



Australian Government

**Department of Communications,
Information Technology and the Arts**

**Supplementary Submission to House of
Representatives Standing Committee on
Communications, Information Technology and the Arts
Inquiry into Community Broadcasting**

**By the Department of Communications, Information
Technology and the Arts, October 2006**

Contact: Dr Simon Pelling
A/g Chief General Manager, Content and Media
Department of Communications, Information Technology and the Arts
Email: simon.pelling@dcita.gov.au

The Committee Secretariat for the House of Representatives Standing Committee on Communications, Information Technology and the Arts Inquiry into Community Broadcasting provided the following list of questions for response by the Department.

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1. Digital Transmission of Community Television and National Indigenous Television (NITV)

The Committee has indicated they and many of the submissions have raised the issues surrounding community television's transition to digital transmission and are also interested in plans for the digital transmission of the National Indigenous Television (NITV).

The Australian Government committed during the 2004 election to working with the community broadcasting sector to develop an appropriate framework for the transition of community television to digital.

It is recognised that the transition to digital is an important issue for the community broadcasting industry as a whole, and that the sector is keen to be able to broadcast in digital in the future.

The Department is also aware of the sector's concerns about loss of CTV viewers, and of sponsorship opportunities, due to the increasing take-up of digital television with Australians.

A review of the duration of the digital simulcast period was initiated last year. This review examined issues including the timetable for switch-off of analogue services and measures to enhance the transition to digital.

This review and the submissions to the Government's media reform options paper will assist the formation of the Government's Digital Action Plan, which is expected to include a strategy for proceeding to analogue switch-off including the conversion of licensed community television services. It is anticipated that the Digital Action Plan will be released later this year.

Some of the issues that the Government will need to consider in developing a digitisation path for community television include:

- the potential digital carriage options, including whether or not digital community TV services would be simulcast;
- the timing of conversion; and
- cost of digital transmission.

Carriage options

Radio spectrum is a limited resource and until analogue television services cease, there are generally only two unallocated digital channels in the broadcasting services bands available in most licence areas.

On 12 September 2006, the Government announced that the two unallocated digital channels would be allocated for new digital services. On 18 October 2006, the Parliament passed legislation to enable the allocation of the two channels. These licences will be able to provide a range of services, including datacasting and narrowcasting, and in the case of one licence, services such as mobile TV.

A number of options for the carriage of digital community television are under consideration. The Minister has indicated that options will be considered in the development of the Digital Action Plan

Simulcast vs. direct conversion

The sector has been very involved in the consultation and review processes to date.

NITV

The Government is currently considering options for the funding of NITV.

2. Level of Government support for Sector as described by the Community Broadcasting Foundation Community Broadcasting Foundation (CBF)

The Department understands that the Community Broadcasting Foundation (CBF) stated in their submission they have difficulties with the level and structure of funding. The CBF noted the shift away from annual recurrent funding to set-term funding cycles that affects the sector's ability to formulate and implement long-term development strategies.

However between 1984, the year the CBF was established, and 2006, **core funding** to the community broadcasting sector has increased from \$0.6 million to \$3.9 million in real terms. In 1985-86 it totalled \$1.27 million; it was substantially increased to \$3.23 million in 1995-96 and is now \$3.9 million.

Since 1996, the Government has introduced **targeted funding**¹ for Ethnic broadcasting, the CBOOnline Project, and the Community Radio Satellite. Targeted funding has increased 13 % over the ten year period.

The Government also funds a number of **projects**. Since 2004 it has provided \$2.2 million over four years for a National Training Fund, and \$6 million over four years for Transmission Support.

The Government also funds one-off projects for the sector such as the \$2 million provided in 2004-2005 for a TV transmitter rollout to 149 remote Indigenous communities. This rollout is expected to be completed by December 2006.

Overall, Government funding for the community broadcasting sector has increased significantly in the last decade. Using Consumer Price Index (CPI) adjusted figures, there has been a 31% increase in the total level of annual funding. There has also been strong growth and diversification in the sector over this period.

The sector often raises as an issue that the CPI indexation rate is not the rate used to calculate indexed Government funding allocated to the CBF. As mandated by the Department of Finance and Administration the WCI6 indexation rate is applied across the Government sector. It varies from year to year and has a weighting of 40% for staffing and 60% CPI. It should be noted that in many years both the CPI and WCI6 indexation rate has been the same.

In addition to funding delivered via the CBF, in 2006-07 the Government will provide \$13.7 million through the Indigenous Broadcasting Program, a significant proportion of which is allocated to community radio services.

