



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

**HOUSE OF
REPRESENTATIVES**

STANDING COMMITTEE ON COMMUNICATIONS,
INFORMATION TECHNOLOGY AND THE ARTS

Reference: Community broadcasting

WEDNESDAY, 31 MAY 2006

CANBERRA

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

INTERNET

The Proof and Official Hansard transcripts of Senate committee hearings, some House of Representatives committee hearings and some joint committee hearings are available on the Internet. Some House of Representatives committees and some joint committees make available only Official Hansard transcripts.

The Internet address is: **<http://www.aph.gov.au/hansard>**

To search the parliamentary database, go to:
<http://parlinfoweb.aph.gov.au>

HOUSE OF REPRESENTATIVES

**STANDING COMMITTEE ON COMMUNICATIONS, INFORMATION TECHNOLOGY AND THE
ARTS**

Wednesday, 31 May 2006

Members: Miss Jackie Kelly (*Chair*), Ms Owens (*Deputy Chair*), Mrs Bronwyn Bishop, Mr Garrett, Mr Hayes, Mr Johnson, Mr Keenan, Mr Laming, Mr Ticehurst and Ms Vamvakinou

Members in attendance: Mr Garrett, Mr Hayes, Miss Jackie Kelly, Mr Ticehurst and Ms Vamvakinou

Terms of reference for the inquiry:

To inquire into and report on:

- The scope and role of Australian community broadcasting across radio, television, the internet and other broadcasting technologies;
- Content and programming requirements that reflect the character of Australia and its cultural diversity;
- Technological opportunities, including digital, to expand community broadcasting networks; and
- Opportunities and threats to achieving a diverse and robust network of community broadcasters.

WITNESSES

FORRESTER, Ms Jan, Consultant, Community Broadcasting Association of Australia 1

MASON, Mr Paul, Senior Project Manager, Community Broadcasting Association of Australia 1

**MELVILLE, Mr Barry Lloyd, General Manager, Community Broadcasting Association of
Australia..... 1**

TERDICH, Mr Paul Silvano, President, Community Broadcasting Association of Australia..... 1

Committee met at 9.41 am**FORRESTER, Ms Jan, Consultant, Community Broadcasting Association of Australia****MASON, Mr Paul, Senior Project Manager, Community Broadcasting Association of Australia****MELVILLE, Mr Barry Lloyd, General Manager, Community Broadcasting Association of Australia****TERDICH, Mr Paul Silvano, President, Community Broadcasting Association of Australia**

ACTING CHAIR (Mr Garrett)—I declare open this public hearing of the House of Representatives Standing Committee on Communications, Information Technology and the Arts inquiry into community broadcasting. The inquiry arises from a request to this committee by Senator the Hon. Helen Coonan, Minister for Communications, Information Technology and the Arts. Written submissions were called for and 126 have been received to date. The committee is conducting a program of public hearings and inspections. This hearing is the second for the inquiry.

I welcome the representatives from CBAA. Although the committee does not require you to give evidence under oath, I should advise you that these hearings are formal proceedings of the Parliament, and consequently they warrant the same respect as proceedings of the House itself. It is customary to remind witnesses that giving false or misleading evidence is a serious matter and may be regarded as a contempt of the Parliament. Do you wish to make a brief statement in relation to your submission, or would you care to make some introductory remarks?

Mr Melville—I do not want to waste the committee's time paraphrasing or regurgitating the submissions. There are two submissions from the CBAA. The first submission principally presents a range of empirical data about the community broadcasting sector in 2006, encapsulates some of our arguments and policy concerns, and certainly addresses the terms of reference for this inquiry. The second submission is more specifically about what are now emerging as fairly urgent problems with respect to community television, so they are to be read together.

I thought I might spend 10 or maybe even 15 minutes—please give me the nudge if I am going on too much—just travelling fairly quickly through submission No. 1 and trying to put some of the claims in context, hopefully in order to encourage some discussion. I wanted to do three things principally. The first is to touch upon some of the concerns raised in the first submission—not putting aside submission No. 2 at all, but I will perhaps get to that later. The second is to update you on a couple of things that have occurred since we made the submission—principally that the federal budget has come down, so we have a reaction to that. And, finally, the commercial radio industry has recently made a submission to this inquiry and, with your indulgence, we would like to make some brief comments on that, without getting into any major debate about the substantive basis of CRA's submission. I do not know if you have read it.

CHAIR (Miss Jackie Kelly)—Advertising?

Mr Melville—Yes. There are a few things we probably need to straighten out from our perspective, if that is okay to do. I will just proceed. I guess the key point to make at this stage is that, after 34 years of community broadcasting, we are at the crossroads, and we have arrived at the crossroads because of technological challenges. Roughly, you would say—and I think I said this before in a private briefing to this committee in January, but just to get it onto the public record—we are proud of what has happened with community broadcasting. It has gone from very small beginnings in the early seventies; it has had bipartisan political support, which has been encouraging and good; we have had patrons from across the spectrum of politics; it has had a goodly measure of Commonwealth financial support, for which we are very appreciative, but it has largely been a self-sustaining industry. It has grown largely from donations, subscriptions and, in the past 15 years, the big growth area in terms of revenue has been sponsorship which, in itself, is a limited form of advertising.

The key contribution, we say, is kind of hard to quantify. It is easy to quantify the bodies—there are just over 20,000 volunteers in community broadcasting at the moment. They contribute an enormous amount. We are often held up against the fact that we benefit from the use of a valuable public resource—radio frequency spectrum. We are fully appreciative of that. We do not pay fees for access to that spectrum, as the commercial industry does, but the key point is that each year our volunteers contribute \$145 million worth of labour—and that is a nominal valuation of their voluntary labour.

Another interesting statistic that is buried somewhere in our submission, and can be empirically verified, is that in the not-for-profit volunteering sector in Australia, community broadcasting volunteers are likely to volunteer about two-and-a-half times more of their own personal time than average volunteers in other organisations. It is interesting; people are passionate about community broadcasting when they get involved.

There are two other submissions that we have put before government that I would suggest are relevant to this inquiry. I do not want to go into detail, necessarily, unless it is of particular interest to you at this stage in your inquiry, but I just wanted to again signify their importance. It goes back to the crossroads and the technological challenges. In December we put a submission through DCITA on the challenges and prospects for digital simulcasting of community television. That was called ‘Driving Digital’. It identifies the urgency for community television in terms of retaining its audience. It is some of the stuff you touched on last year in your inquiry into the roll-out of digital television. I notice that, in your 30 February report, you earmarked it for later reference to this committee. It remains important; it remains urgent because, as each week and month rolls by and more and more households adopt digital set-top boxes, we are gradually gaining a digital-only audience that is eroding the analog audience. You are probably already pretty well versed in those concerns.

The second submission was one that went in in the second week of January, again to DCITA—presumably at Minister Coonan’s behest, I am not sure, but we were invited just before Christmas to make the submission. We called that one ‘Adding Digital Value’, and that addresses what we see as the next level of detail that needs to be inked in with respect to the government’s present position on digital radio. That links back to Minister Coonan’s October announcement of her digital policy framework.

