

Community Broadcasting Sector Financial Health of Community Radio Survey

For the 2016-17 Financial Year



About

This report has been prepared on behalf of the Community Broadcasting Association of Australia (CBA) by Survey Matters.

Survey Matters specialise in providing research services to associations and not-for-profit organisations, their customers, and members. Survey Matters have helped a wide range of associations understand their value proposition - what is important to members, how the association can help them and how satisfied they are with their associations' performance. We also work with associations to generate and build industry data and knowledge to support advocacy, promotion, industry development and marketing activities.

As authors of the Associations Matter Research Series, Survey Matters have a significant knowledge base of the Australasian association sector.

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Disclaimer

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Introduction

The Community Broadcasting Station Survey is a comprehensive research project that collects information and reports on the activities of stations in the Australian community radio sector.

The Community Broadcasting Association of Australia (CBAA) has been collecting this information since 2003. This latest Survey report covers the 2016-17 financial year and is the ninth data collection.

In prior years, a single survey provided a snapshot of the community radio sector covering programming, program sources, finances, staffing, volunteers, subscribers, sponsorship, training and technology.

In an effort to reduce the time required for stations to complete the survey, in 2015 the CBAA decided to split future research data collection projects over separate surveys, including programming, community development, infrastructure, technology and finance.

This Survey is focused on the Financial Health of Community Radio, providing information about the size, financial activity and economic contribution of the Australian community radio sector.





Methodology

Recognising that most community radio stations operate with limited resources, this survey has removed the data collection burden from stations entirely and summarises data contained in station financial reports.

As well as summarising income and expenditure data, this report extends the research to, for the first time, include stations' balance sheet information. Various financial ratios are also presented to provide deeper insight into the 'financial health' of community radio stations.

Financial statements were available for 239, from a total of 336, stations. This represents 71% of all community radio stations, significantly higher than in 2015-16 when 51% of stations responded to the online survey distributed. Please note that balance sheet data was only available for 153 stations.

Responses processed closely reflect the composition of the sector by the service area, or location, within which stations operate. Similarly, adequate coverage has been achieved when viewed by community of interest. Before analysing the results, data has been weighted to reflect the composition of the sector by both station location and category/community of interest.

Results were compiled in MS Excel software, and results were analysed in Marketsight statistical software. After weighting, results provide an accurate representation of the sector overall. Projections have been made to extrapolate the survey data to estimate total sector size.

Where applicable, results are presented in this report to show differences in station broadcasting based on the station's location or category/community of interest. Results for segments with small sample sizes should be treated with care.

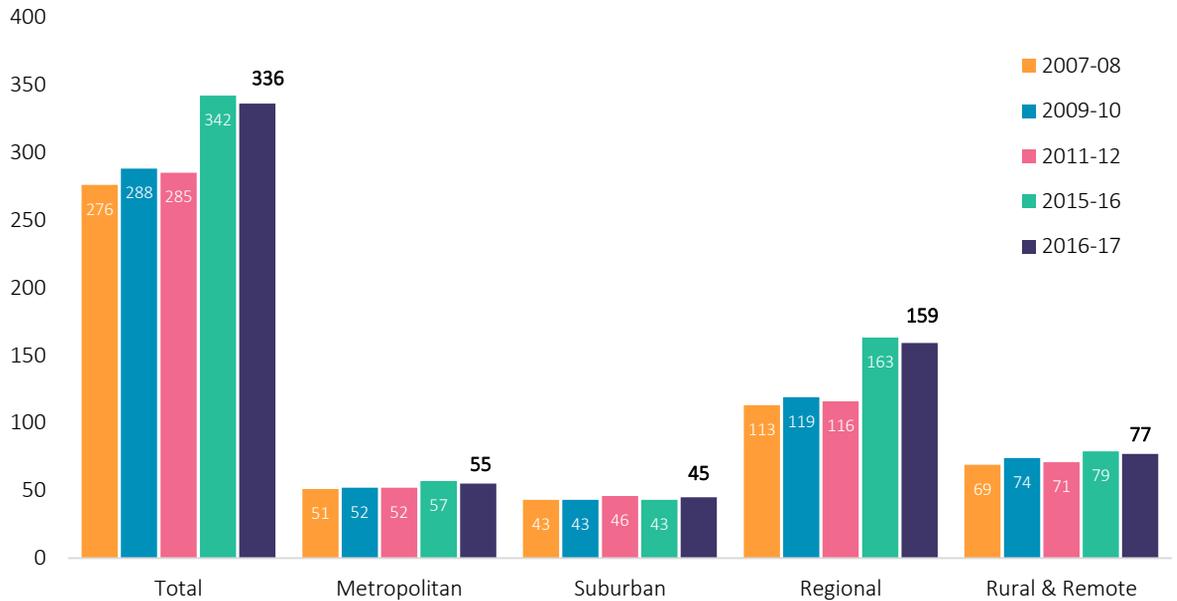
Full data tables providing results for each question by station location and category/community of interest are provided in Appendix A.

Comparisons to prior survey waves are provided where possible.

Sample

The number of community radio stations has remained relatively consistent, at 336 stations 2016-17. This compares to 342 in 2015-16.

Figure 1: Licensed community broadcasting stations, 2007-08 to 2016-17



| | Total | Metropolitan | Suburban | Regional | Rural & Remote |
|------------------------------|-------|--------------|----------|----------|----------------|
| Population | 336 | 55 | 45 | 159 | 77 |
| No of stations data captured | 239 | 38 | 35 | 113 | 53 |
| Weighted Sample | 239 | 39 | 32 | 113 | 55 |
| Response Rate | 71% | 69% | 78% | 71% | 69% |

| | Educational | Ethnic | Fine Music | General | Indigenous | RPH | Religious | Seniors | Youth |
|------------------------------|-------------|--------|------------|---------|------------|-----|-----------|---------|-------|
| Population | 7 | 6 | 3 | 218 | 32 | 12 | 38 | 11 | 9 |
| No of stations data captured | 4 | 4 | 3 | 168 | 10 | 9 | 25 | 9 | 7 |
| Weighted Sample | 5 | 4 | 2 | 155 | 23 | 9 | 27 | 8 | 6 |
| Response Rate | 57% | 67% | 100% | 77% | 31% | 75% | 66% | 82% | 78% |

Please note:

Due to the size of the sector, the overall sample for this study is relatively small and some segments contain very small samples. As sample composition can significantly affect reported values and impact reliability, where provided, data for the various station segments should be treated with care.

Summary Results

Overall, in 2016-17, the community radio sector generated income of \$96,122,119, down 7% from 2015-16. Expenditure fell by a larger 10% in 2016-17, to \$92,847,799. Expenditure as a proportion of income was 97% in 2016-17, down from 99% in the prior year.

Summary by Location

While the sector as a whole reported lower income than last financial year, some areas fared better than others. Income reported by Suburban and Rural & Remote stations increased by 18% and 13% respectively. Conversely, Metropolitan and Regional stations reported income 11% lower than in 2015-16. Expenditures follow a different pattern with Rural & Remote stations reporting lower expenditure, despite higher incomes.

| | Income 2016-17 | Expenditure 2016-17 | Change from 2015-16 (Income) | Change from 2015-16 (Expenditure) | Expenditure as a % Income 2016-17 |
|----------------|-------------------|---------------------|------------------------------|-----------------------------------|-----------------------------------|
| Total | 96,122,119 | 92,847,799 | -7% | -10% | 97% |
| Metropolitan | 58,536,393 | 58,303,282 | -11% | -12% | 100% |
| Suburban | 4,869,329 | 4,619,507 | 18% | 14% | 95% |
| Regional | 20,201,717 | 19,236,607 | -11% | -11% | 95% |
| Rural & Remote | 12,514,680 | 10,688,541 | 13% | -5% | 85% |

Summary by Category

Differences are also noted in the experience of stations serving different communities. While General stations reported income 8% lower than last year, income generated by Ethnic and Religious stations fell by 16% and 17% respectively.

