvement is. I know where they are going on a Saturday night—whether there are fireworks down at the lake or over in Portland. It is our job to portray what is happening in the town; that is what we do. I would say it is the same in Horsham. As far as the ABC is concerned, I cannot comment because I do not listen to it often enough to know what local content there is on that station.

Mr McARTHUR—Isn't there some compatibility in those two areas between the audience that listen to the ABC on some occasions and the local radio station on others?

Mr Headen—I agree.

Mr McARTHUR—Do you think both stations are providing a reasonable community service?

Mr Headen—Yes, I do.

Mr McARTHUR—They are local. I know that Horsham ABC is very locally based on the morning program. So there is a contribution to the community by both those stations?

Mr Headen—I will give an example. The previous journalist at the ABC was a chap that I knew. He came around and we often spoke about local issues and resources and how we could help each other in getting to the good stories.

Mr McARTHUR—There was cooperation and you did have a policy that you tried to get the local content in and not have too much networking.

Mr Headen—That is exactly right.

Mr McARTHUR—Thank you.

Ms LIVERMORE—I have a couple of questions. Firstly, from the submissions it appears that there is only the one commercial AM radio station in this area. Is that right? Is that 3YB?

Mr Headen—Yes.

Ms LIVERMORE—Are you aware of any prospect of anyone setting up a station in competition on either the AM band or the FM band? Is that likely to happen further down the track?

Mr Headen—We do have competition in the town—3HA in Hamilton overlaps in our area and 3CS in Colac also overlaps. We get Sport 927 and Magic 693. I know there are some listeners there, and they all show up on the survey book, which I can forward to you. I am not aware that there will be another AM station introduced into the market. We are hopeful that within 12 months we will be given a section 39 licence to offer an FM service in the area. It is something that, in my belief, is lacking in Warrnambool, in particular. We have a young population as well as an older population, and we could offer a greater service to the community if that licence were given to us. At the moment we find from survey figures that Triple J has the younger audience. Triple J and our younger audience cannot have the contact with that station, so we would be offering them the opportunity to have contact with a local FM station if that licence were granted. In my opinion, it is a necessity and hopefully that will happen.

Ms LIVERMORE—So you do have Triple J in Warrnambool?

Mr Headen—That is right.

Ms LIVERMORE—Would you be setting up that FM station in a different way? You have quite a substantial set up, with 28 staff, and you are saying that 6 a.m. to 10 p.m. consists of local community based content. Would your FM station be duplicating that or emulating that model, or would you be looking at more network programs for an FM station?

Mr Headen—I know in our other markets that Colac and Horsham have an FM station. The majority of the programs are produced locally with the technology that is available. Some of those programs are automated programs, with staff there working perhaps 10 minutes in advance. We would probably buy in some comedy segments which we do on 3YB at this stage and on MCM. But to my way of thinking and from the direction that has been given from the board, we would be emanating from the same building, producing the local programs and even doing night-time shows, where the kids can phone in and say hello to their girlfriends and boyfriends and request a song. So that is our intention.

Ms LIVERMORE—Does Ace already have FM stations in regional Victoria that follow that kind of set up?

Mr Headen—Yes.

Ms LIVERMORE—I was curious about what was in the council's submission—that there are two staff at each of the ABC studios.

Ms Egan—That is information which has been given to us by the local ABC manager.

Ms LIVERMORE—How can the ABC run on two staff at each of those stations when you have 28? Are they doing only a very small local segment each day and taking the rest from Melbourne?

Ms Egan—Unfortunately, I do not have the representative from ABC which has contributed to the submission, but I would imagine yes.

Mr MacInnes—They have an announcer and a journalist at Warrnambool—it used to be called 3WL, but I think they have changed all the names lately to the numerals. That is run from breakfast through until late morning and then you get either Ben Knight or Derek—

CHAIR—The ABC have a generic program in Victoria only, isn't that it?

Ms LIVERMORE—Is that what it is?

Mr MacInnes—It is certainly quite local in the mornings, because Ian Jamieson talks to the people in Portland or Warrnambool about issues and interviews people over the phone and does all that sort of stuff.

Ms LIVERMORE—I hope they do not try and run more local stations—

CHAIR—No, nor mine.

Ms LIVERMORE—On a final note, and this is more again just curiosity, why did 3YB decide to drop the footy when it seems to have been such a hit for 3WAY?

Mr Headen—That is a good question. We had been involved with the football for a long time and our commercial base of selling the football was waning. We could not get the sponsors to support the football. We had feedback that no-one was listening to the local footy, that they did not want a kick-by-kick description of the football, they wanted the local scores. For example, I was involved with the Warrnambool Football Club and would go around the grounds and people would be listening to 3CS in Colac or 3HA Hamilton listening to Rex Hunt and the boys screaming and giving a good commentary and we would have Terang versus Camperdown with a kick-by-kick description. It just was not what the people of the town wanted. They wanted to hear the ALF footy with the local score updated throughout the afternoon. That is why we gave it away. We could not fill our football coverage with sponsors because people would not buy it. We went to the AFL and we had them lined up to become involved with our content.

