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***A COMPARATIVE STUDY OF COMMUNITY RADIO
Designing a Model for 'Access' Radio in the UK***

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A COMPARATIVE STUDY OF COMMUNITY RADIO

Designing a Model for 'Access' Radio in the UK

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Introduction

This paper emerges from what began as a tightly focussed project commissioned by the UK's Community Media Association (CMA). The CMA began life in 1983 as the Community Radio Association. In 1997 it changed its name to allow for community TV, and to reflect the changing media environment and incorporation of new media technologies that might be used for community building purposes. Since its inception it has been fighting for the right to broadcast community radio. Finally, in the UK, after years of lobbying, the opportunity to change the broadcasting legislation and allow for a 'third tier' of radio broadcasting has arrived.

Rather than spending time thinking about why it has taken so long, this paper hopes to make explicit the current concerns about the processes involved in legislating for, regulating and putting into practice such an ambition.

I will begin this presentation by briefly describing the study that was commissioned by the CMA – that is a six country comparison of community radio. I will go on to focus on just one aspect of that comparison - *funding*. I will then outline the concerns expressed, and the thought processes that can be observed, by some of the key interested parties – or stakeholders – in the UK. These include legislators, regulators, practitioners (community and commercial) and representative bodies. Funding is an important aspect of the debate around community radio in the UK. The questions must finally be posed – what does an Australian audience of legislators, regulators, practitioners, and representative bodies think about the plans being discussed in the UK; given your long experience of operating community radio, what model would you propose for a country with a newly emerging radio

democracy? And how relevant is all of this as regulated means of accessing media production are being superseded and redefinitions of community media are emerging with new technologies?

A Comparative Study of Legal and Regulatory Frameworks for Community Radio in Six Countries

The study, undertaken on behalf of the Community Media Association of Great Britain, compares the legal and regulatory frameworks for community radio in Ireland, France, the Netherlands, Canada, South Africa and Australia. Outcomes of the research consultancy will consist of a written report with recommendations as to the optimal legislative and regulatory model for the development of community radio - including licensing and economic models – for the UK. The report will inform the Department of Culture, Media and Sport radio policy group. We have already made a presentation on the funding models in each country to a meeting organised by the Radio Authority (Regulator of radio in the UK) the outcomes of which will be discussed below.

The study includes a comparison across all six countries of the following factors:

1. Definitions of community radio in law and regulation
2. Licensing systems for community radio services
3. Frequency allocations and associated technical constraints
4. Economic bases of the community radio sector and rules on funding sources
5. The sector in the context of the wider media landscape
6. Social characteristics – programming, audiences, staff and supporters
7. Case examples of community radio in practice

This study is desk based and includes:

1. Analysis of legislative texts
2. Analysis of regulators' rules, guidelines and statements
3. Interviews with regulators
4. Interviews with community radio practitioners
5. Academic publications on community radio
6. Press articles and other reports on community radio

The scale of this study is limited due to economic and time limitations (this was originally intended as a 20 day consultancy), but it is the intention of the researchers to extend this research over the next two to three years. One reason for this is the amount of interest shown by those we have reported to and those we have approached for information. This in turn is influenced by the lack of material that is accessible and easily comparable, not only internationally but also in National contexts. That is to say, as researchers we have been surprised by the lack of co-ordinated information and data available for the scrutiny of the sector in all of the countries examined. It would also be, our initial examination tells us, most beneficial to extend the research into the area of audience research – an examination of the social and cultural value and the role of community radio in everyday lives would benefit not only an understanding of the comparative uses and values of community radio, but also the national understandings of the role of community radio in everyday lives – something that legislators and regulators would benefit from being aware of as much as programme presenters, producers, fundraisers and station managers.

A Comparison of Funding

For today I want to concentrate on a comparison of *funding* models. Here I describe in brief the funding rules and regulations in each of the six countries.

Ireland

Community radio in Ireland began with an 18-month pilot project in 1994 established by the Independent Radio and Television Commission (IRTC). Eleven stations took part in that pilot study. A community radio officer was appointed in 1995 and a community radio forum established to provide for inter-station communication and exchange.

