The Parliament of the Commonwealth of Australia

Local Voices

An Inquiry into Regional Radio

House of Representatives
Standing Committee on Communications, Transport and the Arts

September 2001

Contents

Foreword

As with many of the simple things in life, radio is a service that many of us take for granted. Radio is a voice that we turn to at different times for different reasons: for news and information and comment on a daily basis; for guidance and critical information during emergencies; for entertainment and relaxation, and for companionship. At times it is our focus; at other times, a reassuring background presence. Radio connects us to a wider world but it also, importantly, reflects back to us our immediate world, the place to which we belong.

Regional areas have been subjected to many changes in recent years. Technological and transport developments have built some 'bridges' between regional and metropolitan communities. Technological developments are also increasingly leading to services being delivered electronically. In many regional areas, this has led to the loss of institutions such as banks and government agencies which were an important part of the social and economic fabric of the area. Coupled with economic developments, such changes have represented a considerable loss to many communities.

The delivery of radio services in regional areas has also been profoundly affected by a combination of technological, economic and regulatory developments. Regional areas are still receiving radio services albeit with an increasing degree of networked, pre-recorded, automated and syndicated programming. These developments have led, in some instances, to more hours of broadcast and, in some instances, to a higher quality of programming — but at a price.

However, we are concerned that the changes are also leading to fewer local voices, which are the very essence of regional radio. This is occurring in enough instances for us to be convinced that warning bells are ringing for local radio in regional areas. Regional communities want services of the same quality that metropolitan areas receive. They do not, however, want to lose their own voice in the process.

While attending to the concerns of broadcasters and their needs for an environment that is conducive to providing radio services, we have focussed on the needs and aspirations of listeners. As networks have grown larger, and the

regulatory environment more responsive to entrepreneurial demand, listeners have been left out of the picture. We have endeavoured to put in place mechanisms to address this situation.

Having access to the radio spectrum carries with it responsibilities. We have made some specific recommendations aimed at ensuring broadcasters meet these responsibilities. We have also suggested mechanisms which will provide for more openness and transparency on the part of broadcasters so that communities will be better equipped to make their own judgements about the radio services they receive, and the ABA will be better informed when making its licensing decisions.

A number of submissions expressed concerns about specific decisions made by the ABA. As a result of earlier recommendations made by this Committee, the Australian National Audit Office (ANAO) is conducting an inquiry into the ABA's Licence Area Planning process. We understand that the ANAO will report in the near future and we anticipate that it will address a number of the concerns about ABA decision making that have been raised during this inquiry.

Many organisations and individuals have made a substantial contribution to the conduct of this inquiry. We appreciate the efforts that the radio industry, governments, community organisations and individuals have put into making submissions. We particularly appreciate the willingness of individuals to travel considerable distances to participate in public hearings and meetings.

I thank all my colleagues of the Communications, Transport and the Arts Committee for their high level of commitment to this inquiry, to former member Mr Colin Hollis and to our dedicated staff led by Grant Harrison and Janet Holmes.

Paul Neville MP
Chair

Membership of the Committee

Chair	Paul Neville MP
Deputy Chair	Steve Gibbons MP

Members

Gary Hardgrave MP	Stewart McArthur MP
Colin Hollis MP (to 9 Oct 2000)	Frank Mossfield MP
Hon David Jull MP	John Murphy MP
Peter Lindsay MP	Stuart St Clair MP
Kirsten Livermore MP (from 9 Oct 2000)	

Committee Secretariat

Secretary	Grant Harrison
Inquiry Secretary	Janet Holmes
Research Officer	Rachel Carew
Administrative Officer	Katie Hobson

Terms of reference

The following terms of reference were provided to the Committee by the Minister for Communications, Information Technology and the Arts on 7 September 2000:

> The House of Representatives Communications Committee shall inquire into and report on the adequacy of radio services in regional and rural Australia and the extent to which there is a need for the Government to take action in relation to the quantity and the quality of radio services in regional and rural Australia, having particular regard to the following:
>
> - the social benefits and influence on the general public of radio broadcasting in non-metropolitan Australia in comparison to other media sectors;
>
> - future trends in radio broadcasting, including employment and career opportunities, in non-metropolitan Australia;
>
> - the effect on individuals, families and small business in non-metropolitan Australia of networking of radio programming, particularly in relation to local news services, sport, community service announcements and other forms of local content, and;
>
> - the potential for new technologies such as digital radio to provide enhanced and more localised radio services in metropolitan, regional and rural areas.

List of abbreviations

ABA	Australian Broadcasting Authority
ABC	Australian Broadcasting Corporation
ACA	Australian Communications Authority
ATSIC	Aboriginal and Torres Strait Islander Commission
BSA	Broadcasting Services Act 1992
BSB	Broadcasting Services Bands
CBAA	Community Broadcasting Association of Australia
DCITA	Department of Communications, Information Technology and the Arts
DMG Group	DMG Radio Australia Pty Ltd
DRB	Digital Radio Broadcasting
FARB	Federation of Australian Radio Broadcasters
IRB	Australian Association of Independent Regional Radio Broadcasters
NIRS	National Indigenous Radio Service
ntl	ntl Pty Ltd (the company which operates the National Transmission Network)

NTN   National Transmission Network

RCRS   Remote Commercial Radio Service

RGCR   RG Capital Radio Ltd

RPH   Radio for the Print Handicapped

List of recommendations

Access and diversity

Recommendation 1

As a matter of high priority, the Minister for Communications, Technology and the Arts should establish a Radio Black Spots Program. The Program should be established along similar lines to the Television Black Spots Program. The program should apply to national and commercial radio services. First priority should be given to attempting to ensure all communities with 50 or more households have access to the most locally relevant ABC Local Radio Service and at least one commercial radio service. (paragraph 2.55)

Recommendation 2

The ABC should commit to the establishment of a 10kW AM transmitter at Meekatharra, Western Australia, as a replacement for the short wave service that the ABC withdrew in 1994. If necessary, the Government should finance this project specifically in the 2002-03 Budget. (paragraph 2.71)

Recommendation 3

The Minister for Communications, Information Technology and the Arts should prepare amendments to the *Broadcasting Services Act 1992* to enable communities in the RCRS zones which do not consider the service that they receive is adequate in terms of local relevance to be able to apply to retransmit another service, following the conduct of the audit process described in Chapter 3. (paragraph 2.94)

Recommendation 4

The Minister for Communications, Information Technology and the Arts should prepare amendments to the *Broadcasting Services Act 1992* to

establish an additional category of broadcasting service relating to Indigenous broadcasting services. (paragraph 2.109)

Recommendation 5

The Minister for Communications, Information Technology and the Arts should direct the Department of Communications, Information Technology and the Arts to develop, in consultation with the ABA, RPH Australia, Radio for All Australians and other relevant organisations, a national strategy to ensure that people in non-metropolitan Australia have access to radio services for the print handicapped. (paragraph 2.118)

Recommendation 6

The Minister for Communications, Information Technology and the Arts should establish a station manager employment and training scheme for the community broadcasting sector to allow community broadcasters to participate in accredited training courses. The scheme should be based on a self-help model in which Commonwealth funds are made available on a dollar for dollar basis to match locally generated funds. The level of Commonwealth funding should be capped at $5,000 per station. (paragraph 2.133)

Local radio and commercial viability

Recommendation 7

The Minister for Communications, Information Technology and the Arts should prepare amendments to the Broadcasting Services Act 1992 to require all non-metropolitan commercial, community and narrowcast radio services to identify the originating source of programming when giving their call signs. (paragraph 3.27)

The ABC Board should determine that ABC regional radio services identify the originating source of programming when giving their call signs.

Recommendation 8

The Australian Broadcasting Authority should continue its survey of program formats on an ongoing basis ensuring that it identifies the source and degree of local news and community content.

The Minister for Communications, Information Technology and the Arts should prepare amendments to the *Broadcasting Services Act 1992* to require commercial radio licensees to report their program delivery operations and details of program formats to the ABA on an annual basis.

The Australian Broadcasting Authority should publish this material in full disaggregated according to licence areas. (paragraph 3.27)

Recommendation 9

The Minister for Communications, Information Technology and the Arts should direct the ABA following the completion of the LAP process to conduct an audit of licence areas to determine the degree to which the planning process has provided for localism and diversity and the level of community satisfaction with the services in their area.

The Minister should ensure adequate resources are provided to the ABA to enable it to complete the audits within a reasonable time frame.(paragraph 3.157)

Recommendation 10

The Minister for Communications, Information Technology and the Arts should direct the ABA not to issue any further new commercial licences in regional areas, following the completion of the LAP process, until an audit of that licence area has been completed. (paragraph 3.237)

Recommendation 11

The Minister for Communications, Information Technology and the Arts should prepare amendments to the Broadcasting Services Act to make provision for a test of commercial viability to be included, following the completion of the LAP process, before the issue of new licences.

The Minister for Communications, Information Technology and the Arts should ensure that the ABA is provided with adequate resources to develop and implement the test. (paragraph 3.238)

Recommendation 12

The Minister for Communications. Information Technology and the Arts should prepare amendments to the relevant legislation to extend the boundaries of the Broadcasting Services Bands part of the spectrum to encompass the frequencies used for s.40 licences. (paragraph 3.248)

Recommendation 13

The Minister for Communications, Information Technology and the Arts should prepare amendments to the Broadcasting Services Act 1992 to have narrowcast licences restrict narrowcast licences to a particular format and for open narrowcast licensees to require permission from the ABA before substantially changing the format. (paragraph 3.256)

Responding responsibly: the role of radio in emergency situations

Recommendation 14

The Minister for Communications, Information Technology and the Arts should prepare amendments to the *Broadcasting Services Act 1992* with the object of requiring broadcasters to take responsibility for:

■ ensuring the contact details for the relevant State Emergency Service contact person in the area are known to all relevant broadcasting staff at all times;

■ any emergency service announcements considered necessary by an accredited emergency service organisation or other such body are broadcast; and

■ providing to accredited emergency service organisations up-to-date contact details for staff with the authority to interrupt programmed radio services (particularly pre-recorded, automated and networked services) in order to broadcast emergency service announcements. (paragraph 4.54)

Recommendation 15

The Minister for Communications, Information Technology and the Arts should prepare amendments to the *Broadcasting Services Act 1992* to require:

■ that, as a condition of any broadcasting licence, broadcasters maintain properly developed emergency response plans; and

■ the Australian Broadcasting Authority to regularly audit the emergency response plans maintained by broadcasters and check that the procedures in place would allow programmed services to be interrupted in the event of an emergency. (paragraph 4.55)

Recommendation 16

The Minister for Defence, in conjunction with the Ministerial Council of Emergency Service Ministers, should develop protocols to ensure that radio and television station managers (or their delegates) are represented on local and regional State Emergency Service Committees and disaster response coordinating organisations. (paragraph 4.56)

Recommendation 17

The Minister for Communications, Information Technology and the Arts should consider whether it would be appropriate to specify in legislation that, where broadcasting facilities are damaged in an emergency situation and where there is an expectation that broadcasters transmit emergency

service announcements, telecommunications providers should give priority to repairing damaged equipment, infrastructure or links to essential broadcasting equipment. (paragraph 4.62)

Digital Radio Broadcasting

Recommendation 18

The Minister for Communications, Information Technology and the Arts should ensure that some of trials that are proposed for digital radio broadcasting are conducted in regional and remote areas. The Minister should stipulate the trials take into account the fortuitous coverage areas of AM services as a basis for the new digital service footprints or coverage areas. (paragraph 5.31)

Recommendation 19

In the context of these trials, the Minister for Communications, Information Technology and the Arts should also consider the potential application of the hybrid satellite/terrestrial technology being promoted by AsiaSpace with particular attention to the provision of radio services to moving vehicles. (paragraph 5.32)

Recommendation 20

The Minister for Communications, Information Technology and the Arts should ensure that the community, Indigenous, Radio for the Print Handicapped broadcasters are included at all stages in the planning and implementation of digital radio. (paragraph 5.35)

Appendix A – Submissions

Appendix B – List of Exhibits

Appendix C – List of Hearings & Witnesses

Appendix D - The Optimal Transmission Strategy

Appendix E –Section 3 of the Broadcasting Services Act

Appendix F – ABC Local Radio, Regional Rollout

Appendix G – ABA's Policy for use of confidential licensee and commercial-in-confidence financial information

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Introduction

> If you view all the things that radio provides in its very portable form: information, entertainment, sports – no other medium can replicate it. Good broadcasters are trained to talk directly to the listener. A one-to-one relationship is created. Radio provides affordable and convenient access to the world.[1]

Background

1.1 On 7 September 2000, the Minister for Communications, Information Technology and the Arts referred to the House of Representatives Standing Committee on Communications, Transport and the Arts the terms of reference for an inquiry into the adequacy of radio services in regional and rural Australia. The Committee has had a long standing interest in radio services and welcomed the opportunity to conduct this inquiry.

1.2 With an audience reach of 95 per cent of Australians and an average of five radios per household,[2] radio plays a significant role in informing and entertaining listeners across Australia. Resilient, ubiquitous, portable, accessible and affordable, radio arguably occupies an even more important place in the lives of people in regional and remote areas.

1.3 Radio services have undergone considerable changes in recent years. The changes are the result of a combination of regulatory, economic and technological developments. These developments have affected the range, nature and quality of services for listeners in many parts of Australia, and

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1   Submission No 178, Vol 5, p 944 (Department of Commerce and Trade, Western Australia)
2   Federation of Australian Radio Broadcasters, *Radio All Australia Listening Report*, 2000

have dramatically changed the environment for service providers. The effect of the changes has been more apparent in non-metropolitan Australia impacting both positively and negatively on the radio services provided.

1.4   The changes have led to :

- an increase in the number of radio services in nearly all licence areas and a substantial increase in the number of radio services overall;

- increased competition;

- consolidation of ownership in the commercial radio industry with the loss of independently owned local stations and an expansion of networks; and

- an increase in networked, pre-recorded, automated and syndicated programming.

1.5   This inquiry has essentially examined the impact of these changes on radio services in regional areas.

Conduct of the inquiry

1.6   The Committee endeavoured to hear from all sections of the community with an interest in the inquiry.

1.7   The inquiry was advertised in the national media between 23 and 28 September 2000. Submissions were sought directly from a range of organisations and groups including:

- the radio broadcasting industry including national, commercial and community sectors;

- peak industry bodies including the Federation of Australian Radio Broadcasters (FARB) and the Community Broadcasting Association of Australia (CBAA);

- Commonwealth, State and Local Governments;

- State head offices of the Chambers of Commerce and Country Women's Associations of Australia; and

- Members of Parliament.

1.8   Press releases giving notification of the inquiry were also distributed to nearly all media outlets across Australia.

1.9   The inquiry generated considerable interest across Australia . We received 290 submissions, as listed in Appendix A, and 42 exhibits as listed as Appendix B, and a number of form letters.

1.10   An extensive program of public hearings was developed which comprised seventeen public hearings or meetings, a number of which of which were held in regional centres. Nine volumes of submissions were produced and approximately 1000 pages of transcript were produced. Copies of transcripts and volumes of submissions are available from the Committee Secretariat. Transcripts of evidence and copies of some submissions are also available on the internet at www.aph.gov.au/house/committee/cta.

1.11   In the course of the inquiry, we had considerable contact with the Australian Broadcasting Authority (ABA), the Australian Broadcasting Corporation (ABC) and the Federation of Australian Radio Broadcasters (FARB). As certain issues developed during the course of the inquiry and in response to requests for information, all three organisations made a number of supplementary submissions. The Committee appreciates the efforts made by these organisations to provide background information and their ongoing co-operation throughout the inquiry. We also appreciated the assistance provided by the Department of Communications, Information Technology and the Arts (DCITA) and the Independent Regional Broadcasters (IRB).

Scope

1.12   The focus of the inquiry was determined largely by the nature of the issues raised in evidence. Two themes dominated the inquiry, namely access and content. Although both themes emerged in evidence pertaining to all radio sectors, access was the dominant issue in submissions focussing on ABC radio services and content was the dominant issue in submissions focussing on commercial radio services. The structure of the report reflects this.

1.13   While the issues around access are arguably the most important issues raised in the inquiry, they are relatively straightforward. They are dealt with in Chapter 2.

1.14   The issues relating to content are complex. The Committee received many submissions from individual broadcasters and from listeners about this issue and in particular, about the impact of networking on the nature of local radio. From the broadcasters' perspective, the issue was closely related to the issue of commercial viability. These issues are explored in Chapter 3.

1.15   In assessing the claims and counter claims that characterised this area of the inquiry, we have been somewhat hampered by the absence of a complete set of hard evidence. While we sense that the extent of the problems noted by listeners is greater than indicated by the evidence received during this inquiry, we have been cautious in our response. The lack of hard data raises serious questions in relation to the ABA's monitoring role and a number of our recommendations are directed towards ensuring that steps are taken to remedy this situation.

1.16   One content issue about which the evidence was quite conclusive concerned the role of radio stations in emergency situations. Radio plays a critical role in supporting communities and individuals in such times and it is an area in which there should be no room for poor performance. Our findings and views in relation to this issue are outlined in Chapter 4.

1.17   Digital radio and its potential to contribute to radio services in regional and remote Australia has hovered in the background during this inquiry. While all sectors of the industry appear interested in embracing digital radio, for no doubt a range of reasons including the opportunity to diversify their business into datacasting, there is little apparent interest in it at this stage from the listeners' perspective. Despite this, we consider that digital radio has the potential to significantly expand access to a fuller range of services, particularly for listeners in the remoter parts of Australia. We support the steps that have been proposed to further progress its development, as explained in Chapter 5.

1.18   Many of the changes in the radio services referred to earlier in this chapter can be directly attributed to the enactment of the *Broadcasting Services Act 1992* (BSA). In performing its role in administering the BSA, the ABA has to balance the needs of industry for an environment which is conducive to providing radio services and the needs of listeners for access to a reasonable range and level radio services.

1.19   The issues that have been central to this inquiry, access and content, correspond broadly to two of the objects of the BSA, namely object 3(a) and object 3(g), which read as follows:

> 3(a) to promote the availability to audiences throughout Australia of a diverse range of radio and television services offering entertainment, education and information

> 3(g) to encourage providers of commercial and community broadcasting services to be responsive to the need for a fair and accurate coverage of matters of public interest and for an appropriate coverage of matters of local significance

1.20   Although, as explained in the explanatory memorandum to the BSA, the Objects are not listed in any order of priority, and there is an expectation that at times the relative importance of different objects may vary[3], we consider that the ABA has concentrated its efforts on achieving diversity and that this has been to the detriment of achieving to the satisfaction of local listeners the provisions of Object 3(g).

1.21   We acknowledge that the removal of the obligation on individual broadcasters to provide an adequate and comprehensive coverage leaves the ABA without much recourse to action if it detects that a community is not receiving an adequate and comprehensive coverage of radio services. Our concern, however, is that the ABA has not more forcefully brought such matters to the attention of the Minister. *Without taking more thorough steps to evaluate the impact of its decisions and processes, it is difficult to see how the ABA can perform its monitoring or advisory roles with any rigor.*

1.22   Many of our recommendations aim at restoring a balance to the broadcasting regime. We have endeavoured to provide a means by which the system is more responsive to the properly ascertained needs of the community and that developments are in response to community interests as much as entrepreneurial demands.

1.23   The Committee intends to continue monitoring developments in radio services over the coming years. The radio broadcasting environment will continue to evolve as technologies develop. Such changes carry with them the potential to significantly enhance the quality of radio services in regional areas. Such changes should not be allowed to lead to the loss of local voices that are the very essence of regional radio.

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3   *Broadcasting Services Bill 1992*, Explanatory Memorandum, p 9.

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Access and diversity

Number of services

2.1   Much of the efforts of the ABA in implementing the BSA 1992 have been directed towards the promotion of Object 3(a) of the Act.

> Object 3(a) to promote the availability to audiences throughout Australia of a diverse range of radio and television services offering entertainment, education and information, BSA 1992

2.2   Many of the reforms instigated by the BSA 1992 have resulted in a significant increase in the number of radio services in regional Australia. The reforms include a whole of spectrum approach to planning which aims to release all available spectrum, the issuing of s.39 licences and the creation of the open narrowcasting category of radio services. The extent of the increases is portrayed in the following data provided by the ABA.

Table 2.1   Count of commercial regional radio services

Region type	Licence type	As at 30 June 1992		As at June 2001	
		Allocated	**Commenced**	**Allocated**	**Commenced**
Large Regions	1942 BA	48	48	48	48
	s36	-	-	13	13
	s39	-	-	2	2
	s40	-	-	1	1
Medium regions *	1942BA	45	45	45	45
	s36	-	-	8	8
	s39	-	-	24	23
	s40	-	-	1	0
Small regions	1942 BA	36	36	36	36
	s39	-	-	27	27
	s40	-	-	5	4
	s40	-	-	3	2

Note* Remote commercial licences tend to be categorised as large or medium region licencees, as they transmit to large areas with large populations (> 100,000) or medium populations (> 40,000 and<100,000).

Source   ABA

Table 2.2   Count of community radio services

Region	Licence type	As at 30 June 1992		As at June 2001	
		Allocated	**Commenced**	**Allocated**	**Commenced**
Large Regions	1942 BA	23	23	23	23
	Part 6	-	-	16	15
Medium regions	1942 BA	19	19	19	19
	Part 6	-	-	16	16
Small regions*	1942 BA	28	27	28	27
	BRACS	-	-	80	80
	Part 6	-	-	38	35

Note * Remote community licences tend to be categorised as small region licensees, as they transmit only in small areas with small populations (<40,000).

Source   ABA

Table 2.3   Count of open narrowcasting radio licences

Region type	As at 30 June 1992		As at 30 June 2001	
	Allocated	**Commenced**	**Allocated**	**Commenced**
Large Regions	-	-	21	18
Medium Regions	-	-	21	18
Small Regions	-	-	124	104

Source   ABA

2.3   The increase is substantial in all three licence categories with the number of commercial services having commenced operations having increased from 129 to 209 and the number of community services having increased from 69 to 215. In addition, 140 open narrowcasting services have been established.

2.4   Of interest to the Committee was the extent to which the increases were evenly spread across different sized regions.

2.5   The figures below are disaggregated according to size of the market.

Table 2.4   Number of Radio services in regional areas according to size of area, large regions.

Large regions	As at 30 June 1992		As at 30 June 2001	
	Allocated	Commenced	Allocated	Commenced
Commercial radio services (Licence types 1942B, S36, S39 and S40)	48	48	64	64
Community radio services (Licence type 1942A, Part 6)	23	23	39	38
Open narrowcasting radio services			21	18

Source   ABA

Table 2.5   Number of radio services in regional areas according to size of area, medium regions.

Medium regions	As at 30 June 1992		As at 30 June 2001	
	Allocated	Commenced	Allocated	Commenced
Commercial radio services (Licence types 1942B, S36, S39 and S40)	45	45	78	76
Community radio services (Licence type 1942A, Part 6)	19	19	35	35
Open narrowcasting radio services			21	18

Source   ABA

Table 2.6   Number of radio services in regional areas according to size of area, small regions.

Small regions	As at 30 June 1992		As at 30 June 2001	
	Allocated	Commenced	Allocated	Commenced
Commercial radio services (Licence types 1942B, S36, S39 and S40)	36	36	71	69
Community radio services (Licence type 1942A, Part 6)	28	27	146	142
Open narrowcasting radio services			124	104

Source   ABA

2.6   Of the 84 new commercial licences, 16 have been allocated in larger regions, 33 in medium regions and 35 in smaller regions.

2.7   Of the 150 new community licences allocated, 16 have been allocated in large regions, 16 in medium regions and 118 in small regions.

2.8   Of the 166 open narrowcasting services, 21 have been allocated in large regions, 21 in medium regions and 124 in small regions.

2.9   The figures indicate that the number of services that have commenced has been proportionately greater in smaller markets. In commercial licences that increase ranges from 33 per cent in larger regions, to 69 per cent in medium regions, and to 92 per cent in smaller regions.

2.10   Despite the increase in the number of radio broadcasting services, the evidence received by the Committee revealed that some areas still have very limited access to radio services and some areas have no access or access only through satellite delivered services.

Extent of access in regional areas

Access to national radio services

2.11   Nearly a third of the submissions received in this inquiry related to ABC
        Radio Services. Almost without exception, listeners affirmed the value of
        ABC Radio in regional areas. Most submissions described not having
        access to one or more of the ABC's radio services that they wanted to hear.
        Some had difficulty receiving any radio services at all. In many instances
        this was a result of reception problems in the area.

2.12   According to the ABC's estimates, 'almost 100 per cent of the Australian
        population have access to an ABC Local Radio service, 97 per cent have
        access to Radio National, 95 per cent to ABC Classic FM, 92 per cent to
        Triple J and approximately 70 per cent to NewsRadio/PNN in capital
        cities and Newcastle only.[1]

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1   Submission No 108, Vol 3, p 453 (ABC)

ABC RADIO — NETWORK COVERAGE

Per Cent of Population Covered   Coverage Area

Local Radio (regional and metropolitan stations)

ABC Classic–FM

Radio National

Triple J

NewsRadio
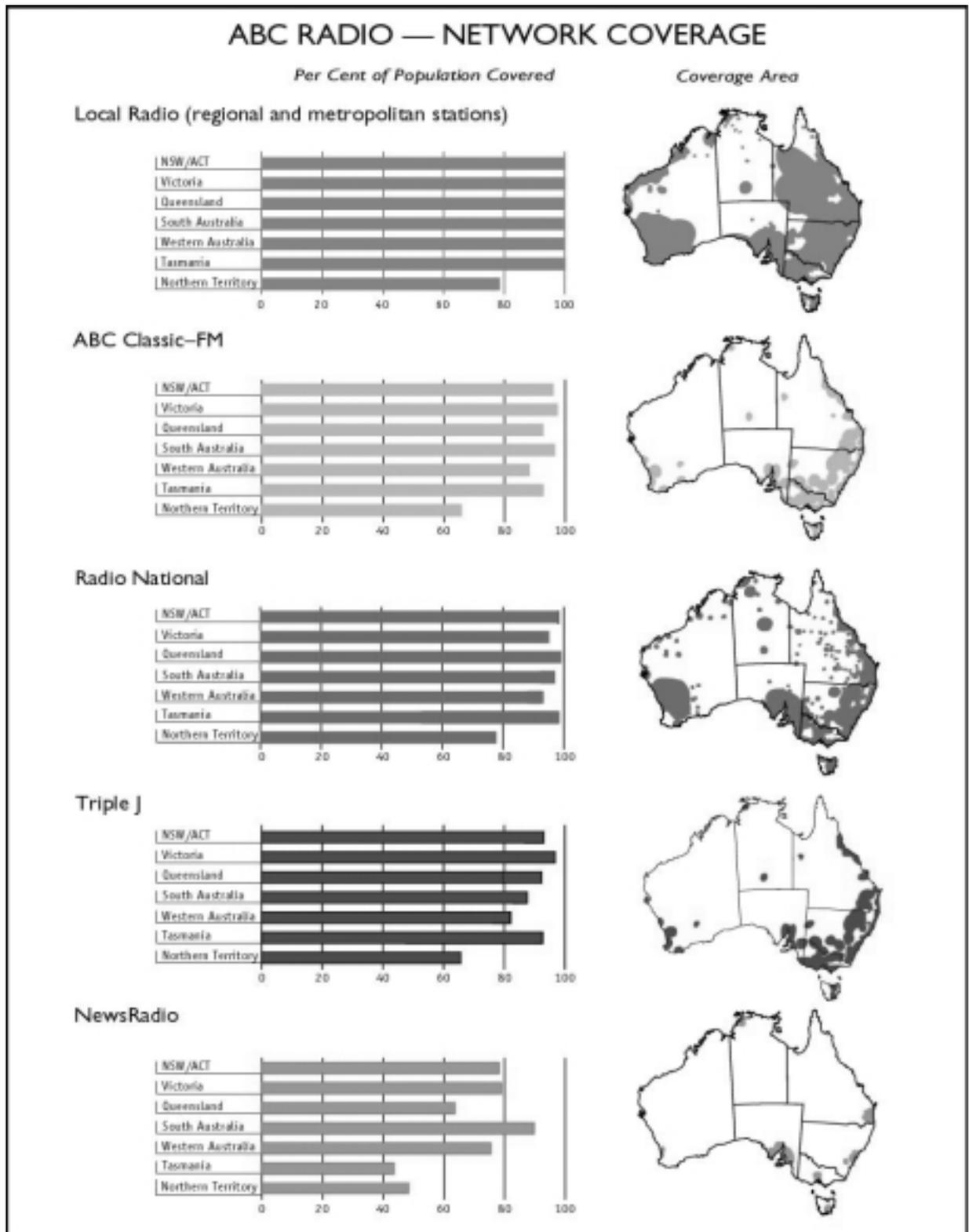
Source   ABC

2.13   ABC Radio services are also available by satellite. As acknowledged by the
          ABC's Director of Technology and Distribution, Mr Knowles, this does not

solve the problem for 'the man on the tractor or the person driving down the road.[2]'

2.14   Although the Committee did not receive full details of the extent of coverage by SBS radio in regional Australia, we did receive a number of submissions calling for the extension of SBS Radio services in regional areas.

Access to commercial radio services

2.15   Despite the increase in the number of commercial licences across Australia, many areas do not receive commercial radio services.

2.16   According to the Western Australian Department of Commerce and Trade, for instance, only a minority of towns in Western Australia have their own commercial radio station 'and those receive networked program for most, and in some cases, all of the time.'[3]

2.17   In a recent exercise, FARB has identified a number of radio black spot areas around Australia. According to FARB, of the 142 black spot areas it has identified, 'most do not currently receive any commercial service (88 areas). A number of these areas do not receive the ABC or other radio signals either. A further 72 sites receive only an inadequate signal and in another 13 areas part of the community does not receive any signal. The remaining 13 areas do not receive signals for all the commercial stations potentially available in their areas.'[4]

Access to community radio services

2.18   Although the increase in the number of community radio services in regional areas has been substantial, many regions and remote communities still do not have access to a community radio station. In Western Australia, for instance, only ten of the 154 towns outside the metropolitan area have community stations on the air.[5]

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2   Transcript of evidence, 28 May 2001, Brisbane, p 743 (Mr Knowles)
3   Submission No 178, Vol 5, p 942 (Department of Commerce and Trade, Western Australia)
4   Exhibit No 38 (FARB)
5   Submission No 178, Vol 5, p 942 (Department of Commerce and Trade, Western Australia)

Reason for access and reception problems

2.19   A number of factors contribute to communities in regional Australia not having access to radio services. In most cases, it is because the cost of providing a service to communities with small populations is prohibitive.

2.20   The ABC budget, for example, allows for minor extensions and service enhancements only. A significant extension of services would require additional funding. The 2001-02 Budget allocated additional funding for the ABC, details of which are provided in the next chapter.

2.21   In terms of commercial broadcasters, there is no requirement on commercial broadcasters to provide a service to a certain percentage of its licence area. Nor does the ABA have the power to review the licence or compel licensees to 'fix' areas of poor reception.[6] Commercial broadcasters are generally only interested in providing services which are commercially viable. The costs of providing a service in some communities simply exceeds the revenue that would be returned by that community to the broadcasters.

2.22   Some reception and access problems are exacerbated by topography. This is clearly the case in Walpole a small coastal town in the south west of Western Australia located approximately 120 kilometres west of Albany. Walpole currently receives virtually no radio services and has been used as a case study throughout this chapter to illustrate some of the problems encountered by small regional communities in accessing radio services., The organisation which owns the National Transmission Network (ntl pty ltd), offered the following explanation for some of the technical problems that make access to radio services difficult in the Walpole area.

> Further, Walpole is located on the coast and is bordered by a forested national park which impacts on the quality of reception. The strength of the radio signals is reduced due to the surrounding hilly topography and clutter due to the trees. This also means that any reception of these weak radio signals, particularly from AM radio transmitters, is highly susceptible to interference from any local electrical noise.[7]

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6   Submission No 79.03, Vol 9, p 2146 (ABA)
7   Submission No 192.01, Vol 8, p 2035 (ntl)

The need to improve access in regional areas

2.23   Although we acknowledge that there has been a significant expansion of radio services in regional areas in the last decade, we are concerned by the level of access and reception problems that still exist.

2.24   We do not consider it acceptable that despite all the technological advances in recent years, some communities are still without easy access to radio services.

2.25   Radio plays a significant role in informing and entertaining listeners in all communities across Australia. In regional areas, it plays an extremely important role in connecting people within communities—however dispersed the population—and in building a sense of community identity. Radio also helps connect individuals and communities to the wider world and makes a significant contribution to ameliorating the economic , social and cultural disadvantages of living in remote communities.

2.26   While we encourage measures that will lead to a sustainable increase in the diversity of radio services in all regional areas, it is imperative that measures are taken to ensure all communities have access to at least a reasonable level of radio services. Ideally, all communities should have access to their most relevant ABC Local Radio Service (Regional) and at least one commercial service.

2.27   Many of the communities which have reported severe reception difficulties or almost total lack of radio services to this Committee are in the more sparsely populated areas of Australia. As pointed out by the Western Australian Department of Commerce and Trade in its excellent submission, there are economic reasons as well as social and equity reasons for ensuring such communities have access to radio services.

> In non-metropolitan Western Australia 2.5 per cent of the Australian population produces over 26 per cent of Australia export income. As well as social equity, there is a strong economic argument for ensuring these isolated people have equitable access to services including broadcasting. This scattered population has critical needs for information, education and entertainment, which can be satisfied by broadcasting. They lack the array of metropolitan alternative sources such as theatres, art galleries, TAFE colleges, universities, wide subject choices in high schools and bookstores and much more.[8]

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8   Submission No 178, Vol 5, p 940 (Department of Commerce and Trade, Western Australia)

2.28   Radio enriches lives. In some situations it saves them. As made clear in much of the evidence received during this inquiry, radio plays a critical role in providing communities with the information they need when they are threatened by fire, cyclone, flood or storm. The potential for tragedy in these situations for communities or individuals without access to radio services was brought home in the following extracts from evidence taken during this inquiry. It provides perhaps the most compelling justification of all, for the need to ensure that all regional and remote communities have ready access to a reasonable level of radio services and for these services to be, to the extent possible, genuinely relevant and localised.

> *Extract from evidence concerning the impact of the ABC's withdrawal of the short wave radio service in Western Australia in 1994.*
>
> When I lived in the bush, up to 1994, I received radio 24 hours a day without the benefit of having to have my generator running. When you consider installing something at Meekatharra, at Newman or anywhere else to service the outlying centres, often where only one, two, three or four people live in a residence, you must also consider that these people may not have 240 power 24 hours a day but that they need to have radio reception 24 hours a day nonetheless.
>
> I will just very briefly tell you that in January my son was home alone—the next people were 50 kilometres away—and we had a tornado go through our place which completely flattened the engine room, amongst other things. He could not touch anything in there for fear of being electrocuted. We had 20 millimetres of rain on top of that, and there was not another person within 50 kilometres. Our next-door neighbours are 100 kilometres away, and the mining company was 50 kilometres away. Also, his telephone went out. He had no idea what was going on. He had no contact with the outside world, and he did not even have the benefit of a radio for comfort or to know whether this was a general rain, whether to expect more to come or what might have come afterwards. It is very important that young people, older people, tourists or whoever who are out in the bush on their own do not have to have a generator to receive radio—radio that was taken for granted in the outlying areas until 1994, when it was just cut off.[9]

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9   Transcript of evidence, 12 March 2001, Geraldton, p556-557 (Mrs Forsyth)

Evidence concerning the lack of access to radio services in Walpole

As Walpole is the heart of the forest environment particular concern has been raised on many occasions with the risk of bushfires during the summer and the distinctive lack of radio communication to advise of any threat. I wrote this in October last year and last week we had a fire here which had the potential— and our district manager may be able to add to this—to create a lot of problems for the community and put people at risk. Greg was able to identify the problems on local radio, which is broadcast from Albany, but we were not able to hear it—and here is the fire only one or two kilometres away. In my situation I had my children ringing me up telling me how bad the fire was in our local environment because they lived in Albany, but we could not hear the comments here.[10]

Measures to improve access and reception

Improving access to ABC services

2.29   The provision of a full suite of ABC services has been a long time goal of the ABC. As early as 1945/46, the Australian Broadcasting Commission articulated its hope that the 'same choice of programmes would be radiated by regional stations in country areas as is now enjoyed in metropolitan centres.'[11] A significant step towards this occurred in 1986 with the establishment of the largest project in Australian broadcasting history-the Second Regional Radio Network (SRNN) project.[12] Prior to this project, ABC Regional Radio was represented in 28 locations and provided local programming to regional Australia through approximately 70 transmitters. SRRN project achievements included:

- the addition of 12 new individual local services in regional Australia;

- the installation of an additional 332 transmitters extending ABC Radio services to regional Australia, including approximately 170 Regional Radio transmitters;

- an additional 99 Radio National transmitters; and

- 16 ABC Classic FM transmitters.

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10   Transcript of evidence, 13 March 2001, Walpole, p 637 (Mr Burton)
11   Submission No 108, Vol 3, p 451 (ABC)
12   Submission No 108, Vol 3, p 452 (ABC)

2.30   According to the ABC, today 'Regional Radio is represented in 48
        locations and delivered throughout regional and rural Australia through
        more than 280 transmitters.'[13] The ABC has announced plans to add three
        new regional locations (Victoria, Western Australia and Northern
        Territory) as a result of additional funding to the ABC in the 2001-02
        Commonwealth Budget.[14]

2.31   In its submission to the inquiry, the ABC stated that 'maintaining and
        extending transmission services to regional Australia remains a priority'.[15]

2.32   It also stated that it would continue to pursue funding for the completion
        of the regional extension of Triple J and for the extension of NewsRadio on
        the PNN to regional Australians. The roll out for Triple J would be on the
        basis of towns with a population of 20,000 followed by towns with a
        population of 10,000. The PNN roll out would comprise two phases with
        the first expected to extend the service to 12 regional centres by 2003.

