



26 October 2000

Ms Janet Holmes
Inquiry Secretary
House of Representatives Standing Committee on Communications, Transport and the Arts
Parliament House
CANBERRA ACT 2600

Dear Ms Holmes

Inquiry into the Adequacy of Radio Services in Non-metropolitan Australia

Thank you for your letter of 20 September 2000 inviting the Community Broadcasting Association of Australia to make a submission to the House Communications Committee inquiry into the radio industry.

Please find enclosed the CBAA's submission which provides an overview of the community broadcasting sector and the issues concerning community radio stations in non-metropolitan areas. Our submission in part also addresses the questions raised by the Committee in its media release of 13 October 2000.

We request the opportunity to address this submission and provide further evidence at the inquiry's hearings.

Yours sincerely

MICHAEL THOMPSON
General Manager

Community Broadcasting Association of Australia
Submission to the House of Representatives
Communications, Transport and the Arts Committee

**Inquiry into the Adequacy of Radio
Services in Non-metropolitan Australia**

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Introduction

The Community Broadcasting Association of Australia is the national representative organisation for community broadcasters, both fully licensed stations and groups aspiring to hold a permanent licence. The CBAA constitutes a forum for discussion and is an advocate for policies which best advance the development of community broadcasting and the interests of community broadcasters.

The CBAA welcomes the opportunity to make a submission to the House Communications Committee because we believe that community broadcasting stations are vital to the cohesion of local communities, particularly in rural areas and regional centres. The sector is unique in its capacity to cater for the diverse needs of local communities.

Community radio 'snapshot' profile

Of Australia's current 200 permanently licensed community radio stations, 145 broadcast to non-metropolitan audiences¹. There are currently a further 140 active stations with temporary community broadcasting licences and of these, 63 are in non-metropolitan areas. These figures demonstrate great enthusiasm and demand from communities for new local and accessible services, but they do not reflect the scarcity of capital and the immense difficulty groups face in raising adequate start-up resources. The importance of Government assistance in this regard cannot be stressed enough.

Community radio sector

The community broadcasting sector (radio and television) is now larger and more diverse than it has ever been during its 25 year history. The sector provides a range of general and special interest programming to a diverse set of audiences. As the third tier of the free-to-air broadcasting system, its continuing development ensures structural diversity. In the Australian broadcasting system it is community broadcasting alone that provides the opportunity for people to become producers of media content not just consumers. Community stations have grown to assume a significant role in the social and cultural life of non-metropolitan areas where in many cases they provide the only local media voice.

Community radio is largely sustained by the efforts of over 25,000 volunteers. Each station is run on a not-for-profit basis by a community owned and controlled association. Access and participation are the defining principles for community broadcasting which means that volunteers get involved in program making and presentation, and in management and operations (these requirements are enshrined in the Broadcasting Services Act). In addition there are currently 63 active aspirant community broadcasters in non-metropolitan areas holding temporary community broadcasting licences (see Attachment I).

In June 1992 the community broadcasting sector (at that time known as 'public broadcasting') consisted of 120 stations. By June 2002 the total number of licensed services is likely to reach 300 with the fruition of the Australian Broadcasting Authority's licence area planning process.

¹ The terms 'non-metropolitan' and 'rural and regional' are used interchangeably in this submission to refer to cities, towns and regions outside of the five mainland capital cities. Hobart and Canberra, for example, by dint of geography and population are regarded as regional. The Gold Coast is regarded as 'non-metropolitan' because it is not within the metropolitan service area of Brisbane – although its status as a regional centre is debatable.

Regulatory limits

The Broadcasting Services Act 1992 (BSA) provides the statutory framework for all categories of broadcasting services, including 'Community'. Part 3 of the Act sets out the planning powers and responsibilities of the Australian Broadcasting Authority (ABA) which include criteria such as the demographics, social and economic characteristics and the demand for new services in each service area. Section 15 solely defines the service category "community broadcasting" and requires that services are provided for community purposes, not operated for profit or part of a profit-making enterprise and that programs are receivable on commonly available equipment, free of charge. Part 6 sets out suitability criteria for licence applicants and the responsibilities of the ABA with respect to licence allocation. Schedule 2, Part 5 sets out the statutory conditions which apply to community broadcasting licences.

In deciding whether to allocate a community broadcasting licence, the ABA must have regard to a number of elements including the extent to which the proposed service would meet the existing and perceived future needs of the community within the service area, the nature and diversity of interests of that community and the nature and diversity of other broadcasting services.

