

Australia's broadcasting system – the need for distinctive programming.

Personal submission from Darce Cassidy

EXECUTIVE SUMMARY

Australia is fortunate in that the structural diversity built in to the three broadcasting sectors can, so long as those sectors are separate and distinct, lead to a deal of program diversity.

Each sector has its own strengths and weaknesses, and its own programming philosophy, but economic and other forces are leading the different sectors to converge, potentially leading to the destruction of diversity.

Commercial broadcasting is largely free of government influence, but is subject to influence by major advertisers. It's programming philosophy tends to be driven by the pursuit of the most profitable demographic, leading to a sameness among commercial broadcasters. The distinguished economist Professor Glenn Withers has described this as an example of the *Principle of Minimum Differentiation*.

The ABC and the SBS, while they operate at arms length from government, are still ultimately under government control. However so long as they remain advertising free, and their tradition of editorial independence from government is maintained, their program policies are influenced by the public interest principles embodied in their charters, including the requirement to cater for specialist audiences. However the ABC and SBS services are heavily centralised.

In its early days community broadcasting's distinctive features included:

- Volunteers drawn from the community of interest, an authentic "people's voice", including the right to speak in the language of your choice.
- Funding primarily from the community of interest.
- Localism.
- Dependence on the community being served.
- Independence from other forces.

While many community broadcasters still have some (or in a few cases, all) of these features, community broadcasting is moving towards the commercial broadcasting model.

There were diverse funding sources, with significant amounts from public donations and membership fees. However advertising is now the major funding source, to the point where some stations are de facto commercial broadcasters*. Breaches of the rules relating to advertising by community radio stations are the single most frequently

upheld complaint by the ABA – accounting for a quarter of all of the ABA's breach findings relating to radio.

Community Television has an even worse record. Two community TV stations sold their entire daytime program output to a commercial retirement home operator, who took effective control of the stations daytime programming. Another community station had refused to make relevant material available to community members the basis that it was not set up for public purposes that that its activities were primarily of a "private commercial nature."

The constitutions of some community stations ensure that community representatives can never have a majority on the board of management.

As economic forces led both commercial broadcasters, and the ABC and SBS, towards networking, community broadcasting became a major source of localism. Now the trend in community broadcasting is to more networking, less localism and less reliance on volunteers.

The effectiveness of this structural diversity is threatened as the distinctiveness of the different sectors is undermined, as community stations become more reliant on advertising and paid employees, less reliant on volunteers and grass roots community connections, and less committed to localism.

Subject to the cross media ownership rules individuals, or companies, are permitted to control more than one commercial television or radio station. However the rules should be different for community broadcasting. Communities should control community stations and it should not be possible, as it now is, for the Chief Executive of an organisation which controls some 235 open narrowcasting stations in Australia to also have control of, or a major influence in, up to twenty community stations.

Recommendations.

- 1. That the committee review the effectiveness of the enforcement of the advertising restrictions relating to community broadcasters by the ABA and its successor, ACMA.**
- 2. That the committee recommend that limits be set on the proportion of income that community broadcasters can receive from advertising.**
- 3. That the committee recommend that no individual be permitted to control, or have a major influence on a community broadcasting station if they have effective control of one or more other broadcasting or narrowcasting stations.**
- 4. That the committee recommend that the governance arrangements for community stations, and particularly community television stations, be structured so that community based groups, as distinct from state or local government, universities or other government institutions, have a majority representation on the station's board of management.**
- 5. That the committee recommend that the advertising on community television be limited to five minutes per hour, in line with the current limitation on community radio and SBS television.**

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A personal submission from Darce Cassidy. The views expressed here are my own and are not necessarily shared by any organisation I belong to.

Funding mechanisms.

While there is rightly a great deal of debate at present about the cross media ownership rules, the issue of how the media are structured and funded is just as important as the number of owners.

