

The community broadcasting sector and governance and funding issues

2.1 This chapter examines governance and key funding issues for the community broadcasting sector.

A snapshot of the sector

2.2 The following section provides descriptive data on the sector, with information on the number, category and spread of stations. The section also discusses how the sector is funded.

Number of stations

2.3 As at December 2006, there was a total of 358 current community radio broadcasting licences in Australia.¹

2.4 There were also approximately 80 remote Indigenous broadcasters.²

2.5 There are also 36 current temporary community broadcasting licences (TCBLs). Nine TCBLs operate in NSW, two in the Northern Territory, nine in Queensland, three in South Australia, one in Tasmania, six in Victoria and seven in Western Australia.³

2.6 The Australian Communications and Media Authority (ACMA) allocated permanent community television (CTV) licences for the Sydney, Perth,

1 ACMA, *submission no. 115*, p. 6; <www.acma.gov.au/webwr/_assets/main/lib100052/lic031_community_radio_broadcasting_licences.pdf>, accessed 30 May 2007.

2 CBAA, *submission no. 61*, p. 2; CBF, *submission no. 114*, p. 12.

3 ACMA, *submission no. 115*, p. 6.

Melbourne and Brisbane licence areas between December 2003 and July 2004. CTV trial services currently operate in Adelaide, Lismore and Mt Gambier.⁴

Station breakdown

2.7 The Community Broadcasting Association of Australia (CBAA) discussed the different types of community broadcaster:

... fifty three per cent of long-term licensed stations serve an array of different communities of interest, including: people from Indigenous and Ethnic backgrounds; those who have a print disability; religious communities; young people or those over 50; people who have a particular interest in the arts or classical music; and in one instance the gay, lesbian or transgender community.⁵

2.8 CBAA added:

... 47 per cent of current long-term licensed stations serve the many and varied interests of a defined geographical community – such ‘generalist’ broadcasters typically provide a music format incorporating popular and specialist styles, access to airtime for a wide variety of community groups and some specialist services relevant to their service area and its particular demographics (e.g. local news & current affairs, local arts, Ethnic, Indigenous or RPH [Radio for the Print Handicapped] programming).⁶

2.9 More than 60 per cent of fully-licensed stations are located in rural, regional and remote communities, making community broadcasting the voice of regional Australia.⁷

2.10 Categories that are consistently used to group and compare radio station data include:

- Rural
- Regional
- Metropolitan
- Suburban.⁸

2.11 The Community Broadcasting Foundation (CBF) provided maps prepared by the Department of Communications, Information Technology and the

4 ACMA, *submission no. 115*, p. 8.

5 CBAA, *submission no. 61*, p. 8.

6 CBAA, *submission no. 61*, pp. 8-9.

7 CBAA, *submission no. 61*, p. 9.

8 CBF, *submission no. 114*, p. 11.

Arts (DCITA), that indicate the location of community broadcasters across Australia.⁹

- 2.12 CBAA explained that the characteristics of stations can vary according to which community they serve:

Location can also be a determining factor in how stations operate. There are stations all over the country, some with metropolitan wide licences (20%), others which service particular areas of a city that hold sub-metro or suburban licences (16%), and those in regional (36%) and rural (28%) areas. The common factor is that every station is owned and operated by the community it serves, providing much-needed community-control and diversity of ownership to the airwaves.¹⁰

- 2.13 ACMA publishes a list of licensed radio stations which provides information about the number of fully licensed community radio stations together with the station format and location.¹¹ The ACMA list of licensed stations provides 21 distinct categories of radio station. The ACMA categories can be mapped to nine radio station sub-sector categories that are used by CBF and other studies of the sector. The categories are listed in Table 2.1 below.

- 2.14 Table 2.2 provides a breakdown of the number of community radio stations by state and broadcasting category.

9 CBF, *submission no. 114a, submission no. 114b, submission no. 114c, submission no. 114d, submission no. 114e*.

10 CBAA, *submission no. 61*, p. 9.

11 <www.acma.gov.au/acmainterwr/_assets/main/lib100052/lic007_community_of_interest.pdf>, accessed 11 May 2007.

Table 2.1 ACMA Radio Station Categories and Equivalent Station Sub-Sector Category

ACMA Categories	Equivalent Sub-sector Category
Ethnic - General	Ethnic
Ethnic - Portuguese	Ethnic
Music - Fine Music	Fine Music
Arts	General
Music - Progressive	General
General Geographic Area	General
Gay & Lesbian	General
Aboriginal	Indigenous
Torres Strait Islanders	Indigenous
Country & Sport	Other
Educational	Other
Educational / Specialised M	Other
Community Access	Other
Religious - Christian	Religious
Religious-Islamic	Religious
Print Handicapped	RPH
Mature Age	Seniors
Organisations serving 50+ years	Seniors
Senior Citizens	Seniors
Youth	Youth
Youth and Students	Youth

Source <www.acma.gov.au/acmainterwr/_assets/main/lib100052/lic007_community_of_interest.pdf>

Table 2.2 Number of community radio stations by state and broadcasting category

State	Number of stations							
	Ethnic	Indigenous	RPH	General/ Other	Youth	Seniors	Fine Music	Religious
ACT	1		1	3				1
NSW	1	3	2	72	3	3	1	12
NT		36		3				1
QLD	1	36	1	27	2	2	1	10
SA	1	4	1	19	1		1	2
TAS			1	8	1			2
VIC	1	1	5	40	1	2	1	4
WA	2	19	1	11	1			3
VIC-NSW				1				
Ext. Terr.				1				
Total	7	99	12	185	9	7	4	35

Source <www.acma.gov.au/webwr/_assets/main/lib100052/lic007_community_of_interest.pdf>

How the sector is funded

- 2.15 Community radio stations earn income through a variety of sources, including sponsorship, donations, listener subscriptions, government grants, fundraising activities and user access fees.¹²
- 2.16 CBAA stated:
- The community broadcasting sector operates on extremely modest financial resources ... community radio stations operate on tight budgets, with income generally meeting expenditure.¹³
- 2.17 CBF stated that Australian Government funding is provided for:
- ... local Ethnic, Indigenous, and RPH program production; national program production, distribution and exchange; station infrastructure and operational support; training; national infrastructure development projects; sector coordination and research.¹⁴
- 2.18 CBF explained that Australian Government support for community broadcasting is currently made up of several elements:
- Core funding for general, Indigenous, RPH and Ethnic community radio broadcasting
 - Targeted funding for:
 - ⇒ Ethnic community radio broadcasting
 - ⇒ Infrastructure investment including:
 - ⇒ satellite uplink charges for the Community Radio Satellite
 - ⇒ Information and Communication Technology initiatives and online resources for the benefit of the community radio sector
 - Other funding (funding not identified as Core or Targeted and in some years including specific project funding) for:
 - ⇒ Transmission-related operational and infrastructure cost
 - ⇒ National accredited Training Program.¹⁵

12 CBAA, *submission no. 61*, p. 9.

13 CBAA, *submission no. 61*, p. 9.

14 CBF, *submission no. 114*, p. 4.

15 CBF, *submission no. 114*, p. 15.

2.19 CBAA provided a breakdown of aggregate community radio station income for 2003-2004:

■ Sponsorship	35.29%
■ Income Other (incl ATSIC grants)	20.59%
■ Donations	10.34%
■ Subscriptions	7.74%
■ CBF Grants	6.43%
■ Access Fees	5.51%
■ Fundraising	4.09%
■ Education	2.78%
■ Grants - State	2.77%
■ Grants - Fed	2.75%
■ Prod. / Studio Fees	0.60%
■ Training Fees	0.46%
■ Philanthropic	0.44%
■ Grants - Local	0.23% ¹⁶

2.20 Not all broadcasters are equally funded, with some receiving a larger proportion of grants than other stations, and some stations relying a larger proportion of sponsorship income.

2.21 CBF indicated that station income is considerably variable between categories of stations and between regional and metropolitan stations. A table providing an analysis of community radio income and expenditure for 2002-03 can be found in Appendix E.

2.22 CBF believes:

... the sector is poorly resourced and as a result is not realising its full potential to contribute to Australian society. Inadequate operational funds and poor infrastructure limit the effective operation of many community broadcasting stations. This general paucity of resources is a major threat to the achievement of diverse and robust network of community broadcasters.¹⁷

16 CBAA, *submission no. 61*, pp. 9-10.

17 CBF, *submission no. 114*, p. 11.

Governance issues in the community broadcasting sector

- 2.23 This section examines the major governance issues affecting the community broadcasting sector.
- 2.24 The section examines how community broadcasters manage their stations, and offers possible options for better management and governance.
- 2.25 There were several examples of good governance in the submissions to the inquiry. However, there was little emphasis on management training, and few sound examples of forward planning or business planning. The need for a high level of accountancy or management skills was not emphasised. Issues such as the need for defamation insurance were raised.

Staffing

- 2.26 Several submissions to the inquiry suggested that the employment of a paid station manager, and indeed additional paid staff, was of great benefit to the station. Other submissions claimed that stations ran effectively with only volunteer staff.
- 2.27 Many submissions stated that their community radio stations were operated by volunteers and had no paid staff.¹⁸
- 2.28 Progressive Music Broadcasting Association (PMBA), Three D Radio in Adelaide explained how it operates:

PMBA [is a] progressive organisation which holds dear the ideals of democracy, equality and access. It is fiercely independent ... the association is operated entirely by the volunteer members of the PMBA. There are no paid staff or agents on commission. Whilst this is not uncommon for small rural community broadcasters, it is unique for a major metropolitan broadcaster. Since 2001 we have chosen to operate this way to ensure we maintain our independence and remain true to the founding ideals of the PMBA.¹⁹

18 Port Stephens FM, *submission no. 88*, p. 2; Bayside Community Radio Association, *submission no. 11*, p. 1; 8CCC, *submission no. 117*, p. 7; Deepwater & District Community FM, *submission no. 124*, p. 2; Radio East Gippsland, *submission no. 29*, p. 2; 3WAY FM, *submission no. 30*, p. 1; Bay & Basin FM, *submission no. 38*, p. 1; UGCR, *submission no. 44*, p. 2; Narrabri Shire Community Radio, *submission no. 48*, p. 1; Yarra Valley FM, *submission no. 55*, p. 1; Gippsland FM, *submission no. 76*, p. 3; Alex FM, *submission no. 8*, p. 1; Radio EMFM, *submission no. 85*, p. 1;

19 PMBA, *submission no. 121*, pp. 1-2.

2.29 CBAA stated that:

Forty-five per cent of stations do not have any paid staff, a situation which makes it very difficult for stations to concentrate on fundraising and development activities.²⁰

2.30 Some stations have no paid staff to manage operations, however they do retain sponsorship staff on commission.²¹

2.31 Some stations pay for specialist services. For example, Yarra Valley FM stated that it paid contractors from time to time for maintenance and specialised tasks.²²

2.32 Some stations have a paid manager or a small number of staff. For example:

- Eastside Radio has two paid staff, a station manager and a station administrator²³
- Goulburn Valley Community Radio (GVCR) has six paid staff²⁴
- 4MBS has four full time and three part time staff²⁵
- 3CR has three full-time and three part-time staff.²⁶

2.33 Some of the more established and well-resourced metropolitan stations have a larger number of staff. For example:

- 3RRR stated it had a yearly salary bill of around \$550 000, paying 12 full time and three part-time staff²⁷
- 2SER has 10 full-time and part time permanent staff and three contracted positions.²⁸

2.34 Association of Christian Broadcasters (ACB) stated that 33 full time Christian radio stations employed 219 staff, representing 25.1 per cent of all staff employed in the community radio sector.²⁹

20 CBAA, *submission no. 61*, p. 10.

21 4CCC Rainbow FM, *submission no. 18*, p. 2; Yarra Valley FM, *submission no. 55*, p. 1;

22 Yarra Valley FM, *submission no. 55*, p. 1.

23 Eastside Radio, *submission no. 9*, p. 1.

24 GVCR, *submission no. 97.1*, p. 2.

25 4MBS, *submission no. 84*, p. 2.