What is coming up, of course, probably before this inquiry concludes, is Minister Coonan's Digital Action Plan. I understand that that is specifically for television, but I think the government has cleverly linked that to other possible media reforms. We are currently engaged in a submission process to that, also, and some fairly close discussions with the minister's office and DCITA. This is context, I guess, for this inquiry.

Again, I probably told you in January—and it is in the submission—but for the record, we are still drawing on audience research conducted in 2004 by McNair Ingenuity. It was commissioned research generously paid for by DCITA. It was one of those examples where Commonwealth money was made available at fairly short notice for a fairly specific purpose, and it worked very well. That helped us establish that seven million Australians, or 45 per cent of Australians over the age of 15, in any given month are listening to community radio. There are also dedicated listeners; they listen for more than seven hours a week. The majority of them do not listen exclusively to community radio; that makes sense, I think, at a logical level. But, interestingly, there are 685,000 Australians who do profess to listen exclusively to community radio.

It is interesting also that in rural and regional Australia, 46 per cent of people out there—slightly higher numbers in rural and regional areas—listen to community radio. Interestingly also, there are 339,000 community radio only listeners in rural Australia. More than 70 per cent of our community radio stations are out there in regional Australia. You heard last week from one of our largest and most successful metropolitan stations. The experience is many and varied. I guess, as you go through the inquiry, you will be hearing stories from different perspectives, from different community interests. There is no one story to be told about community radio.

The McNair Ingenuity research is being undertaken again, and happily I can report that since January we have managed to secure some more funding. About five weeks ago, McNair Ingenuity started again. We hope that by mid-August we will have the second national listener survey, and we hope that that will still be in useful time with respect to submitting to this inquiry and informing your process. It has been probably 18 months since we drew upon a reliable source of information for community television audiences, but we are taking steps. We met with Helen Coonan the week before last, when she requested that we try to update her on the size of the community television audience, which we will try to derive from OzTAM. She also invited us to make submissions to her for the digital action plan in terms of our viability of ongoing operations for community television. Again, that is other work that we are doing. There is a lot on in terms of what we are trying to push forward.

The reasons given in the 2004 McNair radio research for listening to community radio are interesting. The principal reason given across the country is that they have diversity in programming. A total of 5,000 people were surveyed. I do not have the actual percentage response on that, but we can delve into it. The strong majority of responses as to why they listened was diversity in programming, followed very closely by the fact that they have specialist music and information programs. If you segment down to rural and regional listeners, it is pretty much the same thing but a little bit more specialised.

The rural and regional listeners took it a little bit further, and the chief reason given was local news and local information, followed by local voices and local personalities. Just to remind you, although we do have a community radio network that reticulates the best quality community radio programming across the country, it is a cherry-picking network. In other words, stations

can draw down programming and supplement their local schedules. By and large, overwhelmingly, community radio stations are independently operated and they are independent editorially. There are some exceptions, such as small emerging networks of Christian broadcasting stations; the notable Radio for the Print Handicapped network, which has various mixes of local and network; as well as Indigenous radio networks. But, in sheer weight of numbers across the 400 or more community outlets, the greatest preponderance is towards independent and locally specific services.

I wanted to address briefly the opportunities and threats that we identified with response to the terms of reference set by this inquiry, just in the hope that they might provoke some discussion in this next little while here this morning. It is not an exhaustive list, but we have identified some significant opportunities in terms of achieving a diverse and robust network of community broadcasters. We perceive that to be the kind of lynchpin term of reference for you as a committee—although we are not blind to the other ones either. One of the opportunities worthy of mention is the national roll-out of accredited training. We are very proud of our efforts in these past two years since \$2.2 million was, for the first time, made available specifically for accredited training. We are well progressed now on establishing a network of registered training organisations who will provide professional accredited trade skills across the range of broadcasting industry skills.

Our principal target—and I am sure Paul Terdich, our president, will bear witness to this—and our motivation for the CBAA and getting involved in coordinating national accredited training was to see the development for the first time of an accredited tier of management training. We think this is important. Most city stations already have managers, and the majority of community stations in suburban, submetropolitan and regional Australia do not have full-time, or most of them even part-time, managers—they are committee driven. We suggest that management training is an important first step. In our submission to government before the last election, we wanted to go a bit further, and we even suggested that, if there was Commonwealth money available, there should be some sort of subsidy or pilot scheme for actually seeding employment of managers in stations. It is worthy of consideration, but accredited training is an important starting point.

Another opportunity that presents itself is ongoing support for infrastructure and technology innovation. I will talk about the federal budget outcomes in a minute. We are gratified; we do have continuing support for our IT and online initiatives funded through the Community Broadcasting Foundation. Another opportunity is the growth and diversification of the community broadcasting sector through digital technologies and content sharing. That is the way we have to go.

Another one that we are beginning to explore now—and we are aiming to make a major submission in August—I guess it could possibly also come the way of this committee, and I will take your advice on this—is that we have decided as a matter of policy at the CBAA that, aside from the long tradition of Commonwealth funding, an important goal for us is to pursue a greater share of the government advertising spend. By the way, Commonwealth funding only represents in current terms about six per cent of a station's operating expenses, and most of what they raise they have to raise from their communities or in the marketplace through sponsorship. I use the word 'advertising' advisedly because, obviously, as it transmits to community broadcasting, it will be a legitimate five minutes per hour of sponsorship, but there is no inherent barrier to our

increasingly being a conduit for government portfolios and departments in terms of helping spread the message.

We did a survey of stations, and some stations, to put it in crude political terms, are in probably pro-coalition and quite conservative regional electorates, and some of them are city focused and possibly have a mixture of political leanings, but by and large most stations were keen to embrace the opportunity to carry government information campaigns. We are working currently with Jackson Wells Morris, a Sydney based PR firm, and a former parliamentarian by the name of Michael Baume, whom many of you would know—a senior figure. Michael is presently working as a consultant for Jackson Wells Morris, and he is working with us to try to build a good case to put before government. We are aiming to come down in August and talk to portfolios and agencies about trying to build greater patronage and support for our services through government information campaigns.

Another opportunity that presents itself is to sustain and grow the Australian Music Radio Airplay Project through cultural industries collaboration and, hopefully, some targeted support. To date, Paul Mason has been our manager of Amrap, as we call it. It was one of our disappointments in the recent federal budget. Amrap was funded initially with one-off funding in 1998. We started the project in 2000 and sustained it for six years with three years worth of funding. We made strong pleas to have it re-funded, but were not successful. The only message we want to leave with you today is that we are not closing it down; we will narrow down its focus and we will sustain it with music industry support. It still presents as a great opportunity to expand and diversify, particularly with the digital challenge that is emerging and the opportunities in content aggregation and distribution that the new technologies present. It would be a crying shame to let Amrap die, and we will not let it do so.

There are threats listed in our submission at page 33, but there are two that I thought might be interesting discussion points. The first threat is stagnation or diminution of government support. There had been stagnation absolutely over nine years leading up to 2004, and happily, since 2004, we had two influxes, if you like, through Minister Coonan in her first flush as minister. One was the establishment of a transmission access fund, which has been very important to the radio sector, particularly with rising costs in site access. The second was a national training fund, about which I have already spoken.

