

The Auditor-General
Audit Report No.23 2001–2002
Performance Audit

Broadcasting Planning and Licensing

The Australian Broadcasting Authority

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of Australia 2001

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Canberra ACT
7 December 2001

Dear Madam President
Dear Mr Speaker

The Australian National Audit Office has undertaken a performance audit in the Australian Broadcasting Authority in accordance with the authority contained in the *Auditor-General Act 1997*. I present this report of this audit, and the accompanying brochure, to the Parliament. The report is titled *Broadcasting Planning and Licensing*.

Following its tabling in Parliament, the report will be placed on the Australian National Audit Office's Homepage—
<http://www.anao.gov.au>.

Yours sincerely



P. J. Barrett
Auditor-General

The Honourable the President of the Senate
The Honourable the Speaker of the House of Representatives
Parliament House
Canberra ACT

AUDITING FOR AUSTRALIA

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Abbreviations/Glossary

ABA	Australian Broadcasting Authority
ABC	Australian Broadcasting Corporation
ACA	Australian Communications Authority
AIMS	ABA Information Management System
ANAO	Australian National Audit Office
BPR	Business Process Review
BSA	<i>Broadcasting Services Act 1992</i>
Class	Class licences are not individually issued, but are a standing
Licence	authority for any operator to enter the market and provide a service, as long as the operator has access to service delivery capacity and abides by the conditions relevant to the particular category of class licence. Class licences cover: <ul style="list-style-type: none">a. subscription radio broadcasting services;b. subscription radio narrowcasting services;c. subscription television narrowcasting services;d. open narrowcasting radio services; ande. open narrowcasting television services.
Commercial Broadcasting Services	Commercial broadcasting services are privately owned free-to-air services operated for a profit
Community Broadcasting Services	Community broadcasting services are free-to-air services provided for community purposes by non profit groups
DCP	Digital Channel Plan
DOCITA	Department of Communications, Information Technology and the Arts
FAP	Frequency Allotment Plan
LAP	Licence Area Plan
MIS	Management Information System

National Broadcasting Services	National broadcasting services are free-to-air ABC, SBS, or Parliamentary News Network services
Open Narrowcasting Services (ONC)	Open narrowcasting services are free-to-air broadcasting services whose reception is limited: <ul style="list-style-type: none"> • by being targeted to special interest groups; or • by being intended only for limited locations, for example, arenas or business premises; or • by being provided during a limited period or to cover a special event; or • because they provide programs of limited appeal; or • for some other reason.
PBS	Portfolio Budget Statements
PCBL	Permanent Community Broadcasting Licence
RADCOM	ACA spectrum management database, also accessed by the ABA
SBS	Special Broadcasting Service
Solus market	A market where there is only one commercial station
Subscription broadcasting services	Subscription radio and television broadcasting services are services which broadcast programs of wide appeal that are provided to the general public on payment of subscription or program-based fees.
Subscription narrowcasting services	Subscription narrowcasting services are services directed at special interest groups or that are provided only in limited locations or during a limited period or to cover a special event or that provide programs of limited appeal. Reception is only available on payment of subscription or program based fees.
TCBL	Temporary Community Broadcasting Licence
UHF	Ultra High Frequency
VHF	Very High Frequency

Summary and Recommendations

Summary

Background

1. The Australian Broadcasting Authority (ABA) is the regulator for the broadcasting industry in Australia and began operations in October 1992. It plans the availability of segments of the broadcasting services bands used by radio and television for analog and digital broadcasting. It also licenses broadcasting and narrowcasting services¹ and has other functions, including regulation of the Internet.

2. The *Broadcasting Services Act 1992* (BSA) sets out a number of objectives for the ABA, including the desirability of program diversity, limits on concentration of ownership and foreign control of the mass media and the need for media to help foster an Australian cultural identity, report news fairly and respect community standards. The ABA is required to plan for the efficient use of the broadcasting services bands and to produce regulatory arrangements that are stable and predictable.

3. The ABA consists of a Chairperson, a Deputy Chairperson and up to five other Members appointed by the Minister for Communications, Information Technology and the Arts under the provisions of the BSA. The ABA had 148 staff at 30 June 2001; most are located in Sydney and about one third in Canberra. Budgeted expenditure in 2001–02 is about \$16 million. The ABA collected some \$210 million in 2000–01 from commercial broadcasting licence fees, in addition to raising about \$302 million at auctions during the year of new licences made available as a result of the planning of licence areas.

4. The Planning and Licensing Branch expends about one-third of the total ABA budget and comprised 58 staff at 30 June 2001. It plans all broadcasting services using radiofrequency spectrum for AM and FM radio and VHF and UHF television, by preparing licence area plans and digital channel plans, and renews and allocates licences for broadcasting services. About 2700 licences were on issue at 30 June 2001.

5. Priorities for the Australia-wide planning of licence areas were determined by the ABA in 1993. Although a timetable was set that envisaged completion by 30 June 1996, work is still underway with the original program now expected to be completed by December 2003.

¹ Narrowcasting services are services directed at special interest groups or that are provided only in limited locations or during a limited period or to cover a special event or that provide programs of limited appeal.

Audit objectives, scope and methodology

6. This audit was undertaken in response to a request by the House of Representatives Standing Committee on Communications, Transport and the Arts following a recommendation in its Inquiry into Radio Racing Services.² The objectives of the audit were to assess the ABA's management of licence area planning and the subsequent issue of broadcasting licences and to identify improved administrative practices, where possible. The audit also assessed accountability arrangements including transparency of the ABA's planning and licensing-related processes and sought to identify the main factors that have contributed to the delays to date in achieving the planning timetable.

7. The audit focused mainly on licence area planning and particularly on radio, while also covering licensing functions. Lessons learned from the analog planning process are generally applicable to the digital planning process, as the processes involved are similar. Aspects examined include planning, risk management and resourcing, as well as project management, monitoring and reporting issues.

Overall conclusion

8. Planning the broadcasting spectrum has been a large and resource intensive task spanning many years. The ABA has modified its approach over time in the light of experience gained. The ANAO concluded that a range of factors has contributed to delays in the planning of broadcasting licence areas. The objectives of the Broadcasting Services Act and the criteria specified in section 23 require the ABA to take a range of complex matters into account. However, it is within the ABA's discretion to determine to what extent such matters are considered. Complexity of the process is also exacerbated by competing interests and the commercial or community value of acquiring or delaying the allocation of a new broadcasting licence.

² The Committee recommended that: *The Minister for Communications, Information Technology and the Arts should request the Auditor-General to conduct a performance audit of the history, efficiency and effectiveness of the planning and allocation of radiofrequency spectrum by the Australian Broadcasting Authority.* (Recommendation No.2)

9. Although this audit has been conducted towards the end of the licence area planning cycle, there are several opportunities to improve the overall management of the ABA's planning and licensing functions that remain relevant to its current and future operations, including in the areas of:

- risk management;
- project management, including planning, resource allocation and monitoring;
- continuous improvement, including benchmarking; and
- reporting, accountability and transparency.

10. The ABA has already recognised that there is a number of areas requiring improvement and either has plans in place or has initiated action on several fronts, including:

- commissioning an ABA-wide Business Process Review;
- implementing its IT Infrastructure Upgrade project;
- improving the content and accessibility of its Internet webpages;
- upgrading its engineering planning tools;
- outsourcing some of its engineering planning tasks;
- improving its costing information, budget allocation processes and internal financial reporting; and
- developing performance indicators for its planning and licensing functions.

11. These are positive initiatives and the IT Infrastructure Upgrade project, in particular, has the potential to provide automatic collection of information that the ANAO considers is vital for good management of the ABA's planning and licensing functions.

Recommendations

12. The ANAO has made seven recommendations aimed at improving the ABA's management of broadcasting planning and licensing. The ABA has agreed with all recommendations.

ABA's response

13. The ABA welcomes the report, and, in particular, the acknowledgment it gives to the work the ABA has already undertaken towards improving its processes and systems.

14. In addition to the processes and systems referred to in the audit report as they relate to Planning and Licensing, it is opportune to reflect also on the interaction of those processes with a number of other wider business improvement and management initiatives introduced by the ABA as part of its broad management improvement program.

15. An important contribution to the overall system and quality improvement processes is the ABA's commitment to an integrated approach to business planning, performance management and monitoring systems and the development of audit compliance throughout the organisation. Further, the ABA is currently undertaking a review of priorities for its licence area planning and digital planning activities given that the analog planning priorities are nearing completion.

Key Findings

Strategic and operational planning

16. Formal corporate plans, branch business plans and section work plans that would assist with identifying priorities are relatively recent initiatives in the ABA and are improving with experience.

Strategic approach

17. The intention of the draft BSA was to plan for the maximum use of the available broadcasting spectrum and to make newly planned channels available through auctions, with any unsold channels being made available for other uses. However, the ABA's approach generally focuses on the planning of new services in a licence area only where one or more potential operators have expressed interest in providing a service, with limited consideration given to the level of audience interest in the provision of new services, which the ABA finds is a difficult matter to assess. Accordingly, all spectrum is not always identified for allocation to the fullest extent possible. The ABA could improve public awareness of its approach, including by publishing details of services which have been planned and not taken up, as well as where there is known to be spectrum still available in an area.

Risk management

18. The Planning and Licensing Branch has adopted an informal approach to risk management. Accordingly, the ANAO found there was little to demonstrate that risk management has been appropriately applied. In general, the ABA has traditionally tended to display a legalistic and risk averse culture to the Licence Area Planning (LAP) process, which can contribute to delays, although there has been improvements in this regard over the last couple of years. The ANAO found that although some risks were identified, this was not undertaken in a systematic manner and had limited effectiveness because other important steps in the risk management cycle were not applied.

19. Preparing risk assessment plans at the Branch and section level, supplemented by the consideration of risks for individual LAP, Digital Channel Plan (DCP) and licence allocation exercises in future, will strengthen the ABA's approach and assist it to save time and resources, by tailoring processes on a case-by-case basis to eliminate steps that do not add value.

Budgeting, costing and resource allocation

20. Resourcing within the ABA has been based on historical allocations. Limited data are available to enable informed management decision-making. It is likely that this has contributed to delays in completing the LAP timetable, particularly by not matching resources to workloads. The ABA advised that it is addressing this situation through its IT Infrastructure Upgrade Project, Business Process Review and New Budget Process.

21. Setting budgets and collecting information to monitor the actual costs of producing each LAP, DCP or licence allocation would facilitate judgements about value for money and the efficiency of planning and licensing operations. Knowledge of the time and cost for these activities could be used to benchmark and improve processes and compare with alternative options, such as outsourcing.

Staffing

22. Additional funding of \$3.9 million provided the opportunity to recruit to a higher skill profile at natural attrition points, upgrade the level of existing positions to provide for more expert staff to manage and plan within the Branch, provide for support to the planning activities and further explore outsourcing options. In all this has not resulted in an observable increase in Branch staff numbers, rather a move to a different staff profile. Although the ABA advised that the Branch has had difficulty in recruiting staff over the years, especially engineers, outsourcing of significant aspects of broadcasting planning work did not commence until early 2001. The ANAO considers that a much earlier adoption of outsourcing some LAP work may have alleviated some of the delays in the timetable.

Implementation

Project management

23. The nature of the LAP, DCP and licensing processes mean that these activities are well suited to a project management approach. However, the ANAO found a general absence of sound planning at the individual project level, which has contributed to poor estimation of timeframes and the overall elapsed period from the start of the LAP to the delivery of a new service to audiences of about five years. Some steps have been taken in this direction in recent years, however, much more is still to be done. In particular, more attention could be given to identifying the critical path for each project and ensuring there is parallel,

rather than sequential, conduct of tasks, wherever practicable. Although the process meets internally set targets for the elapsed time to issue licences, the overall duration of LAP and licensing activities could also be improved through better project planning and monitoring of appropriate milestones, which would assist in reducing the often long gaps observed by the ANAO between the completion of one activity or stage of a project and commencement of the next.

24. Action to address any perceived shortcomings in the project management skills of staff involved in spectrum planning functions and their access to appropriate project management software tools would be beneficial in developing a stronger capability to manage future tasks. Staff should also be encouraged to apply the relevant skills and tools.

Documentation

25. Completion and updating of procedure manuals where appropriate will be fundamental in providing a common approach to the various tasks undertaken by the Branch, which has had a staff turnover exceeding 20 per cent in each of the last two years. Transparency of the engineering processes could be improved by also publishing an overview for interested stakeholders. There are indications of some overservicing or the performance of more work than actually required in the past, which has contributed to the overall duration of licence area planning. Improved procedural documentation together with better planning and monitoring of activities will address this situation. The ABA advised that some steps have already been taken in this direction, such as the creation of a new 'Engineering and Information Services' section, one of the roles of which is to improve such documentation in the engineering area.

26. More attention could also be given to the content and presentation of public material produced by the ABA, such as the discussion papers accompanying Draft LAPs, to ensure such documents are appropriately concise, relevant and user-friendly.

Monitoring

27. Monitoring the progress of LAPs and licence allocations has improved over the last 12–15 months with the introduction of ABA-wide weekly management reports supporting the monthly external reports to the Minister and Department. Previously, internal reporting was mostly informal. Quarterly reporting by each Branch to the ABA's Corporate Finance and Administration Committee from early 2001 has also strengthened the monitoring, reporting and accountability arrangements.

28. At present much of the data for monitoring and reporting on Branch functions is either not collected or is manually compiled. The ABA has recognised that it needs to be a more data-driven organisation and has plans in place through its IT Infrastructure Upgrade project to automate the collection and improve the range and quality of its management information.

Continuous improvement

29. The ABA considers that a culture of continuous improvement exists in the Branch, but also acknowledges the absence of a formal and systematic approach. The ANAO noted a number of instances where revised approaches to various aspects of broadcasting planning and licensing processes have been adopted over the years. However, it suggests that mechanisms should be put in place for encouraging the regular and widespread dissemination of knowledge and adoption of better practices.

Benchmarking

30. The ABA has not undertaken any internal or external benchmarking of its LAP and licensing activities to date. Without good benchmarking data, which does not have to be expensive, it is likely that the ABA will continue to have difficulties in improving its processes to achieve its timetables. Adoption of a staged approach starting with internal benchmarking has been recommended.

Complaints handling

31. The level of complaints made to the ABA about broadcasting planning and licensing matters, including in relation to delays in the timetable, can provide a good indicator of the quality of Branch processes. However, centralised records of complaints were not held, preventing ABA and ANAO analyses. The ABA did advise, however, that few written complaints are received in relation to such matters.

Legal compliance

32. No instances of non-compliance with the provisions of the BSA were detected during this audit.

Reporting

Performance targets

33. Existing performance targets for the Planning and Licensing Branch are limited and under-developed, a point acknowledged by the ABA. Rudimentary targets exist for some aspects, but overall, there are few time measures and no cost, quality and productivity measures. The ABA advised that it is improving its performance indicators.

External reporting and accountability

34. ABA Annual Report coverage of broadcasting planning and licensing matters could more clearly and succinctly provide the information necessary to judge performance. For example, there is little trend information and no context for assessing achievements against the planning timetable. Transparency and accountability would also be improved by the inclusion of a brief discussion on challenges, risks and strategies, along with explanations for any delays, both within and outside the ABA's control, where applicable.

35. Adopting a more pro-active and public approach to disseminating information on the timetable would also aid transparency. The ANAO also found that there are numerous complexities for the public at present in tracing a locality to the relevant LAP, zone, region or priority group, for example, by using town name or postcode. The ABA has recognised that its website can be improved in a range of areas and has a project under way to address this. It advised that the LAP planning timetable will be posted on its website, with a complete list of LAPs identified and that it is looking at including a map-based search facility, for public information access by location.

Stakeholder input

36. The ABA has conducted some informal and limited stakeholder surveys in the past. However, to obtain more structured input the ANAO has suggested that appropriate surveys be designed and conducted at regular intervals, covering the different categories of ABA stakeholders, including broadcasting service providers, Parliamentarians, ABA staff and television and radio viewers/listeners. Accountability and transparency would also be improved by publishing summarised results of such surveys.

37. In discussions with representatives of various stakeholder groups as part of this audit, the ANAO noted that there is a general consensus within industry that although timeliness has been disappointing, the quality of the Final LAPs produced is high and the right outcomes are usually achieved in decisions made on the merit-based allocations of community broadcasting licences.

Recommendations

Set out below are the ANAO's recommendations aimed at improving the ABA's management of broadcasting spectrum planning and licensing. Report paragraph references and abbreviated ABA responses are also included. More detailed responses are shown in the body of the report. The ANAO considers that the ABA should give priority to 1, 2 and 7.

**Recommendation No.1
Para. 2.14** The ANAO recommends that the ABA adopt a more formal, systematic, and transparent approach to the management of risks within the Planning and Licensing Branch, and that consideration be given to enhancing staff skills in the application of risk management techniques.

ABA response: Agreed.

**Recommendation No.2
Para. 2.40** The ANAO recommends that, in order to improve efficiency and timeliness of its planning and licensing functions, the ABA:

- adopt a structured project management approach for future spectrum planning and licence allocation exercises and ensure that a sufficiently detailed plan is prepared to guide and manage each discrete project conducted by the Planning and Licensing Branch; and
- assess the adequacy of project management skills and availability of appropriate project management software tools in the Planning and Licensing Branch.

ABA response: Agreed.

**Recommendation No.3
Para. 2.48** The ANAO recommends that, in order to improve consistency and to provide adequate guidance to staff, the Planning and Licensing Branch document its radio and television planning procedures and put systems in place to ensure that procedure manuals are kept up to date.

ABA response: Agreed.

**Recommendation No.4
Para. 2.55** The ANAO recommends that, in order to institutionalise ongoing improvement of its business processes, the ABA examine mechanisms for strengthening the inculcation of a continuous improvement culture in the Branch, including by adopting a more formal and systematic approach to identifying and adopting better practices.

ABA response: Agreed.

**Recommendation No.5
Para. 2.60** The ANAO recommends that, in order to stimulate ongoing and systematic improvements to its business processes, the Planning and Licensing Branch develop its capacity to benchmark its operations by, for example, initially collecting data to enable internal benchmarking and, over time and as proficiency develops, progressing to external benchmarking with selected comparable organisations or processes.

ABA response: Agreed.

**Recommendation No.6
Para. 2.78** The ANAO recommends that, in order to improve the efficiency, accountability, transparency and equity of its operations, the ABA give a higher priority to, and set a firm timetable for, identifying and adopting improved performance indicators.

ABA response: Agreed.

**Recommendation No.7
Para. 2.89** The ANAO recommends that, to improve transparency as part of its accountability obligations, the ABA:

- publish timetables for the work conducted by Planning and Licensing Branch, both on the Internet and in *ABA Update* magazine; and
- provide more comprehensive information about Planning and Licensing Branch performance in ABA Annual Reports.

ABA response: Agreed.

Audit Findings and Conclusions

1. Introduction

This chapter provides background information about the ABA and the various processes involved in planning licence areas and issuing broadcasting licences. It also outlines the objectives and methodology of the audit and structure of this report.

Background

1.1 The ABA is the regulator for the broadcasting industry in Australia.³ The ABA was established by the *Broadcasting Services Act 1992* (BSA) and began operations in October 1992, when it took over the function of planning new broadcasting services from the then Department of Transport and Communications.

1.2 The ABA plans the availability of segments of the broadcasting services bands (the radiofrequency spectrum used by AM and FM radio and VHF and UHF television) for analog and digital broadcasting. It can allocate, renew, suspend and cancel broadcasting licences and collect any fees payable for those licences. It also allocates pay TV licences and administers the class licence regime for subscription radio broadcasting and open and subscription narrowcasting services. In addition it has other functions, including regulation of the Internet.

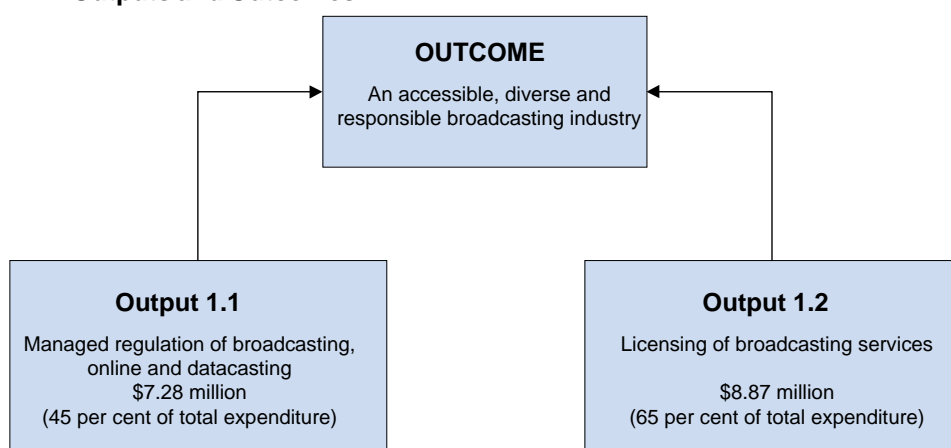
1.3 The BSA defines the role of the regulatory authority, gives the ABA a range of powers and functions, and sets out explicit policy objectives. The objectives include the desirability of program diversity, limits on concentration of ownership and foreign control of the mass media and the need for the broadcasting media to help foster an Australian cultural identity, report news fairly and respect community standards. The ABA is required to plan for the efficient use of the broadcasting services bands and to produce regulatory arrangements that are stable and predictable. The ABA consists of a Chairperson, Deputy Chairperson, one full-time member and four part-time members. There are also two associate members. At 30 June 2001, the ABA had 148 staff, 103 in Sydney and 45 in Canberra. The ABA's organisation structure is shown at Appendix 1.

³ Australia's commercial broadcasting industry had an estimated annual turnover of about \$4 billion in 1999–2000, comprising Commercial TV \$3271 million and Commercial radio \$737 million. Revenues of the ABC and SBS were about \$924 million and the Community radio sector about \$30 million.

1.4 The revenue collected by the ABA from commercial broadcasting licence fees was some \$210 million in 2000–01. In addition, about \$302 million was raised at auctions during the year of new licences made available as a result of the Licence Area Planning process.⁴

1.5 The ABA’s budgeted expenditure in 2001–02 is just over \$16 million. The 2001–02 Portfolio Budget Statements show one outcome for the ABA with two outputs (see Figure 1). The ANAO estimates that some \$70 million has been attributed to the planning and licensing functions covered under Output 1.2 since the inception of the ABA in 1992.

Figure 1
ABA Outputs and Outcomes



Source: 2001–02 Portfolio Budget Statements, Communications, Information Technology and the Arts Portfolio.

1.6 For the purpose of exercising its powers and functions under the BSA, the Authority is obliged to take account of:

- the objects of the BSA and the regulatory policy set out in the Act;
- any general policies of the Government notified to the ABA by the Minister;
- any directions given to the ABA by the Minister; and
- Australia’s obligations under the CER Trade in Services Protocol.

⁴ However, not all of this revenue was received in the year ended 30 June 2001 because some licences were not allocated as at year-end.

Objects of the BSA

- (a) to promote the availability to audiences throughout Australia of a diverse range of radio and television services offering entertainment, education and information; and
- (b) to provide a regulatory environment that will facilitate the development of a broadcasting industry in Australia that is efficient, competitive and responsive to audience needs; and
- (c) to encourage diversity in control of the more influential broadcasting services; and
- (d) to ensure that Australians have effective control of the more influential broadcasting services; and
- (e) to promote the role of broadcasting services in developing and reflecting a sense of Australian identity, character and cultural diversity; and
- (f) to promote the provision of high quality and innovative programming by providers of broadcasting services; and
- (g) to encourage providers of commercial and community broadcasting services to be responsive to the need for a fair and accurate coverage of matters of public interest and for an appropriate coverage of matters of local significance; and
- (h) to encourage providers of broadcasting services to respect community standards in the provision of program material; and
- (i) to encourage the provision of means for addressing complaints about broadcasting services; and
- (j) to ensure that providers of broadcasting services place a high priority on the protection of children from exposure to program material which may be harmful to them; and
- (k) to provide a means for addressing complaints about certain Internet content; and
- (l) to restrict access to certain Internet content that is likely to cause offence to a reasonable adult; and
- (m) to protect children from exposure to Internet content that is unsuitable for children.

1.7 The Explanatory Memorandum to the *Broadcasting Services Bill 1992* says:

The purpose of these objects is to set out clearly the outcomes Parliament wishes to see in the regulation of broadcasting, to assist with the formulation of decisions consistent with the policy enshrined in the Act, and to guide the ongoing administration and enforcement of the Act. It is important to note that the objects are not set out in any order of priority; in other words the relative importance of an object may be determined by the issue being considered at the time—that relative importance could vary from time to time.

It is recognised that there are tensions between the objects. It is intended that the ABA, in the exercise of its regulatory powers, should have regard to the competing objectives, drawing on its ability to assess community views and needs, and to monitor developments in the broadcasting industry. It is expected that the relative importance of each object may vary over time, and vary in relation to different functions and powers of the ABA.

1.8 The ANAO acknowledges that balancing the competing objectives of the BSA during the licence area planning process presents challenges for the ABA. The ABA argues, for example, that objectives seeking the promotion of the availability of a diverse range of radio and television services to audiences, and the development of a competitive broadcasting industry, reflect an emphasis on the introduction of new services. In contrast, the objectives of promoting high quality and innovative programming may be seen as limiting the introduction of new commercial services, particularly in small markets. New commercial licences represent a significant investment for licensees, who may target the same audience segments as existing stations in the licence area if this is considered to be the most profitable format, resulting in little, or no, increase in the diversity of programming choice for audiences. The objective of encouraging appropriate coverage of matters of local significance may also be seen to be at risk by the expansion of services in a small market, where station revenue falls as the market revenue ‘pie’ is cut into more (or thinner) slices when it is shared among more participants, resulting in more centralised network programming and less local coverage.

1.9 The ABA is not required to consider the commercial viability of proposed services; a significant change from the previous legislative regime. However, in determining the number of new services, the ABA does consider whether or not all of the commercial services to be available within a particular market are capable of being operated at a profit.⁵

⁵ Based on legal advice obtained by the ABA from JJ Spigelman QC dated 1 December 1994.

1.10 The Gilbert and Tobin report found that:

The planning process as exemplified in the Exposure Draft Bill operated within a policy framework of maximising open competition and facilitating the entry of new services into the market, after Ministerial reservation of community services. The process enacted in the BSA did not. The absence of a maximum use directive in the final legislation (which had been a feature of the Exposure Draft Bill) radically altered the nature of the planning scheme established by the BSA, creating a less coherent statutory framework for the process, and leading to consequential uncertainties in other provisions.⁶

1.11 The intention of the BSA was to free up entry into the broadcasting market and speed up the introduction of new services.⁷ This has been affected by the ABA's conduct of the planning process, which in turn has been driven by the legislation as finally enacted and the ABA's interpretations prevailing from time to time of the requirements of the BSA. The specific factors the ABA is required to take into account in the planning process leave scope for various interpretations and thereby for vested interests to lobby and to initiate legal action to restrict the availability of new spectrum.

Planning and Licensing

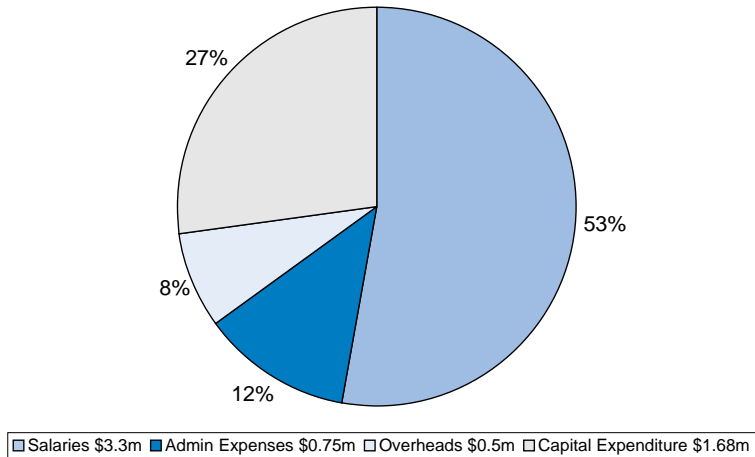
1.12 Expenditure by the Planning and Licensing Branch was \$4.85 million in 2000–01, representing about one-third of the total ABA budget. Figure 2 shows the components of the Branch's 2001–02 budget, which has increased to \$6.2 million. The Branch comprises the Radio Planning Section, the Television Planning Section, the Engineering and Information Services Section and the Branch Support Section, all located in Canberra (45 staff, including 12 engineers) and the Licensing Section, located in Sydney (13 staff). Based on staffing allocations, the Branch estimated that during 2001–02 it will expend about 25 per cent of its budget on radio planning, 45 per cent on TV planning and 30 per cent on Licensing.

