



COMMUNITY  
BROADCASTING  
ASSOCIATION OF  
AUSTRALIA

# CBF Structure & Governance Review

## CBAA Submission

JULY 2015



COMMUNITY  
RADIO  
NETWORK



**amrap**  
AUSTRALIAN MUSIC RADIO AIRPLAY PROJECT

# Executive Summary

The Community Broadcasting Association of Australia (CBAA) welcomes the opportunity to comment on the CBF Structure and Governance Review Consultation paper and assist in the development of a considered and well informed path forward.

The CBAA is the lead sector organisation with membership representing approximately 85% of licensed community radio stations including stations from all sub-sectors, communities of interest and licence types. It is the CBAA's core role to champion community broadcasting by building radio stations' capability and creating a healthy environment for the sector to thrive. Our work falls into these two key areas:

1. **Growing stations' capability** - From webinars, conferences and events through to initiatives like the Australian Music Radio Airplay Project (Amrap), the Community Radio Network, Radio Station Website Services and the Digital Radio Project and resources like our online resource hub, the CBAA works with radio stations to ensure they are capable and sustainable. The CBAA is the go-to source for information, knowledge and advice on how to run a radio station.
2. **Building a healthy community broadcasting environment** - The CBAA leads the sector in building a healthy environment in which community broadcasting can thrive. We do this by raising awareness of community broadcasting and by proactively working with influential stakeholders to strengthen their knowledge, understanding and support. We undertake significant research on the sector to ensure effective leadership.

The CBAA is broadly supportive of CBF reform and considers the review a constructive step to ensuring that the CBF can deliver on its mission and support the community broadcasting sector well into the future. Here are some reasons why:

- The CBF has the right and responsibility to review its practices. Governance arrangements put in place 30 years ago – even 10 years ago – are unlikely to still be considered best practice today. For instance, in 2015 all organisations would be expected to have within their governance systems greater representation from women, different cultural backgrounds, different abilities, ages, professions and so on. Research shows that organisations perform better when their leadership is more diverse.
- The CBF has the right to propose changes. The world is changing extremely rapidly – particularly in the communications and technological sectors. The video shop has vanished. Bookshops have diminished. Newspapers are dying. Radio, too, will change. The CBF is looking at what it needs to do to modernise so it can remain relevant. At the CBAA, we also know this is no time to stick our head in the sand – we need to be out there in the forefront of every discussion that affects us and to be informed and across the detail to effectively argue for and against elements of the CBF's proposed changes.
- The sector, including the CBAA, other SRO's and a group of very experienced community broadcasters recommended some years ago that the CBF should undertake a review of its structure and governance as a key element of its 2013-17 Strategic Plan.

## CBAA Participation in the CBF Review

In its role in building a healthy sector environment, the CBAA undertakes rigorous consultation and evidence-based research on matters of interest guided by its [policy framework](#). This is used to form considered positions.

The CBAA's mechanisms for feedback and discussions were designed to give ample opportunity to contribute to and inform this and the CBAA's [earlier submission](#) within the limited timeframe for consultation set out by the CBF.

In participating in this review, the CBAA have consulted with members and the wider sector. Specifically we:

- Intervened in October 2014 to seek a more realistic timeframe for feedback, extending the CBF's initial consultation period by a month.
- Undertook consultation with stations via our discussion paper in October 2014 and an open forum at the 2014 CBAA Conference in November.
- Made a [submission](#) in response to the Nous report in November 2014. In this submission the CBAA provided a thorough break down of each of the 34 recommendations in the Nous Review report and the CBAA's position on each.
- Discussed the proposal with Board members, which include representatives across a diverse range of stations in terms of both licence type and community of interest.
- Sought feedback from stations and other stakeholders, to guide our response, on the CBF Structure and Governance Review Discussion paper.
- Met and discussed the proposed changes with a number of stakeholders.

It should be noted that the majority of responses received by the CBAA have been supportive of CBF change. The areas of greatest concern raised include:

- Not enough time given for consultation
- Concerns regarding funding changes and their effect, particularly in regards to ethnic funding; and
- A desire to ensure grassroots involvement and the need for Indigenous, ethnic and other representation on the CBF Board.

## Strategic Intent of the CBF

The CBAA understands from the CBF Structure and Governance Review Consultation Paper and discussions with the CBF that there is no intention to change its formal purpose to *'seek, secure, administer and distribute funding to support the development, creativity and sustainability of community broadcasting in Australia'*.

The CBAA continues to support this as the appropriate purpose for the CBF.

