



# Diversity and Localism: Burning Issues

Will the brave new world of proliferating radio services bring genuine diversity to the sector? What will be the impact of this and other developments like syndication, on radio's traditional strength: its local relevance? These were the central issues debated at the CLC's one-day Sydney conference, *Radio Towards 2000*.

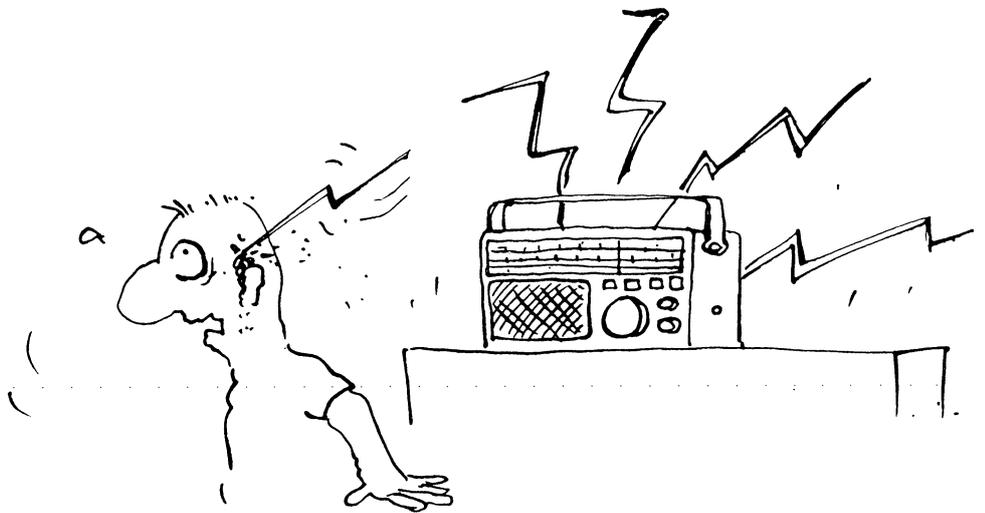
ABA member Tim O'Keefe emphasised the radio program diversity objectives of the new Act, but much of what he said suggested that an explosion of exciting new ideas for radio programming could be something of a pipe dream.

In five months, the ABA has issued around 130 transmitter licences for narrowcast services, but most of these have been for low power tourist information services and wide coverage racing information services. O'Keefe said other ideas for programs of 'limited appeal' or targeted to special interest groups had been put to the Authority, but he mentioned only one specific service of this kind which was likely to be provided, an Aboriginal narrowcast service in Port Augusta.

His paper also highlighted a potential problem for the ABA in distinguishing between 'narrowcast' and 'broadcast' services: examples were a service for people who like 60s music or a music based service for retirees, both of which had been proposed - how 'narrow' would such services be?

O'Keefe said that the 'one size fits all' program standards of the ABA's predecessor, the ABT, may have hindered program diversity. The new codes, tailor-made for each sector, would recognise their differences and help them to become more diverse.

His suggestion that there was a good deal of diversity in the existing commercial industry left open to question what he would regard as 'diverse', given evidence put later in the day



that in 1991-92, 124 out of 150 commercial stations were using adult contemporary/gold formats. In view of this it is perhaps not surprising that among over 400 submissions received by the ABA in response to its invitation to comment on planning priorities, very few wanted priority given to additional commercial radio services in metropolitan markets.

O'Keefe was asked whether the ABA could exercise some control over content with a view to ensuring diversity, for example by planning for a specific kind of service in a specific area. He replied that the Authority had little control over new commercial services because establishing one was a commercial decision. In the case of narrowcast services, they had a degree of control in that the right to operate such a service could be taken away.

This answer was not reassuring to anyone concerned about a rational development of radio in the public interest.

O'Keefe foreshadowed a brave new radio world which would involve, for example, provision by means of DAB of a further 30 Sydney-wide services

and up to 48 limited coverage services around the suburbs.

The advent of digital satellite pay TV would bring the prospect of 30 pay radio services delivered direct into the home, he said. Radio services on MDS are already here. By the year 2000, a further 12 DAB channels could be delivered by satellite direct to home and car, while developments in optic fibre cable will offer the possibility of even more services into the home.