Unlike commercial broadcasting licences which are allocated at auction, community broadcasting licences are subject to ABA discretion or what is sometimes known colloquially as a 'beauty contest'. When a new community licence is offered in an area it may be subject to competing community based applicants known as 'aspirants' each vying to be recognised as representing valid communities of interests and adjudged to be most worthy of holding a licence.

Community broadcasting stations generate the bulk of their revenue from their own activities. Sponsorship is the sector's main source of income and the amount of airtime dedicated to sponsorship announcements is strictly limited in the Broadcasting Services Act (BSA) to 5 minutes per hour. Advertising per se on community services is prohibited and the content and style of promotional messages is regulated both by statute and self-regulatory codes. This is in contrast to the commercial broadcasting sector where advertising and other content issues are regulated under that industry's own code of practice, albeit backed up by regulatory sanction by the ABA.

The principles established in the BSA protect community stations from formal takeover by commercial interests or from being controlled by interests outside a station's service area. They also protect the integrity of community broadcasting as an ideal by limiting the capacity of boards or the management of stations to ignore the requirement for community participation in favour of embracing commercial imperatives. This always requires a delicate balancing act on the part of station management because as government assistance falls away commercial sponsorship inevitably comprises a larger and larger proportion of stations' incomes. Community stations are obliged to enter the commercial market place and to compete there for the sponsor's dollar, but if they allow commercial considerations to become paramount, and program their airtime accordingly, they inevitably abandon the purpose for which they were licensed.

Radio deregulation

A process of policy reform began in 1987 by the Hawke Government and was finalised in 1992 with the proclamation of the BSA, resulted in substantial deregulation of the commercial radio industry. But it was a partial and selective deregulation with consequences that belied its intended outcomes. Market entry was not freed up and second licences (s.39 of the BSA) were

issued to incumbents. Continued market protection did not free up more capital for investment in high quality local services as promised. Instead as a direct consequence of lifting foreign ownership limits the industry received an influx of foreign capital and saw the growth of large national networks (such as DMG). Content was freed from regulation and technology allowed new economies of scale which resulted in program syndication from the capital cities into rural and regional markets becoming the norm². With the rise of networking, commercial radio has to a large extent lost its local identity. Over the past decade financial pressures, new technology and structural changes within the national broadcaster have meant that ABC rural radio services have become hybrids of state-based and larger regional networking.

Community radio is the logical antidote to these developments. Whilst commercial radio stations aligned in networks, automated operations and sacked local staff, not-for-profit community radio has undergone rapid expansion and diversification at the local level. The policy framework requires that community stations are owned, controlled and operated by the local community and that they provide services relevant to local audiences. At a time when both government and private sector service industries have been in decline, local communities have demonstrated their own initiative by establishing additional community radio stations.

Local voices

Following is a series of brief summaries of what some community stations are doing to serve their local communities:-

4BCR Bundaberg holds one of almost 50 new community broadcasting licences issued by the ABA in 1999 in non-metropolitan Australia. The station commenced in May 2000 and is run entirely on volunteer effort and to date has not received any grant funding. The station has provided a rigorous training program aimed at young people with the result that already 10 high school students have been awarded accredited on-air presentation certificates. The local commercial station had several years ago stopped providing a local weekend sports program but this was a gap that the new community service was keen to fill with 4BCR now providing ninety minutes of coverage on Saturdays of events like little athletics and local football. Similarly 4BCR provides locally originated music programming on weekday mornings which provides Bundaberg audiences with the only real alternative to networked talkback out of 2UE in Sydney. Still the biggest challenge facing the new service is that of raising revenue in a local market where it competes for sponsorship dollars with the existing local commercial station, 4BU and will soon face the introduction of a further 2 additional commercial services in the area.

4CCR Cairns has been operating since 1984 starting out as a 'better music' station and evolving over the years into a very diverse and inclusive community service. Perhaps its greatest strength is that the station provides a home base for a great diversity of interests including those of more than 20 ethnic community groups who provide 30 hours a week of programs in languages other than English. One of the newest and smallest of these groups is the Hmong from the mountain regions of Laos who provide a weekly program for their 2,000 strong community which features community news, education and locally produced music. Other sectors of society not well catered for by the mainstream media, such as older people have a strong involvement in 4CRB which features an oral history program provided by people from the University of the Third Age. In addition, 4CRB has a locally produced

² This is very well documented in the Communications Law Centre publication, Commercial Radio Since the Cross-Media Revolution, March 1997

news service provided by media students from the local campus of James Cook University. With over 200 members and 150 active program makers 4CRB is a hub of cultural activity and program production.