26 3CR, *submission no. 26*, p. 5.

27 3RRR, *transcript of evidence 24 May 2006*, p. 9.

28 2SER, *submission no. 118*, p. 3.

29 ACB, *submission no. 106*, pp. 5-6.

- 2.35 Noosa Community Radio explained its staffing situation and the need for better management:

We are predominantly a volunteer organization, with our sponsorship reps (2), being paid a small commission, however, they also engage in various volunteer aspects of the station. More recently, we have engaged a paid bookkeeper, recognising this role as an integral part of the operations of the station. As a result of closer monitoring of operations, we have identified the necessity for the position of a paid station manager in the coming months, to manage operations on a day to day basis, with some consistency and efficiency.³⁰

- 2.36 Australian Fine Music Network (AFMN) discussed the conditions for community broadcasting station staff:

Paid EFT staffing levels are considerably less than those most radio stations would consider to be essential, and as a result, the potential of community stations to better serve their audiences is often hindered. Staff in these situation are often highly stressed, work long hours with strategic focus taking a back seat. The exploitation of staff in this way would not normally be tolerated in commercial media.³¹

- 2.37 Melbourne's 3RRR also discussed poor working conditions for staff:

The sector is enormously under skilled; 50 per cent are volunteers and there is hardly any decent management in the sector. There is very little career path – those that are paid are paid incredibly small salaries and work incredibly hard.³²

The need for better governance

- 2.38 Western Radio Broadcasters discussed how a community broadcaster should be managed:

We are now in a broadcast area that is very expensive. We never seem to buy a piece of equipment that has a price tag on it under \$10,000. So stations need to know where they are headed. They need to have reserves of money. When a piece of equipment falls over, it has to be replaced. I think the terminology I used was that we can no longer survive on lamington drives and chook raffles.

30 Noosa Community Radio, *submission no. 73*, pp. 2-3.

31 AFMN, *submission no. 40*, p. 6.

32 3RRR, *transcript of evidence 24 May 2006*, p. 9.

We have gone past that. We need effective management at that level within the station. We need the budget set. We need to monitor it very closely, just as any small business does.³³

2.39 Western Radio Broadcasters elaborated on the view of managing the station as a business:

We are a not-for-profit, volunteer-driven organisation, but we are a business after all. If we do not know where we are heading or we move into an area where possibly we do not have the funds and cannot pay the rent or something else, I believe that we are trading whilst insolvent. On any given day we should be able to close our books and know that we can pay what we owe in the marketplace and that we are well and truly swimming and not sinking. I think this is something that will only come about with management within stations.³⁴

2.40 Western Radio Broadcasters added:

It is hard at small stations. We are a sub-metro station. We are not a Melbourne metropolitan station. We do not have all of the power in the world to generate from our transmitter site. We have the access to the airwaves and we have to do something with it, and we have to run a business at the end of the day. There needs to be somebody there answering that phone, taking those calls from prospective sponsors who want to get involved with the station or whatever and then on selling that. That is the way it has to be. It is about effective control and it is about nurturing the volunteers who are moving in and out of the studios ...³⁵

2.41 GVCR also discussed good governance:

We are running a community based business as such a proper governance structure is required ... proper governance is essential for all business and in particular community based businesses.³⁶

2.42 GVCR recognised that operating a community broadcasting station is a business and sought to improve the station's operations:

... I felt I could use some help to improve the business side of the operation, and found the Small Business Counselling Service (SBCS) via the Victorian Business Centre in Shepparton ... the

33 Western Radio Broadcasters, *transcript of evidence 20 July 2006*, p. 57.

34 Western Radio Broadcasters, *transcript of evidence 20 July 2006*, p. 57.

35 Western Radio Broadcasters, *transcript of evidence 20 July 2006*, p. 57.

36 GVCR, *submission no. 97*, p. 2; GVCR, *submission no. 97.1*, p. 3.

SBCS is a non-government, non-profit organization of volunteer expert counsellors who give their time and experience to help small businesses.³⁷

- 2.43 GVCR discussed how station operations had improved after counselling sessions:

We have an improved capacity for orderly and planned work based on business priorities, and streamlined financial and sales reporting procedures minimise 'surprises' to the Board ... as a result the work environment has become happier and less stressful. This means our team of dedicated professional voluntary workers can get on with what they do best.³⁸

- 2.44 GVCR also discussed the value of operating the station as a business:

We are also able to constantly update equipment, which is now 'state of the art'. A building extension is underway, at a cost of \$40,000, to provide more office and equipment space. This is largely funded by a City of Greater Shepparton grant.³⁹

- 2.45 GVCR added:

Without the [business counselling sessions] I'd still be 'fighting fires' on a day to day basis, especially with cash flow issues which leave little time or the unstressed frame of mind to focus on strategic management control of the business.⁴⁰

- 2.46 GVCR explained that, through improved management controls and reporting, its board of management is also now more aware of governance issues. It stated that the station is now considered in the community to be a financially viable, vibrant community-based business.⁴¹

- 2.47 3RRR explained how having few resources can impact on a station's operations:

Having your back to the wall produces less effective community relationships, less effective management and a much less creative approach to finding resources.⁴²

37 GVCR, *submission no. 97.1*, pp. 1-2.

38 GVCR, *submission no. 97.1*, p. 3.

39 GVCR, *submission no. 97.1*, p. 3.

40 GVCR, *submission no. 97.1*, p. 3.

41 GVCR, *submission no. 97.1*, p. 3.

42 3RRR, *transcript of evidence 24 May 2006*, p. 14.

- 2.48 Some stations appear to be struggling in terms of resources and forward planning:

At present we have no computer based broadcasting facilities. Our transmission board is over 20 years old, we have no back up studio or training studio so all of our training is done on air. We currently have no back up power source and we have just purchased new antenna for our station as the current one was destroyed in a rain storm last year.⁴³

- 2.49 Very few examples of business plans, strategic plans, financial plans or marketing plans were submitted to the inquiry.

- 2.50 The Central Australian Aboriginal Media Association (CAAMA) expressed its frustration at not being able to plan operations sufficiently, due to the nature of Australian Government funding:

The other issue is that we are only funded on an annual basis. We should be funded on a triennial basis. We all have to have business plans when we apply for this funding. What for? We can only do things one year at a time, because I cannot go and employ someone for a three-year contract when I am only getting funded for one year, and I cannot take the risk of employing people any longer than that.⁴⁴

- 2.51 C31 Melbourne discussed the difficulties it currently faces in planning its operations, given the uncertainty that exists in the CTV sector:

The lack of clarity on policy makes it almost impossible to business plan. Stations, their members, audiences and community producers need to know for forward planning – particularly financial planning – what the situation with digital is going to be ... how do we possibly plan without that knowledge? ... as a volunteer of the chair of the board of Channel 31 Melbourne in Geelong, I am personally concerned that I and others cannot properly carry out our forward responsibilities, our legal responsibilities as directors, due to uncertainty in government policy in this area. We cannot do the planning that we are legally responsible for.⁴⁵

43 EMFM, *submission no. 85*, p. 4.

44 CAAMA, *transcript of evidence 21 July 2006*, p. 8.

45 C31 Melbourne, *transcript of evidence 20 July 2006*, pp. 4-5.

Insurance

- 2.52 The issue of lack of insurance, particularly defamation insurance, was raised in several submissions to the inquiry.
- 2.53 GVCR claimed that only approximately 70 stations Australia wide have defamation insurance.⁴⁶
- 2.54 Western Radio Broadcasters explained what it insures and discussed its responsibilities regarding insurance:
- All of the assets of Western Radio Broadcasters Inc are [fully] insured. Likewise public liability, volunteers insurance, defamation insurance, specified items insurance, temporary removal insurance are all in place and current, and will continue to be. It is a major responsibility for any Committee of Management to ensure that the assets of the Association are fully protected.⁴⁷
- 2.55 Melbourne's 3ZZZ stated that its general, directors and defamation insurance expenditure for 2004-05 was 4.5 per cent of that year's budget.⁴⁸
- 2.56 National Ethnic and Multicultural Broadcasters' Council (NEMBC) suggested that:
- ... stations ... are obliged to carry a number of insurances - general, Workcover, volunteer, travel, public liability and defamation. In metro access stations with an annual expenditure of \$500,000 this can amount to \$25,000.⁴⁹
- 2.57 Western Radio Broadcasters elaborated on its views on defamation insurance:
- We do not have the legal resources or the experience at announcer level and, again, it is extremely difficulty to monitor and control 24 hours a day, seven days a week what is being said, especially at a station such as ours where we undertake approximately 56 hours of ethnic language programs per week. I believe that all community broadcasters should be required to carry current defamation insurance as a licence condition. Without this insurance they are leaving themselves wide open and, as far as I am concerned, if we never had defamation insurance I would

46 GVCR, *submission no. 97*, p. 1.

47 Western Radio Broadcasters, *submission no. 21*, p. 2.

48 3ZZZ, *submission no. 105*, p. 17.

49 NEMBC, *submission no. 108*, p. 21.

make a recommendation to our committee of management to switch the transmitter off.⁵⁰

- 2.58 GVCR suggested that defamation insurance should be compulsory, and that it should be a condition of license that public liability and defamation insurance is current.⁵¹

Station managers

- 2.59 Several submissions discussed the benefits of having a paid station manager to manage the operations of a station.

