

Communications

Update

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Narrowcasting: A Mess In the Making

'Absolute mayhem'; a 'ridiculous path, and God knows where it's going to end'; 'a really big worry'.

These are some of the comments made to *CU* by radio industry figures about the proliferation of radio narrowcasting, a category of service which was introduced with the Broadcasting Services Act in 1992.

Executive Director of the Community Broadcasting Association of Australia (CBAA) Mike Thompson says that the community sector is keenly aware of the threat narrowcasting poses to their stations; at a recent community broadcasting conference in Northern NSW this emerged as a major topic of concern. The sector has been given no time to adjust to the advent of narrowcasting, and 'something that has taken 10 or 15 years to build up could be wiped out overnight'.

Thompson says that the threat is twofold: first, narrowcasters could 'pick off' any niche market that had been successfully served by community radio, and being slick and commercial, could probably tap into it quicker and better; and second, they could cream off sponsorship funds which community radio depended on for its continued existence. He also sees narrowcasting as an 'enormous' threat to ethnic community radio in the major cities.

Former FARB chief executive, now industry consultant, Jeff Rushton, said it was ironic that the approach enshrined in the Act of allowing virtually unlimited radio outlets had been adopted in the name of minimal Government interference. In practice, the policy itself was proving a classic example of interference in the shape and development of the industry by means of Government fiat. 'The BS Act went wacky; it introduced this type of licence without anyone really knowing what it was about, or its potential to cause chaos', he said.

Commercial broadcasters are concerned not only about the possible erosion of their audiences, but also about the potential of narrowcasting to hive off advertising revenue in an already highly competitive market. There is no limitation on the amount or type of advertising narrowcasters can carry.

ABC spokesperson Roger Grant said that the Corporation is watching developments such as narrowcast farm services which could affect traditional ABC audiences in country areas, but saw no imminent threat. He said developments like subscriber digital audio services are a more obvious threat, especially to services like ABC Classic FM.

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It is in country markets that existing broadcasters feel most threatened. Yet in just such a market, a commercial broadcaster who has embraced narrowcasting with great enthusiasm is Ron Camplin of Bathurst (NSW) commercial station 2BS. Camplin told *CU* that with narrowcasting, the bureaucrats had 'opened a door' for broadcasters in country towns. He said that competition for advertising is very fierce; his station is competing with Sydney radio stations, sophisticated newspapers, aggregated television, networked radio. 'If we are going to survive, we have to add on, even if the feature itself is not profitable; the important thing is the overall perception of my station in the community'.

Camplin is already operating a 'Tiny Tots' station, carrying recorded music for pre-schoolers and advice for parents on endless tapes which are changed daily. He said that it was attracting a 'much broader audience', especially 'mums with kids'. It carries minimal advertising at the moment, but he hopes to expand it (with advertising pitched to the parents, not the children). He is also planning a farm service, believing that farmers get too little information, particularly locally-relevant information. Experience has shown him that programs targeted to farmers can be successful in attracting substantial advertising revenue.

At the other end of the age spectrum from Tiny Tots, Camplin applied to the ABA for a narrowcast licence for an over-65s service. The ABA's opinion was that it was a commercial service, and the licence was not allowed.

And this is where a major catch comes in with narrowcast licences. If an aspiring operator is in doubt about whether their service is a narrowcast service, they can seek an opinion from the ABA, but this is not mandatory. The onus is on the operator to decide whether the service being provided meets the criteria set out in ss.17 and 18 of the BS Act.

Theoretically, a narrowcast service which did not meet the criteria could be on air for months before it became apparent that it was not meeting the criteria for a narrowcast service, and

could be eroding audiences for other long-established commercial or community services - to the point where the viability of these services is seriously affected. It has to be questioned whether such an outcome is desirable, particularly in smaller markets.

A licensee can freely change format from that proposed when applying for a licence; only if the service becomes more like a commercial service, do they become liable for a fine of \$200,000. An unscrupulous (and greedy) operator might of course be prepared to take this risk. Alternatively, a service may have built up so much public support that it would be politically difficult for the regulator, or the Minister, to close it down.

How Things Can Go Awry

Recent instances of services targeted to special markets impinging on other markets have highlighted problems with new classes of broadcasting licence - problems which many in the radio industry believe are the tip of a very large iceberg.

• *In Sydney, an Arab group began to provide a 24-hour Arabic narrowcast service.* It became apparent to observers that the station was using a 30m antenna (the legal limit is 10m) and could be clearly heard on the other side of the city. Given the 24-hour schedule and the strength of the signal, intermittent community radio Arabic programs simply could not compete.

A complaint from the CBAA to the Spectrum Management Authority (SMA) resulted in action to reduce the antenna height. However, the CBAA is concerned that the SMA may not have the resources to police breaches of this kind effectively, especially in light of the increasing number of narrowcasters it will have to deal with.

This licence was originally allocated for a tourist information service, (though it is in a suburb, Lakemba, where tourists are in short supply). There are, however, a major mosque and many Arabic speakers. In response to a query from *CU* about

whether a narrowcast licence can be sold or transferred, the ABA said that under s.114-118 of the Radiocommunications Act, a licensee can authorise other operators to use the licence.