While income and expenditures reported by Indigenous and Youth stations have changed significantly since 2015-16, variations in the sample explain some of this change. Due to a change in the composition of the sample from the previous year, RPH stations also reported significant changes. Due to the larger sample size and data collection methodology, figures reported in 2016-17 can be taken to have a higher level of accuracy.

| | Income 2016-17 | Expenditure 2016-17 | Change from 2015-16 (Income) | Change from 2015-16 (Expenditure) | Expenditure as a % Income 2016-17 |
|-------------|----------------|---------------------|------------------------------|-----------------------------------|-----------------------------------|
| Educational | 10,408,499 | 10,215,308 | -1% | -3% | 98% |
| Ethnic | 3,035,571 | 3,194,762 | -16% | -15% | 105% |
| Fine Music | 2,802,782 | 3,096,188 | 8% | -8% | 110% |
| General | 23,903,338 | 21,415,376 | -8% | -11% | 90% |
| Indigenous | 16,407,793 | 14,779,677 | 46% | 23% | 90% |
| RPH | 2,460,419 | 3,492,459 | 35% | 81% | 142% |
| Religious | 29,448,444 | 28,888,324 | -17% | -18% | 98% |
| Seniors | 2,942,355 | 2,918,761 | -5% | -3% | 99% |
| Youth | 4,712,918 | 4,846,945 | -48% | -46% | 103% |



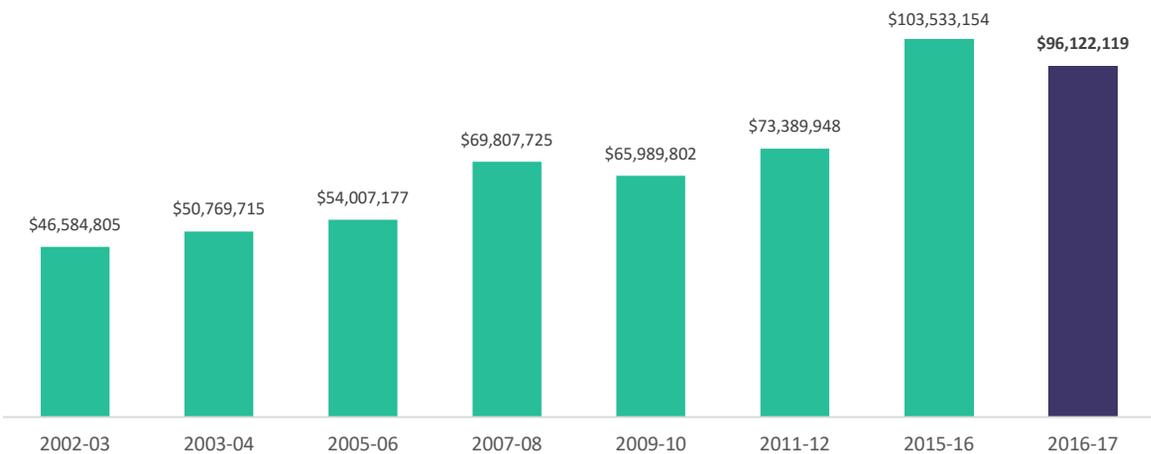
Income

The CBAA Financial Health of Community Radio Survey provides vital data about the size and scope of the community radio sector.

From station annual reports, station revenue data has been collated. Detailed information about the various sources of income, such as grants, sponsorships, fundraising and operating income is provided.

Community radio stations collectively generated \$96,122,119 including CBF (Community Broadcasting Foundation) grants, in the 2016-17 financial year. This represents a decrease of 7% from 2015-16, when gross station revenue was \$103,533,154.

Figure 2: Total Income



* It should be noted that the change to the data collection method for 2016-17 may have had some impact on the reported figures. Reliance on stations' financial statements is likely to have increased the accuracy of the projections.

Average income per station

On average, community radio stations generated \$286,078 in revenue in 2016-17. Metropolitan stations reported average revenues of \$1,064,301, Suburban stations \$108,206, Regional stations \$127,056, and Rural & Remote stations \$162,526.

Figure 3: Average income by location

| | Total | Metropolitan | Suburban | Regional | Rural & Remote |
|--------------------------------|----------------|--------------|----------|----------|----------------|
| 2016-17 | 286,078 | 1,064,301 | 108,206 | 127,056 | 162,526 |
| 2015-16 | 302,729 | 1,149,879 | 95,965 | 140,000 | 140,673 |
| Change from 2015-16 to 2016-17 | -6% | -7% | 13% | -9% | 16% |



Median income per station

The community radio sector is characterised by a diverse mix of stations, ranging from large metropolitan to small rural and remote stations and total revenue varies significantly between stations of different sizes.

While the median community radio station income was \$91,424 in 2016-17, this rises to \$696,372 amongst Metropolitan stations. Suburban stations reported median income of \$82,102, Regional stations \$54,425, and Rural & Remote stations \$45,329.

Figure 4: Total Revenue 2016-17, by Station

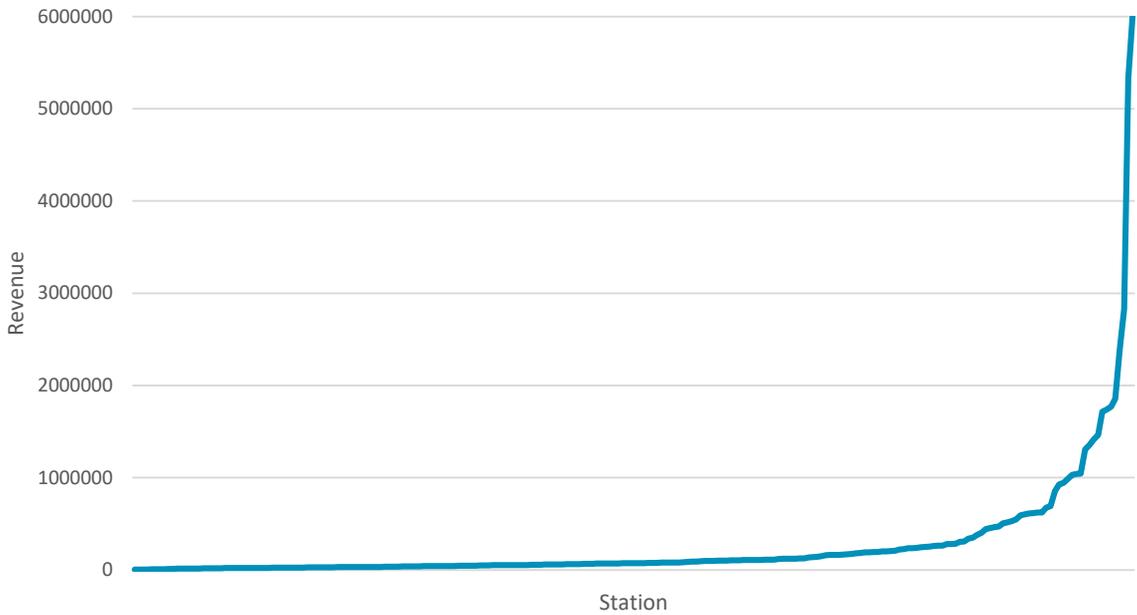


Figure 5: Median Station Income, by location

| | Total | Metropolitan | Suburban | Regional | Rural & Remote |
|---------|---------------|--------------|----------|----------|----------------|
| 2016-17 | 76,795 | 622,619 | 87,600 | 56,549 | 61,330 |
| 2015-16 | 91,424 | 696,372 | 82,102 | 54,425 | 45,329 |

Figure 5a: Station Revenue by Income Quartile

| | 1 st Quartile | Median | 3 rd Quartile | Number of Stations with Revenue > \$1 million |
|---------|--------------------------|---------------|--------------------------|---|
| 2016-17 | 32,945 | 76,795 | 201,751 | 15 |
| 2015-16 | 26,248 | 68,418 | 204,526 | 11 |

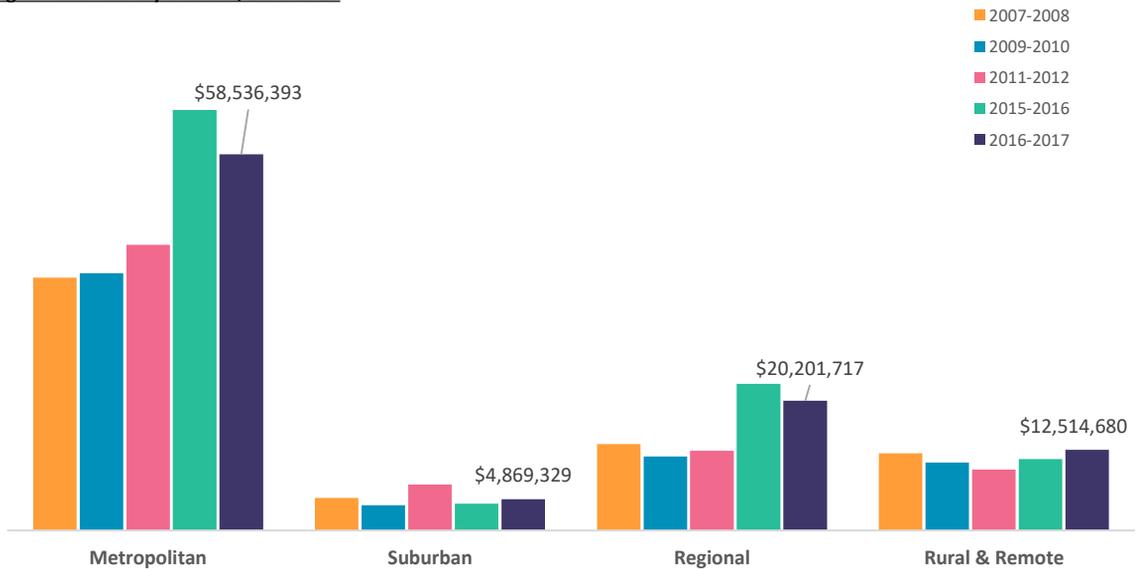


Income by Location

While income amongst Metropolitan and Regional stations fell, smaller Suburban and Rural & Remote stations reported higher revenue in 2016-17.