¹ Note: \$1.5 million was provided under the New Initiatives Fund in 1996-1997 (taken from CBF Annual report). \$1.732 was the 'Total Targeted funding' in 2006 -2007 (taken from the CBF Funding Agreement).

3. Funding levels for general sector maintenance and long-term development

The Department is aware that in submissions to this inquiry, community radio broadcasters have expressed a number of concerns about funding levels for general sector maintenance and long-term development.

Community broadcasting sector representatives have also noted that many stations operate on a shoe-string budget and are unable to adequately fund broadcast related information technology infrastructure, such as computers for audio production and on-air playback.

Many community broadcasters operate on tight budgets and rely on the skills and time of volunteers to minimise operational costs. Broadcasting infrastructure costs present a significant challenge to community broadcasters as they are difficult to reduce or defray.

In recognition of these concerns the Government introduced funding for the Community Access Network project. This was created in 1996 to link community radio and television stations throughout metropolitan, rural, and remote Australia via the Internet.

Funds are available through the Community Broadcasting Foundation for stations to purchase a computer, connect to an Internet Service Provider, and provide basic training for community broadcasters to access online community broadcasting resources.

Community broadcasters are concerned about **transmission infrastructure** and access costs since the sale of the National Transmission Network (NTN) in 1998. The Government will provide \$6 million dollars over four years commencing 2004-05 for transmission infrastructure and operational costs.

Through the **National Training Fund** the Government recognises the role the community broadcasting sector plays in delivering broadcasting skills training to its volunteers. The Government is providing \$2.2 million for training over a four-year period commencing 2004-05.

The National Training Fund will enable the sector to provide training, particularly in regional, rural and remote Australia. The sector has identified as a priority management skills training, particularly for stations in rural and regional areas, along with training in basic broadcasting skills, ethnic broadcasting training needs, Indigenous and Radio for Print Handicapped special needs training.

4. Difficulty in parts of the sector accessing funding

Parts of the community broadcasting sector have argued that they do not have equal access to funding.

As the Community Broadcasting Foundation does not have the resources to meet all the demands for funding assistance from the general sector, funds are now allocated on the basis of greatest need. State and regional based community broadcasting organisations have sought funding for particular local activities, as has the Association of Christian Broadcasters.

Under the current funding model, any funds allocated by the CBF to these organisations would come from the **General Grants** category. General Grants provide running costs for the CBF, the CBAA and general community stations.

The funding agreement with the CBF is based on a series of undertakings made by various governments. Successive governments have continued to honour specific allocations (core funding) to individual sub-sectors that were perceived as disadvantaged or requiring special treatment, such as ethnic, indigenous, print handicapped services.

With the rapid growth of the community broadcasting sector in the past decade, the current Government has placed greater emphasis on **Targeted and Project funding**. A recent example is the \$1.7 million of Targeted Funding that was provided by the Government for ethnic broadcasting, the Community Radio Network and CBOonline.

In the area of Project funding, the Government committed during the 2004 election to fund a National Training Program (NTP) that will enable the sector to plan and deliver accredited management and radio broadcasting skills training to community broadcasters. Commencing in 2004-05, \$2.2 million will be provided over four years.

5. Why do 60% of general grants funding go to Community Broadcasting Association of Australia (CBAA) and the Community Broadcasting Foundation (CBF)

CBAA

The **General Grants** element of the CBF core funding is drawn on to fund the sector coordination costs for the CBAA.

In 2006-07 \$413,000 was allocated which is 32% of the general grants funds or 5.3% of the total annual funding to the CBF.

Among the activities supported at the CBAA were the Community Radio Satellite, the technical development unit, and its activities as a Registered Training Organisation (RTO). The CBAA also plays a key advocacy and support role for the community broadcasting sector.

CBF

The CBF's project administration fee is also drawn from the General Grants element of the core funding. In 2006/07 \$387,683 was allocated for this purpose which is 30% of the general grants funds and 4.9% of total funding. A further 5% project levy is drawn from other funds administered by the CBF with the exception of the Ethnic Broadcasting element of Targeted Funding.

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

The Admin/Program cost ratios are:

Ratio of CBF's ratio of Administrative to Program costs

CBF	2002/03	2003/04	2004/05	2005/06
Admin/Program costs ratio	6.04%	6.4%	4.45%*	5.4 % **

* The \$2 million extra funding for the RIBS TV Rollout Project impacted on the admin/project cost ratio for 2004-05

**This figure has not yet been audited

6. Inadequate technical infrastructure

Volunteer sector

In their submissions to this Inquiry, community broadcasting sector representatives expressed a number of concerns about the need to improve the inadequate technical infrastructure of community stations. Many community broadcasters operate on tight budgets and rely on the skills and time of volunteers to minimise operational costs.