Since this is a private arrangement between the parties, there is clearly nothing to stop the licensee charging a substantial fee for the use/lease of a licence. Astute operators could theoretically obtain numbers of licences and trade in them in this way, and in practice, there are indications that this may be already happening. There is considerable potential in the system for the exploitation of people who may not be aware that they can simply apply for a licence, without needing the costly services of a 'middleman'.

• *In Melbourne a community radio aspirant, Hitz FM, began broadcasting last December on a 90-day permit designed to allow the conduct of test broadcasts.* (The ABA categorises test broadcast as open narrowcast services.) In the brief time it was on air, the station attracted a substantial slice of the ratings in the 10-17 age group, and elicited expressions of concern from commercial broadcasters in the same market, Triple M and Fox FM. Station representatives met with Minister Lee and reportedly received a 'sympathetic' hearing. The outcome is another illustration of the kind of political problems which could arise from the new class licence regime.

Definition

Possibly the biggest headache the ABA faces in the narrowcast area is deciding what constitutes a narrowcast service, particularly in areas like news/information and music, where the lines are difficult to draw.

This was highlighted recently when a gay group proposing to offer a dance music service was rejected, though there is another subscription service operating on a 'dance music' format. The ABA's recently issued discussion paper on narrowcasting makes an attempt to come to grips with this prob-

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lem, but it seems clear that it is going to become more, rather than less, complex as time passes.

The paper itself identifies the kinds of difficulties that could arise:

[A] service which, in addition to a narrowcast element, incorporates significant program components which are common to mainstream radio is unlikely to be a narrowcasting service.

As an example, a tourist information service would normally be categorised as a narrowcast service because of its limited appeal.....However a combination of other program elements, such as music or news, may alter the nature of the service such that it is no longer of limited appeal.

The ABA is currently undertaking a three-year national exercise in the planning of broadcasting services, using the criteria set out in s.23 of the Broadcasting Services Act. Unlike the previous Act, this Act requires the regulator to have regard only to the **number** of existing services and the extent of **demand** for new ones, not to viability.

When it comes to narrowcasting services, however, these criteria seem to some extent academic. Many current services are using low power channels between 87.6-88.0 MHz in the FM band, which are of little use or interest in the context of the wider spectrum. Moreover, delivery of narrowcast services may be by any feasible means, from cable and optical fibre to satellite or closed circuit, and services delivered other than through spectrum fall outside the scope of the planning process.

Over 1000 applications for apparatus/transmitter licences were received between October last year and May this year. To date, the ABA has allocated over 400 transmitter licences for services ranging from tourist information, to dance music and racing results. There is little information publicly available about the nature of the services currently operating, apart from the type of service specified in the original application (see box).

AM Auction

Recently, the ABA announced an 'auction' for the temporary use of currently unused high power AM radio channels in major population centres in NSW, WA, SA, Vic and Qld for open narrowcasting purposes. In 1992, a number of similar AM and FM frequencies were handed over to open narrowcasting TAB services on a first-come first-served basis. Later, the extent of demand for these frequencies alerted authorities to the potential for generating revenue, hence the recent shift to a price-based allocation system.

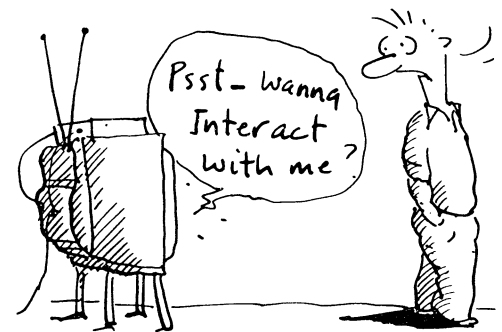
No-one is in much doubt that the frequencies will go to the highest bidders, and it is likely that racing interests will again be the front runners. Asked on ABC Radio's *Media Report* how worthy but poorer aspirants could compete with the TAB, ABA member Tim O'Keefe said that it was possible that tourist information services, for example, might want to extend their scope.

The ABA's view is that many narrowcasters aspire to wider coverage and will seek high power channels when they become available, at the end of the planning and allocation process. In *ABA Update* (April, p.14) its Director of Engineering (Planning) Bob Greeney says that 'in many cases low power open narrowcasting information services are being used as an interim means of providing a service pending the availability of higher power open narrowcasting channels'.

The ABA says that the auctioned channels will be available for two and a half years, until the planning process is complete, but Jeff Rushton voiced a widely held concern: how easy would it be to take a frequency away from a service after it had become well entrenched?

Despite what appear to be some significant problems already emerging from inadequate consideration of the implications of this new element in radio services, *CU* understands that the ABA has been under some pressure from Canberra to clear the backlog and speed up the process so as to issue as many licences as possible.

Unfortunately, Canberra's communications hierarchy seems to remain blind to evidence of the potential problems arising from unbridled deregulation in a small and fragile radio market like Australia. □



A Narrowcast Selection

- Tourist Information (many)
- Christian information (Ararat, Vic)
- Real estate information (Bega, NSW)
- Religious (Broken Hill NSW)
- Football (ACT)
- Shopping centre (Carlingford NSW)
- Farming (Denmark WA)
- Ambient music (Roseville NSW)
- Ethnic music and information (Edmonton, Qld)
- Ethnic (Fairfield NSW)
- Land information (Golden Grove SA)
- Community information on TAFE college services (Moorabbin Vic)
- Aboriginal (Port Augusta SA)
- Traffic and roadwork information (Underwood Qld)