We did not give the footy away. We do quarter-by-quarter scores of Hampden League every Saturday, and Sunday games when they are on. We also do a six to seven program every Saturday night, a football scoreboard where we do all the scores from the Hampden League, the Warrnambool and District League, and the Portland competition. We run a Thursday night footy show where they give the teams, and also a Saturday morning football show. We did not give the footy away. We gave away the kick-by-kick description but we did not give away our association with the Hampden League, and we are still major sponsors of that competition.

Mr HARDGRAVE—Mr Headen, is your station in the ACE network of nine stations in six centres doing anything different to the others? In other words, are you running a more localised program than the others in that particular network, or is that the standard network practice?

Mr Headen—It is standard network practice. We have a group program manager and we discuss issues that are happening in the local community. We have dabbled in network programming years ago where we emanated a program from Horsham and fed that out through Colac.

Mr HARDGRAVE—How long ago was that?

Mr Headen—That would have been four years ago. I may be corrected but it was three or four years ago.

Mr HARDGRAVE—Do you think the growth of the local community station, their 10 years of experience, the obvious support of the local community that they are enjoying, has an impact on the decision making of your network to allow more of this local content than you had, say, four years ago?

Mr Headen—Yes.

Mr HARDGRAVE—It does?

Mr Headen—My conscious effort is to become more local orientated in what we do. That is where we are.

Mr HARDGRAVE—So you see the community station as a competitor.

Mr Headen—Well, John and I travelled down together today, so I guess—

Mr HARDGRAVE—There are only 28,000 people, so you have to get on.

Mr Headen—We do get on. I said to John on the way down, ‘I guess the perception in the community is that we are competitors.’ I do not see it that way. We have staff that have come through the community station onto 3YB that work for us and then go on to elsewhere. This year we had Michael Lynch, one of your Saturday afternoon presenters, come to the radio station and we helped him get employment in Melbourne in one of the universities for his media career. That is the sort of cooperation that we have.

Mr HARDGRAVE—Do you think the listeners perceive any difference between the community versus the commercial station in the town?

Mr Headen—Yes, I think they do perceive the difference.

Mr HARDGRAVE—They do understand.

Mr Headen—Yes.

Mr MacInnes—There is maybe a tendency for listeners to community radio to treat it a little like television in the sense that they pick and choose particular programs that are of interest to them. Sometimes commercial or even ABC can be background that you have on pretty well uninterrupted all the time, whereas you pick and choose a bit with the community stations.

Mr HARDGRAVE—If your announcers are from teenage to 80 or something, as you said before—

Mr MacInnes—Yes. When you have the rap music followed by Mozart, one lot will move out of the room and another lot will move in.

Mr HARDGRAVE—A sort of cultural whiplash!

CHAIR—I would like to thank the presenters: Marilyn Wells, Tanya Egan, Peter Headen and John MacInnes. As is our custom, you will receive a copy of the *Hansard* draft. We trust we could come back to you if we need any additional information. Thank you very much for your attendance.

[12.35 p.m.]

MOTT, Mr Walter Hilaire, Chairman/Managing Director, North East Broadcasters Ltd

CHAIR—Welcome, Mr Mott. Thank you for coming here today. How many stations do you control?

Mr Mott—North East Broadcasters operates two stations in the Wangaratta licence area—3NE, which is an AM station, and 3NN, which in an FM service.

CHAIR—Would you like to give us a five-minute overview of your submission.

Mr Mott—Yes, thank you. I do not really want to go into a lot of detail—

CHAIR—You do not have to.

Mr Mott—on what I have written to you about. I would like to add a couple of thoughts and comments. Firstly, I think this inquiry is overdue for regional radio. The operators of small companies who operate in a solus market or a small number of markets certainly are finding the profitability of providing an excellent service very difficult to come to terms with. Localism is the main point in that. We could operate a hub service or take signals from, for instance, Triple M in Melbourne or 3AW and rebroadcast that in our area. By doing so we could save probably in the vicinity of half a million dollars a year. That is what it costs us to provide a local program, to the degree that we are providing that program in this day and age.

We have a full-time journalist. When that journalist is on leave we hire a part-timer to take over the job during that time. We have a copywriter, a production director, a program director and several announcers on the station. We operate live from 6 o'clock on both stations until 9 o'clock in the morning on weekdays on the AM station when we pick up the Laws program from Sydney. We pick up the Laws program because we believe it provides another service to our community and gives an overview of what is happening in Australia. We take that for two hours and then we go back to a live presentation until 5 o'clock. After 5 o'clock we go to automation. On Saturdays we operate from 6 o'clock until 12 o'clock and on Sundays from 6 o'clock until 9 o'clock. The rest of it is on automation.