The second threat that we have identified relates to this. It is further pressure on the viability of community radio stations through marked increases in transmission site access fees charged by commercial providers of sites. I would remind you that about nine years ago the government privatised what was then the National Transmission Agency, which has since become Broadcast Australia—and good luck to them; they are doing a fantastic job. They operate absolute Rolls Royce quality sites all around Australia. They provide comprehensive coverage. They are fixing to make their mark in digital broadcasting. No doubt we will end up partnering with them in various localities.

We partnered with Broadcast Australia in the digital trials in Melbourne. We have a good relationship with them, but boy, do they know how to charge fees. I use the words advisedly; I would not accuse them of being monopoly operators, but what is the next step back from a monopoly? I am not an economist, but they do have the vast majority of viable sites and they paid a reasonably stiff figure for them—over \$600 million back in 1997. But they are extracting

very good economic rents for the use of those sites. I told you last time about Community Broadcasting Online, CBOOnline—one of our projects that initially ran an annual collection but now runs a biennial collection of statistics and data. We have tracked the site access fees paid between 2002-03 and 2003-04 and, sadly, transmission site access fees went up by 54 per cent in that one year.

I was scratching my head for a few months wondering why, but from checking through, I found that, as part of the cycle—and I forget the length of the contracts; whether they are three or four years—it happened that in 2003-04 many of the site access agreements came up for renegotiation. The net result was a 54 per cent hike in fees. Our claim, and it would stand up to some investigation and empirical testing, is that the fees charged by the commercial providers of sites are arguably outpacing the underlying costs. I hope that is clear.

CHAIR—Do you have access to the ACCC on that one? Or are you not really an individual, you are another business—how are you placed?

Mr Melville—We will probably have to take legal advice about how we might play that, but that is potentially an issue we could take to the competition regulator. I do not know; I feel very cautious because we do value the relationship with Broadcast Australia, so we speak in broader terms about the industry of site provision.

CHAIR—It could be a recommendation from this inquiry that the ACCC look at that—

Mr Melville—It could be.

CHAIR—if it is not business to business. Is it business to business or consumer to business? We will have a look at it.

Mr Melville—I do not know. It bears some consideration. I would appreciate further discussion on that. I am aware of time, because I believe that 11 o'clock is your absolute limit so I do not want to say too much more. We have a series of recommendations on page 44. I probably will not go through them unless you wanted to address them or question us on them. Maybe I will just skip through to the last of these—recommendation viii—because it relates to the next little bit that I wanted to say, and these are the two things that have happened subsequent to our submission. The last of our recommendations is:

Improve regulatory decision making, spectrum administration and licensing through the appointment of experienced proponents of community media to the Board of the regulatory authority, the Australian Communications and Media Authority.

I had better be careful with my words here.

CHAIR—Let me say it for you. Would you be terribly unhappy if ACMA's role in the community broadcast area was basically abolished and it was put back into the minister's office? The minister could then take advice from the department and experts in the department.

Mr Melville—No, we would not support that either. We do not think that the regulator is irrevocably broken; we just think they are a little bit off track.

Mr TICEHURST—I would agree with that, with some of the issues we have had in the Senate, of which I think you are aware, Barry.

Mr Melville—Yes. I am very closely aware of the specific issues that have been raised—

CHAIR—Do you think the personnel within the regulatory authority have been there too long and do not have any recent industry experience?

Mr Melville—It is hard to generalise at this point, because there was a certain culture that developed post-1992 under the ABA. There was what Giles Tanner, the erstwhile General Manager of ABA, called the opening up of the frontier; in other words, the LAP process—the licensed allocation planning process. The principal objective of ABA during that time was to maximise and efficiently use spectrum in this country. We were great beneficiaries of that; that saw the size of the community-broadcasting sector more than double. They certainly did not run any Productivity Commission or economically rationalist agenda about maximising the sale of spectrum; they maximised the use and efficiency of spectrum in its own terms, and that was good obviously because we were not buying the stuff from them but taking up the opportunity for licences.

I think there were initial frustrations between 1992 and about 1997 about their lack of speed and efficiency. We had great concerns. But then it got better, and we were very happy with the way the ABA rolled out the licences and delivered, and the consideration they gave to the specific community purposes that were nominated by applicants. There were some great outcomes in the capital cities, including some new and important services. On balance, I think it was a happy set of outcomes.

In the year before last, some amendments to the Broadcasting Services Act were made. In sections 84 and 90 of the Broadcasting Services Act that relate to the allocation and renewal of licences, the ABA initially and now ACMA have found a new role for themselves in the licence renewal process. You must bear in mind that there are not many new licences being issued because the frontier has been opened up and colonised, to use Giles's terms. Now they are putting their energies into renewal, which is great, but it means that small and struggling community stations keep telling the CBAA that they are now going through a very onerous and very rigorous renewal process to guarantee the next five years of their licence, all the time being reminded that that licence that was granted to them is a gift, and its use of the public resource spectrum could equally be taken away if they do not pass muster

Most community broadcasters take that and their public responsibility very seriously. However, at one level there is a huge impost of administrative strain on these struggling organisations, and that could be streamlined. At the second level—and this is what is too early to judge—to personalise it, I perceive that there is an emerging culture in ACMA of wanting to make even stronger interventions at the station level about the community purpose. By no means have we pronounced it at the CBAA board level yet, but we are interested. I think there are perhaps some emerging misconceptions and frustrations about the role that community stations play in serving their communities.

CHAIR—Do you think that they are acting in response to complaints from commercial stations or do you think they are just acting independently?

Mr Melville—I wondered about that. I think they are pulling in slightly different directions. That is interesting, because an article was published last week by Joan Warner of Commercial Radio Australia on *Radioinfo*, which is a radio industry news website. I will leave a copy of that with you. That can be obtained electronically from *Radioinfo*. Joan Warner and Commercial Radio Australia are suggesting changes to the Broadcasting Services Act so that, from hereon in, the only community licences that ACMA would issue would be special purpose licences and not general community interest licences, such as you might have on the Central Coast, for geographic communities of interest.

Obviously, we say that would be incredibly retrograde, given that there are at least two different ways of cutting the cake. You can have specialised ethnic or print handicapped services, but equally in regional Australia it is very important to have broad appeal, geographically based. So, to try to make this nonconfusing, you have Commercial Radio Australia arguing presently for a narrowing of community broadcasting which would result in community broadcasting resembling narrowcasting; it is incredibly retrograde and we believe self-serving on the part of the commercial radio industry.

CHAIR—An urban interest, though, rather than a rural one?

Mr Melville—Yes. It would be of more use and applicability in urban areas than it would in regional. It would certainly scotch the competitive threat, perhaps, that the commercial stations perceive in regional Australia. They are worried about successful community stations actually stealing part of their advertising market in markets out there that are—

CHAIR—But there is more diversity in the urban areas, therefore less need, I suppose, for your communities, whereas in the regional areas there is far less diversity, so you really do need even more community because of the diversity there.

