



Commercial Radio Australia Ltd
Level 5, 88 Foveaux Street,
Surry Hills, NSW 2010 Australia

T: +61 2 9281 6577
F: +61 2 9281 6599
E: mail@commercialradio.com.au

2 February 2018

Senate Standing Committee on Environment and Communications
PO Box 6100
Parliament House
CANBERRA
ACT 2600

Email: ec.sen@aph.gov.au

Dear Committee Secretary

AUSTRALIAN CONTENT ON BROADCAST, RADIO AND STREAMING SERVICES

Commercial Radio Australia (**CRA**) is the peak industry body representing the interests of commercial radio broadcasters throughout Australia. CRA has 260 member stations, comprising 99% of the Australian commercial radio industry.

CRA welcomes this opportunity to respond to the Committee's Inquiry into *Australian Content on Broadcast, Radio and Streaming Services*.

We appreciate this opportunity to set out the obligations and achievements of the commercial radio industry in relation to Australian content, much of which is local not only to Australia but also to the specific licence area within which each station operates.

1. Australian commercial radio industry

The commercial radio industry creates, produces and broadcasts an enormous amount of high quality local content that is transmitted daily by Australian commercial radio stations. This content spans a range of formats, including news, talk, sport, entertainment and music.

Australian commercial radio is filled with Australian voices and content. There are 260 commercial radio stations across Australia, 218 of which are in regional areas. These stations all provide substantial amounts of local content.

This local content is not only Australian, but is also connected to the licence area in which each station operates. Local regional stations have minimum local content obligations of 3 hours per day during peak listening times. Commercial radio's focus on local issues within relatively small licence areas is unique within the commercial media industry.

Similarly, the vast majority of daytime programming offered by metropolitan stations is live, local and originates at the station, using Australian presenters and production teams.

2. Significant local content obligations

Commercial radio stations are an important source of local information for the community. The regional commercial radio industry is subject to the most onerous local content requirements in the broadcast sector. *Local content* means content local to the station's licence area.

Under section 43C of the *Broadcasting Services Act 1992* (**BSA**) and the *Broadcasting Services (Regional Commercial Radio – Material of Local Significance) Licence Condition 2014* all regional commercial radio stations must broadcast specified levels of material of local significance.

Small commercial radio licensees must broadcast **30 minutes** of material of local significance each day, and all other licensees must broadcast **three hours** each day¹.

The content must be broadcast during day time hours (5am to 8pm) each business day. This means that the local content is broadcast during peak listening times, thereby reaching the maximum number of listeners.

Further local content obligations apply to stations that have experienced a 'trigger event'. A trigger event is, broadly, a change in control of the licensee or registrable media group.²

Following a trigger event, licensees must:

- meet 'minimum standards' for local news, local weather, local community service announcements, emergency warnings and, where applicable, designated local content programs; and
- maintain the existing level of local presence (defined by reference to staffing levels and studios and other production facilities) for a period of 24 months after the trigger event.

The 'minimum standards' set out in section 61CE, *Broadcasting Services Act 1992* are as follows:

- Local news: a local news bulletin lasting at least 12.5 minutes must be broadcast on at least 5 days per week during prime time hours. None of the bulletins may consist wholly of material that has been broadcast in the licence area.
- Local weather: local weather bulletins must be broadcast on at least 5 days per week during prime time hours.
- Community service announcements: trigger event affected licensees must broadcast at least one local community service announcement each week.

¹ Excluding remote area, section 40 and racing radio stations.

² Section 43B of the *Broadcasting Services Act 1992* and *Broadcasting Services (Regional Commercial Radio – Local Presence) Licence Condition 2014*.

- Emergency warnings: trigger affected licensees must broadcast emergency service warnings when requested to do so.

As an example of the volume of local news provided by regional and rural radio stations, Canberra FM broadcasts 55 local news bulletins per week on 104.7, and 85 per week on Mix 106.3. This is in addition to its prescribed three hours of local content per day.

3. Local content in times of emergency

Commercial radio stations play a critical role in broadcasting local content during times of emergency. The industry recognizes its responsibilities as one of the nation's major information sources during crises.

Broadcast media is the most effective means by which emergency service organisations communicate with the public when critical events occur. Commercial radio plays a particularly significant role, as 80% of Australians listen to commercial radio. The local commercial radio stations therefore play a critical role in the dissemination of information to the local community in times of emergency.

All commercial radio stations are bound by the Commercial Radio Code of Practice. Code 7 sets out commercial radio broadcasters' obligations in relation to the broadcast of emergency information. Specifically:

A licensee will, in consultation with appropriate emergency and essential service organizations, implement a set of internal procedures to enable the timely and accurate broadcast of warnings and information supplied by such organizations relating to an existing or threatened emergency.

Commercial radio broadcasters in Victoria, New South Wales, South Australia and Queensland have entered into Memoranda of Understanding (MoU) which complement Code 7 and also set out useful processes governing the communication of information between the broadcasters and the emergency service organisations.