Our FM service, Edge FM, has a slightly different program. We take Triple M football on Saturday afternoon. We provide around the ground scores in our local area. We take national news from 3AW or Sky and we provide both local news services. We also provide a huge number of community service announcements free every week. That would cover all organisations that require publicity of a non-commercial nature in our listening area.

We are also involved in a very difficult area where the mountainous terrain makes our signal a very difficult signal to receive in the mountains because of the way the valleys run and where we can place our transmitters and subtransmitters. We run transmitters at Mount Hotham and Mount Buffalo. We are installing one at Myrtleford at the moment. It is not just one main transmission site that we have.

I am concerned at the cost pressures of going to a second service in our particular case. We have only had an FM, an S39 licence for a short period. The capital cost of installing that was quite horrendous. It increased our costs of running significantly between 20 and 25 per cent and our revenue has only increased by 10 per cent, which showed up some red ink for a couple of years on our bottom line profit statement. We have got a difficult job in our area. Any further competition that comes into that area—whether it be a third commercial licence or increased efforts by our adjacent licence areas of Albury and Shepparton to keep penetrating our particular area—puts pressure on us financially. This will affect our ability to provide a strong local service to our community.

CHAIR—You do not have an immediate competitor?

Mr Mott—A large part of our licence area is covered by Shepparton and the Albury licence areas.

CHAIR—That is by way of overlap.

Mr Mott—Yes.

CHAIR—Do you have a community station?

Mr Mott—We have a community station. They seem to be fairly disorganised. We have given them some technical assistance over the years and some equipment. Their listening audience is very low and it is our view that, while they keep operating without a theme to their station—in other words, they will play all music types over the 24 hours or whenever they are operating—the audience will not stay with them.

CHAIR—Have you had a survey done by one of the organisations like Nielsen in your area?

Mr Mott—We have done a survey.

CHAIR—What do your two stations show up?

Mr Mott—I cannot give you the exact figures. I was looking at them at the weekend.

CHAIR—Just round figures.

Mr Mott—Both of our stations survey significantly over and above every other station that is in the area, including the ABC. We have a significantly higher audience.

Mr GIBBONS—You said in your opening remarks that you felt this inquiry was long overdue. Do you want to elaborate on that? Would you also explain to the committee what you hope the recommendations resulting from this inquiry would be?

Mr Mott—I believe that there is too much syndication in regional radio in Australia as a general rule. That has occurred due to the economics of running regional radio and the ability of

companies or private individuals to make a profit. The act was originally written, I believe, in the spirit that regional radio was to provide localism and community interaction.

CHAIR—Are you talking about the 1992 act or the earlier act?

Mr Mott—The earlier act. I believe the act has been hijacked by the legal fraternity for the benefit of people making a profit. I do not know how you come to terms with that. I understood that, before my time in radio, stations had to provide—at a review of their licence—some form of documentation showing what they were doing in the local community. That, of course, does not occur today. Whether or not that is going to assist, I do not know.

In relation to future trends, I am concerned that we are going to see a continuation of the concentration of ownership of regional radio.

CHAIR—What is your solution?

Mr Mott—I think the doors are already shut.

CHAIR—No, the doors are not shut. That is why the inquiry is being held. And if people like you will not give us suggestions, it makes it very difficult for us.

Mr HARDGRAVE—Do you have a view that the regional stations are being bought up to add cash flow and profitability of the groups so they can engage in other aspirations in other areas? The perfect example I can think of comes from clippings out of Wagga and other places with regard to the Daily Mail Group literally stripping staff out of country stations while spending \$155 million for one of the new Sydney licences. Do you think that sort of thing is what the future holds?

Mr Mott—I do not think the fact that that organisation has paid over \$100 million for Sydney and under \$100 million for Melbourne has really any relationship to regional radio. I believe that they would run them as separate businesses.

CHAIR—You missed Mr Hardgrave's point. He said—

Mr HARDGRAVE—The suggestion is in the press that local broadcasters DMG dumped several staff members in Wagga a few weeks before the purchase of that Sydney radio licence for a record \$155 million. There were suggestions there was a relationship between the two events.

Mr Mott—I do not think you understand my answer. I do not believe that the two are related. I believe that DMG are running a regional radio business to make a profit and, as a separate point, they have purchased metropolitan licences to make a profit. I do not think the two are related. That is the point I was trying to make to you before.

Mr HARDGRAVE—The only relationship is that it is the same company. Anyway, I was asking for your comment on that.

Mr Mott—But I certainly agree that they are rationalising their staff into regional hubs—is this the word?—to save money on staff.

