

**ADDRESS TO AUSTRALIAN COMMUNICATIONS LAW
ASSOCIATION - JULY 1986**

**By Brian White, Managing Director,
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If you can have such a thing, commercial radio in Australia is currently an exciting mess.

It is exciting because of what is happening at the programming and management levels. It is a mess because nobody has the faintest idea which direction Government policy is taking.

1986 is likely to be remembered in this industry for a long time. It has been the year which saw government rush towards large scale expansion of services - in country Australia at least - then back right off, but then start tiptoeing back towards it. It might be - and I know these metaphors are getting a bit florid - the year they opened Pandora's Box.

It may end up being the year in which commercial radio services to regional Australia, as well as TV, begin to expand quite rapidly.

It may also be the year in which a change could start in the capital cities, with most broadcasting being on the FM band. It may be the year that heralds a change in the number of stations that can be owned by individual corporations.

If most of these things happen, it will be because government has finally cleaned up a mess, which has been growing for generations.

In being critical of government, I mean that criticism to apply to every body which has controlled the administration of broadcasting in Australia. It has been pointed out only this past week that one of the heaviest restrictions in the existing legislation - the limits on ownership - came into force in the thirties, when radio was about as fledgling as an industry can be. But the same limitations apply today, as then: no more than four capital city stations in the one set of hands, no more than four stations in any one state, no more than eight stations around Australia. If that was a proportional calculation fifty years ago, to apply the same proportions today could mean limits of no more than ten capital city stations, no more than ten in one state, and no more than twenty around Australia. Let me say I am not advocating that - because with only 138 commercial stations currently in existence, seven groups could

eat up the whole nation. But that was the way things were back in the thirties.

Time changes everything. Nothing could bring that home more than the reminders this week that when the Cahill Expressway was built, its construction was lauded by leader writers in the Sydney Morning Herald. And Harry Jensen reckons he won an election for Lord Mayor of Sydney back in the sixties on a platform which called for the demolition of the Queen Victoria building. Good public servants managed to avoid carrying out the destruction order and instead have kept a workforce busy for five years rebuilding it.

This is not dissimilar to broadcasting policy in Australia.

No government did anything very sensible about broadcasting legislation for the best part of forty years. It was one restriction, one hurdle, after another. Ministers came and went like the seasons, but the faithful public servants stayed pretty much the same, rebuilding, renovating, keeping the grand old structure up. Between 1975 and the arrival of the Hawke Government, we had a procession of ministers - Doug McClelland, Moss Cass, Reg Withers, Vic Garland, Eric Robinson, Tony Staley and Ian Sinclair. With so much change, power rested entirely in the hands of the public servants. Michael Duffy has now had the portfolio three years and has impressed all who deal with him with his pragmatic and sensible approach, but it is still a mess and only an unbounded optimist, like me, can believe it will ever end.

The story of FM is indicative. We tried it, back in the fifties, on an experimental basis but only devotees ever got to hear it. Then government decided that contrary to universal policy, FM should go on the UHF band, and that regional TV should be allowed to use VHF. Nothing happened with FM, but regional TV moved into the space given it, and thirty years later they're trying to clean up a mess of their own making. It is quite droll to read the report of the Department of Communications Forward Development Unit and see the gentle, unkind but accurate, things they have to say about past policy

- regrettably made by people very much like themselves.

So we have a situation today where it is claimed by government, that there is very little that can be done to expand FM to the full until all television is cleared of what is known as Band Two - that part of the broadcasting spectrum which, everywhere else in the western world, is restricted to FM. The Communications Department's boffins are working up a grand new plan for the allocation of broadcast frequencies. Until it is complete, they say little or nothing more can be done even to think about increasing FM services in the cities.

My simple little untechnical mind keeps wandering back to a conundrum however, which is this: in Australia, all up, there are only about 250 radio stations - AM and FM, commercial, national and public. In the United States, which is only slightly bigger than we are, there are more than 9,000. One reason for this is that the Americans are much more flexible about what is known as separation, which can be described as the distance on the spectrum separating one signal from another. Broadly, stations are closer together in America than they are here. But the outcome is that instead of urban conglomerates like Sydney - Newcastle - Wollongong having about thirty broadcast signals, they could have a hundred or more. Instead of two commercial FM stations in Sydney, there could be several dozen.

This creates another conundrum. In recent years, it has become fashionable for elements of the government and elsewhere to suggest that it is commercial radio which keeps on trumpeting about the need for commercial viability of the industry. But we have been playing under their rules, and the industry has gone in certain directions because of them. The way viability has come to be interpreted, however, is that the commercial industry doesn't want any expansion, or very little. In fact it is the commercial industry which has kept hammering away, trying to establish the real situation with frequency availability, and which has argued that there could perhaps be as many as 700 or 800 FM stations in Australia even under the existing rules or a slight modification of them, rather than the handful there are now.

The passion for FM is quite simple. It produces a better signal.