Where there are a very small number of choices (as in commercial television) and a larger, but still limited number of choices (as in commercial radio) there is a tendency for all the “competitors” to look much the same, resulting in limited choice. This is a result of the *Principle of Minimum Differentiation*. Professor Glenn Withers explains.

The reason for this is that stations based on advertising revenue will seek to maximize their audience (and thereby their revenue). Stations will therefore duplicate program types as long as the audience share obtained is greater than that from other programs. Hence a number of stations may compete by sharing a market for one type of program (such as crime dramas) and still do better in audience numbers than by providing programs of other types (such as arts and culture). In economics this point is an application of the Principle of Minimum Differentiation, a principle also capable of explaining such associated phenomenon as why bank branches may cluster together, why airline schedules may be parallel, and why political parties may have convergent policy platforms.ⁱ

If the media consumers choice were to be restricted to the networks controlled by Microsoft and Murdoch, Bertelsmann and Berlusconi it wouldn't be much of a choice. Nor would the addition of Tony O'Reilly and Conrad Black make much of a difference.

Australia is fortunate therefore that in the broadcasting area at least a degree of diversity results not from the identities of different individuals all subject to the same economic pressures, but from the fact that we have three different sectors which is each funded and managed differently, and each subject to different pressures.

While the ABC is required to make popular programs (described in the ABC

Charter as “programs of wide appeal”) it is also required to make specialist programs. Its funding does not depend on ratings, and while the ABC has its own pressures and difficulties it operates under different imperatives to the commercial sector.

The community sector was established to cater for smaller groups which often felt ignored by the big players. Some appeal to geographic communities, while others appeal to communities of interest, like specialist music audiences. Some of the distinctive features of community broadcasters included.

- Volunteers drawn from the community of interest, an authentic “people’s voice”, including the right to speak in the language of your choice.
- Funding primarily from the community of interest.
- Localism.
- Dependence on the community being served.
- Independence from other forces.

The main concern of this submission is that all of the above defining features are under threat, to the point where a number of community stations are already *de facto* commercial broadcasters.

ADVERTISING

Commercial media is funded primarily through advertising. Advertising also supports the SBS, and the overseas television service operated by the ABC. It is now the largest single source of funding for community broadcasting.

While advertising has wide acceptance in the community, there are three major concerns about the impact of advertising.

The first concern, and in this context the major concern, is that advertising impacts on programming policy as outlined by Professor Withers. This point is underlined by two recent studies.

A study of 20 public service broadcasters around the world, carried out by McKinsey and Co in 1999, found clear evidence that public service broadcasters which pursued advertising tended to mimic commercial broadcasters programming. Broadcasters which relied on government funding tended to have distinctive programs which offered audiences a clear choice. McKinsey and Co concluded:

Our analysis shows clearly that an increased dependence on advertising has led inexorably to a more populist and less distinctive scheduleⁱⁱ

In their comparative study of community radio covering several European countries, Canada, South Africa and Australia, Taacchi and Price-Davies came to a similar conclusion. They noted with respect to the Canadian experience that

*“there are concerns that those stations that attract large amounts of advertising revenue often do so by imitating commercial services and **thus lose the sense of what community stations should be**”ⁱⁱⁱ (emphasis added)*

In short, excessive advertising threatens to destroy the distinctive character of community broadcasting (and public service broadcasting as well).

Advertising is now the single largest source of funds for community broadcasters, and on average accounts for 32% of income.^{iv} However at 2TEN in Tenterfield, it accounts for 80% of income.^v It is not surprising therefore Dr Kitty van Vureen, in her study of community stations in regional areas, concludes that 2TEN takes commercial broadcasting as its source of reference.

Such is the lure of advertising that community broadcasters are calling out for more, and are regularly and persistently breaking the guidelines relating to the limitation of advertising on community radio. Advertising is limited to five minutes per hour, but this requirement is regularly flouted. In fact breaches of the restrictions on advertising on community radio is the complaint most frequently upheld by the Australian Broadcasting Tribunal in relation to radio. Findings against community radio stations for breaches of the sponsorship/advertising rules account for just over a quarter of all breaches by all radio stations in Australia.^{vi}

There is even greater reason for concern about the impact of advertising on community television. Community television is permitted 7 minutes per hour of advertising rather than the five allowed to community radio, but even that has not stopped community television stations from effectively selling large chunks of their transmission time to a private retirement home operator.