## Another View on Diversity

Kate Dundas, General Manager of ABC Metropolitan Stations, mentioned the troubles of the US radio industry, where 65 per cent of 15,000 commercial radio stations are losing money. Formats are driven by advertisers, not listeners, she said, and although there is a large market for easy listening music formats among older audiences, these formats have virtually disappeared as advertisers all compete for

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the younger (18-39) demographic. The local commercial industry's pitch to this same group and the predominant sameness of formats is 'increasingly at odds with the market', Dundas said.

The most exciting development she observed in the US were urban stations in large cities catering to blacks, with news and information tailored to black audiences, and all-news stations like WINS 10 in New York, which pulls in 1.4 million listeners a week.

Deregulation will possibly mean a greater range of stations but if we follow the US experience, they will continue to provide 'safe' programming. Inevitably, the blending of program formats will lead to a blanding of program formats, Dundas said. On a more positive note, the success of public, particularly, public ethnic, radio could point to new directions, and with advertiser support we could see commercial stations targetting a specific ethnic community.

Dundas concluded that market forces may or may not deliver greater diversity of programming, but ABC Radio will.

## The Dangers of Proliferation

Proponents of the 'more is better' approach will no doubt embrace Tim O'Keefe's future scenario with enthusiasm, but the prospect of a significantly fragmented audience and a revenue cake sliced wafer-thin must strike terror into the hearts of the existing industry.

Bob Peters of ANZ Capel Court was one who was prepared to question the desirability of virtually unlimited increases in available services. He said it was necessary to look at the impact not only on existing commercial radio but - with the planned advent of fine music services on pay radio - also on services like ABC FM (where governments might think twice about funding it if an alternative were on offer) and 2MBS-FM, which might be forced to seek sponsorship more aggressively and could alienate its listeners as a result.

The desperate desire to maintain audience share could have a negative impact on the quality and diversity of existing commercial services, forcing them to pursue safe, unadventurous program formulas. In the United States, there are between 50 and 70 stations in any metro market, but their quality and diversity is limited, especially in areas like new contemporary music.

Peters said that since the new services would mostly be funded by advertising or subscribers, the system would be heavily skewed away from the traditional national/commercial balance, and there would be great pressure to commercialise fully. Market forces would, in the end, probably deliver more diversity - but not enough to justify the commercialisation of the whole system.

Unfettered, market-driven commercial competition does not produce a financially vibrant industry. This is not his own view, but the result of a major assessment of the industry by the US Federal Communications Commission last year. The FCC concluded that the losses being sustained by US stations flowed from the policy of maximising frequency usage.

What was the FCC's proposed remedy? Multiple station ownership in the same market, resulting in operators with lower average cost structures, better placed to exploit niche markets than if they were a stand-alone service. Multiple station operators have no incentives to compete with themselves.

Some formats are simply not suited to commercial exploitation, Peters said, which is why in the whole of the US there is not one station aimed at children (though this may be changing - see story p.17). The same applies here, where Aboriginal people, many ethnic communities and the elderly, for example, are unlikely to be commercially attractive, and there would be a continuing role for community broadcasters.

We must maintain our system and ensure that each sector is viable by:

- providing adequate funding for the non-commercial sector; and

- ensuring that there is not too much competition, too soon, for the commercial sector.

## The Long View

Malcolm Long, at this stage still at the ABC Radio but Managing Director Designate of the SBS, said four major factors would affect the development of radio into the foreseeable future.

**Miniaturisation and digital technology:** The work practices of the radio industry have traditionally been drawn from the film industry and are totally irrelevant today. Automation offers a chance to establish entirely new approaches, and with the proliferation of delivery technologies, the essence of radio will be choice for service providers.

**Regulation:** Current regulation underwrites the trend to increasing availability of audio and video services.

**Economics:** All services will need to 'run leaner' and new services will need to be prepared to sustain difficult start-up periods. The UK's Classic FM, with four million listeners, has moved into the black and proved that adventurousness in format can pay off.