Thirteen stations are now running with 5-year licences. It is expected that a further 6 community broadcasters will receive licences to broadcast this year. Ireland then is a relative newcomer to community radio broadcasting.

In terms of funding, the IRTC supports the approach that community stations should be funded from a diversity of sources. The pilot experience has shown that this is not only the most realistic option, but also essential if stations are to ensure that programming is determined primarily by the community served.

In this context, the IRTC requires that no more than 50% of a community station's income should come from any one source. A variety of approaches to attracting support from the community served were developed by pilot project stations, including membership fees, sale of services, collections, general fund-raising and on-air activity.

The Commission allows stations to broadcast advertisements and sponsorship announcements, subject to the conditions already in place for pilot project stations that were permitted to carry advertising.

These conditions are as follows,

1. No more than 50% of income is secured from commercial activity;
2. A maximum of 6 mins advertising/sponsorship per hour will apply;
3. Stations may only broadcast advertisements which relate to:
 - a. *work* opportunities which exist in the specified area
 - b. *events* which are to occur in the specified area
 - c. *businesses* which are carried on in the specified area
 - d. *services* which are delivered in the specified area

The process that Ireland has gone through in introducing community radio, and the regulatory conditions appear attractive to the UK's community radio lobby, and to the regulator. Reasons for this are to do with its gradual introduction, its apparently sensible funding regulations, and the fact that the sector has not had any adverse effect on the ability of commercial radio stations to continue to thrive. The Irish experience presents an example of the introduction of an additional broadcasting sector that has had little or no adverse effect on existing broadcasting interests. This fits well with the CMA's claims that community radio is an additional tier rather than a competitor.

France

There are roughly 600 'associative' or 'free' radios in France – many the direct descendants of the pirate and 'free' radios of the 1970's.

Authorisation to broadcast is issued free of charge by a public body independent of government – the *Conseil superieur de l'audiovisuel (CSA)*. Every 5 years all the frequency applications are examined at a regional level by the *Comites techniques radiophoniques* before the CSA decides upon their attribution, aiming to keep a balance between the different types of radio –

public, private, and 'community'. The CSA has a mission to guarantee a diversity of programmes and to ensure the existence of a number of truly local radios.

Most of the funding for *associative radios* is ensured by a "Fund for the support of expression by radio" (FSER), which is itself funded by a tax on the advertising revenue of the mainstream broadcast media. Each year, the *associative radios* submit accounts to be examined by a Commission. This Commission then decides how much money to allocate to each station. The sums vary between FF20,000 and FF350,000 depending on two criteria.

The first criterion is related to the amount of the budget in the previous year – priority is given to organisations that can demonstrate a level of local and 'thematic' financing (e.g. EU grants linked to specific 'communications' themes, such as Drugs Awareness or Anti-Racism).

The second criterion is linked to the quality of the programmes and the roots that the radio has in its social and cultural environment. These are measured by looking at the training activities run by the station; activities involving young people; work towards integration; and support for 'the development of local cultural action'.

In return for this financial help from the FSER, the *associative radios* are committed to not gaining more than 20% of their annual turnover from advertising.

Besides this 20% rule, there appear to be no other restrictions on sources of advertising or sponsorship.

The FSER has three useful effects on the development of community media.

- 1) It enables radio to stay relatively independent of local political and economic powers, which allows the "dignity and freedom of speech necessary for the free media".
- 2) It helps to prevent possible mismanagement and contributes to the overall credibility of the associative sector.
- 3) It contributes to the "mutual learning" between local radio stations and to the "further credibility of the sector".

The National Confederation of Free Radios (CNRL), which is the largest of the (many) representative bodies for the sector is very pleased with the fund, and believes it is “worth imitating in other countries throughout Europe and the world” – but is also concerned that there is not enough money to go around.