In 2002 Channel 31 Sydney and Channel 31 Melbourne sold 40 hours a week of their daytime program to Mr Ted Sent, a retirement home operator and former bankrupt. According to Crikey.com Mr Sent obtained effective control over the weekday daytime output of these channels for \$72,000.00 a year each.^{vii}

Not surprisingly Commercial Television Australia, representing the commercial television sector wrote to the ABA in November 2002

In our view RTV is seeking to provide an unlicensed commercial television station in breach of the Broadcasting Services Act. This is evidenced by its programming line up, advertising sales activities and the statement on the Primelife Website promoting “RTV31” as “the latest in free to air TV”^{viii}

Equally concerned were the operators of subscription (Pay TV) services who wrote to the ABA in June 2003 expressing concern about applicants for community TV licences:

Who may seek opportunities to operate as a defacto commercial television broadcaster or multi-channel service provider or who provides programming content not in keeping with a true community manner or form”^x

The ABA rejected the view that Channel 31 was running a commercial TV service without a licence, but introduced new rules which will restrict the sale of airtime to a maximum of eight hours a day to any one individual, or two hours a day to a person or entity that is “operated for profit or as part of a profit making enterprise”^x

These rules would not seem to prevent someone like Mr. Sent effectively taking total control of up to 14 hours a week of a community TV station, or some private, but non-profit body, taking total control of 56 hours a week of program output.

GOVERNMENT AND INSTITUTIONAL CONTROL

The Sydney and Melbourne community TV stations were not the only ones to have a strange idea of what “community” means. When a Mr Gordon Inglis, member of the Perth community with an interest in community TV asked to see a copy of the minutes of a meeting held by Channel 31 Perth, he was refused. The matter was investigated by Western Australia’s Information Commission, who revealed, in his written reasons for decision, that Channel 31 had formally denied that it was set up for public purposes. Moreover, in an even more outrageous statement the management of Channel 31 claimed that the activities of the station were essentially of a private commercial nature. In his written decision the Commissioner rejected this claim, writing:

I also understand that community participation in broadcasting is a crucial element that must be satisfied in order to qualify for the grant of a community broadcasting licence by the Australian Broadcasting Authority. It is my understanding that such licences are only issued for broadcasting services that are provided for community purposes; that are not operated for profit or as part of a profit making enterprise.^{xi}

This tendency by some community television stations to regard themselves as having only very limited input from the community is borne out by their constitutions.

Channel 31 in Perth is set up in such a way that the representatives of community organisations on the board are bound to be in a minority. There are two classes of shareholders. ‘A’ class shareholders, the community organisations, can only elect three of the seven board members. ‘B’ class shareholders, who are elected by the board itself, elect the other 4 members.^{xii}

A similar device is used by the Sydney channel to ensure that community representatives are in a permanent minority. The constitution of TVS Limited (Television Sydney) provides that there will be only one community member. This one community member will be entitled to two votes. However there will be three non-community members – an education member (two votes) a state government member (one vote) and a local government member (one vote). Thus the non-community members between them have twice as many votes as the community member.^{xiii}

PROFESSIONALISATION

While the great majority of community stations rely on volunteer broadcasters drawn from the community, there is a growing trend for broadcasting to be done by paid professionals, while the local volunteers fill the less important shifts and carry out behind the scenes duties. For example Rhema Gosford list an on-air staff of eight on their web page.^{xiv} Of these eight, five are also regular daily broadcasters on Rhema Newcastle. In addition, it appears that Rhema Gosford and Rhema Newcastle share the same advertising department, the same web site and the same general manager.^{xv} The employment of paid staff for on-air duties appears to be the general rule for stations affiliated with United Christian Broadcasters (UCB).