CHAIR—Do you think it should be a requirement of a radio station to have its own journalist?

Mr Mott—Yes, I do. How can you provide a service to a local community without a journalist on staff in that local area?

Mr MOSSFIELD—Do you think there should be a control of foreign ownership?

Mr Mott—Yes, I do not believe any of our media in this country should be owned by foreigners. I would like to let you know that I am a fourth generation newspaper owner in this country. I still own interests in regional newspapers. I have worked in the Melbourne Leader group from 1965 to 1987. I have been involved with the Bairnsdale group of newspapers and the Provincial group of newspapers since then. I am currently still involved with the Bairnsdale group, the Bairnsdale *Advertiser*.

Mr HARDGRAVE—Are there any examples at your stations of where emergency announcements required by CFA or the Bureau of Meteorology have been unable to be made because of your automation system after five o'clock on a weekday afternoon?

Mr Mott—Not that I am aware of. We are in an area which is prone to flood, fire and snow, and snow closes roads. Snow is a very important part of our programming. Four of our staff—one director and three staff members—have their number phone numbers 24 hours a day with the SES, the police, et cetera, and they can ring anytime 24 hours a day and get someone to the station.

Mr HARDGRAVE—So if at 9 o'clock at night—admittedly, late at night there are fewer people listening to radio than there are at 9 o'clock in the morning—something happens, somebody can ring up one of these numbers and you can break into your automated programming fairly quickly. Is that what you are saying?

Mr Mott—Yes. We have a system whereby we have computers at the homes of these individuals. For instance, with road closures because of snow at Falls Creek, Mount Hotham, Mount Buffalo or Mount Buller we have prerecorded messages which we can activate in a matter of 20 or 30 seconds from receiving that phone call via a computer hook-up to our computers in our offices.

Mr HARDGRAVE—That is a fair old investment. Is that an unusual out-of-the-box? I have never heard of anybody going to that extent before, or are you doing what others do?

Mr Mott—It is a part of the system we use, which can monitor our breakdowns and where our breakdowns are. We can quite often get ourselves back on to air without someone having to unlock the front door with a key to go in. They can do it from beside their bed at home.

Mr HARDGRAVE—Do other radio station operators use that same sort of in-house computer system?

Mr Mott—Yes. There are other operators in this country that use a similar system. When we had the floods recently we did go 24 hours a day live, and our announcers at the end of the 30-odd hours were pretty tired. They had had enough. But we were running live with all the information that was required.

Mr McARTHUR—I get the impression that you are very keen on your station providing local content. Do you think you can be commercial in achieving that philosophical outcome in your difficult broadcast area? It is difficult geographically and there is pretty severe competition from Shepparton and probably across the border.

Mr Mott—We are financially successful this year and we were financially successful last year. I think we have to keep doing what we are doing. If people want to listen to a national program, they can listen to the ABC to get information.

Mr McARTHUR—Are you saying that by being local and having local information on snow reports, et cetera, you are actually helping the bottom line?

Mr Mott—I believe we are, yes.

Mr McARTHUR—What about the other reasonable radio operators who are networking that are not providing that service?

Mr Mott—I have not been a party to their boardroom discussions, so I could not give you a reasonable answer.

Mr McARTHUR—Do you think you have the answer to providing this philosophical outcome?

Mr Mott—I do know a couple of other operators who run in solus markets and they seem to have the same philosophy that we have. Deniliquin and Bathurst have a similar philosophy.

Mr McARTHUR—Could you survive for 10 years?

Mr Mott—I hope so. If I could just make a point on digital—

CHAIR—Before you do I would just like to touch upon the AM/FM thing. You say you use the Laws program for two of your three hours of your morning program. What do you do for the other hour? Do you provide your people with a similar type of program so they can ring in?

Mr Mott—No, we go back to music.

CHAIR—There is no demand for a chat show on the local level?

Mr Mott—It is very expensive to operate at the quality that we would have to run it.

CHAIR—When you say you go to automation, do you prerecord your own automated programs or do you buy in material?

Mr Mott—We prerecord our own programs.

CHAIR—You don't use any of the networks or any of the services such as MCM?

Mr Mott—We buy in a small number of programs such as 'Cactus'.

CHAIR—Those sorts of things.

Mr Mott—Yes. We buy in a small number of those.

CHAIR—But you do not buy in program blocks.

Mr Mott—No. We purchase Laws and we purchase football from Triple M. They are the two major purchases that we make.

CHAIR—Do you play the top 40?

Mr Mott—We run a top 40.

CHAIR—You do it yourself?

Mr Mott—Yes.

CHAIR—Okay, let us have a look at digital.

Mr MOSSFIELD—I was going to ask you about that but you indicated you were going to speak on it.