- Suburban stations reported the biggest increase in income, with total revenues generated by this group of stations increasing 18% to \$4,869,329 in 2016-17. This represents an average revenue of \$108,206 per station.
- Income also increased amongst Rural & Remote stations, who collectively generated \$12,514,680 in 2016-17, up 13% from \$11,122,587 in 2015-16. This represents average income of \$162,526 per station.
- Conversely, income reported by Metropolitan stations fell 11% to \$58,536,393 in 2016-17. On average, Metropolitan stations generated \$1,064,301 in income in 2016-17, down from \$1,149,879 in 2015-16.
- A large fall in income was also reported by Regional stations, down 11% from \$22,818,269 in 2015-16, to \$20,201,717 in 2016-17. The average income of Regional stations fell from \$140,000 in 2015-16, to \$127,056 in 2016-17.

Figure 6: Income by location, 2007-2017



| | Total | Metropolitan | Suburban | Regional | Rural & Remote |
|---------|-------------|--------------|-----------|------------|----------------|
| 2016-17 | 96,122,119 | 58,536,393 | 4,869,329 | 20,201,717 | 12,514,680 |
| 2015-16 | 103,533,154 | 65,464,528 | 4,127,770 | 22,818,269 | 11,122,587 |
| 2011-12 | 73,389,948 | 44,443,561 | 7,116,232 | 12,385,336 | 9,444,820 |
| 2009-10 | 65,989,802 | 40,010,999 | 3,906,844 | 11,508,187 | 10,563,773 |
| 2007-08 | 69,807,725 | 39,358,405 | 5,029,353 | 13,430,808 | 11,989,161 |



Income by Category

The table below compares the income of stations servicing different communities of interest, and indicates that there is significant variation in the experience of stations in different sectors.

- With the largest number of stations, a majority of income is generated by General stations. General community broadcasting stations income fell over the last 12 months, to \$23,903,338 in 2016-17. This compares with \$25,899,848 in 2015-16 and represents an average of \$109,623 per station, down from \$116,666 last year.
- Religious stations reported the highest income per station, although this was down 17% from 2015-16, to \$29,448,444. This represents 31% of income generated across the entire community broadcasting sector. Religious stations reported average income of \$775,077 per station.
- Indigenous stations generated income of \$16,407,793, 46% higher than in 2015-16. Average income amongst Indigenous stations was \$512,929 per station in 2016-17, up from \$362,274 in the prior year. It should be noted that consistently small samples within this group of stations is likely to contribute to the variability.
- Educational stations reported the highest average income, at \$1,489,766 per station. Overall revenue amongst this group of stations remained consistent at \$10,408,499 in 2016-17.
- Income was also broadly consistent across Ethnic, Seniors, Fine Music, and RPH, and Seniors stations, at \$3,035,571, \$2,942,355, \$2,802,782 and \$2,460,419 respectively.
- Youth stations reported lower income than in 2015-16 at \$4,712,918. While down 48% from 2015-16, it remains consistent with data reported in prior survey periods. Youth stations generated an average of \$523,966 per station.

Figure 7: Total income by category, 2007-08 to 2016-17

| | 2016-17 | 2015-16 | 2011-12 | 2009-10 | 2007-08 |
|--------------|-------------------|--------------------|-------------------|-------------------|-------------------|
| Total | 96,122,119 | 103,533,154 | 73,389,948 | 65,989,802 | 69,807,725 |
| Educational | 10,408,499 | 10,519,339 | 8,003,658 | 7,727,680 | N/A |
| Ethnic | 3,035,571 | 3,604,397 | 4,072,822 | 3,574,518 | 3,723,502 |
| Fine Music | 2,802,782 | 2,607,151 | 3,240,831 | 3,557,020 | 3,377,387 |
| General | 23,903,338 | 25,899,848 | 21,043,331 | 18,636,472 | N/A |
| Indigenous | 16,407,793 | 11,230,451 | 8,232,401 | 8,463,090 | 10,690,315 |
| RPH | 2,460,419 | 1,829,298 | 2,716,065 | 2,749,236 | 2,722,116 |
| Religious | 29,448,444 | 35,683,356 | 19,634,914 | 16,096,174 | 15,368,624 |
| Seniors | 2,942,355 | 3,089,047 | 2,410,858 | 1,254,478 | 1,144,104 |
| Youth | 4,712,918 | 9,070,266 | 4,035,070 | 3,931,135 | 5,173,632 |

* It should be noted that the change to the data collection method for 2016-17 may have had some impact on the reported figures. Reliance on stations' financial statements is likely to have increased the accuracy of the projections.



Income sources

Community radio stations raise revenue through a variety of sources:

- Grants
- Fundraising / Gifts / Donations / Membership Sales
- Sponsorship / Advertising
- Membership / Subscriber Fees
- Other Income (including training fees, access fees, production fees, miscellaneous income)

When analysed over time, it can be seen that income sources have remained relatively consistent as a proportion of total income. With the exception of grant income, stations generated less revenue across all categories in 2016-17.

Figure 8: Income sources, 2007-08 to 2016-17

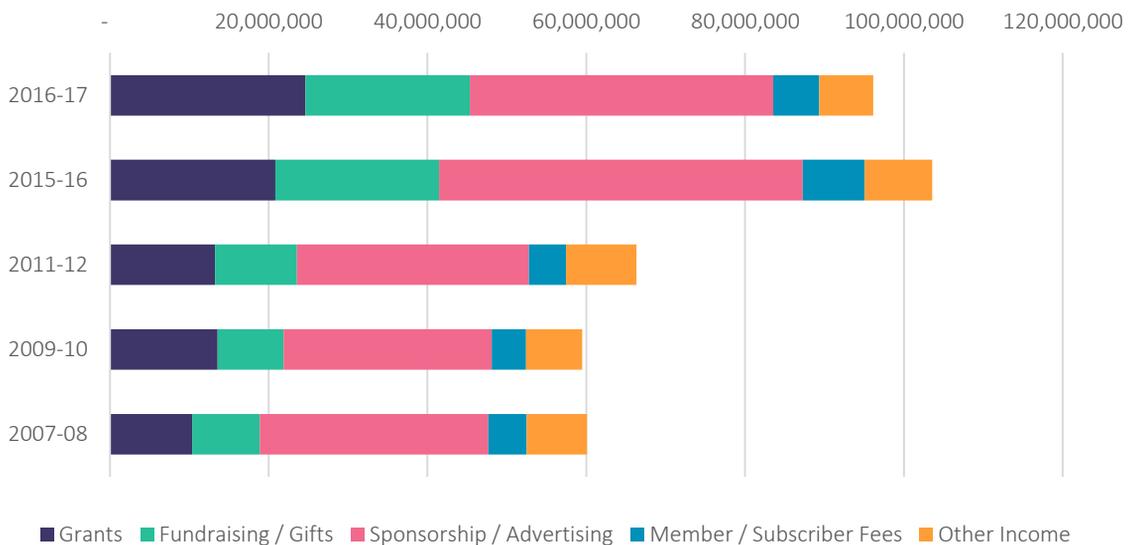
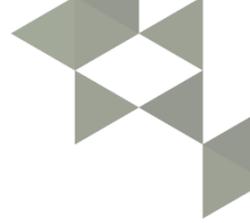


Figure 9: Proportion of income by source, 2007-08 to 2016-17

| | Grants | | Fundraising / Gifts | | Sponsorship / Advertising | | Member / Subscriber Fees | | Other Income | |
|---------|------------|------------|---------------------|------------|---------------------------|------------|--------------------------|------------|--------------|------------|
| | Value | Percentage | Value | Percentage | Value | Percentage | Value | Percentage | Value | Percentage |
| 2016-17 | 24,627,368 | 26% | 20,716,076 | 22% | 38,203,546 | 40% | 5,807,080 | 6% | 6,774,234 | 7% |
| 2015-16 | 20,856,616 | 20% | 20,595,007 | 20% | 45,798,001 | 44% | 7,802,794 | 8% | 8,501,975 | 8% |
| 2011-12 | 18,475,871 | 25% | 12,128,386 | 17% | 29,222,731 | 40% | 4,700,417 | 6% | 8,862,545 | 12% |
| 2009-10 | 19,338,584 | 29% | 10,086,583 | 15% | 26,204,113 | 40% | 4,338,514 | 6% | 7,058,920 | 11% |
| 2007-08 | 17,854,597 | 26% | 10,748,952 | 15% | 28,796,972 | 41% | 4,816,099 | 7% | 7,591,105 | 11% |



Government funding and grants

- More than a quarter (26%) of sector income comes from federal, state and local government funding and grants, as well as from CBF grants, philanthropic organisations and educational institutions.
- Stations received a total of \$24,627,368 in grant funding in 2016-17, up from \$20,856,616 in 2015-16.
- Indigenous stations received the highest level of grant funding, at an average of \$408,601 per station. A total of \$13,070,502 in grant funding was received by Indigenous stations in 2016-17.
- Average grant funding received by ethnic stations (\$266,175), Educational stations (\$174,977), Youth stations (\$152,923), and RPH stations (\$116,680) were also higher than the sector average of \$90,154.