⁶ Gilbert and Tobin Lawyers, Review of Broadcasting Planning and Licensing, May 1997, p. 18.

⁷ In the second reading speech the BSA was described as ... *a sleek greyhound of legislation*. House Hansard 25 June 1992, p. 4009.

Figure 2

Planning and Licensing Branch Budget 2001–02



Source: ABA data

Note: The 2001–02 budget includes a one-off amount of \$1.68 million for upgrading the ABA's engineering planning tools.

1.13 In order to meet the statutory deadline of 1 January 2001 for the commencement of Digital Terrestrial Television Broadcasting in Australia, the ABA diverted resources from its radio and analog TV planning to digital TV planning. To assist the ABA in the digital television planning task and the resumption of concurrent analog planning, the Government allocated an additional \$3.91 million over four years from 1999–2000 (offset by increased commercial broadcasting licence fees).

Licence allocation

1.14 The ABA allocates a number of different types of broadcasting licences under the BSA, including:

- commercial television and radio broadcasting licences;
- community radio broadcasting licences;
- temporary community radio licences;
- subscription television broadcasting licences;
- open and subscription narrowcasting licences; and
- international broadcasting licences.

1.15 Table 1 shows the number of licences on issue at 30 June 2001.

Table 1
Number of licences on issue at 30 June 2001

<i>Licence Type</i>	<i>Number</i>
Commercial television licences	48
Commercial radio licences ^a	266
Community radio licences ^b	286
Remote Aboriginal community television licences	80
Open narrowcasting licences ^c	182
Subscription television licences ^d	1824
International broadcasting licences	10

^a Does not necessarily reflect number of services operating, as some licences have been issued but a service is yet to commence. Includes 11 licences not using the broadcasting services bands.

^b Includes all ex-BRACS (Broadcasting in Remote Aboriginal Communities) radio licences.

^c Only includes licences allocated by the ABA under the Radiocommunications Act after being planned in licence area plans.

^d For those subscription TV services using the radiofrequency spectrum, an apparatus (transmitter) licence is also required. The ABA has also issued two satellite licences, with a third licence issued by the then Minister in 1994.

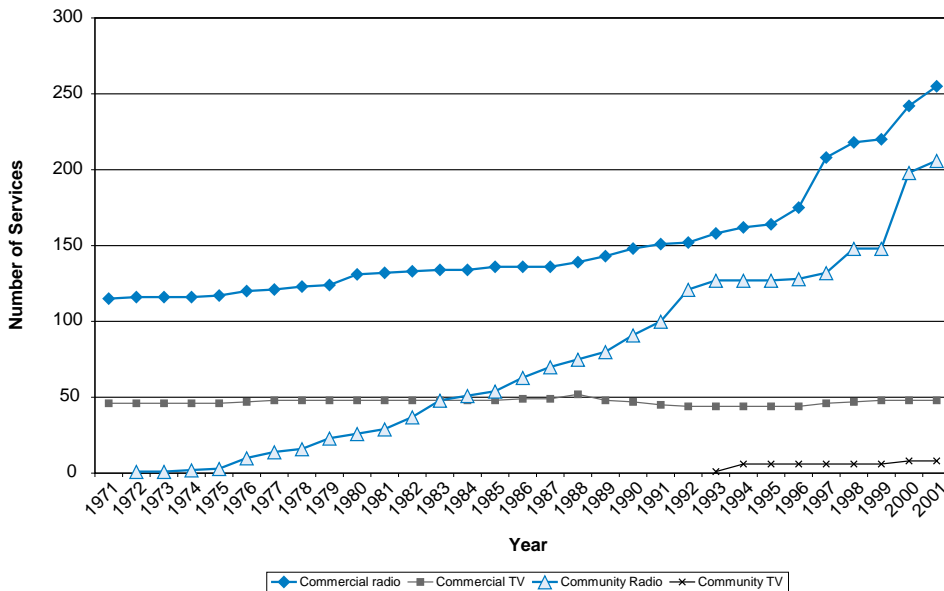
Source: ABA

1.16 The national broadcasters (ABC and SBS) are established under their own legislation and are not licensed by the ABA. However, the ABA plans the channels allocated to these services, reserves channels for the national broadcasters in specified areas when formally directed by the Minister, and takes into account the national broadcasters' services when planning new commercial and community services in a licence area.

1.17 Figure 3 shows the expansion in the number of broadcasting services in operation over the last three decades. Initially after the ABA commenced operations, some licences were allocated under carryover provisions from the previous legislative scheme. The first new commercial radio and community radio licences issued by the ABA under the new planning arrangements were allocated in April and September 1996 respectively. The numbers of commercial radio and community radio services have increased by around 45 per cent and 60 per cent respectively since 30 June 1996.⁸

⁸ Over the last five years there has been an increase of 80 commercial and 75 community services. Most of the commercial licences were issued outside the LAP process under section 39, which allows an additional licence to be issued to existing licensees in solus markets under certain conditions.

Figure 3
Number of Broadcasting Services in operation 1971–2001



Source: ABA data

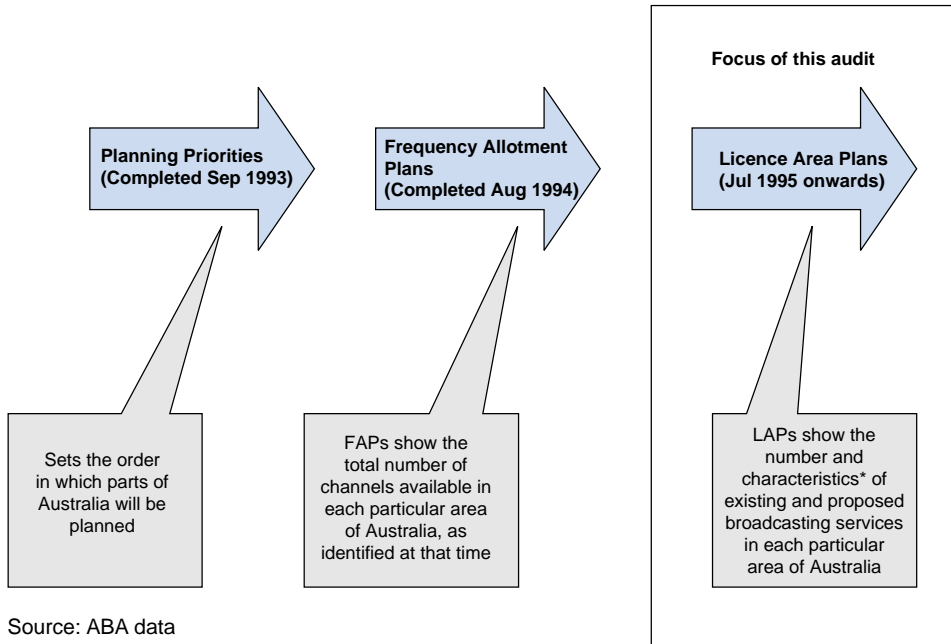
Note: 80 radio and 80 TV ex-BRACS services in operation since 1982 not shown.

Three stage spectrum planning process

1.18 The BSA requires the ABA to promote the objects of the Act, including the economic and efficient use of the radiofrequency spectrum for broadcasting. It specifies a three stage planning process, with mandatory provision for wide public consultation at each stage⁹ (see Figure 4).

⁹ Section 27 of the BSA requires the ABA to make provision for ‘wide public consultation’ in performing its functions relating to:

- determining the Planning Priorities (under section 24);
- preparation of the FAP (under section 25); and
- preparation of LAPs (under section 26).

Figure 4**Outline of the broadcasting spectrum planning process****ABA Three Stage Broadcasting Spectrum Planning Process**

Planning Priorities

1.19 In 1993, as part of the Planning Priorities process, the ABA divided Australia into 22 television zones and 23 radio zones (see Appendix 2).¹¹ It then allocated each of these planning zones into one of five priority groups, with Group 1 zones having the highest priority.¹² This comprised 14 zones covering remote and sparsely settled areas which had a relative lack of broadcasting services compared to the more populated areas. Metropolitan areas were placed in Group 4. Group 5 included regional

¹⁰ The characteristics of services shown in LAPs include the technical specifications such as the channel (broadcasting frequency), antenna height, maximum transmission power, radiation pattern and nominal transmitter site. Licensees have some flexibility to site a transmitter elsewhere than at the nominal transmitter site, provided the technical specifications of the service are met.

¹¹ In general, the TV zones were based on existing commercial TV licence areas inherited from the previous planning regime and the radio zones were aggregates of the existing commercial radio licence areas. Wherever possible, commercial radio licence areas which substantially overlapped each other were included in the same zone.

¹² Section 24 of the BSA requires the ABA to determine priorities between particular parts of Australia and between different parts of the broadcasting services bands. The Explanatory Memorandum recognised that planning resources are inevitably limited and indicated that highest priority would be given to areas of greatest social and economic need.

areas of Victoria. The number of zones in each priority group and the number of licence areas within each zone varies.¹³ Appendix 3 lists the licence areas alphabetically within each priority group. Table 2 shows the original timetable set for completion of each priority group. As discussed later in this report, however, progress in planning the priority groups has taken much longer than expected. This raises issues about the care with which those initial estimates were determined, as well as the time taken to complete the LAPs.

Table 2

Original Planning Completion Timetable (determined by ABA in September 1993)

Priority Group 1	1 st half 1994
Priority Group 2	2 nd half 1994
Priority Group 3	1 st half 1995
Priority Group 4	2 nd half 1995
Priority Group 5	1 st half 1996

Source: ABA Planning Priorities, p. 53.

1.20 In its publications the ABA states that it has interpreted the provisions of the BSA to restrict the start of planning for the next priority group until it has completed all LAPs for the previous priority group, although within a priority group the particular zones or areas can be planned in any order. In practice, however, planning work on the next group has commenced before the previous group has been finalised and all Final LAPs have been released strictly within priority group order.

Varying the Planning Priorities

1.21 From time to time frustrated aspirants and other interested stakeholders have questioned the need for rigid application of the Planning Priorities, with a view to enabling planning to proceed in a different order, especially as the process has been taking much longer than initially envisaged.¹⁴ In July 1993, the ABA received legal advice that it can amend the established priorities, provided it undertakes wide public consultation on any proposed changes.¹⁵ However, the ABA

¹³ The ABA has 106 commercial radio licence areas and 27 commercial TV licence areas. Most community radio licence areas are either the same or smaller than the relevant commercial radio licence area.

¹⁴ For example, there was pressure to bring forward the planning of the Group 4 metropolitan markets. There was also Parliamentary interest in the timing of planning for some Group 5 markets, particularly in Regional Victoria.

¹⁵ Section 24 (2) provides that the ABA can vary the priorities by notice in writing.

considered that amending the priorities and the resultant wide public consultation would add further to the delays already being experienced and could also result in potentially affected parties initiating legal challenges.

1.22 In determining the Planning Priorities the ABA considered whether it was feasible to plan certain towns first that warranted a high priority, but decided that:

... the interrelated issues of channel availability in nearby towns and interference issues extending into licence overlap areas made it untenable to plan such small areas.¹⁶

1.23 The impracticalities of planning small areas in isolation from surrounding areas is the rationale for why the ABA has adhered to planning based on the established groups, zones and licence areas and has not been able to be as responsive to requests for the earlier planning of particular services (from lower priority groups) over the years as it would have wished.

Frequency Allotment Plan

1.24 The 1994 Frequency Allotment Plan (FAP) identified the channel capacity to be planned for all broadcasting services and outlined the known Ministerial Reservations¹⁷ for national and community broadcasting services. In effect it was a stocktake of existing services and anticipated requirements, designed to ensure that the remaining unallocated spectrum was distributed fairly on an Australia-wide basis according to certain principles. It has been varied as required to reflect subsequent decisions as various LAPs have been completed,¹⁸ but to date a consolidated listing incorporating all changes has not been published. While it outlines the number of services, the FAP does not show the specific frequencies for those channels. The FAP serves as the starting point for LAPs.

¹⁶ Planning Priorities, p. 24.

¹⁷ Under section 31, the Minister may reserve capacity for national and community broadcasting services.

¹⁸ Variations to the FAP are published in the Gazette.

Licence Area Planning

1.25 The primary purpose of licence area planning is to make additional broadcasting services available in an area. Licence area planning is often a complex and iterative process. In planning each licence area, the ABA determines whether any new services should be planned and, if so, the number and types of services (such as national, commercial, community or narrowcasting).¹⁹ Subject to the availability of spectrum, these are largely administrative processes. Coupled with these decisions is a technical planning process to determine where any new services should operate and the technical characteristics of those services. This is largely an engineering process that seeks to identify channels to be made available in an area while minimising interference between services and overspill beyond the boundaries of the licence area. It entails examination of a complex interaction of broadcasting frequency, transmission power, antenna height, radiation pattern and terrain, both within the licence area and surrounding areas.

1.26 The technical specifications in a Licence Area Plan (LAP) provide the performance envelope within which transmitters must operate. At the end of the process new services are licensed and the successful licensees then undertake the detailed planning of their services to meet these specifications, taking into account the ABA's published Technical Planning Guidelines.

¹⁹ In planning new services the ABA will generally have regard to:

- the likelihood that making an additional commercial service available for allocation in an area will increase the number of services of that type serving the area;
- whether or not any additional services would offer wide coverage comparable to existing services; and
- the likely impact of any increase in the number of services on the coverage of matters of local significance.

The ABA gives preference to wide coverage services rather than a low powered service addressing only a fraction of the population served by the existing licensee(s) as this reduces the opportunity for entrepreneurs to only provide a service to the more commercially lucrative areas within a licence area at the expense of the quality of services enjoyed in other parts of the licence area.

The section 23 criteria²⁰

In performing its planning functions the ABA is required under the BSA to have regard to:

- a) demographics; and
- b) social and economic characteristics within the licence area, within neighbouring licence areas and within Australia generally; and
- c) the number of existing broadcasting services and the demand for new broadcasting services within the licence area, within neighbouring licence areas and within Australia generally; and
- d) developments in technology; and
- e) technical restraints relating to the delivery or reception of broadcasting services; and
- f) the demand for radiofrequency spectrum for services other than broadcasting services; and
- g) such other matters as the ABA considers relevant.

1.27 The Explanatory Memorandum provides little guidance on the interpretation and application of these criteria or the resolution of any inconsistencies between them.

1.28 The ABA has adopted a LAP administrative process involving essentially three main stages, designed to ensure there is adequate opportunity for wide public consultation:

1. Release of an Information Booklet;
2. Release of the Draft LAP and Discussion Paper; and
3. Release of the Final LAP.

1.29 Appendix 4 provides an overview of the administrative and engineering steps in the LAP process.

1.30 The ABA assumes, when planning the technical characteristics of services, that all communities with a population of 200 people or more are entitled to expect a service from a broadcaster that is licensed to provide one. The ABA makes channel capacity available but cannot fund or compel others to fund additional broadcasting services, or improve the reception of existing broadcasting services, in a licence area.

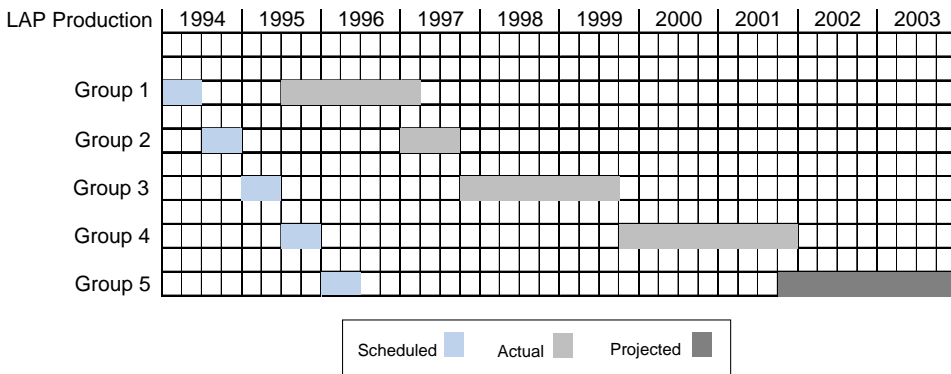
²⁰ The relative weight given to each of the matters in s.23 is a question of judgement for the ABA.

Current status of licence area planning

1.31 At the time of preparing this audit report, the ABA had just finalised Group 4 and work was underway on Group 5. At 15 October 2001, 98 of an expected 126 Final LAPs had been completed and Draft LAPs had been released for all 20 remaining radio markets.²¹ In addition, 24 LAP Variations had also been finalised, with another nine released as Draft Variations (see Appendix 3). The ABA expects to complete radio planning by the end of 2001 and analog and digital TV planning by the end of 2003.²² It advised, however, that TV LAPs have been deliberately given a low priority while digital TV and analog black spots work is being progressed. It also considers that because of the 'three to a market' rule in the BSA,²³ there is little benefit from their completion. Figure 5 shows the original timetable and the actual (or projected) completion date for each Group. The ABA considers that its estimation of the times taken to complete LAPs and other projects have improved over time, but also acknowledges that the original timetable was not well thought through and proved to be unrealistic.

Figure 5

ABA Production of Final LAPs by Priority Group



Note: Actual refers to the date of release of the first and last LAP within each group

Source: ABA data

²¹ Group 5 contains nine TV markets for which the ABA expects to commence planning in 2002.

²² Note, however, that digital TV planning was not part of the original timetable.

²³ Section 28 of the BSA states that the ABA must not, after 25 June 1998, allocate any new commercial TV broadcasting licences in any licence area before 31 December 2006 (prior to June 1998 there was a similar provision). However, section 28 does not apply to sections 38A and 38B, which make provision for the ABA to allocate licences in single and two-station markets. Hence the prohibition is against more than three commercial TV broadcasting licences in any one market. This has come to be known as the 'three to a market' rule. As licences can be allocated under s.38A and 38B outside the LAP process, there is no point in planning for services in any TV LAP while these provisions apply.

Broadcasting planning to continue

1.32 Planning will not be completed when the last LAP for Group 5 is released at the end of 2003. In effect, the ABA will have only completed the first round of a longer-term process, and will need to renew its planning activity in relation to the provision of new services in areas where there is spare spectrum capacity. In this regard, there is a number of requests for LAP variations that have arisen over the past four or five years for which action has been deferred by ABA planning staff, pending completion of Group 5. The ABA intends to commence collating and prioritising these requests by the end of December 2001.²⁴ It also advised that, to feed into this process, it has commenced an analysis of community awareness of community broadcasting and those communities where there are no community broadcasting services available, or services have been planned and not taken up.

Allocation of licences

1.33 Once new services to be made available are identified under the planning process, the purpose of the licensing process is to determine who will operate that service.²⁵ Community broadcasting licences are allocated on a merit-based selection system and the ABA may conduct public hearings where the number of applicant groups exceeds the number of licences available for allocation. On the other hand, commercial licences are auctioned to the highest bidder (see Figure 6), as are narrowcasting licences. If there is only one applicant for a new commercial broadcasting licence it is made available upon payment of the 'reserve' price determined by the ABA. Commercial and community licences are renewed every five years.

1.34 Under section 31 of the BSA, those parts of the broadcasting services bands, which are not currently in use, may be allocated to other users for periods determined by the ABA.²⁶ However, the ABA interprets the BSA to prevent the issue of any new permanent licences in an area until such time as the LAP for that area has been completed.²⁷ In licence areas where licence allocation is delayed there is continued opportunity for aspirant broadcasting groups to conduct temporary transmissions.

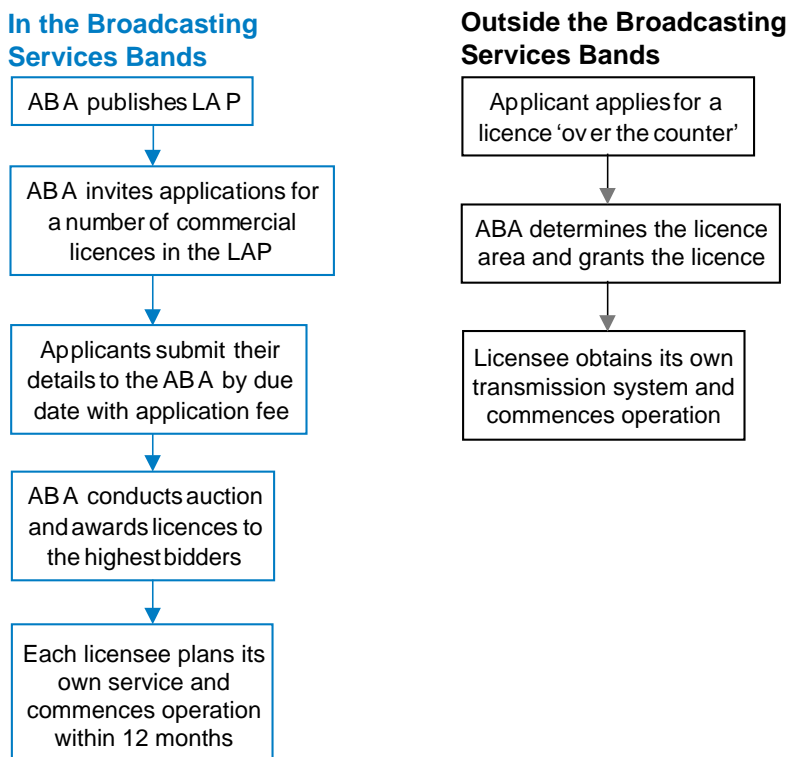
²⁴ Up to the time of the audit, the ABA had issued 19 Variations for radio LAPs which it has assessed to be 'essential'.

²⁵ New licensees are allowed 12 months from the date of issue of the licence to commence broadcasting, unless the ABA grants an extension.

²⁶ For example, for temporary community broadcasting services under section 34 of the BSA.

²⁷ Other than where commercial licences are issued under s.39 in solus markets.

Figure 6
ABA process for licensing commercial services



Source: ABA

Duration of LAP and licence processes

1.35 The original timetable indicated that the completion of each group of LAPs would take six months, implying a target of six months or less for the completion of individual LAPs within each group. However, the median elapsed time from start to finish of LAPs is almost three years and ranges from just under two years to 4.6 years. The median elapsed time from release of a LAP to allocation of a commercial licence is about 10 months, whereas the current ABA target is 12 months and has been met by the ABA in 78 per cent of cases. Allocation of community licences has taken a median elapsed time of about 13 months, whereas the current target is two years and has been achieved in 87 per cent of cases.

1.36 In accordance with the BSA, the ABA routinely allows a period of up to one year for new licensees to commence broadcasting, the overall elapsed period from the start of the LAP to delivery of a new service to audiences is about five years.

Advice to the Minister on timetable

1.37 When the original timetable was published in the 1993 Planning Priorities it was preceded by the statement that:

The planning process has been designed to be completed in a very short time frame. It is envisaged that all the LAPs (Australia wide) will be completed by the end of the first half of 1996. Consequently the planning work will be conducted expeditiously in order that new services may commence as soon as possible in each area of Australia.

1.38 In July 1994, the then Chairman responded to the then Minister's concerns about perceived delays in licensing of new services. The advice assured that action was underway to bring the process back onto timetable by June of the next year, (ie 1995) to recover the planning timetable of completion of LAPs for all areas by June 1996.

1.39 In July 1997, the Minister again wrote to the ABA about delays in the planning process. The then Chairman of the ABA replied in August 1997 that the ABA was continuing to meet its latest target dates for finalising the LAPs and expected to complete the planning process for all markets in the five priority groups by the end of 1999.

1.40 In March 2000, the ABA advised the Department of Communications, Information Technology and the Arts that analog Group 5 television planning would be completed by the end of 2001. As stated above, the current target is the end of 2003. The ABA advised that this change was due to priority being given to digital TV planning, analog black spots planning and because there is little benefit from completing such LAPs. In May 2000, the ABA advised the Minister that analog radio planning for Group 5 was on target for completion by mid-2001. The current target is now the end of 2001. The ABA advised that this change was due to the receipt of a larger number of submissions than expected, as well as the raising of more complex issues than anticipated. It added that the pressures on this planning have also been compounded by notification to the ABA of a large number of possible Ministerial reservations. In mid-2000, the Minister required that regular (weekly) meetings be held between the ABA and the Department, and also that formal monthly reports be provided covering, inter alia, progress in completing the LAP, DCP and licensing programs. The ABA considers that, other than the changes described in this paragraph, expected timeframes committed to over the last few years have largely been met.

Parliamentary and other relevant reviews

1.41 There have been several relevant reviews conducted that were taken into consideration by the ANAO, including:

- Department of Communications and the Arts—Review of the Planning of Broadcasting Services, June 1996. (Not released to the public);
- Gilbert and Tobin Lawyers—Review of Broadcasting Planning and Licensing, May 1997;
- Productivity Commission—Broadcasting Inquiry Report, March 2000;
- House of Representatives Standing Committee on Communications, Transport and the Arts—Inquiry Report on Radio Racing Services, June 2000; and
- House of Representatives Standing Committee on Communications, Transport and the Arts—Regional Radio Inquiry, September 2001.

Recent ABA initiatives

1.42 The ANAO also took into consideration two major and related initiatives by the ABA, which are discussed below.

IT Infrastructure Upgrade Project

1.43 In May 2000, the ABA recognised that its approach to software support for its business needs has been piecemeal, relying on several different Access databases of varying quality. As a consequence, the Board decided to upgrade the ABA's management information systems. The objectives of the project are to supply a one-stop data entry and data retrieval facility to provide better internal management information and a better quality of service to ABA clients. Final implementation of the ABA Information Management System (AIMS) is scheduled to take place by March 2002, at an estimated cost of \$1.6 million.

ABA Business Process Review

1.44 The ABA conducted a Business Process Review (BPR) as part of the IT Infrastructure Upgrade Project. The final report was released in September 2000. The objective was to review the ABA's processes to ensure that AIMS is designed to optimise and maximise the benefits to the ABA.

1.45 The BPR Report found that of the many processes:

In most cases the procedures are not well defined and (staff) have few tools to support the activities of the process. The success of the process relies on the considerable knowledge, skills and commitment of staff.

As a result, the duties of the ABA are carried out, but with significant effort. Information to support the tasks of the ABA is often hard to obtain and sometimes unreliable. The ABA staff appear to be spending considerable effort on support tasks, rather than their main task, eg looking for information, filing, copying, etc.

1.46 In other words, the BPR found that the ABA could work smarter. It also found that there is very little structured data in the ABA and that in many cases, the integrity of the data that is available is questionable. There is also duplication, for example, submissions data is entered into TRIM (the records management system) and the same data is also entered into RADCOM. In addition, it found that there is little measurement available in the ABA, making it difficult for the ABA to know how well it is performing and which areas require improvement. As indicated above, the report also commented that a significant amount of staff effort was spent on non-core activities.

1.47 The ANAO considers that the commissioning of the BPR was a positive initiative.

Audit objectives, scope and focus

1.48 This audit was undertaken in response to a request by the House of Representatives Standing Committee on Communications, Transport and the Arts following a recommendation in its Inquiry into Radio Racing Services. The objectives of the audit were to assess the ABA's management of Licence Area Planning and the subsequent issue of broadcasting licences; and to identify improved administrative practices, where possible. In the context of the audit objectives, the audit also assessed the accountability arrangements and the transparency of the ABA's planning and licensing related processes. The audit also sought to identify the main factors that have contributed to delays in the LAP and licensing processes.