- 2.60 Western Radio Broadcasters discussed management at the station level and the value of a station manager:

... although committees of management do a great job, they only have limited time to give to the station. Unless there is someone controlling the day-to-day activities and steering the ship, the original direction can be lost.⁵²

- 2.61 The Top End Aboriginal Bush Broadcasting Association (TEABBA) expressed its frustration in finding and keeping appropriate people for particular jobs:

There are organisations that have had as many as three different staff changes in as many months, and you then have staff who look after the financial aspects of reporting, that themselves are not experienced in the complex matters of finance.⁵³

- 2.62 Some submissions to the inquiry advocated the funding of management positions for community broadcasting stations.⁵⁴

- 2.63 CBAA stated:

In our submission to government before the last election, we ... 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.⁵⁵

50 Western Radio Broadcasters, *transcript of evidence 20 July 2006*, p. 55.

51 GVCR, *submission no. 97*, p. 1.

52 Western Radio Broadcasters, *transcript of evidence 20 July 2006*, p. 54-55.

53 TEABBA, *submission no. 60*, p. 10.

54 GVCR, *submission no. 97*, p. 2; 5TCB, *submission no. 104*, p. 4.

55 CBAA, *transcript of evidence 31 May 2006*, p. 4.

2.64 Bordertown's 5TCB suggested that:

... the Australian Government funds a leadership position, such as station manager, in at least every rural community broadcast station to ensure continuity, stability and productivity. The criteria to include governance, management training and key performance indicators.⁵⁶

Station boards and committees

2.65 The inquiry considered structure of station boards and committees of management as part of an examination of governance in community broadcasting.

2.66 Many submissions described their station's board or committee structure.⁵⁷

2.67 Gippsland FM provided details on how its management works and its relationship with the community the station serves. The station's management regime consists of:

- Members of the Gippsland Community Radio Society Co-operative Limited elect the Board of Directors which is comprised of seven directors elected for two year terms on an annual rotation (four one year, three the next). Board roles include Chairperson, Secretary, Treasurer, Program Co-ordinator, Technical Co-ordinator, Marketing, etc. All Board meetings are open to all members and any other interested persons.
- Sub-committees also operate to assist the Board and provide a vehicle for participation in station policy development and decision-making. These are responsible to the Board for specific areas of station management and include the Program Committee, Marketing Committee and the Technical Support Group.⁵⁸

2.68 Gippsland FM discussed a new committee:

A Community Advisory Committee is also now being established to ensure that the station has enhanced accountability to the community it serves. The role of this committee is to:

56 5TCB, *submission no. 104*, p. 4.

57 Radio Northern Beaches, *submission no. 27a*, p. 2; C31 Melbourne, *submission no. 102*, p. 7; 3RRR, *submission no. 110*, p. 2; 2RPH, *submission no. 101*, p. 10; Yarra Valley FM, *submission no. 55*, p. 2;

58 Gippsland FM, *submission no. 76*, p. 1.

- represent the community at large (i.e. not just the current audience but the potential audience)
- assist in identifying community needs that Gippsland FM could cater for
- act as a reference point for evolving station objectives and aspirations.⁵⁹

2.69 Gippsland FM further discussed the role of its Community Advisory Committee:

Such a committee would operate at 'arms length' from the station and be drawn from various sectors of the community; its participants would not be members of the station. At a practical level the committee will:

- provide commentary on station business plans and objectives
- identify needs in the local community which are not being met by current media
- identify areas where sectors of the community are under-represented in the media
- identify areas where the station could offer support to the skills development, self esteem or general well-being of community groups or individuals
- identify areas where the current station service could be improved to meet community needs.⁶⁰

2.70 Gippsland FM believes the new committee will be:

... a key piece of governance infrastructure that will assist the station in remaining accountable to the community and reduce the risks of station management being hostage to the membership or sectors within it. A robust linkage to the community will ensure independent assessment of community needs and the role of the station in meeting those needs.⁶¹

2.71 Many successful community broadcasters were assisted, overseen by, or indeed created by educational institutions. Some broadcasters maintain those associations with educational institutions, which contribute to effective governance of the broadcaster.

59 Gippsland FM, *submission no. 76*, p. 1.

60 Gippsland FM, *submission no. 76*, p. 1.

61 Gippsland FM, *submission no. 76*, p. 2.

2.72 Open Spectrum Australia (formerly the Community Spectrum Taskforce) stated:

The education sector has a long history of community broadcasting involvement. Since the community television trial commenced in the mid-1990s, tertiary institutions in Perth, Brisbane, Melbourne and Sydney have contributed programming, invested in infrastructure and facilities and participated in the governance of the stations.⁶²

2.73 Melbourne's 3RR stated that it's board is made up of nominations from RMIT, the University of Melbourne and the station.⁶³

2.74 When asked about the skill level of board members with regard to human resources management and financial transparency, 3RRR stated:

... in fact it has not always had strong skills in that area. They are academics and that does not always result in strong skills in business development, for example. It has had very consistent station management in terms of the general management roles.⁶⁴

2.75 Mr Murray Peterson, a former community broadcaster with a number of stations, suggested that some committees have significant problems:

There is also an idea which is quite prevalent that boards or management committees have to be able to move motions without dissent rather than the board members expressing individual ideas consistent with the parts of the community they represent. There is also a reluctance to provide details of the board's deliberations to members and minutes of such meetings are usually recorded in a way which avoids revealing information.⁶⁵

2.76 Mr Peterson suggested that:

Regulations requiring the management committee or board of community broadcasters to be more accountable to the members would achieve ... more diversity.⁶⁶

62 Open Spectrum Australia, *submission no. 56*, p. 7.

63 3RRR, *transcript of evidence 24 May 2006*, p. 10.

64 3RRR, *transcript of evidence 24 May 2006*, p. 11.

65 Murray Peterson, *submission no. 69*, p. 3.

66 Murray Peterson, *submission no. 69*, p. 3.

- 2.77 Ms Linda Campbell, a private individual, also suggested reforms for committees of management:

If they do not exist already, perhaps there needs to be ... regulations to make certain that members of any committees or boards pertaining to community broadcasting truly come from a cross-section of different interest groups - and that no one group dominates.⁶⁷

- 2.78 ACMA described its regulatory processes concerning the examination of how a station operates and the subsequent licence renewal:

In the last two or three years we have seen the new renewal powers, which give ACMA a broad brief to review how each station is performing once every five years. We are seeing a rapid build-up of knowledge in the regulator about what a healthy and a less healthy community station looks like. We are seeing a periodic focusing inside the community sector on governance and how they are governing. It is not always one that they are happy about. Sometimes they are quite resentful or even a bit frightened ... the point is that we have not exercised those powers in a draconian way; we have exercised those powers in a way which has forced stations to do a lot of work on the way they are run. It has caused them to focus on how they are getting volunteers, how they are attracting members and how they are making their content accountable to the members.⁶⁸

- 2.79 When asked if there are any particular training requirements in licence renewal, ACMA stated:

We have a wide power to impose conditions either on the sector, through standards, or on individual stations. We do make conditions. That is typically where we go to first when we encounter major problems with a station. We impose conditions which are directed to try and fix the problem.⁶⁹

- 2.80 ACMA described a solution developed to address conflict resolution in stations:

An example where we have done something like this in the past is through the CBAA. We used to have a problem that hell hath no fury like a volunteer scorned. There are people who get booted off

67 Linda Campbell, *submission no. 2*, p. 1.

68 ACMA, *transcript of evidence 29 November 2006*, p. 16.

69 ACMA, *transcript of evidence 29 November 2006*, p. 17.

running the so-and-so program who make it their life's mission to get it raised in the Senate; to get justice at last from that bully of a station chairman that took them off air all those years ago ... we worked out with the CBAA that a way of addressing this, which we hoped was both shrewd and cost-effective, was to require that stations have in place basic training around conflict resolution; that they have processes for mediating conflicts; and that they have certain policies and activities. We hoped to raise the quality of internal governance so that there were less angry refugees wandering around looking for justice.⁷⁰

2.81 When asked if this process had worked, ACMA stated:

It has worked to an extent ... we have virtually turned off that work of endlessly working out who hit who first, but we are very clear and firm about ensuring that stations have those policies in place. If we find that they do not have them in place, we take steps to get them going. I think it has been a successful measure in terms of getting rid of those intractable inquiries which we are very poorly placed to get to the bottom of.⁷¹

2.82 ACMA further discussed the licence renewal process and examination of governance:

The renewals process that we were pleased to get has only been under way for a couple of years, and the big bulk of them are going to happen in the next 12 months or so. One of the things that has happened in that process is we have been able to pick up – more than we could in the past – where those sort of things are happening, where the governance is not right, and to negotiate with the station where they give undertakings to address a number of those things ... as a consequence of that renewal process, people have made undertakings regarding corporate governance, membership, how community representation happens ...⁷²

2.83 When asked what mechanisms, such as having a chartered accountant on the board, would be recommended to stations, ACMA stated:

Typically, they would come back to us with a solution that they were going to improve the mail-out arrangements or the notification arrangements for annual general meetings or

70 ACMA, *transcript of evidence 29 November 2006*, p. 17.

71 ACMA, *transcript of evidence 29 November 2006*, p. 17.

72 ACMA, *transcript of evidence 29 November 2006*, pp. 17-18.

whatever. If it was a question of financial accountability it may well be that they get a chartered accountant on their board. It would typically be that we would put to them what we saw as the problem and let them come back to us with their proposed solution ... most often if we find a problem we are going to address it through voluntary undertakings to do something to address it.⁷³

2.84 ACMA added:

when we have had a complaint and impose conditions on somebody for not meeting their obligations, we will generally put reporting requirements into that condition so they have got to keep in touch with us on what is going on.⁷⁴

2.85 ACMA stated that its analysis of a station's affairs is detailed, and also admitted that the licence renewal process was onerous for some stations:

We now have a very detailed form which invites them to tell us a lot about all the processes we would expect: what is their community purpose; what membership do they have; let us have a look at their constitution; let us have a look at their internal structure – their committees, their checks and balances, where they get their revenue, what their books look like ... that is what is onerous for the volunteers. Someone is going to have to fill out that form and what nearly always happens is that there is something incomplete, ambiguous or left blank and we go back to them. We come back in just about every case, and that is mainly for clarification. Every five years they are required to focus on how they comply with the obligations they are under to make use of that free channel they have, and that is what is onerous.⁷⁵

2.86 ACMA conceded that the licence renewal process was new for everyone concerned, and stated that this is a learning process for it and all stations.⁷⁶

2.87 It was suggested to ACMA that a template board or management committee structure could be developed for community broadcasters, which would include a local council representative, a chartered accountant, an educational institution representative, and other key qualified people. ACMA stated that it sees the development of templates

73 ACMA, *transcript of evidence 29 November 2006*, p. 18.

74 ACMA, *transcript of evidence 29 November 2006*, pp. 20-21.

75 ACMA, *transcript of evidence 29 November 2006*, p. 19.

76 ACMA, *transcript of evidence 29 November 2006*, p. 19.

and good models as being much more the role of the industry association, the CBAA.⁷⁷

