

## **Summary of Recommendations**

A brief summary of areas the Inquiry should consider are as follows:

### **De Regulation**

In view of the Ministers, recent statements that she intends to de regulate the Media Community broadcasting should be also be deregulated.

### **Local News and Current Affairs**

This aspect o Community Broadcasting is vital particular in Regional and Rural areas where these services are being scaled down by the commercial sector. Consideration should be given to funding of journalists to ensure that these types of programs are available to the local community

### **Defamation Insurance**

I am advised that only approximately 70 stations Australia wide have insurance. It should be a condition of license that public liability and Defamation insurance is current.

### **Financial Viability of Stations**

The Inquiry should recommend that a minimum population base for a station should be 15,000 people for the service area. Consideration should be given where a need can be demonstrated for an increase in sponsorship limitations.

### **Tagging**

Tagging on announcements is repentive and makes for bad radio and is irrelevant, This requirement should be dropped.

## **Community Broadcasting Foundation**

A review of the role of this body should be undertaken. At the moment the CBF sole purpose is to distribute Federal Government Funding.

Is this cost effective ?

Limitations should be placed on Board Members and advisory committee's terms of office (e.g. Currently all members of the GGAC have had periods of office of at least seven years).

## **Technical**

A skills shortage in this area is reaching crisis point for Community stations and is also extending into the commercial sector. A recognised training certificate in Broadcast Technicals should be introduced, as a matter of urgency, and consideration be given to funding traineeships for a group of stations of traineeships

## **Management**

We are running a community based business as such a proper governance structure is required. The committee should consider who should be on Board's, its procedures.

Consideration should be also given to funding Managers in all stations.

## **Traineeships**

Funding for Traineeships in larger stations should be considered. This could be done in conjunction with the commercial radio sector providing for a career path for talented people.

# FM 98.5

## Business plans

### **CORE BUSSINESS**

FM 98.5 is a local radio station owned and operated by the local community (not for profit) with its core business to provide a service to its community via the medium of radio

### **MISSION STATEMENT**

#### **FM 98.5**

- 1 Is a proactive and dynamic broadcasting medium successfully catering to the needs of those not adequately serviced by mainstream media
- 2 Provides a diverse range of programs that give equal access to the airwaves to all presenters, and promote multicultural and different demographic components of the local community in the Shepparton region
- 3 Endeavors to guarantee a quality medium for all advertisers to promote their goods and services within the licensed area

### **VISION**

FM 98.5 to be regarded as a professional medium, providing the local community with information, news, sport and music, broadcasting locally 24 hours a day

## KEY SUCCESS FACTORS

1. Recognition by the community and business leaders for the active role played in local community development.
2. Ability to respond to community needs.
3. being able to meet its financial obligations.
4. being able to maintain a high level of technology within the budget.
5. Robust local service to community promoting major local events

## BUSINESS OBJECTIVES

1. Achieve advertising/sponsorship income of \$32,000 per month over the next 12 months, through protecting and increasing existing contracts worth \$ 24,000 per month and winning new contracts worth \$8,000 per month
- 2 Achieve 10% growth of annual advertising/sponsorship income over the next 3 years
- 3 Increase grants funding by 5% annually
- 4 Raise the station's public profile by providing training and employment and increase number of listeners
- 5 Attract and increase local community participation
- 6 Provide a high level of production facilities to station staff and access to airtime for individuals and community groups
- 7 Promote the FM 98.5 Brand so it is readily recognized in the region

## MARKET ANALYSIS and SWOT ANALYSIS

- 1 The market for the radio station is mainly the small business advertisers/sponsors in the Shepparton region with some national

- advertisers/sponsors and listeners in a listening area of over 175,000
- 2 45 % people aged 15+ listen to community radio in non Metropolitan Victoria out of a total 93% radio listeners (McNair Ingenuity Listeners Survey-Sep 2004)