1.49 The audit focused on the analog planning and licensing functions, concentrating on radio. Only a light coverage was given to work associated with the ABA's involvement in the introduction of digital broadcasting for television, in order to minimise disruption to this aspect of the ABA's work. It is expected that any lessons learned from the analog planning process would be generally applicable to digital, as the processes involved are similar. The audit did not cover the ABA's roles in relation to the Internet and issues relating to broadcasting content were also beyond the scope of this audit.

1.50 The Australian Communications Authority (ACA) is responsible for the overall planning for, use of and sale of radiofrequency spectrum and has assigned part of the radiofrequency spectrum to the ABA for management (essentially the AM/FM radio bands and the VHF/UHF television bands). This audit did not cover ACA responsibilities, other than those assigned to the ABA.

Audit approach and methodology

1.51 The audit methodology included:

- review of international publications relevant to planning for and issuing licences, focussing particularly on radio and television;
- discussions with ABA staff and selected stakeholder representatives, including Secretariats of Parliamentary Committees, DOCITA, and industry peak bodies;
- examination of relevant files and other records, including procedures manuals, previous review reports, complaints files, statistics and performance indicators;
- examination of procedures and computer systems supporting the planning and licensing processes;
- review of the management cycle in respect of the planning and licensing functions, including the adequacy of internal and external reporting arrangements;
- documentation and analyses of processes, including times taken to perform key steps for planning and licensing tasks;
- examination of the extent that risk management is incorporated into the ABA's broadcasting planning and licensing operations; and
- selective testing of various aspects of the planning and licensing functions, including compliance with legislative requirements.

1.52 The audit commenced in late April 2001 and was conducted in accordance with ANAO auditing standards at a cost to the ANAO of \$155 000.

Structure of report

1.53 Chapter 2 discusses audit findings on the management of the LAP and licence allocation processes. Analysis of the times taken to complete various stages of the LAP and licensing processes are included at Appendices 5 to 8.

2. Management of Broadcasting Planning and Licensing Processes

This chapter discusses the ABA's management of the licence area planning and licence allocation processes within the context of the traditional management cycle of planning, budgeting, implementation, monitoring, and reporting. Performance information is the vital link between the various elements of the management cycle and, accordingly, the state of development of the ABA performance indicators and targets is also discussed. The extent that ABA practices reflect the adoption of good practices from relevant management disciplines such as project management, risk management, benchmarking and continuous improvement is also examined, along with some of the identifiable reasons for delays in achieving the LAP timetable.

Strategic and operational planning

Introduction

2.1 Planning the broadcasting spectrum is a multimillion-dollar program extending over many years. It is therefore essential for the ABA to have an appropriate and integrated planning framework to effectively deploy staff and other resources to achieve its business goals, including timeframes. The various planning documents that collectively comprise the ABA's suite of plans were reviewed by the ANAO in relation to their coverage of Planning and Licensing Branch functions. The audit did not assess the process for developing these plans nor assess their effectiveness.

Strategic planning

2.2 Although the ABA commenced operations in 1992, its first corporate plan was issued in 1996. This plan makes no reference to the Licence Area Plan (LAP) timetable, which is surprising especially given the significant resources devoted to the LAP function and the high level of public and Parliamentary interest. The current corporate plan covers the 1999–2003 period and refers to completion of all LAPs by no later than 2002. However, inclusion of year-by-year targets would also have been useful in focussing attention on the stages towards completion of the whole LAP program. Overall, these plans convey little about the respective priorities of the ABA that could underpin resource allocation decisions.

2.3 The Planning and Licensing Branch issued its first business plan covering the 1999–2000 year and has produced new plans annually since then. ABA Annual Reports in the early to mid-1990s indicated that branch operational plans were prepared, but copies could not be located for review by the ANAO. The branch business plans refer to timetables set out in separate Radio, Television and Licensing section annual work plans.

2.4 The ANAO considers that the successive corporate plans and branch business plans have steadily improved, although as indicated in this and other sections of this report, there remains scope to continue in this direction.

Strategic approach

2.5 The intention of the draft BSA was to plan for the maximum use of the available broadcasting spectrum and to make newly planned channels available through auctions, with any unsold channels being made available for other uses.²⁸ The ABA's approach generally focuses on the planning of new services where one or more potential operators have expressed interest. It has given limited consideration to the level of audience interest in the provision of new services, which it finds is a difficult matter to assess. It has relied on public submissions or its own knowledge in this regard where such information has been available and has, for example, occasionally planned community services where there is no group ready to undertake broadcasts. Accordingly, all spectrum is not always identified for allocation to the fullest extent possible. This is on the basis that there is little point putting extensive resources into planning services which will not be provided. It would be useful for the ABA to publish details of services which have been planned and not taken up, as well as where there is known to be spectrum still available in an area. In this regard, the ANAO also supports the thrust of the Committee's recommendation that the ABA determine the level of community satisfaction with the services provided in each licence area.²⁹

²⁸ Including temporary transmissions by aspirant broadcasters.

²⁹ House of Representatives Standing Committee on Communications, Transport and the Arts, Inquiry into Regional Radio, September 2001, Recommendation No.9.

2.6 The ABA's approach evolved as it found it was taking much longer than expected to plan the spectrum. An influencing factor was that in the past the ABA has planned narrowcasting services where organisations have indicated they wished to supply services, however, when these licences were made available they were not always taken up.³⁰ As indicated above, however, such an occurrence was not unanticipated by the drafters of the BSA and these channels remain available for other uses.

2.7 By focussing on potential suppliers, the ABA's approach to ascertaining the demand for new broadcasting services means that it does not systematically identify consumers' interests in having additional services available in a licence area, in effect adopting the rationale that there is no point planning services in some areas if there is no one willing to supply them.

Operational planning

2.8 It is not entirely clear when formal section work plans commenced in the Branch. No copies were located of the annual work plans for the TV and Radio sections (referred to in the branch business plans). The ABA advised that electronic copies of section work plans were overwritten when updated and hardcopies were not retained. The earliest plan sighted by the ANAO was dated 14 April 2000 and covered the Radio section, but did not include all the tasks scheduled from the start of the year. ANAO considered this plan was fairly rudimentary, indicating a number of tasks were then behind schedule, but without showing the revised completion dates. The ANAO observed, however, that there has been varying but overall improvement in the level of detail included in the current Radio, TV and Licensing section work plans, compared to those few earlier plans where copies had been retained.

2.9 The ANAO suggests that hardcopies of successive work plans be filed as a permanent record. The ABA acknowledged that a better paper trail was needed and has instructed section heads to establish business planning files to keep progressive copies of section plans and records of other management issues and decisions.

³⁰ In particular, some State TABs requested a number of services be made available for radio racing which they then failed to apply for when the licences were advertised. Many of these were not taken up by other providers and remain available for issue when the market is willing to provide a service. At the time of the audit there were 60 ONC licences available where there were no applicants or the applicant withdrew before the licence was issued. There are also a number of community licences available.

Risk management

2.10 Risk management is the systematic application of management policies, procedures and practices to the tasks of identifying, analysing, assessing, treating and monitoring risks. The advantage of managing risks in the LAP and licensing processes is that it facilitates the completion of tasks, such as production of LAPs and allocation of licences, using the minimum resources required and in the shortest possible timeframe. The ANAO found little evidence demonstrating the application of risk management within the Branch. In general, the ABA has traditionally tended to display a legalistic and risk averse culture, which can contribute to delays,³¹ although there has been improvements in this regard over the last couple of years.

2.11 The ABA advised that risk management is undertaken in an informal way within the Branch; for example, areas where there is contention or where there are sensitivities are identified early in the process. Risk management is a powerful tool that enables the tailoring of processes in line with the risks to save time and resources. However, without a proper risk assessment identifying all the credible risks relating to the work of the Branch, and their likelihood and consequences, and addressing them in a structured and managed way, there is a danger that this may represent risky management. ANAO noted that although some risks were identified, there was usually no accompanying analysis of the likelihood and consequences of those risks, no assessment of the acceptable level of risk, no indications of the treatments to be applied and over what timeframe, and no statement of the residual risk.

2.12 As an example of the ABA's application of risk management, the ANAO noted the decision taken with the commencement of the Group 5 LAPs that, in view of the lower risk of legal challenges, the Legal section would not routinely check each LAP. The ANAO suggested to the ABA that, with a robust risk management approach, a reduction in the involvement of legal staff could have occurred on a case-by-case basis in earlier planning rounds. The ABA advised that Group 4 LAPs were assessed as having a high risk of legal challenge, which proved to be accurate, but agreed that in some of the earlier LAPs in Groups 1 to 3, a less risk-averse and more streamlined approach could have been taken.

³¹ The Gilbert and Tobin report also commented that the ABA's apparent avoidance of risks of legal challenges had contributed to delays.

2.13 In view of the timetable slippages, the ANAO considers that there is a need for a more rigorous application of all the steps in the risk management cycle. The ABA should consider the advantages of documenting a risk management plan for each section within the Branch. Risk management would also be strengthened if risk assessments were conducted for each LAP, DCP and licence allocation exercise undertaken in future. Time and resources could also be saved by tailoring processes to eliminate any steps that do not add value to the process on a case by case basis. The use of SWOT analysis (Strengths, Weaknesses, Opportunities and Threats) may be a useful risk assessment tool. Consideration should also be given to enhancing the risk management skills of Branch staff, where applicable.

Recommendation No.1

2.14 The ANAO recommends that the ABA adopt a more formal, systematic, and transparent approach to the management of risks within the Planning and Licensing Branch, and that consideration be given to enhancing staff skills in the application of risk management techniques.

ABA response

2.15 Agreed. The ABA is implementing a business planning and business case management approach across the agency to complement the existing audit based management techniques approach. This will lead to a more transparent approach to the management of risks across a range of corporate and business activities. In addition, in relation to Planning and Licensing, risk management techniques will be given a high priority in the Branch's professional development plan.

Budgeting, costing and resource allocation

2.16 The efficient, effective and accountable delivery of one or more multi-million dollar programs over a number of years requires that there is an effective process in place to allocate resources in line with workloads. This requires an appropriate methodology to identify the costs of the resources involved. Adequate resources are required in terms of the right number of people with the right mix of skills, supported by the necessary tools and funding for administrative and other items, such as travel. Sound planning processes need to be in place, backed by accurate, timely and relevant information, to ensure that staff and resources at all organisational levels are best deployed to achieve the organisation's goals, efficiently and effectively.

2.17 Until recently, budgeting and resource allocation within the ABA have occurred on a historical basis, with each Branch receiving the same proportion of the total ABA budget as at the commencement of the ABA in 1992, adjusted for any additional funding obtained since then through approved New Policy Proposals. The ABA has recognised that it has had limited data to enable informed decision-making across the Authority and has initiated actions to address this, including its IT Infrastructure Upgrade Project, Business Process Review and New Budget Process.

2.18 The ABA advised that its New Budget Process, which is being implemented in a staged manner, allows the ABA to change the way it historically allocated funds as well as being able to move from internal cash budgeting and accounting to a full accrual model. The resourcing of discretionary activities (referred to within the ABA as business cases) is a key objective, and is to be supported by a new end-of-month financial reporting to the Board which will allow it to make decisions about redirecting resources as opportunities and funds allow.

2.19 The ANAO has not audited the ABA's internal budget setting process and is not in a position to assess the relative priorities of the many functions undertaken by the ABA. The ABA unsuccessfully sought additional Budget funding in 1994–95 and 1995–96, but it is not apparent that the ABA has given active and ongoing consideration to re-allocating staffing resources from other functions or areas to build up the LAP teams in response to the difficulties in meeting the timetable. The ANAO concluded that it is likely the inflexible internal budget allocation processes in the ABA have contributed to delays in completing the LAP timetable.

2.20 The ANAO sought to ascertain the costs of producing LAPs, but found that information is not collected on the costs of this function or the various other activities performed by the Branch. Given that the ABA has been producing LAPs for several years now, the ANAO expected that the ABA would know, or be able to provide a reliable estimate of, the costs involved. From 2000–01 the Branch Business Plan has included estimates, prepared by the Managers of each section, of the staff time to be spent on various types of tasks,³² however, there is no system in place to record the actual time expended on each activity. Knowledge of the time and cost for LAP activities could be used to benchmark and improve processes and compare with alternative options, such as outsourcing.

³² But not the costs of individual LAPs or licence allocations.

2.21 If managers do not identify and prioritise the major tasks to be undertaken and budget for the time and cost involved in each activity then planning is likely to be poor, increasing the risk of delays in achieving the timetable. Over the years Branch planning staff have conducted, and continue to conduct, a wide range of non-LAP activities, which obviously has affected completion of the timetable. More detailed planning, enabling clearer quantification of the resource implications before committing to various tasks, would assist in making better-informed decisions. Providing greater transparency about the relative priorities of tasks, for example, by assigning priority rankings to tasks in the Branch Business Plans and section work plans, is also suggested. Plans and priorities should also be regularly revised to reflect new information.

2.22 The ABA stated that estimating the cost of producing each LAP is not easy, especially given the flexible way it uses staffing within the Branch. It also stated that it finds it hard to take account of the many different non-LAP activities undertaken, such as issuing re-transmission licences for self-help groups to provide additional commercial television services in their communities, approval of out of area transmission of commercial and community broadcasting services where the local service signal is not adequate, and briefings to the Minister. The ABA also advised that costs have not been a consideration in the LAP process except in the context of considering outsourcing from about 1999.

2.23 Until the ABA has a better knowledge of its costs and the time spent on activities undertaken it cannot make fully informed judgements about resource allocations and the efficiency of its operations and processes. The accuracy of the resource allocation process is questionable without the collection or estimation of unit cost data. Determining the appropriate method to collect and determine cost data requires careful analysis of the nature of an organisation's operations. Some public sector entities have found Activity Based Costing to be a suitable solution. ANAO suggests that the ABA consider the costs and benefits of capturing details of the time staff spend on various activities. If a continuous staff time recording system is not a viable option, the ABA could consider taking a regular snapshot of time spent on various activities. The ABA should identify and explore various options for collecting this data in a cost-effective manner.

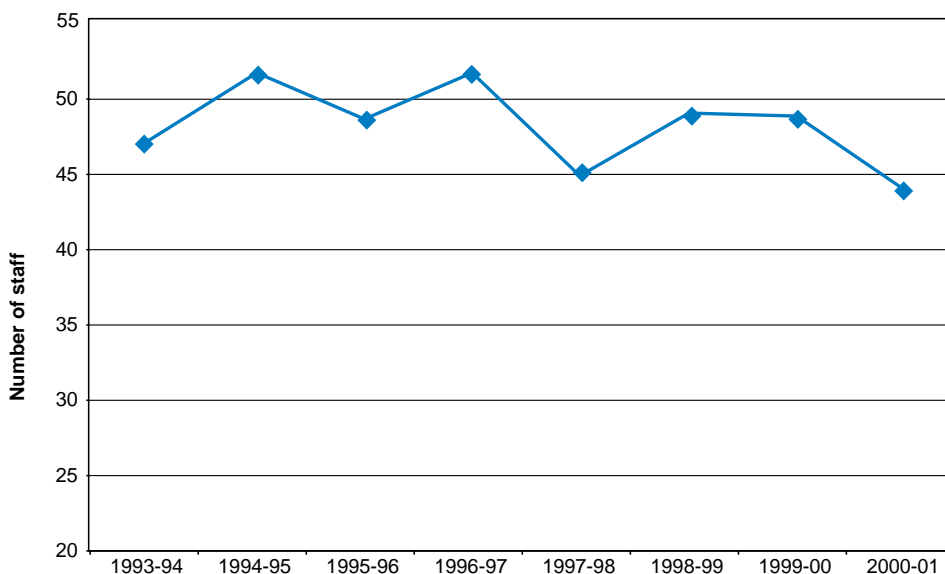
Staffing levels

2.24 The ANAO examined the staff resources applied within the Planning and Licensing Branch. Figure 7 shows the level of fluctuation in the number of Branch staff over the past eight years. The Government's additional funding for Digital planning, which commenced with \$0.5 million in early 1999, has not resulted in an observable increase in Branch staff numbers.

2.25 The ABA advised that it took some time to complete the recruitment process and that action was not initiated as early as might have been expected because the Branch took a conservative approach pending certainty of ongoing funding. It also advised that much of the additional funding was used to upgrade the levels of existing positions so that the Branch had higher level and more skilled staff. In addition, recruitment action, especially for engineering staff, has not always been as successful as the Branch anticipated, mainly because the ABA claims it has not been able to compete with salaries in non-public sector organisations. The ABA considers that it has recruited sufficient skilled staff as well as outsourced some work in recent years with the result that recent timeframes have been able to be met, despite the large distraction of analogue black spots planning.

Figure 7

Planning Branch staff numbers 1993–94 to 2000–01



Source: ABA data

Note: Excludes Branch Head and Licensing staff.³³

³³ There were 15 staff in the Licensing section at 30 June 1997, 13 at 30 June 1998, 12 at 30 June 1999 and 13 at 30 June 2000 and 2001.

2.26 Given the difficulties the Branch has experienced in recruiting additional staff, the ANAO examined whether the Branch had thoroughly explored other options, such as the use of overtime and outsourcing. Some \$5400 and \$9800 was expended on overtime in 1999–2000 and 2000–01 respectively. This represents no more than about 0.3 per cent of the Branch’s annual salaries budget. Notwithstanding the relatively low figures, the ABA advised that overtime is used extensively by its engineers, particularly in the radio planning team, to perform various non-LAP tasks so that they are free to undertake LAP work during normal working hours.

2.27 The ABA advised that the Branch considered outsourcing some of the technical work on the Adelaide LAP in 1999 but assessed at that time that the work could be done more quickly in-house. Around mid-2000 the Minister’s close examination of the Branch’s priorities put outsourcing on the agenda again as a possible option for assisting in completing priority work within identified timeframes. Quotes obtained in May 2000 for outsourcing the Queensland Digital Channel Plan (DCP) were considered unacceptable by the ABA, because of the proposed cost and timeframe. However, in June 2001, the ABA engaged a consultant to undertake some of the engineering work for the South Coast of NSW DCP. In early 2001, the ABA entered into contracts that, for the first time, saw the outsourcing of engineering work on LAPs, covering the Group 5 radio markets. The ANAO considers that a much earlier adoption of outsourcing components of the LAP work may have alleviated some of the delays in the timetable.

Implementation

2.28 A project is any unit of work that has a start, has a finish, has deliverables, contributes to corporate goals and has resources that need to be managed. The ANAO considers that licence area planning is, in effect, a large project (planning the spectrum for the whole of Australia across the five priority groups), comprising a series of smaller projects (the individual LAPs within each group). Each LAP involves a series of discrete but interconnected tasks and is therefore also amenable to a project management approach, as is each licence allocation. In this context the ANAO examined the ABA’s processes for project managing LAPs and licences.

Project planning and management

2.29 Good project management requires that there are clear objectives and deliverables for the project, that time and cost budgets and appropriate milestones are set at the commencement of the task and that progress is monitored and reported, with corrective action taken when the project is not progressing as planned. Staff involved in the project need to possess the right mix of skills and have access to the necessary tools and training, not only to undertake the technical work of the project, but also to effectively manage it to completion.

2.30 The ANAO found that the ABA did not adopt a structured project management approach and that many of the elements of good project management were not evident in the LAP process. LAPs tended to be managed as a group, rather than individually; however, there was no documented project plan, either for each group, or for individual LAPs. In this absence, there was little to evidence that the ABA had set clear objectives for each LAP; identified all the component tasks required to be performed; identified who was to undertake each task; established the duration of each task and the start and finish dates; identified the critical path; and appropriately scheduled tasks to maximise available resources and minimise the overall duration of each LAP. While the ABA's efforts with respect to project management have improved over the last couple of years, there are still many improvements to be made.

2.31 The ANAO also noted there was scope for greater use of milestones, going beyond the setting of completion dates of Draft and Final LAPs. The use and reporting of milestones in licence allocations, for example, was more prevalent than for LAPs. With an appropriate milestones system the ABA could assess at any time the percentage of tasks completed for each LAP, DCP, or other planning project in progress. Setting and monitoring milestones also helps in providing an early warning so that corrective action can be initiated when the task is not progressing according to plan.

2.32 In examining the LAP and licence allocation processes, the ANAO observed that, in practice, the various actions required are predominantly carried out in a sequential manner, often with gaps between completion of one task or action and commencement of the next. This has contributed to the total elapsed time taken to complete LAPs and allocate licences (see Appendices 5–8) and suggests that there would be benefits to the ABA in examining the scope for more parallel processing of activities.

Such a task will require good documentation of existing practices and the identification of the critical path for each process using project management techniques. Long periods between the initiation of the process (such as the release of an Information Booklet) and commencement of the next phase (leading to the release of the draft LAP) can be perceived by the public as poor management and scheduling of tasks. Likewise, the ANAO noted that there were often delays between the release of Final LAPs and initiation of the licence allocation process through the advertising of licences available for allocation.

2.33 The ABA acknowledged that, in retrospect, Information Booklets should not have been released in circumstances where the ABA was not going to have the time to proceed with the draft and final LAPs in a timely manner thereafter.

Project management skills

2.34 The ANAO did not seek to assess the level of project management skills in the Branch but did note that many current staff members have not received relevant project management training. Some introductory level training was provided to planning staff in mid-1998. The ABA should consider strategies to address any shortcomings in the project management skills of staff involved in spectrum planning functions, including the provision of targeted refresher or more advanced training, where appropriate.

Project management tools

2.35 Having the right tools available facilitates the efficient completion of the tasks to be undertaken. While simple projects can be planned without tools, the need for project management tools rises with increases in such factors as the complexity, duration, number and inter-relationship of component tasks and the number of staff and/or contractors involved in the project. The ANAO noted that the use of project management software within the Branch was limited and relatively recent. The nature of the LAP and licensing processes suggests that there would be benefits from a more consistent and widespread application of these tools. In conjunction with reviewing the adequacy of project management skills, the ABA should consider the costs and benefits of enabling wider access for staff to appropriate project management software. Staff should also be encouraged to apply relevant skills and tools.

Engineering planning tools

2.36 Technical and administrative data relating to the planning and licensing of broadcast services is stored in the RADCOM database, a system shared with the ACA. In addition, the ABA has a number of engineering planning tools comprising various software licences for mapping terrain, modelling broadcast transmissions and managing interference.³⁴ Because these tools are not 'user-friendly' and both the tools and the hardware they run on are towards the end of their effective lives, the ABA commenced the acquisition of new software and personal computers during 2001, which are expected to be in place by February 2002.

Duration of the LAP process

2.37 When the LAP program commenced in 1993 it was envisaged to be a three-year task to be completed by mid-1996. Progress has been slow and the task is now scheduled to take more than a decade. The ANAO noted that, in mid-1997, the ABA took action to reduce the overall duration of the LAP process, by decreasing the period for public comments on discussion papers to a maximum of four weeks. The ABA also put processes in place to improve communication and coordination between Planning and Licensing staff.

2.38 In seeking to identify the reasons why the LAP process has taken so long, the ANAO found that the ABA generally did not collect or maintain the types of information that would facilitate such analyses. The ANAO notes the ABA's position that, determining the category of any new services to be planned and ensuring that the requirements of the section 23 criteria are satisfied, have added to the duration of the process. However, the lack of data meant it was not possible to quantify reliably the times attributable to these matters.

2.39 From its observations during this audit, the ANAO considers that a range of factors has contributed to delays in finalising the LAP timetable. The ANAO concluded, however, that the absence of detailed planning of individual LAPs and the associated lack of application of project management techniques have limited the operational efficiency of the Branch and have been significant contributors to the time taken for the completion of LAPs. While the ANAO acknowledges the steps being taken within the Branch to improve in these areas, it is clear that there is much more yet to be done to achieve the required result.

³⁴ Field testing may be also conducted if the ABA receives reports after broadcasting commences indicating that interference levels exceed those predicted in the models.

Recommendation No.2

2.40 The ANAO recommends that, in order to improve efficiency and timeliness of its planning and licensing functions, the ABA:

- adopt a structured project management approach for future spectrum planning and licence allocation exercises and ensure that a sufficiently detailed plan is prepared to guide and manage each discrete project conducted by the Planning and Licensing Branch; and
- assess the adequacy of project management skills and availability of appropriate project management software tools in the Planning and Licensing Branch.

ABA response

2.41 Agreed. The ABA has moved to put into place two management reforms which will improve efficiency. These are the integrated business planning and business case management approach and a Human Resource Development (HRD) policy which provides a framework for the identification and incorporation of corporate and individual skill needs both current and future. Through these processes a more structured management approach for future spectrum planning and licence allocation exercises will evolve. To complement the agency-wide approach, project management skills will be given a high priority in the Planning and Licensing Branch's professional development plan.

Documentation

2.42 Wherever complex technical and administrative functions are undertaken, comprehensive manuals should be available to provide the guidance necessary to carry out all required tasks, especially for new staff. ANAO noted that the Planning and Licensing Branch had a staff turnover exceeding 20 per cent in each of the last two years. Data for earlier years was not available. The ANAO found that various aspects of the Branch's licence area planning operations are not documented, or the existing documentation is in draft form or requires updating. Some aspects of radio planning procedures have been documented, but there are no procedures for TV planning.

2.43 The absence of documentation outlining the LAP engineering processes, in particular, has probably contributed to the lack of uniformity of approach and resulted in some over-servicing. It may also have contributed to a lack of understanding and transparency of the process for stakeholders with non-engineering backgrounds. ANAO considers that the procedures should be documented and suggests that overview explanatory material be published to improve the transparency of the processes for interested stakeholders.

2.44 A disadvantage of the current ABA approach is that without budgets and cost monitoring for each LAP, there are no visible cost limits to discipline the approach and guard against 'gold-plated' planning. In this regard the ANAO found that the extent of the ABA's planning task and the boundary delineating the licensee's planning responsibilities is not well defined; an area that should be addressed when documenting the procedures. There are indications that the ABA may have been over-servicing at times, performing more engineering planning work than actually required, notably in the planning of channels for community radio broadcasting services. Helping the community groups to plan their services is understandable, given that aspirant groups often lack the required technical skills and have limited financial resources, but such activity can adversely affect successful completion of the timetable. Informed, documented judgements therefore need to be made about the level of assistance to be provided, taking into account the opportunity costs involved.

2.45 There is no documentary guidance to staff covering the types of information necessary to satisfy the BSA section 23 criteria in relation to assessing the economic and social characteristics of markets. The ABA usually contracts out this work and ANAO considers that, on occasions, scarce resources have been expended on obtaining information that is not relevant or not actually used in the decision-making process. The ANAO recognises that a case-by-case approach is desirable and suggests that the ABA review and document its information requirements in relation to this aspect.

2.46 Some of the discussion papers issued by the ABA to accompany draft LAPs have been quite lengthy and have not included an index or executive summary. These papers also tend to adopt a highly legalistic approach. ANAO suggests that the ABA review the content and presentation of discussion papers to identify ways to make them more concise, relevant and user-friendly. The ABA stated it was possible that some of the earlier discussion papers or consultations were more involved than, in retrospect, was necessary, but considered this is difficult to judge. The ANAO suggests that the Branch seek feedback from users of the discussion papers.

2.47 The ANAO also suggests that there is scope to improve transparency and ease of understanding for the public by rationalising the material presented in the ABA's Record of Assumptions and Advice.³⁵ Much of what is included on the list is not in the nature of assumptions or advice, for example, the release dates for every draft and final LAP.

³⁵ Under section 27 of the BSA, the ABA is required to keep a record of, and to make available for public inspection, all advice received by it, and all assumptions made by it, in performing its licence area planning functions.

Recommendation No.3

2.48 The ANAO recommends that, in order to improve consistency and to provide adequate guidance to staff, the Planning and Licensing Branch document its radio and television planning procedures and put systems in place to ensure that procedure manuals are kept up to date.

ABA response

2.49 Agreed. The Planning and Licensing Branch will improve the documentation of its radio and television planning procedures and have systems in place to ensure procedure manuals or documented processes remain current.