2.33   The key issue in any discussion of the extension of ABC services to
        regional areas is funding. As described by the ABC, under current funding
        arrangements the Federal Government has provided the ABC with fixed
        funding to enable it to broadly maintain the extent and quality of
        reception of existing services. The Government has also provided the ABC
        with a small appropriation to enable minor extensions and enhancements
        to its transmission network. Requests for extensions and service
        enhancements have significantly exceeded the ABC's capacity to provide
        such services.[16]

2.34   In evidence before the Committee, the Managing Director of the ABC, Mr
        Shier, emphasised that the only restraint on the ABC in terms of reception
        problems was the limit on funds. He estimated that $14 million per annum
        would be required to remove most of the problem areas in relation to
        transmission.[17]

2.35   In a supplementary submission, the ABC provided details of what was
        included in the $14 million per annum. While the extension of some of the
        services would be funded under the funding available for minor
        extensions and enhancements, most would require additional funding. A
        copy of the ABC's Optimal Transmission Strategy is found at Appendix D.

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13   Submission No 108, Vol 3, p 453 (ABC)

14   Submission No 108.01, Vol 9, p 2194(ABC)

15   Submission No 108, Vol 3, p 469 (ABC)

16   Submission No 108, Vol 3, p 469-470 (ABC)

17   Transcript of evidence, 28 May 2001, Brisbane, p 737 (Mr Shier)

2.36   The strategy is based on a population of 10,000 or more in the footprint. [18]
        In evidence before the Committee, Mr Knowles referred to the ABC's need
        to concentrate on centres with larger populations as follows:

> At the moment a number of those locations you indicate are
> actually sub-5,000 populations. We still have a number of more
> than 10,000 populations which still have deficiencies in radio and
> we are doing our best to solve those. [19]

2.37   Given the gap between the demand for the extension of services and
        service enhancements and the amount of funding currently available to
        meet that demand, it is understandable that the strategy gives priority to
        areas with a population of more than 10,000. However, it leaves many
        parts of Australia, including some of the communities that made
        submissions to this inquiry, a long way off from receiving assistance.

2.38   While we support the extension of the full suite of ABC radio services
        across Australia, the first priority in extending services or enhancing
        services should be to ensure all communities in Australia at least have
        access to their ABC Local Radio Service (Regional). It is entirely
        unacceptable that some communities are still without this service and we
        are concerned that more has not been done in this area. That this situation
        exists raises some questions about the ABC's priorities in allocating its
        resources.

2.39   It is both ironic and absurd that Walpole, to use the example of our case
        study, is unable to pick up a program broadcast nationally on Sunday
        evenings from Albany that can be heard by communities on the other side
        of Australia. While we accept that topography appears to significantly
        contribute to the difficulty of picking up radio services in Walpole and
        that the ABC's radio station in Albany is also frustrated by the situation,
        we consider that there has not been enough done to rectify the situation.
        As suggested by one witness, 'if we can put men on the moon and have all
        this communication, surely, even with our trees being a potential problem
        for radio waves, there must be some way that we can do something to
        bring us up to speed with the rest of the world.'[20]

2.40   At the public meeting held in Walpole as part of this inquiry, various
        participants were able to suggest ways of overcoming the apparent
        technical difficulties of relaying a signal into Walpole.[21] We were

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18   Correspondence from ABC dated 3 September 2001. Not all centres with a population of over
     10,000 are included as the strategy incorporates some equalisation between the states.
19   Transcript of evidence, 28 May 2001, Brisbane, p 743 (Mr Knowles)
20   Transcript of evidence, 13 March 2001, Walpole, p 645 (Mr Burton)
21   See evidence from Mr Stokes Hughes, Mr Tapley and Mr Cecil. Transcript of evidence, 13
     March, Walpole, p 661. 665,

somewhat heartened towards the end of the meeting when as a result of the discussions, one participant identified that the problem may be able to be solved by community action.

> More as a resident of the community rather than an ABC representative—and from the words we have heard from the shire and from the councillor involved in this area about the tower that is here and from the Peaceful Bay residents' comments about the way things are lined up—it would seem to me that, as a community, we could approach a manufacturer, borrow transmit and receive equipment and spend a gainful week driving around the trees having a shot. To me, we could solve this problem in a community sense.[22]

2.41   We accept that it is not always straightforward to deliver national broadcasting services. Notwithstanding this, we suggest that all parties involved, the ABC and the community, need to be determined to resolve the technical problems and find the solutions that will deliver radio services to areas which have none.

2.42   The key issue that remains is the provision of funding to assist them do this. This issue is addressed in the next section.

Self-help retransmission and the case for a radio black spots program

2.43   There are currently three programs available by which **some** communities have access to self-help retransmission funding for **some** radio services. The details of the programs, as provided by DCITA, are as follows:

- A radio black spots program was established in late 2000 by the ABC for communities located north of the Tropic of Capricorn and within 250km from the coast which do not have terrestrial access to services. Under the scheme, eligible communities receive up to $50,000 for site establishment costs and the purchase of equipment and up to $25,000 for the replacement of obsolete equipment. 50 communities have gained access to a ABC Local Radio Service (Regional) through the scheme.

- The Government has provided SBS with $500,000 per annum to assist communities establish SBS radio or television self-help retransmission services. Under this scheme, communities are provided with 50 per cent of the actual costs (up to a $25,000 limit) associated with site establishment and the purchasing of equipment.

- The Government has contributed $5m towards the establishment of a $10m scheme with ntl pty ltd under the auspices of the Regional

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22   Transcript of evidence, 13 March 2001, Walpole, p 665 (Mr Cecil)

Communications Partnership to subsidise community group access to existing ntl sites for the purposes of establishing (or maintaining) self-help retransmission of national and/or commercial radio and television services. The scheme only covers site access costs and does not fund equipment, site establishment or other costs. [23]

2.44   Considerably more has been done to assist television viewers gain access to services. The Television Black Spots Program was announced in June 2000. Its purpose is to increase the number of people able to access ABC, SBS and commercial analog television services. Essentially a community based self help model of assistance, the program makes retransmission services by communities more affordable by providing funding towards the purchase of relevant equipment. $35 million has been allocated for the program. There are two components to the program, New Services and Replacement of Obsolete Equipment at Existing Self-Help Retransmission Sites.

2.45   Under the program, local government authorities and incorporated community organisations are eligible to apply for funding of up to $25,000 per television service (and up to $125,000 per site). for the cost of purchasing and installing analog terrestrial equipment. There is an additional $25,000 available per site for site design and establishment. Funding of $25,000 (up to $125,000 per site if replacing equipment for all five services) is available for the replacement of obsolete analog equipment at existing self-help transmission sites.

2.46   The cap per site for five services plus site establishment is $150,000. Depending on the number of households in a community, this equates to a cost for Government of $3000 per household in communities with 50 households to $300 per household in communities where there are 500 households.

2.47   Various organisations, including Western Australia's Department of Commerce and Trade and the Northern Territory Government, have called for the expansion of the Television Black Spots Program to include radio.

2.48   FARB called for the 'introduction of a Government funded blackspots program to assist regional listeners receive better reception and to extend commercial services. It advised the Committee that it had written to the Minister for Communications to seek an extension of the provisions of the blackspots program for television to commercial radio and that discussions were continuing with DCITA.

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23   Correspondence from DCITA dated 3 September 2001

2.49   FARB members have identified 142 black spots area which 'if serviced
        could extend commercial radio to around 360,000 people in regional and
        remote areas at an estimated cost of between $4.2m to $5.9m (depending
        on the number of stations installed).' This, it pointed out equates to as
        little as $13.61 to $15.41 per person.[24]

2.50   Putting the issue of addressing radio black spots in the context of broader
        developments in communications , Mr Shier commented:

>   When we are trying to move into a situation where the entire
>   nation ultimately will be tied up by broadband, it strikes me as a
>   very first step to agree the entire nation should at least be
>   connected by wireless. So I would not argue that we need to get
>   into black spot funding; I would simply think it is a national
>   priority.[25]

2.51   As stated in the previous section, given the value of radio to regional
        communities , and in particular, given its central role in providing
        communities with access to information in emergency situations, we
        consider that it is a matter of high priority to ensure all communities have
        access to radio services.

2.52   A Radio Black Spots Program along the lines of the Television Black Spots
        Program should be established as a matter of high priority. We consider
        that the Television Black Spots 2 Program is a reasonable model for a
        Radio Black Spots Program. Communities with 50 households or over
        should be eligible to apply for funding. Communities currently without
        any access to terrestrial radio services should be given first priority. It was
        anticipated in the Television Black Spots Program that either local
        government or the broader community generally would take
        responsibility for the ongoing maintenance of the facility and this
        principle should also be applied to a Radio Black Spots Program.

2.53   All communities should have access to a range of radio services and we
        consider that the Radio Black Spot Funding Program should apply to
        national radio services (ABC and SBS) and commercial radio services.
        However, we consider that government resources should in the first
        instance be used to ensure that communities have access to their most
        locally relevant ABC Local Radio service and at least one commercial
        service.

2.54   We acknowledge that in some areas where there are radio black spots,
        there is no spectrum available. Clearly in these areas, the problem will not

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24   Exhibit No 41, FARB.
25   Transcript of evidence, 28 May 2001, Brisbane, p 743 (Mr Shier)

be able to be rectified in isolation from other initiatives including perhaps the migration of television from VHF Band Two to UHF.

Recommendation 1

2.55   **As a matter of high priority, the Minister for Communications, Technology and the Arts should establish a Radio Black Spots Program. The Program should be established along similar lines to the Television Black Spots Program. The program should apply to national and commercial radio services. First priority should be given to attempting to ensure all communities with 50 or more households have access to the most locally relevant ABC Local Radio Service and at least one commercial radio service.**

Access to radio in remote areas

2.56   Much of Western Australia is considered remote. The evidence received by the Committee from two areas in Western Australia highlights the issues concerning access to radio services in remote parts of Australia. The concerns relate to access to both national and commercial broadcasting services.

Removal of the ABC's short wave transmission service

2.57   The Mid-West Development Commission, an organisation comprising nineteen local government authorities and representing an area covering a fifth of WA, identified the withdrawal of short wave radio transmission services as a major issue concerning radio services in its region.

2.58   The short wave transmission service used the VLW and VLX transmitters located in Wanneroo, Perth, with the programs usually coming from the ABC's 6WF studios in Perth.[26] The ABC withdrew the service in 1994.

2.59   At a public meeting held in Geraldton as part of this inquiry, many people travelled up to several hundred kilometres to air their concerns about radio services in their areas. One participant described the short wave service and events around its discontinuation as follows:

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26   Submission No 77, Vol 1, p 134 (Private citizen)

> For many years leading up to 1994 we had the stations VLW and VLX which were sent out of Perth, from the Wallaroo Road, Hamersley transmission site of the then Postmaster-General's Department, and they were on 69 and 15 megs. They provided an excellent service to the bush on short wave. They were closed down, ostensibly for a two-month trial period, in 1994, and 'we will let you know what is happening'. Like everything else, we are still waiting to hear.[27]

2.60   Various reasons were cited as leading to the ABC's decision including health concerns relating to radio frequency radiation and the need to replace the equipment.

2.61   Seven years after the event, the withdrawal of the short wave service clearly still represents a significant loss to many people in the region effectively leaving many without easy and reliable access to radio services. The frustration still felt by the community at the ABC's failure to replace the service with an alternative was palpable as evident in the following extracts of evidence from the meeting.

> As a citizen, it just strikes me that one should say that, in 1994 when that short wave transmitter, VLW, was taken away, for some reason there was an emasculation of folk in the ABC and they did not stand up and say, 'If all that is the case, we must provide the individuals with another service: another short wave transmitter— something.' They did nothing. Despite my strong protestations— being an also-ran, in a sense, in the bush—those pleas were ignored..[28]

> Local communities were informed in 1994 that the service was being temporarily withdrawn on a trial basis, however, no replacement has since been offered. Short wave ABC transmissions were a valuable service that could be received in remote communities. Importantly, these services were relied upon when regular ABC services were disrupted during cyclones. This lack of service replacement raises duty of care implications.[29]

> Their reason for closing the transmitters was that they were starting to become obsolete—they were going to cost $800,000 to replace. They did not actually belong to the ABC—they belonged to the Australian Broadcasting Authority at that stage. They were shut down for a two-month trial period. Of course, that was a bit of joke. It just went on from there despite all the protests from

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27   Transcript of evidence, 12 March 2001, Geraldton, p 522 (Mr Priestley)
28   Transcript of evidence, 12 March 2001, Geraldton, p 530 (Mr Thompson)
29   Submission No 141, Vol 5, p 790 (Mid-West Development Commission)

> ourselves and the Pastoralists and Graziers Association, and there are members here today that were involved in that.
>
> We went through all this rigmarole of them saying that they would give us a 50 megawatt transmitter somewhere up there that would service the requirements once they shut the short wave down. Here we are, seven years later, still waiting for that promise.[30]

2.62 According to a survey of the pastoral region by done by the Mid-West Development Commission in association with the Pastoralist and Graziers Association and the Country Women's Association, 2500 –3500 people were affected by the decision.[31] According to a Councillor of the Murchison Shire Council, Mr Foulkes-Taylor, even more people were affected than shown in the survey.

> The 2,500 to 3,000 were pastoralists that the mid west communications working group identified as having been VLW listeners. It did not include all the millions of little mining camps and all those sorts of things that were still involved. A lot of the Aboriginal communities that obviously listened to it were not involved. The sum total of that is that people are sick and tired of listening to Slim Dusty tapes over and over again—because from 1994 that is what they have been listening to.[32]

2.63 The Western Australian Department of Commerce and Trade described the measures taken by the ABC to compensate for the withdrawal of the short wave service as follows:

> To compensate, the ABC in Western Australia provided a daily one hour feed of the County Hour to the Royal Flying Doctor Service through 1999. When the RFDS curtailed its radiotelephone services, the Country Hour was cut. There was no significant response from listeners probably because the mid-day program was not at a convenient time for pastoralists out in the paddock. The medium was less convenient than short wave as they had to use the old RFDS Single Side Band receiver, which was no longer needed for any other purpose. Audiences sadly became accustomed to being without a radio service.

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30 Transcript of evidence, 12 March 2001, Geraldton, p 523 (Mr O'Dwyer)
31 Transcript of evidence, 12 March 2001, Geraldton, p 525 (Ms Healy)
32 Transcript of evidence, 12 March 2001, Geraldton, p 545 (Mr Foulkes-Taylor)

> Nonetheless, apart from an ABC WA planning exercise, there has
> been no significant activity to provide radio to these
> disenfranchised listeners. The area is cut off from the world.[33]

2.64   One witness suggested that the restoration of the short wave service could
        be considered on the basis that 'the average $120 radio with short wave
        facilities on it can pick up short wave'[34].

2.65   In a discussion about value of short wave radio, Mr Knowles, conceded
        that short wave radio did provide an option but noted 'the average
        Australian driving in their normal Ford or Holden does not have a short-
        wave radio receiver on board and so it does not necessarily solve the
        problem of those—people in 4-wheel drives carry short-wave receivers
        and transmitters and have ready access. So it is one of those vexing
        questions as to how you address these particular problems. We keep
        searching for answers and at the same time we search for ones which
        provide a solution which we can afford to buy.[35]

2.66   ABC Radio services are available via satellite. According to a
        representative from the Mid West Development Commission, the satellite
        service is not a viable alternative.

> We were told back in 1994 that the satellite service would provide
> a viable alternative. It has not; it is a very limited service. As has
> been mentioned, it only really helps those people who live in the
> towns close to the satellite dish receivers and people in their
> homesteads when they can listen to the radio at home. It really
> does not service the travelling people or pastoralists when they are
> working outside of their homes, for various reasons. The coverage
> is not there, and they have to have 24-hour power to receive it.
> Another issue with the satellite service is that, for those people
> who live in close proximity to the towns where they can receive it,
> it is generated from Karratha, so it is not really a relevant service
> to the people of the mid-west region. [36]

2.67   Another witness pointed out that there is no reception via satellite
        delivery when there are thunderstorms or heavy rains. By contrast 'with
        short wave radio, you could get radio, uninterrupted by thunderstorms or
        by any other interference, day or night, at any time of day.'[37]

33   Submission No 178, Vol 5, p 952 (Department of Commerce and Trade, Western Australia)
34   Transcript of evidence, 12 March 2001, Geraldton, p 522 (Mr Priestley)
35   Transcript of evidence, 28 May 2001, Brisbane, p 745, (Mr Knowles)
36   Transcript of evidence, 12 March 2001, Geraldton, p 525 (Ms Healy)
37   Transcript of evidence, 12 March 2001, Geraldton, p 527 (Mr O'Dwyer)

2.68   The Mid-West Development Commission called for the location of a high
        powered AM transmitter (10kW) to be located in the town of
        Meekatharra.[38] It claimed that the 'transmitter would fill a hole in the
        network and provide vital cyclone warning information when transmitters
        in the Pilbara were disabled, as frequently happened during the cyclone
        season'.[39]

2.69   In further support of the need for a 10kW station to be located in
        Meekatharra, Mr Thompson, Regional Program Manager for the ABC,
        added

> I want to make one other point. The ABC provides a service at
> critical times: cyclones, floods, fires. The transmitters that provide
> that information are along the coast and invariably, if the situation
> is critical, those transmitters go out. So in our submission from the
> Mid West Development Commission we suggested an inland, AM
> powerful transmitter which could be serviced from places other
> than on the coast where direct cyclones come from. That would be
> an invaluable security measure for those communities along the
> coast. So far that, too, has been ignored.
>
> CHAIR—Where were you recommending that for?
>
> Mr THOMPSON—I reckon somewhere around Meekatharra
> would be an ideal spot because there is three-phase power there.
> There are some technicians there who would be available to
> service the transmitter and so on, and Vodafone have their only
> other outfit there, so there would be suitable people there to
> maintain it.[40]

2.70   We do not consider the satellite service an adequate replacement of the
        short wave service. Moreover we consider it inexcusable that in an era
        when technological developments should be significantly enhancing
        access to radio services, that an area has less reliable and ready access to
        ABC radio services than it did prior to 1994. Technology should always
        lead to improved access to services, not diminished access. Given the
        history of the situation and in the interest of restoring a level of service
        and of ensuring the community has reliable access to ABC Radio services
        in the event of emergencies and other such situations, we consider that a
        high powered AM transmitter (10kW) should be located at Meekatharra.

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38   The ABC is a signatory to the International Telecommunications Union (ITU) convention that
     restricts new AM services to 10kW in power.
39   Submission No 141, Vol 5, p 791 (Mid-West Development Commission)
40   Transcript of evidence, 12 March 2001, Geraldton, p 530/531 (Mr Thompson)

Recommendation 2

2.71   **The ABC should commit to the establishment of a 10kW AM transmitter at Meekatharra, Western Australia, as a replacement for the short wave service that the ABC withdrew in 1994. If necessary, the Government should finance this project specifically in the 2002-03 Budget.**

2.72   We urge the ABC to assess similar needs in other parts of Australia and to detail its remedy in future budget submissions.

Commercial radio services in remote areas

2.73   The access of remote communities to commercial radio services is particularly limited. One means of delivering programs is by means of satellite delivery.

2.74   In March 1986, the Department of Transport and Communications outlined a policy framework for licensing and regulating remote commercial, public and non-broadcasting radio services to be delivered via satellite. At least one Remote Commercial Radio Service (RCRS) was to be licensed in each satellite zone. There are three satellite zones, the Western Zone, the Central Zone and the North East Zone.

2.75   Remote Commercial Radio Services are deemed to be commercial broadcasting services by the BSA 1992.

2.76   RCRS licences 'were originally made available to provide a service to a region that did not fall within the licences area of any terrestrial commercial radio service.'[41] Licensees are not required to establish transmission facilities at any sites but are able to establish retransmission facilities if they choose. Retransmissions of an RCRS are not permitted outside its licence areas unless the permission of the affected terrestrial licensees has been obtained.

2.77   Much of the evidence that the Committee received concerning access to commercial services in remote areas related to services in the Western Zone. The Committee also received evidence concerning the North-East Zone (Queensland and New South Wales), the licence for which is held by SUN FM Pty Ltd. According to the ABA, SUN FM currently does not provide a satellite service although it does provide several 'local networks'

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41   Submission No 79.07, Vol 9, p 2165 (ABA)

of its 4SUN service at Miles and Chinchilla, Beaudesert and Tenterfield and Stanthorpe.[42]

2.78   Some of the matters relevant to RCRS licences have already been covered in the discussion about access to commercial services generally and are addressed by the Committee's recommendation for the establishment of a Radio Black Spots Funding Program. The following discussion focuses on issues specifically raised in the context of the RCRS for the Western Zone. The issues and recommendations however apply to all RCRS services.

Remote Commercial Radio Service (RCRS) licence for the Western Zone

2.79   Two RCRS licences have been issued in the Western Zone. The Zone covers the largest commercial licence zone for Australia with communities ranging from iron ore towns in the north-west to agricultural communities in the wheatbelt and timber communities in the south-west.[43]

42   Submission No 79.03, Vol 9, p 2131 (ABA)

43   Submission No 178, Vol 5, p 949 (Department of Commerce and Trade, Western Australia)

REMOTE COMMERCIAL RADIO SERVICE WESTERN ZONE RA1
Licence Area

Legend

─────── State Border/Coastline

▨▨▨▨ REMOTE COMMERCIAL RADIO SERVICE WESTERN ZONE RA1

Scale 1:14670917

0 km   500   1000

**Australian
Broadcasting
Authority**
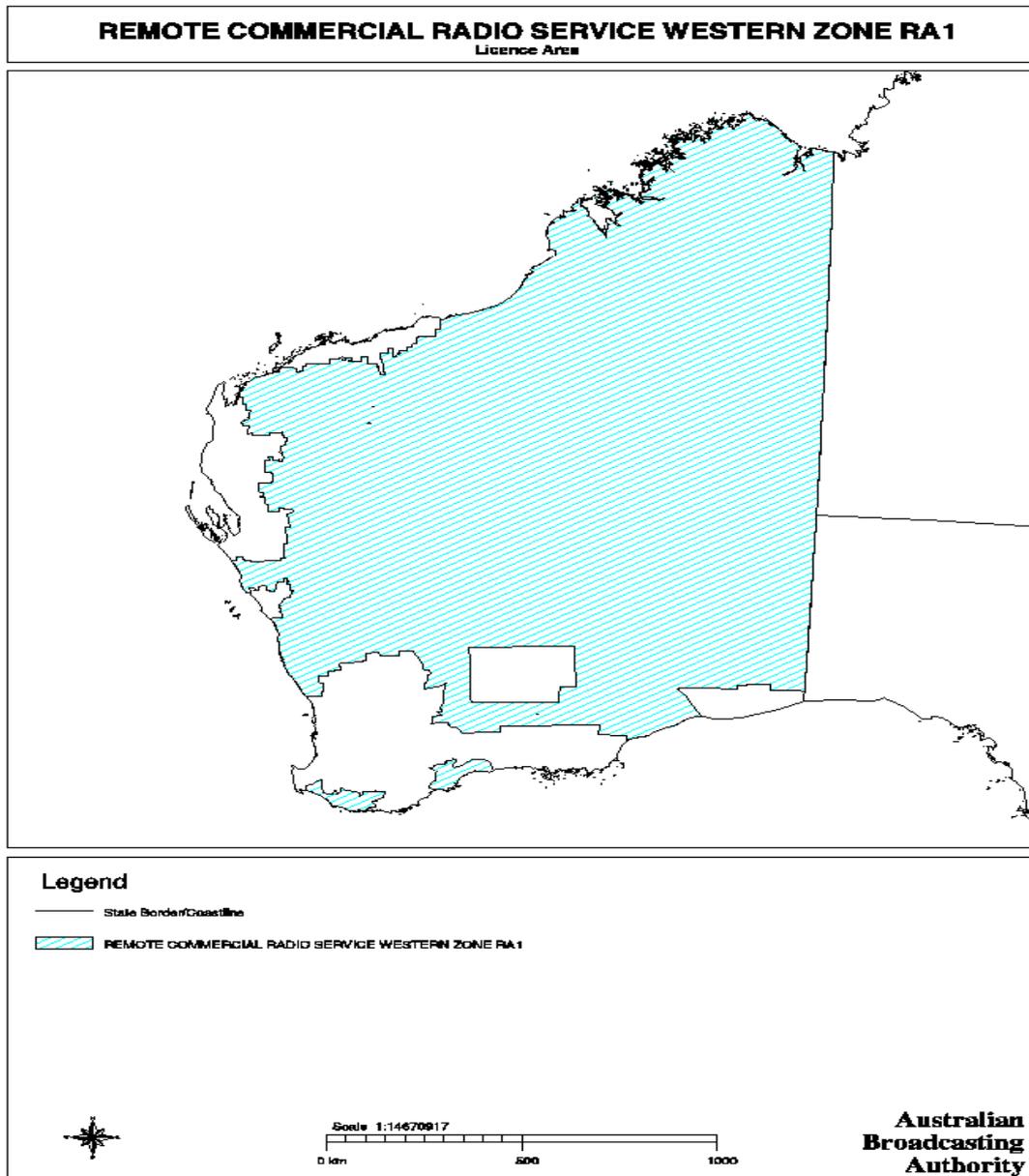
DISCLAIMER: This map should be used only as a guide. The precise details are defined in the respective report.

Source ABA

2.80   Since first being issued in 1988, the licences have changed hands. At the
        time of the Committee's visit to Western Australia, the licenses were held
        by North West Radio Broadcasters, which operated WAFM (a mostly
        contemporary music service based at Karratha) and North West Radio (an
        easy listening and talk back service also programmed from Karratha). The
        licences have since been purchased by RED FM.[44] RED FM is a Perth based
        narrowcast music and news service delivered by satellite to mining sites.[45]

44   Submission No 79.03, Vol 9, p 2131 (ABA)

45   Submission No 178, Vol 5, p 950 (Department of Commerce and Trade, Western Australia)

Issues for operators and listeners in the RCRS Western Zone

2.81   The size of the licence area makes it economically unviable for licensees to service all areas with the zone. In some cases, this has resulted in an area receiving no commercial services as is the situation in our case study, Walpole.[46]. Although Walpole is a small community in terms of its resident population, large numbers of tourists travel through the town. According to a representative from the Walpole Community Group, road surveys for 1998 indicated an average of 465 cars a day travelled through Walpole..'[47] Walpole is officially listed in the RCRS Western Zone. The community's predicament in relation to commercial services is described by the Department of Commerce and Trade as follows.

> The community's closest ties are to Albany and Manjimup, each about 120 km. east and north, respectively. Advertisers in those towns and places nearer-by could reach the small market of Walpole residents and the large market of tourists if there was an outlet. WAFM claims it is not economical to focus on communities outside its core area 1500 km to the north. Radio West, terrestrial licensee in Albany and Manjimup, is restricted by its licence area and commercial considerations.[48]

2.82   The Western Australian Department of Commerce and Trade made clear that Walpole is not the only place in Western Australia that has no access to radio services.

> Walpole's case in the south west is replicated in those properties, stations and small communities in the Pilbara, where while some radio services can be reached weakly in cars, no services are easily available in stationary locations, except by sharing satellite TV systems. Residents claim that along the interior highway, for most of the 600 km between Nullagine and Cue, there are no radio services for the close to 3,000 people who use that road annually. Eight percent of pastoralists questioned in the Gascoyne Region (beyond Carnarvon) have no radio or television sets, ostensibly because they have nothing to listen to or watch or cannot afford a satellite receiver.[49]

2.83   There is no requirement on RCRS licensees to provide a service. Given the size of the area, it is reasonable that RCRS licensees do not provide a service to all areas within their zone. However, as explained by the Chair of the Mid-West Communications Group, Mr Wilks, this leaves remote

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46   Submission No 79.03, Vol 9, p 2134 (ABA)
47   Transcript of evidence, 13 March 2001, Walpole, p 636 (Mr Burton)
48   Submission No 178, Vol 5, p 951 (Department of Commerce and Trade, Western Australia)
49   Submission No 178, Vol 5, p 951 (Department of Commerce and Trade, Western Australia)

communities in a situation whereby 'commercial radio is very limited unless you put your hand in your pocket and you run lamington drives and chook raffles and all of those sorts of things, because that is really what it has come down to for communities up here'. [50]

2.84   Some communities have funded their own retransmission facilities. In the north midlands area of Western Australia, the communities in Morawa, Perenjori and Three Springs raised the $25,000 needed to fund the equipment needed in order to retransmit the programs from WAFM.

2.85   The Committee's recommendation for the establishment of a Black Spots Program will assist communities who do not receive a service to establish retransmission facilities to receive the service from the licensees for the area, namely the holders of the RCRS .

2.86   There is also some provision in the BSA for communities in RCRS zones to receive commercial radio broadcasting services from another licence area as is evident in the recent decision by the ABA to grant a licence to Geraldton based commercial broadcasters, Batavia Broadcasters, to provide a service in the North Midlands area. Dissatisfied with the services they were receiving on WAFM, residents in the North Midlands Region, assisted by the MidWest Development Commission, attempted to 'forge a coalition of those communities to bring a local radio service into the region.' According to the Western Australian Department of Commerce and Trade, the ABA nominated an AM frequency in Three Springs that would cover the area. Unfortunately, the coalition fell apart and the decision was made to retransmit GWN's satellite service on local FM transmitters. However, GWN sold its licence to what is now WAFM and the base of the operations moved north.'[51]

2.87   According to the Commission, after 'years of complaint and spurred on by the licensees of the two Geraldton stations', the ABA started examining ways of 'bringing a semblance of local service to the region'.[52] This resulted in the ABA awarding a provisional transmission licence for the North Midlands region to the Geraldton licensees for Batavia Coast.[53] The licence was granted under the previous provision of section 212 of the BSA 'which allowed a licensee to apply for permission in writing to provide a service within another licence area.'[54] The licence allows Batavia Coast to retransmit in AM at five kilowatts from a site in Morawa.[55] According to

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50   Transcript of evidence, 12 March 2001, Geraldton, p 542 (Mr Wilks)
51   Submission No 178, Vol 5, p 949 (Department of Commerce and Trade, Western Australia)
52   Submission No 178, Vol 5, p 949 (Department of Commerce and Trade, Western Australia)
53   Submission No 79.07, Vol 9, p 2165 (ABA)
54   Submission No 79.07, Vol 9, p 2165(ABA)
55   Transcript of evidence, 12 March 2001, Geraldton, p 537 (Mr Smith)

the Mid-West Development Commission, 'Batavia Coast will broadcast a service from Geraldton which will be more relevant to the area and contain significantly more local content than the previous Karratha based service.'[56]

2.88   As Batavia Broadcasters made clear to the Committee, it must be be commercially viable for broadcasters to consider retransmitting programs into areas. Batavia Coast described to the Committee that it had expended $300,000 'to increase our audience by 25 percent in the belief that a proportion of local content and national advertising will offset that $300,000 over the life of this new mast, which might be another 25 years.' When asked if it was interested in 'scaling up the service ' to reach further out, Mr Smith, Group General Manager of Batavia Broadcasters explained 'that it would be possible, but would need retransmission facilities at Meekatharra. However, the audience comprises a couple of kangaroos and a couple of hundred people, which commercially does not make any sense'.[57]

2.89   Although it was apparent during the inquiry that there were some perceptions to the contrary, communities which self fund the retransmission of a radio service are able to choose service that they retransmit. The ABA explained the process as follows.

> Following amendments to the BSA, the provisions of section 212 now render only self-help groups eligible to apply to retransmit a service outside its licence area into another licence area. It is ABA policy that these applications be considered where the area is not receiving the services to which it is entitled under its LAP. The application is still required in writing by the ABA. In making its decision, the ABA takes into account issues such as the cost to the self-help community group of the provision of the service, technical availability of the service, etc.

> The licensee of a broadcasting service is not eligible to apply to retransmit its service into another area under section 212 but may do so under Schedule 2 of the BSA, where that area is not receiving a technically adequate signal or the number of services to which the area is entitled.'[58]

2.90   Such provisions are particularly pertinent to communities such as Walpole which lie within the remote commercial zone but are relatively close to a town with commercial broadcasting services. Walpole for instance is only 120 km from Albany, a major commercial centre. Given that the RCRS

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56   Submission No 141, Vol 5, p 791 (Mid-West Development Commission)
57   Transcript of evidence, 12 March 2001, Geraldton p 537 (Mr Smith)
58   Submission No 79.07, Vol 9, p 2165 (ABA)

licensee has not provided a service to Walpole, and because of its natural links with Albany, it would be understandable if the community's preference was to receive a commercial service from Albany. Following the process outlined in section 212 of the BSA, Walpole residents could apply to retransmit the satellite radio services or the Albany commercial services.[59]

2.91 As is evident from the discussion above, it is clearly possible for communities within the RCRS zones who are not able to receive services to apply to retransmit services from outside the area and, moreover, to choose when an alternative is available which service to retransmit. Retransmission, however, is permitted on the basis of the technical inadequacy of existing services. As explained by the ABA, 'there is no provision in the legislation allowing residents to receive a different service if they are dissatisfied with the content of their current service'.[60]

2.92 According to the Western Australian Department of Commerce and Trade, the legislation should be amended to allow communities who build self-help retransmission systems to choose the program service more appropriate for their location'. [61]

2.93 The RCRS licences appear to have been established to fill in the gaps on the map left by other commercial services. We appreciate that it may not be a commercially viable for RCRS licensees to provide the sort of programming that will be considered sufficiently locally relevant for all communities within their zone. While many communities would say some service is better than no service, there are some communities which will aspire to have a service that is more specifically relevant to their area. We consider that communities in these zones which are self funding or funding through a self-help retransmission scheme, such as the Radio Black Spots Program that we have recommended, could be able to choose access to a more locally relevant commercial service and that retransmission could be granted on that basis. Inadequacy of existing services should be construed in broader terms than technical inadequacy and should include adequacy in terms of local relevance. In Chapter 3, we propose a mechanism by which adequacy in terms of local relevance can

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59 In providing background information to the Committee about the situation, the ABA suggested that Walpole residents 'would be advised to thoroughly assess the costs of receiving and providing the service and make informed choices as to which services they wish to receive. The costs associated with retransmitting the Albany commercial radio services could be much higher than those associated with the satellite services. Also, establishing facilities to retransmit the satellite radio service ahs the additional benefit of allowing access to the national services.' Submission No 70.07, Vol 9, p 2165`(ABA)

60 Submission No 79.07, Vol 9, p 2166 (ABA)

61 Submission No 178, Vol 5, p 951 (Department of Commerce and Trade, Western Australia)

be ascertained. We suggest the audit process is also used to determine adequacy in terms of locally relevant content in the RCRS zones.

Recommendation 3

2.94   **The Minister for Communications, Information Technology and the Arts should prepare amendments to the *Broadcasting Services Act 1992* to enable communities in the RCRS zones which do not consider the service that they receive is adequate in terms of local relevance to be able to apply to retransmit another service, following the conduct of the audit process described in Chapter 3.**

Community Radio Broadcasting and diversity in radio services

2.95   According to the explanatory memorandum for the BSA 1992, the community broadcasting sector 'adds to the diversity of ownership and programming by reflecting a different range of views, priorities and institutionary pressures.'[62]

2.96   The continuing development of the sector, according to the Community Broadcasting Association of Australia (CBAA), ensures structural diversity in the broadcasting system. In non-metropolitan Australia, where their presence has increased significantly in the last decade, 'community stations have grown to assume a significant role in the social and cultural life of their communities'.[63]

2.97   In the course of this inquiry, we received a number of submissions from community broadcasting stations. The submissions portrayed a sector that plays an important role in the regional and rural areas in which it is present but a sector that is also facing a number of structural and operational challenges. Invariably, many portray a sector with a fragile financial position with a number of notable exceptions.

Regulatory and structural issues

2.98   The community radio 'umbrella' covers both wide purpose community licences as well as a number of discrete special interest sectors including,

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62   Explanatory memorandum, BSA 1992, p 52
63   Submission No 130, Vol 4, p 637 (CBAA)

Indigenous radio services and Christian radio services and radio for the print handicapped.

2.99   A major issue raised by the ABA was whether there was a need for more 'national strategies to meet special interest needs than the current *ad hoc* market-by-market approach to community licence planning'. [64] Representatives from organisations concerned with indigenous radio broadcasting services and radio for the print handicapped services provided evidence related to this issue.

Indigenous radio broadcasting services

2.100   The Indigenous radio broadcasting sector questioned the appropriateness of the 'community' umbrella for its broadcasting services. Operating under the community broadcasting section of the BSA has 'presented the sector with many difficulties , as the aims of the indigenous broadcasting sector are in many ways vastly different from those of mainstream community broadcasters throughout Australia' explained the Chairperson of the National Indigenous Radio Service (NIRS), Mr Bayles.[65]

2.101   Indigenous regional radio provides a first level of service to many indigenous people living in regional and remote locations.

> Indigenous radio services , in particular, provide a first level of service to indigenous people, broadcasting information and entertainment, facilitating networks and skills development, and providing access to local languages. Indigenous radio is the 'mainstream' medium for many communities.[66]

2.102   According to the Aboriginal and Torres Strait Islander Commission (ATSIC), Indigenous media have been subject to *ad hoc* policy making that has restricted the sector from operating to its full potential.