Mr Mott—I have not been in this business a long time but digital, as far as regional radio goes, does not seem to have progressed down the track very far. I am fairly critical of the time frame for when it will come in to regional radio.

CHAIR—That is?

Mr Mott—I think it is 2008. But, even so, the cost of installing digital for a small company such as ours is quite horrendous, especially when we have just installed FM. It may provide the ability for us to provide other services from which we may be able to achieve some revenue gains, and I certainly hope that is the case. We seem to be pushed down this road rapidly and it seems to be coming politically rather than from the industry, in other words, to provide another service.

CHAIR—What would you recommend?

Mr Mott—My recommendation is that, until the major problems of spectrum, the cost of receivers and the penetration of receivers in Australia improves, we not be told when we have to cease our AM and FM transmissions. We need to go on beyond the changeover period with digital and hopefully when the volumes do increase the costs will come down.

CHAIR—Frank, do you have any more?

Mr MOSSFIELD—I was just interested in those comments.

CHAIR—I think this is a concern for us. We have seen only one demonstration of digital. There seem to be two schools of thought about whether it will have the same penetration as AM and FM in terms of coverage. We have been through that exercise with the mobile phones. You have obviously spent some time looking at it. What is your understanding? Would you be able to get by with the same number of transmitters or would you require more?

Mr Mott—We have a very difficult area geographically—

CHAIR—I realise that.

Mr Mott—and we have mountain ranges in between. We service a lot of those valleys going into those mountains. We have not looked at the physical cost of installation as yet because we are worrying about running a business on a day-to-day basis. We are members of the IRB group and we did subsidise Des Foster going to a program in Singapore on digital I think two years ago. I do not think digital has proceeded very far down the track, as far as we are concerned, since then.

Mr GIBBONS—You buy the Laws program because you want your listeners to be in touch with what is happening around the rest of Australia. That is very admirable, but did your market research show that those people in that area wanted the Laws program?

Mr Mott—We have been running it for so long, I do not think that has been a conscious decision, certainly in my time at the station. The decision has been to keep running it even though there was some difficulty with Laws last year. We thought that that would probably blow over or 2UE would end up with somebody else running that program.

CHAIR—Mr Mott, thank you very much for your evidence. We trust we can come back to you if we require further information.

Mr Mott—Certainly.

CHAIR—Thank you for coming down today to give evidence before the committee. As is the custom, you will receive a copy of the *Hansard* draft. Thank you once again for your attendance.

[1.02 p.m.]

BUTLER, Mr Richard Edmund, Chairman, AsiaSpace Limited

DAVEY, Mr Leslie James, Vice President, Regulatory Affairs, AsiaSpace Limited

CHAIR—Welcome, Mr Butler and Mr Davey. Are you going to lead, Mr Butler?

Mr Butler—Yes, for the time being, Mr Chairman. I am the former elected Secretary-General of the International Telecommunication Union, which is a worldwide regulatory, global standards body for telecommunications and a specialised agency of the UN. Before that I was deputy secretary-general, again elected by governments, and before that I was a deputy assistant director-general of the PMG department, and nominally corporate secretary of Telecom when it was established and later director of corporate planning. My associate here is Mr Davey, who is Vice President of Regulatory Affairs at AsiaSpace. We cover the inputs to regional regulation as well as global contribution.

We have with us here a WorldSpace receiver. This small antenna is capable of receiving direct from satellite as well as other programs with the other antenna there that is laying down, which is two short-wave plus FM plus AM medium-wave, with direct reception. Our services operate through AsiaSpace. We have three beams covering East Asia, China, Japan and that area of the world. We have a beam covering South Asia and another beam covering the ASEAN area. Australia has taken responsibility for the radio frequency spectrum issues. We manage, operate and control a satellite out of Southbank as well as doing some uplinking, which you will get to hear about later today.

As to the purpose of our submission, we understand the importance of radio. WorldSpace is setting up three satellites and two have been provided. The first is over Africa and the Middle East, the second is over Asia and the third will go up this year over the Caribbean. That technology is dedicated towards under-served areas to begin with and it is very unique.

We understand the importance of radio, particularly for regional Australians, and I think it is important to understand the trend of the shift from analog to digital. The radio circuit is no longer single purpose for voice; it can be used for other purposes. Indeed, a lot of what AsiaSpace will be delivering to its customers and associates will be from quality radio, crystal clear, up to CD quality—it may well be subscription—in between types of FM, as well as direct to PC or a receiver that will be able to be connected to a PC or a hi-fi set and the like. So we are into our own brand of multimedia—whether it is data, text images, opening up opportunities for distance learning, information distribution or meteorological information. You will see something about that today. We are a carrier, and therefore we look for local and community content. I will now hand over to Mr Davey. Thank you, Mr Chairman.