Monitoring

2.50 The importance of monitoring the progress towards the completion of LAPs lies in providing an enhanced ability for the early detection of possible problems, thereby maximising the opportunity for well-considered and early intervention. The ANAO considers that the ABA's systems for monitoring the progress of LAPs and licence allocations have improved over the last 12–15 months with the introduction of weekly management reports supporting the monthly external reports to the Minister and Department. Prior to this initiative, internal reporting was mostly informal, with monitoring of progress against the timetable conducted through discussions in Branch and section meetings³⁶ and in some cases, at meetings of the Planning and Licensing Committee and/or the Board. The introduction, from early 2001, of quarterly reports from each Branch to the Corporate Finance and Administration Committee has also strengthened the monitoring, reporting and accountability arrangements. As discussed elsewhere, there remains scope for greater use of intermediate milestones for monitoring task progress.

³⁶ The ABA's 1998–99 Annual Report indicates that weekly section heads meetings and monthly branch meetings were introduced in the Planning and Licensing Branch during that year (see p. 81).

2.51 Ongoing monitoring relies on accurate and timely performance information. At present much of the data for monitoring and reporting is collected manually. As discussed elsewhere, there is also a range of other useful performance information covering planning and licensing activities that is currently not being collected by the Branch. Having the right performance information provides a basis for improving program management and is crucial to accountability. An effective MIS would enable the ABA to automate the collection of data and demonstrate that it is operating in an efficient and cost-effective manner. The ABA has recognised that it needs to be a more data-driven organisation and has plans in place through the IT Infrastructure Upgrade project to improve in this area. In addition to making the tools available it is important that there is a concurrent cultural shift towards integrating the regular use of performance data in everyday management decision-making.

Continuous improvement

2.52 Good continuous improvement means continually assessing what the organisation is doing and looking for better ways that result in improvements to time, cost and quality. Measurement is fundamental in assessing where the organisation is now, planning where it wants to get to and when the time comes, measuring whether it got there. The ANAO examined ABA records to ascertain whether any evaluations and/or 'lessons learned' exercises are routinely held following completion of each LAP or licensing exercise. The ABA advised that some discussions have taken place during section meetings following the completion of some LAP priority groups, but minutes of these meetings have not been retained.

2.53 ANAO found that a number of LAP and licensing processes have been revised in the light of experience gained over the years (see Figure 8), but suggests that a more systematic and formal approach to continuous improvement is desirable. The ABA would benefit from adopting better and more formal mechanisms for encouraging the widespread dissemination of knowledge and adoption of better practices.

2.54 The ABA advised that the Branch does have a culture of continuous improvement, albeit not with a very formal or systematic approach. It added that this approach is furthered at Branch, Section Heads' and Section meetings, and Branch planning days.

Recommendation No.4

2.55 The ANAO recommends that, in order to institutionalise ongoing improvement of its business processes, the ABA examine mechanisms for strengthening the inculcation of a continuous improvement culture in the Branch, including by adopting a more formal and systematic approach to identifying and adopting better practices.

ABA response

2.56 Agreed. The ABA considers this recommendation is best addressed by adopting an agency-wide approach.

Figure 8

ABA's revised approaches to planning

The ABA has modified its approach to licence area planning over the years as a result of timetable pressures and its experience gained through operating under the BSA:

Re-interpretation of the BSA requirement for 'wide public consultation'. In Group 1 areas, the ABA conducted open public meetings in 42 communities from Thursday Island to Bunbury. It soon became apparent that the information collected at these meetings, although valuable in some respects, could have been gleaned in other ways, for example, by holding person-to-person discussions with local councils and existing and potential service providers. As a result, the ABA modified its consultation procedures, which are now more targeted and less resource intensive and time consuming. There is still the opportunity for input from the public, however, through submissions, which are invited through advertisements in newspapers circulating in the area.

Reassessment of the ABA's practice of preparing detailed reasons and decisions for final LAP decisions in all cases. In less contentious planning areas, the ABA's revised approach is to prepare a draft LAP for comment containing the ABA's preliminary views, followed later by a set of 'quick and clean' decisions which are announced by way of news release, rather than in a detailed 'Decisions and Reasons' document. The ABA considers this approach has produced significant savings in time and resources. The more contentious nature of Group 4 LAPs covering the metropolitan areas necessitated a reversion to more detailed reasons being prepared to support the ABA's decisions. However, Group 5 LAPs are less contentious and the ABA has decided it will not routinely produce the reasons for its decisions for LAPs in this group.

Group 5 LAPs. In order to meet the timetable, a number of other changes in approach were also adopted in early 2001 for the planning of Group 5 analog radio LAPs. This involved the identification of three non-essential aspects of work performed, which reinforces a widely held perception by various stakeholders that there was over-servicing on earlier LAPs. In essence, the ABA decided not to plan within the LAP for requested additional services where the aspirant had not provided technical information on the proposed service, not to plan town-only services and not to check the technical specifications of existing services. The ANAO understands that the ABA did not advise affected parties of these changes at the time of its decision, but has subsequently conveyed its new approach in the draft LAPs released. To some extent the changes shift some of the workload to be completed post-Final LAP.

Benchmarking

2.57 Benchmarking is crucial for business performance management because benchmarks provide reference points for setting achievable performance goals and improving business processes. Benchmarking involves examining internal business processes and historical data, and comparing these with processes and data from external organisations. Benchmarks can be:

- internal (that is, comparisons of the same activity between different parts of the same organisation or at different times);
- external (that is, comparisons of the same activity with other organisations); or
- generic (that is, comparisons of similar processes with other organisations that may have different products).

2.58 The ANAO found that the ABA has not undertaken any internal or external benchmarking of its LAP and licensing activities to date. Without good benchmarking data it is likely that the ABA will continue to have difficulties improving its processes to achieve its timetables.

2.59 The ANAO suggests that many organisations find even selective benchmarking offers the opportunity for efficiency benefits through stimulating improvements affecting the time, cost and quality of operations. Internal benchmarking, in particular, need not be an expensive or overly time consuming practice. There are many comparable government regulatory organisations around the world involved in the planning and allocation of broadcasting licences. The ABA could consider engaging a consultant.³⁷ It could also adopt a staged approach, for example, commencing with a small internal benchmarking pilot project, expanding to other areas within the ABA, and eventually externally as proficiency in benchmarking develops.

Recommendation No.5

2.60 The ANAO recommends that, in order to stimulate ongoing and systematic improvements to its business processes, the Planning and Licensing Branch develop its capacity to benchmark its operations by, for example, initially collecting data to enable internal benchmarking and, over time and as proficiency develops, progressing to external benchmarking with selected comparable organisations or processes.

³⁷ The Branch spent about \$208 000 on consultants in 2000–01.

ABA response

2.61 Agreed. The ABA will commence with a small internal benchmarking pilot project before considering benchmarking other areas within the Branch and the ABA. In addition, in the medium term the ABA believes the current re-investment in information technology tools should also facilitate improvements in benchmarking and the measurement of its outputs across the agency.

Complaints handling

2.62 The number of complaints is a good indicator of the quality of the broadcasting planning and licensing process. The ABA released its Client Service Charter in 1997. The Charter includes the ABA's complaints handling procedures, which are designed to cover all aspects of the ABA's operations. The ANAO noted, however, that there are no specific references to planning and licensing complaints.

2.63 In seeking to ascertain the level of complaints about planning and licensing matters, including those relating to delays in the timetable, the ANAO found that centralised records are not held that allow an analysis to be made of the time taken to resolve complaints or the percentage of complaints not resolved. The ABA advised that few written complaints about the timetable or the planning process are received, and those complaints that do arise are generally addressed within the context of preparing the draft and/or final LAP. It added that complaints about delays in meeting the timetable were more frequent in the early years, but have diminished with progress in planning the spectrum. ANAO considers that the decision to discontinue publishing the timetable may also be a relevant factor. ANAO suggests that the Branch maintain a centralised record of written and verbal complaints.

Compliance with BSA

2.64 Compliance with legislation is an important factor in any public sector process, particularly where the legislation is designed to ensure decisions are made equitably and transparently. In conducting this audit, the ANAO did not identify any instances of non-compliance with the provisions of the BSA. The ANAO noted, however, that in May 2000 the ABA's Internal Auditor found that there had been several instances where license renewal applications had not been published in the Gazette in accordance with sections 46 and 90 of the BSA. The ABA took prompt corrective action.

Reporting

Performance targets

2.65 Comprehensive, timely and accurate performance information is critical to the effective planning and implementation of ABA services. Good performance information should be developed early in the life cycle of the program or project. Developing performance information involves identifying the objectives of the program or activity, the separate components or stages in the process to achieve the objectives, and the relationship between them. Standards, targets, benchmarks and milestones all provide a basis for comparisons. Performance information should assist in answering such matters as:

- how effective the program or activity has been in achieving the desired outcomes;
- how efficient it is in using inputs to produce the required outputs;
- what is the quality of the program's outputs and outcomes and whether clients are receiving a satisfactory level of service; and
- whether the program is meeting access and equity requirements.

2.66 The 1999–2003 ABA Corporate Plan set three targets for Planning and Licensing functions:

- completion of LAPs no later than 2002;
- allocation of commercial and narrowcasting licences within one year of being available in the LAP; and
- all community licences allocated within two years of being made available in the LAP.

2.67 These targets are also reflected in the Branch Business Plans and the Radio and TV Section Work Plans. There were no performance targets set in the ABA's 1996–1999 Corporate Plan. The ABA is required to plan for the economic and efficient use of the radiofrequency spectrum, but there are no targets or measures for this key objective.

2.68 Below these high level targets, the ANAO considers that there is scope for developing more comprehensive internal performance targets aligned with the key stages or tasks involved in the production of LAPs and the allocation of licences. Examples of the areas the ANAO considers are amenable to performance targets are indicated in Appendices 5–8.

2.69 Given the history of delays in LAPs, the ANAO would expect the corporate plan and branch business plans to specify the target dates for completion of each priority group, and annual Radio and TV section work plans to specify the target dates for completion of each Information Paper, Draft LAP and Final LAP. Timetable matters, including revisions to the timetable, tend instead to be addressed in the weekly management reports and monthly reports to the Minister.

2.70 The existing targets do not indicate predetermined tolerance levels, for example, setting a target of issuing 95 per cent of permanent community licences (rather than all) within two years of release of the relevant LAP. The targets adopt a one-size-fits-all approach and do not take account of current circumstances. For example, the target of issuing all commercial licences within one year of release of the LAP does not sit well with more recent LAP decisions to delay making any additional commercial licences available until two to four years after the LAP.

2.71 The targets also do not differentiate between tasks, for example, by recognising the differences in expected processing times for contested versus uncontested community licence allocations, or that contested allocations involving public hearings take longer than when no hearings are required. Likewise there is scope for categorising the degree of complexity of LAPs and setting differential targets, for example, by taking into account the level of congestion of the spectrum and the number and type of services to be planned in each LAP. ANAO also suggests that, in the context of setting performance targets, it would be useful if the ABA identifies what it considers to be the key characteristics that distinguish a good quality LAP. Measures associated with the quality of licence allocations should also be explored.

2.72 The ABA advised that, while there was no overt categorisation of individual LAPs according to complexity or workload involved, it occurred by inference in decisions that were taken about the way that LAPs were produced and the different approaches that were taken. For example, the 'statement of reasons' style versus the 'quick and clean' approach highlights the difference in complexity. The ABA also advised that frequently the complexity of each LAP has turned on a limited number of issues, often unanticipated at the commencement of that LAP. ANAO recognises that no plan can identify all risks at the outset, nevertheless, common issues do arise that can be anticipated so that targets can be met. One would expect that over time targets could be achieved more regularly.

2.73 The elements of a set of performance information should be selected because they measure something that is significant and useful, not just because they are easy to measure. Performance measures should be selected that demonstrate improvement or slippage over time. There is scope for developing productivity measures, such as the number of LAPs and DCPs produced, licences allocated or renewals processed annually per staff member or work unit, compared to a standard, target or benchmark. It is a good practice to develop processes that involve all stakeholders in the definition and interpretation of performance information.

2.74 The ANAO also noted some inconsistencies or misalignment between targets. For example, the monthly reports to the Minister since mid-2000 have indicated the expected completion of all LAPs by end 2003. As stated above, the PBS says they will be completed by no later than 2002. The 1999–2000 PBS target is for licences to be allocated within 6–12 months of being planned. However, the target was expressed in the 2000–01 PBS as licences allocated within one to two years of being planned, which is consistent with the corporate plan.

2.75 The Department of Prime Minister and Cabinet's 'Requirements for Annual Reports' has a mandatory requirement that where performance information has changed during the year, details of both the former and the new performance information must be provided, with reasons for the change, so as to fully inform the reader. However, the ABA's 2000–01 Annual Report does not point out the change in the PBS target.

2.76 There is scope for further improvement in the collection, analysis and use of information about performance. The ANAO concluded that the existing performance targets for the Planning and Licensing Branch are limited and under-developed, a point acknowledged by the ABA. Rudimentary targets exist for some aspects of timing and work volume, but there is an absence of measures covering the quality and, to a lesser extent, the quantity of outputs and outcomes. Overall, there are few time measures, no cost measures, and no quality measures.

2.77 The ABA agreed that the PBS, Corporate Plan and reports to the Minister need to be consistent. It advised that work is taking place across the ABA with the General Manager on improving the ABA's performance indicators, with initial work expected to be considered by the November 2001 meeting of the Corporate Finance and Administration Committee. The ABA advised that it is also developing a plan for review of its Corporate Plan and will further review and refine its performance indicators during that process.

Recommendation No.6

2.78 The ANAO recommends that, in order to improve the efficiency, accountability, transparency and equity of its operations, the ABA give a higher priority to, and set a firm timetable for, identifying and adopting improved performance indicators.

ABA response

2.79 Agreed. Refer comments on Recommendation 5 at paragraph 2.61.

External reporting and accountability

2.80 External reporting of program performance should:

- relate performance to objectives;
- be balanced; cover effectiveness in terms of key outcomes and also cover performance in terms of efficiency, quality, access and equity;
- provide an honest coverage of successes and failures;
- explain the significance of the results reported including through comparisons (eg, over time, against standards) and with reference to external factors affecting the results;
- draw on both qualitative and quantitative information; and
- be easily understood by general readers.

2.81 The ANAO found that existing reporting in relation to Licence Area Planning and licensing matters is not clearly and succinctly providing the information necessary to judge performance. The ABA Annual Reports generally provide little trend information, no context for assessing achievements against the planning timetable (such as how many LAPs are required and when they will be done), little reference to outstanding challenges, and no discussion of risks and strategies. ANAO suggests the ABA review the coverage given to LAP and licensing matters, including explanation for any delays.

2.82 It is also important that the ABA provide a full explanation of the external factors outside its control that may affect performance indicators, so that performance information remains contextually relevant. This is particularly important if such factors have contributed to delays in achieving the LAP timetable, but is also relevant in relation to licence allocations. For example, where community broadcasting licences are not allocated within the target period after release of the relevant LAP because there were no eligible aspirant groups interested in applying for the licence.³⁸

³⁸ The 1999–2000 Annual Report at Appendix 4 lists the Final LAP release date and Licence Allocation decision date, but does not highlight those cases exceeding the target nor explain the underlying reasons.

2.83 One area where there has been some improvement in reporting is that, starting with the 1999–2000 Annual Report, the number and type of licences on issue has now been included. Prior to this it was a time consuming and difficult task for users of the Annual Reports to determine how many licences have been issued, as only new licences issued during the year were disclosed.

2.84 Neither the original timetable promulgated in 1993, nor the subsequent revisions, have been included in any of the ABA's Annual Reports and progress against the timetable has likewise not been covered. In almost all years it is not possible through the Annual Reports to determine progress, even on a priority group basis, as details of the individual LAPs produced are reported without any context of the original and/or the revised target for when each LAP or priority group was expected to be completed.³⁹ Likewise, no information is provided on the overall task of licence area planning, how much has been completed to date and when the whole LAP task will be completed. Also, trends are not reported on how long it has taken to complete each LAP and whether performance is improving or deteriorating.

2.85 The ABA provided some timetable information to attendees at its annual planning seminars in February 1997 and February 1998, the latter of which listed the expected month for completion of various Group 3 LAPs and the expected time of commencement, but not completion, of Groups 4 and 5. However, no details of the individual LAPs within these groups were provided. The ABA advised that the same information was also posted to its website, but at some stage (timing unknown but probably later that year) a decision was made to discontinue this practice. ANAO noted that some LAP timetable information was placed on the Intranet site (for internal ABA access only) but has not been updated.⁴⁰ In mid-October 2001, the ABA advised that this information was being updated.

2.86 The ABA advised the ANAO that it has provided information on the LAP timetable and slippages when asked, including by members of the public. It has also conveyed timetabling information to industry conferences by providing speakers to such events and through informal

³⁹ However, the 1999–2000 Annual Report does indicate the expected completion periods for remaining analog radio LAPs, at p. 13.

⁴⁰ Last updated in April 2000.

processes such as staff attending as delegates keeping stakeholders advised of planning developments when asked. The ANAO considers that the ABA could adopt a more pro-active and public approach to disseminating information on the timetable. The ABA advised that in retrospect, more widespread transparency of the timetable may have been a good idea.

2.87 With the present limited level of information published by the ABA, there are also numerous complexities for the public in tracing LAPs to zones, regions, and groups and vice versa. There is no facility to easily trace a location to the relevant LAP/FAP such as by town name or postcode. Maps are not made available to the public showing the licence areas and such matters as fortuitous coverage, adequacy of signal strength and black spot areas within each Licence Area. Despite ABA claims, not all LAPs are accessible via the ABA website. Transparency could be improved through publishing such material on the ABA website. The ANAO also found that there was no clear rationale for what was published or not on the ABA's Internet site.

2.88 The ABA has recognised that its site can be improved in a range of areas and has a project under way to address this. The ABA advised that the LAP planning timetable will be posted on the ABA's public website, with a complete list of LAPs identified. It also advised that the Radio Planning Section is looking at placing a map-based search facility on the website, for public information access by location, LAP planning work permitting.

Recommendation No.7

2.89 The ANAO recommends that, to improve transparency as part of its accountability obligations, the ABA:

- publish timetables for the work conducted by Planning and Licensing Branch, both on the Internet and in *ABA Update* magazine; and
- provide more comprehensive information about Planning and Licensing Branch performance in ABA Annual Reports.

ABA response

2.90 Agreed. The ABA has already begun publishing its timetable on the Internet and regularly publishes its licensing program in *ABA Update*. It will extend the reports in *ABA Update* to include the planning timetable as the timetable is formalised in the next three months. The ABA will provide more comprehensive information about the Planning and Licensing Branch performance in its 2001–02 Annual Report.

Stakeholder input

2.91 For the last two or three years the ABA has conducted informal 'straw poll' exercises with a relatively small number of targeted persons to gain some insight into external perceptions of the ABA when formulating or reviewing its corporate communications strategy. The ANAO was advised that the Branch Head has also sought annual feedback from staff in the Planning and Licensing Branch. However, the ABA has not conducted structured or more formal surveys of stakeholders or staff.

2.92 Ensuring there is regular stakeholder feedback is an important component of the management cycle. Such feedback strengthens the accountability and transparency arrangements and provides valuable input for refreshing the organisation's strategic and operational plans. Over time it can also provide good information for benchmarking. The ANAO suggests that appropriate surveys be designed and conducted at regular intervals, covering the different categories of ABA stakeholders, including broadcasting service providers, Parliamentarians, ABA staff and viewers/listeners representing the public. Accountability and transparency would also be improved by publishing summarised results of such surveys.

2.93 In discussions with representatives of various stakeholder groups as part of this audit, the ANAO noted that there is a general consensus within industry that although timeliness has been disappointing, the quality of the Final LAPs produced is high and the right outcomes are usually achieved in decisions made on the merit-based allocations of community broadcasting licences.

2.94 Aspirant community broadcasters perceive that the planning process has served their interests particularly poorly, primarily because they have been reliant on the planning process to make new permanent community services available. This has taken much longer than expected. On the other hand, alternative avenues have been used to introduce permanent new services for both the national and commercial sectors. For example, the expansion of ABC Triple J FM radio services to 42 regional centres and expansion of SBS radio and TV services occurred outside the LAP process, while amendments to the BSA, which came into force in early 1996, allowed commercial radio operators in solus markets⁴¹ to apply for a second commercial licence in their market.⁴² All 55 eligible operators applied. The major effect of the amendments was

⁴¹ A solus market is where there is only one commercial radio licensee in a licence area.

⁴² Essentially to alleviate some of the pressure for the introduction of new services because the licence area planning process was taking longer than expected.

to allow the ABA to plan and grant these second commercial licences immediately, regardless of whether or not a LAP had been prepared for the particular area.

2.95 The ABA commented that since the temporary community broadcasting licensing regime was introduced a plethora of new community services have commenced on a temporary basis. This has allowed different groups to test their wares and strengthened the field for the permanent licences when they have been made available.

Canberra ACT
7 December 2001

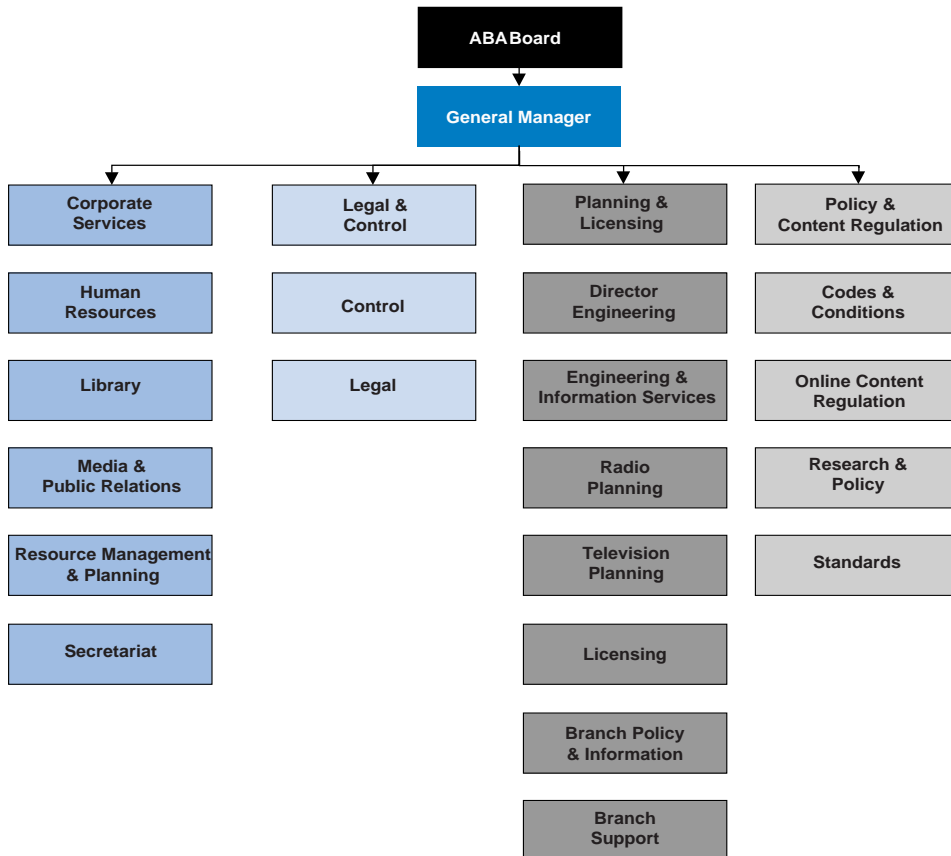


P. J. Barrett
Auditor-General

Appendices

Appendix 1

ABA Organisation Structure at 30 June 2001



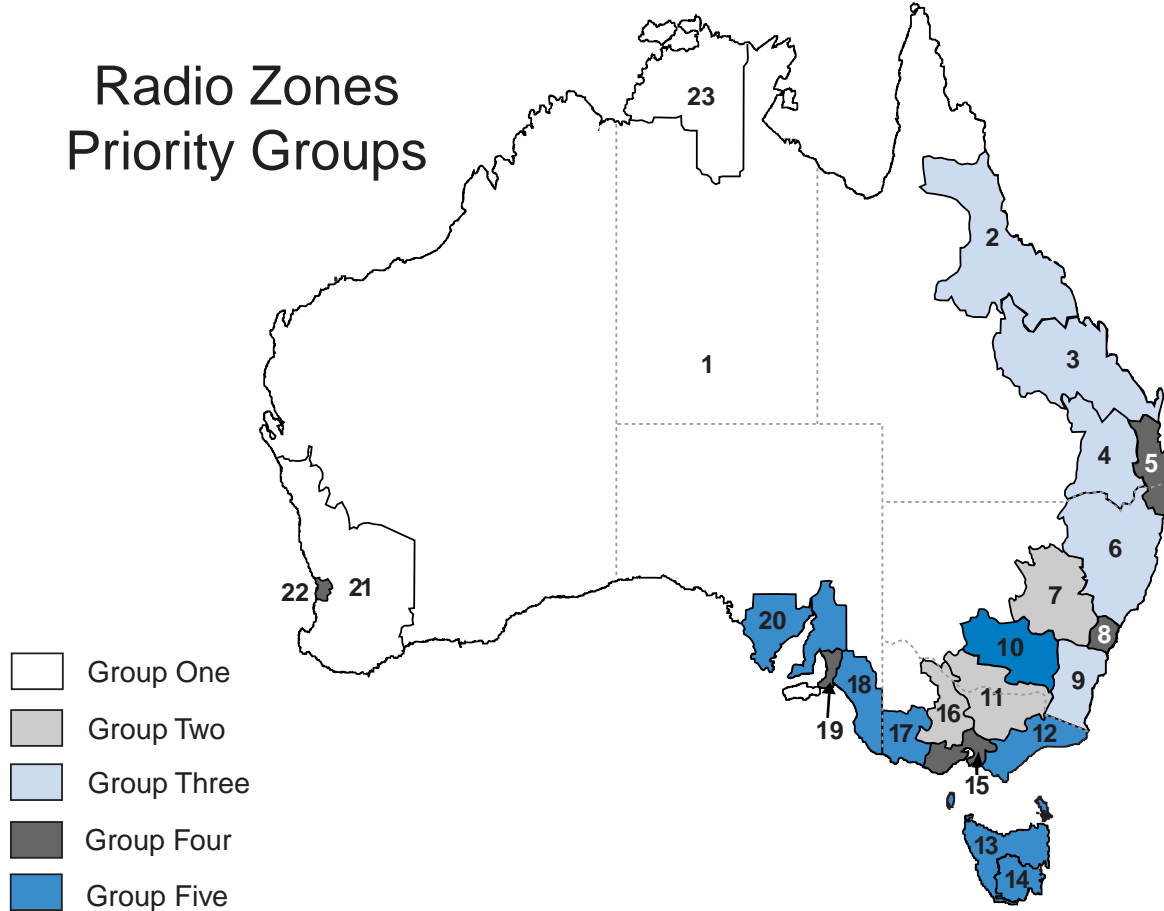
Appendix 2

Radio and TV Planning Zones within the Five Priority Groups

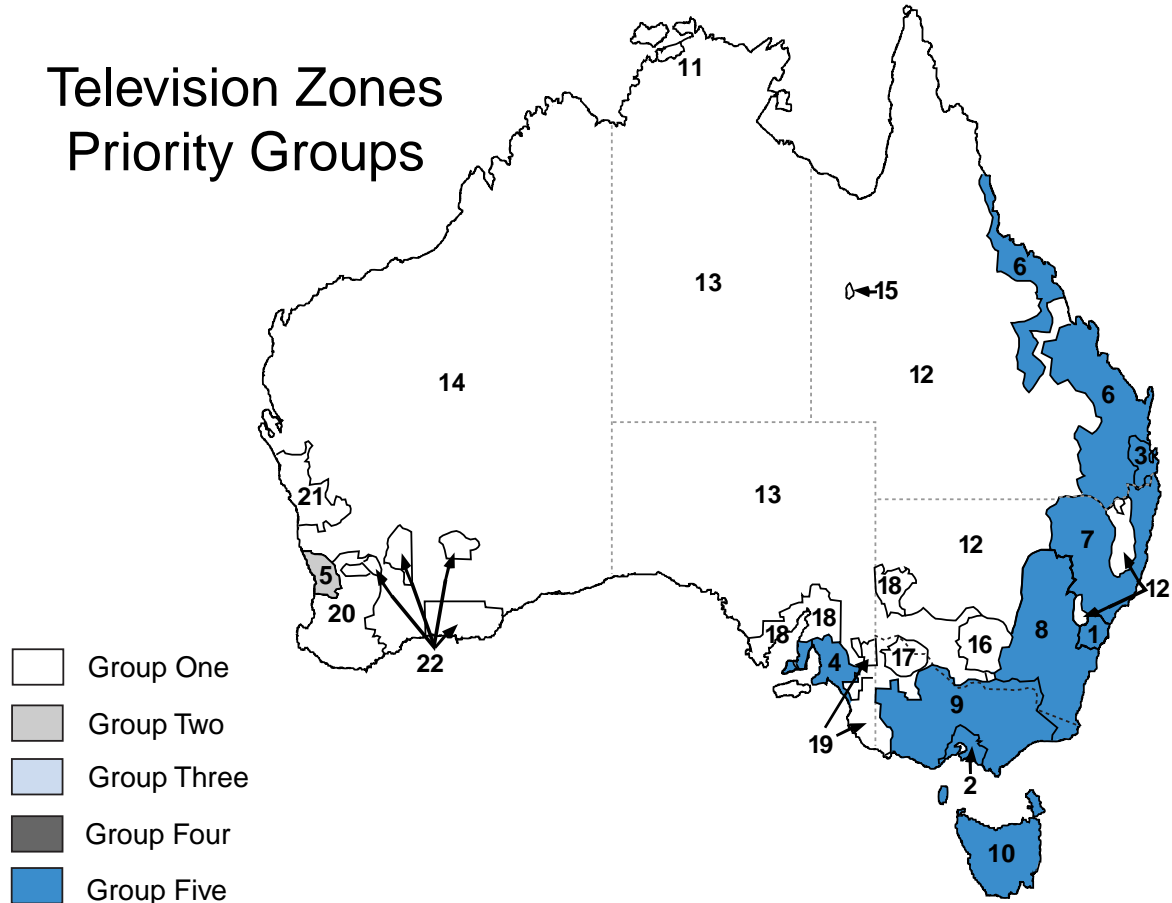
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Broadcasting Planning and Licensing