2.103   Unable to compete in many instances in price based auctions for commercial licences, and hampered by the restrictions on sponsorship applying to community stations, Indigenous radio, according to ATSIC, has 'grown up in a subsidised dependent environment as a community service'.[67]

2.104   ATSIC called for the establishment of a separate licence category for indigenous radio servcies. As noted by ATSIC, the Productivity Commission acknowledged in its Broadcasting Report, June 2000, that 'the category of community broadcasting is inadequate for Indigenous

64   Submission No 79, Vol 1, p 153 (ABA)
65   Transcript of evidence, 19 February 2001, Brisbane, p 378 (Mr Bayles)
66   Submission No 190, Vol 6, p 1192 (ATSIC)
67   Submission No 190, Vol 6, p 1193 (ATSIC)

broadcasters as it "affects Indigenous media services, access to spectrum, their participation in the co-regulatory processes of the broadcasting industry, and their financing and staffing"'. The Productivity Commission recommended that a new licence category for Indigenous broadcasters should be created, with appropriate conditions relating to advertising and that spectrum should be reserved for Indigenous broadcasters to provide a primary service for indigenous communities, where appropriate.

2.105   The Indigenous radio broadcasting sector has also called for the establishment of a National Indigenous Broadcasting Service as a distinct third public network for Australia. ATSIC is currently conducting a feasibility study into the establishment of such a service.

2.106   The Committee recognises the importance of the role indigenous radio can play in Indigenous communities. We also recognise the value, both current and potential, it may contribute to the social and economic development and well being of Indigenous people as a whole. The developments occurring in Indigenous broadcasting, despite the budgetary and regulatory constraints, are impressive.

2.107   In our view, there is considerable merit in the proposition that a separate licence category be established for Indigenous radio services. Operating within the community licence category undoubtedly restricts the capacity of indigenous services to develop as commercially sustainable operations. On the other hand, it is unreasonable to expect Indigenous services, at this stage, to compete for the price-based allocations of full commercial licences.

2.108   Accordingly, we make the following recommendation.

Recommendation 4

2.109   **The Minister for Communications, Information Technology and the Arts should prepare amendments to the *Broadcasting Services Act 1992* to establish an additional category of broadcasting service relating to Indigenous broadcasting services.**

Radio services for the print handicapped

2.110   The Committee received a number of submissions calling for the extension of radio for the print handicapped (RPH) services into non-metropolitan Australia.

2.111   Radio for the Print Handicapped Australia endeavours to 'reduce the information gap between those people who have access to print and those who do not'. It provides radio services by dedicated RPH stations or through blocks of RPH programming. Dedicated RPH stations operate in the capital cities in each state and in Canberra.

2.112   With assistance from the Vision Australia Foundation, a number of RPH stations have been established in regional Victoria. The model uses a channel on the Optus B satellite and internet sources 'for the efficient distribution and production of planning'.[68]

2.113   According to RPH Australia, building on this model to deliver radio services for the print handicapped is a high priority. RPH has investigated a number of options for doing this including the use of low powered retransmission of networked programs with local windows using narrowcast frequencies as well as the establishment of licensed station as well as any emerging digital radio options.

2.114   In discussing the work of the Vision Australia Foundation in assisting RPH extend its services into regional Victoria, Mr Bruce Billson MP, Member for Dunkley, raised the issue of the 'need to secure community broadcasting licence approval over a large number of geographic areas.' [69] He also suggested that it would be preferable for a single frequency to be allocated which would be readily recognised by the sight impaired community. The observations are consistent with the ABA's suggestion for the need for national strategic approach to be taken to meet the needs of some special interest groups rather than the market by market approach.

2.115   Radio for All Australians Association also called for radio services for those with reading difficulties to be extended to regional and rural areas. In evidence before the Committee, the President of the Association, Mr Hall, expressed support for the notion of a national station to provide services for people with reading difficulties.

2.116   The Committee appreciates the enormous contribution that radio can play in providing not only information and entertainment but also companionship to people in the community who are print handicapped. RPH services should be available to people wherever they live.

2.117   We welcome the interest and initiatives shown by RPH Australia, the support that is clearly being given by some organisations and the interest in ensuring services are provided people with reading difficulties in regional and remote areas by organisations such as Radio for All Australians. The evidence suggests the need, once again, for the

68   Submission No 215, Vol 6, p 1490 (RPH Australia)
69   Submission No 270, Vol 7, p 1851 (Mr Bruce Billson, MP)

development of a national strategy to ensure people in non-metropolitan Australia have access to radio services for the print handicapped.

Recommendation 5

2.118   **The Minister for Communications, Information Technology and the Arts should direct the Department of Communications, Information Technology and the Arts to develop, in consultation with the ABA, RPH Australia, Radio for All Australians and other relevant organisations, a national strategy to ensure that people in non-metropolitan Australia have access to radio services for the print handicapped.**

Operational issues

Funding

2.119   Many organisations involved in the community broadcasting sector argued for the need to increase government support and funding to the sector. According to CBAA, the Community Broadcasting sector faces scarcity of capital and groups face immense difficulty in raising adequate start-up resources.[70]

2.120   In regional and remote Australia, the average turnover for stations is $102,000 per annum. Many all volunteer operations in regional, rural and remote locations have a turnover of less that $50,000.[71]

2.121   According to the CBAA, the gross annual revenue for the sector is about $30 million. Community stations generate a considerable proportion of this revenue from their own activities including sponsorship[72] and community fundraising.

2.122   According to the CBAA, approximately 5 per cent of operating funds come from government funding. Community broadcasting is funded by an annual grant to the Community Broadcasting Foundation Ltd (CBF), an independent company established by the sector to allocate funds. Specific amounts are allocated to ethnic, Indigenous , Radio for the Print Handicapped and general sub-sectors. According to the DCITA,

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70   Submission No 130, Vol 4, p 637 (CBAA)

71   Submission No 130.01,Vol 7, p 1570 (CBAA)

72   Prohibited under the BSA from advertising, the main form of income comes from sponsorship. This is strictly limited to five minutes per hour.

Commonwealth funds for 2000-2002 will total $5,031,000.[73] This includes $3,481,000 core funding and $1,550,000 targeted funding which is provided for special purposes such as the Community Radio Satellite (ComRadSat) service, the Community Broadcasting Database (CBD), the Community Access Network(CAN) and for Multicultural Community Broadcasting.

2.123   Grants are issued by the CBF to stations on a case by case basis. According to the CBAA, 'many stations receive no grant funding and others receive grants infrequently, tied to specific purposes'.[74]

2.124   In its submission to the inquiry, CBAA provided the following breakdown of recurrent Government funding made available through the CBF .

Sector	Government funding ($million)
Indigenous broadcasting	0.576
Ethnic broadcasting	2.365
Radio for the Print Handicapped	0.271
National Transmission Network	0.081
General grants and sector administration	1.100

2.125   The CBAA claimed that once 'the cost of operating the CBF and the sector co-ordination grant to the CBAA are subtracted from the $1.1m allocated for general grants, the funds available for general community stations amounts to $405,000'.

2.126   Figures provided by DCITA reveal a decline in funding in 2001-02. The reduction was caused by the cessation of funding for the Australian Contemporary Music Project which was provided in 1999-2000 and 2000-01.

2.127   There were some calls in submissions for the limits on sponsorship content to be lifted from 5 minutes per hour. The Committee is not persuaded that such a move would assist many stations. In its discussion with individual stations in the course of this inquiry, many were unable to fill the current 5 minutes. Increasing the level of sponsorship allowed would also have implications for the commercial radio broadcasters. It is

73   Submission No 188.01, Vol 9, p 2203 (DCITA)
74   Submission No 130, Vol 4, p 643 (CBAA)

ironic that radio stations which have grown from the community are unable to gain sponsorship support for their activities. Lifting the sponsorship time per hour would advantage few stations unless they advance their activities in obtaining sponsorship. Without proof of support for community stations as demonstrated by sponsorship support, there is little pressure for Government to subsidise further the community broadcasting sector.

2.128   The CBAA argued that the sector needed the minimum of an additional $3.4 million per year 'to keep stations grant funding apace with growth and to address start-up needs (such as capital equipment, management expertise and training) of a sector that will have more than doubled in its number of stations since 1996.'[75]

2.129   The Committee believes the community broadcasting sector is not autonomous. The viability of the sector needs further inquiry as should the use of spectrum for the community sector. The concern of the Committee is simple. We concede the community sector does have the potential to deliver real live and local radio service to regional Australia. However, unless the communities theoretically served actually support their local community radio, the genuine and worthwhile aspirations of the sector will never be realised.

2.130   There will continue to be legitimate concern that the spectrum currently allocated to many community radio stations may be better allocated in other ways. We therefore believe the community radio sector be subjected to the audit processes outlined in Chapter 3 to verify their support in their community.

Training needs

2.131   A related issue affecting the community broadcasting sector's performance was the need for assistance for upgrading management skills. According to the CBAA, 'smaller rural and regional stations all too often face difficulties reaching that critical level of income that makes it possible to engage a suitably qualified and skilled station manager'. CBBA called for the allocation of an additional $2 million per year to establish a station manager employment and training scheme. It suggested that a self help model whereby grants were made available of a dollar to dollar match of locally generated revenue would enable a small amount of funding to make a significant difference.

2.132   As in any enterprise, the standard of community radio is determined by a number of factors including the expertise of the station manager. The

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75   Submission No 130, Vol 4, p 643 (CBAA)

perception gained from the submissions to this inquiry is that the standard of community radio varies considerably across the sector. We consider that the establishment of a station manager employment and training scheme as proposed by the CBAA would assist the sector improve its performance. It also would provide some recognition of the role that community radio is playing in providing a training ground for employment in the industry.

Recommendation 6

2.133   **The Minister for Communications, Information Technology and the Arts should establish a station manager employment and training scheme for the community broadcasting sector to allow community broadcasters to participate in accredited training courses. The scheme should be based on a self-help model in which Commonwealth funds are made available on a dollar for dollar basis to match locally generated funds. The level of Commonwealth funding should be capped at $5,000 per station.**

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Local radio and commercial viability

> Object 3(g): to encourage providers of commercial and community broadcasting services to be responsive to the need for a fair and accurate coverage of matters of public interest and for an appropriate coverage of matters of local significance (BSA 1992)

What makes a radio service local?

3.1   Although the *Broadcasting Services Act 1992* gives little specific attention to nature of local radio services beyond the inclusion of the phrase 'matters of local significance' in Object 3(g), it became apparent early in the inquiry that one of the issues of most concern was the impact of changes in the broadcasting environment on the nature of local radio. Much of the discussion concerning this centred on the degree to which radio services in regional areas are providing a genuinely local radio service. A challenge for the Committee has been to define what it is that makes regional radio services local.

3.2   Traditionally, local radio has been defined by its locality. Being in and of the locale was intrinsic to being a local radio station. More recently, developments in transport and communications technology have allowed the concept of what it means to be local to be understood in broader terms such as those described in the following extract from a submission to this inquiry.

> My definition of 'local' is **common interest**, be it in my town and region or areas of shared interests. It is radio which meets identifiable information and needs and caters for a spread of urban and rural residents who are perhaps disparate in background and age yet united by a common social environment. "Local" radio

> provides a forum for the articulation of common issues and
> opinions, the dissemination of a broad range of information and
> expresses cultural mores in context with the listeners.[1]

3.3   According to the ABA, the *Broadcasting Services Act 1992* is 'premised very
        much on the idea about what comes out of the radio—what it sounds
        like—rather than where it is made'.[2]

3.4   The Federation of Australian Radio Broadcasters favours a sound based
        approach to considering the question of what makes a radio service local.

> Localism is an overall product and culture, and should not be
> measured according to how much content is produced by a local
> announcer or how much is produced in a local radio station.
> Localism is to be found in a radio program or format which could
> be a combination of locally-produced material, and also
> networked programs from metropolitan stations such as the *John
> Laws Show.* Localism doesn't have to be someone in the studio in
> the town to which the program is being broadcast. It is about what
> comes out of the speakers from the consumer's perspective – it is
> material of relevance and appeal to the local audience.[3]

3.5   Not surprisingly, DMG Group, a major player in FARB, also argued that
        localism is about relevance.

> Localism does not mean the live broadcast of programs around the
> clock from a local studio. Localism is not the same as physical
> presence. Moreover, local physical presence does not guarantee
> localism. It never has and never will. Localism is about relevance
> and not about physical presence. Localism is about sourcing news,
> weather, current affairs, sport and other items of significance, from
> or in respect of the local community. It is about research into what
> the community wants to hear and then broadcasting it.[4]

3.6   Not everyone agreed that it is possible to be truly local without the station
        having a physical presence nor without having announcers who are
        familiar with the local area and community. According to the Shire of
        Campaspe, in Victoria 'the radio service needs to have local people with a
        knowledge of the local area involved in the delivery of the service to

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1   Submission No 198, Vol 6, p 1336 (Private citizen)
2   Transcript of evidence, 29 May 2001, Brisbane, p 904 (Mr Tanner)
3   Submission No 133, Vol 4, p 695 (FARB)
4   Submission No 106, Vol 2, p 294 (DMG GROUP)

ensure its accuracy and for the community to get a sense of ownership of what they are hearing.' [5]

3.7   Along similar lines, the Member for Calare, Mr Peter Andren MP, claimed that 'listeners find it almost impossible to associate with a local station if "local" commercials and community service announcements are prepared in another city, broadcast across a local listening area, making mistakes with street name and locality pronunciations, and having none of the familiarity with events, locations and people so vital to the true local "feel".'[6]

3.8   Another witness, in describing the move to inserting local material electronically, conceded that on most days 'the average listener won't notice the difference' but then pointed out the things that a computer could not do.

> It can't answer the phone from the local sporting group informing us of a cancellation or a bus running late from a sporting function out of town. It can't read the fax from the Weather Bureau informing of an approaching storm, or from the City Council informing of a closed road or the local police searching for a motorist.[7]

3.9   Others submitters stressed the importance of local announcers being able to demonstrate an affinity with the community. Discussing local radio as an advertising avenue for small local businesses, one submitter argued that in order to gain the audience, 'the operator must offer attractions, such as interesting segments, local news and sport and a local presence by the older style of professional announcer who was in tune with the community and identified with that community by developing a detailed knowledge of the area, its characteristics and personalities.'[8]

3.10   Still others pointed out that a key feature of local radio was the relationship with the community. Once again, however, there was little consensus about whether this relationship could be achieved without the physical presence of the station in the locality.

3.11   DMG Group, for instance, acknowledged the importance of providing 'something more than local news, weather, current affairs, sport and other items of significance, and music and other programs which satisfy audience demands' and argued that:

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5   Submission No 73, Vol 1, p 125 (Shire of Campaspe)
6   Submission No 78, Vol 1, p 144 (Mr Peter Andren MP)
7   Submission No 83, Vol 1, p 198 (Private citizen)
8   Submission No 132, Vol 4, p 658 (Private citizen)

Localism also means involvement in local activities. It extends to promotion and sponsorship of charities, sponsorship of fundraising for community purposes, sponsorship of emergency services, presence and input into community events, support for new local businesses, etc.

3.12   DMG Group claimed to have a 'demonstrable history of significant positive contributions in all of our local communities in each of these areas.'[9]

3.13   Other submissions, however, hinted that commitment to a community should not be assessed by simple quantitative measures. Calling for station owners to be asked to demonstrate their service to the local community, 4KZ from Far North Queensland added 'By this we don't mean how many 30 second community service spots were broadcast each year.'[10]

3.14   The ABC also highlighted the importance of a radio station's relationship with the community claiming that the relationship between staff and community was a crucial aspect of local radio services and that 'it is important that we have local voices in communities who know their community and know the issues in that community and can give voice to them'.[11]

3.15   Having listened during this inquiry to the various views on what makes a radio service local, we have identified a number of features which are characteristic of real local radio and which distinguish it from non-local radio services.

3.16   We suggest that local radio is radio that:

- provides news and information that is of interest to and specifically about that local community;

- provides an outlet for the community to broadcast announcements (and for businesses to advertise their wares or services in the case of commercial radio and or through sponsorship in the case of community radio) ; and

- provides a forum for the community to hear the voices of its own region, and reflects back to the community its own identity and in doing so helps shape that identity.

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9   Submission No 106, Vol 2, p 297 (DMG Group)

10   Submission No 160, Vol 5, p 878 (4KZ)

11   Transcript of evidence, 28 May 2001, Brisbane, p 739 (Ms Howard)

3.17   Such a list leaves unanswered the key questions posed by many people in regional areas of whether a station needs to be physically located in the area and, if so, to what extent to demonstrate these features.

3.18   Many industry submissions argued that radio stations do not need to produce all their material locally or always to be live or indeed even always to broadcast from the local studio to satisfy the criteria identified above as characterising local radio. Furthermore, some of the programs cited in evidence during this inquiry as being particularly valued by regional listeners were networked or syndicated programs. Such programs include *Australia All Over* presented by Ian McNamara , John Laws, *Australia Tonight* (as presented by Paul Tolley in the late 1990s) and the Country Music Radio (broadcast initially as *Hoedown*).

3.19   Although not local programs per se these programs have, or in some cases had, a regional flavour that was created in the main by announcers able to demonstrate sensitivity to and affinity with the concerns and interests of regional listeners. Such programs are regionally relevant and serve communities well. They should, and do, add to the mix of programming provided by local radio.

3.20   Such programming satisfies some of the listening preferences and needs of certain 'communities of interest'.

3.21   In our view, however, local radio stations have traditionally been more than a conduit of programs, regardless of how high the quality. Real local radio has at its heart a relationship with the community that can only be created by being part of that community, a physical part of it. As described in the submission from the Port Macquarie Country Labor Branch, 'A local radio station becomes recognised as an accepted part of the region and community, and this is primarily as a result of its locality within the community and local content. It becomes extremely difficult for a radio station to become an integral part of the community when services are predominantly provided by relay from centralised locations around Australia.'[13]

3.22   This is not a comment on the quality of the services provided by any radio operators, nor a comment on the degree to which regional radio stations should be local. We are simply suggesting that there is a difference between operating a real local radio service and providing a radio service to a specific locality as described by a licence area.

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13   Submission No 148, Vol 5, p 813 (Port Macquarie County Labor Branch)

3.23   To our initial list then, we would add one more essential feature of local radio - namely, that of residing within and being predominantly derived, produced and presented by that community.

3.24   Therefore, based on the views of the community and the realities within the industry, we consider that local radio is radio that:

- provides news and information that is of interest to and specifically about that local community;

- provides an outlet for the community to broadcast announcements (and for businesses to advertise their wares or services in the case of commercial radio and or through sponsorship in the case of community radio);

- provides a forum for the community to hear the voices of its own region, and reflects back to the community its own identity and in doing so helps shape that identity; and

- resides within and is predominantly derived, produced and presented by the local community.

3.25   In its submission to the inquiry, 2UNE suggested that 'networking has progressed to the level that presently exists in the radio industry because many people did not or do not necessarily realise that the [programs] that they are listening to are not coming from their local studios'.[14] Although the Committee has no hard evidence that supports or refutes this suggestion, we do consider that audiences deserve to at least know whether the program they are listening to is 'live and local'; live but broadcast from another centre; or pre-recorded, networked or syndicated. According to 2UNE, the national and community stations already inform listeners of the source of programs to some extent.

> The national networks, such as JJJ identify occasionally where their programming is coming from (for example "the Net 50 tonight is coming to you from JJJ's Melbourne studios'.) Programs distributed via the Community Radio Satellite also identifies the origination station (for example "radio Babylon is produced in the studios of 2MCE in Bathurst NSW, and is broadcast around Australia by the Community Radio Satellite.")[15]

3.26   The Committee support 2UNE's call for radio stations to be required to identify the originating source of programming that is broadcast by a

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14   Submission No 149, Vol 5, p 822 (Radio 2UNE)
15   Submission No 149, Vol 5, p 822-823 (Radio 2UNE)

licence. This should apply to the national, commercial and community sectors.

Recommendation 7

3.27   **The Minister for Communications, Information Technology and the Arts should prepare amendments to the Broadcasting Services Act 1992 to require all non-metropolitan commercial, community and narrowcast radio services to identify the originating source of programming when giving their call signs.**

The ABC Board should determine that ABC regional radio services identify the originating source of programming when giving their call signs.

The extent of networking

3.28   Most of the concerns surrounding networking that have been raised during this inquiry have related to the commercial sector and for that reason we have focussed on that sector. Our comments in relation to networking and localism in the national and community sectors are found in Chapter 3.

3.29   According to the ABA, 'it is undeniable that the last decade has seen a move towards greater networking'. In fact networking has been encouraged by many of the BSA reforms as explained by the ABA as follows:

- Liberalised ownership rules have permitted smaller numbers of proprietors, including major foreign entrants, to control greater numbers of stations: the number of allocated regional networked stations increased by more than 80% between 1993 and 2000.

- The spectrum planning rules have increased competition in markets by encouraging the ABA to plan the whole spectrum in areas. Once reservation for national and community broadcasting services are taken out, all remaining channels have frequently been made available for open narrowcasting or commercial broadcasting.

- Increased competition has encouraged rationalisation and 'hubbing' or centralisation of content production by squeezing profit margins, as

networks gain financial efficiencies by sharing programming and administration costs.[16]

3.30   Enabled by technological developments, the trend toward greater networking has also been driven, according to the some parts of the industry, by the desire of stations to offer a higher quality and greater variety of programming.

3.31   All commercial radio stations in recent decades have taken the opportunity to extend hours of broadcasting, increase the variety of programming, and /or reduce operating costs through the use of automation and prerecorded, syndicated /or networked programming. However, there is a considerable difference in the extent to which stations have embraced networking.

3.32   Stations in the Grant Broadcasters network, for instance, do not network any programs from one group station to another. [17] Stations do, however, take some syndicated programs, generally in the form of short segments such as music count downs. Most stations take a national news service and the John Laws program. The network is able to automate its own programs and the mid-night to dawn programs are automated.[18]

3.33   The ACE Radio Network stated that it had tried networking but no longer used is as they 'did not like the product'.[19] Its stations did, however, make use of syndicated programming.

> We do not network. ….We take syndicated programming not as a matter of cost saving—in fact, it is more expensive: if we are running John Laws we still have to have to have an announcer sitting in a studio but that announcer can be playing music. ..We take syndicated programming in the form of national news that emanates from Southern Cross in Victoria and there are other small pockets that we take. But we take syndicated programming to improve our product.[20]

3.34   The ACE Radio Network also described making considerable use of prerecorded programming and automation. Approximately fifty percent of airtime on the FM stations uses prerecorded programs generated within the local station. Approximately 25 percent of programming on the AM stations is actual live to air with the rest comprising prerecorded and

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16   Submission No 79, Vol 1, p 150/151 (ABA)
17   Submission No 187, Vol 5, p 1082 (Grant Broadcasters)
18   Submission No 187, Vol 5, p 1083 (Grant Broadcasters)
19   Transcript of evidence, 28 May 2001, Brisbane, p 772 (Mr Everett)
20   Transcript of evidence, 28 May 2001, Brisbane, p 771 (Mr Everett)

syndicated programming. Programs from midnight to dawn on both AM and FM are also prerecorded and automated but contain 'live' inserts of national and local news.[21]

3.35   RG Capital Radio Limited (RGCR) described its stations as being 'live and local' throughout the day in virtually all of its markets throughout regional Australia. Networked programming is used after 6.00 pm when stations broadcast one of two programs which are produced at RGCR's Gold Coast production facilities and relayed by satellite to its stations around the country.

3.36   Broadcast Operations Group uses networking but explained that the only change that had occurred in the last ten years was 'the provider of the networked programs'.[22] Broadcasts on AM stations are local and live to air from 6.00am-6.00pm. 70 per cent of FM stations are local and live to air from 6.00am to 6.00pm with the remainder doing 'a little bit less.' [23]

3.37   DMG Group, the largest of the networks, provided the Committee with considerable detail on the changes made to their stations since 1996.[24] The data, provided in an aggregate form for each market rather than on a station by station basis, indicated a substantial increase in the number of hours broadcast from hubs or other stations in all markets. Although the total number of hours of broadcasting has either been maintained or increased, the total number of hours of live broadcasting from the local studio has been reduced in small, medium (with the exception of the station based at Bunbury, WA) and large markets. In approximately half the smaller markets, DMG Group has reduced the number of hours of live broadcasting from the local studio per week by approximately half. In the other half of smaller markets, it has stopped all live broadcasting from the local studio (with the exception of Narrogin, WA, which still receives 4.5 hours).

3.38   In medium markets the reduction ranged between 20 per cent and 50 per cent and in larger markets between 50 per cent and 73 per cent. In fairness to DMG Group, these figures should be considered in the context of the other data which it provided. These include figures on the number of hours devoted to local news, weather and current affairs, etc, and the total number of hours of broadcasting. Overall, the data reveals both 'gains' and 'losses' for the community. The figures that we have mentioned are included in the discussion at this point merely to provide an indication of

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21   Transcript of evidence, 28 May 2001, Brisbane, p 772-773 (Mr Everett)
22   Transcript of evidence, 28 May 2001, Brisbane, p 834 (Mr Lodge)
23   Transcript of evidence, 28 May 2001, Brisbane, p 830 (Mr Lodge)
24   Submission No 106, Vol 2, p 358-388 (DMG Group)

the variation in the degree to which stations have embraced networking and the impact of new broadcasting technologies.

Impact of networking on local radio

3.39   A central question in this inquiry is whether the significant growth in networking is having an impact on the local character of regional radio services. Many of the concerns expressed in submissions related to the role of radio in providing information and other announcements during emergency situations. The issue is explored in detail in the next chapter.

3.40   A number of submissions made clear that networked, syndicated and pre-recorded programming has been a 'fact of life'[25] for country radio for a many years' and has contributed much of value to regional radio services. These benefits were described in one submission as follows:

- It allows capital city programs of high ratings to be relayed to country stations, namely talkback and news.

- It enables small stations to remain on air 24 hours a day with network based evening and early morning shows.

- It offers a larger variety of presenters to country stations. It enables stations to take syndicated Top 40, country and special music shows.

- It allows stations to relay special events and sporting programs for example, cricket, football, even the Olympics in some cases.[26]

3.41   FARB argued that 'networking has been a 'bonus for regional radio audiences as it has provided them with a wider range and higher quality of programming, whilst maintaining the necessary degree of localism required to satisfy regional audiences'.[27]

3.42   As already mentioned, programs such as the Country Music Program, Paul Tolley's *Australia Tonight* and *John Laws* demonstrate the effectiveness of networking in delivering quality programming to regional audiences.

3.43   Networking is clearly not in itself a problem and has the potential, moreover, to be particularly useful for providing programming that has been produced specifically for particular regions or for 'communities of interest'. The very volume of material that we received lamenting the loss

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25   Submission No 160, Vol 5, p 877 (4KZ)
26   Submission No 66, Vol 1, p 110 (Private citizen)
27   Submission No 133, Vol 4, p 703 (FARB)

of network programs such as those mentioned above attests to this potential.

3.44   Networking allows communities access to material which is unable to be generated locally such as racing radio services.[28]

3.45   Networking may also be playing some role in preserving commercial radio services in some areas. As pointed out by FARB, the ABA stated in its first planing process determination under the BSA (Licence Area Plan for Mildura/Sunraysia), that:

> The condition that a service should merely 'contribute' to the provision of an adequate and comprehensive range of broadcasting services in a market would enable bolder experimentation with formats, continue industry trends towards networking, and also permit the commercial survival of services with a smaller share of the market than may previously have been possible.[29]

3.46   While no broadcaster directly stated to the Committee that any particular stations had only survived because of networking, we are aware that some stations in small markets operate on the margins of commercial viability. Communities in such areas may prefer a networked service to no service at all.

Survey data on the impact of networking on local radio services

3.47   In assessing the full impact of networking on local radio services, the Committee was hampered by the lack of sufficient hard evidence.

3.48   FARB argued that commercial radio had by far the biggest listening share of the audience and had maintained its share despite increased automation and networking. [30] In support of its claims, it cited ACNielsen data from surveys conducted around the country between 1998 and 2000 which indicated that commercial radio captures 76 per cent of the potential listening audience,

3.49   Many individual broadcasters also referred to the results of audience surveys to support their claims that they were providing communities with what they wanted. The ACE Radio Network described investing in ACNielsen surveys in order to 'determine the appeal of our entire

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28   Submission No 124, Vol 4, p 629 (Radio Sport 927)
29   Submission No 133, Vol 4, p 702 (FARB)
30   Submission No 133.03, Vol 8, p 2000 (FARB)
31   Submission No 133.03, Vol 8, p 2000 (FARB)

product, its strengths and weaknesses, with the primary intention of improving it and to demonstrate to our advertisers the popularity and effectiveness of our product.' It suggested that its success in attracting both direct advertising from the local markets and national advertising demonstrated that it was 'providing a relevant and local service in the overall makeup of our broadcast services. [32]

3.50   DMG Group also cited ACNeilsen results as evidence that it was delivering to audiences the services that they wanted. In addition to this data, DMG Group also claimed its own surveys and research confirmed that it satisfied audience demands.

> [There] is only one way to determine if its commercial stations achieve their object of localism. That is to ask if the local communities served by those stations believe that their demands are being satisfied. We ask that through our surveys and research. They are clear in their conclusions. We do satisfy those demands.'[33]

3.51   While the Committee acknowledges the utility of such data to both stations and advertisers and in no way queries its findings, we are not persuaded that such data necessarily indicates that stations are providing what we consider to be a real local radio service for that community. Not all material that is relevant to communities, in the sense of being of interest to them, necessarily qualifies as providing for a real local radio service.

3.52   We suggest that much of the survey and ratings data referred to above simply reveals that a certain segment of the audience prefers a certain service out of the choices available to it. In some markets, the choices are extremely limited. For listeners with a strong preference for the commercial format, the choice may be simply between staying tuned or turning the radio off.

3.53   The data mentioned above is not collected to provide a measure of localism. While we understand that it may be possible to infer a measure of the degree to which radio is adequately local from such data in some circumstances, it is not always so. This is not to question the integrity of the data when used for the purposes for which it was collected but rather to suggest that if there is an interest in monitoring the impact of networking on local radio services, then data should be collected specifically for that purpose.

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32   Submission No 175, Vol 5, p 931 (ACE Radio Network)
33   Submission No 106, Vol 2, p 307 (DMG Group)

3.54   We consider, moreover, that the responsibility for collecting such data
        resides not with individual broadcasters but with the Australian
        Broadcasting Authority.

The ABA and local radio

3.55   In its submission to this inquiry, the ABA identified that the main issue for
        it as the regulator in relation to networking was whether, 'on a case-by
        case basis, centralisation of production has resulted in a failure to provide
        appropriate coverage of matters of local significance'[34] and later posed the
        following question:

> Have the gains of greater networking (including the viability of
> increased numbers of services overall) outweighed the costs to
> listeners, especially in regional areas where syndicated
> programming has replace locally produced material?[35]

3.56   In our view this is the key question. Of issue to us is the lack of data
        available to provide the answer.

3.57   In its submissions to the inquiry, the ABA described various pieces of
        research it has conducted or commissioned. The research included some
        attitudinal research carried out in 1994, a survey of program formats
        commenced in 1999 and some recent research into sources of news and
        current affairs.

3.58   The 1994 attitudinal research was conducted 'in order to understand the
        social benefits and influence on the general public of radio broadcasting'.

3.59   The research into sources of news and current affairs was conducted by
        Bond University's Centre for New Media Research and Education. Its
        findings were released earlier this year. The study looked at all forms of
        media and provides the ABA with a valuable set of data about industry
        and community perspectives on one aspect of programming, namely news
        and current affairs.

3.60   In 1999 the ABA conducted a survey of program formats broadcast by
        commercial radio stations. The 1999 study provided a broad picture of the
        differences between metropolitan and regional, and networked and
        independent radio station programming. While the broad picture details
        are useful for some purposes, in our view they do not provide enough
        detail to evaluate localism. For instance, as the ABA itself points out, the
        study 'does not reveal the extent of news specific to the local area from

34   Submission No 79, Vol 1, p 151 (ABA)
35   Submission No 79, Vol 1, p 151 (ABA)

either networked or independent regional stations.'[36] Nor is it possible to determine from the survey data whether sport programming includes local content.[37] Nor is any differentiation made in the study between capital city base networks or purely regional networks.[38]

3.61   In the course of the inquiry, the ABA advised that the Committee that it had decided to continue to conduct a program format survey on an annual basis for the next five years.[39] We welcome this move by the ABA but are somewhat puzzled by the decision to limit it to a five year survey. Given the ongoing nature of the ABA's monitoring role, we suggest that the survey should be conducted on an ongoing basis.

3.62   We are also pleased that the survey instrument has been amended to allow for identification of the amount of local news, current affairs and sport.[40] The survey lists a number of categories of programs and seeks estimates of the number of hours broadcast in each of these categories and also information as to whether the programs are 'produced in house, syndicated/retransmitted/recycled and the source of syndicated programming'. The ABA has defined the term 'produced in house' as 'broadcast material created, usually locally, by your station.'[41] We suggest that the definition should be tightened to avoid the possibility of any confusion between programs produced in the local studio and programs produced by the other stations in the same network.

3.63   The survey instructions allow for stations which do not keep programs in an easily accessible format to provide a rough estimate of the number of broadcast hours for each program category. Although the BSA reforms removed sole responsibility for the provision of adequate and comprehensive programming (which by implication includes local content) from any individual broadcasters, the ABA has been entrusted with the task of planning to ensure licence areas have adequate and comprehensive coverage. We cannot see how it can assess whether it has planned appropriately for a community without access to full and reliable details about program content to which the community has access.

3.64   We suggest that stations should in future be required to keep accurate and accessible records of their program formats and be required to submit this material to the ABA. As services are currently planned on the basis of

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36   Submission No 79, Vol 1, p 152 (ABA)

37   Submission No 79, Vol 1, p 177 (ABA)

38   Submission No 79, Vol 1, p 152 (ABA)

39   Submission No 79.01, Vol 7, p 1502 (ABA)

40   Submission No 79.02, Attachment 1, Vol 8, p 1929 (ABA)

41   Submission No 79.01, Vol 7, p 1507 (ABA)

licence areas, the survey results should be able to reported for each licence area. The surveys should include all categories of radio.

3.65   In advising commercial broadcasters of its intent to continue the survey over the next five years, the ABA stated that its policy for the use of confidential data will apply to the use of the survey data and that while material will be used for statistical analysis, it will not be released in any form that allows for individual licensees to be identified. Results on an aggregated basis, however, will be published.

3.66   We are, once again, puzzled by the ABA's approach in this matter. We suggest that the survey provides a discrete set of data about program content and does not include material that warrants confidential status. *The degree of live and local programming, amongst other details, should be transparent and available for scrutiny.*

3.67   Aggregated material is useful in indicating broad trends but is of limited value to other interested bodies such as parliamentary committees and Shire Councils or to individuals interested in service provision in their area. For instance, in response to a request by the Committee for information on the percentage of programs produced locally, the ABA provided the following aggregated data.

Table 3.1   Proportions of programming produced in house compared with total programming, small regions.

	In-house programming (%)	Sample size
NSW/ACT	82.5	5
Queensland	47.2	13
South Australia	76.0	19
Tasmania/Northern Territory	-*	-*
Victoria	-	-
Western Australia	46.2	4

Note: *sample size too small and release would breach confidentiality

Source   ABA

Table 3.2   Proportion of programming produced in house compared with total programming, medium regions.

	In-house programming (%)	Sample size
NSW/ACT	53.0	15
Queensland	56.4	12
South Australia	45.1	4
Tasmania/Northern Territory	-	-
Victoria	81.3	8
Western Australia	-*	-*

Note: sample size too small and release would breach confidentiality.

Source   ABA

Table 3.3   Proportion of programming produced in house compared with total programming, large regions.

	In-house programming (%)	Sample size
NSW/ACT	76.6	15
Queensland	50.6	18
South Australia	58.9	3
Tasmania/Northern Territory	76.6	4
Victoria	59.7	3
Western Australia	-	-

Source   ABA

3.68   While the material provides a broad sketch of trends, the size of the sample and the aggregated nature of the data severely limits the utility of the data. The broad nature of this sort of data has the potential to disguise as many significant developments in individual licence areas as it reveals and can lead to flawed conclusions.

3.69   In the interests of the community, we consider that the full results of future surveys be made publicly available for each licence area.

3.70   Given that all the commercial broadcasters who made submissions to this inquiry claimed to be meeting the needs of their communities, we do not anticipate that such a move will be of any concern to the industry.

3.71   We suggest that a parallel set of data needs to be collected about audience perceptions about whether they have adequate and comprehensive coverage. This point is elaborated on later in this chapter.

Recommendation 8

3.72   **The Australian Broadcasting Authority should continue its survey of
         program formats on an ongoing basis ensuring that it identifies the
         source and degree of local news and community content.**

         **The Minister for Communications, Information Technology and the
         Arts should prepare amendments to the _Broadcasting Services Act 1992_
         to require commercial radio licensees to report their program delivery
         operations and details of program formats to the ABA on an annual
         basis.**

         **The Australian Broadcasting Authority should publish this material in
         full disaggregated according to licence areas.**

Evidence from the submissions

3.73   Most commercial broadcasters who made submissions to this inquiry
         stressed that they catered for the community's needs for local radio and
         that they served their markets well. Some of these claims were supported
         by testimonials either made as submissions or attached to or contained in
         submissions from the broadcasters themselves. [42]

Loss of localism

3.74   Submissions from listeners, on the other hand, raised a number of
         concerns about the impact of networking on localism. While some
         comments are quite general in nature, others single out particular
         broadcasters. We note that most commercial broadcasters are not
         mentioned adversely. In considering the issues raised, we have
         endeavoured to weigh the comments made about broadcasters against the
         evidence provided by the broadcasters themselves. Our interest has not
         been in shining the spotlight on any particular broadcasters but rather in
         identifying any major areas of concern and to gauge some sense of the
         extent of the problems raised.

3.75   Many of the comments about networking were general in nature and
         indicated a general concern about the consolidation of ownership. Most
         conveyed a sense of loss of localism.