## **STRENGTHS**

- 1 FM 98.5 is a well regarded radio station in the community
- 2 Only radio station in the Shepparton region to broadcast more 'live' hours per week than other stations
- 3 Committed group of volunteer presenters and low staffing costs
- 4 Presenters are of such a good quality that they are being offered paid positions on other radio stations
- 5 Local focus enables faster response to local emergencies
- 6 Ownership of capital (building and broadcasting equipment)
- 7 Regional news coverage
- 8 More variety in music programming through formatted music selections with individual "play lists"
- 9 Variety of ethnic programs
- 10 High quality broadcasting equipment
- 11 Faster decision making due to a lean organization
- 12 Local and State government beginning to publicly recognize the importance and relevance of community groups and associations
- 13 Diverse ethnic culture in the region, which is extremely loyal
- 14 Relatively strong economic growth in the region creating a healthy environment for positive growth (through advertisements/sponsorships)
- 15 Improved technology reducing the costs of broadcasting especially for remote areas.
- 16 Ability to cover local events through outside broadcasting eg local football festivals

## **WEAKNESSES**

1. Low perception of the radio station and programs among some community sections ie. Not perceived as "attractive" station compared to commercial stations
2. Unwillingness of some presenters to follow policy and embrace change
3. Varying or uneven levels of performance by presenters
4. Cash flow issues
5. Insufficient marketing and sales staff
6. Restricted time allocation for sponsors (e.g. 5 minutes)
7. Inadequate listener input and feedback because of no market survey

specific to FM 98.5 radio station

8. Inadequate understanding of problems faced by advertisers in dealing with the radio station
9. Lack of common goals for all radio station staff and inadequate control over programming policies because of volunteer announcers

## **OPPORTUNITIES**

- 1 Increase listener input and feedback into the station to improve/diversify programs eg. Consider introducing new and innovative programs and increasing the frequency of existing programs such as current affairs and talkback segments
- 2 Increase market share which is currently estimated to be about 33% of the listening market
- 3 Build and enhance brand recognition of FM 98.5 radio station in the community
- 4 Increase use of Internet as an entertainment and promotional medium through web casting. e.g. Restart "Listen Live"
- 5 Increase collaboration with local newspapers and other community stations to increase listening audience in local and neighboring regions.

## **THREATS**

- 1 Withdrawal or reduction of financial support at state and federal government levels
- 2 Limited advertising/sponsorship funds of local businesses
- 3 Commercial radio stations poaching FM 98.5's presenters with attractive pay and potential loss of key presenters and personal.

Internet web casting by commercial radio stations and attract away FM 98.5 listeners

## **FINANCIAL PLAN**

FM 98.5 has undertaken a extensive consultation process utilizing the Small Business Counselling Service.

FM 98.5 has introduced comprehensive reporting to ensure proper governance and accounting procedures are followed.

Draft 2004/05 Balance sheet

2005/06 Budget

Sample Executive Financial Statement

## Sample Executive Business Statement

**M 98.5**

**Balance Sheet As of June 2005**

<b>Current Assets</b>	
Cash On Hand	
NAB Cheque Account	(\$22,586.90)
Credit Union Account	\$3.14
Petty Cash	(\$122.11)
Undeposited Funds	\$861.67
Total Cash On Hand	(\$21,844.20)
Trade Debtors	\$130,362.65
Total Current Assets	\$108,518.45
<b>Property &amp; Equipment</b>	
Buildings - Independent Value	\$360,000.00
Motor Vehicles	
Motor Vehicles at Cost	\$6,363.64
Motor Vehicles Accum Dep	(\$25.00)
Total Motor Vehicles	\$6,338.64
Office Equipment	
Office Equipment @ Cost	\$10,001.39
Office Equipment Accum Dep	(\$3,201.00)
Total Office Equipment	\$6,800.39
Sound & Technical Equipment	
Sound & Technical Equipment	\$20,692.43
Sound Equipment Accum Dep	(\$12,708.00)
Total Sound & Technical Equipment	\$7,984.43
Total Property & Equipment	\$381,123.46
Total Assets	\$489,641.91
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Trade Creditors	\$29,899.56
GST Liabilities	
GST Collected	\$22,194.79
GST Paid	(\$8,515.72)
BAS Payment (4th Quarter 2004)	\$227.70
Total GST Liabilities	\$13,906.77
Import Duty Payable	(\$380.05)
Payroll Liabilities	
Superannuation	\$5,206.56
PAYG Withholding Payable	\$3,211.00
BAS PAYGW Payment	(\$387.59)
Total Payroll Liabilities	\$8,029.97
Total Current Liabilities	\$51,456.25
<b>Long-Term Liabilities</b>	
NAB Bank Loans	\$93,889.67
Loan - G Macartney	\$5,445.00
Total Long-Term Liabilities	\$99,334.67
Total Liabilities	\$150,790.92
Net Assets	\$338,850.99
Equity	
Retained Earnings	\$32,764.02