8EAR Nhulunbuy in the Northern Territory, is the only local radio service isolated mining town of 4,000 people. The ABC runs a retransmission of its Alice Springs service but the community relies on the community station. Programs are provided entirely by volunteers and the station specialises in outside broadcasts of local events such as the Gove Peninsula Festival just to name one of many cultural and sporting events covered. The station's operations are self-funded and it has good relationships with local businesses as well as the community's 30 clubs and sporting groups. During the cyclone season 8EAR plays a vital role in issuing all the warnings and safety information.

8 KTR Katherine is another fine example of the benefits of rural community broadcasting. During the 1998 floods Katherine FM was the only media outlet to keep the community abreast with information about rapidly rising floodwaters and the changing situation with evacuation centres. Volunteers kept the station on-air until the station itself was overcome by floodwaters. With help from local businesses, the Red Cross and the Northern Territory Government new studios were built and the station resumed broadcasting.

5TCB Bordertown is a long-standing and very successful rural radio station in South Australia. 5TCB is at the hub of local town community life and the wider rural economy. Besides broadcasting 24 hours a day to the Upper South East of SA, 5TCB produces *Landlink*³ the only comprehensive national rural affairs program outside of the ABC. The station has been operating for 14 years and now boasts a volunteer base of 65 people, 2 full-time and 3 part-time staff.

ONE FM Wangaratta is a rural Victorian community stations that broadcasts local football to enthusiastic listeners. It had been several years since local commercial stations ceased local football broadcasts so the station approached the AFL and secured live broadcast rights .Over the 2000 season the station broadcast all the local (Ovens and Murray) games deploying a team of volunteer commentators and using locally assembled outside broadcast equipment.

2UNE Armidale is a youth oriented station based at the University of New England. The youth population in the service area is 22% and that is 7% higher than the national average. The station has to date derived the majority of its revenue from the university's student association but is lately concentrating on building stronger links with community based organisations and sponsors. Armidale is a centre for secondary education as well (6 high schools) and 2UNE has built strong links with the local high schools as well, providing work experience and training opportunities.

These case studies represent just a 'handful' of instances but they provide in modest measure, examples of how important community radio services are in rural and regional areas.

³ Distibuted nationally via the CBAA's satellite program delivery service, ComRadSat which serves 130 stations around the country.

Key questions for the Inquiry

On 13 October 2000 the House Communications Committee issued a media release which posed four key questions for the inquiry. Following are the CBAA's responses to each of them.

Should the Government take action to improve the quantity and quality of radio services in regional Australia?

The experience of commercial radio industry deregulation the past fifteen years has demonstrated that increasing the quantity of commercial radio services to regional Australia, does nothing in itself to enhance the diversity of programming or the local relevance of services. Community broadcasting has amply addressed the objects of the Broadcasting Services Act in terms of the industry objectives of efficiency, competitiveness and responsiveness to audience needs.

The most assured path for the Government to follow in order to improve the quantity and quality of radio services is to provide adequate resources to leverage the widespread community benefit that local community radio services deliver.

What are the benefits and influence of radio broadcasting in regional Australia?

Community broadcasting services do not exist for commercial gain but are provided for community benefit. Program content is produced at marginal cost and is distributed and exchanged without commercial consideration. Each station must be run on a non-profit basis by a community owned and controlled association or non-profit company.

All of these principles enshrined in the Act for community broadcasting were developed and tested over the first 20 years of the sector's growth from 1972 to 1992. They have served community broadcasting very well, and in general the CBAA would want to see them retained and strengthened in any changes to the legislation, or to Australia's broadcasting system. They establish community broadcasting quite separately from the commercial and National sectors and guarantee it an individual and equal role in the Australian broadcasting system.

What effects does the networking of radio programs have on people living and working in non-metropolitan Australia (particularly in relation to local content, local news and sports services, and local community service announcements)?

Commercial radio is dominated by networking and syndication of programming out of the capital cities resulting in a dramatic decline in localism throughout the 1990s. Despite the deliberate preservation of regionally based commercial television operators under the Government's Television Equalisation program in the late 1980's, the commercial television sector is now dominated by networked programming and most regional services are aligned with one of three metropolitan networks. National broadcasting services ABC TV, SBS TV, Radio National, News Radio, Classic FM, JJJ and SBS Radio - are also largely networked, notwithstanding the fact that the ABC does operate 39 regional radio stations.