The events over the past few years – for example, fires in Western Australia, floods in Victoria and Queensland and cyclone Yasi - all highlight the importance of having an emergency communication process that is as effective as possible in regional and rural Australia.

Commercial radio stations assist greatly in achieving quick and efficient communication. These stations strive to achieve community engagement through a focus on local issues. Accordingly, the industry is very well placed to understand the needs of local communities and to communicate effectively with them during emergencies.

Many commercial radio stations begin preparing for emergencies and liaising with local services well in advance of the events. For example, in Victoria, as a result of the MoU, the local radio stations have continuous contact with emergency services, through the Office of

the Emergency Services Commissioner.

Almost all commercial radio stations break from their normal programming immediately preceding and during emergencies, to provide the best possible information service. The reporting includes both official forecasts and reports from local listeners. These announcements take place on an almost daily basis during some parts of the year.

For example, during the Great Ocean Road fires in Dec 2015, ACE Radio stations Mixx FM and 3CS broadcast 106 warning messages over a 72 hour period. ACE also recorded 14 interviews with the CFA incident controller.

Many of the services provided by commercial radio stations go largely unnoticed outside the local area, but are vital services to those living in the local communities. Hundreds of these announcements take place each year across the country.

For example, on 20 January 2016, a fire broke out in the small town of Gunning, threatening homes and the town's water supply. Radio Goulburn acted promptly in informing listeners, and keeping locals away from the area so that fire crews could work efficiently. There are countless further examples across the country.

Many local stations go to extraordinary lengths to provide local information and to continue broadcasting through catastrophic emergencies. For example:

- During Cyclone Yasi, 4TO in Townsville continued to broadcast despite being located in an area where storm surge was predicted (Woolcock Street). When the evacuation order was given a skeleton staff moved to a makeshift home studio in Kirwan. They continued to broadcast throughout the night, until they were able to return to Woolcock Street at 11.00am the next day, sharing phone calls and SMS messages from locals, and broadcasting updates from the Premier and the Member for Thuringowa, Craig Wallace. Mr Wallace MP reported the following in Parliament:

I commend all the staff, reporters, editors at the Townsville Bulletin and our local radio station 4TO. They warned us constantly of the dangers and then broadcast right through the cyclone so that we knew what was going on. They were our only link to the outside world. In the lead up to the cyclone, the Bully and 4TO made a courageous decision to keep broadcasting.

That's no mean feat. You see, 4TO is in Woolcock Street and it was going to go under if we'd had the big storm surge the bureau was predicting.

When the evacuation order was given, they still didn't give up and moved into a makeshift home studio in Kirwan drawing on the resources of panel operators from Southern Cross media's hub on the Gold Coast.

Once that connection was established via a tie line to Daniel the manager's home – they were in business. There, they bunkered down and prepared for the worst -

Daniel, Steve Price, Wayde, Blair, Minty from home with his kids, 2 cats, a cattle dog, family and friends.

They broadcast all through that dark night and shared phone calls and SMS messages from locals who were also bunkered down in their homes, in bathrooms, hallways and cupboards right across the north from Hinchinbrook to Bowen.

- River949 was isolated by flood waters for around five days during the disaster events in January 2011. During this period it maintained a 24 hour service, operating with five people who slept at the station.
- 4KZ in Cairns broadcast non-stop emergency information throughout the night during Cyclone Yasi, as well as regular updates during the lead-up to the event. A letter published on 12 February 2011 in the Cairns Weekend Post read as follows:

Thanks must go to the 4KZ radio announcers, Al Kirton and Greg Vuleta for their comprehensive and informative coverage in the days leading up to Cyclone Yasi approaching the coast, and our town. I thought that during the night these men had to go home and bunker down like the rest of us, but no, all through that dreadful night they remained with us, calmly giving updates and playing great music. It was comforting to know they were out there, putting their own lives at risk for our community.

4. Australian Music requirements

Overview

Australian music must be played daily between the hours of 6am and midnight to meet the quotas required under section 5 of the Commercial Radio Code of Practice. These quotas differ according to station format.

The proportion of total time that must be dedicated to Australian music is determined by the predominant format of the station. For example, not less than 25% of music on a contemporary hits station must be Australian. The average percentage across the commercial radio industry is approximately 20%.

The commercial radio industry reports once a month to the Australasian Performing Rights Association (**APRA**) giving details of all music played (on a track by track basis), together with the percentage of Australian music played on each station.

CRA also provides yearly reports to ARIA (and formerly AMPCOM) on the performance of Australian music on each station.

The vast majority of commercial radio stations reach – and in many cases exceed – their Australian music quotas, as can be seen in the most recent AMPCOM report 2015-16. The commercial radio industry is currently working closely with APRA to answer questions raised by some of APRA's members regarding the calculation of the Australian music figures.

Structure of the Australian Music Code

The music quotas have been in force in substantively their current form since the introduction of the BSA in 1992. Prior to 1992, a single Australian music quota was imposed across the industry, irrespective of format.

