SUBMISSION TO AUSTRALIAN COMMUNICATIONS AND MEDIA AUTHORITY
BY MACQUARIE REGIONAL RADIOWORKS

DRAFT VARIATION TO CHARLEVILLE RADIO LICENCE AREA PLAN
ACMA REFERENCE 2003/0477

Macquarie Regional Radioworks (MRR) owns and controls the 4ZR and the 4ROM commercial radio services in the Roma licence area, through its subsidiary licensee company Regional Broadcasters Australia Pty Limited (the 4ZR licensee).

On 29 June 2005, the ABA (now the Australian Communications and Media Authority or “ACMA”) released the Explanatory Paper: Draft Variation to the Licence Area Plan: Charleville Queensland dated June 2005 (Explanatory Paper). The ACMA has sought submissions in response to the following matters:

(a) a request by the licensee of 4VL to extend the Charleville licence area to include the township of Mitchell. Mitchell is in the Roma licence area, not the Charleville licence area; and

(b) a proposal to install an FM translator for the 4VL service at Mitchell airport (despite the fact that Mitchell is not in the Charleville licence area).

The submissions of MRR (and the 4ZR licensee) in response to these matters are set out below.

2. EXECUTIVE SUMMARY

MRR opposes any amendment of the licence area boundary of the Charleville licence area. The ACMA’s predecessor (the ABA) was correct in assuming that existing licence area boundaries represent accepted media markets, and that “licence area boundaries should not be varied without good reason”.

No good reason has been put forward by the 4VL licensee in support of its request to change the existing licence area boundary of the Charleville licence area.

Mitchell and the surrounding area is associated with Roma, not Charleville, and it makes no sense to include Mitchell in the Charleville licence area.

Further, contrary to the suggestion in the Explanatory Paper, this is not simply an issue of assessing “demand” for the 4VL service outside its licence area. Aside from the importance of preserving the integrity of licence area boundaries, the ACMA is obliged to have regard to all the matters in section 23 of the Broadcasting Services Act 1992 (BSA) when it is performing its
planning functions, not only perceived “demand”. In particular, the social, economic and demographic characteristics of the Roma licence area, and particularly the Mitchell area, also need to be taken into account by the ACMA when the 4VL licensee’s requests are being considered. MRR’s firm view is that a change to the Charleville licence area boundary would have a negative effect on the Mitchell community, as there simply is not enough radio advertising revenue available to support an additional competing commercial radio service in that area.

In this context, it must be noted that Mitchell is already served by the 4ZR service, and will be better served when the existing translator facility is upgraded (this is scheduled to occur shortly, as discussed below).

MRR also opposes the technical specifications proposed by the ACMA for the 4VL translator. These proposed technical specifications would allow 4VL to locate its translator outside its licence area, in 4ZR’s licence area. The ACMA’s proposed technical specifications would also authorise an overspill by 4VL into the Mitchell area. MRR considers that these elements of the proposed technical specifications are inappropriate, and MRR urges the ACMA to revisit them.

3. LICENCE AREA BOUNDARIES SHOULD NOT BE CHANGED

The 4ZR licensee (which is owned and controlled by MRR) provides the 4ZR commercial radio service in the Roma licence area. 4ZR is transmitted to Mitchell by an existing and operational translator service. The technical quality of the 4ZR translator service is scheduled to improve in the near future. An upgrade of the translator has been made possible through the “black spots” program administered by the Department of Communications, Information Technology and the Arts. A new antenna has been purchased and assembled, and will commence operation shortly (once transmission tower riggers have attended the site).

The Explanatory Paper states that the 4VL licensee (which serves the Charleville licence area) is seeking to expand its licence area boundary to include Mitchell. However, the Explanatory Paper does not explain why the 4VL licensee has made this request. MRR has assumed that the 4VL licensee wishes to seek advertising revenue from businesses in Mitchell who are presently served by MRR’s 4ZR service.

MRR is of the firm view that there is no reason for any changes to be made to the licence area boundary of either the Roma licence area or the Charleville licence area, and that it is not appropriate for the ACMA to create new “overlaps” between existing and established licence areas.

---

1 The 4ROM (HOT FM) service (which is a section 39 service) does not yet have a translator installed to serve Mitchell. However, the licensee may consider seeking additional “blackspots” funding (if available) in the future.
Further, were the ACMA to make such a change, this would be inconsistent with the planning assumptions relied upon by the ABA when it conducted the analog radio planning process under Part 3 of the BSA. In particular, the ABA’s *General Approach to Analog Planning* (September 2003) listed the assumptions made by the ABA when it planned licence areas, which included that:

The ABA assumes that the licence areas of existing broadcasting services bands commercial broadcasting services represent accepted media markets and the ABA will not vary them without good reason, other than to update them where boundaries are based on outdated Census collection districts.