My colleagues in the FM branch of the

industry, while agreeing with this argue that the real differences lies in better programming and better management. To an old talker like me, I regret to say that this notion of better programming seems only to mean more ways to play more music. I remember back in his AM days when Rod Muir used to offer his disc jockeys or "jox" as we called them, a bottle of champagne if they could get fifteen records into the hour.

Better management is not so easy to deny. It is certainly true that many AM stations have had to look at leaner and more efficient operations than they had before FM arrived. The other night I came across an old advertisement for 2SM, where I worked in the late seventies. It consisted of a mass portrait of the staff, and there were eighty faces there. The number now would be probably less than forty. The only big employers surviving are the Macquarie group and my own, but in our case, because of our method of operation we are a lot leaner than they are.

Both Macquarie and ourselves are bigger than the others because the moment music ceases to be your main ingredient, you need more people. But by constructing our network operation, we are running with less than 120 people, while Macquarie's two stations between them would have close to 160.

There are probably some dinosaurs still out there, once big and flush, who nowadays are inefficient. In one part, that has to do with the very human element. Radio stations which have been in the same hands for many years accumulate ways of doing things which they find hard to change. That almost invariably means people are employed to do things no longer really necessary, like firemen on an electric train.

To give one example of the very real problems which can exist - no commercial FM station in Australia is much more than five years old, built with technology still very up to date. When I took over 3AW five years ago, it was relying on equipment which was up to 25 years old; 3AK in our group has been operating in the same way, and so has 2UE. The first thing this means is that repairs and maintenance are extremely high costs, and you need more people to carry them out. Not enough AM stations have yet modernised themselves properly, but these would now be caught in the situation where the only way out is heavy capital expenditure, which during tough times - and these have been pretty

tough times for all electronic media - is money not easily come by.

I think one other thing needs to be emphasised about the radio industry, especially in its current state of very great uncertainty. And that is that it could not be more diverse. It ranges from the big capital city stations with turn-overs of more than ten million dollars each, to little "ma and pa" country operators who are lucky to see revenue of \$400,000. Of the 138 commercial stations in Australia, 28 last year came in with revenue of less than half a million.

One intriguing thing about them though is that I have never heard of anyone sustaining a capital loss on the sale of a radio station in this country.

I guess the final question is how do we try to fix it?

In a book I wrote more than ten years ago, I suggested that the Broadcasting Control Board, nowadays called the Broadcasting Tribunal, could be just as efficient if it employed about half a dozen people instead of the platoons they had. I stand by that view, because it seems to me that the Tribunal is now thoroughly bogged down under the weight of administrative issues on its plate. It has recently circulated draft plans for the supply, to it, of financial information from television stations. Currently, a handful of pages is what is required and supplied. The draft proposal consists of some fifty pages, with sixty pages of explanatory notes.

Is anyone going to be better off?

One wonders why the example of the American equivalent, the Federal Communications Commission or FCC, is not followed. The FCC, recognising the enormous diversity of broadcasting in America, has reduced its role to the point where it is like a SWAT unit, rather than an entire police force.

Ownership and control rules should be changed drastically. I recognise that I am saying that as a representative of Kerry Packer, although it wouldn't hurt to recognise that the excitement in this industry which I referred to at the start of this address stems in large part from his decision to buy into radio, and particularly into AM.

But I also have interests of my own in some radio stations in Victoria, in partnership with Mark Day. Under the existing legislation, Mark's company cannot get any bigger in Victoria, because he already now owns his maximum of four sta-

tions. Mr Packer could own three more Victorian stations before reaching his limit there, ergo, Mark Day's company is bigger than Mr Packer's.

The industry is weighed under with regulations of one kind or another and faces difficulties from countless sources. Most Sydney AM stations, for example, have their transmitters and masts on the shores of Homebush Bay, in swampland, which is ideal for AM transmission. The state government wants us all out of there. 2UE wants to move itself to the grounds of Channel 9 at Willoughby, but the local Council has declined to rezone the Channel 9 patch of land, currently zoned specifically for television purposes, because radio isn't television.

If I look as harried as most executives - in radio and television - maybe what I have said will help you understand why.

ACLA NEWS OCTOBER 30 ACLA GM AND DINNER

The Annual General Meeting of the Australian Communications Law Association will be held at 6.30 p.m. on 30 October 1986 at Sandimans Restaurant, the Pitt Club, 49 Market Street, Sydney (next to the State Theatre).

The meeting will be followed by a dinner to be addressed by Mr Mark Armstrong, a member of the Australian Broadcasting Tribunal. Mr Armstrong will speak on "Who Will Guard the Guardians of the Guardian and also Who Will Guard Them? The Chilling and Expensive Effects of all Laws so far made to Encourage or Protect the Media and Freedom of Speech". This will be a roaming, somewhat facetious, and often humorous look at bills of rights, communications and competition.

The cost will be \$35 for members and \$38 for non-members.

Notices have been sent to financial members. Others are invited to attend what should be an enjoyable occasion. All enquiries to Ros Gonczi on 660 1645.