Radio Zones Priority Groups



Television Zones Priority Groups



Appendix 2 (cont)

ABA Priorities for the Preparation of Licence Area Plans - September 1993

Group	Planning Zone	Zone Description
Group 1	R1	Remote Australia
	R21	Central and South West Western Australia
	R23	Darwin and Top End
	T11	Darwin and Katherine*
	T12	Remote North East*
	T13	Remote Central*
	T14	Remote Western*
	T15	Mount Isa*
	T16	Griffith (Murrumbidgee Irrigation Area)*
	T17	Mildura*
	T18	Broken Hill and Spencer Gulf*
	T19	Renmark/Loxton and South East South Australia*
	T20	South West and Great Southern Western Australia*
	T21	Geraldton*
T22	Kalgoorlie*	
Group 2	R7	Central New South Wales
	R11	Albury, Shepparton and Wangaratta
	R16	Central Victoria and Central Murray
	T5	Perth Metropolitan Television
Group 3	R2	Northern Queensland
	R3	Central Coast Queensland
	R4	Darling Downs
	R6	Hunter and Northern New South Wales
	R9	Illawarra, South East New South Wales and Australian Capital Territory
Group 4	R5	Brisbane, Sunshine Coast, Gold Coast, Richmond/Tweed and Gympie
	R8	Sydney and Central New South Wales Coast
	R15	Melbourne and Geelong
	R19	Adelaide
	R22	Perth
<i>continued next page</i>		

Group	Planning Zone	Zone Description
Group 5	R10	Murrumbidgee/Riverina
	R12	Gippsland
	R13	Northern Tasmania
	R14	Hobart/Southern Tasmania
	R17	Western Victoria
	R18	South East South Australia
	R20	Spencer Gulf
	T1	Sydney and Central NSW Coast Metropolitan Television
	T2	Melbourne and Geelong Metropolitan Television
	T3	Brisbane Metropolitan Television
	T4	Adelaide Metropolitan Television
	T6	Regional Queensland Aggregated Television
	T7	Northern New South Wales Aggregated Television
	T8	Southern New South Wales Aggregated Television
	T9	Regional Victoria Aggregated Television
	T10	Tasmania Aggregated Television

* Solus TV markets

Appendix 3

Alphabetical listing of Licence Area Plans and release dates, by Priority Group

<i>Licence Area Plan</i>	<i>Release Date</i>	
	<i>Draft</i>	<i>Final</i>
Group 1		
Albany radio	29/9/95	14/11/96
Alice Springs radio	9/2/96	18/9/96
Bridgetown radio	29/9/95	13/11/96
Bridgetown radio variation		29/5/01
Broken Hill radio	23/1/95	28/2/96
Broken Hill TV	23/1/95	28/2/96
Bunbury radio	29/9/95	14/11/96
Carnarvon radio	27/7/95	26/6/96
Carnarvon radio variation	7/3/00	
Charleville radio	9/2/96	29/8/96
Darwin/Katherine radio	22/12/94	23/10/95
Darwin/Katherine TV	22/12/94	23/10/95
Esperance radio	25/3/95	8/10/96
Geraldton radio	23/1/95	16/9/96
Geraldton TV	23/1/95	24/2/97
Griffith TV	14/10/94	16/8/95
Kalgoorlie radio	25/3/95	8/10/96
Kalgoorlie TV	25/3/95	24/2/97
Karratha radio	27/7/95	26/6/96
Katanning radio	29/9/95	10/10/96
Katanning radio variation	na	26/6/98
Longreach radio	9/2/96	29/8/96
Mandurah radio	29/9/95	19/7/96
Merredin radio	25/3/95	8/10/96
Mildura radio	21/10/94	14/7/95
Mildura radio variation	na	22/7/97
Mildura TV	21/10/94	14/7/95
Mt Gambier TV	22/2/95	23/4/96
Mt Isa radio	9/2/96	18/9/96
Mt Isa TV	9/2/96	18/12/96
Narrogin radio	29/9/95	10/10/96
Narrogin radio variation	na	26/6/98
Northam radio	29/9/95	30/8/96
Port Hedland radio	27/7/95	26/6/96
Remote and Regional WA TV	27/7/95	24/2/97

<i>Licence Area Plan</i>	<i>Release Date</i>	
	<i>Draft</i>	<i>Final</i>
Group 1 (continued)		
Remote and Regional WA TV variation	na	30/9/97
Remote and Regional WA TV variation	na	26/11/98
Remote and Regional WA TV variation	17/5/00	20/7/00
Remote Central Australia radio	9/2/96	17/10/96
Remote Eastern Australia radio	9/2/96	17/10/96
Remote Eastern Australia radio variation	17/6/98	26/11/98
Remote Eastern Australia radio variation	23/7/01	
Remote Central Australia TV	9/2/96	18/12/96
Remote Eastern Australia TV	9/2/96	18/12/96
Remote Central Australia TV variation	8/10/98	23/12/98
Remote Eastern Australia TV variation	8/10/98	23/12/98
Remote Central Australia TV variation	23/2/01	22/3/01
Remote Eastern Australia TV variation	23/2/01	22/3/01
Remote WA radio	27/7/95	29/8/96
Remote WA radio variation	7/3/01	
Remote WA TV	27/7/95	24/2/97
Riverland radio, 1 st draft	31/8/94	na
Riverland radio, 2 nd draft	20/10/95	28/8/96
Riverland TV, 1 st draft	31/8/94	na
Riverland TV, 2 nd draft	20/10/95	28/8/96
Roma radio	9/2/96	29/8/96
South West WA TV	29/9/95	24/2/97
Spencer Gulf TV	13/1/95	28/2/96
Group 2		
Albury radio	27/6/97	21/9/97
Ballarat radio	3/4/97	14/8/97
Bathurst radio	19/1/96	20/5/97
Bendigo radio	3/4/97	14/8/97
Bendigo radio variation	na	7/10/99
Deniliquin radio	27/6/97	21/9/97
Dubbo radio	19/1/96	6/6/97
Lithgow radio	19/1/96	20/5/97
Lithgow radio variation (see also Group 4)	30/8/99	17/12/99
Maryborough radio	3/4/97	14/8/97
Mudgee radio	19/1/96	30/6/97
Orange radio	19/1/96	6/6/97
Parkes radio	19/1/96	20/5/97
Perth TV	27/10/95	24/2/97
Shepparton radio	27/6/97	21/9/97
<i>continued next page</i>		

<i>Licence Area Plan</i>	<i>Release Date</i>	
	<i>Draft</i>	<i>Final</i>
Group 2 (continued)		
Shepparton radio variation	17/12/99	30/4/01
Swan Hill radio	3/4/97	27/6/97
Swan Hill radio variation	na	21/9/97
Wangaratta radio	27/6/97	21/9/97
Group 3		
Armidale radio	19/12/97	2/9/98
Atherton/Mareeba radio	6/8/97	4/12/97
Bega radio	26/10/98	18/6/99
Bundaberg radio	3/10/97	12/2/98
Canberra radio	12/10/98	18/6/99
Cairns radio	6/8/97	23/10/97
Cairns radio variation	na	9/10/98
Charters Towers radio	24/7/97	6/11/97
Coffs Harbour radio	17/11/97	26/10/98
Cooma radio	26/10/98	30/7/99
Emerald radio	3/10/97	10/3/98
Emerald radio variation	na	26/11/98
Goulburn radio	26/10/98	18/6/99
Grafton radio	17/11/97	2/9/98
Gunnedah radio	19/12/97	17/7/98
Innisfail radio	6/8/97	18/11/97
Innisfail radio variation	na	9/10/98
Inverell radio	19/12/97	2/7/98
Kempsey radio	17/11/97	26/10/98
Kingaroy radio	14/11/97	12/10/98
Mackay radio	24/7/97	6/11/97
Maryborough (Qld) radio	3/10/97	12/2/98
Maryborough (Qld) radio variation	7/6/01	30/8/01
Moree radio	19/12/97	17/7/98
Muswellbrook radio	27/11/97	9/10/98
Newcastle radio	27/11/97	9/10/98
Nowra radio	26/10/98	13/8/99
Rockhampton/Gladstone radio	3/10/97	10/3/98
Tamworth radio	19/12/97	2/9/98
Taree radio	27/11/97	9/10/98
Taree radio variation	na	10/12/98
Toowoomba/Warwick	14/11/97	1/12/98
Townsville radio	24/7/97	6/11/97
Townsville radio variation	11/5/01	30/8/01
Wollongong radio	26/10/98	2/7/99

<i>Licence Area Plan</i>	<i>Release Date</i>	
	<i>Draft</i>	<i>Final</i>
Group 4		
Adelaide radio 1 st draft	1/11/00	na
Adelaide radio 2 nd draft	18/7/01	10/9/01
Brisbane radio	13/6/00	21/12/00
Brisbane radio variation	3/8/01	
Colac radio	17/12/99	27/6/00
Geelong radio	17/12/99	27/6/00
Gold Coast radio	13/6/00	21/12/00
Gosford radio	30/8/99	31/08/00
Gympie radio	13/6/00	21/12/00
Gympie radio variation	23/7/01	
Katoomba radio	30/8/99	17/12/99
Melbourne radio	17/12/99	27/6/00
Melbourne radio variation	28/5/01	5/7/01
Melbourne radio variation (with Gippsland LAPs)	10/7/01	
Melbourne radio variation (with Western Victoria LAPs)	20/7/01	
Melbourne radio variation	26/9/01	
Perth radio 1 st draft	1/11/00	na
Perth radio 2 nd draft	15/8/01	11/10/00
Richmond/Tweed radio	13/6/00	21/12/00
Sunshine Coast radio	13/6/00	21/12/00
Sunshine Coast radio variation	23/7/01	
Sydney radio	30/8/99	17/12/99
Sydney radio variation	25/5/01	
Group 5		
Adelaide TV		
Brisbane TV		
Burnie radio	29/08/01	
Devonport radio	29/08/01	
Griffith radio	22/6/01	
Hamilton radio	20/7/01	
Hobart radio	29/08/01	
Horsham radio	20/7/01	
Launceston radio	29/08/01	
Melbourne TV		
Mt Gambier radio	26/7/01	
Murray Bridge radio	26/7/01	
Northern New South Wales TV		
<i>continued next page</i>		

<i>Licence Area Plan</i>	<i>Release Date</i>	
	<i>Draft</i>	<i>Final</i>
Group 5 (continued)		
Port Augusta radio	20/7/01	
Port Lincoln radio	20/7/01	
Port Pirie radio	20/7/01	
Queenstown radio	29/08/01	
Regional Queensland TV		
Regional Victoria TV		
Sale radio	10/07/01	
Scottsdale radio	29/08/01	
Southern New South Wales TV		
Sydney TV		
Tasmania TV		
Wagga Wagga radio	22/6/01	
Warragul radio	10/07/01	
Warrnambool radio	20/7/01	
Young radio	22/6/01	

Source: ABA

Appendix 4

Overview of the administrative and engineering steps in the LAP process

This Appendix provides some background information and a general overview of the administrative and engineering steps in the LAP process.

Key features of LAPs

- A LAP is a legal instrument setting out the number and characteristics, including the technical specifications, of all AM and FM radio, and VHF and UHF television services that are available within the licence areas covered by the LAP;
- LAPs specify the category (commercial, community, national and narrowcasting) of the new services to be made available and their licence area where applicable; and
- the technical specifications set out in LAPs are not negotiable after finalisation, however, there is flexibility in the siting of transmitters.

In performing its planning functions the ABA is guided by the section 23 criteria (see Chapter 1). However, the relative weight given to each of the matters in section 23 is a question of judgement for the ABA. The ABA draws upon various sources of information in considering the criteria, including; the submissions received throughout the planning process; the relevant demographic, social and economic characteristics of the licence area; spectrum availability and technical limitations; and any Ministerial directions and notifications.

Three phases of the LAP process

First stage

The ABA's approach to the preparation of the LAP for a particular area commences with the publication of an Information Booklet,⁴³ which presents the information in the FAP for that specific area, and indicates the number of additional services potentially available in the AM, FM or television bands. The Information Booklet is designed for circulation in the service area, and provides a basis for subsequent public consultation. The booklet sets out the planning process, describes the existing services and channel availability in the licence area, and gives information on any Band II clearance issues.

⁴³ Initially these were called Zone Information Booklets.

The ABA then consults in the area with local councils, the chamber of commerce, existing service providers and potential service providers, who may have been identified through earlier contact with the ABA during the Planning Priorities or FAP processes, or may have contacted the ABA as a result of the advertisement accompanying release of the Information Booklet.

For early LAPs, the ABA held extensive consultations, including public meetings, in the communities within the licence area being planned. The consultation process is now more targeted towards existing and aspirant service providers.

Second stage

The Discussion Paper accompanying the Draft LAP usually sets out the draft planning specifications for all proposed new services in the area and proposes the category of those new services, canvasses any proposed changes to the coverage areas of existing services, addresses the s.23 planning criteria, discusses various alternative planning options and gives the ABA's preliminary views.

There is an iterative process in planning the spectrum that involves advice and directions from the Planning and Licensing Committee of the ABA, sometimes on several occasions as issues develop. Likewise this may necessitate more than one round of public consultation. Depending on the nature of changes, the ABA may decide to use its Consultation Listings⁴⁴ rather than full public consultation.

Third stage

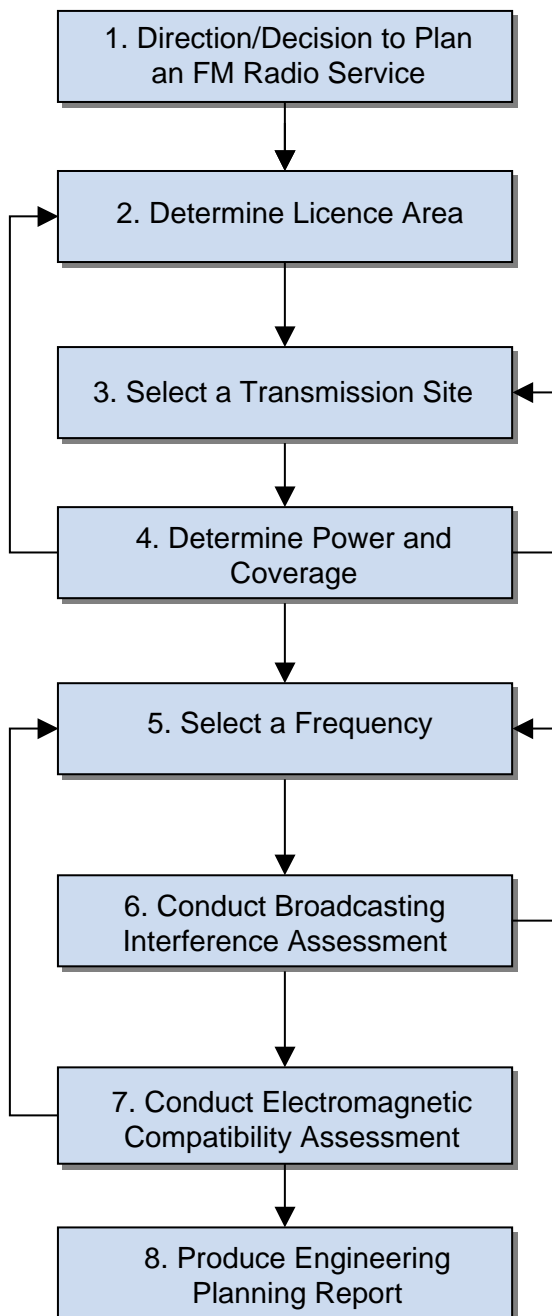
The last stage is the release of the Final LAP.

The engineering process

Technical planning criteria used by the ABA for FM radio planning are based on international standards and practices recommended by the International Telecommunications Union. Figure 1 provides an overview of the engineering process for LAPs.

⁴⁴ These are lists maintained by the ABA of persons or organisations known to have an interest in that particular licence area, usually made known to the ABA through submissions but also includes existing service providers.

Figure 1
Overview of the engineering process for LAPs



Appendix 5

LAP performance

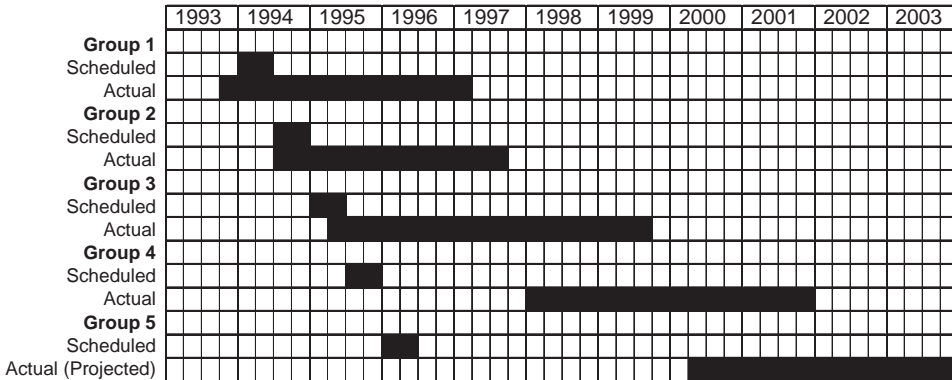
This Appendix outlines the results of the ANAO's analysis of the ABA's performance in issuing Licence Area Plans.

Examination of LAP commencement and completion dates indicates the ABA commenced LAPs in lower priority groups before all LAPs in the previous group were completed. That is, draft LAPs were issued from the next group before all the previous group's final LAPs were released. However, the ABA has not released any Final LAPs in a subsequent group before releasing the last LAP for the preceding group. Figure 1 shows the periods when work was underway on each group.

Figure 1

Period of each Priority Group

LAP Production - First Information Paper to Last Final LAP by Group



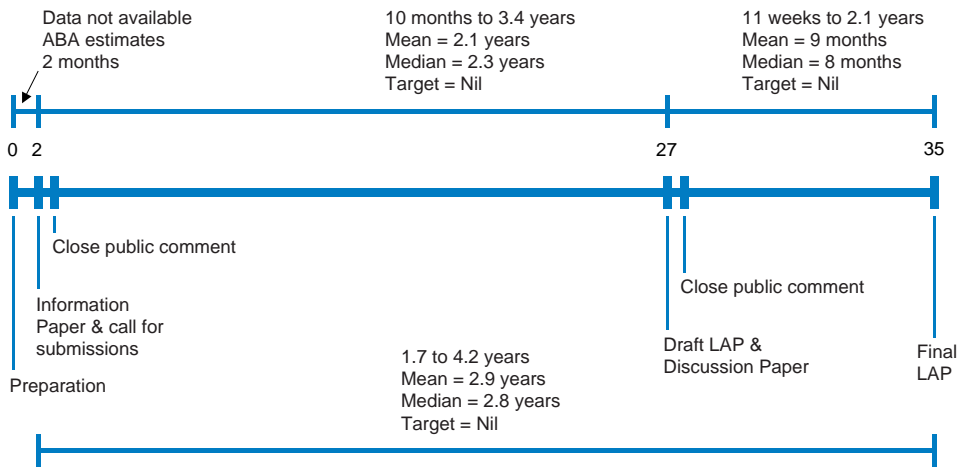
Note - Scheduled refers to the original timetable for releasing Final LAPs.
For Group 1 it is assumed that work commenced in October 1993 after the Planning Priorities were published.

Source: ABA data

ANAo analysis of ABA performance in issuing LAPs

The ANAO collected data and analysed how long the ABA took to complete LAPs. The results are summarised in Figure 2. Further details about performance of various stages of the LAP process are also discussed in the following sections.

Figure 2
LAP Process Timeline



Source: ABA data

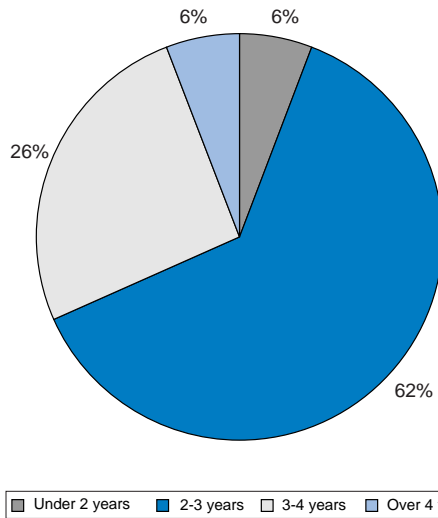
The ANAO examined the elapsed time to complete each LAP. In most cases it was not possible to ascertain when work on a particular LAP started. For the purposes of this analysis the ANAO adopted the date of release of the Information Booklet as the commencement date, although it is obvious that the ABA commenced work prior to this, in order to produce each Information Booklet. However, from a public perception the release of an Information Booklet signals that work has started on the LAP. In a number of Group 1 cases the ANAO did not sight the Information Booklet and has therefore assumed that it was prepared at the same time as others in that Group. The ABA estimated that it spent about two months on average in preparing each Information Booklet for release.⁴⁵

The ANAO found that the period from release of the Information Booklet to the release of the Final LAP ranged from 1.7 to 4.2 years, with an average of 2.9 years and median of 2.8 years. Only six per cent of LAPs were released in under two years, with 68 per cent released in under three years and 94 per cent in under four years (see Figure 3).

⁴⁵ In a departure from usual ABA practice, a Technical Options Discussion Paper was issued for Sydney in December 1996 and in November 1997 a paper on Availability of High Power FM Frequencies for Perth was issued, in addition to the usual release of Information Booklets for these two LAPs. These additional papers are not reflected in the ANAO's analysis of the duration of these two LAPs.

Figure 3

Elapsed period from Information Booklet to Final LAP

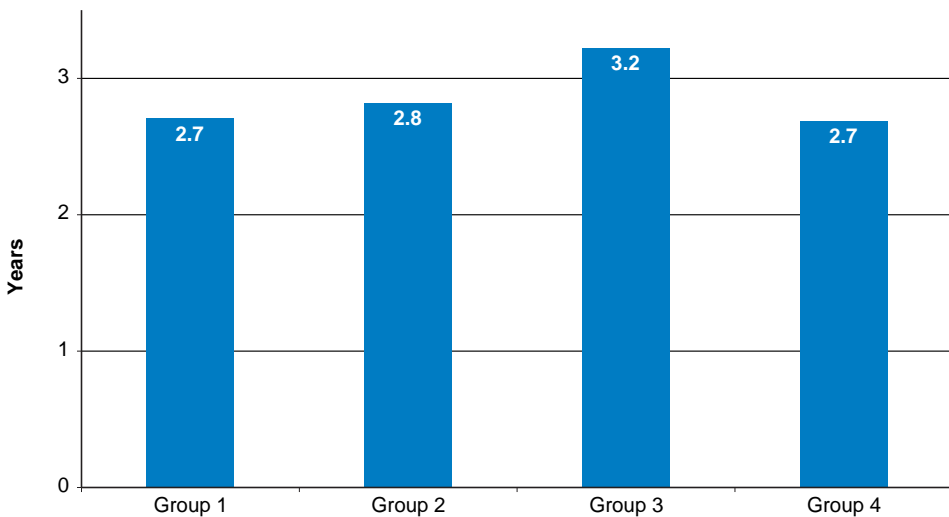


Source: ABA data

The average time from release of the Information Booklet to the release of the Final LAP increased from 2.7 years in Group 1 to 3.2 years in Group 3, but has fallen to 2.7 years again in Group 4 (see Figure 4).

Figure 4

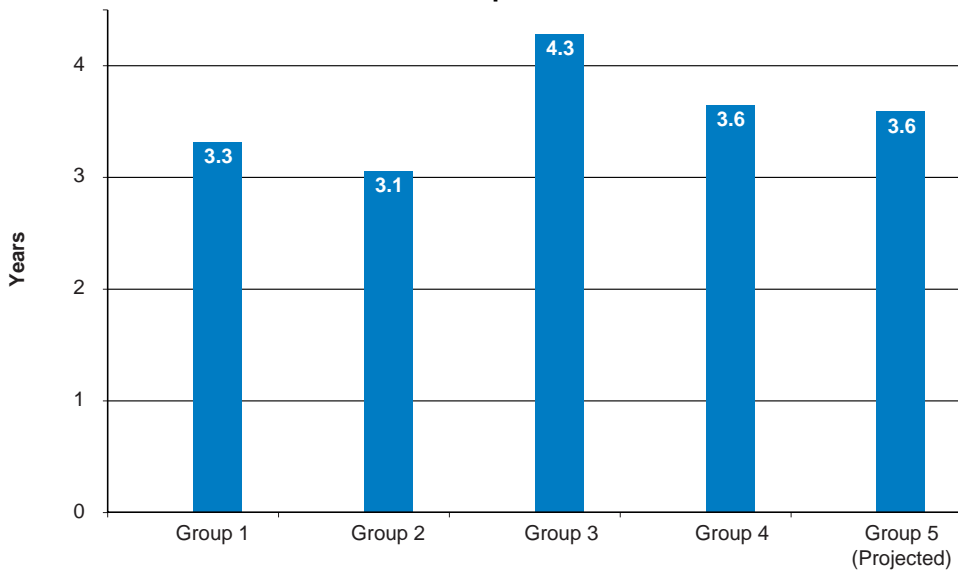
Average period from Information Booklet to Final LAP by Group



Source: ABA data

Completion of Group 2 was fastest at 3.1 years, with Group 3 taking the longest at 4.3 years (see Figure 5). The fastest time to complete an individual LAP was 1.7 years for a LAP in Group 1, although using ABA projected completion dates this will be reduced to 1.4 years for a Group 5 LAP.