Fundraising

- The community broadcasting sector generates much of its income from fundraising and gifts, with 22% of sector income received in the form of donations. This was up from 20% in 2016-17, and has grown steadily from 17% in 2011-12 and 15% in 2009-10.
- In 2016-17, community radio stations generated \$20,716,076 from fundraising and donations, consistent with 2015-16 in absolute terms.
- Religious stations attracted more funding via gifts and donations than all other station categories, at an average of \$408,901 per station. A total of \$15,537,256 was raised by Religious stations via fundraising and donations in 2016-17.

Sponsorship

- Sponsorship remains the single biggest source of income for the community broadcasting sector, accounting for 40% of sector income. Stations collected \$38,203,546 in sponsorship revenue in 2016-17, down 17% from \$45,798,001 in 2015-16.
- Over 60% of total sponsorship income was generated by general (\$12,245,962) and Religious stations (\$11,216,599). This equates to an average of \$61,274 and \$295,191 for General and Religious stations respectively.
- Educational stations generated the most sponsorship income per station, at an average of \$1,003,336 each in 2016-17.

Member and Subscriber Fees

- Following a significant increase in 2015-16, member and subscriber fees fell in 2016-17. Stations generated \$5,807,080 from membership / supporter contributions, down from \$7,802,794 in 2015-16.
- Member and subscriber fees account for 6% of total sector income, consistent with the long term average.
- Average subscription revenue was highest in Educational (\$433,766) and Fine Music stations (\$145,619).

The detailed tables in Appendix A provide the income breakdowns for each category and location.



Expenditure

Reflecting the decrease in sector income, expenditure fell 10% from \$102,799,110 in 2015-16 to \$92,847,799 in the current survey period.

Lower spending was evident by stations in all locations, except suburban stations. Expenditure amongst metropolitan stations fell 12%, while regional stations reported expenditure 11% lower than in 2015-16. Rural stations reduced their spending by 5%. Suburban stations reported expenditure 14% higher than in 2016-17.

Figure 10: Total expenditure, 2002-03 to 2016-17



* It should be noted that the change to the data collection method for 2016-17 may have had some impact on the reported figures. Reliance on stations' financial statements is likely to have increased the accuracy of the projections.

Average expenditure per station

On average, community radio stations spent \$281,803 each in 2016-17. Metropolitan stations reported average expenditures of \$1,084,883, Suburban stations \$102,656, Regional stations \$124,137 and Rural & Remote stations \$141,060.

Figure 11: Average expenditure by location

| | Total | Metropolitan | Suburban | Regional | Rural & Remote |
|--------------------------------|----------------|--------------|----------|----------|----------------|
| 2016-17 | 281,803 | 1,084,883 | 102,656 | 124,137 | 141,060 |
| 2015-16 | 300,582 | 1,159,178 | 93,879 | 132,193 | 141,921 |
| Change from 2015-16 to 2016-17 | -6% | -6% | 9% | -6% | 0% |



Median expenditure per station

The community radio sector is characterised by a diverse mix of stations, ranging from large metropolitan to small rural and remote stations and total expenditure varies significantly between stations of different sizes.

While median total expenditure across all community radio stations was \$74,410 in 2016-17, this rises to \$990,835 amongst Metropolitan stations. Suburban stations reported median total expenditure of \$65,970, Regional stations \$48,453 and Rural & Remote stations \$45,526.

Figure 12: Total Expenditure 2016-17, by Station

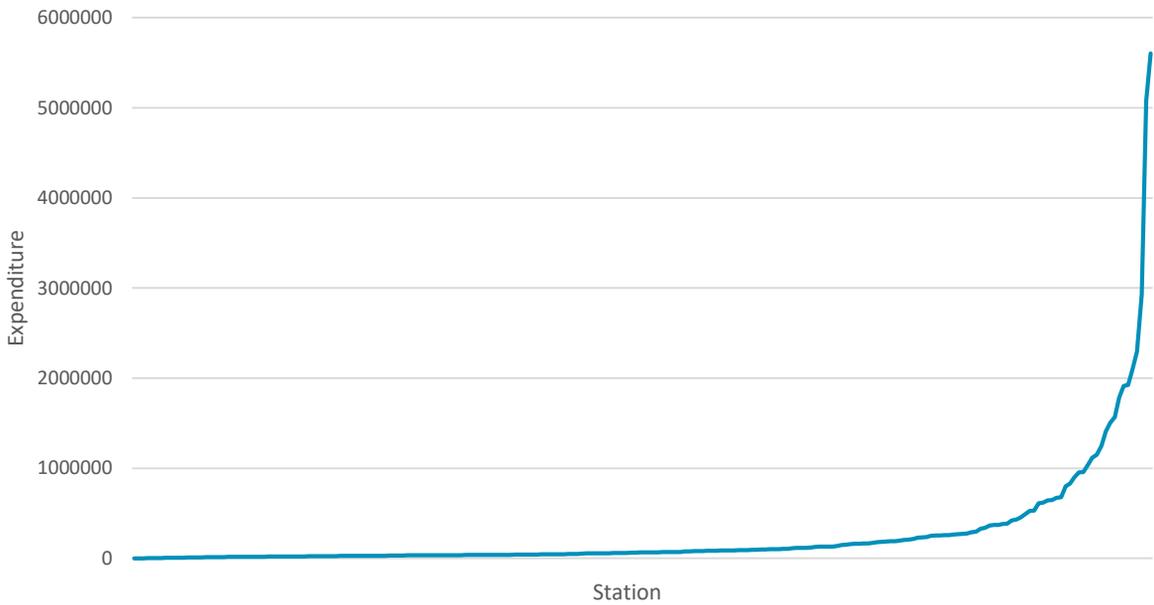


Figure13: Median Station Expenditure by location

| | Total | Metropolitan | Suburban | Regional | Rural & Remote |
|---------|---------------|--------------|----------|----------|----------------|
| 2016-17 | 68,588 | 671,508 | 80,220 | 46,581 | 50,254 |
| 2015-16 | 74,410 | 990,835 | 65,970 | 48.453 | 45.526 |

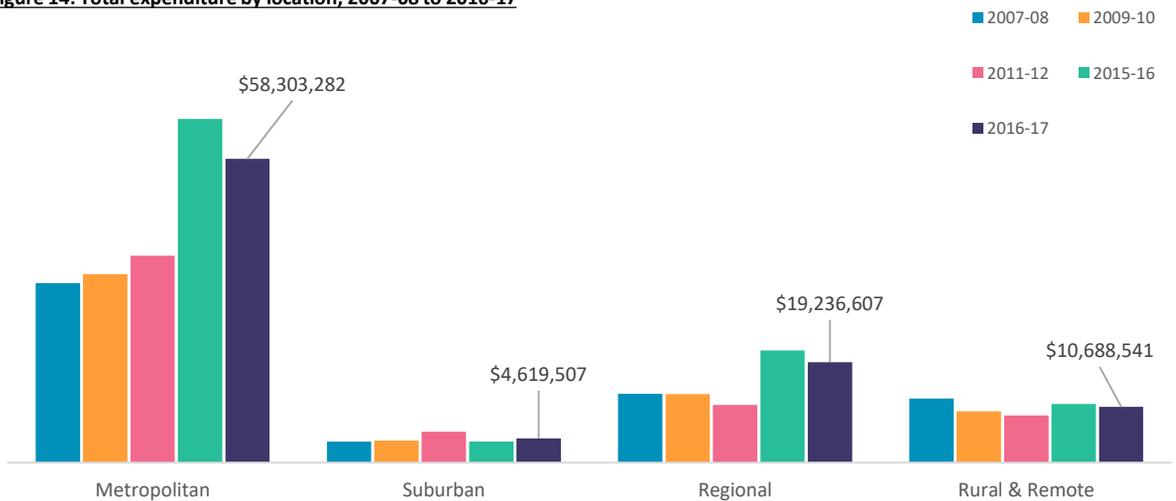


Expenditure By Location

The expenditure of stations located in Metropolitan, Suburban, Regional, and Rural & Remote areas reflects the income reported by each group.