Mr Melville—That is roughly it. Right from the outset, there has never been anything in the act or in our culture that is derived from the various formulations of legislation that says that community broadcasting is anything but a service that is freely available to the general public. It is not about specialist boutique audiences—although it can be.

CHAIR—But you have narrowcast for that.

Mr Melville—Narrowcasting is for that, yes, absolutely. You have that. So that is the direction in which commercial radio is pushing. Ironically, recently ACMA—and it has not made any firm decisions on it—has been conducting a series of related investigations at the point of licence renewal, where it seems to be suggesting, going to your urban example, that some of the urban community stations do tend to specialise. They do not exclude the general public, they do not exclude volunteers, but for the purpose of relevance they adopt a specific focus. A case in point—

CHAIR—Non-English-speaking background.

Mr Melville—Non-English-speaking background, or even at another level, jazz music as a specialty, so there is still English language, still appealing to a broad general public, but they are specifying that their community purpose is to provide jazz programs. That is an area that is

underserved by commercial radio and is partially served by the ABC. We would argue that that is a good thing in certain—

CHAIR—You can do that on a narrowcast, though, can't you?

Mr Melville—You could do it on a narrowcast, but you would not necessarily get the broad sponsorship and audience support. It is a dangerous one; I will take that question reservedly. To finish the point, ACMA seems to be suggesting that it is not in favour of such specialisation from community access stations. ACMA would like to see a broader remit and a more inclusive result. That is sort of pulling in another direction. I do not think there is a concerted attempt to constrain community broadcasting through ACMA and the commercial industry getting together. I think they are both operating on different—

CHAIR—I think the key thing about community broadcasters is that you are taking up valuable spectrum and therefore someone must be listening. For it to be a community service, someone needs to be listening.

Mr Melville—Yes.

CHAIR—Do you feel that ACMA really works in that interest and that it is looking at whether it works and whether people are listening, and supporting that goal? Or is it simply a black-letter approach: 'You must stick within this. We determine this to be this. You must be within these guidelines or it is all over? Do they do that without having regard to the outcomes that government wants, as in, saying: 'This is valuable spectrum. If people are not listening, we will give it to someone who will use it so that someone is listening'?

Mr Melville—As I said, most community broadcasters take seriously their public responsibilities. I do not think anyone would argue that, if a station becomes poorly run, irrelevant, disconnected from its community, there is not good grounds for investigation and regulatory intervention.

CHAIR—But if they are successful, gaining market share and doing well, and ACMA starts making them the focus of a special investigation for whether jazz fits within that licence, do you think that is the sort of thing—

Mr Melville—Yes, that is kind of the territory that I am trying to lead you into.

Mr TICEHURST—The old ABA were allocating licences where they were judge and jury; they were deciding what the community wanted to listen to. That was the problem we had on the Central Coast, because people who were on temporary licences for 10 years could put in a petition with thousands of supporters and yet the ABA would decide, 'No, we will not worry about that, we will allocate a licence to another group of Johnnies-come-lately,' on the basis that they deemed that that was what was required.

Mr Melville—Yes. It is a funny old process because, under section 84, it is a two-stage process; they have to identify whether any or a number among a range of applicants are suitable. Paul has been through this in Melbourne. He was successful with JOYFM, which was established when?

Mr Terdich—In 1993, as a temporary station.

Mr Melville—When did you gain your licence?

Mr Terdich—In 2000.

Mr Melville—So many were called, few were chosen in Melbourne. But the mechanism is that ABA, as it then was, would identify the range of applicants who were suitable based on statutory criteria in the act. Then, as a second stage process, they would look at the claims made by each applicant about the community of interest that they represented. In Paul's case, the applicant was a not-for-profit association that represented the interests of gay and lesbian people in Melbourne. At the same stage there were other applicants, including a country music aspirant in Melbourne at the time who was unsuccessful. An Indigenous applicant got a licence, and a youth station—SYN FM, 3SYN, a fantastic little station—got its first chance in 2000.

There is a process whereby the community identifies the interests that they represent and that they choose to serve, and then, of course, as you say, they reserve to themselves, as they are entitled to under the legislation, to judge which of those is the most worthy. They laughingly call it the beauty contest. The bureaucrats call it the beauty—they all line up and they decide who wins.

CHAIR—I am not sure if it is generated from angst from the commercial sector saying that you are taking market share and therefore ACMA should respond to preserve the value of the commercial licence. Obviously, you are licensing something that is pretty valuable and it should be protected, So are they acting on complaints from the commercial sector to say, 'Right, let us bind these people absolutely to this licensing condition,' or are they saying, 'Hang on, it is going really, really well; we have some flexibility here and we can let that slide and flourish as a youth station that is doing exceptionally well'? Do you know what I mean? It seems to me that they are more adherent to the value of a commercial licence rather than it is community broadcasting who is listening; if it is popular, then it is a good thing, let us not try to box it. Most of their actions with community radio is about ring fencing it and making sure it does not escape out somewhere.

Mr Melville—I would have to agree.

Mr Mason—There are some core principles of equity and access that drive all our stations. As long as they are not compromised, they should not preclude being popular as well. So, you have stations that can do both. Simply constraining a station because it has become popular seems slightly ridiculous, as long as they are maintaining that commitment to those values. Personally, what intrigues me about concerns about a station that might play a lot of jazz, is that the concern there is that that might reflect the interests of that local community. Certainly that is what my local submetropolitan station does, and it is music that is relevant to the area in which I live. There are a lot of people who like that music.

Mr Melville—That is Radio Eastside, based in Paddington in Sydney.

Mr Mason—But it is not the only sort of music that you can hear on that station. You can hear other sorts of music, and there are sports programs and ethnic language programs and other

specialist programs, but there is a coming together in our community of a lot of people who are interested in that sort of music, and it is not served elsewhere. I do not see why that is a particular problem.

Mr TICEHURST—The other issue relates to the allocation of frequencies, where the Central Coast was limited to about four frequencies. One of the applicants that was knocked back, who had been running for a long time, maintained that there were two other frequencies that could be used on the Central Coast without interfering with Sydney, and in fact they had operated on those frequencies for specific periods of time. On one occasion they had a rock and roll week in Wyong where they ran on this particular frequency without causing any interference.

The ABA's suggestion to them earlier on was that they were not prepared to carry out any tests at all on frequencies; you tell us that that is fine but, as far as we are concerned, we will not do anything. One of these operators said, 'We will try this frequency; we will run on it. If we get any complaints at all, if you let us know, we will shut it down immediately.' They were not even permitted to do that. I think we have this issue where, again getting back to this judge and jury situation, they were not giving people the opportunity to listen to stations of choice because of some arbitrary requirement that somebody said, 'We are not prepared to carry out any tests; end of story.' To me, that is wrong. If they can run for 10 days or more without having any complaints at all then that spectrum ought to be available.

CHAIR—Do you feel that the ACMA is across the spectrum of bodies?

Mr Melville—There are two levels here. The licence allocation planning process was incredibly resource intensive for them. It involved a lot of engineers and bureaucrats. It consumed their energies for about seven years, as I said earlier, getting it right. That is drawing the lines on the map but, more importantly, all the field strength testing. They can explain it; presumably they have appeared before you.