The FSER provides a useful model for consideration in the UK. The Radio Authority has been talking for some time about the need for a ‘Radio Fund’ to support the third tier when it is introduced. Also appealing to the radio Authority and commercial broadcasters is the idea that, if a fund is supplied restrictions on advertising can legitimately be imposed. The commercial sector is less happy with the idea that the Radio Fund should be funded by a tax on their advertising revenue. Alternative means of resourceing the Radio Fund are being considered - such as Lottery funding, local and national Government funding, the BBC licence fee, social and charitable funds.

The Netherlands

Until 1983 ‘local’ radio in the Netherlands was only available on an ‘experimental’ basis. A number of stations were given permission to broadcast, and some government funding although they were limited to ‘broadcasting’ using cable. In 1981, 15 of these ‘initiatives’ (local radio stations) formed OLON (Dutch Federation of Local Public Broadcasters). As a result of a new Media Act passed in 1988, local radio stations are allowed to broadcast on FM.

In August 1998 there were 336 licensed local broadcasters in Holland. (315 of these are members of OLON). Most of these stations are primarily involved with radio. Roughly 100 stations transmit radio (on FM) and television (on cable). 100 stations also transmit a local cable newspaper, and 50 produce a teletext service.

The average budget for a local station is fl100,000 (roughly AUS \$79,640) – annual budgets of local stations range from fl 1,000 in some small villages to more than fl 4,500,000 in big cities. Funding comes from some advertising (though this is difficult to rely on) donations and sponsorship. Since 1997 the local authority in each area can introduce a local form of license fee where they may add two guilders (AUS \$1.6) to the annual broadcasting tax, which each household has to pay for having a radio or a

television set. The local licence fee is channelled into the local station. About 60 communities (there are 400 municipalities with local radio stations) have introduced this local tax to support their local station.

In 1997 the average station received fl 20,000 per year in advertising fees. Some stations depend completely on income from advertising; others do not rely on commercial income. In general advertising tends to be complementary to other funding sources. As with all of the countries considered, community stations tend to struggle to get advertising unless they broadcast to large urban populations. This is an important aspect of community radio in terms of the debates taking place in the UK. The commercial radio groups who have been most vociferously opposed to allowing advertising on community radio in the UK have tended to characterise community radio as a threat in a limited marketplace that they have spent time and resources developing. The comparative research suggests that this is unlikely to be the case and that advertisers on access radio stations in the UK are likely to be new radio advertisers, in effect increasing the profile of radio advertising as a whole.

Canada

There has been community radio in Canada since the early 1970s in one form or another. Initially there were a few campus and a few community stations. Now there are over 200. There are two main types of community stations – campus based community radio and community radio. There are also native stations and instructional (university based) stations. Campus stations are in the majority. They are university-based stations that serve the wider community and are most common in English speaking Canada. There are only a handful of community stations in English speaking Canada, with more in French speaking areas.

In the early years of community radio in Canada only ‘restricted’ advertising was allowed. This regulation has been gradually relaxed so that now campus radio can take up to 4 minutes of conventional advertising in one hour, while community stations have no limit. Advertising revenue can be substantial although there are concerns that those stations that attract large amounts of advertising revenue often do so by imitating commercial services and thus lose the sense of what community stations should be. Generally advertising revenue does not make up the majority of stations revenue. One estimate given suggests that revenue generated from advertising

makes up no more than 25% of the sectors income. The stations that tend to do well from advertising income are the large urban stations. Other stations either are unable to generate sufficient advertising revenue, or chose not to generate income commercially.

English language stations are largely ineligible for public funding. Native stations may apply for funding to the Department for Indian Affairs. The Quebec community radio network is well established and the Quebec Government will fund Francophone stations. There are Federal Government funds available for French language stations in English speaking areas, and English language stations in French speaking areas. Funding is generally harder to access for English language stations than for French and Native services. The amount of public funds that are earmarked specifically for radio are limited and stations can have more success applying for arts council, multicultural ministries and Trusts and Foundations funding.

The real ‘backbone’ of community radio in Canada however appears to be listener support - direct support from the communities served through on-air funding drives. Campus stations have a student levy which is administered differently from station to station.