The Australian Music Council, which charts the legislative history of Australian music quotas, reports as follows:

The first Australian local content standard was introduced as part of the 1942 Broadcasting Act. This stipulated that not less than of 2.5% of music time be devoted to the work of Australian composers. In 1956 it was raised to 5%. In 1973 the Australian Broadcasting Control Board introduced an auxiliary quota for Australian-performed music; this was initially set at 10% and was increased to 20% in 1976. In 1987 the [Australian Broadcasting] Tribunal conducted a review of the standard, as a result of which amendments were introduced changing the compliance period from 24 hours a day to between 6am and midnight. The 20% level, along with the 1987 amendments, remained the standard until 1992 when the new Broadcasting Services Act made local content quotas part of a ... code for commercial ... broadcasters.^[1]

Accordingly, the structure of Australian music obligations relating to specific formats has been in place for 16 years. It results in an average of 20% Australian music being played across the commercial radio industry.

The current average of 20% reflects the pre-1992 industry wide figure. The key difference is that the pre-1992 figure was applied universally across all stations. This had the negative effect of restricting the formats available to stations, as no station could be more than 80% talk based.

The current format based Australian music obligation allows stations to freely choose their format, ranging from one where no music is played, to content that is heavily music focused. This range of formats benefits Australian listeners by creating diversity of content.

A universal Australian music quota applied across the industry would force all stations to play music, even those that currently have a talk format. It would also fail to reflect the difficulty that stations have in finding commercial music for certain genres of music.

The commercial radio content licences issued under the BSA do not contain any format restrictions. The absence of content restrictions is one of the reasons that commercial radio licences command such high values, particularly when compared to community licences.

Any return to format restrictions – through the imposition of a universal Australian music

^[1] Paul Mason (2003), "Assessing the Impact of Australian Music Requirements for Radio", at <http://www.mca.org.au/research.htm>

quota – has the potential severely to erode the value of commercial radio licences and would be strongly resisted by the industry.

Code complaint and review process

Compliance with the Australian music quotas, as with all aspects of the Code, is subject to a formal complaints process as set out in section 10 of the Code. Complaints must first be addressed by the station and then, if the complainant is not satisfied, it may escalate the complaint to the ACMA. To our knowledge, there have been no breaches of the Australian music sections of the Code.

The commercial radio industry and the ACMA have also recently reviewed the Code and the public had a 6-week period within which to comment on the draft provisions, including those relating to Australian music.

The Code review period took approximately 12 months and the revised Code was registered in March 2017. The BSA provides for triennial reviews of the Code.

5. Contribution to local economies and communities

In addition to broadcasting local content, commercial radio stations contribute meaningfully to local communities across Australia, both in terms of employment, training opportunities and the promotion of local businesses through advertising, interviews and local events. The commercial radio industry focuses on training and employing people within the local community.

Thousands of Australians are employed in the commercial radio across the country. Announcers, copywriters, sales representatives, technicians, management, administration staff and their families add considerable weight to the economic make-up of the communities served by the stations.

Radio stations try to use local staff wherever possible. This fosters greater integration with the local audience, and enables stations to benefit from staff – particularly journalists - that know the region and understand the type of content that is important to local people. For example (and there are countless more across the country in both regional and metropolitan areas):

- 2BS/B-Rock (Bathurst) works closely with Charles Sturt University. Ron Camplin, owner of Bathurst Broadcasters, was CSU Foundation Chair for 20 years, raising funds for student scholarships of excellence. Many CSU students gain valuable work experience at 2BS/B-Rock.
- ACE Broadcasters' Gippsland radio stations employ approximately 40 people in the region, and its Hamilton radio stations employ approximately 14 people in full time positions. ACE also sources its supplies, equipment and training providers from the local area.

Commercial radio stations offer an important and affordable platform from which local businesses can advertise and increase sales and profile. Local commercial radio's ability to access the local market cannot be matched by national media or online services and is vital to the success of many local businesses.

Commercial radio also contributes significantly to the local community, strengthening local bonds, promoting social inclusion and reducing isolation. This is a vital service, particularly in rural areas, where social isolation can be a huge problem.

Local commercial radio stations contribute to their communities in a number of ways, such as broadcasting local news, actively participating in local events, fostering a sense of shared values, contributing to non-profit and charitable causes, and simply providing company and entertainment to listeners.

The below examples are just a few of the countless instances of the assistance given by commercial radio stations to local communities across the country:

- i98FM raised \$1.7 million in 2015 for Camp Quality for children with cancer. The event was hosted by i98 breakfast show presenters Marty Haynes and Fairlie Hamilton.
- 2BS (Bathurst) recently ran an on air campaign for a \$600,000 fundraising project to extend Bathurst 'Daffodil Cottage', for the treatment of cancer patients. 2BS had also been instrumental in building the original cottage, 20 years ago, when it raised \$80,000.
- Radio Snowy Mountains has provided over \$180,000 in air time for the broadcast of community based commercials and announcements for local charities, school events, local hospital fundraisers and the Cooma Monaro Cancer Foundation.

We welcome the opportunity to provide any further assistance or information to the Committee as required.

Yours sincerely

Joan Warner
Chief Executive Officer