2.88 ACMA added:

Because our rules are about outcomes we cannot say, 'And that means you have to have exactly this structure or this constitution to achieve the outcome.' We certainly can say, 'That seems a very odd or a very flawed way to achieve that outcome' or 'This seems to be a better way.' I think we have been keen to work with industry peak bodies on making sure there are models.⁷⁸

2.89 When asked about establishing guidelines for boards and committees of management, DCITA stated:

It is really not our role. That is more to do with the codes of practice for how the station operates. I think that quite a lot of resources have been developed by the CBAA to help stations set up in an accountable way to meet the conditions that are established by ACMA ...⁷⁹

2.90 ACMA was also concerned that any set structure may not serve one type of community broadcaster as well as other types of broadcasters

One of the reasons I am not sure that it would be an appropriate role for us is the actual type of arrangement you might have for radio for the print handicapped or ... Wagga, Gundagai community service may well be quite different, and the industry association can actually reflect that better in templates.⁸⁰

2.91 ACMA suggested that it would welcome the development of set board structures by the sector, and that this is a very valuable role for CBAA to play, making the regulator's life a lot easier.⁸¹

2.92 ACMA may propose requirements for training to address particular problems at a station. It was suggested to ACMA that particular solutions, such as management training, could be made a condition of a station's licence. ACMA stated:

the Minister ... has got direction-making powers and could direct us in our renewals to give particular emphasis to training and their activities with regard to training.⁸²

77 ACMA, *transcript of evidence 29 November 2006*, p. 20.

78 ACMA, *transcript of evidence 29 November 2006*, p. 20.

79 DCITA, *transcript of evidence 1 November 2006*, p. 16.

80 ACMA, *transcript of evidence 29 November 2006*, p. 20.

81 ACMA, *transcript of evidence 29 November 2006*, p. 20.

2.93 ACMA added:

I suppose we see our renewals as one way of forcing them to focus on [governance], but we do not have any money to give them to help them. They have to find the time for their volunteers or their paid staff to do it. The sort of suggestions you are making I am sure would be welcome to the sector, but someone would have to pay for them; that is the issue. So someone would have to make the assessment of the cost and the benefit.⁸³

2.94 ACMA explained that having particular conditions as part of a licence may be different for certain stations. ACMA provided an example:

I am just very mindful here that the sector consists of a lot of quite small organisations ... there is a community service on Kangaroo Island, which has got a population of 2,000, 3,000, 4,000 people ... the rule for them often ends up being a bit different from the rule for 2SER Sydney or 3MBS ... or Channel 31.⁸⁴

Management training

2.95 CBAA discussed the development of management training for the community broadcasting sector:

... 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, sub-metropolitan 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.⁸⁵

2.96 CBAA added:

The government recognised the need for the community broadcasting sector to have the resources to deliver nationally accredited training in broadcast skills and station management, particularly in rural and regional areas, and with consideration of

82 ACMA, *transcript of evidence 29 November 2006*, p. 21.

83 ACMA, *transcript of evidence 29 November 2006*, p. 22.

84 ACMA, *transcript of evidence 29 November 2006*, pp. 21-22.

85 CBAA, *transcript of evidence 31 May 2006*, p. 4.

the special training needs of the RPH, Indigenous and Ethnic broadcasting sector.⁸⁶

- 2.97 DCITA discussed the Australian Government's commitment to funding accredited management training, particularly for regional and rural areas:

... in the last election the government provided \$2.2 million for training over a 4-year period, which was commencing in 2004-05. Often what happens is that sometimes it has picked up something that the sector said. The sector had been saying in their submissions to government that they had identified as a priority management skills training particularly for stations in rural and regional areas. In fact in that policy the bulk of the funding for training places has to go to stations in regional and rural areas on the basis that that is what the sector identified as the need.⁸⁷

- 2.98 CBAA explained that it is:

... managing the National Training Project in consultation with all sector organisations and Registered Training Organisations. The CBAA and the sector expects that the delivery of accredited training will lead to consistent standards in program content and improved operational viability across the community broadcasting sector.⁸⁸

- 2.99 Some stations consider management training a priority. ACB explained its situation:

One of the things that we managed to do was to get some private funding for non-accredited training. In our sector we have a lot of people who are professional managers, professional CEOs, ex radio people, people who have made the choice to go into Christian broadcasting. We actually go around to stations and train them in management. We have been training in management, fundraising, governance and programming. Those are four areas that we concentrate on with our training and we try to help them all lift the bar.⁸⁹

- 2.100 CBAA discussed the delivery of management and governance training to staff and volunteers in the community broadcasting sector. CBAA stated that the National Training Fund provided by the Australian Government

86 CBAA, *submission no. 61*, p. 14.

87 DCITA, *transcript of evidence 1 November 2006*, p. 15.

88 CBAA, *submission no. 61*, p. 14.

89 ACB, *transcript of evidence 6 September 2006*, p. 13.

is currently the only source of funding available for management training purposes. CBAA added:

The \$2.2 million (over four years) which makes up the Fund is less than a quarter of what the sector requested to cover training initiatives.⁹⁰

2.101 CBAA explained how the fund would be used:

... the Government specified when allocating the money that it must cover broadcast and management training and give priority to training that targets rural and regional broadcasters, as well as those from ethnic and Indigenous communities and those delivering programs to people who have print disabilities.⁹¹

2.102 CBAA provided details on the breakdown of funding:

... the Fund has to meet a number of needs ... over the period \$300k has been set aside specifically for management training delivery. A further estimated \$190k overall will be used for consultation and development of management training resources specifically for the sector.⁹²

2.103 CBAA explained how many people would be likely to receive training:

... based on experience with delivery of broadcast and trainer training I estimate that no more than 350 people will be able to take part in short management or governance courses over the duration of the project. This is based on the assumption that each of those participants will only receive a partial qualification covering one or two topic areas out of 14 that will be offered overall (e.g. Financial Management, Revenue Raising, Volunteer and Staff Management, Strategic & Business Planning, Regulation and Compliance, Governance) ... if you take into account that there are approximately 350 stations in the sector and allow for five people from each station to receive some level of training (e.g. three office bearers from each board and two staff or volunteers managers), this amounts to around 1,750 people. As such, the training fund is likely to only partially meet the management training needs of about 20% of the sector.⁹³

90 CBAA, *submission no. 61.2*, p. 1.

91 CBAA, *submission no. 61.2*, p. 1.

92 CBAA, *submission no. 61.2*, p. 1.

93 CBAA, *submission no. 61.2*, p. 1.

Community broadcasting sector funding issues

- 2.104 This section examines the major funding issues affecting the community broadcasting sector, particularly concerning Australian Government core funding and targeted funding.
- 2.105 The key issue of funding was raised by most submissions to the inquiry. Many stations are considered to be under-resourced and struggle to remain viable.

Australian Government funding

- 2.106 Based on 2003-04 figures, sponsorship made up the bulk of community broadcasting sector funding (35.29 per cent). On aggregate, stations received 9.18 per cent of funding from CBF and Australian Government grants, and 2.77 per cent from State Governments.
- 2.107 CBF described funding for the community broadcasting sector:
- Throughout its history the community broadcasting sector has been largely self-financed, drawing support from the communities it serves via sponsorship, subscriptions, donations and general fundraising. Ongoing Australian Government support for community broadcasting has been channelled through the CBF since its establishment in 1984.⁹⁴
- 2.108 CBF explained that additional funds go to parts of the sector:
- While the CBF is the main conduit for broad support to the sector, the Government also provides specific support for Indigenous broadcasting and for Radio for the Print Handicapped transmission facilities through other programs administered by DCITA.⁹⁵
- 2.109 CBF also explained that funding support via the CBF has been limited to the community radio sector, with no general support provided for the maintenance and development of CTV.⁹⁶
- 2.110 CBF stated that Australian Government support for the community broadcasting sector has grown from \$566 000 in 1984-85 to \$7.6 million in 2005-06.⁹⁷

94 CBF, *submission no. 114*, p. 14.

95 CBF, *submission no. 114*, p. 14.

96 CBF, *submission no. 114*, p. 14.

97 CBF, *submission no. 114*, p. 15.

- 2.111 CBF added that the community broadcasting sector has changed dramatically:

During this 22 year period the community broadcasting sector grew from a base of 54 largely metropolitan and regional radio stations into a diversified media sector with a large radio sub-sector, a remote Indigenous radio and television sub-sector and a relatively recent mainly metropolitan community television sector.⁹⁸

- 2.112 CBF suggested that Australian Government support for community broadcasting development has been an extremely important catalyst in the development of community radio, however:

... Australian government support has always been modest and has not kept pace with sector growth and development needs. A substantial increase in Australian Government support levels is required to assist the community broadcasting sector to reach its full potential to contribute to Australian society.⁹⁹

- 2.113 Melbourne's 3MBS discussed the Government's awareness of the value of community broadcasting and the sector's need for financial support:

It would be a further irony if the main threat to a robust network of community broadcasting was the lack of recognition and support of the sector by the federal government. It is still not evident, in terms of financial and strategic support, that the government is fully aware of the size, nature, diversity, the role played and the value provided by community broadcasting in Australia.¹⁰⁰

Australian Government commitment for the 2005-06 financial year

- 2.114 In 2005-06 the Australian Government provided the CBF with total funding of approximately \$7.6 million (excluding GST). This consisted of approximately:

- \$3.8 million for core funding
- \$1.7 million for targeted funding for ethnic community broadcasting and infrastructure projects
- \$1.6 million for transmission support grants

98 CBF, *submission no. 114*, p. 15.

99 CBF, *submission no. 114*, p. 15.

100 3MBS, *submission no. 71*, p. 5.

- \$0.5 million for a training fund.¹⁰¹
- 2.115 DCITA provided a breakdown of that funding. Table 2.3 below describes funding allocated in the 2005-06 CBF Funding Agreement.
- 2.116 The Australian Government also provides \$13.3 million through direct grants to Indigenous broadcasting organisations under the Indigenous Broadcasting Program (IBP). DCITA stated:
- This funding was transferred from ATSIIS to DCITA in July 2004. The IBP provides funding support for Indigenous organisations that hold a community broadcasting licence under the Broadcasting Services Act 1992. It also contributes towards the ongoing operations of peak Indigenous media bodies, the satellite delivery of networked Indigenous radio programming, and some Indigenous radio content producers.¹⁰²
- 2.117 DCITA also explained that, from time to time, the Australian Government provides funding for one-off projects:
- ... on 5 April 2004 the Minister announced \$2 million in funding to provide additional television transmitters at Remote Indigenous Broadcasting Services (RIBS) sites across remote Australia. This funding was provided to the CBF to administer the project.¹⁰³
- 2.118 CBF discussed the categories of funding:
- Core funding is annual recurrent funding to which a measure of annual indexation is applied that partially offsets the effects of inflation.
 - Targeted funding is provided for a fixed period, usually four years, is also partially indexed and may be renewed by the Australian Government following a departmental review.
 - Other funding, not identified as Core or Targeted, is provided for a fixed period and is not indexed to offset the effects of inflation. It is expected that this last category of funding may be renewed following a similar process to Targeted Funding, but this remains to be clarified.¹⁰⁴
- 2.119 CBF further explained:
- Core funding dates from funding arrangements prior to the institution of the Foundation; Targeted Funding was introduced in 1996-97 following the 1996 election of the Coalition to
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101 DCITA, *submission no. 75*, p. 5.