It has been clear in the course of the consultation undertaken by CBAA, that there is concern with the CBF becoming a "Sector Shaper." It is noted that, whilst the Nous Group developed a series of high-level models as outlined in Exhibit 22 on page 53 of the Nous Report that included the concept of the CBF as a "Sector Shaper" as an option, the Nous report does not actually make such a recommendation and it is unfortunate that this interpretation has been made. In fact, the Nous Report states that the CBF does not need to make adjustments to its formal role.

**However, it is essential that the focus of the CBF must continue to be on funding and, while there are overlaps, the CBF role must not extend to initiating projects, project management nor to commentary, analysis or recommendations about broader sector or industry strategy issues.**

## **Guiding Principles**

The discussion paper (p. 10) outlines a series of guiding principles that have helped the CBF in considering changes to its structure and governance.

The CBAA supports these guiding principles.

## **Implementation Timeline**

The Nous Review report recommended that reform should be phased to ease the transition and to manage inter-dependencies between the required steps. The CBAA supports this phased approach.

The CBAA does not believe that the time provided by the CBF has given SROs especially the time and opportunity to effectively consult with their member stations and provide further feedback.

# Observations and Responses to Questions Posed in Consultation Paper

## Funding allocations from Government and other sources

### 1. Should the Australian Government funding allocations for the support of community broadcasting be consolidated and simplified as described in order to provide more flexibility in the use of funds?

The CBAA supports the simplification of CBF funding allocations, however, while some simplification of funding categories is advisable, the CBAA has some concerns about consolidation to the degree that is contemplated in the discussion paper.

The CBAA shares the CBF's concerns that simplifying funding categories may complicate funding advocacy processes. This is a complex area that must be thought through carefully, especially in terms of:

- The role of political advocacy for specific funding purposes required in the sector;
- The capacity for flexibility within funding lines in terms of CBF mechanisms regarding priorities and distribution of funding (or scope to increase flexibility within funding deeds with DOC);
- Longer term implications and impacts of reducing funding lines in terms of the risks of ending up with broad funding categories that disempower the sector's capacity to argue for maintaining funding or increased funding in specific areas (i.e. supporting a government position that allocates \$xxx to a specific area and any and all development priorities then become the CBF/sector responsibility).

The CBAA supports the four headline categories of the General Community Broadcasting Sustainability and Development Fund (GSD) as well as Ethnic, RPH and Indigenous community broadcasting funds. Within those four funds, there must be prescribed allocations so that distinctions are maintained in terms of a minimum of operational and content funding sub-categories. Operational funding would include transmission. Without at least a basic distinction between station operational costs and content support, and given the scale and scarcity of resources in the sector, there is a risk that operational costs will eventually consume most available resources.

In addition, prescribed allocations should be maintained for the Australian Music Radio Airplay Project due to it serving both community radio and music industry objectives.

If these funds are to be changed by the CBF there must be a structured process for input from the CBAA and each relevant SRO. This process should ensure a role in decision making rather than merely 'consultation', and the funding allocations must be prescribed in the funding deed so that advocacy can be maintained with government.

### 2. Should the CBF continue to develop other funding sources for current and long-term sector benefit?

Diversifying revenue streams has always been part of the CBF's Constitution and the CBAA has long felt this should be a higher priority. The CBAA is supportive of the new CBF Fundraising Development Project and commends the CBF on its implementation.

The CBAA is satisfied that the CBF has adopted a more ambitious target of \$2.5m over five years for its existing fundraising project. The previous CBF target of \$1m over five years would have barely made the pursuit worthwhile given costs and resources involved.

It should be noted this is a complex and highly competitive area and the sector does not have a good track record in attracting private or corporate support at a sector-wide level. There are also inherent conflicts and it is essential that the CBF consults with the CBAA, SROs and stations to minimise competition for limited funding.

## Grant Categories & Funding Distribution

### **3. Should the CBF consolidate and simplify its grant categories to the two broad categories of Content and Development Grants in order to provide a less prescriptive funding process that allows applicants to seek support for their funding needs and priorities more directly?**

There is scope for consolidation of some funding categories to increase flexibility and priority settings. However, very careful and detailed consideration needs to be applied to the longer-term implications of funding requirements, funding advocacy, and the position regarding funding categories put forward to the Government and DOC by the CBF (as addressed earlier).

### **4. Should the CBF seek to strengthen sector sustainability and resilience through a greater emphasis on station and sector development?**

The CBAA believes that it is essential that the CBF has a key focus on investing in the organisational capacity of the community broadcasters that they fund and, therefore, supports the CBF in seeking to strengthen sector sustainability and resilience through a greater emphasis on station and sector development.