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42   . Submission No. 187, Vol 5, p 1080 (Grant Broadcasters) and Submission 180, Vol 5, p 978
       (Bathurst Broadcasters)

3.76   The Western Australian Department of Commerce and Trade cited findings of a 1996 Communication Audit which showed that:

> many residents were unhappy with the growing trend towards networking of regional commercial radio services. This means that all stations throughout the network receive the same program for much of the day with only small windows for local news and advertising. Regional listeners questioned the relevance of having Sydney and even Perth radio programs and radio personalities broadcasting to regional Western Australia. They felt that local commercial radio services no longer provided sufficient local news and information. There was some expectation that community stations may be able to fill this role.[43]

3.77   Shire Councils from centres as wide apart as the Kimberleys and Western Australia and Tumut in NSW lamented the loss of local content.

3.78   Not surprisingly, given that many of the commercial stations are predominantly local during the day, concerns about the increase in networked programming focused on the loss of local programming during the evenings and weekends.

3.79   The Country Women's Association of New South Wales described services that contained no local content after 6pm on weekdays or after noon on Saturdays and none at all on Sundays and added that 'local communities feel as though they have lost "their" radio station. … The majority of country people are not interested in city based radio programmes.'[44] The following extract from another submission confirms such sentiments.

> They even call our station with a Sydney name now, so we don't even have our station any more. They even have Sydney weather reports and traffic reports, which is stupid and no use to people in the country.[45]

3.80   Objecting to the level of the consolidation of ownership that has occurred in Tasmania, one submitter described the evening programming as follows:

> From 6pm until 7pm the "Retro" show and from 7pm until midnight the "Fat 30" show are both broadcast from the Gold Coast. Recently the TTT breakfast "team" consisting of one male and one female announcer were on leave and the spot was not filled by local people but by a broadcast from the Gold Coast. As

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43   Submission No 178, Vol 5, p 948 (Department of Commerce and Trade, Western Australia)
44   Submission No 249, Vol 7, p 1783 (Country Women's Association of New South Wales)
45   Submission No 251, Vol 7, p 1787 (Private citizen)

> with the evening shows there was no mention of local events and I
> may state here, that the main topic of sport, particularly during the
> "Fat 30" show is of rugby league, a very minor sport in Tasmania.
> In Northern Tasmania, all shows on stations, 7AD Devonport, 7SD
> Scottsdale, 7BU Burnie, 7LA Launceston and SEA FM Devonport
> are broadcast from either Launceston or the Gold Coast. IE With
> the exception of some shows for Launceston, nothing is local.[46]

3.81   A number of submissions drew attention to a range of irritations including
announcers mispronouncing the name of the town or the time calls during
daylight hours being 'either non-existent or generic'. Others gave accounts
of incorrect weather broadcasts. One of these described such errors as
being hurtful to the communities involved and suggested that
'widespread networking up to 21 hours a day puts local stations out of
touch with the people they were originally licensed to serve'.[47]

> One of the greatest complaints from people in Roma, for example,
> has been that the announcer in Townsville simultaneously serving
> all these markets may be heard to comment 'Not another rainy
> day' as the tropical storms fall in Townsville.

> Unfortunately, Roma is in the midst of the worst drought in 40
> years and the local people are suffering badly. These types of
> comments can be quite hurtful.[48]

3.82   A number of submissions commented on the size of some of the networks
and the loss of diversity that resulted.

> The Caralis network and the DMG networks which dominate a
> great deal of NSW, VIC and QLD have stations that are so close
> together, the same program can be heard all over.[49]

> The opportunity to switch to nearby Radio Station 2MO based in
> Gunnedah, 80 kilometres west of Tamworth, as an alternative has
> been denied because this station is also part of the 2SM network.[50]

3.83   Other objections referred to the failure of stations to replace announcers
during holidays or using automation over extended periods.

> With the advent of more sophisticated computer programs over
> the past five years, radio stations can be run remotely by satellite
> for days on end with no live presenters. This is the case with 2PK

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46   Submission No 82, Vol 1, p 196 (Private citizen)
47   Submission No 85, Vol 1, p 205 (4VL)
48   Submission No 85, Vol 1, p 204/205 (4VL)
49   Submission No 66, Vol 1, p 110 (Private citizen)
50   Submission No 229, Vol 7, p 1735 (Private citizen)

> Parkes and 2MG Mudgee, where over the Christmas break they
> ran from 6pm 24/12/99 to 6am 28/12/99.
>
> On long weekends it is not uncommon for small stations to run
> from midday Saturday to early Tuesday mornings. No local
> content and no up to date information regarding roads, the
> weather, sporting cancellations, "what's on" or the like.[51]

3.84   Various submissions referred to the loss of local news ranging from claims
        that the news service 'provided little more than media releases and news
        handouts'[52] to claims of there being no local news content at all[53] to claims
        that there was no local news during some parts of the day.

> In southern Tasmania, station TTT has no local news after midday,
> it is broadcast from the Gold Coast.[54]
>
> Until recently Radio West had a local news segment as part of
> their morning sessions. This is no longer available.[55]

3.85   Another submission, whilst citing 2DU in Dubbo as one of the two
        commercial stations that should indeed be used as a model for AM and
        FM stations around the country[56] claimed programming to have declined
        in terms of community services and in the number of outside broadcasts.

Loss of country feel

3.86   Some submissions specifically objected to city based programming.
        Calling for more local content, a submitter in Taree objected to the 9.00am-
        12.00nn program originating in Sydney and added that 'a local radio
        station should reflect on our area'.[57] Another objected to 'being fed
        information and content that is city based that is neither representative of
        our rural and cultural environment or is our choice'.[58]

3.87   That the sense of loss often was not always related to the loss of
        specifically local content was borne home to us by the sheer number of
        submissions which referred to the loss of programs which are essentially
        networked programs.

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51   Submission No 66, Vol 1, p 110 (Private citizen)
52   Submission No 148, Vol, p 808 (Port Macquarie County Labor)
53   Submission No 132, Vol 4, p 657 (Private citizen)
54   Submission No 82, Vol 1, p 196 (Private citizen)
55   Submission No 48, Vol 1, p 59 (Shire of Coolgardie)
56   Submission No 66, Vol 1, p 106 (Private citizen)
57   Submission No 25, Vol 1, p 33 (Private citizen)
58   Submission No 254, Vol 7, p 1795 (Private citizen)

3.88   Many, for instance, decried the decision of the Broadcast Operations
        Group to discontinue the popular Country Music Program. The program
        had been broadcast seven days a week between 6.00pm and 6.00 am for a
        period of 35 years first as Hoedown and then as Country Music Radio.[59]
        Following its purchase of the Sydney Radio Station 2SM and its decision
        to restructure the network with this as the sole program source, the
        Broadcast Operations Group discontinued the Country Music Program.
        The decision was clearly felt as a blow to the community, not only because
        of the loss of the actual music content which while country in style was
        not specifically local, but because of what the program had come to
        represent to the community. As explained by the General Manager of the
        Tamworth City Council, Mr Lyon, 'the loss of the radio program I believe
        was a diminishing of that recognition of what the city stands for in
        relation to country music'.[60]

3.89   Similarly, the network's decision to discontinue another 'county style'
        though not specifically local program, Paul Tolley's *Australia Tonight*, was
        galling to many listeners as evident in the extract below.

> It has been replaced by a program emanating from 2SM in Sydney.
> Their presenter struggles with an understanding of general rural
> issues and indeed it is another case of the city telling the bush they
> know what is best for us.[61]

3.90   In both cases, the decision was made more hurtful by the manner in which
        it was done.

> Then on a Monday at the end of January I turned the radio on, and
> Paul was not on any more. They didn't tell us anything. They just
> sacked him and a lot of people on the radio. It was so rude and
> insulting to the people. They had put a man coming out of their
> radio in Sydney. I'll speak my mind. The people they have on now
> drive me mad. They don't know anything about the country, and
> they don't seem to let people talk about the country things which
> interest us.[62]

> There was no consultation at all. That was another point that a lot
> of people found quite offensive in Tamworth when the station was
> taken over by 2SM. We received very short notice. It just
> happened. People were crying out, ringing up and doing
> everything. But it was just done. It was just, 'Go away, it is

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59   Submission No 229, Vol 7, p 1734 (Tamworth City Council)
60   Transcript of evidence, 31 January 2001, Tamworth, p 167 (Mr Lyon)
61   Submission No 107, Vol 3, p 445 (Private citizen)
62   Submission No 251, Vol 7, p 1787 (Private citizen)

> finished.' It appeared to me that the Tamworth people would have
> liked an opportunity to sit down and talk about it. The station, for
> obvious reasons, did not give them that opportunity. One would
> have hoped that out of that would have come some sorts of
> discussions whereby we might have been able to ask them, 'Could
> you do a small segment or something else to take its place?' We
> did not have that opportunity at all. It was done and we had to get
> on with life.[63]

3.91   Such instances cannot but suggest that there is a lack of attunement with
        country listeners in at least some levels of the organisation.

3.92   Some of the evidence focussed on changes in services which were not
        specifically local, at least in the geographic sense. For instance, in a
        submission describing services in the Dubbo region, one witness claimed
        the programming on 2DU to have declined overall including in the area of
        news. However, the news in question was not local news which, according
        to the submitter, had remained the same. The concerns, in fact, related to
        the station's decision to take the national news from its only Sydney
        station rather than the service from 2UE.[64] The loss of news readers from
        2UE was also noted in a submission from a Tamworth listener.[65]

3.93   The evidence presents a broad variety of concerns ranging from a general
        discomfort with the degree of consolidation of ownership and sense of
        loss of country style programs to specific concerns about incorrect weather
        reports, generic time calls, failure to replace announcers during the
        holidays and a reduction in the number of outside broadcasts. However,
        the largely anecdotal nature of the evidence provided in the submissions
        and the limited number of submissions which express concerns about
        networking makes it difficult to be conclusive about the degree to which
        networking has led to a deterioration in the services provided to regional
        communities. The generality of comments, occasional instances of
        contradictions, lack of correspondence in some cases between claims made
        in submissions and the evidence provided by broadcasters, and the lack of
        hard data available to substantiate claims make it impossible to assess the
        impact in quantifiable terms.

3.94   We are, however, persuaded that warning bells are ringing for localism in
        regional radio services and that the current arrangements leave
        communities vulnerable to changing economic pressures and other forces
        that impact on the commercial broadcasting industry. Economic,

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63   Transcript of evidence, 31 January 2001, Tamworth, p 169 (Mayor Woodley)
64   Submission No 66, Vol 1, p106-107 (Private citizen)
65   Submission No 15, Vol 1, p 21 (Private citizen)

regulatory and technological developments are also dramatically transforming the delivery of other services to regional Australia such as banking services. In an era when many regional communities are experiencing economic difficulties and there is a pervasive sense of loss, it is more important than ever to preserve services, such as local radio services, which can play a role in maintaining and building community identity.

An over-reliance on market forces

3.95   In our view, this vulnerability has been created to a large extent by the removal of the obligation on individual broadcasters to provide 'a comprehensive and adequate coverage'. The removal of the obligation, may have had some logic when considered in context of the other changes to the regime. The increases in the number of licences being issued, the encouragement of the community sector and the creation of other categories such as narrowcasting were expected to provide for diversity and to add to the comprehensiveness of services.

3.96   The view that such measures in combination with market forces will guarantee localism is premised on the assumption that there is genuine competition in all markets. We received some evidence that the current arrangements do deliver localism in markets where there is genuine competition.

> Dubbo, in NSW is an interesting example of larger-scale networks' attitudes to 3rd license competition and viability in Australia. 3 licences are operating in the market, two are owned by Bill Caralis, and one, the newest, Star FM is owned and endorsed by DMG Regional Radio. This station, unlike the majority of its 58 related regional network stations who broadcast for 6am until 9am of 10am, is live and local from 6am until 6pm; increased localism, the direct result of real competition.[66]

3.97   We are not convinced, however, that the level of competition required for market forces to work exists in all markets. In 82 of the 102 commercial radio service licence areas[67], there is only one owner of commercial licences. In such markets, listeners who prefer the commercial radio format over other radio formats, essentially have very little choice. As

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66   Submission No 80.02, Vol 8, p 1947 (Riverina Radio Group)
67   Submission No 79.06, Vol 9, p 2161 (ABA)

expressed by one submitter, 'We have no professional commercial alternative'.[68]

3.98   Communities, it was suggested by one witness, Mr Higginbotham, can only have the radio services they can afford. Some communities are too small to attract any commercial broadcasters and many are of a size that can only support one commercial licence holder.

3.99   There may be sound reasons for limiting the number of licence holders in a region, an issue discussed in more detail later in the chapter. However, the fact that commercial broadcasters in some areas are not competing against other commercial broadcasters seriously limits the power of market forces to ensure that the communities have real local radio services, as explained in some detail by Mr Higginbotham.

> The free market has failed because the pre-conditions for its success have not been met. The nature of the RF spectrum is such that individual transmissions are geographically restricted. Hence, audiences in small markets have no choice regarding service providers and are thus captive and unable to punish a broadcaster by moving on to a more attractive alternative. For these consumers the free market option is not available.[69]

3.100   Mr Higginbotham's analysis confirms our view that the BSA's emphasis on competition was not appropriate in all sized markets.

3.101   In addition to removing a requirement that afforded some safeguards to localism in radio, the BSA also removed any limits on the number of commercial licences that could be held in total by one operator. According to the Mr Higginbotham, the impact of this move in effect created circumstances which favoured networking.

> Whereas in the very large markets competition for audience is ever-present and there are effectively no limits to the revenues available to any one station, in smaller markets audiences and revenues are finite.

> This is an important change. Success is no longer directly tied to meeting the public need; success now flows from optimising the balance between costs and revenue to optimise profits.

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68   We acknowledge that a high degree of competition exists between different media in markets for the advertising dollar. But is it competition within a particular form of media that in theory at least delivers improved services and that requires the presence of alternative versions of the same media. We also acknowledge in some areas, listeners are able to tune to other stations because of overspill of the signal from other licence areas.

69   Submission No 273.01, Vol 8, p 2052 (Private Citizen)

> Small markets today operate without regulation. There is not even a limit on the number that can be served by one operator. Given this, it is no surprise that network operators have found the revenue penalty incurred by reducing programme standards is not proportional to the profit gained by minimising costs. Networking the greatest number of markets yields the highest profit.
>
> This outcome is quite the reverse of what was intended, yet there is no commercial penalty – contrarily, the network broadcaster is rewarded for downgrading the service provided.[70]

3.102   The markets that particularly illustrate our concerns are small markets. Already, for instance, in areas such as Bridgetown, Katanning, Merredin and Northam, there are no live broadcasts from the local commercial radio studio. In others areas including Esperance, Mt Isa and Kalgoorlie, hours of live broadcasting from the local studio, have been cut by approximately half since 1996. [71]

3.103   As noted earlier, most commercial broadcasters use networking or syndicated programming to some degree and it is difficult to draw a line where their use becomes significantly detrimental to local radio services. While the line may be difficult to draw, we suggest that stations which have ceased all live broadcasting from the local studio have clearly crossed the line between being a truly local radio service and being an alternative form of radio broadcasting.

3.104   While we accept that networking is only happening to this extent in a handful of small licence areas, the fact that it is occurring at all confirms that the current arrangements leave communities at risk of losing real local radio services.

3.105   In its submission to the inquiry, the ABA itself drew attention to shortcomings in the licensing conditions.

> There is no obligation on any single commercial licensee to provide an adequate and comprehensive range of services. Moreover, commercial radio stations are considered to be one of a number of broadcasting media providing information to a community: community and national radio services, and also television, must be taken into account in determining whether a commercial radio station is meeting its licence conditions. A shortcoming of the current 'adequate and comprehensive' condition is that it does not impose a clear obligation on any single

70   Submission No 273.01, Vol 8, p 2051/2052 (Private Citizen)
71   Submission No 106, Vol 2, p 360/388 (DMG Group)

licensee to do anything in particular. Thus if all services in a market ceased to carry local news, it is unclear which, if any, has breached the obligation to 'contribute …to the provision of an adequate and comprehensive range of services'.[72]

The case for prescribing for local content

3.106   Some submissions called for a tightening of the regulations and the imposition of a local content requirement. In relation to the New England area, for instance, one submission suggested that:

> Local and regional content should apply to a licence. Television was correctly forced to have 55% Australian content. Local radio stations should have to air 55% local and regional content. Regional being New England North West-geographical area. If this isn't in a licence it won't happen. Cheap Sydney/Newcastle talk-back will prevail.[73]

3.107   Along similar lines, another submitter suggested that 'programming content should include minimum standards related to local news and sport and live local content'.[74] Another witness worried about where the trend towards more networking would lead and suggested that without some form of requirement for localism, 'technically it should be possible to have a mother station servicing a global network.'[75]

3.108   From the industry's perspective, however, there was considerable resistance to the any form of additional content requirements.

3.109   FARB and individual broadcasters claimed that given the high costs and investment risk involved in purchasing and operating a commercial radio licence, it was logical that operators be given wide discretion with regard to program formats. [76]

3.110   FARB also argued that the question of local content in regional radio should not be considered in isolation from other broadcast sectors. As pointed out by the ABA, 'commercial radio stations are considered to be one of a number of broadcasting media providing information to a community: community and national radio services, and also television, must be taken into account in determining whether a commercial radio

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72   Submission No 79, Vol 1, p 152 (ABA)
73   Submission No 254, Vol 7, p 1799 (Private citizen)
74   Submission No 132, Vol 4, p 658 (Private citizen)
75   Submission No 198, Vol 6, p 1335 (Private citizen)
76   Submission No 133, Vol 4, p 676 (FARB)

station is meeting its licence conditions'.[77] According to FARB, provided broadcasters meet these and other requirements under the BSA, they should 'be able to choose the kind of local programming and associated services they broadcast'.[78]

3.111   Complementing FARB's view and taking its point that 'the sole responsibility of regional radio broadcasting is not intended to rest with commercial radio'[79] a step further, DMG Group argued that 'commercial stations must focus on mainstream or majority audience demands' and that 'community and national stations exist for the purpose of satisfying the demands of smalls sections of their local communities'.[80]

3.112   Although the apparent disregard for small sections of the community is disappointing, commercial radio is after all a commercial enterprise and to some extent the view is understandable. However, that commercial radio is free to turn its back on sectors of the community raises serious questions about the wisdom of the removal by the BSA of the obligation from individual broadcasters to provide an 'adequate and comprehensive coverage'. It also highlights the degree to which the community is reliant on the quality of the ABA's initial planning and on its subsequent monitoring of the results of that planning on service provision.

3.113   DMG Group also argued against the imposition of any form of content quotas on radio on the basis of it being:

- contrary to the position taken by the Productivity Commission;[81]

- unfair and discriminating against radio relative to television;

- contrary to audience demands as measured by our surveys and research; and

- anti competitive (because it would limit the ability of radio to compete with other means of delivery).

3.114   Grant Broadcasters argued that having made the changes in 1992, it would be inappropriate to impose any form of program regulation.

> I say this because the new Act is predicated on the removal of regulation and the introduction of additional services. The theory at the time was more is better. FARB and individuals argued that

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77   Submission No 79, Vol 1, p 152 (ABA)
78   Submission No 133.03, Vol 8, p 2000 (FARB)
79   Submission No 133, Vol 4, p 673 (FARB)
80   Submission No 106, Vol 2, p 293 (DMG Group)
81   Submission No 106, Vol 2, p 313/314 (DMG Group)

this was not necessarily the case as without commercial viability the service commercial broadcasters can deliver is restricted. These arguments were rejected and we have subsequently seen an enormous growth in the number of services. ABC, community, narrowcast and commercial, in the latter case whether through new licence grants or the commencement of s39 licences. Pay TV is a growing alternative and aggregated TV has made it possible to sell television locally at very low cost. All of these services compete for audience and some for advertising revenue. Having chosen this path in 1992 it is simply not reasonable to expect that the commercial radio industry can return to a regulated industry.[82]

3.115   Various submissions suggested that regulations do not always achieve their objects. Grant Broadcasters, for instance, expressed some concern about the unintended consequences of regulation.[83] On a similar note, Mr Higginbotham suggested that 'when you impose heavy requirements on people you do not necessarily get the satisfactory answer that you would like.'[84]

3.116   We are aware that an unintended consequence of imposing specific local content requirements may indeed be that the commercial viability of some stations is further threatened.

3.117   Describing the economic capacity of some markets to support a local radio stations to have changed over the years, DMG argued that without networking, some markets would have lost commercial radio services altogether.

It also enables, particularly in the smaller markets, a service to be provided that, given the changed economic circumstances, simply would not be possible at all if the operations were not conducted in either the way that we do or with some form of networking. I would go so far as to say that in the smaller markets—there is now a reasonably large number of small markets in Australia—if services were not being provided in the way that they are being provided there would no longer be a possibility for a service at all. The services would need to shut down and a significant number of markets would no longer have any commercial service at all and there would be nobody wishing to take those licences to continue the service.[85]

82   Submission No 187, Vol 5, p 1082 (Grant Broadcasters)
83   Submission No 187, Vol 5, p 1082 (Grant Broadcasters)
84   Transcript of evidence, 28 May 2001, Brisbane, p 758 (Mr Higginbotham)
85   Transcript of evidence, 28 May 2001, Brisbane, p 790/791 (Mr Thompson)

3.118   Such evidence underscores the difficulty of finding solutions that will at the very least protect communities from further loss of their local radio services.

3.119   While there was considerable resistance within the industry to any suggestion of the imposition of a local content requirement, some broadcasters were more disposed to accepting such a requirement in return for other concessions. The Australian Association of Independent Regional Radio Broadcasters, indicated early in the inquiry that:

> At the end of the day, if we had the provision, like we had in the previous act, of an obligation to be adequate and comprehensive, we would cop that, providing the other side of the equation was recognised—that is, that it was essential that the viability of the stations be preserved.[86]

3.120   RGCR also supported an imposition of a local content requirement provided that ownership and control rules were also revisited.

Encouraging real local radio

3.121   Despite being far from convinced that the current approach of placing a collective responsibility on licence holders in a licence area to deliver adequate and comprehensive coverage actually works as currently administered, we recognise that a requirement to provide more local content demands a deliberately cautious approach.

3.122   Communities clearly value having access to a real local radio service. However, it does not necessarily follow that communities, or at least those communities which have more than one commercial radio service, want local content from every provider or indeed from every service. The success of national programs which target a particular demographic and contain no local material, such as Triple JJJ, bear testimony to this.

3.123   We are concerned, however, that community needs do not seem to be a priority in the BSA or for the ABA in its administration of the BSA. While the Committee is cautious at this point in time about regulations requiring local content, we consider that the industry as a whole needs to demonstrate more responsiveness to the community's need for adequate and comprehensive coverage.

3.124   As mentioned above, our concern at this point of time is particularly for small markets where market forces have limited power. Small markets cannot sustain the competition provided by more licence owners. Yet

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86   Transcript of evidence, 8 December 2000, Canberra, p 80 (Mr Foster)

without competition, market forces cannot work to achieve real local radio in the manner envisioned by the formulators of the BSA.

3.125   The challenge presented by this conundrum is to find ways of preserving local program content and local presence in radio in these areas and of encouraging an increase in local program content and local presence where it is not; that will preserve diversity where it has been created but also maximise the possibility of at least one station providing for real local radio. We believe that this challenge can be best met by a combination of measures which address on the one hand, the community's needs for real local radio, and on the other, broadcasters' needs for commercial viability. Measures which deal specifically with commercial viability are discussed later in this chapter.

The case for a regional commercial radio licence

3.126   The Committee received various calls during the inquiry for regional radio to be treated differently than metropolitan radio. A submission from the Riverina Radio Group, a group endeavouring to obtain a commercial radio licence for Wagga Wagga, NSW, proposed that two new categories of commercial licence be created for regional radio, the Regional Commercial Radio Broadcast Licence and the Commercial Network Broadcasting Licence. Under this scheme, holders of the Regional Commercial Radio Licence would be required to be fully "live and local" for a minimum of eighteen hours per twenty-four. Holders of the Commercial Network Broadcasting Licence would be required to provide a minimum of eight hours live local programming for eight out of twenty four hours.[87]

3.127   The Regional Licence category would be allocated on a merit based rather than a price based system. Holders of a commercial network licence would not be permitted to own a Regional Commercial Licence nor could they supply programming to a Regional Commercial Licence except in emergency situations.

3.128   There would only be one regional Commercial Broadcasting Licence allocated in each major regional areas and the category would only be utilised 'when sufficient interest is shown from a suitable locally based applicant, and a need for increased localism and community service due to network operators deficiencies are recognised'.[88]

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87   Submission No 80.02, Vol 8, p 1945-1946 (Riverina Radio Group)
88   Submission No 80.02, Vol 8, p 1946 (Riverina Radio Group)

3.129   The scheme would undoubtedly deliver a high degree of localism in areas in which there is a broadcaster willing to commit to 18 hours live and local. It would also provide some entry point for operators wanting to establish a truly local service who may have been previously excluded from the market by not having the resources to compete with the large networks at licence auctions.

3.130   We have some reservations about the scheme. For instance, the scheme would compel all broadcasters in an area to a certain level of local content. While listeners want access to a local radio station, they do not necessarily want local content on every service in the area.

3.131   Notwithstanding these reservations, we are generally sympathetic with the intention of the scheme. Ultimately, the allocation of one specifically local licence for each licence area in regional Australia may be the best way to protect local radio. In our vision, all incumbent licence holders would be able to bid for the licence but would bid on the basis of merit rather than price. The licence would be for a real local radio service as described at paragraph 3.24 and accordingly would have certain obligations placed on it. In return for these, the licence fees would be calculated on a different basis than for other commercial services.

3.132   It is an option that should be considered and developed by the ABA should its monitoring of the adequacy and comprehensiveness of radio services indicate that regional communities are losing access to a real local radio service.

Tradeable credits

3.133   In evidence before the Committee, representatives from the ABA suggested that a scheme of tradeable credits may serve to encourage localism. Again the proposal was only lightly sketched but there was sufficient broad detail for us to consider in principle. The scheme is based on an obligation being placed on all commercial broadcasters to deliver certain levels of localism. Broadcasters would, however, be allowed to trade their credits, or contract with another station to deliver on their behalf.

3.134   The scheme has some appeal in that it is a way of sharing the responsibility between broadcasters to provide for localism but in a manner that allows for that to be delivered in the most efficient way as described by ABA Board Member, Ms Maddock, as follows:

> Where governments have imposed content rules they have imposed it in a one size fits all across the board. If one station is

more efficient, because it has got better community links, at producing that news, they still only produce their five minutes, two hours or whatever you mandate and other stations produce their same level. You do not get any economies of scale in producing it. If you had a system whereby you mandated that every station is responsible for there being on air in the area X minutes or X hours per day of community news, but could contract with another station to deliver on their behalf, then the station that is most efficient at producing and organising it will do so. That may be a good thing.

Say you mandate 30 minutes a day, it may mean that you get one hour a day on a station rather than two 30-minute segments running in opposition to each other on two different stations. It may mean that they ask the community radio station or contract with the community radio station to produce and distribute it on their behalf. It lets the market forces as to who is the most efficient at producing that local content do so in a way that may further enhance the actual spread of time that is devoted to community news in an area.[89]

3.135   As pointed out by Mr Gordon-Smith, another member of the ABA Board, the scheme also recognises that localism does not necessarily fit naturally within all station formats.[90] Stations able to contract another stations to deliver on their behalf, would still be sharing the cost of providing for localism but would be able to retain their own format. Diversity in services overall would be retained.

3.136   Under the proposed scheme, commercial broadcasters would be able to contract a community broadcaster to deliver localism on their behalf. Such a measure is consistent with a view that the community sector has a role to play in providing for local radio.

3.137   We have reservations about including the community sector in a tradeable credit scheme. Such a move would further blur the boundaries between community, commercial and narrowcasting sectors, a move that would not be constructive at this point in time. Community radio is of varying quality across the country and some areas still do not have a well established community sector. While such a move may boost the capacity of some community stations to attract a greater share of the listening audience, it is a move that has the potential to create more problems that it solves.

89   Transcript of evidence, 29 May 2001, Brisbane, p 909 (Ms Maddock)
90   Transcript of evidence, 29 May 2001, Brisbane, p 909 (Mr Gordon-Smith)

3.138   The proposed tradeable credits scheme assumes the existence of other radio broadcasters in the area. As mentioned above, of the 108 commercial radio service areas, 82 have only one commercial operator.[91] A tradeable credits scheme would only have value in markets large enough to have more than one owner of commercial licences unless it relied heavily on the community sector.

3.139   While we do not believe that there is enough evidence, at this stage, to justify the establishment of a fully separate new licence category, or institute a system of tradeable credits, we consider that both proposals are worth considering should the surveys and audits recommended in this report reveal the need for regulatory change.

One size does not fit all

3.140   The ultimate judge of whether a community is receiving adequate and comprehensive services should be the community. While in theory communities have had the opportunity to provide input at the planning stage, we are persuaded that the ABA has interpreted demand in terms of entrepreneurial demand for licences rather than community demand for services. We also note that that the ABA itself described having streamlined at least some aspects of the public consultation process out of existence.

> Early on in the planning process, before we became aware of just how large the process was and the danger of delays, the ABA also conducted wide public consultation through public meetings. We actually streamlined that process out of existence.[92]

3.141   *We welcome this admission but are concerned that the ABA appears not to have forcefully enough drawn this development to the notice of policy makers consistent with the requirement in s.158(n) to monitor, and to report to the Minister on, the operation of this Act.*

3.142   While we consider it important that communities have an opportunity to have input at the planning stage, we consider that it is also crucial that they have the opportunity to have input after the implementation of the Licence Plan.

3.143   The removal of the public inquiry that was a part of the licence renewal process prior to the BSA removed the opportunity for communities to

91   Submission No 108, Vol 9, p.2161 (ABA)
92   Transcript of evidence, 29 May 2001, Brisbane, p 894 (Mr Tanner)

provide feedback on whether radio services in their area were adequate and comprehensive. We consider that without this information, the ABA cannot perform its monitoring function to any degree of satisfaction.

3.144   Releasing individual broadcasters from the responsibility of providing for local content or any particular form of content essentially places the responsibility for communities receiving adequate and comprehensive services on the ABA itself. What is required, and what is fundamentally lacking from the current approach, is a rigorous method of testing whether in fact the planning process has provided for adequate and comprehensive services.

3.145   We therefore recommend that following the completion of the LAP process, the ABA should undertake a rigorous, comprehensive and systematic licence area by licence area audit of how well communities are being served in terms of both adequacy and comprehensiveness of radio services.

3.146   We have some concern that some of the community consultation processes involving public meetings or submissions tend to engage particular segments of a community. While community consultation should take place, the results do not always reflect the cross section of views. We therefore suggest that the audits are based on a scientifically constructed random sample of members of the community where the contact is instigated by the ABA rather than where the onus on participation is placed on the listener.

3.147   We consider that the audit should be done in consultation with Local Government. Given that the evidence suggests that the problems concerning lack of local content are likely to be more pronounced in the smaller markets, we suggest that the smaller markets be surveyed first.

3.148   In areas in which the audit results reveal that communities do not consider the radio services sufficiently local, we consider that the ABA should negotiate between the commercial radio licensee and the community, as represented by local government, with the goal of securing a better level of provision. Should the negotiation have not been successfully concluded at the end of six months, the ABA should make spectrum available for another commercial licence, and call for applications for that licence.

3.149   The existing commercial licence holder would not be eligible to purchase the licence and the ABA would only consider applications from operators that would guarantee a significantly higher level of local production, content and delivery of services than that currently provided.

3.150   Such an arrangement has the potential to place more of a responsibility on commercial radio licence holders in small markets than on those in other areas. In recognition of this and of both the added costs of providing for what we have and the smaller revenue in small markets, we propose that the licence fees in small markets be calculated not only on the basis of revenue but also in accordance with the degree to which the services meet the features we identified as characterising real local radio. In essence we are suggesting that a system of rebates be established to assist broadcasters provide for a form of local radio that is predominantly live and broadcast from the local studio.

3.151   While we consider that the threat to real local radio services in medium and larger areas is not as imminent as in smaller markets, consideration needs to be given to measures that will preserve real local radio in these areas. These measures are essentially related to the issue of commercial viability and are outlined in the next section.

3.152   In evidence before the Committee, the General Manager of the ABA, Mr Giles Tanner, pointed out that a periodical examination of the adequacy of services in an area served only a symbolic purpose 'if there are not discretions at the end of that in practical terms'. [93]

3.153   The audit as suggested by this Committee is on one level a test of the implementation of the planning process, and to some extent the results will be providing some comment on the performance of the ABA. However, there are other factors that play a role in determining the level of services over which the ABA has no control and it would be unfair not to recognise this.

3.154   The audit will provide the data that is needed in order for parliament to properly assess the impact of the *Broadcasting Services Act 1992*. It will specifically identify gaps in services in specific areas. As such, it will be of great pragmatic value.

3.155   We consider the proposed audits to be of critical importance. In its interpretation of the BSA, the ABA has focussed intensely on the planning process and on achieving diversity. While this may be understandable in the context of the pro-competitive environment in which the reforms were conceived, we suggest that the ABA's efforts in planning need to be balanced by efforts to evaluate what was described by one witness as 'a ten year experiment with putting the spectrum to work'.[94]

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93   Transcript of evidence, 29 May 2001, Brisbane, p 909 (Mr Tanner)
94   Transcript of evidence, 29 May 2001, Brisbane, p 902 (Mr Tanner)

3.156   We therefore recommend that sufficient resources are allocated to the task
        to enable the audits of small, medium and large regional markets be
        completed within a reasonable time frame.

Recommendation 9

3.157   **The Minister for Communications, Information Technology and the
        Arts should direct the ABA following the completion of the LAP process
        to conduct an audit of licence areas to determine the degree to which the
        planning process has provided for localism and diversity and the level
        of community satisfaction with the services in their area.**

        **The Minister should ensure adequate resources are provided to the ABA
        to enable it to complete the audits within a reasonable time frame.**

3.158   The audit process will reveal whether there is a need to address the
        problems identified in this inquiry with more stringent measures. If the
        audit mechanism proves to be an effective tool in assessing whether a
        community is receiving an adequate and comprehensive level of radio
        services, consideration could be given to conducting regular audits, on a
        five yearly basis, as a replacement for the public inquiry that was
        previously part of the licence renewal process.

Commercial viability

3.159   Any assessment of the adequacy of radio services in regional areas,
        particularly commercial radio services, must take into account factors that
        affect the capacity of commercial broadcasters to provide those services.
        Much of the evidence received during this inquiry suggested that that
        capacity has been significantly affected in recent years by the combination
        of regulatory, economic and technological developments.

3.160   One outcome of these developments has been a significant increase in the
        level of competition in the industry some of which is directly attributable
        to the BSA reforms.

3.161   The most direct spur to competition resulting form the reforms has been
        the growth in the number of radio services that resulted from the drive to

as far as possible 'put the vacant radiofrequency spectrum to use'[95] and the creation of additional categories of broadcasting. As described at paragraph in Chapter Two, since 1992 the number of commercial licences in regional areas has grown from 129 to 203 (excluding s40 licences) and the number of community licences (including BRACS services in small regions) has grown from 70 to 220. This period has also seen the allocation of 166 open narrowcast licences, and ten s40 licences (3 of which are Australia wide). [96]

3.162   At the same time as leading to an increase in the number of services, the BSA removed the test of commercial viability that had been a feature of the previous broadcasting regime.

3.163   Reforms in the ownership and control rules also led to increased competition. The lifting of ownership limits from one to two in each licence area, the increase in the number of licences one person could control Australia wide and the abolition of foreign control provisions have led to a consolidation of ownership in the industry and an increase in the trend towards networking. The opportunity to achieve economies of scale available to the larger networks has the potential to increase the competitive pressure on smaller operators.

3.164   Other concurrent developments have also increased competition, one of the most significant of which has been the aggregation of television. Introduced in the late 1980s with the passage of the *Broadcasting Amendment Bill 1986*, television aggregation was intended to expand the number of television services available to audiences throughout Australia. It involved the creation of 'new, larger, competitive regional television markets by combining the existing smaller monopoly markets.'[97]

3.165   According to FARB, at a time when radio was the economic medium with advertisements at approximately $50 per spot, the aggregation of television brought the rates for a local advertisement on television down from $500 down to between $10 and $70. The introduction of TV aggregation had 'not just a one-off effect on these markets for radio; it had a continuing long term effect'.[98]

3.166   The enormity of the impact of television aggregation on radio operators was described by Mr Camplin, Chairman of Bathurst Broadcasters, as follows:

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95   Submission No 79, Vol 1, p 148 (ABA)

96   Submission No 79.05, Vol 9, p 2152/2153 (ABA)

97   Mackey, P. 'Aggregation of television markets in regional Australia'. Parliamentary Research Service 7 September 1993.

98   Transcript of evidence, 29 May 2001, Brisbane, p 861 (Ms Merideth-Marx)

> Our biggest competitor in this marketplace in the last few years
> has been aggregated television. As to what happened with
> television going from one locally controlled television station in
> Orange that covered the local region to three, which covered a
> huge area networking everything, including windows for ads, the
> net effect of that was that it went from nine minutes an hour of
> advertising to 39 minutes an hour of advertising. If the nine
> minutes were not filled on the local radio station, just like my
> radio station, you play another record. However, when you are
> relaying the advertising windows as well as the programs you
> have got to fill them.
>
> What then happened was that instead of paying, say, $500 for a
> local ad on CBN Channel 8, with us being able to say, 'At 60 bucks,
> we're cheap, 'today $500 can buy you many, many ads and we
> cannot compete in price.[99]

3.167   Commercial broadcasters in regional areas also face competition from
         stations in adjoining markets, from other forms of media including
         newspapers and magazines, pay television services and the internet.