- Spending by the larger Metropolitan stations fell by 12% from 2015-16 to 2016-17, to a total of \$58,303,282. On average, Metropolitan stations reported spending of \$1,084,883 over the 2016-17 financial year, down 6% from 2015-16.
- Regional stations also spent less than in the previous period, with spending down by 11% to \$19,236,607 in 2016-17.
- Despite a slight increase in revenues, expenditure also fell amongst Rural & Remote stations. These stations spent \$10,688,541 in total in 2016-17, down from \$11,221,287 in the previous financial year.
- Suburban stations were the only group to report higher expenditure than in 2016-17, with spending 14% higher than in 2015-16. Suburban stations reported average expenditure of \$102,656 per station, for a total of \$4,619,507 in the 2016-17 financial year.

Figure 14: Total expenditure by location, 2007-08 to 2016-17



| | 2016-17 | 2015-16 | 2011-12 | 2009-10 | 2007-08 |
|----------------|-------------------|--------------------|-------------------|-------------------|-------------------|
| Total | 92,847,799 | 102,799,110 | 65,724,794 | 63,370,212 | 63,937,040 |
| Metropolitan | 58,303,282 | 65,993,936 | 39,699,400 | 36,185,152 | 34,450,980 |
| Suburban | 4,619,507 | 4,038,023 | 5,928,630 | 4,226,634 | 4,033,813 |
| Regional | 19,236,607 | 21,545,863 | 11,040,788 | 13,130,640 | 13,181,687 |
| Rural & Remote | 10,688,541 | 11,221,287 | 9,055,975 | 9,827,786 | 12,300,560 |



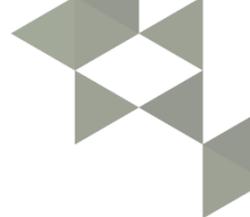
Expenditure By Category

The table below compares the expenditure of stations servicing different communities of interest. With the exception of Indigenous stations, most station categories decreased their expenditure slightly in line with lower revenue.

- Reflecting higher income, expenditure amongst Indigenous stations increased 23% from \$12,052,982 in 2015-16 to \$14,779,677 in 2016-17.
- Religious stations reported the highest expenditure in 2016-17, although total spending amongst religious stations fell by 18% to \$28,888,324. This reflects the 17% fall in income.
- Expenditure in General stations fell 11% to \$21,415,376 in 2016-17. On average, General stations reported expenditure of \$101,242 per station.
- Educational stations reported expenditure of \$10,215,308, down 3% since the last survey. Average expenditure per station was highest amongst Educational stations, at \$1,462,115.
- Expenditure by Ethnic stations fell by 15%, to a total of \$3,194,762 in 2016-17. Ethnic stations reported average expenditure of \$533,306 per station.
- Expenditure in RPH stations increased significantly in 2016-17, up 81% from the prior year to \$3,392,459. However, this is mainly due to a change in the composition of the sample from 2015-16 to 2016-17, with data in the current year better reflecting the state of RPH stations.
- Spending outstripped income amongst Ethnic, Fine Music, and Youth stations, with expenditure of 105%, 110% and 103% of income respectively.

Figure 15: Total expenditure by category

| | 2016-17 | 2015-16 | 2011-12 | 2009-10 | 2007-08 |
|--------------|-------------------|--------------------|-------------------|-------------------|-------------------|
| Total | 92,847,799 | 102,799,110 | 65,724,794 | 63,370,212 | 63,937,040 |
| Educational | 10,215,308 | 10,496,253 | 7,006,009 | 6,952,681 | N/A |
| Ethnic | 3,194,762 | 3,778,777 | 2,715,101 | 2,608,131 | 2,643,519 |
| Fine Music | 3,096,188 | 3,350,922 | 3,423,905 | 3,090,716 | 3,425,609 |
| General | 21,415,376 | 24,151,365 | 17,928,599 | 17,499,969 | N/A |
| Indigenous | 14,779,677 | 12,052,982 | 7,121,395 | 7,276,338 | 9,961,731 |
| RPH | 3,492,459 | 1,925,298 | 2,530,796 | 2,374,193 | 2,071,489 |
| Religious | 28,888,324 | 35,031,441 | 18,991,468 | 16,321,426 | 15,156,422 |
| Seniors | 2,918,761 | 3,005,210 | 2,174,358 | 3,344,617 | 937,345 |
| Youth | 4,846,945 | 9,006,862 | 3,833,162 | 3,902,141 | 4,926,133 |



Expenditure Sources

Station expenditure collated from station annual reports has been broken down into salaries and wages, and other expenditure.

Salary and wages

- Salaries and wages (including superannuation contributions) accounted for 49% of total expenditure in the community radio sector in 2016-17, down from 52% in 2015-16. As a proportion of total income wages also fell, from 51% in 2015-16 to 47% in 2016-17.
- Larger Metropolitan stations spend a higher proportion of total revenue on wages and salaries, at 55%. Educational and Religious stations also spend more on staffing costs, at 59% of income. The largest group of General stations spend 32% of income on salary and wage costs, highlighting the significant contribution of volunteers in this segment.

Other Operating Expenses

- Other operating expenses include copyright license fees, transmission site expenses and general station operating expenses.
- Splits between categories in 2016-17 were not captured. However, for reference, in 2015-16, copyright license fees accounted for 3% of total expenditure, and transmission site expenses were at 8%.

Figure 16: Sources of expenditure, 2007-08 to 2016-17



| | 2016-17 | 2015-16 | 2011-12 | 2009-10 | 2007-08 |
|--------------------|------------|------------|------------|------------|------------|
| Salaries and wages | 45,450,502 | 53,113,638 | 30,600,000 | 29,900,000 | 30,500,000 |
| Operating expenses | 47,397,306 | 49,685,472 | | | |

The detailed tables in Appendix A provide the expenditure breakdowns for each category and location.

Assets

From station annual reports, data regarding station assets for 2016-17 was collated. Not all stations reported data for assets in their financial statements. As this was the first time that data for station assets had been collated, there is no data available for prior years to make yearly comparisons.

Total Assets

- At the industry level for all community radio stations, total assets are estimated at \$154,656,912 in 2016-17.
- By region, although Metropolitan community radio stations only account for 16.4% of the total number of community radio stations, these made up 60.1% of total industry assets for the year.
- Average total assets held by these Metropolitan stations in 2016-17 was \$1,687,534. This was well above average total assets held by Suburban (\$159,444), Regional (\$169,813), and Rural & Remote (\$357,987).
- By station type, General community radio stations accounted for the highest proportion of total industry assets, at 22.9% in 2016-17, despite making up 64.9% of station numbers. Further, Indigenous and Religious stations held 18.9% and 15.1% of total assets, respectively, and made up 9.5% and 11.3% of stations, respectively.
- Educational and Ethnic stations accounted for a relatively high proportion of industry assets, but only a small portion of stations.

Figure 17: Value and Proportion of Assets by Location, 2016-17

| | Total Assets | Metropolitan | | Suburban | | Regional | | Rural & Remote | |
|--------------------|--------------------|--------------|-------|-----------|------|------------|-------|----------------|-------|
| Total Assets | 154,656,912 | 92,930,254 | 60.1% | 7,172,632 | 4.6% | 26,993,990 | 17.5% | 27,560,036 | 17.8% |
| Current Assets | 67,980,364 | 40,981,011 | 60.3% | 4,174,667 | 6.1% | 11,011,254 | 16.2% | 11,813,432 | 17.4% |
| Non-Current Assets | 86,676,546 | 51,949,243 | 59.9% | 2,997,965 | 3.5% | 15,982,734 | 18.4% | 15,746,604 | 18.2% |

