

# The Future For Radio



**1995 will be year of steady revenue growth, along with increasing concentration of ownership in commercial radio, while the expansion of popular ABC services will produce further audience growth for the national broadcaster.**

The Australian Broadcasting Authority is aiming to put its radio service planning exercise back on track, as resources diverted to deal with the mushrooming narrowcast industry are reassigned to the main game.

SBS Radio is hoping to consolidate last year's establishment of a national network and second stations in Melbourne and Sydney, with the introduction of extensive English language programming in prime listening time.

Community radio will benefit from a revitalised industry body, while pay audio (as part of subscription television packages), along with digital broadcasting, will remain on the horizon this year.

Australian radio's regulator, the Australian Broadcasting Authority (ABA), will continue its planning review of the radio industry, a task earmarked for completion by the end of next year. It involves analysing the demand for radio services in each licence area across the nation, a process encompassing both community and industry consultation.

As a result, change in the Australian broadcast radio road map during 1995 will occur only as each area plan is completed. The Authority has been running behind schedule and the first plan is now due for completion in March or April. With remote and under-served areas targeted for review first, large capital city markets are unlikely to be investigated this year.

A flood of more than a thousand applications for narrowcast services had forced the ABA to divert resources to more effectively plan this burgeoning sector. With the backlog now being soaked up, the overall area-by-area planning exercise should gather pace this year.

## Commercial Radio

The outlook for the commercial radio industry on both the AM and FM bands looks bright, with revenue and profit margins improving. Costs are on the way down, as commercial operators take advantage of changes to broadcasting rules that allow them to own two stations in larger markets. 'Duopoly' is the term used to describe this development and it will be the name of the game for commercial radio in 1995.

The merger of the nation's two largest commercial networks - Triple M and Austereo - gained attention last year. These networks, which together attract almost half the nation's under-40 radio audience, also account for around 40 per cent of the metropolitan radio industry's advertising revenue.

However, other major operators have also been busily buying up stations, so that as 1995 dawned nearly 60 per cent of the nation's metropolitan stations were in seven ownership groups, the two largest of which (Austereo, Wesgo) dominated the markets in the three largest cities.

Regional commercial radio is also experiencing rapid transformation, as operators build up extensive networks, with two stations per broadcast area. Networks have been changing hands as some experienced operators jump ship and print media interests buy in.

The consolidation of the commercial radio industry under fewer owners and into broader networks will continue this year, as operators position themselves to cope with competition from new commercial operators licensed by the ABA as part of its industry plan.

For listeners, however, radio's traditional localism will be the main victim of progress 1995-style. For example, the year began with Austereo's Triple M networking a breakfast program from Melbourne to Sydney. Technology which enables the use of 'windows' for local news, sport, weather, traffic and commercials, to disguise

the networked format, is providing added incentive to reduce the local sourcing of programs, even in prime listening time. Localism has long been championed as a major ingredient for successful programming and loyal audiences, but it is now being seen in some commercial circles as more relevant to smaller markets.

It remains to be seen how listeners will react to this cost-saving approach to radio as 1995 progresses.

On a more positive note, music radio formats have been evolving to include more contemporary and Australian popular music. This will continue as commercial networks attempt to counter the growing popularity of the ABC's Triple J Youth Network.

The success of talk radio will continue to add resilience to AM Radio in major cities, while the growth of regional networks will do the same for AM in the country. While AM radio refuses to die, the generational divide between AM and FM listeners will be reinforced by evolving network strategies and duopoly arrangements.

Recently there has been significant foreign investor interest in the now deregulated Australian commercial radio industry. The US Corporation 'Clear Channel' has taken up a 5 per cent interest in Wesgo, while the British Associated Newspaper Holdings has an 11 per cent stake in Austereo. Meanwhile, local operators (Village/Austereo and John Singleton among them) are branching out into Asia.

## National Broadcasters

### The ABC

ABC Radio's audience increased some 7 per cent last year, with a considerable upsurge of interest in the national broadcaster's stations in Sydney and regional Australia.