Figure 5
Years from start to finish for each Group

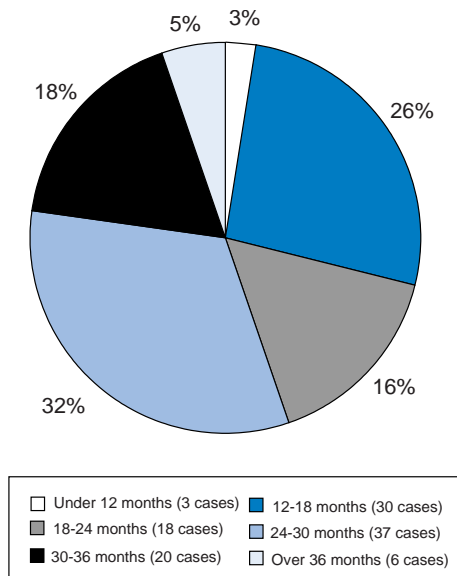


Source: ABA data

Elapsed time from Information Booklet to Draft LAP

Only three per cent of Draft LAPs were released in under one year of the release of the Information Booklet, with 45 per cent released in under two years and 95 per cent in under three years (see Figure 6).

Figure 6
Period from Information Booklet to Draft LAP

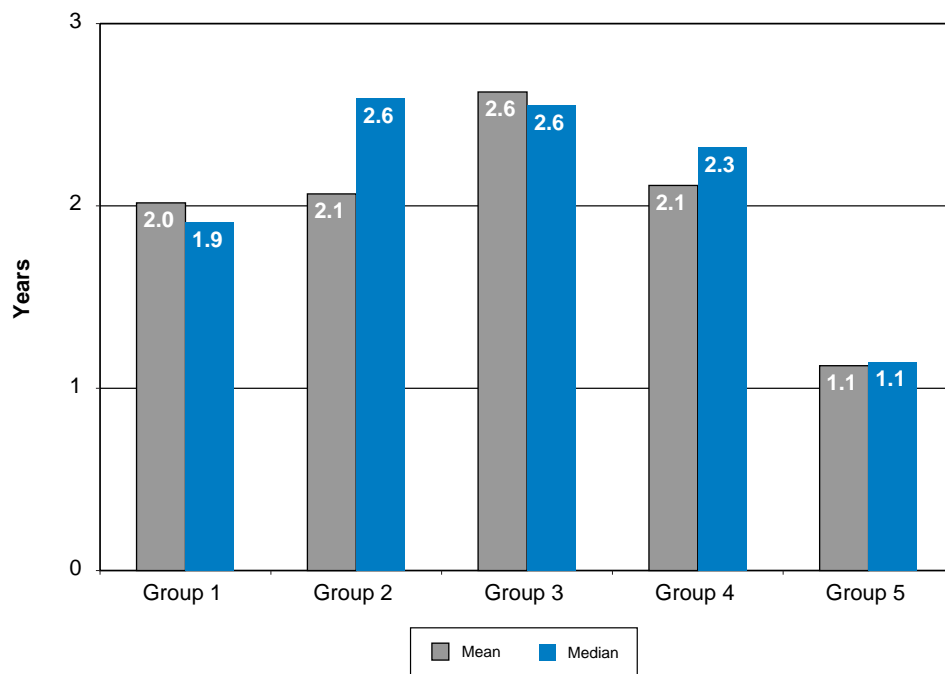


Source: ABA data

The average period from Information Booklet to Draft LAP increased from two years in Group 1 to 2.6 years in Group 3, but has fallen to 1.1 years for those cases to date where a Draft LAP has been released in Group 5 (see Figure 7).

Figure 7

Mean and median period by Group

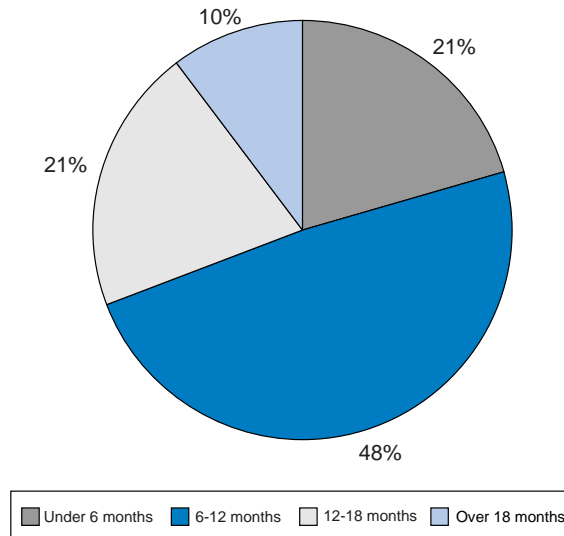


Source: ABA data

Draft to Final LAP

The ANAO examined the elapsed time from release of the first version of each Draft LAP to the release of the Final LAP. Only around 21 per cent of Final LAPs were issued within six months of the Draft LAP, with 69 per cent issued within 12 months and 90 per cent within 18 months (see Figure 8).

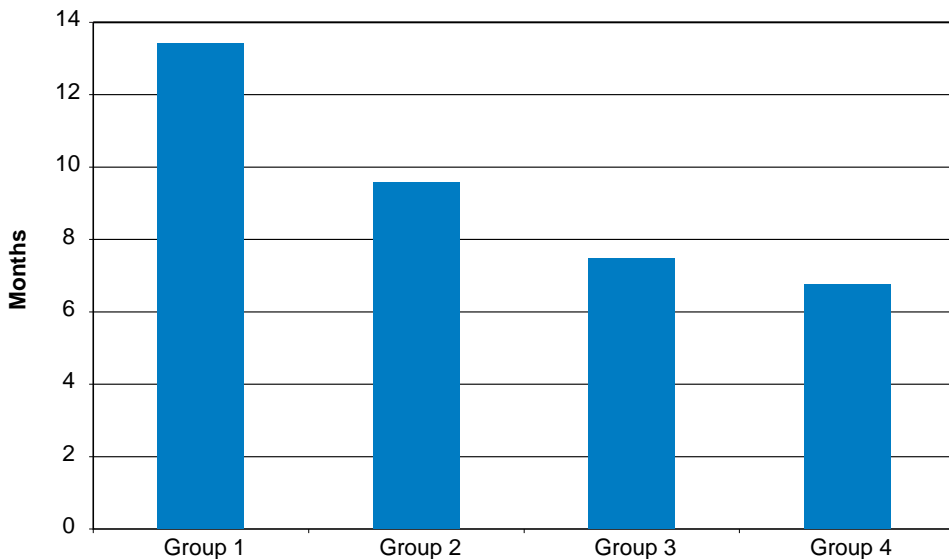
Figure 8
Period from Draft to Final LAP



Source: ABA data

The average period from Draft to Final LAP has been progressively improving, from 13 months in Group 1 to six months in Group 4 (see Figure 9).

Figure 9
Average period from Draft to Final LAP by Group



Source: ABA data

Appendix 6

Permanent Community Broadcasting Licences

This Appendix provides background information about Permanent Community Broadcasting Licences (PCBLs). It also outlines the results of the ANAO's analysis of the ABA's performance in issuing these licences.

Key features of the community licence allocation process

- PCBL allocation is merit-based, with frequencies made available free-of-charge.
- The allocation of PCBLs is subject to ABA discretion.
- Applicants for PCBLs must represent a community interest (the Minister may direct the ABA to give priority to a particular community interest or interests).
- The proposed service must be not-for-profit and be provided for community purposes.
- The aspirant seeking a community licence must respond to the ABA's advertisement calling for applications, after which the ABA will assess the comparative merits of all applications received.
- The ABA assesses applications and other information (planning information and any relevant submissions, etc.) to consider among other things, the extent to which a proposed service meets community needs and the applicant's capacity to provide the service. Provision is made for community scrutiny of applications and input in the form of written submissions.
- The ABA may also use other procedures, for example hearings, to assess the comparative merit of applicants.
- The licensee has 12 months to commence a service unless the ABA extends the period (at its discretion). In the interim, a key challenge for the licensee is the planning of its transmission facilities.

Community broadcasting services

Community broadcasting services are defined at section 15 of the Act as being broadcasting services that:

- are provided for community purposes; and
- are not operated for profit or as part of a profit-making enterprise; and
- provide programs that are:
 - (a) able to be received by commonly available equipment; and
 - (b) made available free to the general public.

There have been two models for licensing community services in Australia: special interest and geographic or broad-based community licences. Although these two classes of licence are no longer in the legislation, they continue to frame the approach to defining community for the purposes of community broadcasting.

Allocation of community licences

The ABA can offer a PCBL only when a new community broadcasting service has been made available in a LAP under the ABA's process of planning the broadcasting services bands.

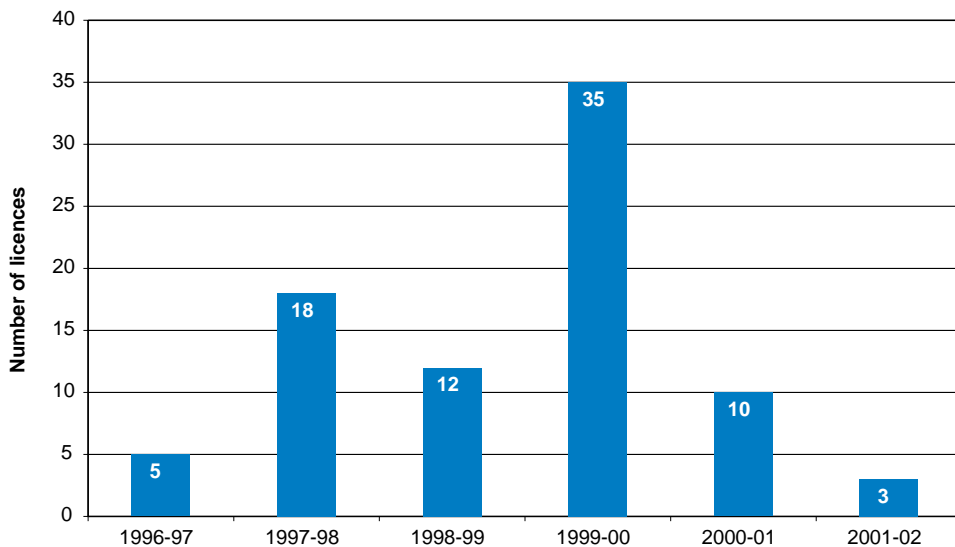
The planning and allocation of community broadcasting licences may also be subject to Ministerial direction. The Minister may notify the ABA to reserve capacity within the broadcasting services bands for a specified number of community services (section 31). In addition, the Minister may direct the ABA to give priority to a particular community interest or interests, whether generally or in a particular area, when allocating community broadcasting licences (section 84).

Number of PCBLs allocated

As at 1 August 2001, the ABA has made 154 new community radio licences available under the planning process and has allocated 83 of these. Of the remaining 71, the ABA was processing the allocation of 16; two have been deferred; 13 are due to commence allocation in the next 12 months; and 40 have either no aspirants or only recently established aspirants.

Figure 1

PCBLs allocated by year, 1996–97 to 1 August 2001



Source: ABA data

The allocation process

Where a new community broadcasting service has been made available in a licence area plan the process for allocating PCBLs follows four broad stages:

1. Call for applications

The ABA advertises for applications in newspapers which are circulated in the licence area. Applications must be lodged with the ABA within 28 days of the date of the advertisement.

Note: For various reasons the ABA may delay calling for applications.

2. Receipt of applications

The ABA accepts applications made in accordance with the approved form. There is also a Guide to assist with completing the application form.

3. Public comment

The ABA makes applications received available for public comment in local public libraries within the licence area. The availability of applications for public comment is advertised in newspapers in the licence area at the time that applications for the licence are called. Written comments on applications must be lodged with the ABA within 14 days from the date of the close of applications.⁴⁶

4. Assessment of applications

The ABA assesses all applications on merit having regard to the matters set out in the BSA. The ABA decides if a licence is to be allocated and, in the case of competing applicants, to which applicant. The ABA may hold hearings or conduct other information gathering processes to inform itself, if necessary.

Note: The ABA is not required to allocate a community broadcasting licence to any applicant (section 85).

Notification

The ABA publicises its decision on an allocation exercise in a news release and also provides details of successful applicants in its newsletter *ABA Update* and Annual Report.

⁴⁶ This is the current procedure but in the past the ABA allowed longer periods for receipt of comments and also opened the public comment period later, to allow adequate time for copies of applications to be made available in local libraries.

Eligibility

The ABA may only accept applications from companies that are formed in Australia or in an external Territory; and represent a community interest. The BSA defines a ‘company’ as including an incorporated association. The ABA considers that an applicant which is an incorporated association or a company limited by guarantee will be eligible to apply for a licence. Other types of company (including certain co-operatives and companies limited by shares), whilst not precluded from applying, are considered by the ABA to be inappropriate vehicles to hold a community broadcasting licence.

Merit criteria

The ABA decides whether, and to whom, to allocate a PCBL having regard to matters set out in section 84 of the BSA, including:

- the extent to which the proposed service would meet the existing and perceived future needs of the community within the licence area of the proposed service;
- the nature and diversity of the interests of that community;
- the nature and diversity of other broadcasting services within the licence area; and
- the capacity of the applicant to provide the proposed service.

Deferral of the call for applications

Where a LAP shows a community broadcasting service to be available the ABA may delay commencement of the allocation process under certain circumstances, including:

- where there is no local aspirant broadcaster in a position to make an application;
- where no aspirant broadcaster representing a priority community interest or interests (as notified in a Ministerial direction to the ABA) is in a position to make an application; or
- where the ABA determines there is an important community need which no existing aspirant community broadcaster is able to represent.

Licence conditions

Community broadcasters are subject to certain licence conditions, ranging from general conditions which apply to all broadcasting services to more specific conditions, under Schedule 2 Part 5 of the BSA. Community broadcasting licensees are also subject to any relevant program standards and industry codes of practice in the provision of services.

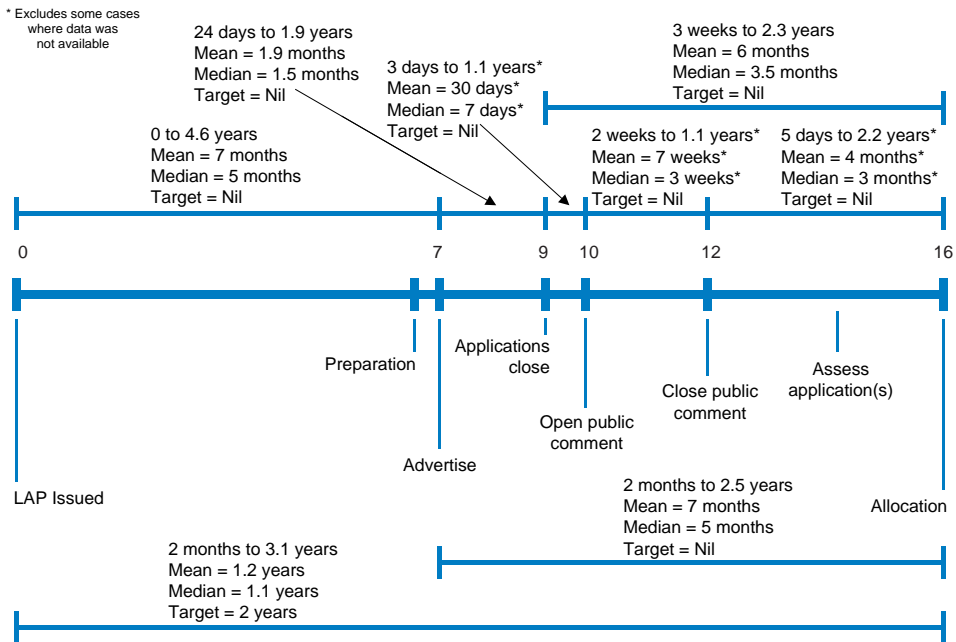
Sponsorship announcements

Under the BSA community broadcasting service are not permitted to broadcast advertisements; but they may acknowledge their sponsors, with certain conditions. Clause 9 Schedule 2 to the BSA sets out the distinctions between sponsorship announcements and advertisements and limits the broadcast of sponsorship announcements to a maximum of five minutes in any hour.

ANAO analysis of ABA performance in allocating PCBLs

The ANAO collected data and analysed how long the ABA took to issue PCBLs. The results are summarised in Figure 2. Further details about performance of various stages of the allocation process are also discussed in the following sections.

Figure 2
Allocation of PCBLs



Source: ABA data

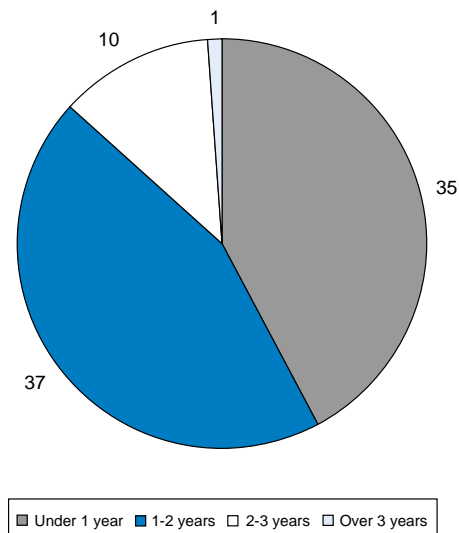
Elapsed period from LAP to PCBL allocation

The ABA has set a performance indicator of making PCBLs available within two years of the date of the Final LAP. The ABA recognises that uncontested allocations are speedier than contested licences but has not set separate targets for each type of allocation.

The ANAO found that in around 87 per cent of cases where a PCBL has been allocated the ABA met its current target of allocating the licence within two years of the release of the LAP, with 42 per cent under one year (previous target), 45 per cent 1–2 years, 12 per cent 2–3 years and one per cent (one case) over 3 years (see Figure 3).

Figure 3

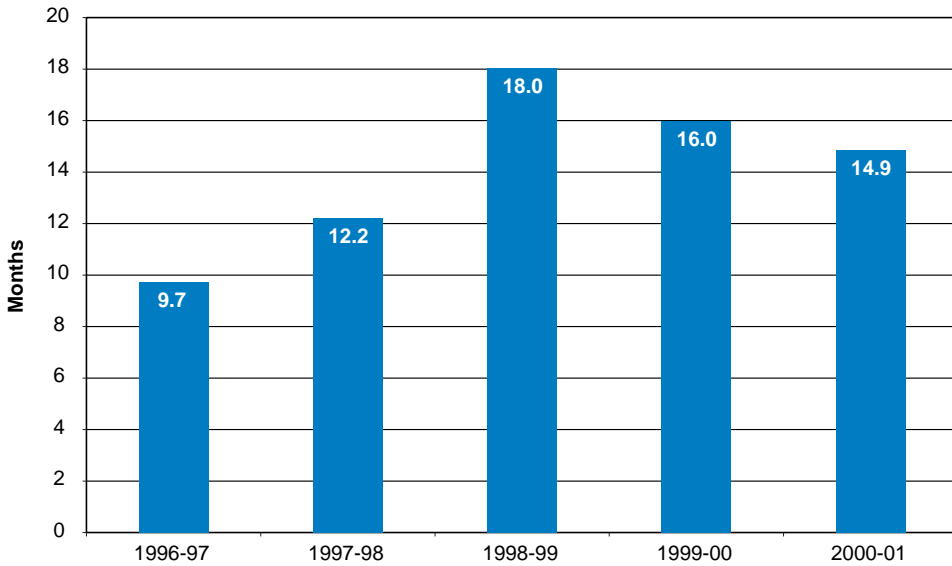
Elapsed period from LAP to PCBL allocation



Source: ABA data

The ABA's performance in issuing PCBLs has been improving since 1998–99, when the average was 18 months, reducing to 15 months by 2000–01. However, this is still above the averages achieved in 1996–97 and 1997–98 of about 10 months and 12 months respectively (see Figure 4).

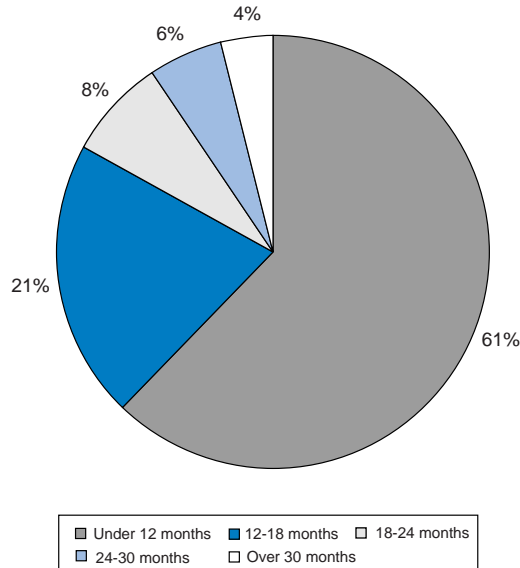
Figure 4
Average period from LAP to licence allocation



Source: ABA data

About 62 per cent of uncontested cases were allocated within one year, with 83 per cent within 18 months and 91 per cent within two years (see Figure 5).

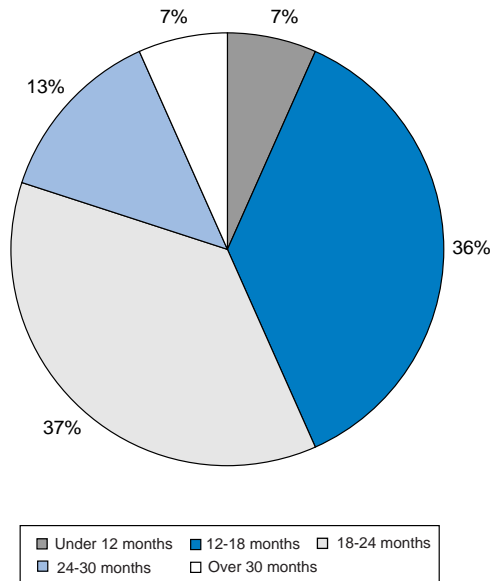
Figure 5
Period from LAP to licence for uncontested cases



Source: ABA data

Only around seven per cent of contested cases were allocated within one year, with 43 per cent within 18 months and 80 per cent within two years (see Figure 6).

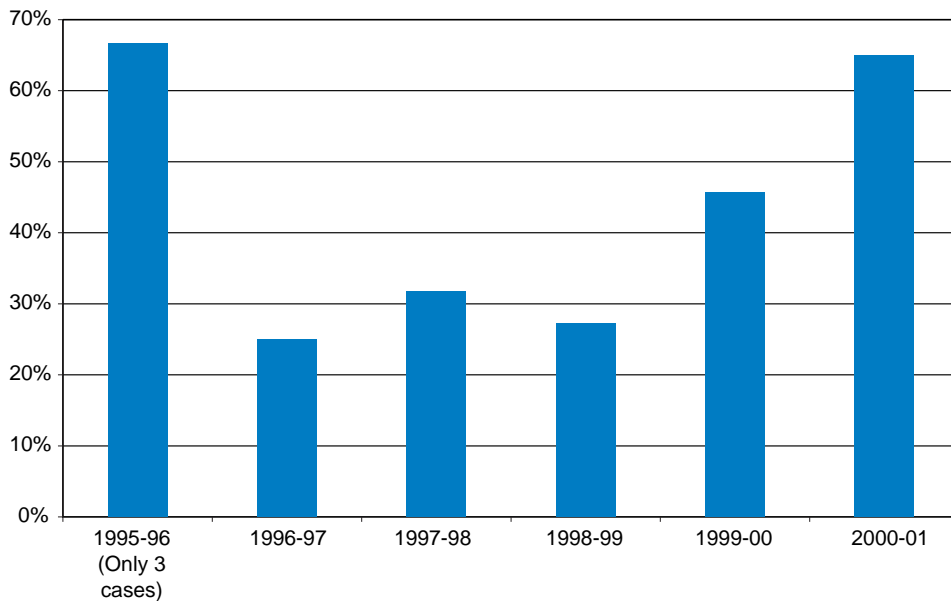
Figure 6
Period from LAP to licence for contested cases



Source: ABA data

The ANAO found that of the total number of PCBL advertised each year, the percentage that are contested has been increasing, ranging from 25 per cent in 1996–97 to 65 per cent in 2000–01 (see Figure 7 and Figure 8).

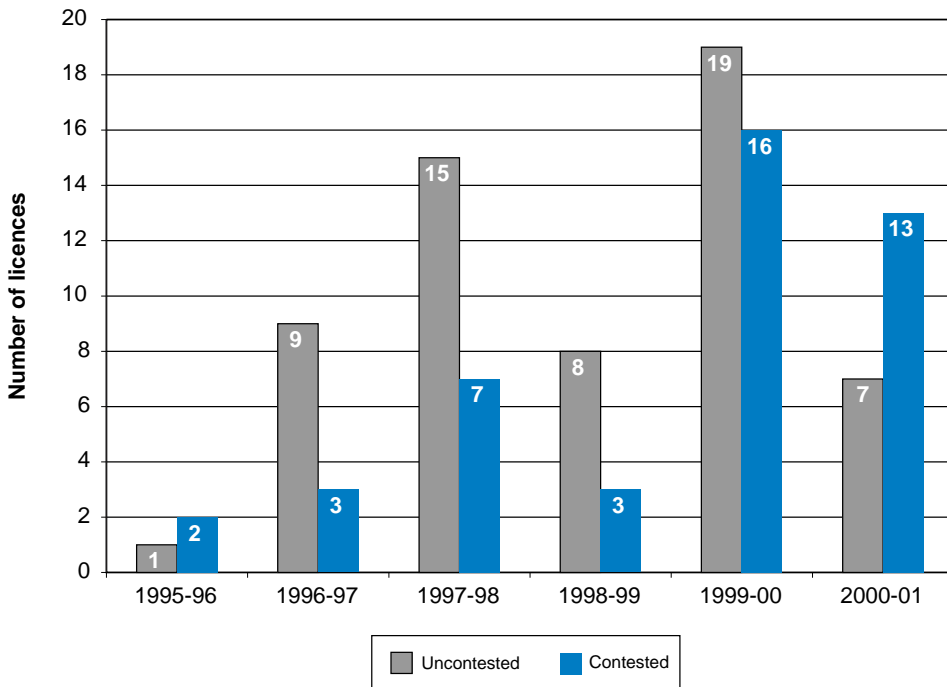
Figure 7
Percentage of PCBLs contested by year advertised



Source: ABA data

Figure 8

Number of contested and uncontested PCBLs by year advertised



Source: ABA data

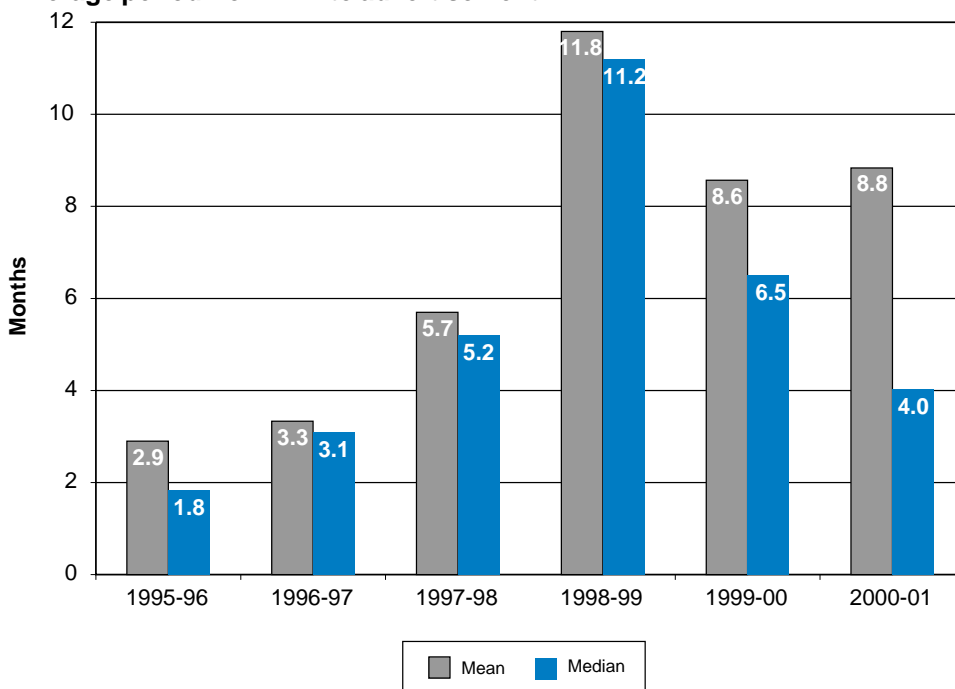
Elapsed period from LAP to call for applications

ANAO examined the elapsed time taken by the ABA from when a LAP is finalised to when applications are called for the PCBLs made available within that LAP.