3.168   As pointed out by AMI Radio Pty Limited, a network that owns eight
         commercial licences in non-metropolitan Australia, the increase in
         competition facing commercial radio broadcasters 'has occurred at a time
         when there has been little, if any, population increase and at a time of
         adverse economic conditions for many. [100]

3.169   FARB portrayed the competitive environment in which commercial radio
         operates as follows:

> Today in most regional areas there are a minimum of two
> commercial radio stations per market, plus community aspirant
> community and narrowcast radio stations that are competing for
> advertising dollars. There are also three commercial television
> stations in each market spanning more radio station markets than
> the single TV station did prior to aggregation. In addition, most
> markets have long-established newspapers and local area free
> newspapers; 'yellow pages' style of business directories; more
> demands for sponsorship dollars from local businesses: internet
> advertising; and a variety of sophisticated outdoor advertising.
> Not to mention the national press, such as The Australian
> newspaper, the Australian Women's Weekly and Family Circle

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99   Transcript of evidence, 1 February 2001, Bathurst, p 298 (Mr Camplin)
100 Submission No 152, Vol 5, p 842 (AMI Radio Pty Ltd)

magazines. All of this is squeezing radio profitability.[101] The
general view put to us from broadcasters was that the impact of
the increased competition is to fragment the market and reduce
profitability. The effect of the increase in the number of services
competing for advertising revenue is cumulative, claimed FARB.
'It is not possible to identify one service that has had an enormous
impact in a market, but by the time you add community services
and narrowcasting services…you start to dilute the available
revenue in the marketplace for commercial broadcasters, and that
goes to viability.'[102]

A view of commercial viability through the Broadcasting Financial Results

3.170   According to the ABA, despite the introduction of new commercial
services and new types of broadcasting in the regions, the financial
performance of the commercial radio industry has improved since the
BSA as illustrated in the following tables.

Figure 3.1   Real profit before interest and tax, commercial radio licenses by region, 1978-79 to 1999-00 (1999-00 dollars)
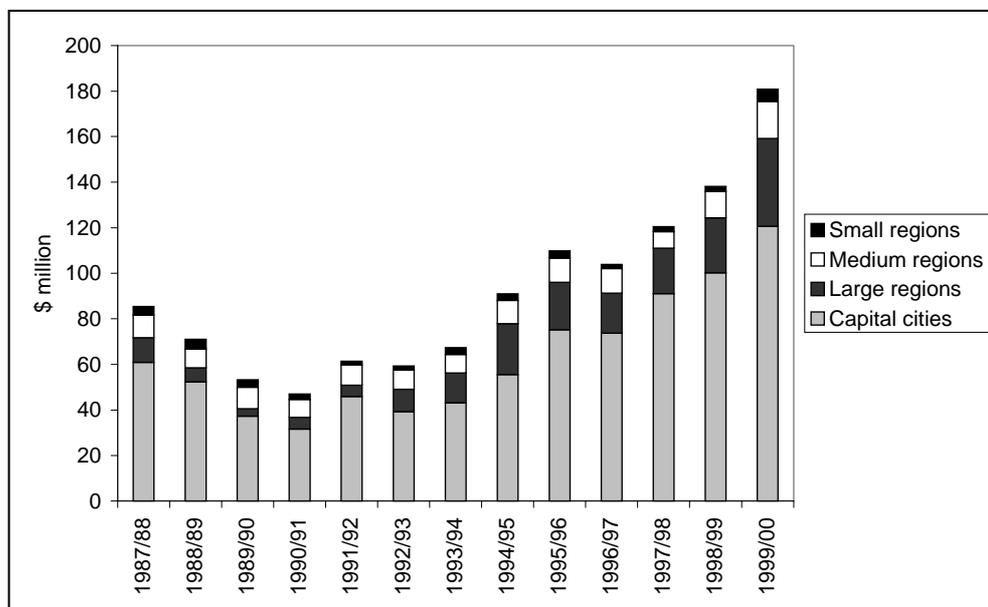
Note: Radio profits converted to real values using the non-farm GDP implicit price deflator

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101 Submission No 133, Vol 4, p 671 (FARB)
102 Transcript of evidence, 29 May 2001, Brisbane, p 883 (Ms Meredith-Marx)

Source   *ABA: ABS.*

Table 3.4   Profitability of commercial radio licensees, large region

	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00
Number of licensees	40	41	46	48	51	56	61
Total service revenue ($m)	86.8	94.4	107.3	100.1	105.0	114.6	137.1
Total service expenses ($m)	76.6	83.0	90.5	86.9	89.5	94.7	103.3
Total of loss ($m)	-2.1	-2.8	-2.6	-2.1	-2.6	-3.5	-4.5
Total of profit ($m)	12.3	14.2	19.3	15.3	18.1	23.4	38.3
Total PBIT	11.5	12.2	19.8	16.9	19.4	23.5	38.5
Total service profit (loss)	10.3	11.4	16.8	13.2	15.5	19.9	33.8
Number of unprofitable licensees	9	12	14	14	12	17	15
Number of profitable licensees	31	29	32	34	39	39	46

Source   *ABA*

Table 3.5   Profitability of commercial radio licensees, medium regions

	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00
Number of licensees	43	46	46	54	66	68	75
Total service revenue ($m)	54.6	57.7	58.0	58.3	59.8	64.6	69.3
Total service expenses ($m)	48.9	49.2	49.4	48.6	54.0	54.6	53.4
Total of loss ($m)	-1.6	-0.8	-0.4	-1.0	-1.6	-0.8	-0.9
Total of profit ($m)	7.3	9.3	9.0	10.7	7.5	10.9	16.8
Total PBIT	7.3	9.8	10.1	10.4	6.9	11.4	16.3
Total service profit (loss)	5.6	8.5	8.6	9.8	5.9	10.0	15.9
Number of unprofitable licensees	11	7	8	13	19	16	13
Number of profitable licensees	32	39	38	41	47	52	62

Source   *ABA*

Table 3. 6   Profitability of commercial radio licensees, small regions

	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00
Number of licensees	38	39	37	42	56	63	65
Total service revenue ($m)	27.2	28.5	24.7	25.1	24.2	24.9	26.3
Total service expenses ($m)	25.0	25.4	21.9	23.7	22.3	23.1	21.2
Total of loss ($m)	-0.8	-0.7	-0.6	-1.8	-0.9	-1.2	-0.4
Total of profit ($m)	3.0	3.8	3.3	3.1	2.8	3.0	5.5
Total PBIT	2.6	3.5	3.0	1.7	2.2	2.1	5.4
Total service profit (loss)	2.2	3.1	2.7	1.3	1.8	1.8	5.1
Number of unprofitable licensees	13	10	8	17	16	26	13
Number of profitable licensees	25	29	29	25	40	37	52

Source   ABA

3.171   The 1999-00 Broadcasting Financial Results reveal that the commercial radio industry generated a record revenue of $737.5m.[103] 'The average rate of return (excluding licence fees and licence values) achieved by regional commercial radio licensees nearly quadrupled between 1991-92 and 1990-00 from 8 to 29 percent. Although less profitable than metropolitan stations which achieved from 16 to 27 percent in the same period, their rates of return, the ABA suggested, appear to be converging. [104] This convergence is particularly apparent in the last year as shown in the tables below.

Table 3.7   Proportional distribution of profit and revenue, commercial radio licensees, 1998-99.

	Proportional distribution of revenue	Proportional distribution of profit*	Proportional revenue retained as profit
Capital Cities	0.67	0.72	0.23
Large regions	0.19	0.18	0.20
Medium regions	0.10	0.08	0.18
Small regions	0.04	0.02	0.08

Note: a.   Profit is measured as profit before interest and tax.

Source   ABA

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103   Submission No 133.02, Vol 8, p1968 (FARB)

104   Submission No 79.05, Vol 9, p 2154 (ABA)

Table 3.8   Proportional distribution of profit and revenue, commercial radio licensees, 1999-00.

	Proportional distribution of revenue	Proportional distribution of PBIT	PBIT as a proportion ot revenue
Capital Cities	0.68	0.67	0.24
Large Regions	0.19	0.21	0.28
Medium Regions	0.09	0.09	0.24
Small Regions	0.04	0.03	0.20

Source   ABA

3.172   Data provided by the ABA indicated that a radio's ownership and affiliation status can have an important bearing on its financial performance with stations associated with networks consistently achieving a higher rate of return than independently owned stations.

Figure 3.2   Ratio of revenues to expenses, commercial radio stations by ownership status, 1978-79 to 1999-00.
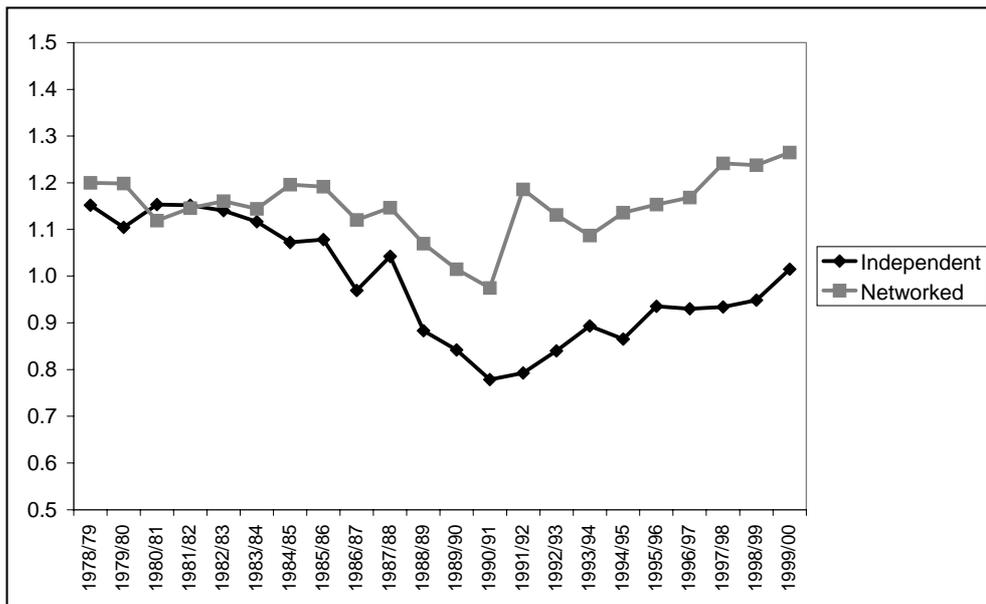
3.173   The higher rate of return may be a result of the networks achieving economies of scale in operating expenses. For instance, according to the ABA, 'between 1987-88 and 1998-99, in real terms, average expenditure on employees in regional areas overall fell by 1.7 per cent.[106]

3.174   FARB pointed out that despite a 13.5 per cent increase ($28.5M) in regional radio revenue in 1999-00 over the previous year, the average revenue for

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105   Submission No 79.05, Vol 9, p 2135 (ABA)

106   Submission No 79, Vol 1, p 174 (ABA)

regional stations had dropped from $1.4M to $1.15M.[107] Expanding on this point in giving evidence, FARB commented:

> There has been a continual drop-off in the average revenue per station over the last 10 years. That has probably been exacerbated in some situations in the last five years, with the proliferation of stations in those regional areas—to the extent where, in smaller regional stations, the average revenue has dropped from $640,000 to $400,000, which is a 38 per cent drop in 10 years. In medium regional stations, it is down from $1.2 million to $920,000. In the larger regional operations, it is down to $2.37 million, which is down nine per cent. So it is something that has impacted fairly heavily with the increase in stations, the numbers of which have almost doubled over the period. While the overall revenue of the industry has increased, it has had to be shared by a much higher number of stations. [108]

> According to FARB there are still about one-fifth of stations in regional Australia are unprofitable.

3.175   Understandably, FARB has represented the figures in a way that best suits its case. However, the increase in the number of commercial stations is largely as result of the issue of s39 licences which were allocated to incumbent broadcasters. We suggest, therefore, that the fact the average revenue for each station may be down does not necessarily mean that the average revenue for each operator has been reduced.

3.176   Moreover, figures provided by the ABA on profitability disaggregated according to the size of the market indicate that while there has been some variation in the proportion over the years, the proportion of unprofitable stations is significantly smaller in 1999-2000 in large, medium and small market than in 1991-92 and for some years preceding the introduction of the BSA. The figures for the years preceding the BSA may reflect the impact of television aggregation.

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107   Submission No 133.02, Vol 8, p 1968 (FARB)
108   Transcript of evidence, 29 May 2001, Brisbane, p 877/878 (Mr Carroll)

Table 3.9   Profitable and unprofitable services

	Capital City		Small region		Medium region		Large region	
	Unprofitable	Profitable	Unprofitable	Profitable	Unprofitable	Profitable	Unprofitable	Profitable
1987/88	3	14	16 *(46%)*	19	10 *(26%)*	28	9 *(29%)*	22
1988/89	5	12	15*(43%)*	20	12 *(32%*	26	13 *(39%)*	20
1989/90	6	11	15 *(43%)*	20	15 *(37%)*	25	17 *(49%)*	18
1990/91	13	5	16 *(47%)*	18	19 *(49%)*	20	19 *(53%)*	17
1991/92	9	10	14 *(41%)*	20	13 *(33%)*	26	19 *(50%)*	19
1992/93	6	13	18 *(47%)*	20	12 *(29%)*	29	13 *(34%)*	25
1993/94	8	11	13 *(34%)*	25	11 *(26%)*	32	9 *(22%)*	31
1994/95	5	14	10 *(26%)*	29	7 *(15%)*	39	12 *(29%)*	29
1995/96	6	13	8 *(22%)*	29	8 *(17%))*	38	14 *(30%)*	32
1996/97	4	16	17 *(40%)*	25	13 *(24%)*	41	14 *(29%)*	34
1997/98	1	20	16 *(29%)*	40	19 *(29%)*	47	12 *(24%)*	39
1998/99	3	18	26 *(41%)*	37	16 *(24%)*	52	17 *(30%)*	39
1999/00	3	18	13 *(20%)*	52	13 *(17%)*	62	15 *(25%)*	46

Source   ABA

3.177   We have been tentative about drawing firm conclusions from the data
provided. At the heart of commercial viability is the share of the total
advertising revenue each operator receives in a market. Given that most
commercial operators have two licences in each of the markets they are in,
it is difficult to gauge from the data provided how many operators may be
profitable overall in their market even if one of the stations is not
profitable. Without access to financial information about the profitability
of operators rather than stations, we are forced to some degree to
speculate about the real state of the industry. We consider that this
information should be available publicly and elaborate on this issue at
paragraph.

3.178   While the data is not conclusive in terms of the impact of the BSA reforms
on commercial viability, and if anything suggests that the industry as a
whole has made some degree of recovery in that time, the consistent
presence of a reasonably significant number of unprofitable stations
suggests that maintaining commercial viability may be difficult for at least
some broadcasters in all sized regional markets. Clearly the level of
commercial viability is influenced by changes in policy. Commercial
viability considerations therefore must be factored into any strategy that is
designed to preserve and encourage localism in radio services.

Measures to address commercial viability concerns

3.179 While most broadcasters expressed concern about commercial viability in the industry, there was some divergence of views on how the issue should be addressed. The measures suggested include:

- A moratorium on new licences

- A moratorium on the payment of licences fees

- A repeal of s.54 of the BSA

- The restoration of a commercial viability test in the consideration of the granting of future licences.

3.180 A consideration of the suggestions follows.

Moratorium on new licences

3.181 FARB called for a 10 year moratorium on the issue of further radio licences in regional markets to be implemented after the completion of the LAP process as a means of improving the viability of incumbent broadcasters. It argued that:

> The increase in competition resulting from the planning process has led to viability issues for regional stations. A tangible way of allowing these stations to re-establish themselves in the wake of this competition is by placing a moratorium on the issue of further licences at the completion of the current planning process. [109]

3.182 The moratorium would apply to commercial, community, narrowcasting, s.40 services and LPON services.

3.183 RGCR argued that additional licences reduced localism and suggested that the 'best and quickest way to ensure local services continue in its markets is for ABA to stop issuing further commercial radio licences in regional markets.'[110] In evidence before the Committee RGCR made clear that they considered that this should happen immediately.[111]

3.184 According to FARB, the general view of the industry was that the moratorium should not apply until the planning process had been completed in the interests 'of the equity of all players in the market'. We concur with the general view that it would be inequitable to impose a moratorium at this stage of the LAP process.

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109 Submission No 133.02, Vol 8, p 1964 (FARB)
110 Submission No 186, Vol, 5, p 1077 (RGCR)
111 Transcript of evidence, 28 May 2001, Brisbane, p 811 (Mr Hughes)

3.185   We also have reservations about a broad based 10 year moratorium on licences as proposed by FARB. For a start, we do not expect that significant numbers of new licences will be issued following the completion of the LAP process. As explained by Mr Tanner when appearing before the Committee, 'the ABA does not have a plan for a widespread new consideration of new commercial licences in regional areas, basically, because we have been over the country and done that.'[112]

3.186   The ABA also expressed some concern about the impact of being unable to respond to the pressure that comes typically from 'the community and the open narrowcasting sectors, from demand for better reception of racing radio or from the desire of, say, Christian, Aboriginal or general purpose community groups to provide services.'[113]

3.187   We acknowledge FARB's point that narrowcast and community licences contribute to the cumulative effect of the introduction of new services in increasing competition. However, we do not consider that the threat provided in the form of these categories of services is sufficient to deny communities the access to diversity that may be created by the introduction of these services. We would, in fact, hope that in some areas of the country which are currently under serviced, such as parts of Western Australia, ways are found to encourage the expansion of the community sector. A general moratorium on the issue of new licences would not allow this.

3.188   In terms of commercial licences (with the exception of s.40 licences which are discussed later in this chapter, we have already indicated that new commercial licences should be based on community as well as entrepreneurial demand. Therefore, we consider that following the completion of the LAP process, it is inappropriate for any further new commercial licences to be issued in regional areas, until the view of the people has been established through an audit of that licence area.

3.189   While the advent of digital radio may be some time off, an issue discussed in Chapter 5, we do not believe it appropriate to recommend a broad moratorium on the issue of further radio licences. We appreciate the industry's concerns regarding digital radio bringing 'more new players'[114] into the markets, given that the entry of new players would further fragment the market which may further threaten viability. However, we consider it imperative that the Government retains its capacity to assess the claims of all interested parties and to act in what it considers the best

112 Transcript of evidence, 29 May 2001, Brisbane, p 925 (Mr Tanner)
113 Transcript of evidence, 29 May 2001, Brisbane, p 925 (Mr Tanner)
114 Transcript of evidence, 29 May 2001, Brisbane, p 863 (Mr Camplin)

interests of the community over time without being constrained by a commitment to a moratorium on all new licences for the next ten years.

3.190   Although we understand the desire of some operators to have 'a chance to collect ourselves and plan for the future'[115], we consider both that a moratorium would impose an unconstructive rigidity on the system and that a sense of stability can be created by other means.

Moratorium on the payment of licence fees

3.191   As a further incentive to assist stations to return to a more stable economic environment, FARB called for a five-year moratorium on payment of licence fees for all new regional commercial broadcasting services delivered by the ABA planning process since the introduction of the *Broadcasting Services Act 1992*. The proposed moratorium would operate on a sliding scale starting at 100% and reducing by 10% a year before reverting to full payment.[116]

3.192   FARB argued for the moratorium on the basis of incentive schemes having been granted to regional television to assist with aggregation infrastructure whereas this had not been done with the issue of s.39 licences.

> While there are a number of variables, regional operators have in many cases expended on average, about $1million each to establish their new s.39 FM service, while other operators have spent considerably more establishing new services. Coupled with a 25% annual increase in operating costs for the s.39 service, against estimated revenue increases of up to 10%, many services have, as evidenced by ABA financial statistics, found it almost impossible to remain viable without instigating networking or automation to invoke efficiencies in their operations. [117]

3.193   While we understand that there were establishment costs associated with adding the s.39 services and that the services have not contributed significantly to profitability of operators,[118] we do not consider it appropriate that the Government provides compensation retrospectively. Granting the s.39 licences to incumbent broadcasters protected broadcasters from the extra competition that would have been created if the licences had been made available to other operators. In our view,

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115 Transcript of evidence, 29 May 2001, Brisbane, p 869 (Mr Camplin)
116 Submission No 133.02, Vol 8, p 1967 (FARB)
117 Submission No 133.02, Vol 8, p 1968 (FARB)
118 Transcript of evidence, 29 May 2001, Brisbane, p 870 (Mr Camplin)

commercial broadcasters have already been well looked after in this respect.

Repeal of s.54 of the BSA.

3.194   Under s.54 of the BSA, a person must not be in a position to exercise control of more than 2 commercial radio broadcasting licences in the same licence area.

3.195   RGCR argued strongly for the repeal of this clause. Presenting a case study of a medium sized market in which it held the two commercial licences and in which it expected the ABA to plan a third commercial licence, it claimed that the new service would result in significant losses for the incumbent services. It also predicted that the revenue share for the new service would be 'barely adequate to cover capital expenditure financing costs.' [119] According to RGCR, the likely response by both incumbent and new service providers to the situation would be as follows:

> At these revenue levels, the new commercial FM service cannot afford to provide an equivalent level of local programming as the two incumbent services. The most cost effective option for the new service is to insert local advertising into a 24-hour networked service from a metropolitan market. This is model adopted by regional television with the introduction of the television aggregation in the 1980's.

> The new FM service is also likely to provide network music programming that targets the same audience as the incumbent FM service. This is the largest audience most attractive to local and national advertisers. In a market of 70,000 people, a commercial service will not target a niche. In fact if there is a lucrative niche it is highly likely it will already be targeted by the new high powered narrowcaster – also advertiser funded – or by the new community radio service.

> The incumbent radio station – faced with lower revenues and further operating losses – will need to find more cost effective ways of delivering programming to its two services. 'Live and local' programming may become a luxury that this radio station can no longer afford.

> The ABA planned the new commercial radio service to provide this regional market with a greater choice of local service.

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119 Submission No 186, Vol 5, p 1071 (RGCR)

> Paradoxically the net effect will be less local programming on commercial radio.[120]

3.196   A better way of achieving greater listening choice in the area, RGCR suggested, would be to allow the incumbent radio station to provide the third service.

3.197   At issue here is the question of whether diversity in regional markets is best achieved by increasing the number of owners in the licence area and limiting the number of services they can provide or limiting the number of owners and increasing the number of services it/they can provide.

3.198   We note observations in the evidence that RGCR pushed for and then bought third licences in a number of markets. While not directly commenting on RGCR, we also note observations made by ABA Board Member, Mr Gordon-Smith, when describing the difficulties of making judgments about allocating new licences that 'It is not unknown for us to have representations about the value of competition and the importance of new licences in one market from the same firm who will be representing to us that industry is on its last legs and cannot possibly bear any more in a market where they already have licences'.'[121]

3.199   Nevertheless, we have some sympathy with the case presented by RGCR. Other broadcasters have also described situations in which a new commercial service would target similar audiences to the incumbent services rather than increasing diversity by introducing a new format. As explained by Mr Camplin, Vice-Chairman (Regional) of FARB and Chairman of Bathurst Broadcasters Pty Ltd, competition reduces diversity. "If you bring in more individual stations, they are going to chase the 18 to 39 year old age bracket and forget the rest.' [122]

3.200   Other broadcasters drew attention to the impact of granting the third licence to another operator on viability.

> A lot of our stations certainly would not be able to sustain a third commercial station owned by an opposition company—they could if they owned it themselves but if an opposition company, such as DMG, RG Capital, ARN, went into those markets they would all go broke, no doubt about it. [123]

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120 Submission No 186, Vol.5, p 1071 (RGCR)
121 Transcript of evidence, 29 May 2001, Brisbane, p 898 (Mr Gordon-Smith)
122 Transcript of evidence, 28 May 2001, Brisbane, p 882 (Mr Camplin)
123 Transcript of evidence, 28 May 2001, Brisbane ,p 841 (Mr Ferguson)

3.201   A recognition that diversity can be achieved in some markets by limiting competition is implicit in the practice of issuing FM licences to incumbent AM licence holders in solus markets under s.39 of the BSA. The BSA as a whole, however, encourages competition and to some degree uses it as a substitute for intensive regulation.[124]

3.202   If s.54 is repealed, we would anticipate that in licence areas where a third licence is offered, the incumbent operator would seek to protect itself from competition by purchasing that licence. It is also reasonable to assume that there may be significant movement in the ownership of licences in areas where a third or indeed fourth licence has already been allocated. A potential result could be more markets in which there is only one owner or markets dominated by one of the commercial radio licence owners.

3.203   The potential for collusion that already exists, and its impact on the diversity of voices, is of concern enough. As explained by the Western Australian Department of Commerce and Trade, 'to be informed citizens needs a multiplicity of information sources. Single ownership of radio stations in the larger towns, while economically rational, lessens the diversity of information sources in a state where there is but a single daily newspaper and a single Sunday paper.'[125] To repeal s.54 would effectively retard the potential to expand the diversity of media ownership and subsequently the diversity of voices. It is ironic that the RGCR network, which is making the case for the repeal of s.54 on the basis of it increasing diversity, has a centralised news service. While the repeal of s.54 may make sense from an economic point of view and from the point of view of diversity of programming, there is a major social issue at stake, namely the importance of having access to diversity of voices.

3.204   Providing for both diversity and localism is an extremely difficult balancing act. Not all markets, in our view, are large enough to sustain the competition provided by more than one owner of commercial licences. We support the number of owners in these markets being limited to one. We also support the capacity of those operators to provide for greater diversity within their licence areas by the purchase of open narrowcast licences. We were, indeed, impressed by the efforts of Bathurst Broadcasters to cater for diverse interests in their licence area by introducing services for the under sixes and the over 65s through the operation of two low power open narrowcast services. Moreover, we recognise the potential of technology such as digital radio to significantly

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124 Submission No 79, Vol 1, p 148 (ABA)

125 Submission No 178, Vol 5, p 945 (Department of Commerce and Trade, Western Australia)

expand the number of services that will be able to be provided by one operator.

3.205   Some regional markets, however, may be large enough to sustain competition and in these markets we believe that, in the interests of fostering diversity of voices, the community is best served by having more than one operator. We are persuaded, as discussed earlier, that competition in markets large enough to sustain it, can actually encourage localism.

3.206   On balance, therefore, while we consider that there is a case for the number of owners, rather than the number of licences, to be determined by the size of the market,[126] we do not support the repeal of s54 at this stage. To do so would be a radical departure from the philosophical basis of the legislation that would be, at this stage, unjustified. A significant and substantially demonstrated deterioration in the provision of localism may ultimately require an overhaul of the BSA at a later date. The advent of digital radio and the increasing convergence of communications technologies will almost certainly demand within a decade a serious reconsideration of the optimum regulatory framework. In the meantime, however, while our frustration with the delays in the LAP process are well documented, we consider that the LAP process must be completed and the industry and community be given the chance to settle into the environment created by the BSA before a total overhaul of the broadcasting legislative environment is contemplated.

Restoration of the commercial viability test to the Act as a consideration in the granting of future licences

3.207   The BSA removed the viability test that had been part of the previous broadcasting regime.

3.208   According to industry representatives, the absence of the viability test has led the ABA to interpret demand as entrepreneurial demand[127] rather than community demand.

> The ABA's advisers advised that the word 'demand' meant entrepreneurial demand, that if somebody put their hand up and said, 'I want a new licence in Bathurst or Orange', then the ABA had to put it up for auction, and they did. Always when we were talking with North and the other members of the department on the structure of the act, we believed that demand would come

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126 Size as determined by population rather than by area
127 Transcript of evidence, 29 May 2001, Brisbane, p 864 (Mr Carroll)

> naturally from listener demand from within our communities. It
> was not interpreted that way. That is why we got all these new
> stations.[128]

3.209   Although the BSA abolished the test of viability, under s.23 the ABA is
         required when considering new services, to have regard to a range of
         matters including the economic and social considerations of markets. The
         General Manager of the ABA, Mr Giles Tanner, described the way in
         which the ABA has regard to the economic considerations as follows:

> The ABA concluded early on in its planning process, and has not
> deviated from this, that if the net result of planning a new service
> would be that that or another service would fail and you would
> not get any overall increase in the number of services, it would be
> very hard to argue that that would promote the objects of the act.
> So, if you like, the ABA has always used a test of feasibility. It has
> always sought to satisfy itself that the addition of more services
> into markets is feasible.[129]

3.210   As a result of this approach, the ABA explained, it has not introduced any
         more commercial licences in many small markets other than s.39 licences.
         'It has tended to introduce additional services in the middle sized and
         large markets, whilst always looking at local circumstances'.[130] While
         accepting the broad thrust of this in principle, the Committee is not
         convinced that it applies in practice.

3.211   In explaining how it assesses feasibility, Mr Tanner explained that in the
         absence of the resources for economic modelling that had accompanied
         the pre BSA viability test, the ABA has tended to run an adversarial
         process.

> That is, if there are entrepreneurs with a track record and expertise
> in running broadcasting services that believe they can get new
> services into a market, the ABA has careful regard to that. If there
> are objections from incumbents that these markets are not able to
> support competition, the ABA has regard to that. The ABA also
> looks at the general economic conditions of that market. But,
> certainly throughout the planning process there has not been
> systematic modelling or second guessing of markets by
> bureaucrats. That practice ended in 1992. We have never had the

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128 Transcript of evidence, 29 May 2001, Brisbane, p 862 (Mr Camplin)

129 Transcript of evidence, 29 May 2001, Brisbane, p 893 (Mr Tanner)

130 Transcript of evidence, 29 May 2001, Brisbane, p 893 (Mr Tanner)

resources to do that and it was always our understanding that that was because we were not expected to do it. [131]

3.212   Grant Broadcasters suggested that as a means of protecting the loss of localism in future, 'commercial viability needs to be restored to the Act as a consideration in the grant of future licences.'[132]

3.213   In considering the case for the reintroduction of a viability test, we were very mindful of a number of points made by ABA Board Member, Mr Gordon-Smith. Highlighting the complexity of the task of making decisions about feasibility, Mr Gordon-Smith described the divergent nature of the evidence put to the ABA by incumbent and aspirant broadcasters.

> Look, for example, at a current decision that we face in a metropolitan area. You can have a look at any of the submissions that are made to us through the planning process—because one of the requirements on us is to make the planning process completely transparent, so when people make submissions to us about the planning process they are all publicly available—and if you look at the sorts of things that are said about the Adelaide market by the incumbents, as opposed to the sorts of things that are said about the Adelaide market by aspirants, you would think you were reading about completely different markets.[133]

3.214   Difficulties in assessing the feasibility are compounded by the fact that owing to a requirement to make publicly available any material that is taken into account in the planning process, the ABA is unable to use the information it has on the performance of the individual stations in an area.[134]

3.215   Despite these difficulties, the evidence suggests that in terms of the viability of operators, hinted Mr Gordon-Smith, the ABA planning processes have been reasonable.

> As the ultimate measure, if you like, of viability—of the stations that we have made available, so far no-one has returned a commercial service, even in those cases where an operator has decided, 'This is not a business I want to be in.' So far, they have always managed to sell those stations to someone else and no-one

131 Transcript of evidence, 29 May 2001, Brisbane, p 893 (Mr Tanner)
132 Submission No 187, Vol 5, p 1083 (Grant Broadcasters)
133 Transcript of evidence, 29 May 2001, Brisbane, p 897 (Mr Gordon-Smith)
134 Transcript of evidence, 29 May 2001, Brisbane, p 898 (Mr Gordon-Smith)

has had to return to us a licence for a commercial service saying,
'This is no longer viable. No-one will do this.'[135]

3.216   The Committee acknowledges the very pertinent points made by Mr
         Gordon-Smith.

3.217   While we understand that no commercial licences have been handed back,
         we consider it is relevant that many have changed hands and there are
         significantly fewer owners than there were before the BSA. To what extent
         this is a result of some operators considering that it is no longer viable to
         stay in the market given the increased competition from other media if not
         other commercial radio operators, it is impossible to know.

3.218   We do not underestimate the difficulty of the ABA's task in making
         judgements about allocating new licences. Given that the ABA has to meet
         a range of competing needs and demands, and according to the ABA, even
         the sometimes conflicting objects of the Act,[136] it is understandable that it
         may not always have achieved a balance that satisfies everyone.

3.219   One area that we have some concerns about is the extent to which the
         ABA has interpreted demand as entrepreneurial rather than community.
         Although the General Manager of the ABA claimed that the ABA had
         regard to community demand[137], we heard in evidence that the only
         research which was actually conducted was done in the mid 1990s and it
         revealed that 'when polled, a substantial majority of the public would like
         additional services that they identify, but the majority are not looking for
         new services'. [138] Despite this, a number of new services have been
         planned.

3.220   Given the absence of community demand, and the reality that new
         services fragment markets considerably, we are bewildered by some of the
         ABA's decisions. This includes its decision to issue a fourth licence in
         Mackay, an area with a population of just over 100,000.

3.221   We also learnt that the public consultation phase of the planning process
         through public meetings had been streamlined out of existence. Given
         these comments by the ABA, we are not persuaded that community
         demand has had much impact on ABA decision making processes. In
         view of the fact that it is the community largely that will suffer should
         ABA decisions be incorrect, we believe that the community should be
         given a greater profile in the planning process. Earlier in this report we

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135 Transcript of evidence, 29 May 2001, Brisbane, p 899 (Mr Gordon-Smith)
136 Submission No 79, Vol 1, p148 (ABA)
137 Transcript of evidence, 29 May 2001, Brisbane, p 894 (Mr Tanner)
138 Transcript of evidence, 29 May 2001, Brisbane, p 894 (Mr Tanner)

suggested than an audit be conducted of the level of community satisfaction with the radio services in their area. We do not believe that effective planning can be done without this form of evaluation.

3.222   The proposed audits of licence areas that we recommended earlier in this chapter will provide part of the material that the ABA requires to make sound decisions in future. The provision of radio services to communities should be determined by the interplay of various factors, including community demand, entrepreneurial demand and commercial viability. Different styles of radio services have different production costs. Providing for the level of localism that we described at the start of this chapter is more costly than providing a largely networked service. An assessment of commercial viability must take into account the level of service that a community seeks.

3.223   We do not consider that s.23 gives sufficient guidance to the ABA to assess viability. At the moment it would appear that the ABA is forced to decide between the persuasive skills of the incumbent and those of the aspirant broadcasters. We acknowledge the ABA efforts to incorporate economic feasibility. We also note that at one at least one broadcaster has noticed some 'movement' in recent ABA decisions.

> I believe that in Geelong we were listened to, but we did much more than just put in a submission. We believed initially that that was the appropriate way to do it; that it was improper to speak to members; that it was improper to speak to our local member. But by the time we got to Geelong we realised that that was not what other people were doing. So we then spoke to, and had a lot of information from, people in Geelong indicating that they did not want a third licence there. We spoke to the local member and so on. So with the assistance of those people I think the ABA did listen to us.[139]

3.224   While we also recognise that the ABA has not been given the resources to do otherwise than use an 'adversarial process', we do not believe that this is a satisfactory basis for judging the impact on commercial viability of allocating more commercial licences.

3.225   We consider that a test of viability should be restored to the BSA. The ABA should be given the resources to develop and apply the appropriate tools for the test to be of adequate rigour. The test should incorporate independent economic modelling taking into account the revenue base of

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139 Transcript of evidence, 12 March 2001, Darwin, p 503 (Mrs Cameron)

the community. It should also incorporate information from the financial returns of individual operators.

3.226   The ABA's current policy for the use of confidential licensee and commercial-in-confidence financial information (Appendix G) precludes making publicly available financial information about individual licensees.

3.227   We understand that the ABA's current policy was developed in response to an audit by Deloitte Touche Tohmatsu of ABA policies and procedures for handling commercial licensee information. The audit found that a 'confidentiality policy for the use of financial data, which was in place since May 1993, provided inadequate safeguard of sensitive financial information relating to commercial licensees'.[140]

3.228   However, we consider that the information forms an important part of the set of data that needs to be included in a test of viability and should be included.

3.229   In the interests of equity, however, we believe that this should not be introduced until the LAP process has been completed. The ABA should employ the processes it has used to date in developing licence area plans in the remaining licence areas.

3.230   In giving evidence to the Committee, Mr Gordon-Smith pointed out that that is important to distinguish between the 'exercise of assessing the viability of a particular station on the one hand and on the other the exercise of assessing the feasibility of adding one more to a market'. The distinction is important. In our view both aspects are relevant and need to be factored into the test. Ultimately the test will provide just one part of the information upon which decisions about new licences are based.

3.231   In a submission to the inquiry, FARB made the point that given the stage of the LAP process, the re-introduction of the tests for commercial viability would' do nothing to address the issues of financial viability of the already planned markets'. [141]

3.232   We accept that this is the case. As mentioned earlier, we do not expect a large number of new full commercial licences will be planned following the completion of the LAP process. However, we consider that the introduction of a viability test should give broadcasters the confidence that the viability of their services will not be further threatened in the

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140   Submission No 79.07, Vol 9, p 2163 (ABA)

141   Submission No 133.02, Vol 8, p 1967 (FARB)

future by the allocation of more commercial services, including narrowcast and s.40 services, in their licence areas.

3.233   Commercial viability demands a finely tuned balance between the number of services and the revenue base of a community. In our view, decisions about the number of radio services in an areas should be based on three sets of information: namely the level of demand in the community for services; the community's capacity to afford that number of services; and the interest of broadcasters in providing those services.

3.234   In removing the test of viability, the BSA removed one of the critical pieces of information required to make licence allocation decisions. In failing to give sufficient attention to community demand the ABA has effectively removed another critical piece of information. The combination of deficiencies in both the BSA and in the administration of the BSA by the ABA has resulted in decisions being primarily determined by entrepreneurial demand.

3.235   *Some entrepreneurs have generated viability in their operations by lowering costs. They have reduced local content regardless of the expectations of the community they are meant to serve and as such have retarded their contribution to the adequate and comprehensive provisions of the BSA.*

3.236   Our recommendations have the goal of ensuring that in future all three sets of information are used to determine decisions regarding the allocation of new licences. To this end we have already recommended that the ABA determine what the community actually thinks of its radio services by conducting audits. These audits should be based on rigorous survey techniques that ensure a sufficient sample of views from a cross section of the community are incorporated. Following the completion of the current LAP process, no new commercial licences should be issued in an area until an audit has been conducted. In order for the ABA to assess the ability of the community to afford new services, it needs to conduct a viability test. The test should incorporate economic modelling and financial information from commercial broadcasters in the area. Given the ABA is bound to make public the reasons for its decisions, it will also need to be able to disclose financial information relating to the stations in the area where new licences are being considered.