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The Youth network Triple J is proving increasingly attractive to younger audiences and now has more listeners than the ABC's local stations at some times of the day. Since January, 17 new transmitters have greatly expanded the network's reach into rural areas.

With its sometimes provocative programming, Triple J's influence will further increase as a second stage of regional expansion occurs over the next two years. 1995 will also be a test year for the innovative ABC News Radio. This network occupies the Parliamentary Broadcast frequencies when Parliament is not sitting. The attractiveness of the format, promising the latest news every ten minutes, is likely to be limited by the parliamentary interruptions and the low power of its transmitters in some cities.

**The Special Broadcasting Service** SBS Radio's expansion of English language programming, announced at the end of last year, provoked disquiet amongst staff and some ethnic communities.

SBS stations will broadcast 18 hours a week of English language programming this year, much of it during prime breakfast and drive listening time. This will add broadcasting in the 'common language' to the 66 languages SBS offers, and follows the introduction of a full national network on FM and AM and a second network in Sydney and Melbourne last year. The second network, SBS 2, is to be extended throughout the nation over the next 18 months, funds permitting.

While SBS sees ethnic community and narrowcast stations as complementary to their service, an increasing number of narrowcast operators establishing services in languages other than English will make competition for the community language radio listener much hotter in 1995.

## Community Broadcasters

Community radio is now 20 years old and there are 127 stations on air. It continues to be a largely volunteer-

based, 'do-it-yourself' and often innovative, sector of the Australian radio industry.

The revival of community radio's umbrella organisation, the Community Broadcasting Association of Australia (CBAA), last year, sees the sector better placed to negotiate its survival in radio's changing technological and service delivery environment. The CBAA's ability to work out an agreement with copyright authorities seeking significant increases in payments will be a test for the newly invigorated body.

However, frustration over the slow rate of licence approvals for aspiring community broadcast groups will continue in 1995. The Australian Broadcasting Authority has attempted to placate long suffering aspirants by introducing a new temporary transmissions policy for community broadcast hopefuls.

Existing stations are being encouraged by the CBAA to establish their own narrowcast operations, while some aspiring community broadcast groups are likely to apply for narrowcast permits to get around the licensing log jam.

## Narrowcasting

Narrowcasting looks like being the only major area of expansion in the radio industry this year. Most of the 700 licensed narrowcasters run low-powered stations at the bottom end of the FM band and provide focussed services such as tourist services or real estate information.

Last year the ABA bent to pressure and issued temporary, two-year, high-powered narrowcast licences on vacant AM frequencies, which have been taken up by operators offering formats like racing and non-English language services.

A Bathurst (NSW) commercial AM operator is using a narrowcast licence to provide Tiny Tots Radio, Australia's first station aimed solely at children. Others catering for anglers, farmers, specialist music tastes, tourists or property buyers are likely to be joined by religious and school-based interests in 1995.

Narrowcast industry promoters have predicted that around 2000 serv-

ices will be licensed by the end of this year, along with the appearance of pay audio, as part of the subscription services offered by Galaxy (Australis) Pay TV or its affiliates. Galaxy itself remains non-committal about this prediction.

The ABA's interpretation of what constitutes narrowcasting will continue to be a source of discussion and debate, particularly in the music area, as pressure grows for more niche music format stations.

## Other Issues

Testing of Digital Sound broadcasting (DSB) systems, seen by many as the future for radio, will continue this year, although the ABA does not have a DSB planning timetable established as yet. Overseas, plans are somewhat more advanced. The BBC for example, aims to establish DSB versions of all its services in London by September this year.

Meanwhile, the true pioneers of radio, the amateur radio licence holders whose forebears made modern radio possible, are the latest group to fall foul of economic rationalism in the Federal bureaucracy. Amateurs, who still play an important role during emergencies such as bushfires, are incensed by a decision of the Spectrum Management Authority to almost double their licence fees. □

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