This direct community support points to a strength of the Canadian model – that local communities are prepared to fund their local stations suggests a sense of community ownership. The lifting of restrictions on advertising for community stations may have produced a situation in Canada that the UK might do well to be wary of. One effect of the lifting of restrictions on advertising - which were removed seven years ago - is that Government appears less likely to find funding, believing the sector should now generate income through advertising. This has, some believed, produced some community stations that act and sound more like commercial stations.

South Africa

In South Africa the Independent Broadcasting Authority Act 1993 brought into existence the Independent Broadcasting Authority (IBA) whose main objective at the time was to ensure a free, fair and open election and to open the airwaves. Within two years more than 80 community stations were issued temporary licences. In 2000 around 150 stations were licensed, with around 80 actively broadcasting.

Community radio in South Africa is largely under funded and struggling to survive. There is limited state funding for these services, and many are unlikely to survive. Some still operate on temporary one year licences rather than the full 4 year licences, making the generation of income and financial planning difficult. There are a broad range of stations with varying levels of funding, funding needs and availability of funding sources. Different economies apply to urban and rural stations and to stations run by the historically advantaged and those run by the historically disadvantaged.

There are no regulator imposed funding restrictions, although the Independent Communications Authority of South Africa (ICASA) – which has replaced the IBA – is ‘vigilant’, and wary of donors who may have intentions of exercising control over a station.

Some stations are able to cover running costs through advertising revenue, but often need start-up funding for training and equipment. Some begin with start-up grants (some from the Government) and then run with a mix of advertising revenue and donor support. The Government, if it does supply funding, tends to fund start-up equipment costs, and has recently made 18million rand (AUS \$4.4million) available for programme production concerned with HIV/Aids, women, children and old people. There is some anxiety about maintaining independence from donors and Government.

International donors make a significant contribution to the sector in some areas. The Open Society Foundation has distributed US \$1million per year since 1993/94. There is little information on the amounts and proportions of funding that come to the sector from different sources, but advertising and donor support appear to be the most significant funding sources.

Lessons for the UK from the South African experience of introducing community radio must be, at the present time, limited. The political and economic infrastructure is developing alongside the development of community radio. However, as a struggling sector it is worth noting that innovative ways of maintaining community services are often utilised, and this makes a closer inspection worthwhile. It will be interesting to observe how the sector develops over time and begin to compare its developments with those about to begin in the UK.

Australia

Now over twenty years old, Australia has a well-developed 'third tier' of radio broadcasting encompassing a large variety of broadcasters and communities. Australia has an independent funding body for community broadcasting, the Community Broadcasting Foundation Ltd. (CBF) which receives an annual grant from the government.

Because of the range of stations in terms of size, location and audience there is a vast difference in both funding required to operate stations and ability to secure funding. The sector as a whole can be described as economically impoverished yet many stations are doing well, especially larger stations in metropolitan locations. The average turnover of community stations is estimated at AUS \$175,000 per year. The average turnover for metropolitan and sub-metropolitan stations is estimated at \$281,000 per year whilst the average for regional and remote stations is estimated at \$102,000 per year. Some rural and remote stations operate in a completely voluntary capacity and have turnovers of less than \$50,000 per year. Others, in metropolitan areas with a citywide coverage have many full time paid staff, large volunteer bases and turnovers in excess of \$1 million.

Community broadcasters are permitted to broadcast up to 5 minutes in any one hour of sponsorship announcements. One estimate I have been given is that sponsorship revenue makes up 46% of the sector's income, but it is unclear how accurate this estimate is. Membership and subscriptions make up around 20% of the sector's income and are well-established income generators. Sale of airtime generates around 10% of the sector's income (these figures are unofficial estimates). In 1999/2000 over \$5 million were distributed to community radio through the CBF. Different estimates (unofficial) suggest that this will have made up between 7-10% of the sector's total operating revenue. However, many stations do not receive any of this funding.

Over the past seven years the Australian Broadcasting Authority has been undertaking a frequency planning exercise that has resulted in unprecedented growth in the numbers of licences available to both community and commercial broadcasters. In this time the numbers of community stations

broadcasting has almost doubled in size from around 120 in 1992 to around 200 today.