It is an article of faith among those who promoted broadcasting deregulation in the early 1990's, and those who continue to push for more of it today, that opening up the airwaves and licensing more stations to provide ever more competition will provide diversity, and make the consumer happy. But in Australian radio where does the real diversity lie? Where is the innovation in programming? Where is Australian culture being promoted and supported through the

broadcasting of new Australian music? The contribution of the ABC has to be acknowledged, but it is in community broadcasting that progress is being made, a fact recognised recently by the Government through a \$1.5 million grant over three years for the establishment of an Australian Music Channel for satellite and on-line distribution of program material. This project will help community stations develop and promote on air Australian music, not only in the youth format of JJJ, but in all genres of music from classical to country, including Indigenous and ethnic contributions.

In most cases additional commercial licences have brought audiences stale, uninspiring music programs packaged in the major capitals, or even overseas, and bereft of innovation or inspiration. Nor have they brought the advantages of additional employment to country and provincial centres as local independent operators sold out to large groups, mainly foreign, whose first act was often to close the local radio newsroom and take a bland “rip-and-read” service from a major agency. Diversity in the provision of news services has shrunk dramatically rather than increased with more licences. The only new service to be made available for radio over the past few years is an independent news service, *National Radio News*, prepared and presented by the community stations 2NUR in Newcastle and 2MCE in Bathurst in conjunction with their respective universities and carried on the CBAA satellite for rebroadcast by 66 stations (61 of these in non-metropolitan areas).

Will the new technologies, such as digital radio, allow for more localised radio services?

Digital radio technology may allow for localised radio services but there is nothing inherent in the technology that would cause new services to become localised or otherwise targeted. It is really a matter of spectrum planning, policy and regulation as to whether the introduction of digital radio broadcasting can provide the opportunity for enhancing localism in radio services.

Community broadcasting for its part will take whatever steps are necessary to preserve the local specificity of its services and not to be left behind by changes in broadcast technology. The community radio sector has always embraced technical innovation and since its birth in the mid 1970's has served as a test-bed for new and original approaches to broadcasting. Community broadcasters pioneered the FM band in the late 1970's and early 1980's at a time when commercial stations were unwilling to risk exchanging their AM frequencies for the untried FM band. In 1991 with Government assistance, the sector established a national satellite program distribution system which in 1998 migrated onto a fully digital satellite platform.

Acknowledging that the future of both radio and TV broadcasting lies in the provision of digital services, the CBAA has been an active and equal participant in the industry/government consultative process formulating policy for the new platforms. Our technical consultant played a major role in the preparation of the Report of the Digital Radio Advisory Committee⁴ (DRAC) which was established by the Minister to advise the Government on how to introduce digital radio into Australia. The CBAA remains an active member of its successors, including the Planning and Steering Committee, and would once again expect community broadcasters to adopt a pioneer role in exploiting the new technology – if we are in a financial position to do so.

In the knowledge that the conversion to digital transmission will be very costly for community radio licensees which will have to simulcast on analog for many years, the CBAA has made consistent approaches to government for financial assistance to provide for conversion. Preliminary estimates are between \$75,000 and \$150,000 per station for conversion, depending

⁴ See the DRAC Report, *Digital Radio Broadcasting in Australia*, August 1997

on location, size of station/service area and the prospects for arrangement to be made with the multiplex operator. This is likely to be beyond the capacity of all but the larger community stations to fund from their own resources. The conversion cost for the whole sector is estimated at between \$20 million and \$25 million. These figures have been predicated on the assumption that Australia adopts the Eureka 147 system but would have to be revisited if any subsequent decisions were taken to adopt the American in-band system.

The CBAA recognises the reluctance of the Government to find funds for such purposes from general revenue, so we have sought to achieve the desired result by having the Government earmark for digital conversion a small proportion of the revenue from asset sales in the communications area. We tried this approach in the case of the sale of the National Transmission Agency, and again with the sale the further portion of Telstra. While there was a certain political logic in deriving conversion funds in this way, the asset sales themselves occurred before there was any timetable fixed for the introduction of digital radio. The CBAA calls on the House Communications Committee to give support in principle to funding for conversion of the community broadcasting sector – in time for the commencement of digital radio in Australia.

Government support is particularly critical to ensure non-metropolitan areas are not disadvantaged in the implementation of digital radio. The CBAA notes that the Government has already recognised it has a role to play in non-metropolitan areas with its support for digital conversion of the regional commercial television industry.