ANAO considers that it is a good practice for applications to routinely be called at the same time as the Final LAP is issued unless there are valid reasons for deferring the licence allocation process. The ABA has no written policy on this and has not actively monitored the times taken. ANAO noted only one case (in 103 cases examined) where no delay occurred (Muswellbrook). The maximum period noted was 4.6 years, the average was seven months and the median was five months.

Based on the financial year during which licence applications were advertised, the ABA's performance has deteriorated from an average of 12 weeks from LAP to advertisement in 1995-96 to over 50 weeks in 1998-99, improving slightly to 37 and 38 weeks in 1999-2000 and 2000-01 respectively (see Figure 9).

Figure 9
Average period from LAP to advertisement



Source: ABA data

In a small number of cases ANAO found documentation indicating that the deferral of the calling of applications was a conscious management decision.

ABA comments

ABA advised there was no known aspirant in Geraldton (4.6 years from LAP to application) for almost two years. Once an aspirant did commence providing a TCBL service, Licensing Section was unable to deflect immediately from other higher priority community licence allocations. Gayndah (2.6 years) is an example of an aspirant that was not ready to apply for a permanent community service and has been providing temporary services.

Narrabri community licence allocation (2.3 years) The LAP was released in July 1998. The ABA called for applications in June 1999, receiving two applications for the one available licence. The allocation process was bitterly contested with the ABA deciding in November 1999 under s.85 of the Act to not allocate the licence. The ABA also decided to readvertise the licence within one year of its decision. The ABA called for applications in July 2000 and decided to allocate the licence in October 2000.

Bendigo community licence allocations (2 licences, 2.4 years) The ABA received four applications for the two available licences. The ABA provided the four applicants with an opportunity to amalgamate their respective applications. This process was time consuming and difficult and in the end was unsuccessful in that all four applicants stood by their existing applications.

Meekatharra (2.5 years) The LAP was released in August 1996. The ABA called for applications in February 1997. The ABA received one application from an open narrowcasting service that was licensed until February 1999. The ABA had difficulty in obtaining information from the applicant and this compromised the ABA's ability to determine the applicant's capacity to provide its proposed service. The ABA decided in February 1999 to allocate the licence to the applicant from the date following the expiration of its open narrowcasting service (9 February 1999).

Esperance community allocation (2.9 years) The LAP was released in September 1996. The applicant was not incorporated until February 1997. The applicant conducted temporary transmissions in 1997 and TCBL broadcasts throughout 1998 and 1999. The ABA called for applications in July 1998 and received one application. The applicant was proposing additional expenditure to acquire transmission equipment in order to operate at the required power to comply with the permanent licence technical planning guidelines. The ABA decided to allocate the licence in August 1999.

Borrooloola (3.1 years) The LAP was released in October 1996. A local indigenous group commenced a full time TCBL broadcast in March 1998. Its intention was to develop its broadcast capacity under a TCBL before applying for a permanent licence. In September 1999, the ABA invited applications for the licence. One application was received in October 1999. The licence was allocated in November 1999.

The ABA also advised that the contested Darwin allocation, along with the development and implementation of the TCBL process throughout mid-to-late 1997 resulted in a lack of Licensing Section resources to address the backlog of licences that developed through 1996–1997. In September 1998, the ABA endorsed policy and procedural changes to the community allocation process with a view to speeding up allocations. In November 1998, the ABA delegated its power to allocate a community radio licence for simple and uncontested community allocations. This backlog of licences was cleared in 1999–2000 when a total of 38 community licences were allocated.

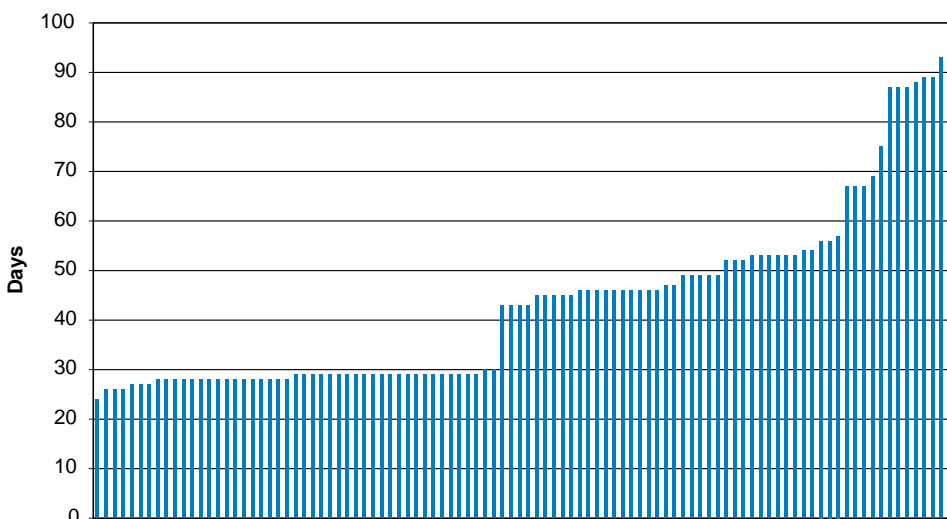
Elapsed period from call for applications to closing date

The ANAO examined the period from when applications are called to when applications close for new PCBLs made available within LAPs.

ANAO considers that it is a good practice for there to be a standard timeframe from advertising to the closing of applications, with formal extensions granted where warranted (and notified to all interested parties) as well as allowing an extended period that takes into account any public holidays that fall within the period. The ABA has adopted differing periods over the years. The actual periods ranged from 24 days to 22 months with an average of 54 days and median of 43 days (see Figure 10).⁴⁷

Figure 10

Period from call for applications to closing date (excludes cases over 100 days)



Source: ABA data

Elapsed period from call for applications to licence allocation

The ANAO examined the elapsed period from when applications are called to when licences are allocated for the PCBLs made available following the release of Final LAPs.

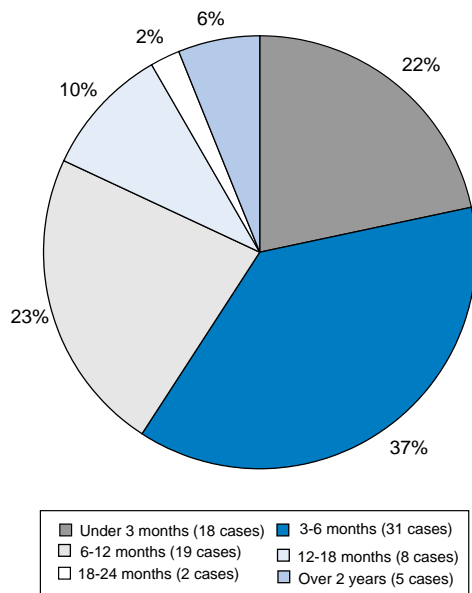
⁴⁷ There were three cases over three months: Dubbo 4.5 months, Derby 13 months and Cunnamulla 22 months.

Although there is a target from LAP to Licence, the ABA has not set a target for the period from when it advertises that licences are available to when those licences are allocated. It also has not actively monitored the times taken.

The ANAO found that almost 60 per cent of all PCBLs were allocated within six months of being advertised, with 82 per cent within 12 months. However, around six per cent of cases took over two years (see Figure 11).

Figure 11

Period from advertisement to allocation

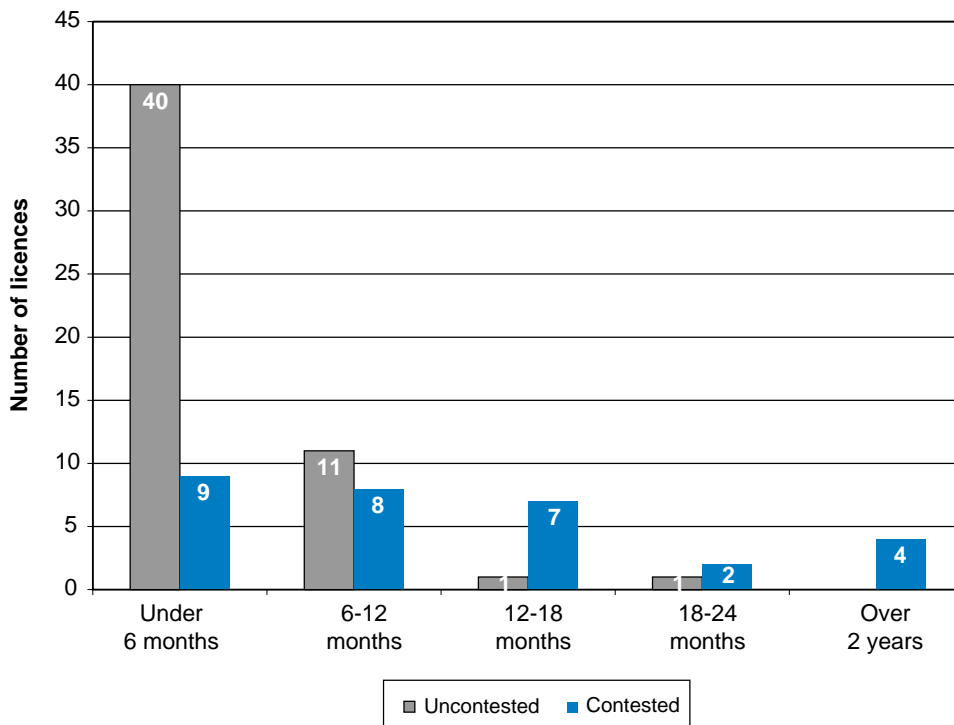


Source: ABA data

Of the 83 licences allocated, the ANAO found that 36 per cent (30 cases) were contested and that 64 per cent (53 cases) were uncontested. The ABA has not set a target for the time taken that distinguishes between contested and uncontested allocations.

Figure 12

Period from advertisement to allocation for contested and uncontested PCBLs

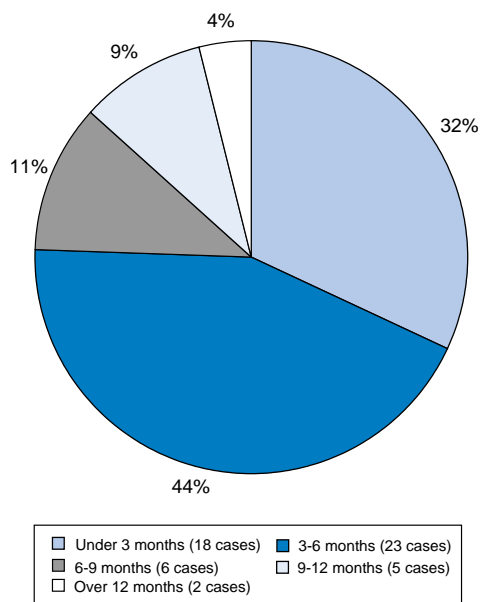


Source: ABA data

For uncontested cases, the ANAO found that licences were allocated within three months of calling for applications in about one-third of cases, with three-quarters of the uncontested cases allocated in under six months and four per cent taking over 12 months (see Figure 13).

Figure 13

Period from advertisement to allocation for uncontested PCBLs

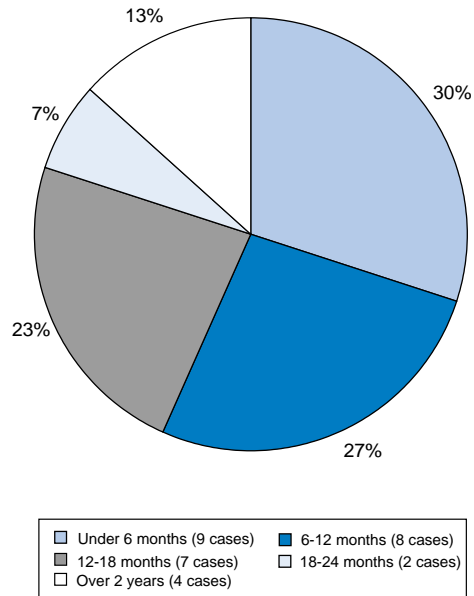


Source: ABA data

For contested cases, the ANAO found that 30 per cent were allocated within six months, rising to 57 per cent within 12 months. Twenty per cent of cases took more than 18 months (see Figure 14).

Figure 14

Period from advertisement to allocation for contested PCBLs



Source: ABA data

In three cases (four per cent of all cases and 10 per cent of contested cases) the ABA decided to conduct public hearings (Darwin, Bathurst and Sydney). Hearings for the allocation of Melbourne PCBLs were conducted in August 2001.

Appendix 7

Temporary Community Broadcasting Licences

This Appendix provides background information about Temporary Community Broadcasting Licences (TCBLs). It also outlines the results of the ANAO's analysis of the ABA's performance in issuing these licences.

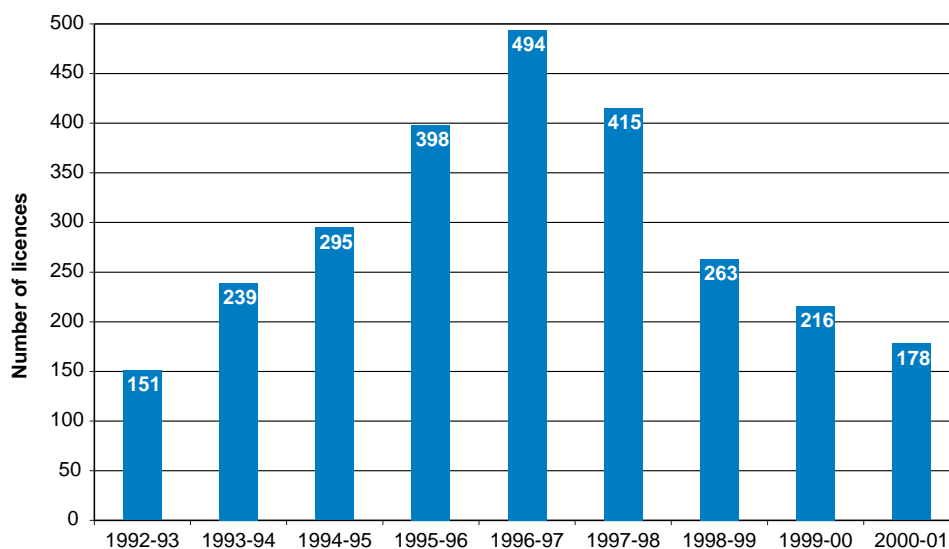
Temporary Community Broadcasting Licences

The Temporary Community Broadcasting Licence (TCBL) scheme has been in place since August 1997, replacing the system of Temporary Transmissions. Figure 1 shows the number of TCBLs issued each year. The scheme provides for the ABA to allocate non-renewable community radio licences to eligible aspirant broadcasters for periods of up to 12 months. The licences are only allocated if channels in the broadcasting services bands are available for transmission but broadcasting airtime may be shared with other licensees.

This scheme gives the ABA considerable flexibility in promoting the efficient and effective use of the spectrum before the completion of licence area planning. It also gives aspirant broadcasters the opportunity to establish and develop a service to their community of interest before the merit-based allocation of permanent licences.

Demand for access to available channels, particularly in the major metropolitan areas, is particularly strong. Following the introduction of the scheme, a number of new aspirants emerged and others split off from established groups, exacerbating competition for the limited channels available.

As a response to these changing circumstances, and to manage effectively the demand for the diminishing number of available channels as licence area planning concludes in the major metropolitan areas, the ABA released revised guidelines for time-sharing in April 2000.

Figure 1**Number of temporary licences issued 1992–93 to 2000–01**

Note: Includes Temporary Transmission licences before 1996–97

Source: ABA data

Temporary transmissions foster the development of community broadcasting by allowing aspirant broadcasting groups to develop operating skills and programming formats, and build support for a licence in the community. Temporary transmissions thus assist the emergence of broadcasting groups to serve unmet community needs or to meet any priority interest or interests which may have been notified by the Minister. In licence areas where licence allocation is delayed there is continued opportunity for aspirant broadcasting groups to conduct temporary transmissions.

Allocation of TCBLs

An application may be made at any time. However, the ABA may only allocate a temporary community broadcasting licence if it first decides, in accordance with the provisions at section 34 of the Act, that spectrum can be made available to temporary community broadcasting licensees in a specified area for a specified time.

TCBLs cannot be renewed, but a licensee can make application for a new licence before the expiration of a current licence. The term and conditions of a new licence may be different to those of an earlier one.

In deciding whether it will allocate a temporary community broadcasting licence the ABA is not permitted (by law) to have regard to:

- the extent that the proposed service would meet the needs of the community in an area;
- the nature and diversity of the interests of that community;
- the nature and diversity of other broadcasting services in that area; and
- the capacity of the applicant to provide the service.

However the ABA may have regard to:

- the undesirability of one person being in a position to exercise control of more than one community broadcasting licence that is a broadcasting services bands licence in the same licence area; and
- the undesirability of the Commonwealth, a State or a Territory or a political party being in a position to exercise control of a temporary community broadcasting licence.

Before allocating a TCBL the ABA must:

- designate a particular area as the licence area of the licence;
- determine the timing conditions of the licence; and
- determine a period of up to 12 months as the licence period.

The ABA has published a Guide to the Allocation of Temporary Community Broadcasting Licences.

Eligibility

The ABA can only accept applications from companies that:

- (a) are formed in Australia or in an external Territory; and
- (b) represent a community interest.

The BSA does not define what is meant by a 'community interest'. Given the role that community broadcasters play in promoting the objects of the BSA, the ABA has stated that the most useful definition of 'community' is one which is broad and takes into account social, historical and cultural linkages. It considers that an applicant for a TCBL should therefore be, at a minimum, a not-for-profit, locally based, representative organisation with clearly defined purposes and transparent, non-discriminatory membership rules.

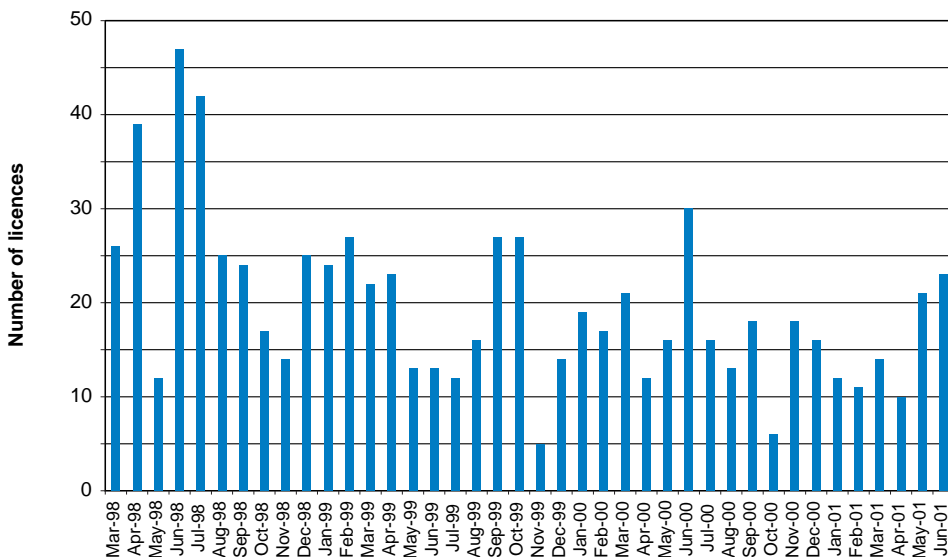
The ABA publicises decisions on the allocation of TCBLs in its newsletter *ABA Update* and by news release. A list of aspirant broadcasters is also published in the ABA's Annual Report. The licence conditions are the same as for permanent community licences.

ANAO analysis

Reducing peaks and troughs in the workload can assist in determining the most suitable staff allocation to the licensing function and the timely processing of applications. The ANAO found that workloads varied and there was no clearly discernible seasonal pattern for TCBLs (see Figure 2). The ABA advised that strategies for smoothing the workload were implemented in 2000 and 2001, for example, by staggering the period of licences for subsequent applications to spread them more evenly throughout the year and to avoid having TCBLs expire around the Christmas/New Year period.

Figure 2

Number of temporary licences issued each month



Source: ABA data

There was no data available for analysis by the ANAO on the break-up between first applications and subsequent applications from aspirant groups. Other than for current licences, the ABA does not retain data in the licensing database on the date of receipt of TCBL applications, although this information is available from individual files. The ANAO considers that such data would provide useful benchmarking information about the ABA's processing times and confirmation that all applications are processed within the targets of 12 weeks and eight weeks for new and repeat applications respectively. Licensing staff indicated to the ANAO, however, that there were no cases that exceeded the target timeframes, although in a small number of cases applications were lodged

too late to enable processing by the intended start date for transmissions, even though the ABA was able to quickly process these applications. This was confirmed in the ANAO's review of the available data on current TCBLs.

In May 1999, the ABA streamlined the procedures for handling and processing TCBL applications. As there is no management information available on the 'before and after' processing times for this change, the ANAO was unable to comment on the effectiveness and overall level of improvement.

Appendix 8

Allocation of Commercial Licences

This Appendix provides some background information about Commercial licences. It also outlines the results of the ANAO's analysis of the ABA's performance in issuing these licences.

Commercial Radio Broadcasting Licences

Section 14 of the Broadcasting Services Act states that Commercial broadcasting services are broadcasting services that:

- (a) provide programs that, when considered in the context of that service being provided, appear to be intended to appeal to the general public; and*
- (b) provide programs that:

 - (i) are able to be received by commonly available equipment; and*
 - (ii) are made available free to the general public; and**
- (c) are usually funded by advertising revenue; and*
- (d) are operated for profit or as part of a profit-making enterprise; and*
- (e) comply with any determinations or clarifications under section 19 of the Broadcasting Services Act 1992 in relation to commercial broadcasting services.*

Commercial licence allocation is by a price-based 'auction style' process under which all commercial broadcasters take full responsibility for their own viability.

Key features of price-based allocation systems

- The ABA uses two separate, though similar price-based allocation systems to allocate commercial broadcasting licences and licences to provide open narrowcasting services made available in LAPs.
- The ABA generally conducts two rounds of licence allocation exercises each year: at about six monthly intervals. However, the ABA may conduct more or fewer rounds of licence allocation exercises, depending on the number of licences available for allocation.
- The ABA advertises for applications for licences which are then allocated under the auction-style price-based systems, unless there is only one application for a licence.
- The ABA invites applications for licences for new commercial services by publishing advertisements for available licences in the *Australian* and in a newspaper with a local circulation where a licence is available.

- Applicants must purchase the information package *Price-based Allocation of Commercial Broadcasting Licences* from the ABA. The cost of the package is currently \$50. The package provides a detailed explanation of how to apply for a licence, technical information about the available licences and the reserve price set by the ABA for available licences. The information package also includes all of the forms that must be completed by applicants.
- Applicants for licences are required to register with the ABA and pay an application fee for each licence applied for. An applicant for a commercial radio or television broadcasting licence must be a company formed in Australia or in an external Territory, which has a share capital.
- Licences are allocated to the highest bidder, or if there is only one applicant the licence is allocated at the reserve price (subject to the requirements of the BSA or the Radiocommunications Act [as applicable] and the Determination which governs the system), following payment in full.
- The ABA must not allocate a licence to an applicant if it has decided the applicant is not a suitable applicant. Cross media ownership and control rules also apply.
- After a licence is issued, the ABA publishes the successful applicant's name and the amount paid for the licence.

Table 1 provides details of the licences and auction prices achieved. Figure 1 shows the number of licences issued each year.

Table 1

Price based allocation of commercial broadcasting licences

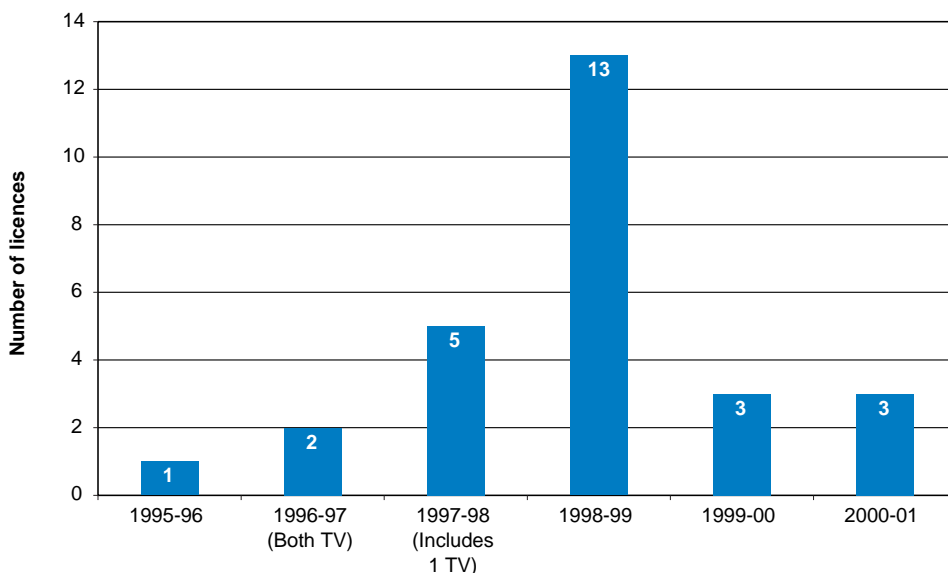
<i>Licence Area</i>	<i>Type</i>	<i>Allocation Date</i>	<i>Reserve \$</i>	<i>Auction Price \$</i>
Mildura ⁴⁸	FM	10/04/96	10,000	10,000
Mildura	TV	7/01/97	10,000	3,200,000
Darwin	TV	29/01/97	10,000	2,100,000
Dubbo	FM	22/01/98	10,000	1,600,000
Shepparton	FM	22/01/98	10,000	1,250,000
Albury	FM	22/01/98	10,000	2,325,000
Ballarat	FM	22/01/98	10,000	800,000
Remote & Regional WA	TV	28/05/98	10,000	36,000,000
Cairns	FM	27/08/98	100,000	550,000
Cairns	FM	27/08/98	100,000	500,000
Mackay	FM	27/08/98	100,000	400,000
Bundaberg	FM	27/08/98	100,000	600,000
Townsville	FM	27/08/98	100,000	500,000

⁴⁸ Allocated at reserve price to sole applicant.

<i>Licence Area</i>	<i>Type</i>	<i>Allocation Date</i>	<i>Reserve \$</i>	<i>Auction Price \$</i>
Table 1 continued				
Townsville	FM	27/08/98	100,000	500,000
Mackay	FM	27/08/98	100,000	325,000
Orange	FM	1/10/98	10,000	1,500,000
Bendigo	FM	1/10/98	10,000	1,220,000
Bunbury	AM	1/10/98	10,000	120,000
Maryborough	FM	21/01/99	100,000	700,000
Rocky/Gladstone	FM	21/01/99	100,000	575,000
Rocky/Gladstone	FM	21/01/99	100,000	525,000
Coffs Harbour	FM	29/07/99	100,000	100,000
Kempsey/Port Macquarie	FM	29/07/99	100,000	220,000
Toowoomba/Warwick	FM	29/07/99	100,000	800,000
Campbelltown	FM	1/08/00	100,000	10,000,000
Sydney	FM	1/08/00	500,000	155,000,000
Melbourne	FM	22/02/01	500,000	70,000,000
Brisbane	FM	-	500,000	67,000,000

Source: ABA media releases

Figure 1
Number of commercial licences allocated per year



Source: ABA data

Section 36 of the BSA requires the ABA to develop a price-based system to allocate licences for:

- commercial radio and television broadcasting licences which use the broadcasting services bands (BSB); and
- non-BSB commercial television licences before a date to be specified by Proclamation.

The price-based system developed by the ABA is governed by the *Commercial Broadcasting Licences Allocation Determination No.1 of 1998* (the s.36 Determination). Licences allocated since 30 April 1998 are allocated under this Determination, which replaced the *Commercial Broadcasting Licence Allocation Determination No. 1 of 1995* dated 31 October 1995.