Figure 18: Proportion of Total Assets and Stations by Location, 2016-17

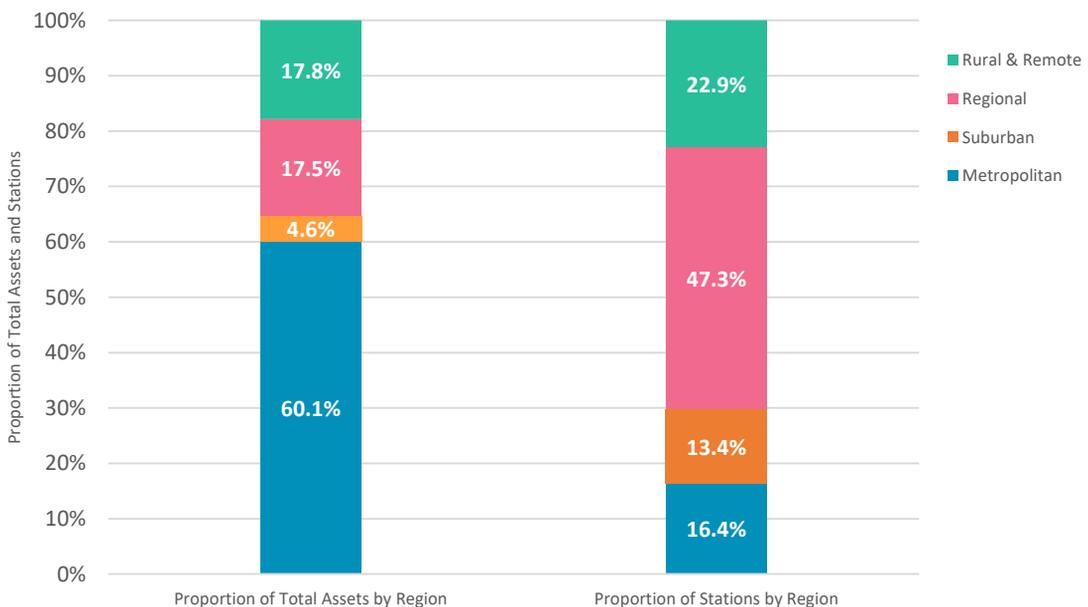


Figure 19: Value, Proportion, and Average Value of Total Assets by Station Type, 2016-17

| | Proportion of Community Radio Stations | Value of Total Assets | Proportion of Total Assets | Average value of Total Assets per Station |
|--------------|--|-----------------------|----------------------------|---|
| Total | 100.0% | 154,656,912 | 100.0% | 460,284 |
| Educational | 2.1% | 18,798,978 | 12.2% | 2,685,998 |
| Ethnic | 1.8% | 16,652,808 | 10.8% | 2,775,024 |
| Fine Music | 0.9% | 10,004,356 | 6.5% | 3,334,252 |
| General | 64.9% | 35,353,939 | 22.9% | 162,174 |
| Indigenous | 9.5% | 29,196,773 | 18.9% | 912,381 |
| RPH | 3.6% | 13,294,584 | 8.6% | 1,108,015 |
| Religious | 11.3% | 23,312,518 | 15.1% | 613,461 |
| Seniors | 3.3% | 5,496,472 | 3.6% | 499,650 |
| Youth | 2.7% | 2,546,482 | 1.7% | 282,897 |

Current Assets

- Current assets, such as cash, term deposits, accounts receivable and other liquid assets, for community radio stations totalled \$67,980,364 in 2016-17.
- By region, Metropolitan stations accounted for 60.3% of current assets for the year, despite only making up a small proportion of stations. This was due to some relatively large community radio stations located close to city centres having relatively high cash holdings and term deposits at financial institutions.
- Average current assets held by Metropolitan stations was \$744,180, well above average current assets held by the other station types (Suburban \$92,801; Regional \$69,269; and, Rural and Remote \$153,449).
- By station type, the large number of General community radio stations held just 27.5% of current assets, at an average of \$85,792. Indigenous stations (9.5% of total station numbers) held 17.8% of current assets, at an average of \$377,308 per station.
- Further, a small portion of Ethnic stations (1.8%) held 12.1% of current assets, at an average of \$1,365,200 per station. Similarly, Educational stations made up just 2.1% of stations, but held 12.6% of current assets, at an average of \$1,225,941.

Figure 20: Value, Proportion, and Average Value of Current Assets by Station Type, 2016-17

| | Proportion of Community Radio Stations | Value of Current Assets | Proportion of Current Assets | Average value of Current Assets per Station |
|--------------|--|-------------------------|------------------------------|---|
| Total | 100.0% | 67,980,364 | 100.0% | 202,320 |
| Educational | 2.1% | 8,580,216 | 12.6% | 1,225,941 |
| Ethnic | 1.8% | 8,192,508 | 12.1% | 1,365,200 |
| Fine Music | 0.9% | 1,129,380 | 1.7% | 376,400 |
| General | 64.9% | 18,702,660 | 27.5% | 85,792 |
| Indigenous | 9.5% | 12,074,108 | 17.8% | 377,308 |
| RPH | 3.6% | 8,050,242 | 11.8% | 670,934 |
| Religious | 11.3% | 7,728,916 | 11.4% | 203,384 |
| Seniors | 3.3% | 2,096,337 | 3.1% | 190,747 |
| Youth | 2.7% | 1,423,997 | 2.1% | 158,197 |

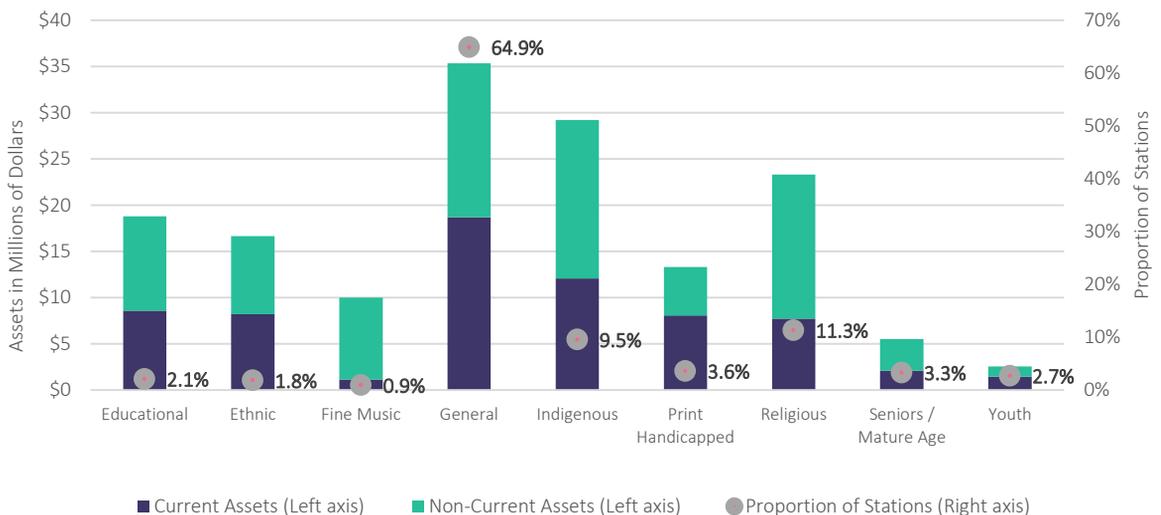
Non-Current Assets

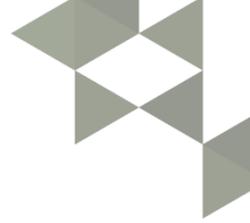
- For all community radio stations in 2016-17, non-current assets such as buildings, equipment and vehicles, totalled \$86,676,546.
- Similar to current assets, Metropolitan community radio stations accounted for 59.9% of non-current assets for the year. These stations tend to be located close to city centres, with a large portion owning valuable real estate and high-end audio and transmission equipment.
- Average non-current assets held by Metropolitan stations was \$943,354. This is well above the average value of non-current assets held by Suburban stations at \$66,643, Regional at \$100,544, and Rural & Remote at \$204,538.
- Indigenous community stations accounted for the highest proportion of non-current assets in 2016-17, at 19.8% and an average of \$535,073. Although making up 64.9% of stations, General community radio stations accounted for 19.2% of non-current assets, with an average value of \$76,382.
- The average value of non-current assets owned by Fine Music community radio stations was \$2,957,852. These stations accounted for 10.2% of total industry non-current assets.

Figure 21: Value, Proportion, and Average Value of Non-Current Assets by Station Type, 2016-17

| | Proportion of Community Radio Stations | Value of Non-Current Assets | Proportion of Non-Current Assets | Average value of Non-Current Assets per Station |
|--------------|--|-----------------------------|----------------------------------|---|
| Total | 100.0% | 86,676,546 | 100.0% | 257,963 |
| Educational | 2.1% | 10,218,761 | 11.8% | 1,460,057 |
| Ethnic | 1.8% | 8,460,300 | 9.8% | 1,409,825 |
| Fine Music | 0.9% | 8,874,977 | 10.2% | 2,957,852 |
| General | 64.9% | 16,651,277 | 19.2% | 76,382 |
| Indigenous | 9.5% | 17,122,665 | 19.8% | 535,073 |
| RPH | 3.6% | 5,244,343 | 6.1% | 437,081 |
| Religious | 11.3% | 15,583,602 | 18.0% | 410,078 |
| Seniors | 3.3% | 3,398,135 | 3.9% | 308,903 |
| Youth | 2.7% | 1,122,486 | 1.3% | 124,701 |

Figure 22: Value of Current and Non-Current Assets by Station Type, and Proportion of Station Types, 2016-17





Liabilities

Station liability data for 2016-17 was collated from station annual reports. As with assets, this was the first time that data for station liabilities had been collated. Therefore, there is no data available for prior years to make yearly comparisons

Total Liabilities

- At the industry level for all community radio stations, total liabilities are estimated at \$31,560,271 in 2016-17.
- By region, Metropolitan community radio stations accounted for 52.7% of total industry liabilities for the year. This high percentage reflects the high proportion of assets held by these stations.
- Average total liabilities of these Metropolitan stations in 2016-17 was \$302,004. This was well above average total liabilities of Suburban stations (\$12,860), Regional (\$24,422), and Rural & Remote (\$135,981).
- By station type, Indigenous stations accounted for the highest proportion of total industry liabilities in 2016-17, at 35.1%, despite making up just 9.5% of station numbers. Similarly, Religious stations held 20.9% of total industry liabilities, while accounting for only 11.3% of stations.
- In contrast, General community radio stations made up 64.9% of all industry stations, but only had 13.5% of total liabilities of community radio stations.