NETWORKING

Economic pressures have increased networking in both commercial and government broadcasting (although the ABC, with government assistance, has recently put more resources into regional radio) leading to the situation where an Adelaide TV station actually broadcasts its news service from Melbourne. This lack of localism is keenly felt in regional areas.

In this situation community broadcasting has been, and still is, a valuable source of localism, but even there, the trend is to more networking. The Digital Delivery Network, run by the Community Broadcasting Association of Australia (CBAA), and supported with funds from the federal government, makes a wide range of networked and syndicated material available to local stations, including news.

MCDONALD'S RADIO

An even more worrying trend is the development of networks of community stations which appear to be run in a top-down manner, and the associated franchising model that has been developed by the Rhema network.

Rhema's Newcastle, NSW, station says on its website "Rhema FM Newcastle is a leader in the national Rhema network of 30 Rhema stations".

The Rhema network is run by United Christian Broadcasters (UCB), who when pressed about the word "network" say they prefer to describe Rhema as a "brand" or a franchise, like McDonald's or Jim's Mowing. According to the Chief

Executive of UCB, Ian Worby, the Rhema franchise is just a loose alliance and all of the Rhema affiliates are independent organisations. While this statement appears to be largely true, this relationship deserves closer examination.

According to the UCB web site:

UCB Australia partners with a number of FM stations, owned and operated by the local community. These groups are mostly found in the larger towns and cities and often utilise the successful Rhema brand and format used in New Zealand. Founded on the principles and vision of UCB, these stations work in association with each other, with UCB Australia as the facilitator. Currently twenty-two of these stations are broadcasting permanently. A further five are conducting test broadcasts while awaiting full-time licence decisions from the Government broadcasting authority. One of the licensed stations, Rhema FM in Geelong, Victoria, is the most powerful community station in Australia at 56,000 watts, and covers most of the greater Melbourne area of nearly 4 million people.

However in addition to the “Rhema affiliates” UCB runs another vast network of stations that is clearly controlled from the top. Mr. Worby is also Chief Executive of Vision FM, a vast Australian network of narrowcasting stations, all run from a studio complex adjacent to Mr. Worby’s Brisbane office. According to the Vision FM website:

Vision owns over 35 high-powered licences (the most powerful being 50,000 watts) and 300 low powered FM licences (typically 1-10 watts each). At the start of 2005, 200 of them were on-air with more going to air every month. In non-broadcast areas, many people choose to listen direct-from-satellite or on the Internet.

Thus Mr Worby would appear to be in direct control of some 335 narrowcasting stations in Australia, while also having a significant degree of influence over some 22 “Rhema Affiliates” which are licensed as community broadcasters. Services provided by UCB to Rhema affiliates and other broadcasters include, according to the UCB website:

UCB Provides a number of services to other Christian Broadcasters, including a Christian Worldview news service (UCB News), access to The Word For Today, Programme distribution and other support services.

However in addition to his direct control of the Vision FM network, his relationship with the Rhema affiliates and the provision of a networked news service and other syndicated programs, Mr. Worby has a direct role in a number of individual Rhema stations.

Now while such a powerful role for an individual would not be particularly remarkable in the commercial media, dominated, as it is, by powerful networks, I submit that this is not consistent with community broadcasting.

In addition to his other roles it appears that Mr. Worby is, or has been:

- President of Rhema, Pt. Macquarie, 99.9fm^{xvi}
- Public Officer, Rhema Pt Macquarie^{xvii}
- Chairman of Rhema, Sydney, an aspirant community broadcaster^{xviii}

I submit that such arrangements, while they would not be out of place in the commercial sector, are not consistent with community radio. Further to this point I submit that the relationship between two of the Rhema stations, Rhema Gosford and Rhema Newcastle, goes beyond sharing a brand or subscribing to the same franchise, but rather that these Rhema Gosford and Rhema Newcastle are effectively one station, holding two separate community licences.