Community broadcasting is characterised by the enormous number of volunteers who participate in the delivery of community broadcasting services. Over 20,000 broadcasters and support staff currently work in the community broadcasting sector.

Start up costs

The Government's contribution to community broadcaster's start up costs is providing free of charge access to spectrum – a valuable public resource. It also provides transmission support, grants for computers, training, ethnic broadcasting and support for identified special needs groups.

Digital transition

The Government recognises that the transition to digital is an important issue for the community broadcasting sector as a whole, and that the sector is keen to be able to broadcast in digital in the future.

On 4 April 2006, the Minister announced that legislation would be drafted to enable the commencement of digital radio services in the six state capital cities by the first of January 2009. The public broadcasters – national and community – have an important role to play in raising awareness of digital radio and providing services to promote take-up.

The digital radio framework will initially provide for digital services by wide-coverage community broadcasters. The digital future of other community radio broadcasters is to be considered at a later stage.

Decisions on whether funding assistance for national and wide-coverage community broadcaster participation is necessary for the initial rollout in the six state capital markets will be considered as part of the 2007-08 Budget.

7. Support for regional and rural stations

There are currently over 350 licensed community radio stations throughout Australia, including 80 in remote Indigenous communities. There are 35 aspirant broadcasting groups operating on a temporary basis. Over 70 per cent of community radio services are located in regional and remote areas.

There are areas of funding directed specifically at regional and rural stations:

a. National Training Program (NTP):

The Program will establish a national training program that will enable the sector to plan and deliver accredited management skills and accredited radio broadcasting skills training to community broadcasters. The bulk of the training places are to be directed to community radio stations in regional, rural and remote areas. \$2.2 million will be provided over four years, commencing in 2004-05.

b. TV Transmitter Roll-out Project:

In April 2004 the Government provided \$2 million to provide additional television transmitters to 149 remote Indigenous communities to allow local rebroadcast of the Indigenous Community Television service (ICTV). Rollout of the new transmitters is expected to be completed in December 2006.

c. Indigenous Broadcasting Program

The Department administers the ex-ATSIS Indigenous Broadcasting Program (IBP). The IBP Budget for 2006-07 is \$13.7 million.

24 radio stations are funded directly through IBP, 20 of which are regionally based and receive over 80% of IBP funding that goes directly to Indigenous stations. The remaining IBP funds are allocated to Imparja; 7 Remote Indigenous Media Organisations (RIMOS), who provide coordination, technical assistance and training services to Remote Indigenous Broadcasting Services (RIBS); 2 Peak Bodies, who provide representation for Indigenous Media and Broadcasting organisations and 1 organisation providing accredited training in broadcasting.

8. Latest Research

The Government recognises the need to have up to date research and has funded several research projects.

Quantitative research

Through the Community Broadcasting Foundation (CBF) the Government provided funding for the 2004 *McNair Ingenuity Community Radio National Listener Survey* and \$30,000 for the 2006 version which was launched by the Minister on 25 August.

The survey is based on over 5,000 interviews. In addition to quantitative and demographic data, the survey included a range of questions covering reasons for listening. The most-cited reason for listening to community radio was for “*local information/local news*”.

Half of all community radio listeners provided this response. Another common theme for listeners is the local nature of the content, with almost half stating that,

“*they play Australian music/support local artists*”

as their reason for listening and 46% saying that they listen because they have

”*specialist music or information programs*”.

“*Diversity in the programming*” was also a common response.

The Government supports other research through targeted funding provided to the CBF. Research is contracted through the CBAA which administers the CBOOnline project. CBOOnline conducts an annual survey of community broadcasting stations providing sector data for stations, researchers and government.

During August 2006, the CBF Board also allocated grant funds of up to \$10,000 for a national OzTam rating survey for the community television sector. OzTam is an Australian television ratings research firm that collects and markets television viewership data. This research will assist the community television sector that has not yet had the advantages that authoritative national audience data has brought community radio broadcasters.

Qualitative research

Griffith University applied to the Australian Research Council (ARC) for a Linkage Projects grant for a community broadcasting national qualitative audience study. The Department agreed to provide \$150,000 towards the study via the CBF, as well as in-kind support to the value of \$44,015 in staff time and attendance at project meetings. The Department has worked with Griffith University on this project and the report *Australia's Community Radio Audiences Talk Back* will be published early next year.

The study will provide much needed information on the nature and diversity of community radio audiences; perceptions of community radio by audience sub-sectors; the community value of community radio; and audience needs for future community radio development. The results of the research will assist the Department and the Government to better formulate, implement and evaluate community broadcasting policy.