Figure 23: Value and Proportion of Liabilities by Location, 2016-17

| | Total Liabilities | Metropolitan | | Suburban | | Regional | | Rural & Remote | |
|-------------------------|-------------------|--------------|-------|----------|------|-----------|-------|----------------|-------|
| Total Liabilities | 31,560,271 | 16,630,942 | 52.7% | 578,511 | 1.8% | 3,882,136 | 12.3% | 10,468,682 | 33.2% |
| Current Liabilities | 27,560,514 | 15,142,397 | 54.9% | 499,266 | 1.8% | 3,337,021 | 12.1% | 8,581,830 | 31.1% |
| Non-Current Liabilities | 3,999,757 | 1,488,545 | 37.2% | 79,246 | 2.0% | 545,115 | 13.6% | 1,886,851 | 47.2% |

Figure 24 Proportion of Total Liabilities and Stations by Location, 2016-17

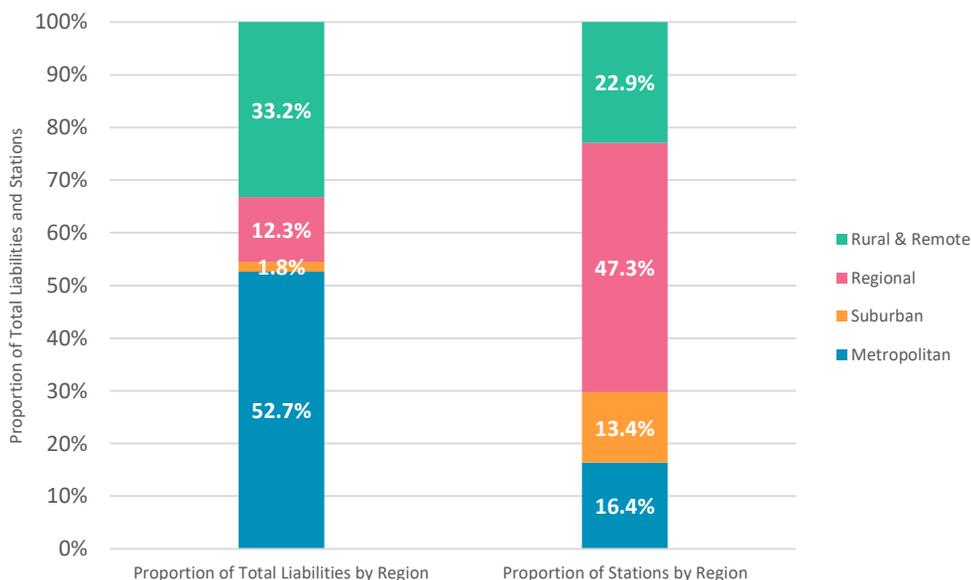


Figure 25: Value, Proportion, and Average Value of Total Liabilities by Station Type, 2016-17

| | Proportion of Community Radio Stations | Value of Total Liabilities | Proportion of Total Liabilities | Average value of Total Liabilities per Station |
|--------------------------|--|----------------------------|---------------------------------|--|
| Total Liabilities | 100.0% | 31,560,271 | 100.0% | 93,928 |
| Educational | 2.1% | 4,305,765 | 13.6% | 615,208 |
| Ethnic | 1.8% | 1,087,977 | 3.4% | 181,301 |
| Fine Music | 0.9% | 1,524,122 | 4.8% | 507,959 |
| General | 64.9% | 4,264,501 | 13.5% | 19,562 |
| Indigenous | 9.5% | 11,078,556 | 35.1% | 346,198 |
| RPH | 3.6% | 1,206,443 | 3.8% | 100,549 |
| Religious | 11.3% | 6,590,349 | 20.9% | 173,423 |
| Seniors | 3.3% | 511,245 | 1.6% | 46,474 |
| Youth | 2.7% | 991,314 | 3.1% | 110,128 |

Current Liabilities

- Current liabilities, such as short-term borrowings, trade payables, and employee and payroll provisions, totalled \$27,560,514 in 2016-17.
- By region, the relatively small number of Metropolitan stations accounted for 54.9% of current liabilities for the year. Some of these stations have relatively high short-term borrowings and hold extensive employee and payroll provisions. Metropolitan community radio stations are more likely to have paid staff that incur employee and payroll provisions, compared with community radio stations in Suburban, Regional and Rural & Remote locations that rely more on volunteers for labour inputs.
- By station type, the large number of General community radio stations had just 12.1% of current liabilities in 2016-17, at an average of \$15,301.
- Indigenous community radio stations had 38.3% of current liabilities, at an average of \$329,751. These high values are due to current liabilities associated with unexpended grants, employee and payroll provisions, and other payables.
- Religious and Educational stations held large portions of current liabilities in 2016-17. These current liabilities were mainly for employee and payroll provisions, and trade creditors.

Figure 26: Value, Proportion, and Average Value of Current Liabilities by Station Type, 2016-17

| | Proportion of Community Radio Stations | Value of Current Liabilities | Proportion of Current Liabilities | Average value of Current Liabilities per Station |
|----------------------------------|--|------------------------------|-----------------------------------|--|
| Total Current Liabilities | 100.0% | 27,560,514 | 100.0% | 82,025 |
| Educational | 2.1% | 4,189,009 | 15.2% | 598,526 |
| Ethnic | 1.8% | 1,038,645 | 3.8% | 173,080 |
| Fine Music | 0.9% | 1,173,962 | 4.3% | 391,258 |
| General | 64.9% | 3,335,657 | 12.1% | 15,301 |
| Indigenous | 9.5% | 10,552,240 | 38.3% | 329,751 |
| RPH | 3.6% | 1,206,443 | 4.4% | 100,549 |
| Religious | 11.3% | 4,586,260 | 16.6% | 120,686 |
| Seniors | 3.3% | 511,245 | 1.9% | 46,474 |
| Youth | 2.7% | 967,053 | 3.5% | 107,433 |

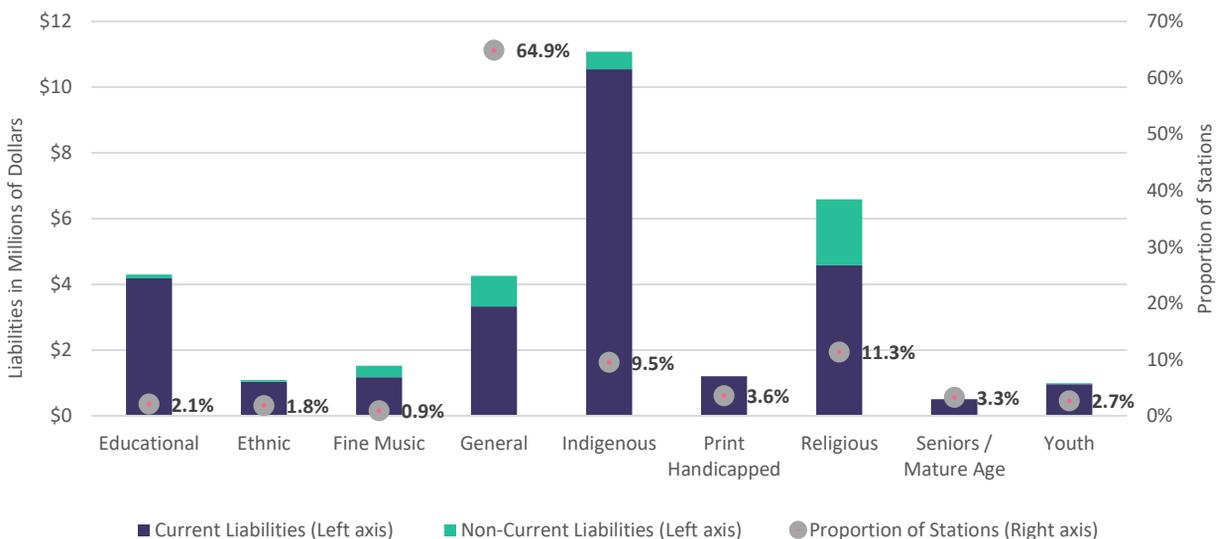
Non-Current Liabilities

- For all community radio stations in 2016-17, non-current liabilities such as long-term loans, leasing liabilities, and long service leave provisions, totalled \$3,999,757.
- Many community radio stations rely on volunteers, have no outstanding loans, and do not lease equipment. As a result, these stations do not require long service leave provisions and other non-current liabilities. As a result, the total value of non-current liabilities for community radio stations is relatively low compared with current liabilities.
- Rural & Remote community radio stations accounted for almost half (47.2%) of non-current liabilities in 2016-17, with Metropolitan stations at more than one-third (37.2%). These were generally for the non-current liability types listed above.
- Religious community stations accounted for the highest proportion of non-current liabilities for the year, at 50.1%, and an average of \$52,737. A large proportion of these non-current liabilities were for long service leave provisions. In contrast, General community radio stations held non-current assets with an average value of \$4,261.
- The average value of non-current liabilities of Fine Music community radio stations was relatively high at \$116,701. This high figure is mainly due to some long-term borrowings, and long service leave provisions.