CHAIR—But they cannot; I have tried that.

Mr Melville—It is an incredibly technocratic exercise. I am not here as an apologist for ACMA, obviously, but the rationale behind it is that they have to build in a lot of interference protection, not just between stations in a market but between market and market. So, it is a very carefully plotted out chess board.

CHAIR—But in the case where there is some spare spectrum and there is opportunity for maybe another aspirant to slide in, they never seem to be able to say why you cannot have that one. It is just, 'You cannot have that one, there is not the spectrum—'

Mr Melville—It is not on our licence allocation plan. In other words, they invested all of this money, they plotted all the licence areas, all the available spectrum, and then they proceeded to licence. As Giles Tanner used to say, the frontier closed. It reached a plateau and closed. Now, if you come along and form a group and you say, 'We are here now, and we want a service; can we apply for a community broadcasting service?' they will say, 'No, we have all of our community broadcasting services, they are already there.'

CHAIR—But the spectrum is there, you know.

Mr Melville—Yes, arguably it is there. I forget the provision in the Broadcasting Services Act, but they do say: ‘If you invest the money, find the engineers and the technical advisers, you can go out and try to test and find one. Then you can come back to us as a separate adjunct process and apply to us as an adjunct for a change of the licence allocation plan, and we will consider adding in another.’

CHAIR—I have never heard of one getting up. Have you heard of one getting up?

Mr Melville—In this case—and I do not know the circumstances why they would not—it is true, they are just as likely to say no as yes.

Mr TICEHURST—They said they want to keep these spare frequencies in case somebody in Sydney wanted to use them. That was the story.

Mr Melville—Because of the adjacent—

Ms Forrester—It is just warehousing; it is another form of warehousing.

Mr TICEHURST—Absolutely.

CHAIR—What would be the reason for warehousing the spectrum?

Mr Melville—On the Central Coast? Because if there is to be any further expansion in the Sydney market—and I do not know what their planning is—and they get to the stage where they want to increase the universe of stations available in Sydney, there is only a finite number of FM spots left in Sydney, and some of those would be interfered with if they went ahead and issued—

CHAIR—But you would have to say that Sydney is well serviced. It has diversity and choice, and the Central Coast does not. Obviously it has more choice than, say, past Newcastle, do you know what I mean? You should be focusing on diversity, especially where there are no commercial players or only one or two or three. To supplement or to make true diversity, you then need more community or other aspirants, narrowcast or something else in there, so that Tamworth has as much diversity as Sydney.

Mr Melville—Yes.

CHAIR—Or do you think they have it the wrong way around; that they will go to Sydney first as a big market?

Mr Melville—I am not certain of that, really. I think they probably have a mind to who emerges and can make reasonably compelling claims to be able to sustain a service. The Central Coast simply would not have as many groups come forward and claim to be able to—

CHAIR—But, from a public policy point of view, do you not think that the Central Coast should have more stations?

Mr Melville—The only other thing to say in ACMA’s favour is that I think the introduction of digital has made it infinitely more complex, too.

CHAIR—Have you ever seen the spectrum map?

Mr Melville—Not for digital, not yet, no. I am familiar with the old analog planning.

CHAIR—So you would be—

Mr Melville—The LAP process—licence allocation plans.

CHAIR—That is for the existing stations, but what about actual frequency and what frequencies are available that are not currently being used?

Mr Melville—No, I have not, and I do not know what the spare spots are.

CHAIR—Because a few of them have been identified to me by engineers and hopefully we will get submissions on that. You write to ACMA saying, ‘This has been identified, why can’t they have this one,’ and I do not get any reply.

Mr Mason—The LAPs were all preceded by frequency allotment plans—

Mr Melville—FAPs, that is right.

Mr Mason—FAPs followed by LAPs, so, as a member of an aspirant station, I got a very quick education in frequency allotment. Yes, it seemed to be a very fluid decision that you could make about how many spots were available. It came down to some argument and the strength of your engineering backup. I think, Paul, you would have had that same experience with JOY in Melbourne?

Mr Terdich—Yes. It is about interference, cross-modulation and where you place things. With the licensing plan as it was just fixed with the frontier closed, as Barry said, where is there room to go back and do the research to find out what is available? If it is closed, there is actually no further worth in doing it.

CHAIR—From my point of view, most community broadcasters are very accommodating and they will trial a frequency. They will have a theory, go to air on that one, get the complaints from the interference and say, ‘Right, how about if we modify signal strength or move our site to somewhere else or do this, move around, change frequency?’ They are really happy to work to an outcome where a community at large can hear more radio. Hello, community, nice to hear—that is what government wants, diversity in the media. But ACMA does not seem to have that view. It simply says, ‘No, that does not work, you cannot have that.’

Mr Melville—If I may be so bold, just to go back to your proposition, because I heard it in January as well when we came to see you, your suggestion seems to be that you could take that set of responsibilities away from ACMA. With respect, I wonder how that fixes the problem.

CHAIR—It puts it back in the minister’s office. The minister is an elected representative and has to respond to community, which can say, ‘The community wants to listen to radio, so fix it.’

Mr Melville—So there is political and community accountability.

CHAIR—The minister is in a big position of power and influence to say, ‘This is an outcome, you are the department, you are the executive, give me the outcome,’ rather than an independent board working off the Broadcasting Services Act saying, ‘Well, this is all we are allowed to do,’ and the minister saying, ‘Well, I can’t deal with that because ACMA is an independent body and I cannot do that because it is ACMA.’

Ms Forrester—Are you suggesting, Madam Chair, that the minister would then try to influence a culture over time, or are you saying she would make those independent decisions? It seems a lot of work in the minister’s office.

CHAIR—No. You do it on a public policy of seeking more diversity in the marketplace.

Ms Forrester—Okay.

CHAIR—So, where there is a failure, you see one media player just acquiring more and more commercial stations, a similarity happening, a recasting broadcast occurring in areas, complaints coming through various electorate offices, and you can respond to that by saying, ‘Look, are there any community broadcasters out there?’ There will be a bunch up there going, ‘Yeah, yeah, pick me, pick me!’ They can then say, ‘Well, look, let’s make this happen, let’s get these guys on to air and create more diversity in that area.’

Ms Forrester—I think you would have to argue that it is not a community broadcaster’s encroaching, for example, that has raised particular problems in VEGA recently. I think VEGA was one of the two later stations in Sydney that lobbied and eventually was successful. FM spectrum was granted to two new radio stations in Sydney; one of them was NOVA and the other was VEGA. I think you probably know now that VEGA in Sydney is going through a massive realignment, having invested a lot of money in that station. That is an internal decision that has not succeeded. I do not think it is the fault of any community broadcaster; I think it is just a decision that was made, but that was very valuable spectrum that was sold.

Mr GARRETT—Perhaps the broadcasting association wants to give some thought as to the desirability of ACMA reviewing the way in which it has actually conducted its activities up to this point in time, because it would be a fairly significant recommendation for this committee to be considering the sorts of proposals that the chair is floating here. In many ways, it probably runs against some of the other additional components of the regulatory framework within which you operate. Is it a question of ACMA not doing its job well, or even should we have an ACMA? To that extent, I think it would probably be worth while your giving some thought to that.