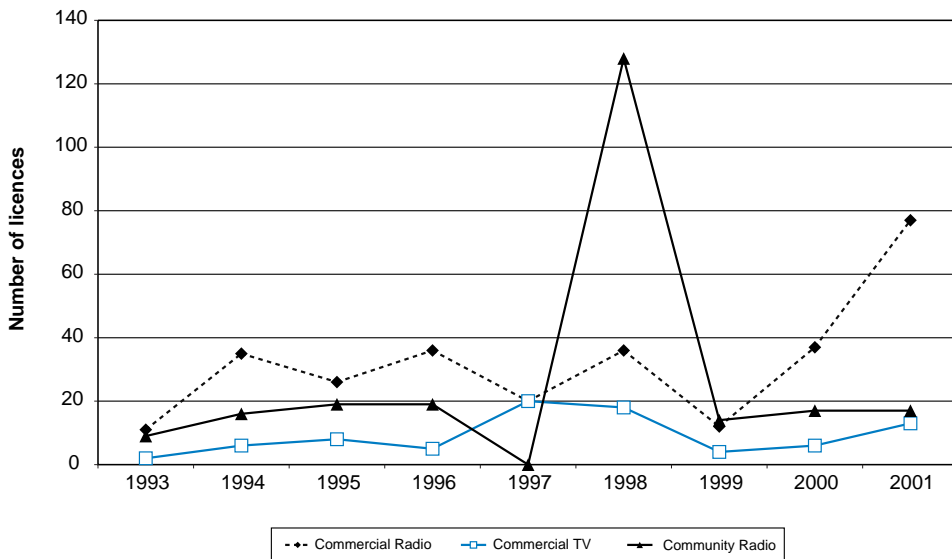
Renewal of licences

The procedures for renewing commercial broadcasting licences are set out in section 46 of the BSA. A licensee must apply to renew its licence by completing an application form approved in writing by the ABA. The application form must be returned to the ABA at least 20 weeks, but not more than one year, before the licence is due to expire. Applications for the renewal of a commercial broadcasting licence must be accompanied by a renewal fee (currently \$200).

The ABA must publish a notice in the *Gazette* giving details of all the applications for renewal of licences it has received. The ABA also advises a licensee in writing when its licence has been renewed.

Figure 2 shows the number of licences renewals per year for commercial radio, commercial TV and community radio.

Figure 2
Number of licence renewals by type 1993–2001



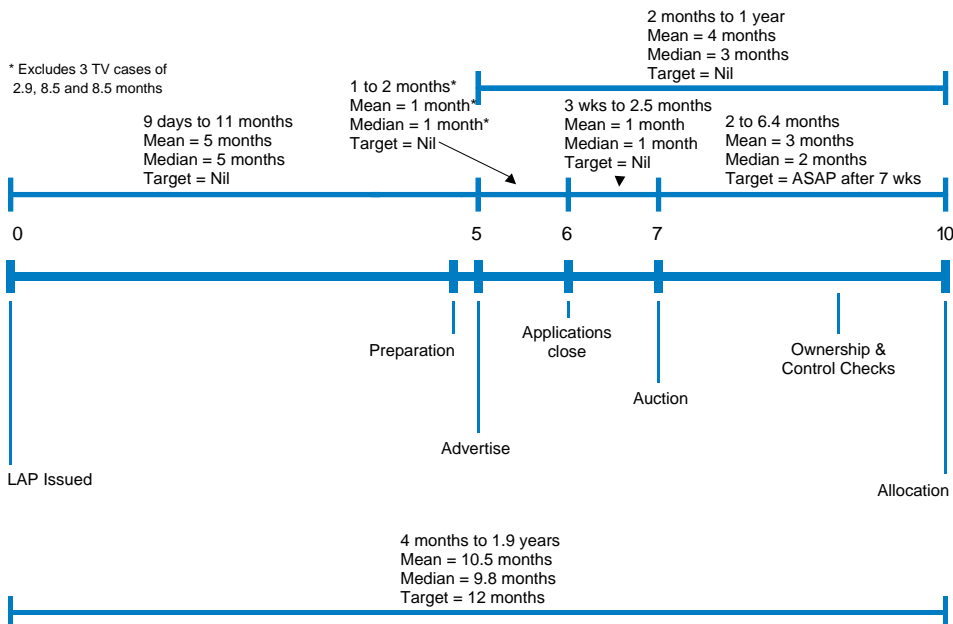
Source: ABA data

ANAO analysis of ABA performance in allocating Commercial Licences

The ANAO collected data and analysed how long the ABA took to issue Commercial licences. The results are summarised in Figure 3. Further details about performance of various stages of the allocation process are also discussed in the following sections.

Figure 3

Timeline for allocation of commercial broadcasting licences under the price based allocation system



Source: ABA data

Elapsed period from LAP to licence allocation

The ANAO examined the period from when a LAP is issued to when any new Commercial licences made available within that LAP are allocated.

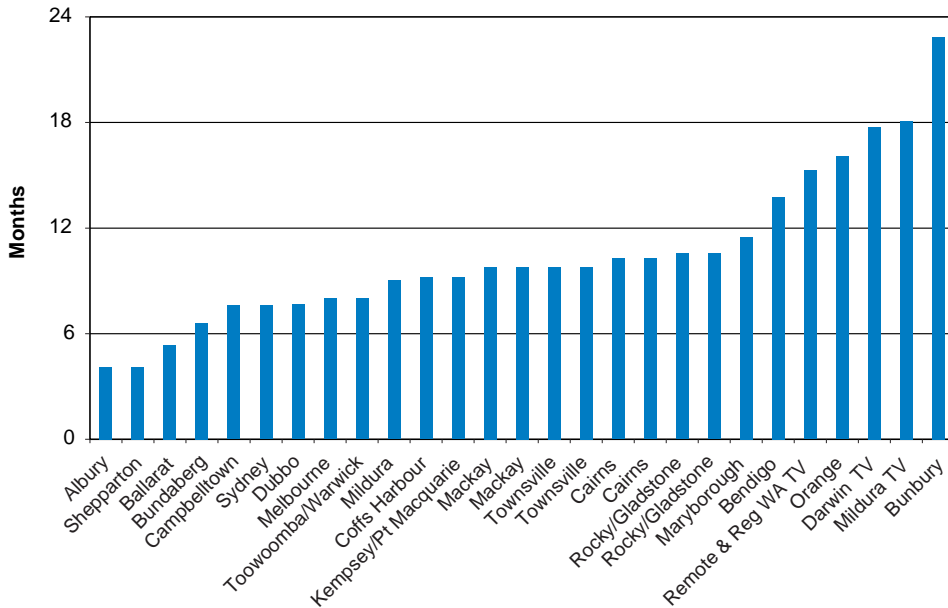
Successive Business Plans for the Planning and Licensing Branch have included a performance target (described as a success indicator) requiring the allocation of Commercial licences within one year of being made available in the LAP. This is also reflected in the ABA 1999–2003 Corporate Plan. The ABA did not have any Business Plans until the 1999–2000 year. The 1996–99 Corporate Plan included an objective of ‘timely’ licensing of services, without specifying any indicators or targets.

The target expressed in the Business Plans is not consistent with the PBS for 1999–2000, which, under the heading of ‘Measures, indicators and targets’ states ‘licences allocated within 6–12 months of being planned.’ Earlier PBS do not express any targets for licence allocation. The 2000–01 and 2001–02 PBS, however, state ‘licences allocated within one to two years of being planned.’ It is assumed by the ANAO that this covers the commercial and community licensing targets of one and two years respectively; ANAO suggested to the ABA that the targets be separately expressed in the PBS in future years.

ANAO noted that for the Commercial licences allocated to date under the price based allocation system, in all cases, the licence was issued within two years of the release of the LAP, with 11 per cent under six months (previous target), 78 per cent under 12 months (the ABA’s current target) and 82 per cent within 18 months (see Figure 4 and Figure 5).

Figure 4

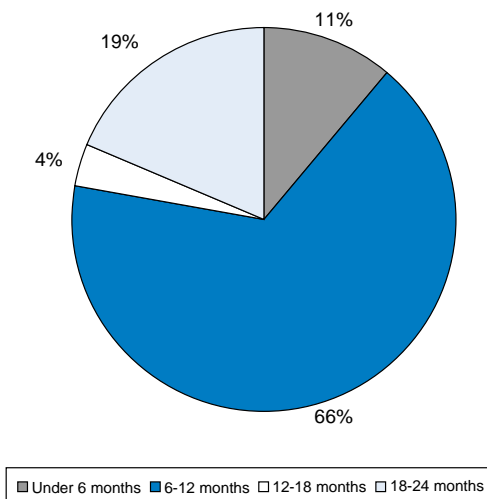
Elapsed period LAP release to allocation of commercial licence



Source: ABA data

Figure 5

Period from LAP to licence

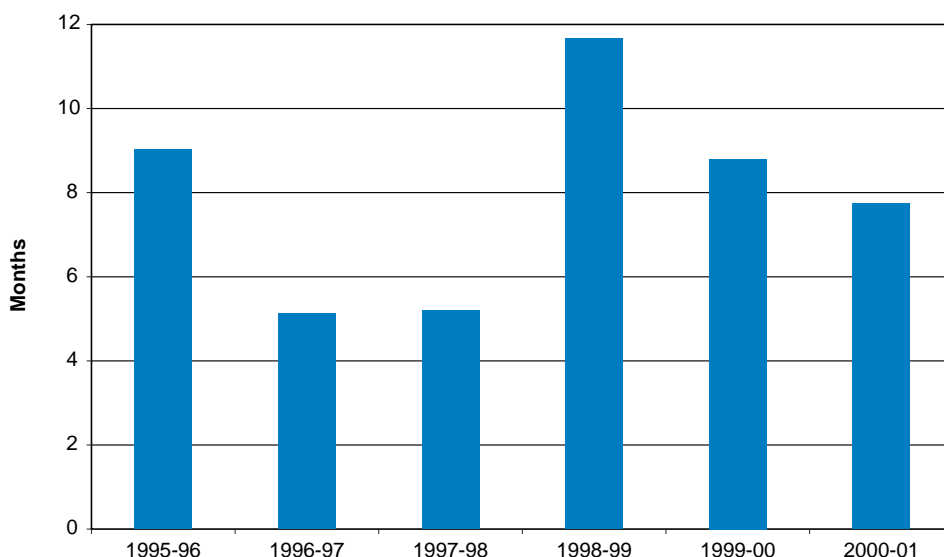


Source: ABA data

The ANAO also found that the ABA's performance in issuing Commercial licences has been improving since 1998–99, when the average was 12 months, reducing to eight months by 2000–01. However, this is still above the average time of five months achieved in both 1996–97 and 1997–98 (see Figure 6).

Figure 6

Average duration from release of the LAP to allocation of commercial licence



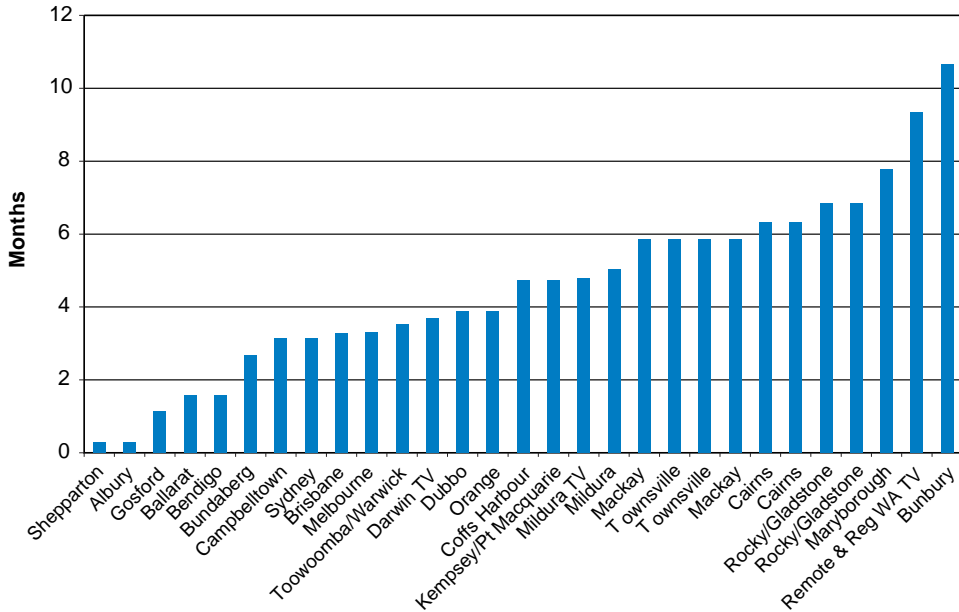
Source: ABA data

Elapsed period from LAP to call for applications

The ANAO examined the elapsed time from when a LAP is finalised to when applications are called for any new Commercial broadcasting licences made available within that LAP under the price based allocation system.

ANAo considers that it is a good practice for applications to routinely be called at the same time as the Final LAP is issued. The ABA has no written policy on this and has not actively monitored the times taken. ANAO noted that periods ranged from nine days to 11 months, the average and median were five months (see Figure 7).

Figure 7
Elapsed period from release of LAP to call for commercial licence applications



Source: ABA data

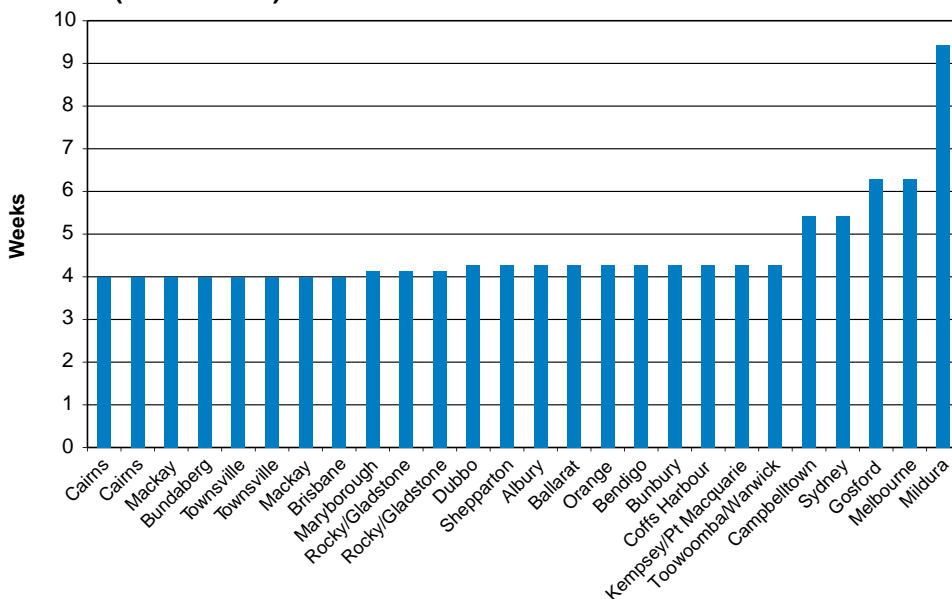
Elapsed period from call for applications to closure

The ANAO examined the elapsed period from when applications are called to when applications close for new Commercial licences made available within LAPs.

ANAO noted that the periods ranged from four weeks to about nine weeks for radio, with only five cases exceeding 30 days (see Figure 8). The period for TV ranged from three months to eight months.

Figure 8

Elapsed period from call for applications to closing date for commercial licences (excludes TV)



Source: ABA data

Elapsed period from auction to allocation of commercial licences

The ANAO examined the period from when an auction is conducted under the PBA system to when new Commercial broadcasting licences are allocated.

The ABA has indicated, in the material made available to applicants, that licences will be allocated as soon as possible after receiving payment for the balance of the auction price, which is payable within 45–47 days (about 6.5 weeks) of the auction.

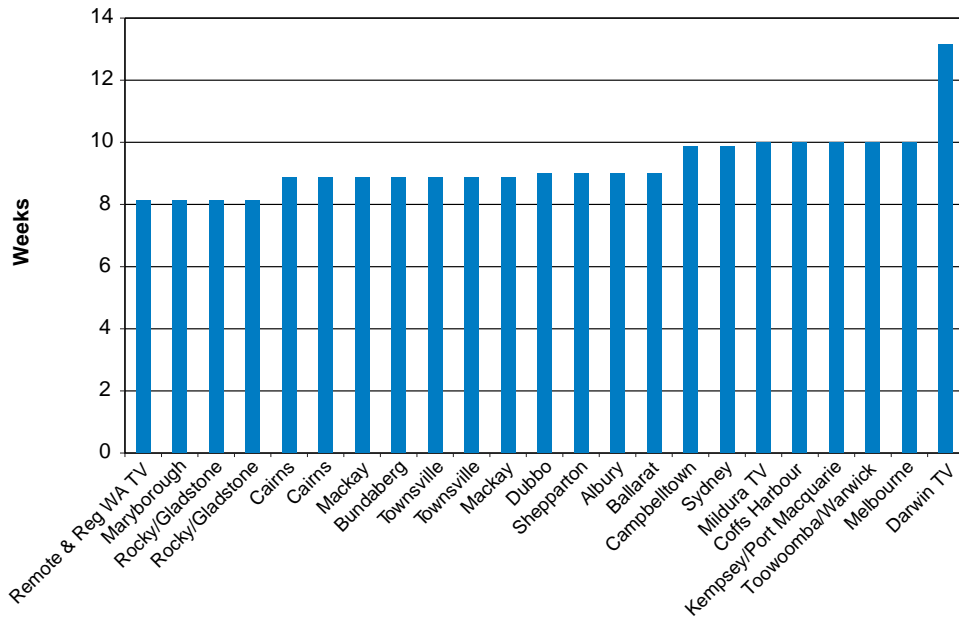
ANAO noted that for the Commercial broadcasting licences allocated to date under the price based allocation system, the periods from auction to allocation ranged from eight weeks to 10.5 months with an average of three months. If the three longest cases are excluded the average was nine weeks (see Figure 9).

The three cases in which the ABA took longer than three months to issue the licences after auction were Orange, Bendigo and Bunbury (45 weeks or 10.5 months). The ABA advised that in these cases the delay was due to a suitability investigation being conducted into the nominated applicant of each of the licences. The licences were allocated following the completion of that investigation. Since that time, legal advice has been

provided to the ABA stating that a suitability enquiry may be conducted following the allocation of the licence, rather than before.

Figure 9

Elapsed period from auction to allocation of commercial licences (excludes Orange, Bendigo and Bunbury)



Source: ABA data

Appendix 9

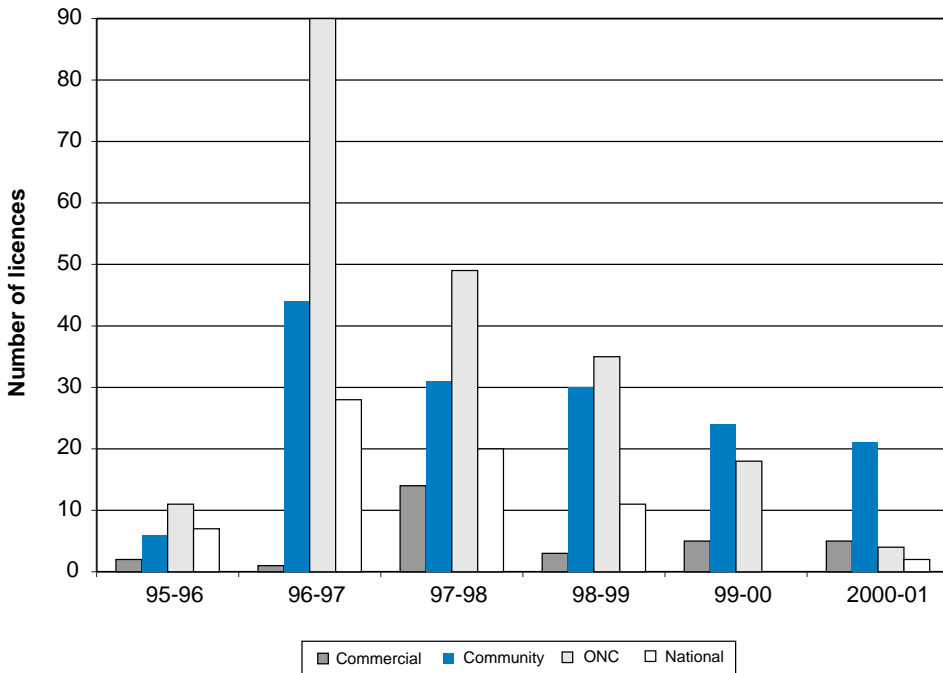
Number and Type of Licences Allocated each year

This Appendix provides information on the number of new radio broadcasting services planned by the ABA in Final LAPs. It also shows the number of section 39 licences planned in solus radio markets.

The number of new services planned has fallen from a peak of 163 in 1996–97 to 32 in 2000–01 (see Figure 1). Table 1 provides details of the new services planned.

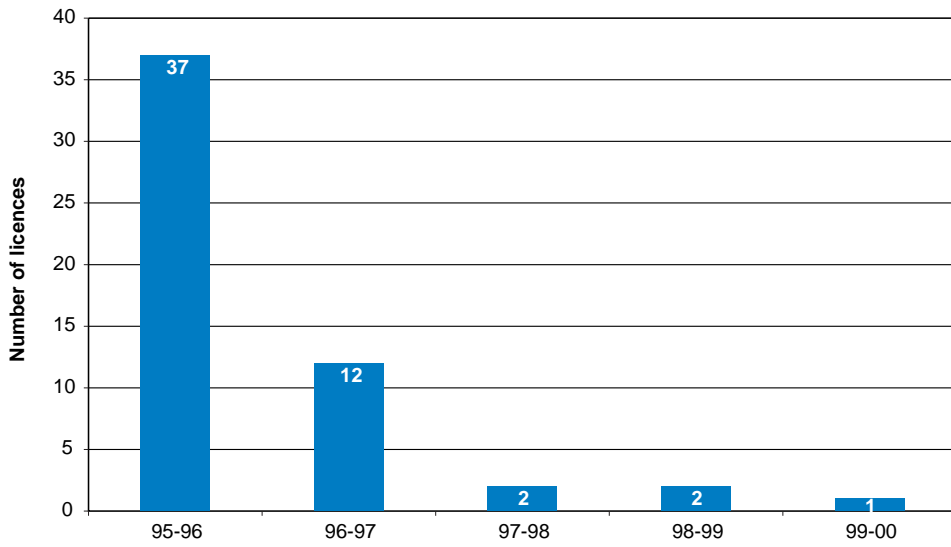
Figure 1

Number of radio services planned in LAPs (excludes s.39 licences)



Source: ABA data

Figure 2
Number of s.39 licences issued



Source: ABA data

Table 1
Number of New Radio Services Planned

<i>Zone</i>	<i>Licence Area</i>	<i>Final LAP</i>	<i>Commercial</i>	<i>Community</i>	<i>ONC</i>	<i>National</i>	<i>Section 39 Licences</i>
Group 1							
R1	Esperance, Kalgoorlie, Merredin	8/10/96		4	7	3	3
R1	Remote Central & Eastern Australia	17/10/96		1	4	9	
R1	Ceduna	19/07/96		1	1		
R1	Carnarvon	26/06/96			3		1
R1	Karratha	26/06/96			5		1
R1	Port Hedland	26/06/96			1		1
R1	Bordertown	29/08/96					
R1	Woomera & Lord Howe Island	29/08/96		1	2		
R1	Charliewille, Longreach & Roma	29/08/96		1	13		3
R1	Alice Springs	18/09/96			3		
R1	Mt Isa	18/09/96		2			
R1	Remote WA	29/08/96		7	28	1	
R1	Bourke/Tenterfield	13/12/96		2	11		
R1	Torres Strait	23/07/96		1	1		
R1	Kangaroo Island	29/08/96		1			
R1	Murrayville	29/08/96					
R1	Nhulunbuy	29/08/96			1		
R1	Broken Hill	28/02/96		2		3	
R1	Mildura	14/07/95	1	2	1	2	1
R1	Riverland	28/08/96		1	2	2	1

Zone	Licence Area	Final LAP	Commercial	Community	ONC	National	Section 39 Licences
Group 1 (continued)							
R21	Geraldton	16/09/96		3	1		
R21	Northam	30/08/96		2	1	2	1
R21	Katanning	10/10/96		2	1	1	1
R21	Narrogin	10/10/96		1		1	1
R21	Bridgetown	13/11/96		1	1	1	1
R21	Bunbury	14/11/96	1	3	2	2	1
R21	Albany	14/11/96		1	2	2	1
R21	Mandurah	19/07/96		1	1		1
R23	Darwin	23/10/95	1	2	1	2	1
R23	Katherine	23/10/95					
Group 2							
R7	Bathurst	20/05/97		1	1	2	1
R7	Parkes	20/05/97			2	1	1
R7	Dubbo	6/06/97		2	2	1	1
R7	Lithgow	20/05/97		1	1		1
R7	Mudgee	30/06/97		2	1		1
R7	Orange	6/06/97		2	1		1
R11	Albury	21/09/97	1	3	7		
R11	Shepparton	21/09/97	1	3	4		
R11	Wangaratta	21/09/97		2	1		1
R11	Deniliquin	21/09/97		1	7		
R16	Bendigo/Maryborough	14/08/97	1	4	1		

continued next page

<i>Zone</i>	<i>Licence Area</i>	<i>Final LAP</i>	<i>Commercial</i>	<i>Community</i>	<i>ONC</i>	<i>National</i>	<i>Section 39 Licences</i>
Group 2 (continued)							
R16	Ballarat	14/08/97	1	1			1
R16	Swan Hill	27/06/97		2	1	1	1
Group 3							
R2	Cairns	23/10/97	2	1	2		
R2	Atherton & Mareeba	4/12/97		1	2	2	1
R2	Innisfail	18/11/97		2	2	2	1
R2	Emerald	10/03/98					1
R2	Townsville, Mackay & Charters Towers	6/11/97	4	4	10	2	1
R3	Bundaberg & Maryborough	10/02/98	2	3	3		1
R3	Rockhampton, Gladstone & Emerald	10/03/98	2	4	9	13	1
R4	Kingaroy	12/10/98		3	2	1	1
R4	Toowoomba/Warwick	1/12/98	1	3	6		
R6	Armidale	2/09/98			2		1
R6	Tamworth	2/09/98		1	1		
R6	Gunnedah	17/07/98		2	1		1
R6	Moree	17/07/98		1	2		
R6	Inverell	2/07/98		3	2	2	1
R6	Coffs Harbour	26/10/98	1	1	1		1
R6	Grafton	2/09/98		1	1		1
R6	Kempsey & Port Macquarie	26/10/98	1	2	2		1
R6	Muswellbrook	9/10/98		1	2	2	
R6	Newcastle	9/10/98		4	1		

<i>Zone</i>	<i>Licence Area</i>	<i>Final LAP</i>	<i>Commercial</i>	<i>Community</i>	<i>ONC</i>	<i>National</i>	<i>Section 39 Licences</i>
Group 3 (continued)							
R6	Taree	9/10/98		1	2		1
R9	Cooma	30/07/99		1	4		1
R9	Wollongong	2/07/99		2	3		
R9	Nowra	13/08/99		2	3		
R9	Bega	18/06/99		1	4	3	1
R9	Canberra	18/06/99		6	4	3	
R9	Goulburn	18/06/99			2		1
Group 4							
R5	Brisbane	21/12/00	2	3	1		
R5	Ipswich	21/12/00		2			
R5	Gold Coast	21/12/00	1	3			
R5	Murwillumbah	21/12/00		1	1		
R5	Lismore	21/12/00		5	1		
R5	Nambour	21/12/00	1	2			1
R5	Gympie	21/12/00		2			1
R8	Sydney	17/12/99	3	7	3		
R8	Katoomba	17/12/99					
R8	Gosford	31/08/00	1	3	1	2	
R15	Melbourne	27/06/00	2	9	3		
R15	Geelong	27/06/00		2	2		
R15	Colac	27/06/00		1			1
R19	Adelaide	10/09/01	1	5	3		
R22	Perth	11/10/01	1	5	3		

Source: ABA data

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