102 DCITA, *submission no. 75*, p. 5.

103 DCITA, *submission no. 75*, p. 5.

104 CBF, *submission no. 114*, p. 15.

Government; Other funding has been received for specific projects at various times and since 2004-05 includes funding for Transmission support and National training.¹⁰⁵

2.120 CBF commented on the funding categories and their impact on the sector:

The CBF notes that the shift away from annual recurrent funding in favour of set-term funding cycles with no guarantee of renewal affects the sector's ability to formulate and implement long-term development strategies. For example in the current financial year, of the \$7.6m provided in Australian Government funding, just less than half - \$3.76m. is core funding which can be expected to continue; 22% or 1.69m. is in targeted funding in the last year of a four-year cycle ... and 28% or 2.65m. is other funding which is only committed through to 2007-08 and for which the renewal process (if any) is not clear.¹⁰⁶

2006-07 financial year commitment

2.121 The Australian Government, in the May 2006 Federal Budget, renewed its Targeted Funding commitment to the sector:

The Australian Government will maintain targeted funding for community radio broadcasting by providing \$7.2 million over the next four years. This funding will be provided to the Community Broadcasting Foundation to enable it to continue to support ethnic community broadcasting, to fund information technology initiatives and to provide satellite services.¹⁰⁷

2.122 DCITA provided a breakdown of funding for 2006-07. Table 2.3 below describes funding allocated in the 2006-07 CBF Funding Agreement.

105 CBF, *submission no. 114*, p. 15.

106 CBF, *submission no. 114*, pp. 15-16.

107 <www.minister.dcita.gov.au/media/media_releases/continued_commitment_to_communications_information_technology,_arts_and_sport2>, accessed 23 March 2007.

Table 2.3 Australian Government funding for community broadcasting for 2005-06 and 2006-07

Area	2005-06	2006-07
Core funding		
General community broadcasting	\$1 251 152	\$1 280 640
Ethnic community radio broadcasting	\$1 552 550	\$1 589 139
Indigenous community radio broadcasting	\$655 254	\$670 722
Radio for the print handicapped	\$308 204	\$315 499
Total core funding	\$3 767 160	\$3 856 000
Targeted funding		
Ethnic community radio broadcasting	\$1 133 347	\$1 154 761
CBOOnline Project	\$509 837	\$519 482
Community Radio Satellite	\$56 656	\$57 757
Total Targeted funding	\$1 699 840	\$1 732 000
National training fund	\$500 000	\$600 000
Transmission support funding		
Infrastructure and operational costs	\$1 500 000	\$1 500 000
Subsidised access to sites	\$156 989	\$94 769
Total transmission support funding	\$1 656 989	\$1 594 769
Total Funding	\$7 623 989	\$7 782 769

Source DCITA, submission no. 75, pp. 4-5, and DCITA, submission no. 75.3, p. 1. Note: Figures are not inclusive of GST.

2.123 DCITA added that a further \$418 067 (plus \$41 807 GST) was provided for RPH services, from the National Transmission Network (NTN) Residual Funding Pool. This fund was created following the sale of NTN in 1999 to ensure that Government commitments were met in relation to transmission arrangements for national, community and remote commercial broadcasters, and for RPH.¹⁰⁸

2.124 In summary, for 2006-07, ethnic broadcasting received \$2 743 900 in core and targeted funding. Indigenous broadcasting received \$670 772, and RPH received \$315 499. Indigenous broadcasters also received approximately \$13 million, and RPH received additional funding for transmission support. It should be noted that general community broadcasting only received \$1 280 640 in core funding.

108 DCITA, submission no. 75.3, p. 2.

- 2.125 It is noted that the three identified groups can also apply for general funding in competition with general community broadcasters.

2007-08 financial year commitment

- 2.126 The Australian Government delivered the 2007-08 Budget on 8 May 2007. The Portfolio Budget Statement for DCITA revealed an increase in funding for the community broadcasting sector. CBF will be allocated \$7.924 million.¹⁰⁹
- 2.127 Also announced in the 2007-08 Budget was a commitment of \$10.5 million in funding that will help community broadcasters and national broadcasters establish digital radio infrastructure.¹¹⁰
- 2.128 DCITA's Portfolio Budget Statement reveals that the \$10.5 million in digital radio infrastructure funding will be split over four years as follows:
- 2007-08 - \$100 000
 - 2008-09 - \$6 145 000
 - 2009-10 - \$2 077 000
 - 2010-11 - \$2 129 000.¹¹¹
- 2.129 It is understood that approximately \$300 000 of this funding is to be allocated to the national broadcasters in 2008-09, to initiate a competitive tender process.¹¹²
- 2.130 CBAA stated that the community broadcasting sector:
- ... welcomes the Government's Budget commitment of \$10.1 million for community radio stations to begin the implementation of digital radio from January 2009 ... the funding will enable community radio broadcasters to extend their track record in

109 <www.dcita.gov.au/__data/assets/pdf_file/67554/2007-08_CITA_PBS_02_DCITA.pdf>, accessed 9 May 2007.

110 <[www.minister.dcita.gov.au/media/media_releases/\\$10.5_million_for_community_and_national_digital_radio_broadcasting](http://www.minister.dcita.gov.au/media/media_releases/$10.5_million_for_community_and_national_digital_radio_broadcasting)>, accessed 10 May 2007.

111 DCITA Portfolio Budget Statements 2007-08, p. 5, <www.dcita.gov.au/__data/assets/pdf_file/67554/2007-08_CITA_PBS_02_DCITA.pdf>, accessed 10 May 2007.

112 DCITA Portfolio Budget Statements 2007-08, p. 5, <www.dcita.gov.au/__data/assets/pdf_file/67554/2007-08_CITA_PBS_02_DCITA.pdf>, accessed 10 May 2007; <[www.minister.dcita.gov.au/media/media_releases/\\$10.5_million_for_community_and_national_digital_radio_broadcasting](http://www.minister.dcita.gov.au/media/media_releases/$10.5_million_for_community_and_national_digital_radio_broadcasting)>, accessed 10 May 2007.

innovation and to provide fresh and vital services designed to supplement existing analogue offerings.¹¹³

Analysis of Australian Government funding

2.131 CBF's submission to the inquiry provided a comprehensive analysis of funding for the community broadcasting sector over the past two decades.

2.132 CBF analysed sector funding across two time-frames:

... firstly a long-term historical perspective since the Foundation's inception and secondly over the past ten financial years as a more accurate view of the current funding mix since the introduction of Targeted Funding. The latter time-frame relates to the community broadcasting sector in a more mature phase of its development.¹¹⁴

2.133 CBF further explained:

Each time-frame will be charted firstly in unadjusted dollars and then as adjusted for the effects of inflation utilising the Australian Bureau of Statistics (ABS) longer term [Consumer Price Index] to demonstrate the decline in the real dollar value of the funding provided over each period and the substantial reduction in the quantum of support available per service.¹¹⁵

2.134 CBF's submission charted unadjusted funding trends and sector growth for the period 1984-85 to 2005-06, which revealed:

- the total level of Australian Government support has risen by 1265%
- the community broadcasting sector as measured by the number of long-term licensed services has grown by 722%
- annual core funding (annual recurrent funding) levels have increased by 653%
- the notional level of annual total funding per service increased by only 66% due to strong sector growth
- the notional level of annual core funding per service declined by 8% over the period due to strong sector growth.¹¹⁶

113 CBAA media release 9 May 2007, <www.cbaa.org.au/content.php/236.html?newsid=1031>, accessed 10 May 2007.

114 CBF, *submission no. 114*, p. 16.

115 CBF, *submission no. 114*, p. 16.

116 CBF, *submission no. 114*, p. 17.

2.135 CBF explained:

Accordingly it can be seen that there was a large increase in the absolute level of Australian Government funding for the community broadcasting sector across more than two decades. However, due to the community broadcasting sectors massive expansion the level of total funding available per service increased by only sixty-six percent over the period and the component of funding that is ongoing (core funding) has actually declined.¹¹⁷

2.136 CBF's submission also charted consumer price index (CPI) adjusted funding trends and sector growth for the period 1984-85 to 2005-06, revealing:

- the total level of Australian Government support has risen by 541%
- the community broadcasting sector as measured by the number of long-term licensed services has grown by 722%
- annual core funding (annual recurrent funding) have increased by 254%
- the notional level of annual total funding per service declined by 22% due to strong sector growth
- the notional level of annual core funding per service declined by 57% over the period due to strong sector growth.¹¹⁸

2.137 CBF explained:

... it can be seen that when Australian Government funding is adjusted for the effects of inflation ... the level of funding over the period increased by 541% but has not matched the sector's strong rate of growth ... the level of total funding available per service has declined since 1992-93.¹¹⁹

2.138 CBF added:

Despite the introduction of targeted funding in 1996-97 and additional project and other funding in recent years, the level of annual total funding available per service when adjusted against the CPI has been below the [1984-85] level ... since 1992-93. In the current year funding available per service is 22% below that level.¹²⁰

117 CBF, *submission no. 114*, p. 17.

118 CBF, *submission no. 114*, p. 18.

119 CBF, *submission no. 114*, p. 18.

120 CBF, *submission no. 114*, p. 18.

2.139 CBF also explained the drop in core funding component levels:

... the only guaranteed funding component, core funding, when adjusted against the CPI, has similarly been below the initial funding level per service for the last fourteen years. As the last increase in core funding other than by partial indexation was in 1993-94 the measure of annual core funding per service when adjusted by the CPI has shown the most marked decrease over the period to only 43% of the 1984-85 level.¹²¹

2.140 CBF's submission charted unadjusted funding trends and sector growth for the 1996-97 to 2005-06 period, revealing:

- the total level of Australian Government support has risen by 61%
- the community broadcasting sector as measured by the number of long-term licensed services has grown by 54%
- annual core funding levels (annual recurrent funding) have increased by 17%
- annual targeted funding levels have increased by 13%
- the notional level of annual total funding per service increased by only 5% due to continued strong sector growth and diversification
- the notional level of annual core funding per service declined by 24% over the period also due to strong sector growth and diversification
- the notional level of targeted funding per service declined by 26% over the period also due to strong sector growth and diversification.¹²²