Mr Melville—It is beyond my personal memory, but from what scant bits I know of the history of broadcasting in Australia, throughout the seventies—I am not sure when it ended; it might have been in the early eighties—but certainly throughout the Whitlam government and through the Fraser government, there was a direct planning power that reposed with the Minister for Post and Telecommunications initially, and then the Minister for Communications, that frequency for broadcasting was within the gift of the minister.

The most famous example in our history is the vision of Moss Cass, who was the Minister for Post and Telecommunications under Gough Whitlam in 1973. He responded to the lobbyists from our precursors, what was then the public broadcasting movement. Prior to 1992 we were

called public broadcasters, but everyone got us confused with the ABC, so it all changed. But, as I said earlier, the leading lights in the public broadcasting movement managed to persuade both sides of government really, but in this instance, Moss Cass as minister. He had a grand vision of initially Moss's Dozen, it was called; 12 areas of campus based pilot community and educational radio services that were rolled out. That was directly within his gift as minister. I forget the debates that occurred at the time. Obviously that was in our favour, and that was the early beginnings of community broadcasting.

Eventually, throughout the seventies and, I believe, into the early eighties, there was all manner of debate in Parliament about the undesirability of it being within the political gift of the government of the day. I am getting to the limits of my capacity to articulate what those arguments were but, at the end of the day, they took what was the Australian Broadcasting Control Board and reformulated it, and that was the beginnings of the Australian Broadcasting Tribunal. They said, 'Look, we will push it out at arm's length. Planning licence allocation does not sit so happily within the minister's office.' I would suggest that it would be good to go back and find out precisely what those reasons and difficulties were.

Mr TICEHURST—There was a time, too, when they were universally just above the AM band; it was something like about 1680 kilohertz, I think, and to pick it up you would have had to modify an AM radio. Now, one of the local fellows has been telling me that they could actually get a licence to operate on another frequency. I suggested to him that, rather than having specialised receivers, they could take some of the amateur radio situations and use a converter to pick it up on one frequency and convert it back to FM. I do not know whether any other community groups have come to you and suggested that there are other frequency bands that could be available, and use a converter.

Mr Melville—Yes.

Mr TICEHURST—It seems it is not much different from what set-top boxes—

Ms Forrester—That is outside the broadcast services band?

Mr Melville—It is outside the BSB. There are two means by which you can be outside the broadcasting services bands: one is the first one you mentioned, where they had set a limit—did you say 16?

Mr TICEHURST—I think it was 1680, just above AM.

Mr Melville—If you were just beyond that point, which is beyond the reach of most tuners, you are arbitrarily outside the broadcasting services band, and you can easily just get an apparatus licence and operate a service. It is beyond broadcasting regulation. There were attempts made in the past two years to establish a national footprint commercial radio competitor, WorldAudio, but it recently folded, I think. It raised a lot of venture capital and tried to establish a commercial competitor via satellite distribution and off-band broadcasts. Secondly, in the history of FM broadcasting there have been side bands, carrier bands, used for various narrowcasting purposes. The trouble is, if it involves a specialised receiver and specialised equipment, it immediately does not appeal to community broadcasters who are wanting to get public access.

Mr TICEHURST—So it limits your fixed listeners, really?

Mr Melville—Yes. But all manner of delivery is possible, and increasingly with digital.

Mr TICEHURST—There are some groups who have lots of stations on community stations across Australia. Where do you draw the line between what is a community station and what is sort of quasi-commercial, if they have multiple stations?

Mr Melville—Do you have a specific example?

Mr TICEHURST—Rhema. If you look down at the applications, you will find there are lots and lots of Rhema stations.

Mr Melville—You would probably be best advised in this by ACB, the Association of Christian Broadcasters. I would commend their analysis of this situation because Rhema has had several incarnations in Australia. Rhema initially started in New Zealand as a commercial enterprise and a series of commercial licences in New Zealand. It became sort of a franchise, if you like. They were so happy with their formula that they brought it to these shores. They initially had a two-fold vision; one was that they would provide start-up advice and the franchise—my language, not theirs, perhaps—on the format. There were a number of independent Christian groups applying for licences under the ABA process that chose to adopt a Rhema format. Secondly, there is an organisation called UCB—United Christian Broadcasters—that operates as a kind of a syndicate for Rhema programming out of New Zealand and other sources, and they undertook that they would establish a network of narrowcast licences specifically to serve the purposes of Christian broadcasting.

So Rhema was twofold: it was network services on narrowcasting, and an affiliation of community broadcasting applicants as well. Some of the Rhema stations have made submissions to this inquiry; Rhema Mount Isa was one of the first ones in on the submissions. I stand to be corrected, but those Rhema stations are largely independently owned and controlled community licences that have adopted the Rhema format. I believe they are now no longer under the umbrella of United Christian Broadcasters but have joined the wider fraternity of ACB, the Australian Christian Broadcasters, and are operating more independently. So I think there have been about two stages of transformation. It is not correct to say that Rhema is a corporate entity that owns a multiplicity of licences. They were affiliated, but they were operated at the local level, I guess; that is how I would best explain it.

Mr TICEHURST—Are there any other groups with a similar structure?

Mr Melville—The closest would be RPH Australia, which runs a set of affiliated print handicapped stations. Again, they are not all under common ownership, but they do run a satellite delivery platform to serve the needs of the print handicapped services.

Mr TICEHURST—Earlier you mentioned digital radio. The government's intention on digital radio is different from digital TV; there is no intention of shutting down the FM or the AM bands. Digital radio essentially will become a third option, and of course it will be a long while, I would imagine, before people had digital radios and access to those signals. For

community broadcasters in rural and regional areas, I think it will be a long time before we will actually get digital radio into those areas. Do you see that?

Mr Melville—Yes, I think that is the consensus in the broadcasting industry, let alone community broadcasting. You detected the sense of urgency with respect to community television, and that is because there is an identified switch-over date. It is as soon as 2008; although Minister Coonan told us the other week that she has revised it to 2010 and is prepared to slip it back to 2012. Nonetheless, momentum is gathering in television towards digital, and you are very well versed in that as a result of your inquiry last year. You know more than we do, I would suggest. You are right, Mr Ticehurst, the government's decision announced in October in Minister Coonan's digital radio framework was about digital radio supplementing existing radio, not replacing it. It was not a switch-over plan. So that does give a much longer time line, and people are only speculating about how long it is before there is a majority of digital receivers out there. Some people are saying 50 years.

Mr TICEHURST—As long as that?

Mr Melville—As long as 50 years.

Mr TICEHURST—So it will not be an issue.

Mr GARRETT—I wanted to pick up on some of the other aspects of the submission. I note that you have made two really comprehensive submissions to us that will be really useful for the committee. Quite a few issues have arisen out of them. Perhaps we could just belt through them and just take some quick additional comments from you. In the context of the earlier discussion that we were having about the regulatory framework, it would be interesting to hear your views. The one that has come up is the question of sponsorship and the regulations that relate to sponsorship. Do you have anything additional to say about that?