Capacity building grants are a growing trend among grant-makers and recognise that organisations need to build management systems, as well as programs, to improve their sustainability and resilience. By helping community broadcasters improve their organisation's systems and operations, they are strengthening their ability to serve their community of interest. There are a number of obstacles facing stations undertaking capacity-building, as outlined below.

All too many not-for-profit organisations, including community broadcasters, focus on creating new programs and services and keeping administrative costs low instead of building the organisational capacity necessary to achieve their aspirations effectively and efficiently and maximise their impact on their community of interest. This is not surprising, given that donors and funders, including the CBF, have traditionally been more interested in supporting an exciting new idea than in building an organisation that can effectively carry out that idea. This must change to allow both station board and staff to dedicate themselves to raising capacity building to the same level of importance and attention as program development and management, and think early and often about strengthening the organisation in lockstep with implementing programs.

Other obstacles facing community radio station boards or managers seeking to build capacity include a not-for-profit culture that tends to glorify program work over "back-office" functions or even higher-level institutional functions such as strategic planning. In fact, in many for-profit and not-for-profit organisations, "planning" is something of a dirty word, as it distracts from important day-to-day activities. In addition, many not-for-profit managers are generally sceptical about the relevance of business practices to not-for-profit organisations.

Another important barrier impeding the ability of not-for-profits to engage in capacity building is a dysfunctional funding environment. Donors, both individuals and foundations like the CBF, like to earmark their contributions to support particular projects or programs. The easiest funding to find is for tangible products, while the hardest being for general administrative costs – including efforts to build organisational capacity.

Community radio stations have also been hampered in their capacity-building efforts by a simple lack of knowledge. For inspiration and new ideas in an area such as fundraising, for

example, stations can look for guidance to a whole body of literature and the experiences of other organisations. But when it comes to not-for-profit capacity building, there is no shared conceptual framework or approach that can be applied widely across the sector.

These barriers are formidable but not insurmountable. The professionalisation of not-for-profit management as well as changes in the funding climate will continue to nudge not-for-profit culture toward a more enlightened view of capacity building. As more organisations begin to address capacity building systematically, better information and improved measures will surface to make a more convincing connection between these initiatives and social impact.

It is worth pointing out that capacity building should not be confused with capacity repair. The purpose of capacity building grants is to help organisations make good operations better, not to rescue organisations from bad planning or to rehabilitate bad management. These sort of grants should be limited.

**5. Should the CBF offer multi-year grant agreements to assist stations and sector organisations to plan and achieve their development more effectively?**

The CBAA strongly supports multi-year funding agreements where appropriate, and has for some time been advocating this change. Multiple year funding reduces administrative burden, provides longer-term stability and allows more effective planning and resource allocation.

The length of agreements should vary based on the lifecycle of the project. For sector organisation funding, a three-year funding agreement is still a relatively short period in the context of government funding, and we understand schemes managed by the DOC are moving to four, five or even six year arrangements. Over time, the CBF should pursue further increases in the period of the funding deed beyond three years and should continue to pursue multi-year funding for the Digital Radio Project.

**6. Should the CBF introduce a more transparent approach to funding specialist Indigenous and Ethnic programming based on actual content production and related service support costs rather than the current variable hourly rates derived by dividing the funds available between all eligible program hours?**

It is noted that neither the Nous Review report nor the Content Review report recommended this change.

The CBAA is yet to hear a solid argument for the proposed changes and believe that, in the absence of an extensive consultation process backed by sound reasoning, they should not go ahead at this time.

**7. Should the CBF broaden eligibility to include independent, incorporated, not-for-profit organisations producing content for community broadcasters?**

The CBAA does not support the proposal that independent, incorporated not-for-profit organisations may be able to apply for CBF funding to produce content for community broadcasting.

The purpose of community broadcasting funding distributed by the CBF is to support the community broadcasting sector and community broadcasting licensees. Only community broadcasters holding appropriate ACMA licences or Sector Representative Organisations should be eligible for CBF funding. Providing funds to a wider pool of NFP organisations will dilute the effectiveness of limited CBF funds.

Instead, stations can commission content, whether that be radio, television or online, to be developed in collaboration with independent, incorporated not-for-profit organisations and other content makers. Such organisations also have access to other funding sources that community broadcasting licensees are less able to access.



The Nous Review report also opened up the possibility of additional organisations receiving sector coordination funding. Whilst from time to time there may be legitimate reasons for new Sector Representative Organisations to be formed, criteria should be developed to avoid unnecessary proliferation of new organisations and any new organisation should be incorporated, transparently report its membership and activities, have appropriate legitimacy and meet minimum governance requirements.