Asset Revaluation Reserve	\$160,000.00
Current Year Surplus/Deficit	\$53,181.97
Historical Balancing	\$92,905.00
Total Equity	\$338,850.99

<b>FM 98.5</b>		<b>Budget</b>	<b>Actual 6 months</b>
<b>Actual 2004/2005</b>		<b>2005/06</b>	<b>01/07-31/12/05</b>
<b>Income</b>		<b>Income</b>	<b>Income</b>
Donations	\$4,150.78	\$30,000.00	21,291.80
Employment Subsidies	\$33,423.88	20,000.00	14375.05
Advertising	\$194,988.88	280,000.00	119682.85
Grants	\$27,659.00	20,000.00	19782.00
Fundraising			40.00
Membership Fees	\$5,163.14	5000	2699.08
Mt Major Site - Rental	\$4,160.00	4160	2080.00
Mt Major Site - Electric Cha	\$3,074.89	3074	1516.24
Presenters Fees	\$805.74	805	575.00
Presenters Training Fee	\$40.00	200	170.91
Production	\$3,262.48	4000	1981.62
Funeral Announcements	\$1,636.36	1600	900.00
Late Fees Collected	\$1,104.00	1104	55.00
Miscellaneous Income	\$3,746.78	1200	1479.61
<b>Total Income</b>	<b>\$283,215.93</b>	<b>371,143.00</b>	<b>186629.16</b>
<b>Expenses</b>		<b>Expenses</b>	<b>Expenses</b>
Accounting Fees	\$1,754.56	2000	
Advertising	\$4,838.16	4000	213.17
Apra	\$4,090.95	5000	2272.74
Building Extensions		25000	
Total Bank Fees and Charges	\$6,215.85	6210	1282.05
Cartridges & refills	\$2,536.57	2500	1486.56
Cd's & Music etc	\$169.09	170	137.09
Cleaning Products	\$236.06	250	124.33
Commissions	\$6,602.70	12,000.00	4134.55
Computer Expenses	\$862.55	900	821.77
Conference/Seminars	\$1,452.73	1400	777.27
Consultant Fees	\$36,818.18	45,000.00	21,500.00
Debt Collection Fees	\$147.27	150	204.65
Ethnic Presenters Disbursement	\$1,347.75	1400	1035.90
Freight	\$55.45	60	
Gas Charges	\$242.90	250	130.05
Electricity Charges	\$11,004.51	11500	6287.64
General Expenses	\$519.56	500	24.45
Insurances	\$11,686.59	12000	6944.13



Licences & Registrations	\$1,152.46	1200	384.76
Marketing / Promotions	\$4,182.30	4200	4285.97
Meeting Expenses	\$1,306.87	1300	603.63
Membership Fees	\$1,737.32	1800	488.21
Motor Vehicle Expenses		1800	
Fuel	\$4,469.88	4500	4197.59
Outside Broadcast Expenses	\$7,059.58	7,000.00	2033.96

<b>FM 98.5</b>			<b>Actual 2004/2005</b>	<b>Budget 2005/06</b>	<b>Actual 6 months 01/07/-31/12/05</b>
Postage & Freight	\$2,341.40	2300			924.95
Printing	\$306.00	300			171.69
Production Expenses	\$7,719.86			7700	4680.85
Program Purchase - Road to Gun	\$4,058.00			4100	2236.00
Program Purchase - Network New	\$7,647.25			7700	3528.77
Program Purchase - Other	\$14,808.18				9836.36
Rental - Shed	\$195.00			200	65.00
Repairs and Maintenance					
Repairs & Maintenance - Build	\$2,389.93			2,300	1688.22
Repairs & Maintenance - Equip	\$2,645.54			2600	3794.57
Repairs & Maintenance - Furnit	\$728.58			600	
Building Improvements	\$1,067.36			1000	2092.68
Replacements					
Minor Sound / Technical	\$7,919.49			8000	6360.20
Computer Equipment	\$1,502.75			1500	736.36
Office Equipment	\$1,059.06			1000	2014.31
Rubbish Removal & Rental	\$364.60			400	357.53
Security	\$496.50			500	132.40
Staff Amenities	\$1,371.59			1300	570.75
Stationary	\$1,440.21			1500	762.85
Subscriptions & Dues	\$1,658.62			1600	
Sundry	\$450.00			450	
Telephone	\$8,217.93			8000	3371.77
Water Expenses	\$485.30			500	193.90
Fuel Allowance	\$100.00				
Superannuation	\$7,427.09			7500	4754.77
Wages & Salaries	\$82,505.07			101,200	52752.36
Travel & Entertainment	\$229.60			200	
Late Fees Paid	\$39.46			40	54.35
<b>Total Expenses</b>	<b>\$269,664.21</b>			<b>\$314,580</b>	<b>160,451.11</b>
				<b>56,563</b>	<b>26,178.05</b>