Mr Melville—Just a point of distinction. We as an industry body are charged with the responsibility to come up with codes of practice that are registered with the regulator. It is a common misinterpretation that we get to set the rules for sponsorship. We do not because, as you know, sponsorship is black letter inscribed in the BSA. They have existed in that form since 1992, and they are largely based on the old broadcasting and television act that preceded it. There is certainly no groundswell to have that part of the act revised from our quarter. Getting back to the regulatory framework, there is a frustration and a lack of clarity and transparency in how those provisions that are largely covered in schedule 2 of the Broadcasting and Services Act, part 9, are interpreted and applied by the regulator.

In 2003, ABA put out a set of specific guidelines for advertising and sponsorship for community broadcasters—in other words, how to draw the line. This is right off the tail end of the cash-for-comment stuff that swept through the commercial radio industry. Obviously issues about the dividing line between what is valid editorial comment and what is advertorial or advertising were and are live issues in commercial radio, for goodness sake, let alone community radio, where the rigours you would imagine should be applied fairly strongly.

We believe that the guidelines that were issued in 2003 are not as helpful as they might be. Going back to my earlier comments about emerging concerns about regulatory determinations,

aside from licence renewals, there has been a recent spate, if that is the word, of regulatory investigations and breaches found against a small handful of community stations that have somehow been found guilty of advertising. Depending how you interpret it—and in these next few weeks, Jan Forrester, my colleague here, will be helping us interpret it; in other words, we will be going back to the regulator with a bit of an analysis of some of their regulatory decisions—

CHAIR—Just on that point—

Mr Melville—In other words, some stations have promoted concerts, events and CDs—which is what they do week in, week out on radio—and have been found to be advertising.

CHAIR—Exactly. You have got a local artist discussing their CD on sale in the local shops, and you chat about that for 10 minutes and say, ‘Yes, it is available in the Penrith Plaza’—

Mr Melville—And then they go bang, advertising!

CHAIR—And it is advertising. My point is that, in a ministerial office, with a bit of commonsense and knowing what changing community values are, if you say there is cash for comment running, is that not a better place to say you are going to ping someone for this or not? It is a better place to resolve these issues rather than these hideously expensive \$60,000 legal imposts on community stations that have to fundraise to run, let alone run a legal argument over a prosecution which, if anything, will achieve nothing.

Mr Melville—I think we are neutral in terms of who determines that. I note your view, Madam Chair, but I guess we cannot pronounce on whether it is best with the minister or the regulator. The point is that we do want some transparency and clarity. If, as a result of our analysis of these recent decisions, we go back to the regulator and they say, ‘No, sorry, this is the valid determination,’ I do not know that we will have the legal resources to test it in court, which is where you would have to take it. So you might be hearing from us if we feel that they do have a narrow, onerous or unclear interpretation of the dividing line between advertising and sponsorship. I hope that is clear.

ACTING CHAIR (Mr Garrett)—Yes, that is clear.

Mr Melville—It is pre-analysis for us. We have to really go through those decisions, but there is a series of them.

ACTING CHAIR—We understand.

Mr Melville—Having done the rigorous analysis, to us they seem at odds with the earlier history of the regulator.

ACTING CHAIR—We have noted that anomaly up to now. I think it was disappointing that Amrap did not get some consistent funding in the budget, and we would be very keen to hear about the likely impact of that on the project. I know that Barry has already said that you do intend to continue it. What sorts of challenges do you face, and perhaps what are some of the successes that you have had up to now by way of the arts perspective on Amrap?

Mr Mason—Yes, we were disappointed. I suppose we were disappointed and slightly surprised. We had received strong support from everyone that we spoke to about the value of the project, and we had an evaluation of the project that had significant detail from members of the music industry, individual composers and musicians themselves all speaking to the benefit that it had to their careers and their access to gaining airplay, and how it had been a relevant and very grassroots initiative. So we had some hope that there would be further support for the project. But we are also committed to its benefits. We are committed to the value that it has brought to our engagement with musicians nationally. So, with encouragement from our music industry partners, we have put in plan a way of keeping some aspects of it alive in the hope that we can return and seek further support from government.

That means that we will have to limit the scope of operations quite significantly for the next 12 months. We will throw out the resources that remain whilst maintaining our CD and music distribution activities to keep music flowing by Australian artists to radio and keep it being heard on air all around Australia. That will mean a reduction in staff back to some very core operations for us and a very tight budget. We project at the moment that we could keep that going for 12 months, but we will have to see how we go with that. It will also limit our programming support operations. This was an important next step for us so that we were able to not only service stations with music but also with programs about the music so that it was a meaningful listener experience.

Mr TICEHURST—What is the major cost in the Amrap?

Mr Mason—We were seeking \$2 million over four years, and this had a full scope of operations for us.

Mr TICEHURST—What is the major cost component in doing it? When you say you have to scale back, what parts would you drop off?

Mr Mason—Staffing. We will bring it back to one staff member, effectively.

Mr Melville—It is a two-stage reduction, really. As Paul said, there are probably three or four components to Amrap but, for argument's sake, the two key components for consideration here were firstly a distribution of music tracks themselves to stations targeted according to genre. This was largely CDs but also electronically over the internet and by other means. If you are a station that is likely to want country music, you will receive country music from Amrap. If you are likely to need classical music, you will get new classical music from Amrap. So it is a targeted delivery service of music itself.

Underscoring that was the part of Amrap that was a commissioning project, where you would commission talented young radio broadcasters to make programs about music and about musical culture. That is falling away; we cannot do that in the next year. We will just go back to the bare bones and distribute music to stations in a targeted way. We will maintain our links with the music industry, whereby artists and their publishers and their labels come to us with the content. They will pay us a small fee to have the content distributed, so we can raise some revenue. It is not an entirely Commonwealth-funded enterprise. Largely what we will cut back on is staffing. We will not be able to have a dedicated manager of the project. It will go back to basically a one-and-a-half staff component just to distribute the music tracks. There will be no marketing. There

will be no commissioning of programs, and there will be no expanding of the project. We had some great visions scoped out for expanding the project and making a really good project even better.

Mr Mason—There were two key areas to which we particularly wanted to expand. We had already had early discussions with representatives from our sister sectors in the United States and Canada, for example, where the opportunity to start placing Australian music amongst those radio outlets was squaring up as a strong possibility. That seemed like a significant next step for us. Similarly, using our program production initiative, we were looking at how this would apply to producing content that would be applicable in the digital environment, in the digital broadcasting world, so as to ensure that Australian content had its place in this new digital environment. We thought that was very critical.

Mr TICEHURST—It is certainly important that we encourage local artists.

Mr Terdich—Australian music and musicians will lose ground now.

Mr TICEHURST—Maybe we need to look at another way of trying to do something about funding?

Mr Melville—A couple of key statistics are that 70 per cent of what goes to air on community broadcasting is music, and 35 per cent of the music played on community radio is Australian. The regulatory requirement under our code is only 25 per cent, so we are punching above our weight, and largely the capacity to exceed quota has been strongly supported by Amrap. The growth in Australian new music airplay has largely been due to Amrap just over the four-year period from 2000 to 2004. We have not done the survey for last year yet, so I do not know where we are at with that.