Mr Davey—To outline the structure of our submission that you have before you, first we discuss the terms of reference issues that the committee has identified. Then we raise some other important issues that we consider to be relevant. We provide an outline of the capability of WorldSpace, through its hybrid satellite-terrestrial digital radio broadcasting system, to deliver these sorts of services to Australia. We then bring out, at the end of the submission and also in

the executive summary, a summary of the main submissions. We have now followed that up with a supplementary submission, which has some more recent information.

I will run quickly through the terms of reference. In relation to social benefits, I think a number of the people who have made submissions have identified that radio continues to be very important to Australians, particularly those living in regional Australia. In terms of future trends, there is certainly a shift from analog to digital. That is a worldwide trend and we have already provided it to Africa and to Asia through the WorldSpace satellite services. One of the advantages of digital is that it opens up additional services, such as multimedia, which has the capability of providing data, text and images in addition to conventional broadcast sound. Of course we have also heard that there is a requirement for local and community content.

In terms of the effect on individuals, with digital in particular the first main advantage is being able to deliver better quality audio and to extend that coverage away from the urban areas into the rural areas; and, secondly, being able to provide enhanced services. This effectively bridges the traditional gap between the city and the bush—the so-called digital divide. Our submission is that a hybrid satellite system provides the capability to bridge that divide. I think we have covered the potential for new technologies. Digital radio can provide enhanced services. Satellites, in particular, can provide universal service coverage to all of Australia and its territories and can do so in an economical way. That has long been a goal of broadcasting policy in Australia.

We also raised some other important issues. I will not go into any detail on those because they are in our submission; however, I will enumerate them. They are, firstly, the adequacy of existing services and, secondly, the government plans and the timing for the introduction of digital radio broadcasting. Originally the policy was to introduce that in the year 2001, but now it looks like that has slipped. Also, we are pushing the idea that the satellite is an important delivery option, which needs to be considered in the planning. In that regard, Australia has notified a satellite to the ITU. It is known as DBSTAR. That was originally filed by Australia to make provision for satellite digital radio broadcasting covering all of Australia. We have also given some detail on the potential benefits of the new services.

On the capability of the WorldSpace hybrid satellite digital radio broadcasting system, I have already mentioned the capability to provide universal service coverage to all of Australia and its territories. An issue that was brought up in the previous submission was affordability of the receivers and penetration. Already the WorldSpace receivers are showing significant price reduction. This receiver that is in front of you at the moment is retailing in Asia for \$150. That started off around the \$US250 mark when the service was first launched two years ago. Already there has been a significant reduction in price, and we expect to see further price reductions when new manufacturers come on stream. With our hybrid system, it is possible to receive digital radio services crystal clear in moving vehicles. That can be automobiles, trains and even airplanes. Mr Butler has talked about the capability for enhanced services, particularly services like multimedia in conjunction with a personal computer. There is a serial port on the radio, which can be connected to a laptop or a desktop PC. The satellite option provides the capability to deliver national, regional and even local community content.

In terms of our main submission, I think I have already drawn out most of the points, so I will not go through them again, except perhaps for the last one. We consider that it is imperative in

the national planning for the introduction of digital broadcasting to preserve spectrum for both terrestrial and satellite broadcasting systems.

In our supplementary submission we reinforced some of the points which are based on some discussions that Mr Butler recently had with Senator Alston. We want to make the point that a hybrid satellite system can provide universal service coverage, and it can do it in an economic and spectrally efficient way. We have done cost studies and these indicate that, particularly for large countries like Australia, a hybrid system is more economic than a terrestrial-only system. The DBSTAR satellite filing that I referred to was revised in late 1999—in addition to providing a beam to cover Australia—to provide regional beams to cover the ASEAN countries and also a beam to cover the South Pacific. Through economies of scale, we think that it is important to look at the economics of what the DBSTAR satellite filing can provide both for Australia and for our region.

Lastly, in terms of development, you may be aware that in the USA there are two commercial entities that are introducing a satellite and a hybrid terrestrial system. It is in the S-band and it is known as the DARS system. There are two commercial operators launching that system this year. Now Europe has indicated that it, through some filings, is re-examining the satellite digital radio broadcasting option as well. I will conclude my introduction there.

Mr Butler—I would like to make one point. I think the last comment is interesting. As you know, some European interests pushed very much for a particular terrestrial standard to be applied, including in this country. There were some indications for that, but our understanding is that FARB has a more open situation now. It is important to just highlight the relationship in our own region. As we have said in the paper, actions are well in hand for the WorldSpace service delivery in China, India, Indonesia, Korea and a number of other countries. The important thing in regard to China is that there is a full understanding of the importance of information distribution. China has designated one of its own government agencies to be a WorldSpace partner.