Recommendation 10

3.237   **The Minister for Communications, Information Technology and the Arts should direct the ABA not to issue any further new commercial licences in regional areas, following the completion of the LAP process, until an audit of that licence area has been completed.**

Recommendation 11

3.238   **The Minister for Communications, Information Technology and the Arts should prepare amendments to the Broadcasting Services Act to make provision for a test of commercial viability to be included, following the completion of the LAP process, before the issue of new licences.**

The Minister for Communications, Information Technology and the Arts should ensure that the ABA is provided with adequate resources to develop and implement the test.

Three other issues about viability

Repeal of s.40 licences

3.239   FARB called for the repeal of s.40 licences to overcome what it described as 'a disturbing anomaly in the planning and allocation of licences under the BSA.'[142]

3.240   The majority of commercial licences use the broadcasting services bands spectrum and are allocated under s.36 and s.39of the BSA. Under the current licensing regime, new commercial radio services using BSB spectrum can only be allocated 'after they are shown as available in a LAP under s.26 of the BSA.'

3.241   However, under s.40 commercial radio licences may be allocated for services which use non BSB spectrum or an alternative method of carriage such as cable or satellite. Section 40 services use spectrum in the upper end of the AM band. They are issued over the counter by the ABA which 'has

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142 Submission No 133.03, Vol 8, p 2002 (FARB)

little discretion but to allocate on application unless the application is not a suitable person under the test of suitability'.[143]

3.242   Section 40 licences do not come with an automatic entitlement to access to a means of carriage. Operators have to obtain their own means of carriage via cable or satellite or by obtaining 'over the counter' a licence for non-BSB spectrum from the ACA.

3.243   Until recently there has been little interest in s.40 licences. However, as explained by the ABA, 'a significant percentage of AM radio receivers now sold in Australia are able to tune above the highest frequency in the part of the MF spectrum that has been designated as broadcasting services bands.[144] Since 1998, ten s.40 licences have been allocated. Three of these are Australia wide.

3.244   Although s.40 licences do not come within the ambit of the ABA's planning process, once allocated, they are subject to the same rights and obligations as BSB commercial radio broadcasting licences.

3.245   The existence of s.40 licences clearly has serious implications for the commercial viability of operators using the BSB spectrum. In expressing its concern about the issue, FARB described it as 'inconceivable that after the ABA has determined that no further commercial service(s) should be issued, a non-BSB commercial radio licence can be purchased "over-the-counter" (from the same Authority) for that same market.'[145]

3.246   While we understand that the anomaly whereby commercial licences which have the same entitlements and obligations are planned by different authorities has historical origins, we consider the situation to be entirely unsatisfactory. FARB called for the repeal of s.40 of the BSA. Although we share FARB's concerns about the impact of s.40 licences on commercial viability, we consider that in some instances s.40 licences may provide usefully for introducing services or increasing diversity in some markets.

3.247   The issue is not the existence of s.40 services but that under the current arrangements, they can be introduced in planned markets. Given the efforts made to plan the licence areas as a whole, it simply does not make sense to add unplanned services to planned markets. In the interests of consistency, equity and commercial viability, all commercial radio licences which operate in an area should be planned by the same authority and in our view that authority should be the ABA. We therefore recommend that

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143 Submission No 79.04, Vol 9, p 2131 (ABA)
144 Submission No 79.04, Vol 9, p 2132 (ABA)
145 Submission No 133.03, Vol 8, p 2002/2003 (FARB)

the boundaries of the BSB part of the spectrum should be extended to encompass the frequencies used for s.40 licences.

Recommendation 12

3.248   **The Minister for Communications. Information Technology and the Arts should prepare amendments to the relevant legislation to extend the boundaries of the Broadcasting Services Bands part of the spectrum to encompass the frequencies used for s.40 licences.**

The breaching of licence conditions by open narrowcast and community radio services

3.249   Given the breadth of issues raised in this inquiry, we have been unable to fully consider all of them. FARB raised a number of issues which arguably relate to the issue of commercial viability.

3.250   One of these matters concerned the community and narrowcast licences. In the course of this inquiry we received a small amount of anecdotal evidence that some community and narrowcast licences breach the conditions of their licence. FARB called for stricter 'proactive enforcement by the ABA of the regulations governing community broadcasting and narrowcasting to ensure they adhere to the BSA definitions and that community broadcasters deliver the service promised during the allocation process.

3.251   Both community broadcasting and narrowcasting contribute much of value in terms of the diversity of services available to many communities. Catering for specific interests or sectors of communities, they play an important role and should be supported. However, if operating outside the boundaries of their licences, they have the potential to have a considerable impact on the viability of commercial services. For this reason alone, the distinction between the different categories of services should be preserved.

3.252   In our previous report into racing radio services, we expressed some concern about the blurring of boundaries between the different categories of radio licences. Although we did not receive a large volume of evidence in this inquiry about the lack of clarity in definitions causing problems, we recognise that it is an important issue.

3.253   We note that the ABA has acknowledged that it is 'not always clear to service providers where the lines are to be drawn between the commercial, community and open narrowcasting categories of services' and has announced its intention to exercise its power under s.19 of the BSA to 'bring greater clarity to the concept of open narrowcasting services'[146]. We consider that the ABA has taken the appropriate first step in clarifying the issue of boundaries and await the outcome of this investigation with interest.

3.254   We remain concerned, however, about one issue raised by the ABA in relation to its ability to regulate narrowcast services, namely its lack of power to restrict narrowcasters to the original format for which they got their licence.

> The only power the ABA has is to stop them from being something other than an open narrowcasting service: for example, a commercial radio broadcasting service.[147]

3.255   We do not believe that the ABA has been given sufficient statutory guidance in this area. Open narrowcast services exist for the purpose of providing services catering for particular interest that are not provided by another commercial services. It is consistent with the restricted nature of the service that the licences be issued for a particular format. Open narrowcast licences should not be able to change the broad format without permission from the ABA.

Recommendation 13

3.256   **The Minister for Communications, Information Technology and the Arts should prepare amendments to the Broadcasting Services Act 1992 to have narrowcast licences restrict narrowcast licences to a particular format and for open narrowcast licensees to require permission from the ABA before substantially changing the format.**

3.257   The ABA has also called for the power to issue restrictive injunctions. It argues that at present, its capacity to respond quickly to situations such as a complaint about a service operating outside its boundaries is limited.

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146 Submission No 79, Vol 1, p 153 (ABA)

147 Transcript of evidence, 29 May 2001, Brisbane, p 919 (Mr Tanner)

3.258   While we are sympathetic to this argument, we have not been able to
         explore the issue fully and there is little evidence available to us on this
         matter. Accordingly, we are reluctant to recommend that the ABA be
         granted powers which would more typically be available only to courts. If
         the absence of such a power has proved to be a serous limitation on the
         ABA's capacity to administer the BSA, we suggest it submits the necessary
         advice to the Minister for his consideration.

Other matters

3.259   FARB also called for the removal of the 1% broadcast fee cap in the
         Copyright Act 1968 to assist commercial viability and the lifting of
         blackout provisions for political advertising as measures to assist
         commercial viability. Both of these issues have much broader implications
         than the commercial viability of commercial radio broadcasters and we
         consider the link between these issues and this inquiry to be tenuous at
         best.

The ABC and local radio

3.260   With a network of 48 (soon to be 50) Local Radio stations across Australia,
         the ABC makes a significant contribution to the provision of radio services
         for people living in regional and remote areas. The ABC's Local Radio
         service is, however, more of a regional service than a specifically local
         service as explained by the ABC as follows:

> ABC Regional Radio stations serve many communities within each
> listening area. Unlike commercial radio licences for regional
> Australia that are based solely on a large town, the ABC provides
> a broadcast service to an entire region. Similarly, programming is
> not focused solely on the issues of the major towns. The ABC also
> has a large regional resource dedicated to reporting on primary
> industry and related issues of particular concern to Australians
> involved in the rural properties and industries.[148]

3.261   Almost without exception, submissions referring to ABC Radio Services
         placed considerable value on the services received. While listeners were
         content with the regional flavour, the Committee received some
         submissions from areas where listeners wanted access to ABC radio
         stations with which they were more naturally linked. In Western

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148 Submission No 108, Vol 3, p 456 (ABC)

Australia, the Mid-West Development Commission, for instance, described the Geraldton service as more appropriate for the region than the Karratha service that the area actually received. [149]

3.262   The Committee received submissions from Far North Queensland expressing concerns about the same issue.[150]

3.263   The Shire of Laverton, situated in the North Eastern Goldfields Region on WA, stated that it received ABC Regional Radio from the Kimberley Region. It advised that it had been able to convince the ABC that it would be more appropriate to receive the service from the Goldfields and that it expected the change to occur soon.[151]

3.264   In its submission to the inquiry, the ABC outlined its priorities for minor extensions and enhancements. These included the endorsement of a second Local Radio satellite service in Far North Queensland and in central Western Australia which would enable communities in those regions to gain access to more relevant local ABC services. We understand that the second satellite services have been established.

Improved services to regional areas.

3.265   The Federal Budget 2001-02 provided the ABC with an extra $17.9 million for additional programming on radio, television and new media. In evidence before the Committee in May, advised the Committee that the 'majority of this would be made available to regional and rural Australia.'[152]

3.266   In July 2001, the ABC provided the Committee with details of what the local radio component of the additional funding would deliver. The broad details are as follows:

- Three new ABC regional locations (in Victoria, Western Australia and the Northern Territory);

- More than 50 new Program Maker positions servicing regional communities across Australia producing an additional 17.5 daily (weekday shifts) on radio for regional audiences;

- More than 10,000 hours of additional regional content on radio per year, reducing the level of syndicated material;

149 Transcript of evidence, 12 March 2001, Geraldton, p 526 (Mid-West Development Commission)
150 Submissions Nos 102, 122 and 142
151 Submission No 54, Vol 1, p 79-80, (Shire of Laverton)
152 Transcript of evidence, 28 May 2001, Brisbane, p 736(Mr Shier)

- Increased regional and rural content for The Backyard (Online), Rural Online, ABC Radio and Television;

- Increased rural content for local, State and national audiences in regional and urban areas;

- Increased capacity to cover emergencies in regional areas; and

- Increased employment opportunities in regional areas.

3.267   More details of what the ABC describes as its 'Regional Rollout' are found at Appendix F.

3.268   We welcome the initiatives outlined above.

Community radio as local radio

3.269   In discussing the access listeners in regional and remote areas had to local radio, many submissions highlighted the role that community stations play in providing local radio services. Community radio has its roots in local community. As explained in the Explanatory Memorandum to the BSA, the change of name from public broadcasting to community broadcasting was to reflect the community based nature of the services, that they are provided to 'meet the needs of a local community or of a particular sector of the community.'[153]

3.270   In some communities, the community station is the only local service available.

> In addition to the 70 Remote Aboriginal communities served by BRACS (Broadcasting Remote Aboriginal Community Scheme) licences there are 36 places where the community station is the only local service available. This is not to say that these areas are not covered by a broad regional ABC service or are not within the extended coverage of a neighbouring commercial station but they do not have a local ABC or commercial station.[154]

3.271   Many submissions noted that community radio was to some extent already filling the gaps in local radio that were appearing as a result of networking. According to the Western Australian Department of Commerce and Trade, for instance, community radio 'is the only realistic source of town-local content that is of high value to the town, but would

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153   Explanatory memorandum, Broadcasting services Bill 1992, p 23
154   Submission No 130.01, Vol 7, p 1570 (CBAA)

not get air time on commercial stations. In small communities community radio is trying to reinvent the local sound that marked the heyday of the local commercial stations.'[155]

3.272   Specific examples of community stations filling the gaps in local radio include the following:

> The local commercial station had several years ago stopped providing a local weekend sports program but this was a gap that the new community service was keen to fill with 4BCR now providing ninety minutes of coverage on Saturdays of events like little athletics and local football. Similarly 4BCR provides locally originated music programming on weekday mornings which provides Bundaberg audiences with the only real alternative to networked talkback out of 2UE in Sydney.[156]

> When it was announced that 3MA would be reducing the duration time of its local news services because of requirements to fit in with available time from the base network station at Albury, HOT FM increased the time of its local news to seven minutes bulletins (5am., 6am., 7am., 8am. and 9am.).[157]

3.273   The CBAA argued that community radio is the 'logical antidote' to developments such as the increase in networking which has seen commercial radio lose to a large extent its local identity.[158]

3.274   The ABA also suggested that community radio could be looked to as a means of providing coverage of matters of local significance.[159]

> We have increased the number of commercial radio stations from 117 to 188 but we have increased the number of community services from 52 to 191. So, at a time where the richness of diversity and the richness of choice increases, it may be that you need to reconsider the question of whether you would look to the local commercial radio station as the place from which you get the sorts of localism that you used to get. I do not think we should underestimate the value that is contributed by the local community stations.[160]

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155 Submission No 178, Vol 5, p 945 (Department of Commerce and Trade, Western Australia)
156 Submission No 130, Vol 4, p 639 (CBAA)
157 Submission No 193, Vol 6, p 1232 (HOT FM)
158 Submission No 130, Vol 4, p 639 (CBAA)
159 Submission No 79, Vol 1, p 152 (ABA)
160 Transcript of evidence, 29 May 2001, Brisbane, p 906 (Mr Gordon-Smith)

3.275   As discussed in Chapter 2, we acknowledge the contribution that the
         community radio sector makes to local radio services in regional areas. We
         consider, however, that given the limited resources, listenership and reach
         of community stations in regional and remote areas, it would be unfair to
         burden the sector with providing for services that the community
         rightfully expects from the commercial radio sector.

4

Responding responsibly: the role of radio in emergency situations

Community expectations

4.1   Radio plays a vital role in disseminating information to regional communities in times of real or threatened emergencies. While all broadcasting and communications media should play a critical role in these times, the portability of radio and its capacity to speedily reach large sections of the community place it in a position of primary importance. This view is clearly evident in the following extracts from submissions to this inquiry from the Bureau of Meteorology and the New South Wales State Emergency Service.

> Radio is generally the most appropriate media for the broadcasting/dissemination of meteorological and related information (severe weather warnings, general forecasts, flood warnings, river heights, etc.) provided by the Bureau's forecasting and warning services. This is because people listen to the radio during the daytime when driving, working around the home, even while "surfing" the Internet and sometimes at the office or while shopping. While television enables greater amounts of information to be broadcast, at the present time it is not as quick as radio to respond to the Bureau's information. Also, with the possible exception of the early evening hours, radio reaches more people at risk to meteorological events. Radio is the only mass dissemination medium possible for warnings with short lead times (such as severe thunderstorm warnings). Furthermore, radios can be cheap, portable, readily available and run by batteries which can be stored for emergency situations. This makes it potentially, the only communication mechanism available in times when the

power is out and telephones are crowded. Radio plays a critically important role during severe events (cyclones, floods, thunderstorms etc), not only in terms of dissemination, but also in community education through recorded interviews and live-crosses with/to Bureau staff. Radio time is much easier to access during such events when compared to television. This is considered to provide significant social benefit (public safety etc).[1]

For many years, broadcast radio has been the primary means by which flood warnings, flood information and flood advice have been transmitted to communities which are about to experience flooding or are already suffering from it. While there are many other means of disseminating information prior to and during floods, none has the capacity to reach such a large number of people simultaneously and repetitively with substantial amounts of information…none is as central to the dissemination of urgent information under emergency conditions as is broadcast radio.[2]

4.2   Over the years a community expectation has grown that radio will be there to guide people in emergency or other such situations. The performance of radio in these times and the impact that networking has had on that performance is one of the most serious issues that has been raised in this inquiry.

4.3   As with the evidence concerning local radio services generally, the evidence about the performance of radio services in emergency situations was quite mixed.

The performance of broadcasters

4.4   In their submissions to the inquiry, broadcasters from all sectors conveyed an understanding of the importance of broadcasting emergency announcements. They described having adequate procedures in place and in many instances provided accounts of having played a vital role in relaying information during real or threatened crises. Despite these claims, some of which are reproduced below, we are not convinced that practice always matches the rhetoric.

1   Submission No 179, Vol 5, p 960-961 (Bureau of Meteorology)
2   Submission No 136, Vol 5, p 771 (NSW SES)

4.5   The ABC claimed to play a critical role in disseminating essential State Emergency Services information and in providing companionship to people in times of need.[3]

4.6   FARB claimed that the broadcasting of emergency announcements is accepted within the industry as an 'essential element in community relations and in providing a comprehensive service to listeners.'[4]

4.7   DMG Group explained how its stations retain the ability to respond on an immediate basis to emergency situations 'through the establishment of telephone hotlines and formal communications strategies with emergency services organisations, and through the ability of the hubs to produce and insert immediate disaster or emergency alerts into the programs broadcast from the hubs and, in extreme or urgent cases, through the ability of the local managers to disconnect hub programming at any stage and replace it with live broadcasting from the local studio'.[5]

4.8   Ace Radio Broadcasters claimed that it has and will always retain the ability and infrastructure required to have any emergency announcement on air literally within minutes at all times and that it regularly updates contacts and procedures and makes these available to police and emergency service and similar organisations.[6]

4.9   Bathurst Broadcasters gave the following account of its close relationship with the local emergency services organisations.

> In Bathurst we have a local emergency management committee. They meet every two months. Their next meeting is on 20 February. I am the media liaison officer on that committee. There are representatives of SES, police, fire, ambulance, hospitals - you name it, they are all there. Basically there we look at the plans that are in place for emergency services in Bathurst. Exercises are scheduled where necessary so they can be carried out to make sure our routines work when they need to. We have a great relationship with the police and the SES here, so they just call when necessary. Our list of priority contacts is me first of all and our breakfast announcer on 2BS second of all, and one of our other announcers is the third priority. So they can get hold of us whenever they need to.

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3   Submission No 108, Vol 3, p 460 (ABC)
4   Submission No 133.02, Vol 8, p 1974 (FARB)
5   Submission No 106.04, Vol 3, p 304 (DMG Group)
6   Submission No 175, Vol 5, p 932 (Ace Radio Broadcasters)

4.10   The Committee was presented with evidence that some stations go to considerable lengths to ensure communities have access to information in emergencies.

> The value of the ABC's infrastructure and technical expertise during emergency situations was well demonstrated in Katherine in January 1998 when the town was submerged during floods and all means of communication were lost.   ABC Radio staff and an NTA representative travelled to the site of the most powerful transmitter in the region and using portable broadcasting equipment were able to establish communication for the community. They conducted interviews over the UHF and HF radio with police and emergency services and kept flood bound victims company throughout the night.[7]

4.11   On occasion the determination to continue or re-establish broadcasts has involved staff putting their own safety at risk as illustrated in the following example.

> A second incident occurred the following month during the height of the devastating floods that hit the far north coast. On this occasion it was Radio 97 at Murwillumbah which was put off the air, again due to transmitter problems. The local SES management was called on for assistance in ferrying the station's engineer across floodwaters in the middle of the night to the transmitter site so the station could be put back on air. However, the local SES command determined that the risk to volunteer personnel was too high in the circumstances that prevailed and agreed to attempt the crossing in daylight the next morning. The station engineer eventually managed to reach the site using his own vehicle at daybreak in what were still very dangerous circumstances and put the station back on air.[8]

4.12   There is some support for various claims made by broadcasters from emergency service organisations. Some of this was provided in evidence given directly to us as in the examples below.

> The ABC, for example, is very good in terms of running our warning services. We have a system of priorities, particularly for tropical cyclone warnings, where we assign a top priority where life is threatened immediately. The ABC will break into television or radio regularly and broadcast those.[9]

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7   Submission No 108, Vol 3, p 461 (ABC)

8   Submission No 133.02, Vol 8, p 1977 (FARB)

9   Transcript of evidence, 30 January 2001, Melbourne, p 117-118 (Bureau of Meteorology)

A good example is provided by the locally owned and operated station 2BS (Bathurst), which operated on a continuous basis broadcasting flood information during the severe event of August 1998. Hundreds of people had to evacuate as this flood rose and in a short period of time. The success of this operation was in no small measure due to the willing cooperation of the local radio station.[10]

4.13   Supporting evidence was also found in testimonials attached to submissions from the broadcasters themselves. For instance, attached to the submission from Grant Broadcasters were letters from the NSW Police Service, the Victorian SES and the CFA for the Barwon Corangamite area, all of which commended a local radio station for its role in emergency situations.[11]

4.14   For all this, we were not convinced that all radio stations effectively support their communities in times of emergency. We had various reports, for instance, about the performance of the radio stations within the Broadcast Operations Group during the November 2000 floods in northern NSW and the January 2001 storms in Dubbo, NSW. However, we also received evidence about these same crises that pointed to other factors that affected the performance of the radio stations at these times including damage to equipment in one instance [12] and, in another, a misunderstanding between the Council and the station about access to the station when programs were being networked.[13]

4.15   The most persuasive evidence we received on this issue was from the various emergency service and related organisations. Although all such organisations that participated in this inquiry went to pains to commend the efforts made by many individual stations and networks, all described experiencing more difficulty in recent years in getting access to the air-waves in times of emergencies. All organisations traced this to the increase in networking. This concern was made clear in the following extracts from the submission from the NSW SES, the Bureau of Meteorology and the Country Fire Authority (CFA).

Recent trends in the operation of radio broadcasting in non-metropolitan New South Wales have serious consequences in terms of public safety during emergencies. 'Networking' has caused a reduction in the level of local access to the airwaves, and local emergency managers increasingly find it impossible to

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10   Submission No 136, Vol 5, p 773 (NSW SES)
11   Submission No 187, Vol 5, p 1089, 1121 and 1127 (Grant Broadcasters)
12   Submission No 289, Vol 8, p 2122 (Western Broadcasters Pty Ltd)
13   Transcript of evidence, 31 January 2001, Tamworth, p 165 (Mr Lyon)

disseminate vital information to the community. As a result, lives
are placed at risk and efforts to reduce property damage are
diminished in their effectiveness.[14]

The Bureau has noticed that both its Regional Offices and State
Emergency Services often experience difficulties at the local level
in breaking into late transmissions on local station because they
are networked from a remote locations.[15]

In our experience getting the vital information to the public via
local radio is often difficult if not impossible because of
networking of local radio stations or automation. This prevents the
inclusion of live, localised information at short notice.[16]

4.16   According to the NSW SES, a key cause of the difficulties was the
breakdown in the relationship between parties.

Networking has had a number of effects which go beyond mere
changes in stations ownership and control. Probably these effects
were not intended, but they have had the consequence of
markedly reducing the quality of the promulgation of vital
emergency infomation. This has occurred because the bond
between emergency managers and radio stations personnel has
been weakened. The changes apply to commercial radio and the
Australian Broadcasting Corporation alike.[17]

4.17   Many of the problems related to the difficulty of contacting stations
during networked or automated programming. Such difficulties were
reported by the CFA, for example:

We have contacted stations asking, 'Are there numbers?' The
numbers they give are either studio hotlines that ring out—I am
not talking about very small country stations but, in particular,
some of the regional centres; these lines just ring out even though
they are supposed to be directly to the studio—or after-hours
numbers. They give us new after-hours numbers or mobiles and
often they just ring out.[18]

4.18   In its submission to the inquiry the CFA described trying to contact
stations on two occasions in January 2001 when a Total Fire Ban was
proclaimed.

14   Submission No 136, Vol 5, p 769 (NSW SES)
15   Submission No 179, Vol 5, p 960 (Bureau of Meteorology)
16   Submission No 240, Vol 7, p 1762 (Country Fire Authority)
17   Submission No 136, Vol 5, p 772 (NSW SES)
18   Transcript of evidence, 30 January 2001, Melbourne, p 116 (Mr Philp)

> On the first occasion (New Year's Day) 15 commercial stations
> could not be raised and on 13 January, 12 stations could not be
> raised.[19]

4.19   The problem of stations being unattended while broadcasting networked
        or computer automated programming was exacerbated by the likelihood
        of station personnel being on leave from work, on weekends or even
        outside normal business hours. For instance, the NSW SES described
        having had some difficulty contacting 2VM in northern NSW, a station
        which was now extensively networked from 2SM. It added that 'given the
        small local staffs of stations such as this one, this situation arises
        frequently especially on weekends.'[20]

4.20   The NSW SES also suggested that stations had less inclination to broadcast
        announcements for lesser events (for example, an impending flood) which
        were more frequent and less newsworthy. The reluctance to broadcast
        announcements until they had a high level of newsworthiness could lead,
        it claimed, to critical early information being missed.[21]

4.21   Also of concern was the degree to which the lack of familiarity with a
        region as demonstrated by mispronunciation of place names, etc, affected
        the integrity of announcements over the long term.

> An example of the potential for poor communication relates to the
> pronunciation of local place names. Local announcers are almost
> always familiar with the way these names are pronounced, but
> outsiders often lack this familiarity and their broadcasts are likely
> to be confused and confusing as a result. In turn this reduces the
> credibility of the information being provided. Such outcomes do
> nothing to help people when floods are rising and may do longer-
> term damage as well.[22]

Mutual responsibilities

4.22   The effective broadcast of information in emergency situations relies on
        clear communications between emergency organisations and broadcasters.
        Establishing and maintaining channels of communication is a two way
        process. That problems have arisen on occasion in getting announcements
        to air cannot be solely attributed to broadcasters. The mutual nature of the
        responsibility was acknowledged by the NSW SES.

19   Submission No 240, Vol 7, p 1762 (CFA)
20   Submission No 136, Vol 5, p 775 (NSW SES)
21   Submission No 136, Vol 5, p 773 (NSW SES)
22   Submission No 136, Vol 5, p 772 (NSW SES)

>I think we, on the emergency management side of the house, need to ensure that the material we provide to the radio stations communicates well in a radio context – and sometimes, I have to say, it is not. Sometimes our flood bulletins are very long, they are not very radio friendly and they incorporate material which is perhaps best dealt with by other communication modes.[23]

4.23   In describing evidence of problems developing in getting relevant announcements to air in emergency situations, the NSW SES was careful to put the extent of the problem in perspective and pointed out that the system often worked extremely well.

4.24   We acknowledge the community service commitment to informing and safeguarding their communities during situations where lives and/or property are put at risk by flood, storm, fire, cyclone or other circumstances. During these times, and in between these times, many managers and staff members commit time and effort to ensuring the community has access to the information that it needs and expects. As described above, there have been occasions when staff from both national and commercial broadcasters have demonstrated the commitment to their communities by contributing well beyond what would reasonably be considered the call of duty.

4.25   However, we do not think it is satisfactory that when FARB surveyed its members early on in this inquiry, the results revealed that only a majority of stations that responded to the survey could be contacted outside office hours or have standby transmitters and emergency power supplies to deal with emergencies.[24] This is not an area in which there is room for half hearted efforts on behalf of station operators. Whether enshrined in legislation or not, having control of any broadcast facility carries with it serious social responsibilities.

4.26   Technological developments should always lead to improved rather than diminished services. The ability to network programs or provide pre-recorded, automated programs should never have been allowed to interfere with the capacity of emergency service organisations to get information to air quickly and reliably. The core role of emergency service organisations is to protect the community and they need, and should have every reason to expect, the full co-operation of all broadcast services.

Proposed Code of Conduct

4.27   The conduct of this inquiry has prompted a number of rapid developments in relation to broadcasting in emergency situations, the most significant of which is the development of a draft code of conduct on the broadcast of emergency information.

4.28   In January 2001, following our hearings in December 2000, the ABA expressed its concern to FARB that 'there are no agreed minimum standards in place to assist commercial radio broadcasters to deal with broadcasting services in times of emergency or disaster recovery'. It advised FARB that it considered the matter should be addressed by implementing a Code of Practice and associated guidelines. It considered the code and guidelines should address the following minimum requirements.

1.   Ensuring the contact details for the relevant State Emergency Service contact person in the area are known to the Broadcasters and all relevant staff at all times; and

2.   Ensuring that each commercial radio stations broadcasts any emergency service announcements when necessary; and

3.   Providing contact details of the relevant staff on duty who can interrupt radio services (particularly pre-recorded services)to broadcasts such announcements.[25]

4.29   It seems extraordinary that such fundamental requirements have not previously been spelled out in Australia's 60 years of broadcasting. A draft code and guidelines were developed and released by FARB in July for comment by early September 2001.

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25   Exhibit No 44 (FARB)

DRAFT CODE ON BROADCAST OF EMERGENCY INFORMATION

Purpose

■   The purpose of this code is to ensure licensees have procedures in place to enable the timely and accurate broadcast of emergency information.

Broadcast of emergency information

■   A licensee will, in consultation with appropriate emergency service organisations, implement a set of internal procedures to enable the timely and accurate broadcast of information supplied by such organisations relating to an existing or threatened emergency.

■   A designated position in relation to each station is to be identified as the contact officer for all matters relative to this code.

■   It is recognised that compliance by the licensee with clause 1.2 of this code is dependant upon the co-operation of the emergency service organisations. A licensee will not be regarded as in breach of this code if any emergency service organisation declines or fails to respond to the licensee's request to consult.

■   In developing internal procedures pursuant to clause 1.2, a licensee will not be responsible for inaccurate information provided by any emergency service organisation or for the failure of an emergency service organisation to comply with the procedures.

■   A licensee will review and, where necessary, update procedures annually.

Guidelines in defining an emergency and identifying appropriate emergency service organisations – <u>these guidelines do not form part of the code</u>.

■   'Emergencies' are generally regarded as situations in which there is an imminent or actual threat within the community, whereby lives are, or property is, at risk and which requires a significant and co-ordinated response by emergency service organisations.

■   A range of emergency service organisations will be relevant for each licence area. As a general guide, emergency organisations include Police, Fire, Rural Fire, Ambulance, State Emergency Service (SES) and the weather bureau. The licensee and appropriate emergency organisations in the licence area should jointly identify, develop and maintain effective lines of communication.

■   A licence area may have an Emergency Management Committee/Counter Disaster Council or equivalent organisation formed under State/Territory legislation, which is responsible for issuing guidelines to identify key emergency organisations and procedures for broadcasting emergency information. If so, it may be useful to become familiar with such guidelines and procedures.

Source   FARB

4.30   Before a code is registered, the ABA needs to be satisfied that the code provides appropriately for community safeguards for the matters covered by the code, is endorsed by the majority of broadcasting services in that section of the industry and that members of the public have been given an

adequate opportunity to comment on the code.[26] Once registered the code applies to all licensees in that sector of the industry.

4.31   The draft code addresses some of the concerns raised in evidence to the Committee. At issue, however, is the question of whether a code of conduct is a sufficiently powerful tool to address an issue as serious as the community's access to broadcast information in emergency situations or whether a more prescriptive approach is appropriate.

4.32   The ABA clearly considers that a code of conduct is an adequate instrument. In evidence before the Committee , Mr Tanner, General Manager of the ABA, explained:

> There are some areas where we actually do have clear room to move. A very good example is one we have already given, which is emergency service responsiveness and radio. That is clearly the type of issue which is related to localism, where the existing code and standards powers are clearly adequate to address it. The ABA is ensuring that that is addressed. It has plenty of power there and I am truly hopeful that FARB are jumping to it and coming up with an adequate code that provides adequate community safeguards. That is an example of a localism issue where there clearly is the power.[27]

4.33   FARB also made clear that a code of conduct is their preferred approach and claimed that 'because of the diversity of markets, infrastructure, climatic and geographic conditions in Australia, emergencies and natural disasters are varied as are responses, it was impractical to benchmark contingency planning across the nation'.[28]

4.34   While the ABA accepts FARB's view that its member stations are situated in a variety of climatic conditions and geographic locations and are therefore subject to various types of emergencies and disasters, it does not believe that these considerations 'make it impractical to develop a template for contingency planning across the board'.

> Having a template would provide all commercial radio broadcasters with clear guidelines on the minimum standards expected of them in responding to emergencies, thus establishing 'industry best practice' in this regard.[29]

4.35   In our view, the considerations raised by FARB do not provide sufficient reason not to establish a set of mandatory requirements for the

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26   Submission No 79, Vol 1, p 160 (ABA)
27   Transcript of evidence, 29 May 2001, Brisbane, p 901 (Mr Tanner)
28   Submission No 133.02, Vol 8, p 1975 (FARB)
29   Submission No 79.01, Vol 7, p 1516 (ABA)

broadcasting of emergency warnings and other relevant information. In fact the very existence of the variety of situations as described by FARB makes it all the more important for there to be absolute clarity about the responsibilities and obligations of broadcasters in those situations.

4.36   A code of conduct may be an appropriate way of dealing with some programming matters concerning community standards of taste or decency. However, we do not believe that a code of conduct is commensurate with the serious nature of the issue in question here, namely the safety of the community.

4.37   As made clear in evidence, emergency service organisations and related bodies rely on access to broadcasting media to provide information to the community. Radio is the prime conduit to the community, because it has traditionally been 'live and local' and capable of timely and relevant advice.

4.38   As stated earlier, having a licence to broadcast carries with it responsibilities. None is perhaps as critical as providing a community with access to information that is important to its safety in emergency situations. While we re-iterate our acknowledgment that many broadcasters take their social responsibilities very seriously, the evidence provided by emergency service organisations suggests that not all broadcasters have given due weight to these responsibilities. The situation should never have deteriorated to the extent that we heard in evidence during this inquiry. It should not have taken an inquiry to energise the industry or the ABA to give serious attention to this issue.

4.39   We acknowledge and welcome FARB's assurance that there is no lack of goodwill between all parties. However, better developed lines of communications and closer and stronger relationships between emergency service organisations and broadcasters must evolve if communities are to have access to timely and relevant information in emergency situations.

4.40   Procedures and guidelines are a means to an end and there is room for these to reflect the variations in the climatic conditions and geographic locations and other characteristics of different broadcasting operations and regions.

4.41   Procedures established on goodwill, however, have a tendency to fluctuate in their vigour. As mentioned above, FARB has met with various emergency service organisations, the ABC and the Bureau of Meteorology since the issue of the broadcast of emergency announcements was raised in this inquiry. Such meetings are vital if better lines of communications and reliable procedures are to be developed. However, as pointed out by the Bureau of Meteorology such initiatives are not new.

> We used to have a formal meeting with representatives of FACT and FARB and the ABC. We called that a bureau-broadcasters working group. That was an initiative of the bureau in the early 1980s to try to encourage that partnership arrangement. We have not had a meeting with them formally as part of that working group for 10 years now, I think. That had limited success, in my experience. It was a useful discussion or coordination means, but there was no formal obligation on the media to broadcast bureau warnings, for example.[30]

4.42   Therefore, in the interests of the well being and safety of the community, the measures proposed to build relationships, develop guidelines and improve procedures should be underpinned by a clear set of minimum obligations. These obligations should be mandatory on all radio licensees. To this end, we believe that legislation should be developed that reflects the minimum requirements identified by the ABA and referred to at paragraph 4.28 above. At present, there are no provisions in the BSA relating to emergency announcements.

4.43   The legislation should be drafted to accommodate circumstances in which radio stations are not able to broadcast information owing to factors such as the equipment being damaged in the emergency.

4.44   In considering the need for a legislative response to the problem of the broadcasting of emergency information, we note that under the standard licence conditions for commercial radio broadcasting licences in Schedule 2 of the Broadcasting Services Act 1992, a 'licensee will, if the Minister notifies the licensee in writing that an emergency has arisen which makes if important in the public interest that persons authorised by the Minister have control over matter broadcast using the licensee's broadcasting facilities, allow these person access to and control over facilities'.[31]

4.45   The scale and nature of some emergency situations would no doubt warrant such action and the provision under Schedule 2 represents an important community safeguard.

4.46   FARB argued that:

> While this legislative power allows the Minister control over broadcasting in cases of emergency, it wrests the power to broadcast information about such emergencies out of the hands of broadcasters. It also does nothing to improve the lines of communication between radio stations and emergency response

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30   Transcript of evidence, 30 January 2001, Melbourne, p 121 (Mr Wright)
31   *Broadcasting Services Act 1992*, Schedule 2, Part 4, Clause 8

> agencies, and it is a path of clear communication between these
> agencies and radio stations which is required.[32]

4.47   In our assessment, the emergency service organisations that we have
        heard from in this inquiry are not seeking a power as extensive as that
        implied in Schedule 2 of the Act. Nor are they seeking to have 'the power
        to broadcast information about such emergencies' wrest 'out of the hands
        of broadcasters'. They are simply seeking a guarantee, provided by
        legislation, that when the need arises, broadcasters will work with them to
        provide the community with essential information.

4.48   Given this, we believe that there needs to be provision made in the BSA
        for that level of guarantee. This should not require licensees to receive
        written notification from the Minister.

4.49   According to FARB, any recommendations should apply equally to all
        broadcast media-commercial, community, narrowcast and television.

4.50   Given that the goal is to achieve as wide a coverage as possible of relevant
        emergency information, we are inclined to agree. Nevertheless, we
        consider that the extensive reach of commercial radio services places a
        special responsibility upon commercial radio broadcasters.

4.51   While, of course, emergency service organisations may not need access to
        all broadcasters in every emergency situation, we believe it is imperative
        that all broadcasters maintain the ability to interrupt programming (be it
        live, pre-recorded, automated or networked programming) at any time in
        response to requests from emergency service organisations. To this end,
        we believe that the obligations we propose should apply to all categories
        of broadcasting services.

4.52   It is also important that broadcasters are involved routinely in disaster
        response planning activities. This will help ensure that the expectations,
        capacities and responsibilities of all parties are well understood and
        contingencies are prepared for before emergency situations arise.