Mr Mason—In terms of the success of the project, I suppose with very limited marketing, because that was not an area on which we chose to focus those resources, we have been as busy as we could possibly have been because it is obviously a suite of services for which the musicians and the music industry are desperate. We have handled over 100,000 CDs in our lifetime, getting them out to stations. What is really important for me and what I am most proud of with the project is the range of music that we have engaged with in this project. It is not simply about that music which will be commercially popular; it is about that music which is made by Australians and which evidence shows Australians are actually interested in listening to.

Mr GARRETT—I have a couple of other questions that follow up on the submissions—and thanks very much for that. I think we have had some discussion up to now about it, but as to this whole business of your digital transition, both in terms of funding and infrastructure funding in particular, and also the threats and opportunities of the management component of it, could you give us a little more information in terms of the qualitative issues that you face and the quantitative amounts that you think will be necessary to enable the community-broadcasting sector to get itself into the digital domain?

Mr Melville—First let me do what I promised to do earlier but did not get to, and that is to acknowledge something that has happened since we made our submission—the federal budget came down some two to three weeks ago. With gratitude, we acknowledge that the federal

government has renewed what we call targeted funding of \$7.2 million over four years. That is targeted funding that was initiated under the coalition in 1996 and has been renewed four times since. It is largely infrastructure funding in the area of IT and online, and that has been very good. It has allowed us to develop a digital delivery network for our satellite service. It has allowed us to develop the community broadcasting database, from which I keep chucking up these statistics at you, so we have a really good industry profile. It has allowed us to develop some of the really clever content initiatives that have been associated with Amrap and have complemented Amrap, but it does not represent core funding for Amrap and never did. It was always nationally targeted infrastructure money. It is very useful and it is great that it is there.

Mr TICEHURST—Can you deliver the Amrap over satellite, instead of sending CDs?

Mr Mason—Yes, we do have that capacity. We take the approach that, however best to get the music, to get it played on air—

Mr Melville—We do that via the DDM which is an automated storage facility; there are computers in the stations that grab flagged material and store it. So they can access it that way. That \$7.2 million is valuable and useful over the next four years. As Paul has already said, we requested just over \$2 million on top of that for Amrap. As to your question, I do not have the figures in front of me, but we specifically requested money for digital radio. Bearing in mind what Mr Ticehurst said—that radio is going to be introduced as a supplementary technology, not a replacement—five years ago we were saying that it would cost \$20 million to transfer the community radio sector over to digital, but that is not what we are going to do.

As a result of Minister Coonan's announcement, we have first rights of refusal on 20 per cent of multiplex access initially in the metropolitan markets. So, in order to gain access, there will not be a one-on-one conversion of existing FM stations to digital. We are exploring methods of perhaps aggregating content from a range of stations and putting them up on select digital channels, initially in the city markets and secondly as the roll-out in regional Australia occurs. It is a new model; it is a new paradigm for us. It will combine aggregation—

Mr GARRETT—Are there additional cost requirements for—

Mr Melville—Additional cost requirements—you are testing my memory here; they are in that submission to which I referred. I think capital costs were about \$5 million over the next four years, and I think operational costs were in the vicinity of \$3 to \$4 million. They are still small-scale funding needs in Commonwealth terms, but, in terms of the community-broadcasting bubble, significant in the sense that in 2004-05, the sum total of funds received by the Community Broadcasting Foundation was \$9.62 million. On that scale, on that base, we are seeking significantly more funding in order to make that leap into digital. It will require a significant investment.

Mr GARRETT—Because you are doing it in a gradual sense, will there be a cost tail-off over time, or will there be a cost increase?

Mr Melville—Interesting question. Obviously, the larger component initially is the capital expenditure costs. I do not know; we have not done any detailed business case projections. We do not know. It is really hard to surmise what the uptake of digital receivers might be and how

the marketplace values that. Potentially there is sponsorship revenue in it. We will continue to do what we do and, as people take up the receivers, they will continue to listen to sponsorship messages and sponsors will provide revenue. It is just not scoped.

Mr TICEHURST—Whether you are taking up that 20 per cent or not, if you are going to work with the commercials on multiplex, that means they are essentially carrying the running costs of the transmission. Will this essentially give you an opportunity to reduce your site costs?

Mr Melville—I do not think so because we would be doing this in addition to running our analog sites. No one will be making the changeover. But yes, the site access under the shared multiplex model may well be more affordable—may well be, I cannot tell. It depends on how the—

Mr TICEHURST—It depends on the operator.

Mr Melville—What the operator charges, but yes, there may be efficiencies through shared access to facilities, you are right. Bear in mind that this is all on top of what we already do.

Mr TICEHURST—Sure.

CHAIR—We are going to have to leave it there.

Mr Melville—Can I just submit two things? One is my cranky response to Ms Warner and the commercial radio industry, just so that you have the book ends for the debate that occurred last week.

CHAIR—We will only read your response to that one.

Mr Melville—No, read hers too. Sorry that it is in a very bad format, but this is just an email release that we put out to members; a very brief response to the federal budget.

CHAIR—Would you mind coming back in August after you have done your survey?

Mr Melville—We would be happy to come back with fresh audience results, and happy to come back with further work to which I referred that Jan will be doing for us about our doing an analysis of some recent ACMA determinations, if that is submittable.

CHAIR—I missed that because of the quorum. By writing a letter to a station or posting it on the ministerial website, a minister can easily say, ‘Look, a complaint has been made about your ad of such and such a day; my determination is yada, yada, yada; that is appropriate or not appropriate.’ It is posted; all the radio stations know that determination, and you know who made the complaint, so there is a bit of natural justice in it. Whereas, at the moment, you have no idea who made the complaint. There is no natural justice; it is just a police prosecutor coming in and going, kapow! Where is the public good in that? It is not like you are criminals. You are broadcasting, as you say, with really good community interest and intent. You are not deliberately going out to flout the law. You just want a bit of guidance, and by those letters being regularly posted on the ministerial website, you get a collection of ministerial determinations which guide industry, guide complainants, and put a bit more transparency into the whole

process, and do not become vexatious and expensive. Rightly, at the end of the day, the minister does not have to renew your licence if you keep ignoring the ministerial directives. I just think that is a really good system. Try to put that in a submission.

Mr Melville—Might I make one brief suggestion? As I said earlier—and I am not sure if you were in the room—we probably remain agnostic on this point about whether it is the minister or the regulator that operates here, but what is missing is a statutory definition of advertising. There is a statutory definition of sponsorship; there is no statutory definition of advertising. In fact, the regulator goes back to case law that is about 15 or 16 years old.

CHAIR—Again, I think it comes to community standards; you do not know what it is, you cannot define it, but you know it when you hear it. That is an ad; that is legitimate community comment or an interview. I think it is a hard thing to determine, and that is why, if it is in a ministerial position rather than a body, it is a changing thing that goes with whatever happens from government to government. Thank you for appearing.

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

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

Committee adjourned at 10.59 am