You will learn this afternoon that each of our beams has two transponders. One transponder has to be multiplexed or programs brought together and uplinked. In this case that would be with China, inside China, and that would be managed as an agent partner by ChinaSat. In respect of beaming to the area generally—and we can beam as well as others from Singapore at the moment—there will be a joint venture arrangement between ChinaSat and WorldSpace in respect of that issue. The important issue, too, is that there will be mass production of receivers in China, India, Indonesia, Korea—you will hear some Korean programs this afternoon—and other countries in the region. This will accelerate the downfall in the consumer prices.

CHAIR—What do you estimate that downfall to be?

Mr Butler—At the moment we have gone from \$250 to \$300 down to \$150 on this one. That is first generation. Out of some manufacturing—and I should also mention Thailand—the indications are that a quality receiver like that will come in under \$100. We know what the factory price is. We would expect a million of these to be out there in 2001. The European take-up has been nothing like that, and you will no doubt hear from others on that.

CHAIR—A million where?

Mr Butler—A million WorldSpace type receivers will be in the marketplace. Over 100,000 have gone out within the last 12 months.

CHAIR—Our term of reference is to show in what ways digital might enhance non-metropolitan radio. If you are talking about using hybrid satellite broadcasting, aren't we just going to have a repeat of the networks with competing footprints, so to speak, with no localism covering the whole nation?

Mr Butler—I would prefer to put it that we provide a complementarity of service. We have the equivalent, theoretically, of 96 channels. There are 192 of the 16 kilobytes, but it is 96-32—you will hear some of that this afternoon. That can be adjusted up or down to have data. I think what you need to look at is that we are not dealing simply with radio.

CHAIR—I understand that.

Mr Butler—We are dealing with the delivery of services which at the moment are denied to the urban—

CHAIR—I am not denying that.

Mr Butler—We are providing a complementarity.

CHAIR—I am not arguing against you, but our fundamental term of reference is to show how digital radio will enhance non-metropolitan Australia. I accept that there will be two components to that—firstly, the data and interactive services and, secondly, the entertainment. You are talking about crystal clear reception and so on, and in some areas of Australia that will be an absolute godsend. But the question then arises: to what extent will you be able to retain localism and regionalism?

Mr Butler—There will be content providers there who have the opportunity of extending beyond the normal transmission area of their small terrestrial station. We would also be able to serve elements like TAFE and provide meteorological information and emergency alerts.

Mr Davey—To summarise, we are providing the infrastructure and then it is up to content providers to work with us to deliver those services to the markets.

Mr HARDGRAVE—And also up to the legislators if they want to specify local content. You are simply saying, 'Here's the technology—if Edge FM wants to come out of Wangaratta and broadcast to Alice Springs and Port Hedland, this is the sort of technology that would provide it easily and cheaply.' Is that what you are saying?

Mr Butler—Correct.

Mr MOSSFELD—If Mr Mott, who gave a submission previously, wanted to set up this technology, how would he go about it? What would be the cost to him?

Mr Butler—He would lease provision from us. He might come into partnership with us in advertising—that is one of the streams that WorldSpace exercises abroad.

Mr HARDGRAVE—It is your spectrum, so you charge access.

Mr Butler—No, we provide a channel.

Mr Davey—We would perhaps pay a licence fee to the government for the spectrum.

CHAIR—Are you going to be a wholesaler or a provider?

Mr Davey—We are a broadcasting infrastructure provider.

CHAIR—Only that?

Mr Davey—We will listen to what the market wants to do.

CHAIR—The point I am coming to is this: the evidence—anecdotal and written—that we have received so far shows that the laissez faire attitude that was reflected in the 1992 act has led AM and FM radio into a lot of difficulties with viability, market dominance and a number of other things. We need to make our recommendation to the government—to the parliament—on the basis of not letting that occur with digital radio. We start from a foundation of ‘this is an opportunity’, so to speak, to get the hens back into the coop. That is not to say that digital should be treated restrictively; it should be rolled out in an orderly manner that does not repeat the mistakes that have occurred with FM and AM. That is what we are very interested in hearing this afternoon. But I am asking how you see that happening. Will regionalism and localism still be capable of being delivered, first, by satellite; and, secondly, by terrestrial methods—or will it have to be a combination of both?

Mr Butler—We think it is a combination. If the Australian situation is just to have terrestrial, digital technology may never reach the whole of the Australian population. Even converting existing AM bands—which will improve quality—will not achieve the quality and the diversity of that technology.

CHAIR—I understand.

Mr Butler—Secondly, if I look at what is happening on WorldSpace at the regional level, in the majority of programs—for example, the north-east beam—the major user will be China, with some complementary activity. Perhaps they will enter into agreements with us. I am in discussion with some universities here about delivering certain things. If we look at Indonesia, there are two or three ventures already in Indonesia to come on board, and there could well be complements of other things. You will hear about some of these WorldSpace branded products. They are very exclusive: a special type of music and a women’s channel have been discussed. Various opportunities exist.