In support of this I point out:

- Both stations share the same web site
- Both stations share the same email address for their advertising department.
- Most of the announcers on Rhema Gosford (five of the eight) also work for Rhema Newcastle.
- The wording on the web pages for each station is identical, except that the senior partner, Rhema Newcastle, lists more staff.
- John Marks is the General Manager of Rhema Newcastle, and was named as the Interim Manager of Rhema Gosford. There is every likelihood that John Marks remains in overall control of both stations. Mr Marks sits on the Board of UCB with Mr. Worby.

As the rules stand it would appear that there is nothing improper or illegal in the actions of UCB or the Rhema network, even though they may not have been completely frank. However I submit that the UCB/Rhema/VisionFM conglomerate is not consistent with the spirit of community broadcasting, and that steps should be taken to ensure that community broadcasting is under the control of the relevant listening/viewing community.

Conclusion.

Community broadcasting, particularly community radio, has made a significant contribution to media diversity in Australia. However growth in advertising influence threatens to destroy its distinctiveness, growth in networking threatens its local content, while professionalisation threatens its role in giving a voice to ordinary citizens.

I recommend as follows:

- That the committee review the effectiveness of the enforcement of the advertising restrictions relating to community broadcasters by the ABA and its successor, ACMA.
- That the committee recommend that limits be set on the proportion of income that community broadcasters can receive from advertising.
- That the committee recommend that no individual be permitted to control, or have a major influence on a community broadcasting station if they have effective control of one or more other broadcasting or narrowcasting stations.
- That the committee recommend that the governance arrangements for community stations, and particularly community television stations, be structured so that community based groups, as distinct from state or local government, universities or other government institutions, have a majority representation on the station's board of management.
- That the committee recommend that the advertising on community television be limited to five minutes per hour, in line with the current limitation on community radio and SBS television.

ⁱ Withers, Glenn, "Economics and Regulation of Broadcasting, APSEG discussion papers, April 2002
<http://eprints.anu.edu.au/archive/00001231/01/No93Withers.pdf>

ⁱⁱ McKinsey and Co, Public Service Broadcasters Around the World, London, 1999 (mimeo)

ⁱⁱⁱ Tacchi, J. and Price-Davies, E., A Comparative Study of Community Radio: Designing a Mod for "Access" Radio in the UK, Australian Community Broadcasting Series, Vol 1, No. 3

^{iv} Survey conducted by the Community Broadcasting Association of Australia,
<http://www.cbonline.org.au/index.cfm?pageId=37.113.2.0>

^v Van Vuuren, Kitty. "Community Participation in Australian Community Broadcasting: A Comparative Study of Regional, Rural and Remote Radio", PhD dissertation, Griffith University, 2003,

^{vi} http://www.aba.gov.au/newspubs/radio_TV/investigations/broadcast_operations/radio.shtml

^{vii} www.crikey.com.au/whistleblower/2002/06/09-primelife.html

^{viii} http://www.abc.net.au/mediawatch/CTAstatement_011102.htm

^{ix} www.aba.gov.au/tv/analog/planning/nsw/community/submissions/sub_ASTRA.pdf

^x www.aba.gov.au/tv/investigations/projects/commerc_ctyTV/Commerc_on_ctyTV.pdf

^{xi} www.foi.wa.gov.au/PDF_Decs/d0252001.pdf

^{xii} www.aba.gov.au/tv/analog/planning/wa/community/appl_ch31.pdf

^{xiii} www.aba.gov.au/tv/analog/planning/nsw/community/appl_TV Syd_apx.pdf

^{xiv} <http://www.rhemafm.com.au/gosford/team.htm>

^{xv} <http://www.rhemafm.com.au/newcastle/team.htm>

^{xvi} <http://dxing.info/community/viewtopic.php?t=25&sid=a6f1259020b077b2306f5196a4bfabf3>

^{xvii} http://www.aba.gov.au/newspubs/news_releases/archive/1999/116nr99.shtml

^{xviii} <http://www.rhemasydney.com/>