2.141 CBF explained:

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

121 CBF, *submission no. 114*, pp. 18-19.

122 CBF, *submission no. 114*, p. 19.

13% but when considered on a per service basis has declined by 26%.¹²³

2.142 CBF's submission charted CPI adjusted funding trends and sector growth for the period 1996-97 to 2005-06, revealing:

- the total level of Australian Government support has risen by 31%
- the community broadcasting sector as measured by the number of long-term licensed services has grown by 54%
- annual core funding (annual recurrent funding) has declined in real terms by 6%
- annual targeted funding has declined in real terms by 8%
- the notional level of annual total funding per service declined by 15% due to strong sector growth and diversification
- the notional level of annual core funding per service declined by 39% over the period due to strong sector growth and diversification
- the notional level of annual targeted funding per service declined by 40% over the period also due to strong sector growth and diversification.¹²⁴

2.143 CBF explained:

In summary when adjusted for the effects of inflation the level of total annual funding increased by 31% but failed to keep pace with continued sector growth and diversification so that total funding available per service declined in real terms by 15%. The annual level of total core funding in real terms has declined to 6% below that of a decade ago and the level of annual core funding per service has declined by 39%. Similarly the Targeted Funding component introduced in 1996-97 has decreased in real terms over the period by 8% and when considered on a per service basis by 40%.¹²⁵

Regional and rural stations

2.144 CBF believes that there is a strong argument for increasing the level of Australian Government support for community radio stations in regional and rural areas as an urgent priority:

The CBD [Community Broadcast Database] survey of technical infrastructure revealed that these stations are amongst the most

123 CBF, *submission no. 114*, p. 19.

124 CBF, *submission no. 114*, pp. 20-21.

125 CBF, *submission no. 114*, p. 21.

poorly equipped. The ACMA survey has shown that they have the lowest average income, low levels of staff and comparatively low levels of volunteer involvement by comparison with stations in other locations (although this last factor might be expected as a function of population density).¹²⁶

2.145 CBF summarised some McNair Ingenuity Community Radio Listener Survey results for non-metropolitan areas:

- audience reach is slightly higher at 25% compared to 23% over an average week
- listeners listen to their local community radio service longer – 8.8 hours per week compared to 7.7 hours
- there are twice as many exclusive community radio listeners – 6% or 339,000 listeners
- and that the main reasons for listening are different; people listen firstly for local information/local news (58%); to hear local voices/personalities (43%); because locals can air their views/easy local access (41%) and because stations play Australian music/support local artists (41%).¹²⁷

2.146 CBF explained further:

The McNair Ingenuity results indicate that despite their low resource level regional and rural stations meet the needs of their communities and play a significant role within them. When this information is considered against the broader trends in the reduction of other local media in these areas there is a compelling argument for providing additional public funding to regional and rural community broadcasters to increase their stability, viability and broader level of engagement with their communities.¹²⁸

2.147 CBF's submission outlined station income data for 2003-04, summarised in Table 2.4.

Table 2.4 Radio station total income for 2003-04

Station type	No. of stations	Total Income
Metropolitan	53	\$26 734 709
Suburban	42	\$3 899 816
Regional	94	\$8 308 186
Rural (non-Indigenous)	58	\$4 148 508

Source CBF, submission no. 114, p. 11.

126 CBF, submission no. 114, p. 27.

127 CBF, submission no. 114, pp. 27-28.

128 CBF, submission no. 114, p. 28.

2.148 Gippsland FM suggested that regional areas should not be disadvantaged:

In the event that funds are to be allocated to the sector, it may be prudent to spend these where the benefit may be maximised. For broadcasting – this might mean areas where potential audiences are greatest and therefore regional areas would miss out on the opportunities to develop into new areas of program delivery. It would therefore seem that an equitable process will be required to ensure that regional communities are not disadvantaged.¹²⁹

State Government funding

2.149 Some State Governments contribute funds to the community broadcasting sector.

2.150 In 2005, the Western Australian (WA) Department of Culture and the Arts managed a one-off grants program to provide support for the community broadcasting sector. The program provided support to innovative programming and/or special capital costs:

Through this fund, community, Indigenous and ethnic media outlets throughout Western Australia received a boost of more than \$1 million in grants.¹³⁰

2.151 The WA Minister for Culture and the Arts added:

Of the 52 applications received, 16 organisations with proven track records in the development and delivery of community, Indigenous or ethnic media received funding. Of these, nine organisations were outside of the Perth metropolitan area. Notably, a special grant of \$665,216 was made to community television station Access 31 for infrastructure requirements and local program development.¹³¹

2.152 The Northern Territory Department of Corporate and Information Services stated that it has provided over \$100 000 annually in operational funding to community radio stations to facilitate training.¹³²

129 Gippsland FM, *submission no. 76*, p. 9.

130 WA Minister for Culture and the Arts, *submission no. 5*, p. 1.

131 WA Minister for Culture and the Arts, *submission no. 5*, p. 2.

132 NT Department of Corporate and Information Services, *submission no. 13*, p. 2.

Level of government funding used by stations

- 2.153 Some stations depend to a great extent on government funding (predominantly from the Australian Government), while some stations obtain little or no funding from government sources.
- 2.154 In 2003-04, revenue from the Australian Government through the CBF was a relatively small part of a station's income, at around 6.4 per cent.¹³³
- 2.155 DCITA stated:
- The 6.4 per cent figure is probably higher now - the Commonwealth has lifted its CBF funding from around \$5.5 million per year to \$7.6 million since the [2003-2004] survey was done.¹³⁴
- 2.156 Western Victoria's 3WAY FM relies on Australian Government grants substantially:
- In a typical year successful CBF grants total about \$12,000, which equates to Federal Government support of about 30% of our overall income.¹³⁵
- 2.157 Rainbow FM has less of a reliance on government grants:
- Our Annual Budget is approximately \$42000-00 ... we have received a total of approximately \$8000-00 in [grants through the CBF] in the past nine years.¹³⁶
- 2.158 Melbourne's 3RRR is fully self-sufficient:
- The station is self-funding through sponsorship (primarily on-air promotions) and listener subscriptions with an annual contribution from [Royal Melbourne Institute of Technology] and The University of Melbourne, which represents approximately 4% of the yearly operating budget. Over the last decade the station has established a secure, stable and financially viable independent operation.¹³⁷
- 2.159 Smaller stations manage to survive through sponsorship, donations and grants, but have little scope for developing their services without significant funding.

133 DCITA, *submission no. 75*, p. 3.

134 DCITA, *submission no. 75*, p. 3.

135 3WAY FM, *submission no. 30*, p. 3.

136 Rainbow FM, *submission no. 18*, p. 3.

137 3RRR, *submission no. 110*, p. 5.

2.160 Some stations appear to rely less on government grants, while some stations prefer to be totally independent.

2.161 Lismore's 2NCR main wish for the future is to:

... continue to be self sufficient operationally with most of our funding coming from sponsorship, membership and donations, with the occasional grant covering costly items such as new transmission equipment and other new technology, as well as sector wide needs such as management and technical training.¹³⁸

2.162 Western Radio Broadcasters is hesitant to rely too much on grants and considers government funding to be a bonus:

We adopt a slightly different attitude than some of my colleagues might adopt. But I believe, with government grants, they are the icing on the cake because the government could decide tomorrow there are no more grants. So what we do within our business plan is look at them as the icing on top of the cake. We have to generate the funds to run our radio station. We are eternally grateful for those grants because they do ease the pressure and they do allow us to put back into our community, but by the same token they are not locked away in that they are going to be there till the year dot, either. To rely on them, I think, would be a little silly.¹³⁹

The need for increased funding

2.163 Many submissions to the inquiry argued for an increase in funding from governments for community broadcasting.

2.164 Several submissions raised the issue of the need for increased funding to upgrade and maintain infrastructure.

2.165 AFMN argued for funding for supporting station operations:

Most of the administration work of community radio stations is aimed at raising sufficient funds to stay on the air. Government Grants are frequently tied to specific projects such as 'training' ... funding should be available for general operating expenses (rent electricity etc). Apart from a small grant available through the Community Broadcasting Foundation which partly subsidises

138 2NCR, *submission no. 127*, p. 5.

139 Western Radio Broadcasters, *transcript of evidence 20 July 2006*, p. 59-60.

transmission expenses, there are no other operating subsidies available. This is a major defect in the funding process.¹⁴⁰

Infrastructure

2.166 Many stations argued that with access to increased Government funding they could replace significant capital items.

2.167 CBF stated:

A sector survey conducted in 2004 revealed that much of the community radio sector operates with inadequate technical infrastructure.¹⁴¹

2.168 CBF added:

What would be considered essential resources and basic infrastructure by national and commercial broadcasters is often beyond the capacity of community broadcasting organisations to acquire and/or sustain.¹⁴²

2.169 CBF believes that:

... there is a compelling need for a much higher level of Australian Government funding to ensure that basic technical infrastructure levels are achieved and maintained.¹⁴³

2.170 CBF outlined baseline technical infrastructure requirements for stations in its submission, and elaborated on the 2004 sector-wide survey of infrastructure:

- ... over a third of stations have only one broadcast studio
- regional and rural stations were on average less well resourced than metropolitan stations, as were youth and religious stations compared to the other sub-sectors
- only 34% of stations had a studio suitable for training separate from their main broadcast/production studios
- only 71% of stations have a dedicated production studio
- 93% of stations have audio production computers, however only 80% of stations have an audio production computer as a playback device in a studio and only 43% of stations have their computers fully networked

140 AFMN, *submission no. 40*, p. 6.

141 CBF, *submission no. 114*, p. 2.

142 CBF, *submission no. 114*, p. 12.

143 CBF, *submission no. 114*, p. 14.

- only 83% [of stations] had telephone interview facilities and 49% had talkback facilities ... only 79% of stations had portable interview facilities
 - 56% [of stations] had outside broadcast facilities
 - 89% of stations have on-site Internet access.¹⁴⁴
- 2.171 CBF explained that the survey results suggested that many community radio stations still do not meet modest baseline technical infrastructure requirements.¹⁴⁵
- 2.172 CBAA discussed access to computing production facilities:
- More needs to be done to encourage the availability of computer based resources across all broadcast and production studios within stations. Only 43 percent are fully networked, and 20 percent are not networked at all.¹⁴⁶
- 2.173 Eastside Radio explained its situation regarding infrastructure:
- If there were funding available we would update our equipment, finally get up to date with technical developments, improve transmission and our signal, move to bigger premises ... the technical resources we need are a new antenna, computer based broadcasting facilities, computer in on air studio, a second studio, digital editing, training facilities.¹⁴⁷
- 2.174 Whyalla's 5YYY FM discussed the need for funding to upgrade its ageing equipment:
- With access to more funding 5YYY FM could update equipment which is in some cases twenty five (25) years old and well past the end of its useful life.¹⁴⁸
- 2.175 TEABBA stated that one of its current objectives is to renovate each Indigenous member community's RIBS Unit:
- The current state of an average RIBS unit today would consist of 1 x CD player, 1 x Cassette Player, 1 x Small TV Monitor, 1 x VHS, 1 x Telephone Interface and that's on a good day! Renovating the RIBS Units would entail the installation of all new equipment, including a computer.¹⁴⁹