4.53   As demonstrated by the tragedies associated with the 1999 Sydney-Hobart
        yacht race, the unclear allocation of responsibility and breakdowns in
        communication can have disastrous consequences. The inquiries and
        inquests following this race lead to the establishment of procedures to
        ensure better and quicker responses such circumstances in future. As the
        consequences of breakdowns in the broadcast of emergency service
        announcements are potentially even more catastrophic, it is to be hoped
        that all parties will learn from this experience and immediately implement
        the measures described in this chapter.

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32   Submission No 133.02, Vol 8, p 1976 (FARB)

Recommendation 14

4.54   **The Minister for Communications, Information Technology and the Arts should prepare amendments to the *Broadcasting Services Act 1992* with the object of requiring broadcasters to take responsibility for:**

- **ensuring the contact details for the relevant State Emergency Service contact person in the area are known to all relevant broadcasting staff at all times;**

- **any emergency service announcements considered necessary by an accredited emergency service organisation or other such body are broadcast; and**

- **providing to accredited emergency service organisations up-to-date contact details for staff with the authority to interrupt programmed radio services (particularly pre-recorded, automated and networked services) in order to broadcast emergency service announcements.**

Recommendation 15

4.55   **The Minister for Communications, Information Technology and the Arts should prepare amendments to the *Broadcasting Services Act 1992* to require:**

- **that, as a condition of any broadcasting licence, broadcasters maintain properly developed emergency response plans; and**

- **the Australian Broadcasting Authority to regularly audit the emergency response plans maintained by broadcasters and check that the procedures in place would allow programmed services to be interrupted in the event of an emergency.**

Recommendation 16

4.56   **The Minister for Defence, in conjunction with the Ministerial Council of Emergency Service Ministers, should develop protocols to ensure that radio and television station managers (or their delegates) are represented on local and regional State Emergency Service Committees and disaster response coordinating organisations.**

Measures to assist broadcasters

4.57   FARB drew our attention to two factors that impact on the capacity of
        broadcasters to respond to emergency situations.

> The first is that that radio is not prioritised, legislatively or
> otherwise, as being one of the first to be informed about
> emergency situations at a national, regional and local level.

> The second is that there is no priority, enshrined in legislation or
> regulation, or upheld in practice, whereby priority is given by
> telecommunications providers, public utilities or emergency
> response agencies to repair, or assist in the repair of radio
> broadcasting equipment in the event that it is damaged as a result
> of an emergency situation such as fire, flood or storm.[33]

4.58   FARB claimed that while the first is generally fulfilled, the second was
        critical if radio 'is to be relied upon, and indeed, if there is to be any
        pressure exerted for regulatory or code of practice obligations on
        commercial radio in regard to emergency broadcasts'.

4.59   FARB proposed that a form of universal service obligation be imposed on
        public utilities and telecommunications providers to give priority to the
        repair of broadcasting equipment in emergency situations.

4.60   We support in principle the notion that measures are implemented to
        ensure that broadcasting equipment that has been damaged during an
        emergency is repaired as soon as possible taking into consideration the
        safety of all parties involved.

4.61   However, without having taken evidence from telecommunications or
        public utilities providers on this issue, we are not prepared to demand
        that universal service obligation as proposed be imposed. We consider,
        however that the proposal warrants serious consideration by the Minister.

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33   Submission No 133.03, Vol 8, p 1976 (FARB)

Recommendation 17

4.62   **The Minister for Communications, Information Technology and the Arts should consider whether it would be appropriate to specify in legislation that, where broadcasting facilities are damaged in an emergency situation and where there is an expectation that broadcasters transmit emergency service announcements, telecommunications providers should give priority to repairing damaged equipment, infrastructure or links to essential broadcasting equipment.**

Improving communications

4.63   The obligations we have described do not obviate the need for improving communications and re-establishing close contact and re-building trust and co-operative relationships between emergency service organisations and radio stations where these have weakened. Indeed, some of the processes affecting the timeliness, accuracy and integrity of announcements are most effectively developed by negotiation between the parties concerned at the local level. This will require the goodwill of all parties concerned. We are pleased therefore to learn from FARB that there is indeed no lack of goodwill and that there is, moreover, a clear desire by all parties to re-establish firm lines of communications and ongoing review'.

4.64   In a supplementary submission, FARB described having initiated discussions with representatives of the NSW State Emergency Services, the Weather Bureau and the Victorian Management Council Media Committee. It had also had a meeting with the ABC and senior officers of the Bureau of Meteorology which had resulted in an agreement to review earlier guidelines on the broadcasting of meteorological information .

4.65   We welcome these initiatives and commend FARB's proposal to foster regular forums between commercial radio, ABC and emergency organisations to ensure coverage of potential disasters facing the community. We trust that FARB and other agencies will continue their efforts in this area and that they are extended to involve broadcasters and emergency organisations and local government bodies in all states. Such measures reflect the role broadcasters should be prepared to play in emergency situations and must continue to overlay the minimum obligations we recommend.

Role of community stations

4.66   Although it may be argued that the role of community stations could be
        expanded in emergency situations, it was pointed out by the NSW SES
        that the value of community stations in emergency situations is limited by
        their restricted area of coverage and small listening audiences.[34]

4.67   Community stations have made valuable contributions in different
        emergency situations. Their audience, however small still requires
        information in emergency situations as do the audiences of narrowcast
        stations. Community radio stations should be under the same obligation
        to respond to requests to broadcasts emergency announcements and other
        information as commercial broadcasters. Every effort should be made to
        include these services in forums and other meetings dealing with this
        issue.

A problem foreseen can be averted

4.68   In discussing the impact of networking on announcements in emergency
        situations, the Bureau of Meteorology expressed some concern about the
        cumulative impact of listeners hearing warnings that were not relevant to
        their area. 'In time,' the Bureau suggested, 'the frequent hearing of
        irrelevant warnings will reduce the impact of hearing a warning that is
        relevant for a user in an affected geographic locality.'[35]

4.69   We agree that it is far preferable for emergency service announcements to
        be made only in relevant areas. While we accept that this may, in some
        circumstances, present difficulties for radio stations operating as part of
        larger group, our recommendation (at paragraph 4.52 above) is intended
        to ensure that localised emergency service announcements can be made
        whenever they are necessary. However, if in some circumstances it is not
        possible to broadcast a localised emergency service announcement, it
        would better that the announcement be broadcast across a network of
        stations than not at all.

4.70   This type of implementation issue should be the subject of further
        discussion in the series of forums that we hope to see conducted around
        Australia between the industry and emergency service organisations in
        the near future. We also suggest that ABA should close monitor the issue
        and advise the Minister at the first sign of any evidence indicating that

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34   Submission No 136, Vol 5, p 774 (NSW SES)
35   Submission No 179, Vol 5, p 962 (Bureau of Meteorology)

emergency service announcements are not locally relevant and are losing their impact.

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Digital Radio Broadcasting

5.1   While focussing in this inquiry on issues relating to the radio services as currently delivered to and received in regional Australia, we were mindful of the impact that digital radio may have on regional radio services in the future. Initially announced in 1998, at around the same time as digital television, the implementation of digital radio has lagged well behind that of digital television. The evidence suggests that it may be some time yet before it is introduced.

5.2   Digital radio uses digital compression techniques to convert sound into a digital format that can then be transferred in a fairy robust manner form one point to another.[1] One of the great advantages of digital radio is its potential to deliver additional functionality as explained by ntl as follows:

> Digital transmission technology provides the opportunity for content providers to deliver multiple services via one transmission signal. While analog transmission technology requires one content stream per transmitted signal, digital technology allows multiple content streams per transmitted signal and hence the opportunity to deliver greater content to the public for similar transmission costs.[2]

5.3   Digital radio will bring opportunities for improved services in metropolitan and non-metropolitan areas. Its advantages include:

- better (CD) sound quality

- better reception, and

- access to ancillary data, text and possibly images.

5.4   Digital radio makes more efficient use of spectrum which creates opportunities for new entrants, provides opportunities for incumbent

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1   Exhibit No 43, ntl.
2   Submission No 192, Vol 6, p 1224 (ntl)

broadcasters to offer more services and for new data services. Digital radio also offers the opportunity for single frequency networks, a feature that would be of particular value to services such as radio services for the print handicapped.

5.5   Digital radio is, however, costly, from the perspective of both listeners and broadcasters. For listeners, there is the cost of the new receivers. Most households have a number of radios and radios tend to have a long life. Radios often operate in the background and the advantages offered by digital radio may not be perceived to warrant the outlay for a more expensive receiver or set of receivers.

5.6   The costs associated with introducing digital radio for broadcasters are significant although it may be possible to achieve some economies through the sharing of infrastructure.

5.7   There are a number of implementation issues that are still to be resolved These include:

- consumer interests including access, competition, new services and receiver costs;
- whether digital radio should be treated as a replacement for analog radio or as a supplementary service;
- the implications of different technologies on the 'conversion' process (eg in-band versus out of band technologies);
- whether a single set of technical standards ought to be applied;
- the basis on which incumbent and new broadcasters might access spectrum for digital broadcasting;
- the nature of simulcasting requirements and the timing of any hand back of spectrum;
- spectrum planning issues, particularly allocation of L-band and VHF spectrum;
- the types of new or additional services which might be offered by digital radio; and capital and running costs for digital radio services particularly for national and community broadcasters.[3]

5.8   In October 2000, FARB lodged a submission with the Minister outlining its views on how digital radio broadcasting (DRB) in Australia should be structured. The main elements of the submission are ambit and are hardly likely to form the basis of responsible radio industry policy. For instance, the adoption of point 3 could essentially commit many Australians to a complete loss of their current radio services. Nevertheless, FARB's submission is as follows:

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3   Submission No 188, Vol 6, p 1162 (DCITA)

1. Automatic access by existing commercial radio operators in the broadcasting services band to L-Band and VHF spectrum without charge.

2. No date for the return of analog spectrum until a review of progress in 2009.

3. No compulsion to simulcast existing analog services.

4. Flexibility on spectrum usage.

5. No new licences outside the current planning process until 2009.

6. No mandating of technology at this time.

7. Allocation of channel 9A in the television spectrum for DRB.

8. Allocation of existing vacant spectrum notionally set aside for satellite audio broadcasting spectrum for terrestrial DRB.

9. A moratorium on licence fees for regional broadcasters for eight years.

10. Each DRB service to be allocated an allotment of 256 kbps.

11. ABC and SBS to be allocated spectrum in the same way, i.e, one digital allotment of 256 kbps for each analog service.

12. Freedom to use portion of spectrum allotment for datacasting.

13. Resolution of a model with legislative endorsement by the middle of 2001 with a view to commencement by 2002.[4]

5.9 In order to progress the introduction of digital radio, the Government has offered the industry an opportunity to conduct trials of the different technologies. Discussions about the proposed trials are taking place between FARB, DCITA, the ABA and the ACA.

5.10 Most of the decisions concerning the implementation of DRB need to be made in the context of radio broadcasting generally; that is, in metropolitan and non-metropolitan areas. However, in keeping with the focus of this inquiry, our discussion is confined to issues of particular pertinence to radio services in regional and remote areas.

Potential for improved services to regional areas

5.11 Digital radio may provide a means of extending services to regional Australia. As explained in the ABC's submission, the economies of

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4   FARB, 'Digital Radio Update, June 2001.

operating a single multiplex instead of a number of transmitters may allow it to extend the full suite of ABC Radio services across Australia.[5]

5.12   Digital radio will present opportunities for increasing the number of services and for adding to diversity. Digital radio will also allow for the entry of new players. In an earlier chapter, we discussed the impact of new services on the level of diversity of services and the commercial viability of operators. In our view, the issues that need to be considered in decisions concerning the introduction of new services remain the same regardless of whether the services are delivered by analog or digital technology. While digital radio may present opportunities for new entrants, the decisions to allocate spectrum in regional areas should be based on three factors:

  ▪ community demand;

  ▪ entrepreneurial demand; and

  ▪ the revenue base of the community.

5.13   In terms of content, digital technology will enable operators to cater for niche interests. According to the ABC, the flexibility of the digital spectrum would enable it to 'channel-split' – run different programs simultaneously on the one frequency – in order to more sharply focus its existing services'. It may, for example, use channel–splitting to provide 'separate livestock market information in different areas of the one region, where appropriate.'[6]

5.14   In broader terms, however, content is determined by policy rather than technology, as pointed out by the CBAA.

> Digital technology may allow for localised radio services but there is nothing inherent in the technology that would cause new services to become localised or otherwise targeted. It is really a matter of spectrum planning, policy and regulation as to whether the introduction of digital radio broadcasting can provide the opportunity for enhancing localism in radio services.[7]

Satellite delivered digital radio broadcasting

5.15   Satellite delivered DRB may offer the solution to the problem of providing access to radio services in remote areas without them. Satellite delivered radio services are already available in remote areas. In communities with retransmission arrangements in place, people within range of the

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5   Submission No 108, Vol 3, p 474 (ABC)

6   Submission No 108, Vol 3, p 474 (ABC)

7   Submission No 130, Vol 4, p 642 (CBAA)

transmitters can access the services through satellite-fed retransmitted terrestrial broadcasters. Beyond the radius of these transmitters or in areas without retransmission systems, listeners need to have their own satellite dish and associated equipment. They are, however, restricted to listening to the services in their own home.

5.16   People relying on satellite radio are therefore denied the benefit of one of the key features of radio, namely its portability. Given the amount of time many people in regional and remote Australia spend in vehicles or working away form home or other buildings, the portability of radio is one of is most valued features.

5.17   The Western Australian Department of Commerce and Trade identified two means of making radio more portable in remote areas. The first entailes using cheap fairly low powered transmitters on remote properties. The Department pointed out, however, that this would require 'serious administrative work by the ABA in providing frequencies' and may 'require a large investment of resources for a comparatively small return.'[8]

5.18   The second option involves persuading car manufacturers to include digital radio as a standard issue in vehicles. According to Department, 'the critical and most significant benefit of satellite delivered digital radio would be the ability to reach vehicles across the whole state.'[9]

5.19   The lack of radio services available on vast stretches of the nation's highways is a serious problem. We support the introduction of technology that would enable road travellers to have access to radio services where ever they are driving. In this context, we were extremely interested in the evidence provided by Asia Space, a satellite radio broadcasting Operator. AsiaSpace is the Australian subsidiary of WorldSpace Corporation, a USA based global satellite DRB Operator. AsiaSpace 'currently operates the Australian notified satellite AsiaStar (ITU name is ASIABSS) which is delivering digital radio broadcasting and multimedia services to Asia-part Pacific countries'.[10] Of particular interest is the fact that the services are delivered using 'direct to low cost personal portable radio receivers.'[11]

5.20   Citing a number of ways in which satellite delivered DRB can benefit regional and remote areas, AsiaSpace called for the reservation of spectrum for satellite DRB in Australia. The choice of spectrum is discussed in the next section.

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8   Submission No 178, Vol 5, p 954 (Department of Commerce and Trade, Western Australia)
9   Submission No 178, Vol 5, p 954 (Department of Commerce and Trade, Western Australia)
10   Submission No 189, Vol 6, p 1169 (AsiaSpace)
11   Submission No 189, Vol 6, p 1169 (AsiaSpace)

Implementation issues

5.21   There are a number of implementation issues that need to be resolved
        before digital radio is introduced. It is imperative that the choices made
        ensure that regional areas are well placed to receive digital radio services.
        One issue that needs to be considered when decisions are being made is
        the extent to which it is possible to match the existing coverage with
        digital coverage. As pointed out by the ABC, many people in remote and
        rural areas receive fortuitous (ie unplanned) reception particularly of AM
        services which will be almost impossible to replicate with DRB.[12]

5.22   We are concerned that the mistakes of the analog digital cell phone
        conversion are not repeated with digital radio leaving 5 or more per cent
        of the listening population worse off. We firmly believe that reasonable
        'equivalent coverage' should be clearly defined well ahead of the
        introduction of digital radio.

5.23   A decision is still to be made concerning spectrum for digital radio. The
        two bands of spectrum that have been identified for digital radio largely
        on a global basis are the L-Band and VHF Band III.

5.24   The L-Band is in the high UHF region of spectrum. Described by ntl as a
        line of sight operation, an operation in the L Band requires approximately
        20 per cent more transmission sites that does a VHF operation. [13]

5.25   VHF Band III spectrum is used for television. In metropolitan areas, VHF
        spectrum is scarce. It is considered by some, however, as suitable for
        digital radio in regional areas and, indeed, preferable to the L-Band.

5.26   According to the ABC, the 'coverage of individual DRB transmitters will
        not be as great as that from current high powered FM and AM
        transmitters, particularly if the L-Band is used.'[14]

5.27   FARB also claimed that VHF spectrum would allow for 'a far closer
        replication of the existing coverage areas in regional and rural Australia
        and would ensure that those people now receiving analog services, will
        also receive digital.[15]

5.28   According to FARB, the ABA has maintained in the preliminary planning
        of digital spectrum that 'there is insufficient VHF spectrum available for
        digital radio as the spectrum may be required for television in the future.'
        However, FARB Technical consultants have identified, 'through the

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12   Submission No 108, Vol 3, p 474 (ABC)

13   Exhibit No 43, .ntl

14   Submission No 108, Vol 3, p 473 (ABC)

15   Submission No 133.02, Vol 9, p 1979 (FARB)

Digital Conversion Plan for Television, sufficient surplus VHF spectrum available for digital radio, It also suggests that there may be some scope for relocating 'some television translators utilising VHF spectrum to UHF spectrum, to make further VHF spectrum available for digital radio.'[16]

5.29   In calling for the reservation of spectrum for Satellite DRB in Australia, AsiaSpace specified L Band spectrum.

5.30   The Committee is not in a position to make a judgement about the technology used to introduce digital radio broadcasting. It supports the proposed trials referred to earlier in this chapter and suggests that in order to ensure that choices are made which serve the interests of regional and remote areas, some of the proposed trials for digital radio take place in regional and remote areas. These trials should test not only primary coverage but also fortuitous coverage equivalents.

Recommendation 18

5.31   **The Minister for Communications, Information Technology and the Arts should ensure that some of trials that are proposed for digital radio broadcasting are conducted in regional and remote areas. The Minister should stipulate the trials take into account the fortuitous coverage areas of AM services as a basis for the new digital service footprints or coverage areas.**

Recommendation 19

5.32   **In the context of these trials, the Minister for Communications, Information Technology and the Arts should also consider the potential application of the hybrid satellite/terrestrial technology being promoted by AsiaSpace with particular attention to the provision of radio services to moving vehicles.**

Involvement of all sectors

5.33   In addition to ensuring that the choices made concerning digital technology lead to improved access to and quality of radio services in regional areas, we are also concerned that all sectors of the industry are involved in any steps taken to progress the introduction of digital radio. In

16   Submission No 133.02, Vol 9, p 1979 (FARB)

discussing the advent of digital radio, ATSIC suggested that digital broadcasting would not be a high priority for Indigenous broadcasters until the digital receivers are more affordable. It stressed, however, 'that advances in digital radio implementation must involve consultation with indigenous bodies. It is essential that Indigenous broadcasters are not left 'out of the loop'.[17] Similarly due consideration should be given to Radio for the Print Handicapped broadcasters.

5.34   We support these views and consider that the community sector and the indigenous broadcasting sector must be given the opportunity to fully participate in the planning and implementation stages of the introduction of digital radio. They should also be involved in the proposed trials referred to above.

Recommendation 20

5.35   **The Minister for Communications, Information Technology and the Arts should ensure that the community, Indigenous, Radio for the Print Handicapped broadcasters are included at all stages in the planning and implementation of digital radio.**

Conversion costs

5.36   Both the commercial and community radio sectors raised concerns about the cost of conversion to digital radio.

5.37   FARB suggested that regional radio broadcasters be given the same assistance with capital equipment purchase as that given to regional television. [18]

5.38   CBAA estimated that conversion would cost between $75,000 and $150,000 per station depending on location, size of station, service area and the prospects for arrangements to be made with the multiplex operator. Given the financial circumstances of many regional community stations, it is difficult to imagine them being able to embrace digital radio unless assistance is provided by the Government.

5.39   At this stage, no decision has been made as to whether digital radio will replace analog radio or whether it will be a supplementary service. Until such decisions are made, we consider that it would be premature to make

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17   Submission No 190, Vol 6, p 1213 (ATSIC)
18   Submission No 133.02, Vol 8, p 1979 (FARB)

judgements about the degree of financial support that should be provided by Government to assist operators convert to digital radio.

5.40   Although there is some sense that the implementation of digital radio is inevitable, we expect that it will be some time before it is finally introduced in Australia. Its development is taking place within the context of rapidly evolving and converging technologies, internet radio being a typical example of this. Many of the touted benefits of digital radio relate to additional features it may offer such as ancillary data and interactive capability. While some of these added features may prove of value to regional and remote communities, we consider that the most promising feature of digital radio is its potential to expand the range of services that regional and remote audiences receive. The potential of satellite delivered DRB to provide radio services to people driving in regional and remote Australia, if realised, will also be of immense benefit.

5.41   In our enthusiasm to embrace new technologies, we should not lose sight of the fact that the qualities for which radio has been traditionally prized are essentially very simple qualities. Radio is prized for its accessibility, affordability, portability, immediacy, and local program content and presence. The features that have made regional radio such a distinctive and valued voice in regional and remote Australia should be preserved.

Paul Neville MP

Committee Chairman

19 September 2001

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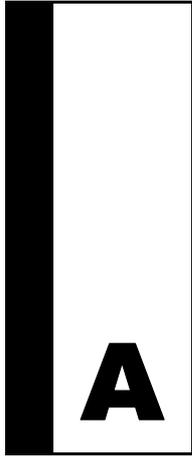
Appendix A – Submissions

Submission No	Individual/Organisation
1	Mr JF Hutcheon
2	Mr Eric Okely, Elliott District Community Government Council
3	Mr Michael Johnson
4	Mrs Marion H Mann
5	Ms Barbara Twigger
6	Dr Alex Tahmindjis
7	Mr Brian Wilkinson, Crookwell Shire Council
8	Mr Bob Dickie
9	Mr Kenneth Williams Hall, Radio for all Australians Association Inc Networking
10	Mr Alex Turner
11	Mr Mark Chapman Smith, Radio 4GG Heartland FM
12	Wm. J Kunert
13	Mr Greg Blanchard
14	Ms Margaret Huber, Robina Chamber of Commerce Inc
15	Mrs Celia Poole
16	Mr Mick Oliver, Shire of Wandering
17	Jones
18	Mrs P Connell
19	Mr Karl H Gottsche

20	PGC Body
21	CONFIDENTIAL
22	B Behl, Griffith City Council
23	Mrs B Kimpton
24	Mr C P Gallagher, Gosford City
25	Mrs G Elder
26	Mr & Mrs Ken & Valerie Johnson
27	Ms Sue Cunningham
28	A & J Holznagel
29	Dr Ardel Shamsullah, La Trobe University: Bendigo
30	Ms Meryl Moscrop
31	Mr Bob Carroll, Australian Events
32	Mr Angelos Frangopoulos
33	Mr Michael B Owen, Milingimbi Community Inc
34	Mr Barry Roennfeldt
35	Mr Robert R Hansen
36	Mr Alan Leslie
37	Mr Neville G Sander
38	Mr S Wallin
39	Mr Greg Ryan, Kakadu National Park
40	Mr Ken Watkins
41	Mr James T Coakley
42	Mr Steven Maher
43	Mr Wayne Belcher, Central Goldfields Shire Council
44	Mr Brian McKellar, Leeton Shire Council
45	Mr & Mrs Sandra & James Toone
46	Mrs J.M Lugg
47	Mr Bruce Guthrie
48	Mr Jim Fraser, Shire of Coolgardie

49	Mr Ian Kennedy, Red FM
50	C Morand
51	Ms Jenny Alcock, Monaro Community Radio Incorporated
52	Mr Robert McCrossen, Derwent Valley Council
53	Mrs Jeanette Barnes
54	Mr MN Brown, Shire of Laverton
55	Ms Jan Hudson, Bathurst Business Enterprise Centre
56	Mr Alex Lanchbery, King Island Council
57	Mr Peter Moore, District Council of Mount Remarkable
58	Mr Rex Mooney, Federation of North Eastern Councils
59	Mr Brendan Atchison
60	Ms Betty Bell
61	Mr Tom Baker
61.01	Mr Tom Baker
62	B J Guyatt
63	Ms Judith Law
63.01	Ms Judith Law
64	Mr Nick Ringrose, North West Radio Network
65	Mr Glen Daly
66	Mr Richard Mutton
66.01	Mr Richard Mutton
67	Hon. Bob Katter MP
68	CONFIDENTIAL
69	Mr C E Adams, Tumut Shire Council
70	Mr & Mrs R & E Wilson
71	Mr J C Raudle
72	Mr Gavin Douglas
73	Mr Phil Pearce, Shire of Campaspe
74	Mr & Mrs Bob and Jean Willmer

75	Ms Judith G Jones, The Barossa Council
76	Mr Glen Dooley
77	Mr David Priestley
78	Mr Peter Andren MP
79	Professor David Flint, Australian Broadcasting Authority
79.01	Professor David Flint, Australian Broadcasting Authority
79.02	Professor David Flint, Australian Broadcasting Authority
79.03	Professor David Flint, Australian Broadcasting Authority
79.04	Professor David Flint, Australian Broadcasting Authority
79.05	Professor David Flint, Australian Broadcasting Authority
79.06	Professor David Flint, Australian Broadcasting Authority
79.07	Professor David Flint, Australian Broadcasting Authority
80	Mr David Eisenhauer, Riverina Radio Pty Ltd
80.01	Mr David Eisenhauer, Riverina Radio Pty Ltd
80.02	Mr David Eisenhauer, Riverina Radio Pty Ltd
81	Mr Staley Bolitho
82	Mr R. J McCreadie
83	Mr Jim Booth
84	J Grevillea
85	Mr Brad Smart, Radio 4VL
86	Mr R L Donald, Bogan Shire Council
87	R Martin
88	Mr Peter Hay
89	Mr PG Hodgson, Charles Stuart University
90	B J Sloman
91	Mr David Banks, Alexandrina Council
92	Mr Allan Middleton, Shire of Northam
93	Mrs D Kelly
94	Mrs Joan Moreau

95	Mr & Mrs DP & JA Ubrihien
96	Mr Peter Flahavin, Gippsland Cricket - Region 7
97	Mrs Anne Kater
98	Ms Madeline Purcell
99	R Baxter
100	Ms Roslyn Joseph, Crookwell Region Communications Focus Group
101	Mr Denis Starrs
102	Mr Brian Ledwidge, Cook Shire Council
103	Mr DL Foster, IRB Australian Association of Independent Regional Radio Broadcasters
103.01	Mr DL Foster, IRB Australian Association of Independent Regional Radio Broadcasters
104	Mr John Woods, Burdekin Shire Council
105	Ms Sue McDonald
105.01	Ms Sue McDonald
106	Mr Peter Ickeringill, DMG Group
106.01	Mr Peter Ickeringill, DMG Group
106.02	Mr Peter Ickeringill, DMG Group
106.03	Mr Peter Ickeringill, DMG Group
106.04	Mr Peter Ickeringill, DMG Group
107	Mr Eoin Johnston
108	Mr Gary Linnane, Australian Broadcasting Corporation
108.01	Mr Gary Linnane, Australian Broadcasting Corporation
109	Mr Stan Heywood
110	Mr Rod Burton, Walpole Community Centre
111	Ms Helen Dickie, National Party of Australia
112	Mr Robert F Willmer, Central Victorian Gospel Radio Inc.
113	Mr & Mrs Victor & Shirley Collier
114	Mr Charles F Panting
115	Mr P Perram, Bathurst City Council

116	Mr Bruce Fitzpatrick
117	E Trickett
118	Mr Robert T Forster
119	Mr Andrew Harding, Australian Racing Board
120	Mrs Harley Smith, Radio Upper Murray
121	R.G Applebee
122	Mr & Mrs Bryan M & Barbara D McKenzie
123	Ms Estelle Watson, FM 98.5 4YOU
124	Mr Noel Crowe, Radio Sport 927 AM
124.01	Mr Noel Crowe, Radio Sport 927 AM
125	CONFIDENTIAL
126	B E Hayes
127	Ms Iris Field
128	Mr Graeme Taylor, Evans Shire Council
129	Mr Gerard Martin MP
130	Mr Michael Thompson, Community Broadcasting Association of Australia
130.01	Mr Michael Thompson, Community Broadcasting Association of Australia
131	Mr Darce Cassidy, Friends of the ABC
132	Mr Bill Titley
133	Mr David Bacon, Federation of Australian Radio Broadcasters Limited
133.01	Mr David Bacon, Federation of Australian Radio Broadcasters Limited
133.02	Mr David Bacon, Federation of Australian Radio Broadcasters Limited
133.03	Mr David Bacon, Federation of Australian Radio Broadcasters Limited
133.04	Mr David Bacon, Federation of Australian Radio Broadcasters Limited
134	Mr Neil Ischenko, Sarina Shire Council
135	Mr Barry Sylva
136	Mr Chas Keys, NSW State Emergency Service
137	Ms C. Hayes & L. Wilson, Warroo Shire

138	Mr Alan Cross
139	V Leonard
140	Mr John Daniels
141	Midwest Development Commission
142	J.M Gordon
143	Mr R.John Scarce, Richmond Shire Council
144	Ms Irene Lupish, Migrant Interagency
145	Mr Don Welsh, Cardinia Shire Council
146	Mr & Mrs Daley, Monaro Community Radio Presenters.
147	Mrs Robyn Eades
148	Mr Jeff Condron, Port Macquarie Country Labor Branch
148.01	Mr Jeff Condron, Port Macquarie Country Labor Branch
149	Mr Andrew Devenish-Meares, Port Macquarie Country Labor Branch
150	Mr Graeme Edwin, Port Macquarie Country Labor Branch
151	Ms Lynn Wells, West Gippsland Community Radio Inc.
152	Mr William Ray Gamble, AMI Radio Pty Limited
153	Ms Priscilla Connor
154	Ms Margaret Mauro, Combined Pensioners and Superannuants Association of NSW, Bathurst Branch
154.01	Ms Margaret Mauro, Combined Pensioners and Superannuants Association of NSW, Bathurst Branch
155	Mr John Graham, Air - TV School of Radio and Media
156	Ms Cherie Race, 2 Triple B - FM, Bellingen Shire's Community Radio Station
157	Ms Barbara R. Benson
158	Mr John McCormack, Australian Racing Radio Association
159	Mr John G MacInnes, 3 Way- FM, Warrnambool
160	Mr Al Kirton, Radio 4KZ
161	M.T. Howieson, Shire of Meekatharra
162	Mr & Mrs C.E & F. Seeman

163	Mrs J. N. Burton
164	Mr Robert G Dean, Warrumbungles Community Broadcasting Association Inc
164.01	Mr Robert G Dean, Warrumbungles Community Broadcasting Association Inc
165	Ms Sharon Molly
166	Ms Cheryl McKewen, 8 EAR - Gove FM, East Arnhem Community Radio Ass Inc.
167	Ms Jennifer A Tod, Yarriambiack Shire Council
168	Mr Gerry Pyne, National Indigenous Radio Services
169	Mr Tom Dunphy, Bundaberg Broadcasters Pty Ltd
169.01	Mr Tom Dunphy, Bundaberg Broadcasters Pty Ltd
170	Mr Graham Archer, 104.1 TOP FM
171	Mr Bill Caralis, Broadcast Operations Group
172	Mr & Mrs R Wilson
173	Ms Margaret Capare, 2SSR - FM
174	Mr Peter Richter, Life FM Gippsland
175	Mr Stephen Everett, Ace Radio Broadcasters Pty Ltd
176	Mr Peter Brooks
177	Hon Hendy Cowan, MLA, Minister for Commerce and Trade Regional Development; Small Business
178	Mr D Scherr & Mr P Skelton, Office of Information and Communications of the Department of Commerce and Trade, Western Australia
179	Mr J W Zillman, Bureau of Meteorology
180	Mr Ron Camplin, Bathurst Broadcasters Pty Ltd
181	Mr Walter H Mott, North East Broadcasters Ltd. (N.E.B)
181.01	Mr Walter H Mott, North East Broadcasters Ltd. (N.E.B)
182	Mr Ken Jacobs, Victorian Cricket Association
183	Mr Aaron Jowitt, Sun FM
183.01	Mr Aaron Jowitt, Sun FM

183.02	Mr Aaron Jowitt, Sun FM
184	Mr Ken McInerney, 5 tcb FM
185	Mr Peter M Harvie, Austereo Pty Ltd
185.01	Mr Peter M Harvie, Austereo Pty Ltd
186	Mr Rhys Holleran, RG Capital Radio Limited
186.01	Mr Rhys Holleran, RG Capital Radio Limited
187	Mrs Janet Cameron, Grant Broadcasters Pty Ltd
188	Ms Fay Holthuyzen, Department of Communications Information Technology and the Arts.
188.01	Ms Fay Holthuyzen, Department of Communications Information Technology and the Arts.
189	Mr Richard E Butler, ASIASPACE LIMITED
189.01	Mr Richard E Butler, ASIASPACE LIMITED
190	Mr Steve Gordon, Aboriginal and Torres Strait Islander Commission (ASTIC)
190.01	Mr Steve Gordon, Aboriginal and Torres Strait Islander Commission (ASTIC)
191	Ms Deborah Klika, ABC National Advisory Council
192	Mr Clive Morton, ntl Australia
192.01	Mr Clive Morton, ntl Australia
193	Mr Max Thorburn, HOT FM
194	Mr Max Thorburn, 1359 FM
195	Ms Catherine Chandler, South West Development Commission
196	Mr Peter Adamson, Northern Territory Government
196.01	Mr Peter Adamson, Northern Territory Government
197	Mr Richard Burns, Star Broadcasting Network
198	Ms Gael Penrose
198.01	Ms Gael Penrose
198.02	Ms Gael Penrose
199	Ms Pamela Di Gilio

200	Mr & Mrs Graeme and Sue Head
201	Mr Murray Kidnie, Local Government and Shires Association of NSW
202	Ms Roslyn Schumann, South Australian Country Women's Association Inc
203	Ms Marie Lally, The Country Women's Association of Australia
204	Ms Rosemary Champion
205	Mr Colin Purcell, Goldfields Esperance Development Commission
205.01	Mr Colin Purcell, Goldfields Esperance Development Commission
206	Ms Joan Smith
207	Mr Graham Himmelhoch - Mutton
208	Mrs Beryl Kimpton
209	G L P Fleming, Cabonne Council
210	Mr Don Buckley, Tweed Shire Council
211	Mr Ian Redferm
212	Mr Greg Armstrong, Young Shire Council
213	Mrs Esme Robinson
214	Mr David Keenan, Warrnambool City Council
215	Mr Richard Micallef, Radio for the Print Handicapped (RPH)
216	R G McAlpine, Norfolk Island Government
217	Mr Colin Puckridge
218	Ms Heather Mutch
219	Mr Colin Nicholl, Western Australian Farmers Federation
220	Ms Patricia Keill, Country Women's Association of N.S.W.
221	Ms Sherry Stumm
222	D P Mulcahy, Burdekin Development Council Inc
223	Ms Elsie McGovern
224	Ms Kate Sutcliffe, Gulf Savannah Development
225	Mr Mal Peters, NSW Farmers Association
226	Mr Adrienne McClenaghan

227	Mr Len Roser
228	Hon Peter Reith MP, Minister for Employment, Workplace Relations and Small Business Leader of the House of Representatives
229	Mr Phillip Lyon, Tamworth City Council
230	Miss Julie Butler
231	Mr Stefan Slucki
232	Ms Karin Moses
233	Mr David Singe, Wheatbelt Region Development Commission
234	Mr Peter Bradbrook, Shire of Boddington
235	Mr Grant Brindal, South Australian Association for Media Education Inc.
236	Mr Max Keogh
237	Mr Donald Richardson
238	Ms B Brougham
239	Mr Paul Pisasale, Ipswich City Council
240	Ms Donna Martin, Country Fire Authority
240.01	Ms Donna Martin, Country Fire Authority
241	Mr Tony Brown, Shire of Wyndham-East Kimberley
242	Mr Frank G Warren
243	Mr Paul Covington, Radio 2GF
244	Mr Noel Briggs, Mareeba Shire
245	Mr John C Shore, Barwon Regional Committee of the Victorian Country Cricket League
246	Ms Cherie Graham, Moorabool Shire Council
247	Mr A.J. Dunstone
247.01	Mr A.J. Dunstone
248	Ms Helen Turner
249	Ms Elaine Kennedy, Country Women's Association of N.S.W.
250	Mrs M Spear
251	Thora M. Lightfoot

252	Mr George Nethery, 2YOU-FM 88.9
253	Mrs Daphne Caine
254	Mr P Greenaway
255	Mr Pat Coleman
256	Ms Liz Allen, AgForce North
257	Mr Allan Ezzy, Floodplain Management Authority of NSW
258	Mr Greg Hoffman, Local Government Association of Queensland Inc.
259	Mr & Mrs Timothy and Annette Wilson
260	Mr Geoff Smith
261	Lea Budge, 101FM Radio Logan Inc.
262	Mr R J McIndoe
263	Mr Maurice Poulton
264	Mr Graeme Maxwell, City of Victor Harbor
265	Mr Graeme Gibson
266	Ms Penelope Toltz, Friends of the ABC NSW Inc
267	Ms Bronwyn Falconer, Isolated Children's Parents' Association Western Australia State Council
268	Mr Andrew Craig, Queensland Chamber of Commerce and Industry
269	Ms Amanda Shrock, Settlement Services Coalition of NSW
270	Mr Bruce Billson MP
271	Ms Priscilla Connor
272	Mr Roy Lopresti, Macarthur South West Broadcasting Pty Ltd
273	Mr Warwick Higginbotham
273.01	Mr Warwick Higginbotham
274	Mr Peter Webster, Shire of Mount Magnet
275	Mr Steven Spink
276	Mr Roger Wood, Community Radio Coraki Association Inc
277	Mr Jim Brown
278	Mr Peter Read

279	Mr Wally MacMillan
280	Mr Ian Howat
281	Travellers Information Radio
282	Mr Kim Rowlands
283	Ms Joan Roberts, Gascoyne Development Commission
284	Mr Dennis Clements
285	Mr Max Francis, Combined Pensioners and Superannuants Association of NSW, Bellingan Branch
286	Mr Geoff Duncan, ABC Western Australia
287	Mrs Margo Bates
288	Mrs Dianne Forsyth, Midwest Development Commission
289	Mr Reg Ferguson, Western Broadcasters Pty Ltd
290	Mr John Bain

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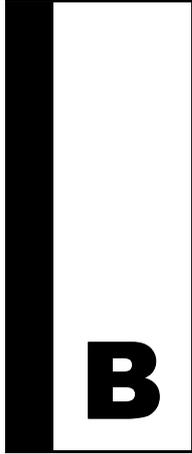
Appendix B – List of Exhibits

1   **Ms Rebecca Coyle**

Senior Lecturer, Department of Media and Communications, SCMP, Division of Society, Culture, Media and Philosophy

A report on the Norfolk Island Radio Service, VL2NI, entitled 'Radio VL2NI on Norfolk Island. Finding the 'Community' in Community Radio.