**Audiences:** People are seeking information and are interested in interactivity with their services. They may seek international services (like that being provided by the BBC World Service on a subscriber basis).

Malcolm Long said that an ABC survey which looked at trends over the next 20 years had revealed a ray of hope for the kind of 'traditional' broadcasting which involves a personal link between the presenter and the audience. Fifty per cent of households will contain only one or two people, and 20 per cent, only one person. This trend will continue, as will the trend to a large proportion of 'unoccupied' people. They will seek warm, familiar contact and will rediscover community activity, and radio will be able to play an important role.

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## Localism

Tim Trumper is General Manager of the Radio Shop, a digital satellite operation which began five years ago uplinking music programs to five stations. Participating stations have increased to 50 and Radio Shop now provides two news services and a total of 90 hours programming.

Trumper said that Radio Shop recognised the importance of localism, and provided 008 numbers so that listeners could call from anywhere in Australia, making their service more 'local' than most local stations, he claimed. He said there was nothing 'local' about a DJ playing back-to-back music and a more stringent definition of localism would be local relevance, rather than local sourcing.

This was hotly disputed by others at the conference. John Seaman, Vice President of FARB, from 7LA in Launceston, claimed that it is not what is said but who says it that constitutes localism. In rural areas, the local radio person is a real personality, a familiar local identity.

Gary Draffin, CE of commercial station operator Wesgo, said that a proper mix of stations was needed. The whole rationale for the low power Sydney/Melbourne FM stations was their very specific local base, but high power stations are not local in this sense - though some Sydney stations focus on specific large areas, like Western Sydney, the Central Coast, the Northern Beaches. The main Sydney stations, however, are 'local' to Sydney not to one or two suburbs.

John Seaman said the Broadcasting Services Act could push Australia in the direction of US radio - highly automated, providing little or no local programming and able to return a much higher profit. In a deregulated environment, there is potential for a dramatic reduction in local relevance. Radio has to live within its budget, and if times get really tough we could see fully automated stations, linked by satellite to big city program providers, almost devoid of local involvement

A journalist who works for a community station in Tenterfield said from the floor that they could not survive unless they were very specifically local. Every news story, even big national events, had to be given a local angle if possible in order to keep the listeners interested. This was echoed by speaker Dorin Hart from Bellingen's 2BBB, who said that to them, localism meant such things as hearing the voices of people you know, letting people have a say in programming, reporting on Council activities. Only the community radio sector can cover local government in detail, especially elections. Market forces won't deliver diversity: they didn't produce community radio, which is about getting people together, access, control and empowerment.

## Radio Futures: Some Pointers

Other speakers representing community, commercial and national radio at the conference provided some interesting insights into the way Australian radio is developing.

Cameron Dunlop, CEO of Broadcom said that pay radio is already here, and will be in Australian homes within six months. Broadcom has acquired the rights to the US service Digital Musical Express, and will provide 20-25 channels of CD quality music ranging from both popular and esoteric types of rock through country to jazz

and classical. The service will be delivered by MDS, with a potential capacity of 160 audio channels. A small receiving unit will attach to the existing sound system in the home, and the cost will be around \$150 a year. As for Australian content, Dunlop said they planned to insert Australian material - one rock channel and some light jazz, and the amount would be based on audience demand.

Wesgo's Gary Draffin commented that subscription music services of this kind are really 'seamless music at home' and have nothing to do with radio because they lack traditional radio characteristics like portability, presenters, news, local music and comment. Dunlop said that, indeed, the record companies should see DME as another marketing device. In the future, the system offers them enormous potential: a sophisticated remote control display will show artist and title for each item (more information can be displayed if required) and consumers will be able to order discs and tapes directly from home.

Nick Anton is Director of Hellenic Radio, Melbourne, a narrowcast VHF service operating on a radiocommunications licence, which has been providing Greek programs officially since June 1991. Two channels are on offer, one of which provides 24-hour music. Subscribers (currently over 2,000) pay an annual fee of \$55, and a timer device built into the custom-made receiver switches off automatically when the subscription runs out. □

