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***Via email – [crsreview@acma.gov.au](mailto:crsreview@acma.gov.au)***

Dear Madam or Sir

**Review of the Commercial Radio Standards  
Submission by Australian Radio Network (ARN)**

Australian Radio Network welcomes the opportunity to respond to the Issues Paper on Commercial Radio Standards released by the ACMA in February 2010.

As the ACMA is aware, ARN is the largest radio network in Australasia, with some 12 commercial radio broadcasting services in Australia and over 110 commercial radio stations operating in New Zealand. It has drawn upon its extensive and diverse operational experience in making this submission.

ARN supports the submission made by the representative body for the Australian commercial radio sector, Commercial Radio Australia (**CRA**). The submissions set out below supplement those made by CRA.

**Executive Summary**

For the reasons set out in further detail below, ARN submits that:

- Care needs to be taken to ensure that unnecessary regulation is not imposed on commercial radio broadcasting licensees.
- Music-based formats do not usually attract the type of arrangements which gave rise to the “Cash for Comment” inquiry and the case for regulating them has not been made out.
- Furthermore, as the ACMA’s Issues Paper notes, audience concern about program genres apart from current affairs is low. This is because there are fundamental differences between current affairs and other types of programming.



- If “Cash for Comment” or similar regulation is retained, it should continue to be limited to current affairs programs.
- Even in relation to the current affairs genre, regulation should recognise that since 2000 there has been much greater acceptance of the Internet in Australia, and disclosure of “Cash for Comment” arrangements should now be required only by Internet.

## **Submission**

As the ACMA is aware, the ARN commercial radio licensees broadcast music-based formats. Those formats provide no real opportunity for the licensees or their announcing personnel to enter into arrangements of the kind which gave rise to the “Cash for Comment” Inquiry. As a result there have been no commercial agreements between ARN presenters and sponsors that are subject to the disclosure requirements set out in the Standards under review. This is the typical experience of commercial radio broadcasting licensees with music-based formats. It is worth noting that although the ACMA’s Register of Commercial Agreements includes a range of licensees, on a network basis there are eight networks represented on the register, several of which have talk-back based formats.

ARN submits that if the relevant Commercial Radio Standards are to continue, care should be taken to ensure that they operate appropriately. For example, ARN would be very concerned if the Standards were to be extended to music-based formats or programs where (to ARN’s knowledge) no “Cash for Comment” issues have arisen. In that regard the ACMA’s research indicates that a far higher proportion of listeners were sensitive to the distinction between advertising and other program content in current affairs programs than in other programs broadcast by commercial radio (Table 3 of the ACMA’s Issues Paper). Current affairs programs of their nature are seen as authoritative and fact-based, so the need to distinguish between material that is factual current affairs programming and paid opinion or comment supporting a sponsor’s product or service becomes more important than it is, for example, in music-based programming. Furthermore, music-based programming tends to have a sharp delineation between general programming and current affairs or other information, which is usually broadcast in clearly defined segments (such as news on the hour or half-hour). On the other hand talkback and current affairs programming tends to have news, information and commentary on issues of current importance spread throughout the program.

Furthermore, the underlying “drivers” of a music-based format are fundamentally different from a talkback or news and current affairs format. Firstly, the great majority of the announcer information imparted in a music-based format relates to the music itself and details regarding the artist being played (such as forthcoming CD releases, concerts and so forth). Listeners exercise a great deal of independent judgment in deciding whether or not they like a particular track or artist played on a music-based station. Secondly, when a music-based station plays music which is unpopular with its listeners, they switch very easily (often during the song), as there is a great deal of choice between music stations. Thirdly, music-based formats need to “cultivate” an audience through consistent adherence to a uniform programming strategy, which imposes a great deal of program discipline, as a result of which the commercial penalty in terms of lost audience, ratings and revenue far outweighs the audience “turnoff” created by any unscripted announcer comment for cash. This is unlike talkback and similar programs, which necessarily rely on spontaneity and therefore provide stronger opportunities for

the insertion of comment or other expressions of support on a paid basis without any audience deterrent.

The Issues Paper focuses on the example of a sports announcer with a sponsorship arrangement as an example of non-current affairs programming that might require regulation. However, the paper also notes at page 22 that there has not been a high level of complaints about such programs. This of itself suggests a lack of public concern requiring general regulation through a standard for non-current affairs programming. In those circumstances the introduction of a standard would be contrary to subsection 4(2) of the *Broadcasting Services Act*, by imposing unnecessary financial and administrative burdens on commercial radio broadcasting licensees.

For these reasons, ARN submits that the ACMA should not extend "Cash for Comment" regulation to other program genres. Furthermore, if the ACMA is minded to maintain a Disclosure Standard, it should continue to operate only in relation to current affairs programming.

ARN also submits that if a Disclosure Standard is maintained for news and current affairs programming, disclosure on the Internet alone is now adequate for that purpose. The use of the Internet in business and consumer contexts has greatly increased since the Commercial Radio Standards were made in 2000. Disclosure on the Internet now has far wider reach and currency than it did 10 years ago, when the Internet was a relatively immature medium. For example, between 1999 and 2007 broadband home connections increased from 16% to 64% of all Australian homes and have continued to increase. A great many Australians also have access to the Internet at work, as well as through public libraries, Internet cafes and other outlets. The greatly changed environment between 2000 and 2010 suggests that even if there is a continuing need for some form of disclosure obligation, it could be tailored to the Internet environment.

Thank you for the opportunity to make this submission.

If you have any queries regarding our submission please contact me on 02 88999916.

Yours sincerely

*John Hamilton*

**John Hamilton**  
**Chief Financial Officer**