# FM 98.5

## EXECUTIVE BUSINESS SUMMARY

June 2005

### FINANCIAL PERFORMANCE

#### **Income variances June month – greater than \$1,000**

**Comment**

Employment subsidies	- 10,000
Grants	+15,568
Advertising	<u>- 1,205</u>
Total income	<u>+ 4,187</u>

#### **Income variances YTD – negative greater than \$1,000 and 10%**

**Comment**

Employment subsidies	-10,000
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#### **Expenditure variances June Month – greater than \$1,000**

**Comment**

APRA	+3,276
Gas & electricity	-1,000
Production expenses	+2,465
Program purchases	+2,826
Repairs and maintenance	+1,488
Replace equipment	+1,407
Wages & Superannuation	<u>+1,436</u>
Total expenditure	<u>+13,686</u>

#### **Expenditure variances YTD – negative greater than \$1,000 and 10%**

**Comment**

APRA	+3,276
Production expenses	+2,465
Program purchases	+2,826
Repairs & maintenance	+1,488
Replace equipment	+1,407
Wages & Superannuation	<u>+1,436</u>
Total expenditure	<u>+13,686</u>

<b>Cash flow</b>	<b>Month</b>	-9,499	<b>YTD</b>	-9,499
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# FM 98.5

## EXECUTIVE BUSINESS SUMMARY

July 2005

### SALES PERFORMANCE

#### Existing contracts:

Number contracts matured during month	<u>  6  </u>	Value	\$ <u> 7150 </u>
Number matured contracts re-signed during month	<u>  4  </u>	Value	\$ <u> 5300 </u>
Number matured contracts NOT re-signed during month	<u>  2  </u>	Value	\$ <u> 1850 </u>

*(Details/reasons)*

! Business sold  
1 contract still under negotiation

#### New contracts:

Number new contracts signed	<u>  4  </u>		
Value of new contracts signed	\$ <u> 4655 </u>	Target	\$ <u> 8000 </u>

*(Details significant new contracts entered into during the month)*

## STRATEGIC PLAN

The strategy is to focus on the sustainable competitive advantage, which the station has, compared to the commercial stations in the Shepparton region. After going through a Competitive Analysis and the key success factors for the station, it is seen that the sustainable competitive advantage for the station comes from the strength of its local programs, dedicated volunteer staff, and diversity of programs such as sports and ethnic programs and local presence.

The strategic plan, for the next 3 years, is mainly to win more advertising/sponsorship and increase listeners by implementing the following strategies

1) **FIRST CLASS PUBLICITY AND PROMOTION**, with focus on becoming more visible in the community, developing and implementing a branding strategy to improve the recognition of the station's brand and publicizing the station's offerings and benefits

2) **SUPERIOR CUSTOMER SERVICE**, with focus on appointing a Marketing Manager and building a sales team, as a priority, providing improved service to advertisers/sponsors and listeners and setting up a process for service levels and monitor service levels delivered

3) **COMPETITIVE BUT FAIR PRICING**, with focus on establishing pricing procedures and incentives for existing and new advertisers/sponsors which reward loyalty and length of contract

4) **INCREASED REACH OF ADVERTISERS AND LISTENERS**, with focus on improving coverage of advertisers/sponsors in outlying parts

of the region and attracting and retaining listeners of the region through more locally relevant programs

## **TACTICAL PLAN**

The operational strategy, for the next 12 months, is to concentrate on improving and increasing the sales efforts to stabilize and increase the revenue from advertisers/sponsors.