If community broadcasting is to remain an integral and equal part of the Australian broadcasting system, and we believe there is an unassailable case that it should, we must have effective and continued support from both the Government and the regulatory regime. These are times when it is fashionable to decry public financial support for community-based services such as ours and to see regulation as a hindrance to efficiency. But both provide crucial support for the important community service we have built over the past 25 years, and Australia will be much the poorer if our place in the broadcasting system is eroded through lack of support.

Government funding arrangements

Only about 5% of operating funds for general community stations derives from government funding. The gross annual revenue of the sector is around \$30 million each year, most of which is raised through sponsorship, community fundraising and sale of airtime (to community groups). General grants by the Community Broadcasting Foundation (CBF) to stations are issued on a case by case basis upon application. Many stations receive no grant funding and others receive grants infrequently, tied to specific purposes.

The overall annual Budget allocation for the 2000/2001 year totals \$5.40 million. Most of this is targeted for specific purposes and less than \$1 million is available for recurrent funding for general stations⁵. Looking to 2001/2002 and onwards, the CBAA is firmly of the view that an additional \$3.4 million per year in Government support for general stations would be the minimum required to keep station grant funding apace with growth and to address start-up needs (such as capital equipment, management expertise and training) of sector that will have more than double in its number of stations since 1996.

⁵ (i.e.) Stations broadcasting to a geographical area rather than to a community of interest defined according to specific groups such as aboriginal, ethnic or Christian groups.

In December 1999 the Minister for Communications, Information Technology and the Arts recognised the sectors' funding problems:

I am aware that the continued growth of the sector means that the funding cake is being cut into smaller slices and that increasing numbers of stations are experiencing financial difficulties. I will bring the matter to the Government's attention in the next Budget cycle.⁶

The 2001/2001 saw no real increase in general grant funding but the CBAA remains hopeful the matter can be addressed in the context of the 2001/2002 pre-election Budget deliberations.

For the first 20 years or so of community broadcasting there was a considerable range of ways that a station could avail itself of help and support other than commercial sponsorship. These have largely evaporated with the need for local government, statutory authorities, and educational institutions to operate as commercial enterprises and to make every dollar count. The CBAA knows it is futile to try to turn back the clock but we are very wary of calls for further deregulation and increased competition on the grounds that this will benefit the community. It may benefit some of the major media players and the coffers of the Government, but it might also help to destroy some very important local services which have been established over a long period due to the unpaid dedication of many people within the community. Unlike competing commercial interests community broadcasting stations are not expendable or easily replaceable when unsustainable competitive pressures force their closure.

In 2000-2001 the breakdown of recurrent Government funding made available through the 'arms-length' funding body the was as follows:

	<i>\$million</i>
Indigenous broadcasting	0.576
Ethnic broadcasting	2.365
Radio for the Print Handicapped	0.271
National Transmission Network	0.081
General grants and sector administration	1.100

Once the cost of operating the CBF and the sector co-ordination grant to the CBAA are subtracted from the \$1.1m, the funds available for general grants to stations amounts to \$405,000.

In the lead-up to the 1998 federal election the CBAA called for bipartisan political support for three new measures:

- \$6m (over 3 years) for a management support and employment package with a focus on regional stations (though all stations will be eligible to apply).
- \$4.25 m (over 3 years) to meet the whole sector's infrastructure needs such as satellite equipment upgrades, training and online networking; and
- a special package worth \$3.2m (over 3 years) for training, marketing and sector development in the area of community television.

⁶ Senator the Hon Richard Alston in his keynote speech to the 1999 CBAA Conference.

At that time neither the Government nor the Opposition responded to our request to address the operational needs of the sector. In 1998 the Government did inject an additional \$1.5 million into the funding pool but it was specifically for a targeted initiative, the Contemporary Music Initiative.

In 2000 the CBAA still believes that an additional \$1.4 million per year in Government support could keep station grant funding apace with growth and adequately meet start-up needs (such as capital equipment and training) of a likely extra 100 new stations. Even such modest funds could leverage substantial social benefit across rural and regional Australia.

Smaller rural and regional stations all too often face difficulties reaching that critical level of income that makes it possible to engage a suitably qualified and skilled station manager. A model used in the US to assist community stations is to provide funds specifically to ensure a minimum level of management expertise at each station. The CBAA calls on the House Communications Committee to give support to the allocation of a further \$2 million per year for a station manager employment and training scheme which would be of considerable benefit to rural and regional stations and associated local economies. Grants could be made available on a self-help basis perhaps available on a dollar for dollar match of locally generated revenue. In this way a (relatively) small amount of funding would make a significant difference.

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