No “good reason” to change the licence area boundary exists in the present circumstances. MRR confirms that the existing licence area boundaries do represent accepted media markets, and reflect the fact that the Mitchell area is associated with Roma, not Charleville. Some further information about this is set out below.

Mitchell is a small town\(^2\) located 87km to the west of Roma. Mitchell is part of the Maranoa region, and Roma is the “hub” of the Maranoa region (see the Maranoa Online website at http://www.maranoa.org.au, including the maps of the district).

Roma has a population of around 7,000 people, with amenities and shops that serve the surrounding Maranoa district, including Mitchell.

By contrast, Charleville is 178km to the west of Mitchell (ie almost 100km further away from Mitchell than Roma), and is a much smaller town centre than Roma. Charleville is not part of the Maranoa region.

Given that Roma is much closer to Mitchell than Charleville, and that Roma offers far more shops and amenities than Charleville, the people of Mitchell travel to Roma for their business, education and medical needs (ie for shops, schools and the hospital). For this reason they “associate” with Roma, not Charleville.

If people from Mitchell require the facilities of a town that is bigger than Roma, they travel further east to Toowoomba (which is regarded as the “gateway to the west”). It is a fair to state that people of Mitchell have no reason to travel west; instead they travel east and associate with communities to the east of Mitchell.

For all these reasons, Mitchell belongs in the Roma licence area. It makes no sense to include Mitchell in the Charleville licence area.

---

\(^2\) The Explanatory Paper notes that the Mitchell population is 1011 persons.
It is noted that the Explanatory Paper notes that there is "some likelihood" that extending the Charleville licence area to include Mitchell "would be of interest to residents", but that it is "unclear whether there is demand for the 4VL service in Mitchell". With respect, the ACMA needs to consider all the factors in section 23 of the BSA when it is exercising its planning functions under Part 3 of the BSA. In this context, it is crucial to consider the relevant social, economic and demographic characteristics of the Roma licence area (including the Mitchell area) and the impact that would be caused by a change in the boundaries of an adjoining market.

It must be emphasised that the Roma licence area has a very small population (15,062 people). It is understood that the population of Mitchell has remained at the same level for many years – there is no population growth to support new businesses that could potentially grow available advertising revenue. Like many rural towns, Mitchell and the surrounding area is surviving, but not thriving.

Therefore, changes to the licence area boundary of an adjoining market and other regulated increases in competition can be expected to have an immediate and negative impact on the provision of commercial radio services in the area.

4ZR has long been closely involved in its community, promoting local events on air and through the “infolink” section of its website (at http://www.4zr.com.au/), and ensuring that items of local interest are covered on air. It would be unfortunate if 4ZR needed to cut back on its community services and participation, but these are the kind of matters that would need to be seriously considered if 4ZR were to lose advertising revenue from Mitchell to a new competitor. MRR suggests that these should be relevant considerations in any ACMA assessment of “demand” for the 4VL service outside of its licence area.

Finally, in case the 4VL licensee has argued that its existing service is not “viable” without amendments to its licence area boundary, MRR wishes to note that this issue of viability should be a matter for the market to resolve, rather than a matter for regulatory intervention.

4. **4VL TRANSLATOR SHOULD BE LOCATED IN CHARLEVILLE LICENCE AREA**

The Explanatory Paper explains that:

- the 4VL licensee has applied to establish an FM translator for the 4VL service at Mitchell airport (despite the fact that Mitchell is not in the Charleville licence area);

- the 4VL licensee had originally sought technical specifications for the translator that included an omni-directional antenna pattern, and an ERP of 100 watts;
the ABA (as it then was) decided that an omni-directional antenna pattern would be unsuitable, as it would result in excessive overspill into Mitchell (i.e. covering 100% of the Mitchell population).

However, the ACMA has now proposed that an FM translator for the 4VL service may operate from Mitchell, but with a directional antenna pattern. The Explanatory Paper states that a directional antenna pattern would be “more suitable” as it would “minimise overspill into the Roma licence area to 184 persons” or 18% of the Mitchell population.

MRR has strong concerns about the proposed technical specifications that have been released by the ACMA.

First, MRR’s submission is that any translator for the 4VL service should be located in the Charleville licence area, not in the Roma licence area.

Second, MRR considers that the proposed level of overspill is still too high. As outlined above, the small licence area population of the Roma licence, including the small population of the Mitchell area, means that an increase in competition for listeners and advertising revenue (as a result of regulatory intervention) can be expected to have a negative impact on the provision of the 4ZR service.

For both these reasons, MRR urges the ACMA to consider the technical specifications for the 4VL service, and to maintain the integrity of the existing licence area boundaries. If the ACMA insists on planning a translator for the 4VL service, such translator must be restricted to the Charleville licence area, and not overspill into Mitchell.

Should you wish to discuss the matters raised in this submission, please call Rhys Holleran at Macquarie Regional Radioworks on 07 5591 5000.

Macquarie Regional Radioworks
14 July 2005