The UK has shown a lot of interest in the Australian model, which has often been held up as an example of broadcasting democracy in practice. However, the current growth of the sector appears to be the precursor of uncertain developments in the next few years. Rapid growth of the sector is accompanied by the increasing imperative to generate funds through commercial activity, or, compete for proportionately shrinking public funds.

The current expansion rate is around 10% per year and it is estimated that there will be 300 licensed community stations by 2005. This growth has not been matched by a proportionate increase in core funding and the numbers of stations receiving no grant aid is increasing. Some believe that the greater competition for funds may result in better programming as only those that produce good audience ratings will survive; others are concerned that it will result in a blurring of the distinction between community stations and commercial stations. Some stations, such as some remote regional and some Indigenous services, because of the nature of their operations, will probably always require some financial grant aid, whilst others are responding creatively to the need for increased self sufficiency in income generation.

'Access' radio in the UK

The debate about the introduction of community radio in the UK has become the debate about 'access' radio. This word was chosen deliberately by the Radio Authority and has now been accepted by those engaging in the debate. The RA felt that access was a better description of the type of service that they envisage. It suggests broadening access to the right to broadcast at a time when fewer companies own larger numbers of stations. It also leaves commercial broadcasters with the choice of using the term 'community' to describe their own services (which they often do, and is a use which the RA supports and encourages).

Recent History

The 1990 Broadcasting Act in the UK was seen by some as providing scope for small-scale 'community' radio in the UK. Its emphasis on broadening choice and improving opportunities was heralded as an invitation to

independent local aspirant broadcasters. However, no separate tier of community radio was established or legislated for, and what the CMA would define as 'community' groups were made to bid against commercial applicants. Those few community groups that succeeded in obtaining a commercial licence to broadcast were then, with one or two exceptions, exposed to the threat of commercial take over within a very short space of time. There existed no legislative protection for such services in a commercial radio market.

A handful of community radio services have held commercial licences over the years, but the vast majority of community broadcasters have either broadcast illegally or with temporary licences for up to one month at a time (Restricted Service Licences – RSLs). Cynics would argue that, with its promise of broadening choice and increasing opportunities, the 1990 Act was a deceptive piece of legislation that has, after all, led to increased concentration of ownership and a shrinking number of local radio formats.

The RSL scheme that has been in operation since the 1990 Broadcasting Act, has given a valuable opportunity to aspirant community broadcasters.

Although many RSLs have been operated by commercial concerns, others have been utilised by community groups and provided an important training ground and valuable broadcasting experience. While many community groups have struggled to operate even 28 day licences and are probably not in a position to take up full time licences, others have developed strong volunteer bases and attracted local Government and EU funding. These stations have proven their ability to operate effectively and provide an important community service in the short term. These are the stations likely to take up the newest challenge (opportunity) offered to them in the current changes in the legislation. A pilot scheme has now been supported by government and is in the planning stages. Here I will focus on the ways in which the ideas about how this sector should be funded have developed from the initial Green Paper in early 2000.

The Radio Authority initially proposed that community radio should not be allowed to take advertising revenue. They gave as justification the tradition in the UK of broadcasters competing for audiences, not for funding. They

proposed maintaining the licence fee funding for the BBC, advertising and sponsorship for commercial radio, and limiting non-profit broadcasters to charitable, lottery and government funding sources. An aspect of this that they proposed was the establishment of a 'Radio Fund' which would take money from the Treasury in the form of a share of national radio auction fees, and of commercial radio's national advertising revenue. The commercial radio industry did not react well to this last suggestion, some suggesting that a share of the BBC licence fee would be more appropriate rather than a 'tax' on their revenue. They were in agreement, however, with the suggestion that community radio would not be permitted to take advertising or sponsorship.