To come back to Mr Hardgrave’s point, we have no problem laying down a requirement vis-a-vis satellite in respect of local content because it is the local content providers whom we

would look to. We are not a broadcaster as such, but we believe the national interest requires consideration not just on the mainland but also on our own islands associated with the mainland.

CHAIR—Using that scenario, what would be the difficulty with providing a terrestrial service for roughly equivalent to what we have at present with AM and FM and then providing a satellite service in much the same way as television does for those who cannot receive the terrestrial service?

Mr Butler—I think you have to be very careful about the prescription. I suppose the nearest type of scenario at the moment would be more like in television between Austar and Foxtel, whereby they are able to keep out of one another's markets.

Mr Davey—I think the biggest impediment to the roll out of the infrastructure to those outlying areas is the cost. We do not see the terrestrial and the satellite as competitors. We see them as complementary. So our recommendation to you is that you should be seriously looking at a hybrid, a combination of the terrestrial and the satellite, to provide the universal service coverage. That is the only way you can do it in an economical way. Secondly, in a timely way because we all know that the terrestrial services will be rolled out first in the urban areas and it will take some time before they get out into the rural and regional areas.

Mr Butler—Going back, in the PMG days I was associated with the roll out of television, including decisions to take television north of Brisbane, which were very interesting, far-reaching decisions as to how the networks and dual mode activities were negotiated. But it is a question today of choice.

CHAIR—I suppose we should have seen your demo first and then asked the questions rather than the other way around. On a broader front, rather than just looking at the technology and the rolling out, on the matter of market dominance and the matter of localism or regionalism, what is your recommendation there? How does the government set this up in such a way that it does not become a laissez-faire thing again?

Mr Butler—In what way are you using laissez faire?

CHAIR—In effect, you are saying you are going to be a wholesaler of spectrum.

Mr Butler—Not of spectrum. We provide infrastructure that allows the delivery of sufficient channels to give choice.

CHAIR—You are a wholesaler of channels then?

Mr Butler—Yes.

CHAIR—You will purchase the spectrum, is that the idea?

Mr Butler—No, we license. We purchase the infrastructure in partnership with others. We have had some opening discussions with others. We come from a point of view that, if there is

to be universal service in Australia, the only practical way out is a satellite hybrid type of system. We did do some market studies two years ago. With the direct personal radio or the sort of things that we are involved in, including the South Pacific, the issues were marginal. But now that the hybrid of satellite-terrestrial has been accepted and the new elements of the terrestrial specifications are evolving, we believe the economic case of three beams makes it justifiable and we have initiated further market places.

CHAIR—Do you envisage being the only provider?

Mr Butler—At the moment, the WorldSpace technology is the only one capable of delivering to digital radio. In Europe, WorldSpace and Alcatel, which is also an Australian company in another way, have entered into partnership and are looking for other partners to serve Europe. Europe has come off the issue of terrestrial. In the United States, WorldSpace was one of two licensees associated with American radio. Hughes and Alcatel have a consortium, which is one of the two licensees and is a competitive licensee. We do not see ourselves as a monopolist. We are trying to find a way for Australia to go forward in the interests of all Australians having the opportunity of access. We do not mind the things that Mr Hardgrave has just put forward. We can live with and we can discuss these issues. There is another scenario in the country already vis-a-vis television between Austar and the other consortium, Foxtel.

CHAIR—We will leave it there for this afternoon till we get a better understanding of your form of technology. We thank you for the evidence and for the supplementary submission. You will receive a copy of the *Hansard* draft. We are coming back to see you this afternoon. We trust that, if we have any further questions on digital—and I suspect we will—we can come back to you.

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

That this committee authorises the broadcasting of this public hearing and the publication of evidence given before it this day.

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

That submissions 216 to 251 together with any attachments that have not otherwise been received as exhibits be received as evidence to the inquiry into the adequacy of radio services in non-metropolitan Australia and authorised for publication.

Resolved (on motion by **Ms Livermore**):

That exhibit No. 9, dated 2 January 2001, be received as a confidential exhibit to the inquiry into the adequacy of radio services in non-metropolitan Australia and be incorporated into the committee's records as an exhibit.

CHAIR—Ladies and gentlemen, witnesses who have been here today and members of the public gallery who have come to be part of this, this is a very important inquiry. It deals with some issues that are of some moment in rural and regional areas and your interest in it is very much appreciated. I would like to thank you all for attending and for your cooperation. I apologise if we got behind time and that we could not make those two links that we would have liked to have made, but we will do those from Canberra. I declare this hearing closed.

Committee adjourned at 1.33 p.m.

