



Radio: The Outlook for 1994

Expansion of existing national services, narrowcasting and implementation of the Australian Broadcasting Authority's (ABA) licence planning process are likely to be at the top of the list of major issues confronting the radio industry during 1994.

With the Broadcasting Services Act (BSA) little more than a year old, radio broadcasters in each of the industry's three sectors are now beginning to gain a better understanding of the opportunities and challenges which have been created by the deregulatory and pro-competitive provisions of the new legislation.

Although the commercial sector is now less regulated and has been given greater expansion opportunities, and although the community sector has had its potential funding base widened through the establishment of sponsorship guidelines, each of these sectors, as well as the national services of both the ABC and SBS, will eventually face greater competition from new broadcasters and narrowcasters once the ABA's planning process reaches the licence allocation stage.

Further fragmentation of audiences and increasing specialisation of programming formats will increasingly be issues which all existing and new radio service providers will have to contend with as the range of available audio services expands.

As part of the expansion of services, narrowcasters are likely to emerge as the industry's 'fourth force'. Undoubtedly they will broaden radio's existing audience and revenue base through the provision of new, carefully targeted, low-cost niche services, but they are also likely to bite into the established listener and income bases of both commercial and community broadcasters.

The rapid deregulation of the radio industry in New Zealand over the past few years has demonstrated that too many new services introduced too

quickly can jeopardise radio's 'mass' media status, thereby diminishing its appeal to advertisers, the lifeblood of the commercial sector.

Mindful of this risk, the commercial operators have decided for the first time to co-ordinate all metropolitan radio surveys during 1994 in order to promote greater advertiser awareness of radio's reach and potential.

National Sector

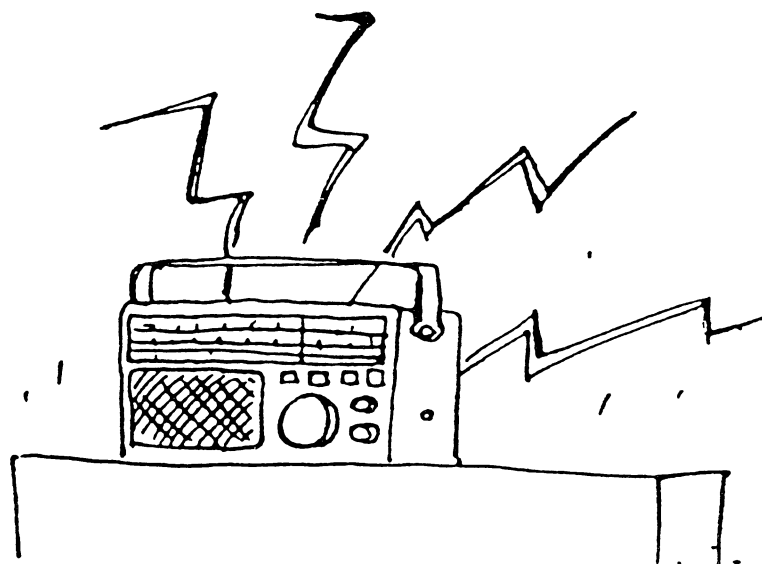
For the two national broadcasters, 1994 will be a year in which existing services are expanded to reach a wider audience, and planning for new services is initiated or continued.

At the ABC, the regional rollout of the Triple J service will begin, taking the youth-oriented music network beyond its current nine-city reach. The Corporation will also be seeking approval to enhance its Parliamentary Broadcasting Network significantly, by using the down-time when Parliament is not sitting to run a continuous 24-hour-a-day news service.

Meanwhile, on the planning side, the ABC will continue to investigate the production and programming of a 20-channel music subscription service.

Each of these developments is intended to strengthen the national broadcaster's continuing commitment to providing increased diversity in programming and local production, and widening the range of choices it offers to all Australians. Each is also intended to make greater use of the ABC's considerable resource base and income-generating potential by positioning the Corporation to become a major program supplier in an increasingly fragmented and cost-conscious industry environment.

Increased audience reach and an expanded range of programming are also the principal aims at SBS this year. On Australia Day, the multicultural and multi-lingual broadcaster extended its geographic coverage to include Adelaide, Brisbane, Darwin and Perth. This is to be followed in July by the introduction of a second SBS service in its two traditional markets of Melbourne and Sydney, where



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it has been broadcasting since 1975.

SBS Radio's other major initiative during the year will be to introduce a select amount of regularly scheduled English language programming which is intended to widen the network's potential audience base.

Community Sector

The biggest challenges confronting the community broadcasters this year are likely to be increasing competition from narrowcasters, and the issue of whether the Community Broadcasting Association of Australia (CBAA) can continue to maintain its membership base and its position as the representative of most, if not all, public radio stations.

Despite being generally satisfied with the ABA's recently released draft guidelines for narrowcasters, many community stations nevertheless remain concerned about the impact which narrowcasters will have on their audiences, formats, staff and sponsors.

In view of this impending competition, it appears likely that the rapid increase in station numbers which the community sector experienced in the late 1980s will level off, and that narrowcasting will assume the mantle as the industry's growth sector during the remainder of the decade.

Commercial Radio

Implementation of the ABA's licence planning process is expected to be the major issue facing commercial broadcasters this year.

Associated issues include the continued clearance of television services from Band 2 to make way for additional FM radio services, and whether priority will be given to incumbent commercial broadcasters seeking a second licence under s.39 of the BSA in markets where only a limited number of spare frequencies exist.

Commercial operators in metropolitan markets also are expected to take further advantage of the BSA's two-stations-to-a-market rule. This should allow them to reduce costs further and to broaden programming diversity, while at the same time benefiting from an expected rise in radio advertising revenues as the economic recovery gathers momentum.

Narrowcasting will also continue to be closely monitored by commercial broadcasters, given that it represents both an opportunity and a threat to established operators, many of whom have already applied for such licences.

Narrowcasting

As the new kids on the block, narrowcasters will be seeking to legitimise their position in the radio industry. For them, the biggest issue during 1994 is likely to be gaining access to the airwaves, where unused frequencies will remain scarce until the ABA works its way through its planning schedule.

In those areas where spare frequencies remain limited, narrowcasters will have to convince the ABA that their needs for spectrum access are just as worthy as those of broadcasters operating in the national, community and commercial sectors.

Narrowcasters will also need to ensure that the new services they provide will indeed be regarded as 'narrow' in the opinion of the ABA. Existing commercial and community broadcasters will no doubt closely monitor any new narrowcast services in their coverage areas to ensure that they do not cross the still unclarified boundary between narrowcasting and broadcasting.

Unfortunately, as narrowcasters will be subject to only a very 'light-touch' regulatory regime under the BSA, including no financial reporting requirements, it will be difficult for industry observers, regulators, policy makers and competitors to gauge with any accuracy the success which these

new players will achieve in carving out a viable share of the industry pie for themselves. □

Bob Peters is Director of Project & Structured Finance at ANZ Capel Court

Don't Miss Out

Consumer Perspectives on New Media

Debate about new electronic media services has been dominated by discussion of financial opportunities for service providers. But what will these new services bring for consumers? What kind of information and entertainment will they deliver and at what cost? What consumer protection arrangements will apply?

The Communications Law Centre is hosting a one day conference which aims to explore consumer perspectives on new media.

The conference will provide essential information for:

- consumer groups
- industry players
- policy makers and others interested in new electronic media developments

When and Where?

**Coles Theatre
Powerhouse Museum
500 Harris Street, Ultimo, Sydney
Wednesday 9 March 1994
9.00am**