Furthermore, the Radio Authority suggested that the Radio Fund should not support recurring costs, but be used as seed corn funding. In this way it would be able to support a number of stations rather than a few, and those stations would have to find matched funding, preferably in the form of community support. Meanwhile the CMA argued for a viable economic model that included a community media fund. They rejected the commercial radio argument that they should not take advertising, citing RSLs who have built up relationships with local advertisers. In their view this was in line with public service objectives as it allowed stations to engage with and support local enterprise and economic development. Nor did they want to be overly dependent on advertising revenue, or any other single funding source.

The Radio Authority was asked by the government to consult with interested parties specifically on the issue of 'access' radio. They did this by holding a meeting in February of this year. Much of the debate centred on funding. Again the views of the commercial radio industry were aired as representatives from large radio groups argued that it would not be fair either to allow access radio stations to take advertising, or to tax their advertising revenue for the benefit of access radio. Apart from funding issues, commercial radio representatives supported the creation of the third tier. Community radio proponents argued that they should not be prohibited from taking commercial revenue. They further argued that the Radio Fund, however resourced, is an important part of the overall plan for access radio. My colleague (Eryl Price-Davies) and I presented our comparative study findings regarding funding. We

added that there was no evidence that RSLs in the UK had made any serious impact on commercial radio revenues, and the comparative study showed that this did not appear to be the case in any of the countries considered. The Irish example in particular demonstrated that advertising money coming into community radio was new money that would not otherwise have been spent on radio advertising, and, that advertising revenue itself was not likely to form a major part of the sectors income. In this light the commercial radio opposition to access radio taking advertising was seen as irrational, and based on no supporting evidence.

Following this consultation meeting the Radio Authority revised its recommendations to government. They now recommend a 'mixed funding solution' that would be supported both by public funds and by commercial activity. They suggest that spot advertising should not be allowed, preferring sponsorship with the proviso that this should be from *local* businesses. They further recommend that it may be advisable to place a ceiling on the percentage of income that can be generated by commercial activity – as in the French and Irish cases. They have been persuaded by the argument that access radio is unlikely to present real competition for the majority of local commercial services. For those commercial small-scale services that it might threaten, they recommend the option should be made available of converting to an access radio licence. For the Radio Fund they now suggest it would be unfair to draw funds from the advertising revenue of commercial radio if access stations themselves are able to generate sponsorship revenue. They suggest that funds should be channelled from the cash bids and qualifying revenue paid by national commercial stations. Additional revenue sources could be Central or Local Government funding, Lottery funding, Charitable foundations, Social funds, European funds and donations.

The RA is now preparing an experimental pilot for access radio. This follows the Governments support for the RA's recommendations. These developments in the UK come at an interesting time as new technologies threaten to supersede the more traditional community media. As this conference is concerned in part with new technology, I'd like to pose a series

of questions that I have written about elsewhere and that we will increasingly be forced to consider.

The first question is, now that we have reached a point where interactive multi-media are becoming globally significant, where new technologies offer unprecedented access and are slaves to no regulation, how will we redefine what is meant by the term community media? We (those working within the Creative Industries Research and Applications Centre) at QUT are actively reconceptualizing the relations between broadcast media and their publics/consumers as new interactive technologies take hold. We are asking what new forms of communities are emerging as community radio migrates to the net? What regulatory frameworks will be needed for such communities? In all of the countries I have talked about, 'community radio' is currently defined as subsidised and at least in part non-commercial: How may this definition need to change? These are, I believe, questions we would do well to consider as we construct new and adapt existing regulatory frameworks for what appear to be rapidly outdated media platforms, or at least rapidly outdated means of accessing them.

Community media is a prime site for the consideration of such questions. Most of the work concerned with reconceptualizing the public and/or audiences is done in the context of 'public service' media like the ABC and SBS. It may be even more interesting to think about such issues in the not-for-profit 'third sector' where voluntary commitment encourages experimental and innovative (as well as creatively entrepreneurial) practice. Innovative models of community may proliferate in a digital online environment because production costs are so much lower than in analogue broadcasting. So it may be that 'community media', an area that is currently understood as 'marginal' is in fact a place where important developments are happening (in web casting, streaming etc.), at least in the international context, with implications for the whole media industry.