2   **Ms Sue McDonald**

The Rename Australian Analysis Division in 1998. Marginal Electorate Survey on Media habits in relation to the forthcoming (October) federal election.

2.01   **Ms Sue McDonald**

An Account of a broadcast made by Alan Jones (2UE) and the re-broadcasting of this information by various talk-back callers to other radio stations which took place before the NSW State Election in March 1999.

2.02   **Ms Sue McDonald**

The Investigation Summary Results (ABA File No. 1999/0360, Complaint No. 10939, Investigation No. 706).

2.03   **Ms Sue McDonald**

From the Australian Broadcasting Authority, which related to the complaint made about the Alan Jones broadcast.

2.04   **Ms Sue McDonald**

"Hold the Front Page", the story and transcript.

2.05   **Ms Sue McDonald**

History of Professional Radio Broadcasting by The Radio School of Australia -
www.radioschool.com.au/web6e.htm.

2.06   **Ms Sue McDonald**

Broadcasting and the Public in Australia by Bob Hope-Hume, Murdoch
University.

2.07   **Ms Sue McDonald**

"Deregulation of Australian Metropolitan Radio" - Cultural Policy Studies :
Occasional Paper No. 10 - written by Allan Brown - Griffith University - 1990.

2.08   **Ms Sue McDonald**

"Commercial Radio since the Cross-Media Revolution" - Peter Collingwood - A
Communications Law Centre Research Paper - No. 2 of 1997 March.

2.09   **Ms Sue McDonald**

"Cross-media Rules-OK?" - Brendan Bailey - Law and Bills Digest Group - 3
June 1997 - Current Issues Brief 30 1996-97 from the Department of the
Parliamentary Library.

2.10   **Ms Sue McDonald**

The World Forum for Digital Audio Broadcasting- "Country Progress Reports
(Status November 1999)" - www.worlddab.org.

2.11   **Ms Sue McDonald**

AMT Pty Ltd - "Digital Radio Reports" - www.amt.org.au.

2.12   **Ms Sue McDonald**

"Digital Broadcasting Index" - Australian Broadcasting Authority -
www.aba.gov.au.

2.13   **Ms Sue McDonald**

"Digital Radio in Australia" - Australian Broadcasting Authority -
www.aba.gov.au.

2.14   **Ms Sue McDonald**

"Digital Radio - What is being done" - Australian Broadcasting Authority -
www.aba/gov.au.

2.15   **Ms Sue McDonald**

"Converging Signals: Digital Radio and Program Associated Data" - Bruce
Berryman 3RRR Broadcaster and RMIT Lecturer.

2.16   Ms Sue McDonald

Sydney Morning Herald - Money & Business Section on the 14th October 2000, an article titled "Road Test RG Capital Radio - Tune in across Australia.

2.17   Ms Sue McDonald

"Cox Pulls Plug on London Job" - The Telegraph, 7 Days, 26/10/00, page 4 - by Sue Javes.

2.18   Ms Sue McDonald

"Future of Communications Regulation in a Converging Digital Era" - "National Coregulation and International Cooperation" - Gareth Grainger, Deputy Chairman, Australian Broadcasting Authority.

2.19   Ms Sue McDonald

"Need for International Cooperation on Broadcasting and Online content Issues" - Background Paper - Gareth Grainger, Deputy Chairman, Australian Broadcasting Authority.

2.20   Ms Sue McDonald

"Digital Technology - Catalyst or Inhibitor of Future Cultural and Social Exchange" by Colin J. Knowles.

2.21   Ms Sue McDonald

"Changes in ownership of Commercial Radio Stations between February 1997 and January 2000" - Table produced by Ms G. Penrose.

2.22   Ms Sue McDonald

Sydney Morning Herald - "Click go Shier's shears at ABC news" on page 3, by Anne Davies.

2.23   Ms Sue McDonald

The Telegraph - "How Aunty will feel the pinch - on page 7, by Eleanor Sprawson.

2.24   Ms Sue McDonald

The Telegraph - "Four Corners faces axe in ABC cutback" - on page 7, by Eleanor Sprawson.

2.25   Ms Sue McDonald

"Review of Broadcasting Legislation" - Community Broadcasting Association of Australia - Submission on the Productivity Commission, 18 May 1999.

2.26   **Ms Sue McDonald**

"Overview of Australian Radio Industry" - The Radio School Australia - www.radioschool.com.au.

2.27   **Ms Sue McDonald**

"Australian Radio Industry Employment" - The Radio School Australia - www.radioschool.com.au.

2.28   **Ms Sue McDonald**

"Status Quo or Brave New World: Regional ownership and the Cross Media Review" - written by Denis Cryle.

2.29   **Ms Sue McDonald**

Licence Area Plans for the Caralis Radio Network.

2.30   **Ms Sue McDonald**

"Broadcasting Coregulation and Public Good" which was made by Gareth Grainger for the 1999 Spry Memorial Lecture.

3   **Ms Sue McDonald**

Collection of documents, including extracts from the Australian Broadcasting Act 1983, press releases and transcripts of television interviews.

4   **Ms Sue McDonald**

Collection of various documents including extracts from the Australian Broadcasting Act 1983, terms of reference for the Mansfield Review.

5   **Mr D Scherr & Mr P Skelton**

Office of Information and Communications of the Department of Commerce and Trade, Western Australia

Communications Audit. The needs of Regional Western Australia, Exective Summary, The Boshe Group, May 1997.

Submission to Mansfield Review of the ABC, September 1996.

Submission to Digital Radio Advisory Committee, February 1996.

Communications Impact Assessments, A discussion Paper, Brian J. O'Brien and Associates, January 1998.

6   **Mr Richard Burns**

Chief Executive Officer, Star Broadcasting Network

Collection of Documents provided to the ABA in response to the Draft LAP into Cairns, Innisfail and Atherton. Copies of correspondence to the ABA. Copy of 4 QFM Submission re Brisbane Draft LAP 4 August 2000.

7   Ms Gael Penrose

Collection of Tapes: Paul Tolley 11.00pm - 28/1/00. Paul Tolley -26/11/00. What we have to replace 31/10/00.

8   Ms Gael Penrose

Annexures relating to submissions.

9   Ace Radio Broadcasters Pty Ltd

10   Mr Peter Greenaway

Summary of Australian National Country Music survey # 5 2000.

11   CONFIDENTIAL

12   RG Capital Radio Limited

Copy of a speech given by Rhys Holleran to a recent Industry conference.

13   Mr Paul Pisasale

Deputy Mayor, Ipswich City Council

Copy of opening statement at public hearing on 19 February and a copy of the deed of agreement between Ipswich City Council and 4QFM.

14   CONFIDENTIAL

15   Grant Broadcasters Pty Ltd

Extracts from ACNielsen Figures.

16   Midwest Development Commission

Survey report on 6VLW, Communications strategy for the Mid West region for Western Australia, Communications audit to report for the Mid West Region.

17   Mr Robert Kowald

Councilor, Shire of Morawa

Petition about level of satisfaction with current FM Broadcast.

18   Batavia Coast FM

Brochure.

19   North West Radio Network

Coverage Map.

20   **North West Radio Network**

List of North West Radio Service Centres and Frequencies.

21   **ABC Radio Geraldton**

Coverage Map.

22   **Mr Gary Hardgrave MP**

Copy of correspondence to Mr Hardgrave for the Queensland Community
Broadcasting Assoc Inc.

23   **ntl Australia**

Brochures on digital radio.

24   **Riverina Radio Pty Ltd**

Copy of fax from Bureau of Meteorology NSW Regional Office.

25.0   **Radio Sport 927 AM**

Copy of Radio Sportz 927AM submission to the section 19 ABA inquiry into
open narrowcast radio service "Clarifying the Criteria".

25   **Radio Sport 927 AM**

Sport 927 Network Guide, ABA News release 5 March, extract from ABA
discussion paper on open narrowcasting licences.

26   **Bathurst Broadcasters Pty Ltd**

Copy of correspondence from Mr Gerard Martin MP.

27   **Mr Dan Scherr**

**Broadcasting Policy Officer, Office of Information and Communications of
the Department of Commerce and Trade, Western Australia**

Various including Brian J. O 'Brien' Radio Services in Regional and Remote
areas of Western Australia, Extract from WA Government's submission to the
Digital Radio Advisory Committee, Information on State Emergency Service
processes, State's submission to ABA's LAP for Remote WA.

28   **M.T. Howieson**

Chief Executive Officer, Shire of Meekatharra

Map showing radio transmission areas from Geraldton and Dalwallinu.

29   Mitchell and Partners

Variations in Radio Costs per 1000 people 18+, Regional TV/Regional Radio cost per thousand comparison people 18+, Metropolitan TV/Radio comparison people 18+.

29.01   Mitchell and Partners

Response to questions raised by the Radio Industry Inquiry.

30   CONFIDENTIAL

31   Federation of Australian Radio Broadcasters Limited

Commercial Radio, Codes of Practice and Guidelines.

32   Western Broadcasters Pty Ltd

Taped recordings of various radio broadcasts.

33   RG Capital Radio Limited

Summary of Opening Statement for Public Hearing, 28 May 2001.

34   Australian Broadcasting Authority

VHF-FM frequency table radio zone R2, R4 and R5 and copies of overheads relating to a presentation on Broadcast Planning.

35   Mr John G MacInnes

President, 3 Way- FM, Warrnambool

Material relating to sponsorship arrangements with the station.

36   CONFIDENTIAL

36.01   CONFIDENTIAL

37   Australian Broadcasting Authority

Extract from 'Reasons for Decision Darwin (TV and radio) and Katherine (radio).

38   Federation of Australian Radio Broadcasters Limited

Digital radio update, June 2001.

39   Australian Broadcasting Corporation

Media releases about major expansion in regional Australia.

40   Bathurst Broadcasters Pty Ltd

Letter to the ABA.

41   **Federation of Australian Radio Broadcasters Limited**

Letter to the Minister for Communications from FARB, with a submission on Extension of the 'Black Spots' Program for Television to Commercial Radio.

42   **Department of Communications, Information Technology and the Arts**

Ms Fay Holthuyzen, Executive Director

Background notes on digital radio.

43   **ntl Australia**

Transcript of a private briefing.

44   **Federation of Australian Radio Broadcasters Ltd**

Draft Code on Broadcast of Emergency Information

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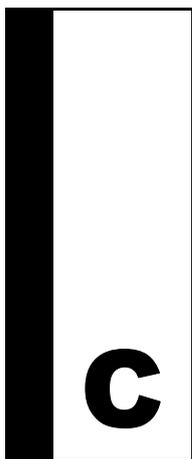
Appendix C – List of Hearings & Witnesses

Wednesday, 8 November 2000 - Canberra

Mr Ken Hall, President, Radio for all Australian Association Inc

Friday, 8 December 2000 - Canberra

Federation of Australian Radio Broadcasters Ltd

Mr David Bacon, Chief Executive Officer

Ms Alexandra Lyall, General Manager, Marketing

Mr Graeme Carroll, Manager, Public Affairs

Australian Association of Independent Regional Radio Broadcasters

Mr Desmond Foster, Director and Head of Secretariat

Mrs Alison O'Neill, Member, Executive Committee

Mr Stephen Everett, Member, Executive Committee

Australian Broadcasting Corporation

Ms Susan Howard, Director, Radio

Mr Colin Knowles, Director, Technology and Distribution

Mr Michael Mason, Head, Local Radio

Mr Roger Summerill, Manager, Local Radio, New South Wales

Community Broadcasting Association of Australia

Mr Michael Thompson, General Manager

Mr Barry Melville, Policy Adviser

Tuesday, 30 January 2000 – Melbourne

Minter Ellison

    Mr Peter Bartlett, Partner

AsiaSpace Limited

    Mr Richard Butler, Chairman

    Mr Leslie James, Vice President, Regulatory Affairs

Bureau of Meteorology

    Ms Tarini Casinader, Superintendent, Public and Agricultural Weather Services Program

    Mr Michael Hassett, Superintendent, Communications

    Mr Robert Wright, Assistant Director, Services

Central Victorian Gospel Radio Incorporated

    Mr Robert Willmer, President

    Mrs Shirley Collier, Presenter/Secretary

    Mr Robert McDonald, Engineer/Treasurer

Warrnambool City Council

    Ms Tanya Egan, Ecomomic Development/Grants Officer

Austero

    Mr Peter Harvie, Executive Chairman

Ace Radio Broadcasters Pty Ltd

    Mr Peter Headen, General Manager, 3YB

Australian Council for Radio for the Print Handicapped Corp Ltd

    Mr Stephen Jolley, Chairman

    Mr Richard Micallef, Executive Officer

Community Radio Endeavour Warrnambool Inc

    Mr John MacInnes, President

MCM Entertainment Pty Ltd

    Mr Anthony McGinn, Chief Executive Officer

North East Broadcasters Ltd

    Mr Walter Mott, Chairman/Managing Director

County Fire Authority

Mr Peter Philip, Media Manager

West Gippsland Community Radio Inc

Ms Marilynn Wells, Secretary/Public Officer

Wednesday, 31 January 2001, Tamworth

Port Macquarie Branch, Country Labor

Mr Jeffrey Condron, Senior Vice-President

Mr Kenneth Canham, Media Officer

Warrumbungles Community Broadcasting Association

Mr Robert Dean, President and Technical Officer

Mr Malcolm Penman, Technical Officer

Radio 2UNE

Mr Michael Pollard, Manager and Program Director

Mr Andrew Devenish-Mears, Assistant Station Manager

Mr Jack McCaw, Station Assistant

Tamworth City Council

Mr Warren Woodley, Mayor

Mr Phillip Lyon, General Manager

Tamworth Community Broadcasting

Mr William Nethery, Director and Current Affairs Producer, 2YOU-FM 88.9

Broadcast Operations Group

Mr Don Thomas, General Manager, New England Broadcasters Pty Ltd

Private Capacity

Mr James Booth

Mr Graham Charlton

Mr Peter Greenaway

Mr Warwick Higginbotham

Dr Gael Penrose

Thursday, 1 February 2001, Bathurst

Bathurst Broadcasters Pty Ltd

>   Mr Ronald Camplin, Chairman

>   Mr Philip Cole, General Manager

NSW State Emergency Service

>   Dr Charles, Keys, Deputy Director-General

Member for Calare

>   Mr Peter Andren MP

Member for Bathurst

>   Mr Gerard Martin MP

Private Capacity

>   Mr Richard Mutton

Friday, 2 February 2001, Townsville

DMG Regional Radio Pty Ltd

>   Mr Paul Thompson, Chairman

>   Mr Kingsley Hall, Director

>   Mr Garry Leddin, General Manager, Southern Group

>   Mr David Scopelliti, General Manager, Northern Group

>   Mr Peter Ickeringill, Independent Legal Adviser

RG Capital Radio Ltd

>   Mr Timothy Hughes, Executive Chairman

>   Mr Rhys Holleran, Managing Director

Burdekin Development Council

>   Ms Aldyth Hyden, Chairperson

Private Capacity

>   Mr William Titley

Friday, 2 February 2001, Longreach

Agforce

Miss Elizabeth Allen, Service Officer

Stockman's Hall of Fame

Mr Peter Andrews, Chief Executive Officer

Glowweir Pty Ltd (4LG WEST FM)

Mr Victor Blackwood, Managing Director

CWQ Remote Area Planning and Development Board

Mr Lawrence Cremin, Chief Executive Officer

Triple J trans-MISSION

Miss Amanda Hamilton, President

ABC Radio

Mr Thomas Harwood, Regional Program Manager

Private Capacity

Mr Garry Pidgeon

Monday, 19 February 2001, Brisbane

National Indigenous Radio Services Ltd

Mr Tiga Bayles, Chairman

Mr Gerry Pyne, Manager

Radio Logan Inc

Mrs Lea Budge, Station Manager

Mr John Horrocks, Technical Director

Star Broadcasting Network

Mr Richard Burns, Chief Executive Officer

Mr Robert Johnson, Director

Bundaberg Broadcasters Pty Ltd

Mrs Sally Stone, Chairperson of Directors

Mr Thomas Dunphy, Station Manager

ATSIC

Mr Roderick Fraser, Policy Officer, Broadcasting and Language Small Program Centre

Professor John Hartley, Consultant

Rebel FM Stereo Pty Ltd and Sun FM Stereo Pty Ltd

Mt Aaron Jowitt, Managing Director/Director

Mrs Cheryl Jowitt, Director/Network General Manager

Ipswich City Council

Councillor Paul Pisasale, Deputy Mayor

Radio 4GG Gold Coast Pty Ltd

Mr Mark Smith, Owner/Operator

Monday, 12 March 2001, Darwin

Grant Broadcasters Pty Ltd and Northern Territory Broadcasters Pty Ltd

Mrs Janet Cameron, Managing Director

Mr Michael Andrew, Group Sales Manager

104.1 TOP FM, Darwin

Mr Graham Archer, Manger

Office of Communications, Sciences and Advanced Technology

Ms Jo Bryson, Acting Chief Executive Officer

Monday, 12 March 2001, Geraldton

Gascoyne Development Commission

Mr Carl Barrett, Project Officer

Australian Broadcasting Corporation, Geraldton

Mr Dominic Brine, Presenter

State Emergency Service

Mr Robert Brooks, Volunteer

Mid West Development Commission

Mr Graham Wilks, Chief Executive Officer

Mr Harold Foulkes-Taylor, Councillor and Delegate

Mrs Dianne Forsyth, Committee Member

Ms Jackie Healy, Senior Project Manager

Pastoralist and Graziers Association

Mrs Jano Foulkes-Taylor, Spokesperson

Australian Broadcasting Corporation

Mr Reginald Thompson, Regional Program Manager

Miss Natasha Harradine, Journalist

Shire of Morawa

Mr Robert Kowald, Councillor

Shire of Meekatharra

Mr Brian O'Dwyer, Deputy Shire President

Batavia Coast FM

Mr David Prior, Manager

Geraldton Newspapers Ltd and Batavia Coast Radio Pty Ltd

Mr Malcolm Smith, Group General Manager

Geraldton City Council

Mr Paul Robb, Councillor

Western Australian Justice Action Group Foundation

Mr Noel Sharp

Private Capacity

Dr V Asmussen

Mr David Priestley

Tuesday, 13 March 2001, Perth

Australian Broadcasting Corporation, Western Australia

Mr Geoffrey Duncan, State Director

Mr Steven Altham, Local Radio Manager

Mr Gary Davis, Manager, Technical Services

Red FM

Mr Ian Kennedy, General Manager

North West Radio Pty Ltd

Mr Nicholas Ringrose, Managing Director

Mr Peter Perrin, Network Program and Operations Director

Office of Information and Communications, Western Australian Department of Commerce and Trade

Mr Dan Scherr, Broadcasting Policy Officer

Tuesday, 13 March 2001, Walpole

Walpole Community Centre

Mr Rod Burton, Treasurer/Secretary

Australian Broadcasting Corporation

Mr John Cecil, Regional Program Manager, Radio

South West Development Commission

Mr Ashley Clements, Project Officer

Coalmine Beach Caravan Park

Mr Raymond Franklin, Manager

Radio West/Hot FM

Mr Ken Gannaway, General Manager

Ms Jennifer Rodgers, Station Manger

Shire of Manjimup

Mr David Tapley, Councillor

Mr Jeremy Hubble, Director Corporate

Department of Conservation and Land Management

Mr Gregory Mair, District Manager

Radio West Broadcasters Pty Ltd

Mr Alan Mead, Network Chief Engineer

Riverside Retreat Chalets

Mr Don Redman, Local Tourist Operator

Private Capacity

Mrs Penny Jewell

Mrs Gloria Johnson

Mrs Jennifer Kendrick

Mr Howard Manning

Mrs Jacqueline Manning

Mr Donald Pearce

Mr Owen Stokes Hughs

Wednesday, 28 March 2001 – Canberra

Central Victorian Gospel Radio Inc

Mr Robert Willmer, President

Mrs Shirley Collier, Presenter and Secretary

Mr Robert McDonald, Engineer and Treasurer

Coastal Broadcasters Pty Ltd – Radio 4KZ

Mr Al Kirton, Company Director and General Manager

Private Capacity

Mr Arthur Dunstone

Friday, 6 April 2001 – Canberra

ntl Australia Pty Ltd

Mr Tom Bennie, Managing Director

Ms Linda Andersen, Manager, Strategy and Planning

Mr Peter Kepreotes, Business Manager, TV and Radio

Riverina Radio Group

Mr David Eisenhauer, Managing Director/ Company Secretary

Mr Barry Anderson, Managing Director

3UZ Pty Ltd (trading as Sport 927)

Mr Noel Crowe, General Manager

Tatiara Community FM Broadcasters Inc (trading as 5tcb)

Mr Kenneth McInerney, Chairman, Board of Management

Mr Geoffrey Williams, General Manager

Friday, 11 May 2001, Melbourne

Mitchell and Partners

Mr Harold Mitchell, Chairman and Chief Executive Officer

Mr John Alderton, Strategy Director

Optimum Media Direction

Mr Russell Norton-Old

Monday, 28 May 2001 – Brisbane

Ace Radio Broadcasters Pty Ltd

Mr Stephen Everett, Managing Director

Australian Broadcasting Corporation

Mr Jonathon Shier, Managing Director

Ms Susan Howard, Director, Radio

Mr Colin Knowles, Director Technology and Distribution

Broadcast Operations Group

Mr Reginald Ferguson, General Manager, 2DU and ZOO FM

Mr Barry Lodge, General Manager

RG Capital Radio Ltd

Mr Timothy Hughes, Executive Chairman

Mr Rhys Holleran, Managing Director

DMG Regional Radio Pty Ltd

Mr Paul Thompson, Chief Executive

Mr Garry Leddin, Regional Manager, Southern

Mr Peter Ickeringill, Legal Adviser

Private Capacity

Mr Warwick Higginbotham

Tuesday, 29 May 2001 – Brisbane

Federation of Australian Radio Broadcasters Ltd

Mr Ronald Camplin, Vice-Chairman (Regional)

Mr Graeme Carroll, Manager, Public Affairs

Ms Tracy Meredith-Marx, Regulatory Consultant

Australian Broadcasting Authority

Professor David Flint, Chairman

Ms Lyn Maddock, Deputy Chair

Mr Michael Gordon-Smith, Member

Mr Giles Tanner, General Manager

Mr Fred Gengaroli, Director, Engineering

Wednesday, 6 June 2001 – Canberra

ntl Australia

Mr Clive Morton, Broadcast Services Director

Ms Linda Andersen, Manager, Strategy and Planning

Mr Peter Kepreotes, Business Manager, TV and Radio

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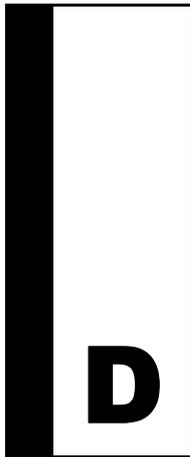
Appendix D - The Optimal Transmission Strategy

The ABC Optimal Transmission Strategy has identified the ABC's priority areas and ranked FM frequency availability for the extension of each ABC radio network. The full list is shown below.

The ABC has assumed that FM radio was more readily available for the following reasons:

The Australian market (in addition to close geographic neighbours New Zealand and Indonesia) is congested with AM radio services. Interference due to skywave propagation makes it increasingly more difficult to introduce new AM services.

The sharing of existing AM facilities is problematic if the frequency spacing between the two services is large, as the facility's physical dimensions are built to matching the frequency of the service.

New AM facilities, particularly those with directional patterns, require large portions of flat land, relatively close to the population centre wanting to be served. (i.e., the land is expensive).

The ABC assumed that better costs benefits could be achieved by sharing the existing FM infrastructure. Introducing AM facilities is expected to be more expensive in comparison.

In addition, as was stated at the hearing in Brisbane on 28 May 2001, Australia is a signatory to the International Telecommunications Union (ITU) convention that restricts new AM services to 10 kW in power. This power restriction provides significantly less coverage than existing capital city and some regional area transmitters that were established many years ago

The following table shows the ABC priority extension of each radio network. It should be noted that the estimated funding is on an annual basis and that the frequency availability is a comment based on best knowledge of the individual licence areas.

Coverage Areas	State	Towns Serviced	Local Radio	Radio National	Classic FM	Triple J	PNN	Freq. Availabilit	Funding# ($'000)

								y	
Australian Capital Territory									
+Canberra*	ACT	Canberra & Queanbeyan	-	-	-	-	U	c	250
New South Wales									
Broken Hill	NSW	Broken Hill	-	-	A	-	A	a	210
Gosford*	NSW	Gosford	ME	-	-	-	ME	a	
Goulburn	NSW	Goulburn	-	-	-	-	A	a	210
Murrumbidgee Irrigation	NSW	Griffith	-	-	-	-	A	a	250
Wagga Wagga*	NSW	Wagga Wagga	-	-	-	-	A	a	210
Armidale	NSW	Armidale	-	-	-	-	A	b	210
Bathurst	NSW	Bathurst	-	-	ME	ME	A	b	210
Batemans Bay/Moruya	NSW	Batemans Bay, Moruya & Ulladulla	-	-	-	A	A	b	210
Central Western Slopes*	NSW	Dubbo	-	-	-	-	A	b	250
Tamworth	NSW	Tamworth	-	-	-	-	A	b	210
Upper Hunter	NSW	Muswellbrook & Scone	-	A	A	A	A	b	210
Upper Namoi	NSW	Gunnedah, Inverell & Moree	-	-	-	-	A	b	210
Central Coast*	NSW	Gosford & Wyong	R	R	R	R	R	c	
Central Tablelands*	NSW	Cowra, Orange & Parkes	-	-	-	-	A	c	250
Grafton/Kempsey	NSW	Coffs Harbour,	-	-	-	-	A	c	210

		Grafton, Kempsey & Sawtell							
Illawarra*	NSW	Bomaderry, Bowral, Nowra, & Wollongong	-	-	-	-	A	c	250
Lithgow	NSW	Lithgow	-	-	A	A	A	c	210
Manning River*	NSW	Forster, Port Macquarie, Taree & Tuncurry	-	-	-	-	A	c	250
Richmond/Tweed*	NSW	Ballina, Casino & Lismore	-	-	-	-	A	c	250
SW Slopes*	NSW	Cootamundra, Gundagai, Junee & Temora	-	-	-	-	A	c	250
+Sydney*	NSW	Katoomba,Richmond, Sydney& Windsor	-	-	-	-	U	c	250
Northern Territory									
Alice Springs	NT	Alice Springs	-	-	-	-	A	a	210
Queensland									
Emerald	QLD	Emerald	-	-	ME	A	A	a	210
Gold Coast*	QLD	Gold Coast, Nerang, Terang & Tweed Heads	-	-	-	-	ME	a	
Mount Isa	QLD	Mount Isa	-	-	-	-	A	a	210
Sunshine Coast*	QLD	Buderim, Caloundra, Maroochydor	-	A	-	-	A	b	250

		e & Nambour							
Wide Bay*	QLD	Bundaberg, Hervey Bay & Maryborough	-	-	-	A	A	b	250
Cairns North*	QLD	Cairns North	-	-	-	-	A	c	210
Cairns*	QLD	Cairns & Innisfail	-	-	-	-	A	c	250
Darling Downs*	QLD	Dalby, Toowoomba	-	-	-	-	A	c	250
Gladstone*	QLD	Gladstone	-	-	-	A	A	c	250
Gympie*	QLD	Gympie, Noosa & Tewantin	-	-	-	A	A	c	250
Mackay*	QLD	Mackay	-	-	-	-	A	c	250
Rockhampton*	QLD	Rockhampton, Yepoon	-	-	-	-	A	c	250
Southern Downs	QLD	Warwick	-	-	-	-	A	c	210
Townsville North*	QLD	Townsville	-	-	-	-	A	c	210
Townsville*	QLD	Townsville	-	-	-	-	A	c	250
South Australia									
Port Lincoln	SA	Port Lincoln, Tumby Bay	-	-	A	A	A	a	210
Renmark/Loxton	SA	Renmark & Loxton	-	-	-	-	A	b	250
South East	SA	Mt Gambier	-	-	-	-	A	b	210
Spencer Gulf*	SA	Port Augusta, Port Pirie, Whyalla	-	-	-	-	A	b	250
Tasmania									
Burnie/Wynyard	TAS	Burnie, Somerset & Wynyard	-	A	A	A	A	b	210

NE Tasmania*	TAS	Devonport, Launceston, & Ulverstone	-	-	-	-	A	b	250
Victoria									
Bairnsdale	VIC	Bairnsdale	-	-	A	A	A	a	210
Latrobe Valley*	VIC	Moe-Yallourn, Morwell, Sale & Warragul	-	A	-	-	A	a	250
Horsham	VIC	Horsham	-	ME	A	A	A	a	210
Mildura/Sunraysia	VIC	Mildura	-	-	-	-	A	b	210
Murray Valley	VIC	Swan Hill	-	A	-	-	A	b	210
Portland	VIC	Portland	-	-	A	A	A	b	210
Upper Murray*	VIC	Albury, Wodonga	-	-	-	-	A	b	210
Warnambool*	VIC	Warnambool	-	-	A	-	A	b	210
Ballarat*	VIC	Ballarat & Colac	-	-	-	-	A	c	250
Bendigo*	VIC	Bendigo, Echuca, Moama	-	-	-	-	A	c	250
Goulburn Valley*	VIC	Benalla, Shepparton & Wangaratta	-	-	-	-	A	c	250
Western Victoria	VIC	Hamilton	-	A	-	-	A	c	250
Western Australia									
Broome	WA	Broome	-	-	-	A	A	a	210
Kalgoorlie*	WA	Kalgoorlie	-	-	-	-	A	a	250
Karratha	WA	Karratha	-	-	-	A	A	a	210
Port Hedland	WA	Port Hedland	-	-	-	A	A	a	210
Southern Agricultural	WA	Albany	-	-	-	-	A	a	250

Central Agricultural	WA	Northam	-	-	-	-	A	b	250
Geraldton	WA	Geraldton	-	-	-	-	A	b	210
Bunbury	WA	Bunbury & Busselton	-	-	-	-	A	c	210
								Total	**$13.972m**

Notes:		**Frequency Availability**	
ME	ABC's Minor extensions program	a	good
A	Add to radio network	b	fair
U	Upgrade required to improve coverage	c	poor
R	Reservation rejected, no spectrum remaining		
-	Covered by existing service	#Estimate Funding (per annum per service)	
*	Centres above 30,000 persons		

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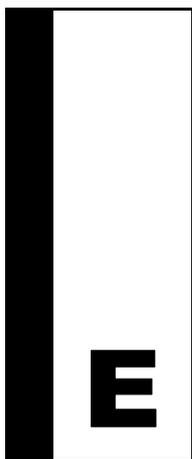
Appendix E –Section 3 of the Broadcasting Services Act

3 Objects of this Act

(1) The objects of this Act are:

(a)   to promote the availability to audiences throughout Australia of a diverse range of radio and television services offering entertainment, education and information; and

(aa)   to promote the availability to audiences and users throughout Australia of a diverse range of datacasting services; and

(b)   to provide a regulatory environment that will facilitate the development of a broadcasting industry in Australia that is efficient, competitive and responsive to audience needs; and

(ba)   to provide a regulatory environment that will facilitate the development of a datacasting industry in Australia that is efficient, competitive and responsive to audience and user needs; and

(c)   to encourage diversity in control of the more influential broadcasting services; and

(d)   to ensure that Australians have effective control of the more influential broadcasting services; and

(e)   to promote the role of broadcasting services in developing and reflecting a sense of Australian identity, character and cultural diversity; and

(f)   to promote the provision of high quality and innovative programming by providers of broadcasting services; and

(fa)   to promote the provision of high quality and innovative content by providers of datacasting services; and

(g)   to encourage providers of commercial and community broadcasting services to be responsive to the need for a fair and accurate coverage of matters of public interest and for an appropriate coverage of matters of local significance; and

(h)   to encourage providers of broadcasting services to respect community standards in the provision of program material; and

(i)   to encourage the provision of means for addressing complaints about broadcasting services; and

(j)   to ensure that providers of broadcasting services place a high priority on the protection of children from exposure to program material which may be harmful to them; and

(ja)   to ensure that international broadcasting services are not provided contrary to Australia's national interest; and

(k)   to provide a means for addressing complaints about certain Internet content; and

(l)   to restrict access to certain Internet content that is likely to cause offence to a reasonable adult; and

(m)   to protect children from exposure to Internet content that is unsuitable for children; and

(n)   to ensure the maintenance and, where possible, the development of diversity, including public, community and indigenous broadcasting, in the Australian broadcasting system in the transition to digital broadcasting.

F
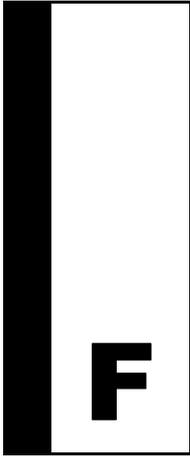
Appendix F – ABC Local Radio, Regional Rollout

Victoria

- 1 new regional radio station based at Ballarat with state of the art broadcast technology.

- 10 new program makers based at Ballarat, Bendigo, Horsham, Wodonga and Mildura.

- 3 new program shifts based at Ballarat (2) and Horsham (1).

Queensland

- 11 new program makers based at Cairns, Townsville, Toowoomba, Mackay, Bundaberg, Longreach and Mt. Isa.

- 3 new program shifts based at Cairns, Townsville and Toowoomba.

New South Wales

- 9 new program makers based at Newcastle, Lismore, Dubbo, Kempsey (soon to move to Port Macquarie), Wollongong/Nowra and Tamworth.

- 4 new program shifts based at Dubbo, Kempsey (Port Macquarie), Wollongong/Nowra and the *Upper Hunter (* to commence later in 2001).

Western Australia

- 1 new regional centre based at either Narrogin or Katanning covering the Great Southern Region.

- 8 new program makers based at Narrogin/Katanning, Kalgoorlie, Geraldton, Bunbury and Karratha.

- 3 new program shifts based at Narrogin/Katanning, Geraldton and Bunbury.

South Australia

- 5 new program makers based at Mt. Gambier, Port Pirie, Port Lincoln and Broken Hill (part of the South Australian network/timezone)

- 2 new program shifts based at Port Pirie and *Port Lincoln (*to commence later in 2001).

Northern Territory

- 1 new regional location based at Katherine covering remote Territory areas.

- 3 new program makers based at Alice Springs, Katherine and Darwin.

ACT

- 2 new program makers based in Canberra covering the ACT hinterland including Yass and Goulburn and south-eastern NSW (Wagga Wagga and Bega).

Tasmania

- 2 new program makers based at Launceston (covering northern Tasmania) and Hobart (covering southern Tasmania).
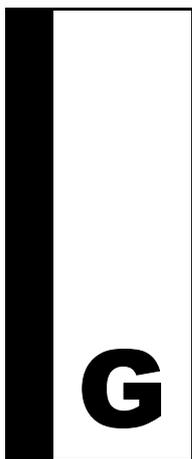
G

Appendix G – ABA's Policy for use of confidential licensee and commercial-in-confidence financial information

At its meeting on 16 December 1999, the Australian Broadcasting Authority (ABA) approved the following policy for use of confidential licensee and commercial-in-confidence financial information:

In instances where confidential licensee and commercial-in-confidence financial information obtained by the Australian Broadcasting Tribunal (ABT) under section 123 of the *Broadcasting Act 1942* (former Act) is requested by the Minister for Communications, Information Technology and the Arts (the Minister) or the Department of Communications, Information Technology and the Arts (the Department), the ABA may make available that information to the officer in the Department who is a designated person under section 125(3) of the former Act to receive that information.

If the information is required for statistical analysis, the designated officer will be required to provide the ABA with a written undertaking that any working documents and raw data will be destroyed and not kept beyond the life of the project for which the information is given.

The ABA will not disclose information that was obtained by the ABT under section 123 of the former Act to consultants engaged to carry out any function associated with the administration of the *Broadcasting Services Act 1992* (the BSA).

In instances where confidential licensee and commercial-in-confidence information obtained by the ABA under section 205B of the BSA is requested by the Minister or the Department, the ABA may make available that information to an officer from the Department who is a staff member of the ABA for the duration when access to and use of that information is required.

If the information is required for statistical analysis, the officer from the Department who is seconded to the ABA for the duration of the exercise or a consultant engaged by the ABA will be required to provide a written undertaking that any working documents and raw data will be destroyed and not kept beyond the life of the project for which the information is given.

In instances where confidential licensee and commercial-in-confidence financial information obtained by the ABT under section 123 of the former Act and information obtained by the ABA

under section 205B of the BSA is requested by members or staff of the ABA, that information can be given.

Provided that any section 123 information obtained under the former Act or section 205B information obtained under the BSA, if used in a publicly released document, is to be in aggregate form and could not be used to identify individual licensees.