## Grants Advisory Committees (GACs) & Grant Assessment

### **8. Should the CBF adopt an open nomination process for appointment of the assessor pool, Grants Advisory Committees and the majority of the Sector Investment Advisory Committee?**

An open nomination process is an appropriate mechanism to attract candidates for appointment to assessor pools, Grants Advisory Committees and the majority of the Sector Investment Advisory Committee, rather than the limited personnel that may or may not attend a sector organisation conference (which could also be argued to not be democratic). It is essential in any process to get the best people involved.

The CBAA agrees that the GAC process requires some revision and the assessment panel structure is a reasonable framework to replace the current GAC structures. Broadening the nomination base would be a constructive move for assessment pools but it would also be productive to retain some role for SRO nominated processes.

One option to integrate both processes would be for an assessment panel Chair to be nominated by a relevant SRO.

### **9. Should a skills matrix and diversity policy form the basis for determining the composition of the peer-based assessor pool and Advisory Committees?**

It would be appropriate for a skills matrix and diversity policy to guide the composition of the peer-based assessor pool and Advisory Committees. Nominees should also be required to address appropriate selection criteria as part of the application process.

What is unclear at this time is how the CBF would then assess nominations. For the advisory committees, it would be essential to have a process that involved interviews for short listed nominees. These interview panels could include an appropriate SRO representative. We see this as particularly critical for appointments to the Sector Investment Advisory Committee (SIAC).

Given the close links to the music industry, it is essential that there is some music industry experience on the Board and/or GACs.

### **10. Should the CBF facilitate more efficient and strategic use of sector coordination and sector project funding allocations by bringing them under a single Sector Investment Advisory Committee (SIAC) rather than separate advisory committees?**

The CBAA supports the bringing of sector coordination and sector project funding allocations under a single Sector Investment Advisory Committee (SIAC) to make grant applications and processes easier and more strategic.

As an example of the dysfunction of the current system, four different grant applications to two different GACs were required in relation to the establishment of the content distribution hub at the CBAA for the transition to the VAST satellite. It would have been far more effective to develop one project plan assessed through an appropriate centralised process.

Careful consideration will need to be given to ensuring SIAC members have the necessary knowledge, skills and sector experience to be able to consider a diversity of matters.



In bringing the funding under one committee, it is essential to ensure that the committee's role does not impact on the governance operations and management of the various organisations that will receive funding. It is critical that neither the committee or CBF staff become involved in the day-to-day operation of any programs or projects and do not direct (intentionally or unintentionally) the staff of funded organisations. There is some history of this.

The focus of the CBF must also continue to be on funding and, while there are overlaps, the SIAC's role must not extend to initiating projects or project management, or to commentary, analysis or recommendations about broader sector or industry strategy issues. This is a role for the CBAA and SROs.

CBF systems and structures have a significant impact on CBAA operations and are regularly a considerable source of frustration to the CBAA. Changes are critical if CBAA is to be able to effectively deliver outcomes of benefit to the sector.

The CBAA recommends that the following changes are made:

- Reporting on sector advancement funding should be outcomes-based.
- Reporting by the CBAA to the CBF should be done once per year (as recommended by the Nous Group) not quarterly as has been the case.
- Multi-year funding agreements should be implemented to reduce administrative burden, provide longer-term stability and allow more effective planning and resource allocation. Agreements should preferably be for a minimum of a four-year period.

The Nous Review report states that 'The CBF Board should determine which sector projects it would like to commission.' The CBAA strongly disagrees with this approach – it is noted that it would be highly unlikely that the sector would be involved in digital radio if this process had been in place in the past.

As noted above the focus of the CBF must continue to be on funding and the CBF role should not extend to initiating or commissioning projects or project management, nor to commentary, analysis or recommendations about broader sector or industry strategy issues. This is a role for the CBAA and SROs.

**11. Should the CBF consolidate its funding opportunities into a set bi-annual schedule to allow applicants to better plan and allocate time to prepare their applications?**

The CBAA supports this approach.

## **Board**

**12. Should the CBF Board be appointed against a skills matrix and diversity policy?**

To be effective, a Board needs the right group of people, with an appropriate mix of skills, knowledge and experience (e.g. professional backgrounds, industry experience, philanthropic support etc) that fits with an organisation's strategic objectives. Boards with this mix are better equipped to deliver value and respond to challenges that may arise. The key consideration, therefore, is determining the optimal level of diversity for the CBF Board.