144 CBF, *submission no. 114*, p. 14.

145 CBF, *submission no. 114*, p. 14.

146 CBAA, *submission no. 61*, p. 35.

147 Eastside Radio, *submission no. 9*, p. 3.

148 Whyalla FM, *submission no. 33*, p. 2.

149 TEABBA, *submission no. 60*, p. 8.

2.176 When asked what the state of broadcast equipment was like for Indigenous broadcasters, TEABBA stated:

There are some communities that we have assisted to buy new equipment, but they attach it to old equipment and so it does not serve a purpose. There is a piece of equipment called a tie line that we use to make a better quality program, and the broadcast is a better quality, but they hitch it up to an old decoder or another old piece of equipment. It is a total waste of money to put in new pieces of equipment with equipment that exists in the community. It either blows out or – because there is no air conditioning – it does not serve a purpose. It is too hot or it blows up. Those are the problems that we have been finding technically.¹⁵⁰

2.177 TEABBA also discussed the condition of some of the Indigenous stations:

Some communities might have the RIBS unit in an old building. At one stage we had to relocate a unit to another part of a building because the floor was almost going to fall through. We brought this up with the community council and they said they did not have any money. We scratched and saved and were able to relocate it to another room. Then when the town clerk went in and had a look, he actually fell through the floor.¹⁵¹

2.178 CAAMA discussed the issue of capital upgrade for Indigenous broadcasters:

Capital is a big issue... [DCITA] will not give us funding for capital. When you apply for funding from DCITA, you do not get capital funding. So we have to fund it through our own activity-generated income, which is difficult because most of the [activity-generated income] we get is project funded.¹⁵²

2.179 CAAMA added:

... we provide technical and training support out at Santa Teresa. We go out there and the equipment that they use for the RIBS units was there 15 years ago. CAAMA has had to go out and buy cameras and radio equipment and computers just for us to run a program and train them. We are paying for this out of our own outcome, not out of any funding.¹⁵³

150 TEABBA, *transcript of evidence 21 July 2006*, p. 20.

151 TEABBA, *transcript of evidence 21 July 2006*, p. 21.

152 CAAMA, *transcript of evidence 21 July 2006*, p. 15.

153 CAAMA, *transcript of evidence 21 July 2006*, p. 16.

2.180 CBAA discussed infrastructure needs:

The community broadcasting sector's infrastructure needs have increased markedly in recent years due to several concurrent factors:

- the recent surge in new licensees with establishment infrastructure needs
- the ageing of early station infrastructure
- demand for regional extension of RPH services
- national training needs
- permanent licensing of CTV
- technological change.¹⁵⁴

2.181 CBAA suggested that the sector needs to:

... develop the appropriate infrastructure to support its ongoing role in the national provision of accredited broadcast skills training. Most community broadcasting stations do not currently possess ideal training facilities.¹⁵⁵

2.182 CBAA summarised infrastructure requirements for the sector:

Community broadcasting stations are lean operations. The sector's volunteer ethic and cooperative ethos assist the containment of operational costs. However capital development and recapitalisation costs for broadcast infrastructure cannot be similarly minimised. With many older stations requiring recapitalisation and a host of new community radio and television stations needing assistance with meeting the infrastructure demands of a full-time service there is a clear need for access to ongoing additional resources for these purposes.¹⁵⁶

Funding Strategy Group funding request for 2007-08

2.183 The 2007-08 community broadcasting sector funding submission was prepared by the sector's Funding Strategy Group (FSG), and provided to the Minister for Communications, Information Technology and the Arts in October 2006.¹⁵⁷

154 CBAA, *submission no. 61*, pp. 34-35.

155 CBAA, *submission no. 61*, p. 35.

156 CBAA, *submission no. 61*, p. 35.

157 FSG, *exhibit no. 11*, p. i.

2.184 FSG is a working group dealing with sector funding issues, and is comprised of the main peak community broadcasting sector organisations including:

- CBAA, including representatives of CTV and ACB
- NEMBC
- RPH Australia
- AICA (Australian Indigenous Communications Association)
- CBF.¹⁵⁸

2.185 FSG explained how it operates:

Each year the FSG determines a common set of funding priorities for the maintenance and development of the community broadcasting sector, develops a funding proposal and pursues its adoption through the Federal Budget process.¹⁵⁹

2.186 FSG believes:

... research also shows that community broadcasting remains critically under-resourced - a 'threadbare' media sector unable to fully realise its potential ... a compelling argument now exists for recognition of the community broadcasting sector's value and potential through a more appropriate level of Australian Government funding support.¹⁶⁰

2.187 FSG added:

The initiatives outlined in the 2007-08 sector funding submission seek to strengthen community broadcasting in four key areas: content production, infrastructure, training and sector coordination and planning. Additional resources in these areas will assist the sector to capitalize on its strengths across radio, television and related new media during a challenging period of industry change.¹⁶¹

2.188 CBAA put forward the case for increased targeted funding:

Targeted funding in transmission and training is widely appreciated and will do much to enhance the ongoing

158 FSG, *exhibit no. 11*, p. i.

159 FSG, *exhibit no. 11*, p. i.

160 FSG, *exhibit no. 11*, p. i.

161 FSG, *exhibit no. 11*, p. ii.

sustainability and growth of the sector. But there would be serious cause for concern if such support is not continued beyond the current four year commitment.¹⁶²

2.189 FSG requested a funding allocation of \$17.561 million for the 2007-08 financial year, encompassing:

- Content Production - \$7.268m
- Infrastructure - \$6.298m
- Training - \$2.155m
- Sector Coordination & Planning - \$1.84m.¹⁶³

2.190 A breakdown on what FSG was specifically seeking is detailed in Table 2.5 below.

162 CBAA, *submission no. 61*, p. 42.

163 FSG, *exhibit no. 11*, p. 2.

Table 2.5 Funding Strategy Group submission for 2007-08

Area	Amount
Radio content production	
New content production	\$3.25 million per annum
Ethnic, Indigenous and RPH content production	\$2 581 700 per annum
AMRAP	\$710 000 per annum
Total funding requested for radio content production	\$6 541 700 per annum
Radio infrastructure	
Community Radio Infrastructure Renewal and Development Fund	\$3 million per annum
First phase of digital radio implementation	\$2 458 000 in 2007-08
Total funding requested for radio infrastructure	\$4 336 000 in 2007/08
Television content production	
CTV Program Production Fund	\$500 000 per annum
CTV-X National Program Exchange	\$56 000 per annum, plus \$5 000 one-off set-up costs
CTV-Online	\$165 000 per annum
Total funding requested for Television Content Production	\$0.726 million
Television infrastructure	
CTV-Connect	\$340 000 in 2007/08 only
Digital Infrastructure Fund	\$500 000 per annum
Total funding requested for Television Infrastructure	\$0.84 million
Accredited training	
Radio training	\$1.8 million in 2007-08, rising to \$2.4 million per annum thereafter
Television training	\$355 000 per annum
Sector Coordination & Planning	
Radio sector coordination & planning	\$1.6 million per annum
Television sector coordination & planning	\$240 000 per annum

Source FSG, exhibit no. 11, pp. 3-24.

Sector coordination funding

- 2.191 A substantial amount of sector funding goes toward sector coordination and operation of the CBF:

It should also be noted that the General Grants Fund also carries the burden of funding general sector coordination and the CBF's own net operating costs. Given rapid sector growth and diversification these costs are now a considerable proportion of the total funds available.¹⁶⁴

- 2.192 In 2004-05, the total allocation for general community broadcasting was \$1 221 861. CBF drew \$339 223 (28%) for its operation, while CBAA was allocated \$404 000 (33%) toward sector coordination costs.¹⁶⁵

- 2.193 DCITA also provided details on the operation of CBAA and CBF:

In 2006-07 \$413,000 was allocated [to CBAA] which is 32% of the general grants funds or 5.3% of the total annual funding ... In 2006-07 \$387,683 was allocated for this purpose which is 30% of the general grants funds and 4.9% of total funding.¹⁶⁶

- 2.194 DCITA also added:

It should be noted that the CBF's ratio of administration costs to project costs is highly efficient and compares favourably to other similar funding agencies.¹⁶⁷

Government advertising

- 2.195 Several submissions to the inquiry raised the issue of limited or no government advertising on community radio and television.

- 2.196 ACCESS 31 explained:

Community television stations receive no Federal Government advertising or paid Government public information messages whatsoever. From a marketing perspective, the Government is missing out on unique, dedicated and large audiences which other telecasters cannot reach. SBS, Pay-TV and Commercial Television all receive substantial Federal Government advertising. In many markets community TV regularly out rates SBS and all community

164 CBF, *submission no. 114*, p. 22.

165 CBF, *submission no. 114*, p. 22.

166 DCITA, *submission no. 75.1*, p. 8.

167 DCITA, *submission no. 75.1*, p. 8.

telecasters have larger audiences than any of the individual Pay TV channels.¹⁶⁸

- 2.197 ACCESS 31 also discussed the value for money governments would get for advertising on community broadcasting stations:

... the costs of sponsorship on community TV are much more modest than their ratings would suggest, so money goes a long way in local television promotion. Therefore, there is no possible justification for neglecting against the only form of television which takes its local and Australian content obligation to heart, when planning Government information campaigns. Most State Governments have recognised this fact and include community TV sponsorship as part of their government advertising and public awareness campaigns. The Commonwealth must address this imbalance as quickly as possible in the interests of equity as well as in being able to obtain more promotional 'bang for its buck'.¹⁶⁹

- 2.198 ACB also suggested that it has a significant audience reach which would be beneficial to government advertising campaigns:

If the government advertising option was based on audiences and community interests then our sector would actually do very well out of all of that, I would think, because we have a fairly large slab of the listening audience.¹⁷⁰

- 2.199 Western Radio Broadcasters also discussed audience reach:

Another issue that I believe needs to be address is the placement of government advertising. Considering that there are in the vicinity of four million people listening to community radio, why isn't community radio receiving more government advertising revenue – not only placement into the niche broadcasting area such as ethnic but also English language?¹⁷¹