Figure 27: Value, Proportion, and Average Value of Non-Current Liabilities by Station Type, 2016-17

| | Proportion of Community Radio Stations | Value of Non-Current Liabilities | Proportion of Non-Current Liabilities | Average value of Non-Current Liabilities per Station |
|--------------------------------------|--|----------------------------------|---------------------------------------|--|
| Total Non-Current Liabilities | 100.0% | 3,999,757 | 100.0% | 11,904 |
| Educational | 2.1% | 116,755 | 2.9% | 16,682 |
| Ethnic | 1.8% | 49,332 | 1.2% | 8,221 |
| Fine Music | 0.9% | 350,160 | 8.8% | 116,701 |
| General | 64.9% | 928,844 | 23.2% | 4,261 |
| Indigenous | 9.5% | 526,317 | 13.2% | 16,447 |
| RPH | 3.6% | 0 | 0.0% | 0 |
| Religious | 11.3% | 2,004,088 | 50.1% | 52,737 |
| Seniors | 3.3% | 0 | 0.0% | 0 |
| Youth | 2.7% | 24,260 | 0.6% | 2,695 |

Figure 28: Value of Current and Non-Current Liabilities by Station Type, and Proportion of Station Types, 2016-17





Financial Ratios

Financial ratio analysis can provide a useful indicator of the relative asset, liability, and profit positions of community radio stations by location and type. Due to the unique funding structure and high number of volunteers for community radio stations, comparisons of these financial ratios have generally not been made with other industries.

Current Ratio

- The Current Ratio shows total current assets as a proportion of total current liabilities. A relatively high Current Ratio shows that community radio stations have a high value of current assets to fund the payment of any current liabilities.
- The average Current Ratio in the industry in 2016-17 was 2.47, with Suburban stations having a high portion of current assets to pay for current liabilities (Current Ratio of 8.36). With a Current Ratio of 1.38, Rural & Remote stations have a relatively low capacity to pay for current liabilities from current assets.
- Due to relatively high current assets and low current liabilities, Ethnic and RPH radio stations are best placed for paying current liabilities from current assets, with Current Ratios of 7.89 and 6.67, respectively. In contrast, Fine Music and Indigenous stations have a relatively low capacity to pay for current liabilities from current assets, with Current Ratios of 0.96 and 1.14, respectively.

Leverage Ratio

- The Leverage Ratio provides an indication of debt levels for community radio stations, and the ability to fund financial obligations. The leverage ratio measures liabilities as a proportion of net equity. Due to a lack of profit motive, community radio stations tend to have relatively low debt levels compared with profit-driven businesses.
- At the industry level, the Leverage Ratio is 0.26. This is lowest for Suburban stations, at 0.09, with these stations having low debts and a good capacity to fund operations from equity. Rural & Remote stations have a relatively high leverage ratio at 0.61.
- Ethnic, Seniors and RPH stations have the lowest Leverage Ratios at 0.07, 0.10 and 0.10, respectively. Youth and Indigenous stations have the highest Leverage Ratios across the industry, at 0.64 and 0.61, respectively.

Figure 29: Financial Ratios by Station Locations, 2016-17

| | Total | Metropolitan | Suburban | Regional | Rural & Remote |
|--|-------|--------------|----------|----------|----------------|
| Current Ratio (Total Current Assets / Total Current Liabilities) | 2.47 | 2.71 | 8.36 | 3.30 | 1.38 |
| Leverage Ratio (Total Current Liabilities / Equity) | 0.26 | 0.22 | 0.09 | 0.17 | 0.61 |
| Debt to Assets (Total Liabilities / Total Assets) | 0.20 | 0.18 | 0.08 | 0.14 | 0.38 |
| Net Margin Benchmark (Net Profit / Net Revenue) | 2.6% | -0.3% | 5.1% | 2.9% | 14.6% |



Debt to Assets Ratio

- The Debt to Assets Ratio is calculated by dividing total liabilities by total assets. This provides an indication of how indebted community radio stations are, and their ability to fund debts and other liabilities. A relatively low Debt to Assets ratio indicates stations have relatively low debt levels compared with assets.
- The overall Debt to Assets ratio for all community radio stations in 2016-17 was 0.20. Suburban stations have relatively low debts and high assets compared with stations in other locations, at 0.08. Rural & Remote stations have the highest debts and lowest assets compared with other stations, at 0.38.
- By station type, Ethnic, Seniors and RPH stations had the lowest Debt to Assets Ratios, at 0.07, 0.09 and 0.09, respectively. Conversely, Youth and Indigenous stations had relatively high debts and low asset values, with Debt to Assets ratios of 0.39 and 0.38, respectively.

Net Margin Benchmark

- The Net Margin Benchmark is a measure of profitability, and is calculated by dividing net profit by total revenue. The overall Net Margin Benchmark for the industry in 2016-17 was 2.6%, and ranged from -0.3 for Metropolitan stations, to 14.6% for Rural & Remote stations. Rural & Remote community radio stations are likely to receive higher government funding compared to stations located elsewhere, due to strong community support for the stations, and lower competition for funding.
- By station type, the Net Margin Benchmark ranged from -42.0% for RPH stations, to 9.9% for Indigenous stations. Fine Music, Ethnic and Youth stations all reported negative Net Profit Benchmarks, at -10.5%, -5.3%, and -2.8%, respectively.
- In addition to Indigenous stations reporting the largest Net Profit Benchmark, General stations reported this as 7.2%.

Figure 30: Financial Ratios by Station Type, 2016-17

| | Current Ratio | Leverage Ratio | Debt to Assets | Net Margin Benchmark |
|--------------|---------------|----------------|----------------|----------------------|
| Total | 2.47 | 0.26 | 0.20 | 2.6% |
| Educational | 2.05 | 0.30 | 0.23 | 1.9% |
| Ethnic | 7.89 | 0.07 | 0.07 | -5.3% |
| Fine Music | 0.96 | 0.18 | 0.15 | -10.5% |
| General | 5.61 | 0.14 | 0.12 | 7.2% |
| Indigenous | 1.14 | 0.61 | 0.38 | 9.9% |
| RPH | 6.67 | 0.10 | 0.09 | -42.0% |
| Religious | 1.69 | 0.39 | 0.28 | 1.9% |
| Seniors | 4.10 | 0.10 | 0.09 | 0.8% |
| Youth | 1.47 | 0.64 | 0.39 | -2.8% |



Definitions

| Location/Broadcast Area | |
|-------------------------|---|
| Metropolitan | Stations located in a state or territory capital city and licensed to broadcast metropolitan wide. |
| Suburban | Stations located in a state or territory capital city and licensed to broadcast to a particular suburban (or sub-metropolitan) area. |
| Regional | Stations not located in a state or territory capital city but based in a centre with a relatively high level of service provision (i.e. access to health, education and other public services and a range of commercial outlets) or within 100 kilometres of such a service centre. |
| Rural & Remote | Stations located in a country area or town centre in a country area, which has a comparatively low level of service provision (i.e. access to health, education and other public services and a range of commercial outlets) and is not within 100 kilometres of such a service centre. |
| Community of Interest | |
| Educational | Stations associated with educational communities, mostly through an historical association with an university. |
| Ethnic | Stations broadcasting multilingual and multicultural programming. |
| Fine Music | Specialist music stations predominantly playing classical, jazz and new Australian compositions. |
| Indigenous | Stations primarily servicing and operated by Aboriginal and Torres Strait Islander people, programming Indigenous music as well as discussion of Indigenous issues and culture. This includes stations servicing remote Aboriginal communities in Australia. |
| RPH | RPH (Radio Print Handicapped) radio services broadcast published print information in an alternate format (audio) for people in Australia with a print disability. |
| Religious | Stations that adopt a single faith as a guiding principle in their programming and purpose. |
| Seniors | Stations that broadcast primarily for older Australians, often including an emphasis on music from the 1940s to 1960s. |
| Youth | Stations providing content primarily for young Australians, independent and unpublished music, and community information and relevant discussion for young people. |