Whilst there are many examples of successful Boards in the not-for-profit sector where outgoing Directors appoint incoming Directors, the CBAA cannot support that model in this circumstance.

The CBAA recommends that a Nominations Committee be formed consisting of 3-5 people. This committee would recommend to the CBF Board the five peer-based board members to best achieve the appropriate mix of skills, knowledge and experience.

As a minimum, this Committee would include the CBF President (or nominee), the CBAA President (or nominee) and other CBF Directors, other SRO involvement, eminent sector people or external appointments. The process should:

- Utilise a skills matrix developed by the CBF Board to guide appointments;
- Consider the diversity of the Board, including gender, ethnicity and other demographic elements;
- Include appropriate involvement of the CBAA and other sector representative organisations;
- Ensure that the majority of nomination committee members are independent from existing CBF Board members; and
- Enable the CBF Board to veto a recommendation of the nominations committee.

The process could utilise an independent board recruitment agency, particularly in the first instance.

**13. Should the composition of the CBF Board ensure that a majority of Board positions remain peer-based through nominations from stations and sector organisations?**

The CBAA supports the principle of a majority of Board positions being peer-based through nominations from stations and sector organisations.

The CBAA is pleased that the CBF has accepted its recommendation that the existing CBAA nomination role (in consultation with other SROs) of the CBF President should remain in place.

**14. Should the composition of the CBF Board also allow three independent positions to be appointed from outside the sector to maximise access to the skills and qualities required for optimum governance and enhance funding providers' confidence in the Foundation?**

All boards should have a clear process to determine the skills mix of Directors required to carry out its governance role at a point in time. The CBF Board should determine the skills of elected Directors and map them to the skills mix required, thus identifying gaps. It is good practice for a Board to have the ability to appoint Independent Directors to address gaps.

As mentioned previously, the CBAA considers that a Board of six Directors is too small. Seven to nine is a preferable total number and as such there should be a requirement to have at least one independent role (rather than an optional 'up to three independent roles').

## **Outcomes-based reporting**

**15. Should the CBF undertake or commission research into the relevance and value of outcomes-based reporting to the CBF, funders and the community broadcasting sector?**

The CBAA strongly supports outcomes-based reporting. It is widely recognised as best practice for granting activities to have an outcome orientation so that grant recipients focus on outcomes and outputs for beneficiaries.

Government policy already requires measurement and reporting to be based on outcomes rather than the traditional output or activity based mechanisms of measurement and reporting – the CBF should also be making this change. Outcomes based measurement is simply a way of measuring effectiveness and results. While outputs still have an important role in outcomes-based reporting, the focus is not on an output as the final result, but on that output as a means to achieving an overall outcome.

Undertaking research into relevance and value of outcomes-based reporting to the CBF, funders and the community broadcasting sector is unnecessary and a waste of valuable sector resources.

We do acknowledge that a number of member stations and sector representative organisations have expressed concern regarding a move to outcome based reporting and their capacity to do so. Some of this concern is possibly related to the linkage of the SROI framework, which is a complex concept, to outcome-based measures. It is noted that they aren't dependent on each other. The SROI framework would be one way to measure the achievement of some outcomes, most likely on a sector wide basis.

### **SROI Research**

It is noted that the CBAA has previously written to the CBF regarding the need to identify the social, environmental, and economic benefits generated by the community broadcasting sector and this has been further assessed as part of a review recently undertaken by the CBAA of the sector's current research efforts and needs. The review was undertaken by THINK: Insight and Advice. A copy of the report has been provided to the CBF.

The review included extensive desk research, qualitative research with stakeholders such as the Commonwealth Department of Communications, partners like the CBF, survey owners such as CBAA and CBF staff, various users of survey data, and respondents in member stations, research suppliers and internal database managers. This phase included workshops with CBAA staff, focus groups with representatives of the CBF and member stations and interviews with the NEMBC, AICA, CMA, RPHA and a range of suppliers and external consultants.

A key recommendation of the review was that "Given its potential to demonstrate the social value of the community broadcasting sector, it is recommended that the CBAA commission a study of the social and economic value of the sector using a social return on investment methodology".

CBAA agrees that a Social Return On Investment (SROI) framework (or other similar type of framework) and analysis could contribute to a more outcome-focused CBF approach to reporting requirements and is a direction that the sector needs to increasingly pursue in relation to both funding and advocacy. Measuring and demonstrating social value will require considerable research and case study support that is not currently well resourced in the sector and, as such, requires further assessment for implementation.