- 2.200 Huon FM also suggested that government advertising would be suitable for community broadcasting:

There is strong case for some of the Government's advertising expenditure to be allocated to community stations that reach markets not covered by other media. Government information and advertising should be allocated to community broadcasters given

168 ACCESS 31, *submission no. 35*, p. 12.

169 ACCESS 31, *submission no. 35*, p. 12.

170 ACB, *transcript of evidence 6 September 2006*, p. 13.

171 Western Radio Broadcasters, *transcript of evidence 20 July 2006*, pp. 55-56.

the range, demographics, and interests of listeners to community radio. Community stations should be placed on the Government's list of advertising outlets.¹⁷²

2.201 Radio Logan discussed the benefit of government advertising for local communities:

Currently the Federal Government rarely, if at all, sponsors community radio stations. With many government initiatives focusing on local aspects of the Australian community, and the fact that community radio reaches that community, it seems logical that the government should get their message across by sponsored announcements on community radio stations. This would not only benefit the community, but would be a way for stations to raise much needed funds for the day to day running of the station.¹⁷³

2.202 Brisbane's 4EB FM suggested that government advertising can reach all communities:

With services such as 4EB FM available, government advertising can more [effectively be] communicated to all residents (including those that have English as a second language). This can help to stop divisions occurring in the community due to lack of information.¹⁷⁴

2.203 CBAA summarised:

... there is no inherent barrier to our increasingly being a conduit for government portfolios and departments in terms of helping spread the message ... by and large most stations were keen to embrace the opportunity to carry government information campaigns ... [we will] talk to portfolios and agencies about trying to build greater patronage and support for our services through government information campaigns.¹⁷⁵

172 Huon FM, *submission no. 17*, p. 5.

173 Radio Logan, *submission no. 47*, p. 3.

174 4EB FM, *submission no. 54*, p. 2.

175 CBAA, *transcript of evidence 31 May 2006*, p. 5.

Committee comment

- 2.204 The Committee is impressed by many examples of good governance among community broadcasters.
- 2.205 However, during the course of the inquiry some submissions sought to use the inquiry process to air details of personal conflict at community stations. This reinforced for the Committee the importance of a professional management structure, and appropriate internal procedures and management expertise.
- 2.206 There are enormous benefits from installing a management and governance structure that includes community members with the appropriate skills, knowledge and experience.
- 2.207 The Committee recommends that the Australian Government, in conjunction with the sector's peak bodies, develop a series of guidelines that set up a template for the structure of station boards or management committees.
- 2.208 The Committee also acknowledges that establishing governance structures is not usually the role of Government, as ACMA and DCITA have noted. However, given that the Australian Government is accountable for the way in which funds provided to community broadcasters are spent and is responsible for the very valuable spectrum made available to broadcasters, the Committee considers it important to ensure effective management and governance practices are in place.

Recommendation 1

The Committee recommends that the Australian Government, in conjunction with the sector's peak bodies, develop a guiding template for the structure of station boards or management committees.

The template for a community broadcaster board or management committee should ideally include:

- **local council representative(s)**
- **educational institution representative(s)**
- **chartered accountant**
- **local Chamber of Commerce or business council representative**
- **other people suitably trained or qualified for managing such a community business.**

2.209 The Committee is impressed by the number of stations that manage to provide a valuable service to their communities, often with limited financial resources.

2.210 Given pressures on funding, the Committee appreciates that some stations have made financial decisions in relation to insurance and training requirements. However, failure to invest in insurance, particularly defamation insurance, is indicative of a poor understanding of business risks.

2.211 The Committee is of the opinion that an increase in forward planning and business training would be of great benefit to community broadcasting stations.

2.212 To increase the level of effective governance in the sector, the Committee recommends that the Australian Government provide additional funding to the sector's peak bodies for the delivery of training material for the sector that focuses on management and effective business planning.

Recommendation 2

The Committee recommends that the Australian Government provide an additional \$500 000 per year for four years, for the development and delivery of training material for the sector that focuses on management training for the community broadcasting sector.

This funding should be effective from 2008-09 and should be in addition to the \$2.2 million over four years that the sector is currently utilising.

- 2.213 The Committee is of the opinion that management training should be a key component of the operation of a community broadcasting station.
- 2.214 The Committee is also confident that an ethos of better management will be instilled in the sector and in particular, filter down through the substantial number of volunteers.
- 2.215 The Committee considers that a significant proportion of the sector can be trained, with increased funding and with improved training methods. For example, a significant proportion of material can be delivered over the internet. Australia already has many institutions that specialise in distance education. Training for the community broadcasting sector could become more efficient and streamlined.
- 2.216 The Committee also recommends that the Australian Government, through ACMA, ensures that management training requirements are incorporated as community broadcasting licence conditions, as part of the licence renewal process.

Recommendation 3

The Committee recommends that the Australian Government, through the Australian Communications and Media Authority, require that compulsory accredited business management training is incorporated as a community broadcasting licence condition, as part of the licence renewal process.

- 2.217 The Committee notes that stations that have demonstrated effective management processes, and have appropriate measures in place such as defamation insurance, are more likely to be considered for Australian Government funding in the future.
- 2.218 The Committee considers that stations with improved management will be able to obtain more sponsorship and private sector funding and also have fewer internal disputes.
- 2.219 The Committee is of the opinion that funding disbursement should be tied to effective management and accountability to the communities particular stations serve.

Recommendation 4

The Committee recommends that the Community Broadcasting Foundation reassess their criteria for funding disbursement, taking into account effective management, business planning and accountability to the communities those stations serve.

- 2.220 The Committee acknowledges the significant amount of financial support given by the Australian Government to the sector, some \$86 million since 1984.
- 2.221 The Committee registers its deep concern at the drop in Australian Government funding support for community broadcasting, on a per station basis, over the past two decades.
- 2.222 The Committee notes the apparent disparity in station income across metropolitan, suburban, regional and rural stations, and also notes the varying levels of dependence on Australian Government funding.
- 2.223 The sector has seen a significant number of new stations established, particularly over the past 15 years. This growth in services and diversification in types of stations has given rise to a vibrant community broadcasting sector.
- 2.224 The Committee considers that the level of financial support for this important sector should have increased significantly as the number of stations rose.

- 2.225 The Funding Strategy Group requested a significant increase in funding for the 2007-08 financial year. The Committee agrees that a substantial increase in funding for the sector is urgently needed.
- 2.226 The Committee notes that core funding has not increased by any significant amount in the 2007-08 Federal Budget. Core funding continues to fall well short of the amount requested by the Funding Strategy Group and the amount considered adequate by the Committee.
- 2.227 Notwithstanding 2007-08 funding levels that have been announced, the Committee considers that the additional funding required is relatively modest. Accordingly, the Committee recommends an increase in core funding for 2007-2008.
- 2.228 The Committee also recommends that core funding for the sector should be indexed and reviewed regularly to ensure funding remains proportionate to growth in the sector.
- 2.229 The Committee notes that funding is not consistent for many stations from year to year. The Committee is of the opinion that stations should receive regular funding, enabling the placement of paid station managers and establishing consistency of operations.
- 2.230 Therefore the Committee recommends that an increase in funding should be allocated to the general community broadcasting part of core funding, and be disbursed by the Community Broadcasting Foundation for the purposes of funding station manager positions. The Community Broadcasting Foundation can disburse those funds on an application basis to stations according to set criteria such as need for management position(s), population and area served, current resources available, etc.
- 2.231 The Committee is confident that a paid station manager, combined with effective management training, will see a significant increase in management standards across the sector.

Recommendation 5

The Committee recommends that the Australian Government increase the general community broadcasting category of core funding for the community broadcasting sector by \$10 million, with indexed annual increases.

This increase in funding is for the purpose of funding community broadcasting station manager positions.

This funding increase should be effective for the 2007-08 financial year.

The Committee also recommends that the Australian Government review this level of funding every three years to ensure it remains proportionate to sector growth.

- 2.232 The Committee acknowledges the significant amount of financial support in the form of targeted funding given by the Australian Government to the community broadcasting sector.
- 2.233 However, the Committee notes that the value of targeted funding has declined in real terms and recommends that targeted funding levels for the sector are increased. Funding announced in the 2007-08 Federal Budget did not address this issue.
- 2.234 In particular, an increase in targeted funding over several years would address the sector's infrastructure requirements, including the urgent upgrade of equipment and facilities for all community broadcasters.
- 2.235 Therefore the Committee recommends that the Australian Government increase targeted funding for the community broadcasting sector to \$5 million for 2007-08, with indexed annual increases.
- 2.236 The Committee recommends that this increased level of targeted funding should continue for four years.

Recommendation 6

The Committee recommends that the Australian Government increase targeted funding for the community broadcasting sector to \$5 million, with indexed annual increases.

This funding increase should be effective for the 2007-08 financial year.

The Committee also recommends that targeted funding should continue for four years, from 2007-08.

- 2.237 The Committee fully supports a substantial increase in funding for infrastructure upgrades. However, the targeted funding increases for infrastructure upgrades that have been recommended are for a set time frame.
- 2.238 As infrastructure upgrades occur the Committee urges broadcasters to implement better business and financial planning that factors in the replacement of ageing and redundant equipment in future years.
- 2.239 The Committee is aware that regional and rural areas have a much smaller population than metropolitan and suburban areas, but is also aware of the increased importance of a local community broadcasting service for a particular regional or rural community. Many regional and rural areas rely on their community radio stations as their only source of local information and entertainment.
- 2.240 The Committee is concerned that the ever more important regional and rural community broadcaster will continue to struggle to maintain financial stability in typically small markets.
- 2.241 The Committee therefore recommends that the Australian Government ensure that CBF grants provide to regional and rural stations the funding support appropriate to the services they deliver.

Recommendation 7

The Committee recommends that the Australian Government ensure that regional and rural community broadcasting stations are not financially disadvantaged, compared to metropolitan stations, and receive support appropriate to the services they deliver, with regard to Australian Government grants disbursed by the Community Broadcasting Foundation.

- 2.242 The Committee is aware of the extensive and diverse audience reach of community broadcasting services.
- 2.243 The Committee recognises that there is the opportunity for the Australian Government to reach a wider audience by advertising its programs through community broadcasting services.
- 2.244 In particular, the Committee considers that there is great potential for the delivery of advertising on government programs to ethnic, Indigenous and RPH audiences.
- 2.245 The Committee strongly suggest that Government Departments better utilise community broadcasting as a means to advertise Government programs and initiatives.
- 2.246 The Committee recommends that the Australian Government annually report to Parliament the percentage of Australian Government advertising expenditure that it allocates to the community broadcasting sector, and to justify nil returns.

Recommendation 8

The Committee recommends that the Australian Government annually report to Parliament the percentage of Australian Government advertising expenditure that it allocates to the community broadcasting sector, and justify nil returns.