The Tactical Plan, derived from the Strategic Plan, involves the following marketing activities to be carried out by General Manager (GM) and his team during the year. Unless otherwise mentioned, the activity will be performed by GM or his nominated delegate and the time by which the activity is to be completed will need to be determined by GM, based on available human resources and funding.

## **FIRST CLASS PUBLICITY AND PROMOTION**

- 1 Become more visible in the community
- 2 Increase number of outside broadcasts using broadcasting van
- 3 Improve the content of marketing material given to advertisers/ sponsors, keeping the message simple
- 4 Distribute promotional material widely e.g. At local Council offices, Tourist Information Centres, Motels, Bus stations, Tourist websites (government and private)
- 5 Prepare and publicise "Success Stories" from satisfied advertisers/sponsors
- 6 Distribute newsletters to advertisers/sponsors quarterly or monthly
- 7 Improve advertising of the station, its offerings and value
- 8 Arrange cross promotion with other media outlets e.g. Newspapers  
Advertise station's offerings on air
- 1 Increase the use of billboards for advertisements about the station
- 2 Improve/revamp the station website to promote station's offerings
- 3 Increase "word of mouth" promotion of the station through satisfied advertisers/sponsors and listeners
- 4 Put together a plan for General Manager, Board Members & Announcers to make presentations periodically to Councils, Schools, Rotary Club and other such bodies
- 5 Develop and implement a branding strategy to improve the FM 98.5 brand recognition among the advertisers / sponsors and the community

## **SUPERIOR CLIENT SERVICE**

- 1 Appoint a additional Sales representative as a priority and build a sales team  
Improve service to advertisers/sponsors
- 2 Establish a process to set up service levels and monitor client service eg. Call Diary, Complaints handling
- 3 Build relationship through regular contacts and getting feedback
- 4 Follow up on promises made
- 5 Deliver guaranteed airtime at agreed time slots

- 6 Be responsive and show that the Salespersons and Announcers work together and care about advertisers/sponsors in managing their expectations
- 7 Maintain and enhance quality of on air behavior eg. Ensuring Announcers are committed to follow Announcement procedures
- 8 Facilitate seminars for information dissemination about the station
- 9 Improve service to listeners
- 10 Establish a process to collect and monitor opinions/feedback from listeners about programs and their preferences
- 11 Follow up on promises made
- 12 Deliver guaranteed airtime at agreed time slots
- 13 Be responsive and show that the Salespersons and Announcers care about listeners and their opinions/feedback
- 14 Maintain and enhance quality of on air programs/advertisements and behavior through
  - Ensuring that Announcers are committed to follow Announcement procedures
  - providing suitable ongoing training to Announcers and other staff to improve on air quality
  - Facilitate seminars for information dissemination in the community about the station

### **COMPETITIVE BUT FAIR PRICING**

- 1 pricing procedures and incentives to be REVIEW IN May 2006 (prior to budget preparation ) and then annually
- 2 For longer period contracts, offer discounted price or more airtime advertisers/sponsors
- 3 For new clients, offer special, low "Introductory" prices
- 4 Make special pricing offers for occasions like Christmas, Easter  
Emphasize local quality and value and not price

### **INCREASED REACH OF ADVERTISERS AND LISTENERS**

- 1 Improve coverage of advertisers/sponsors in outlying parts of the region



- using the Marketing Manager and Sales team
- 2 Attract listeners from outlying parts of the region through more locally relevant programs

## PERFORMANCE REVIEW AND CONTROL

- 1 Set up a process to measure the monthly sales achieved for existing advertisers/sponsors (174 contracts) and new clients (50 - 75 prospects). The use of "Contact Tracker" or "Access" may be considered.

Some suggested Report formats are given below:

For Existing Contracts (Monthly Report)

Customer	Contracted Amt (\$)	Start Date	Finish Date	Actual Revenue for the month (\$)	Planned Revenue for the month (\$)	Actual Cumulative Revenue (\$)

For New Contracts

Prospect	Contract Value	Opportunity Status	By Who	By When
		*		

\* Indicates status such as Call made, Proposal given to Prospect, Proposal Accepted by Prospect, Contract signed

- 2 Review the marketing plan quarterly to modify and adjust, as may be required due to change in market conditions or available resources