

We offer the following objections to the proposal,

**1. It is unanimously agreed that is impossible for the PMSE sector to enter an auction system for spectrum release.**

- i) Ofcom must acknowledge the inability of the PMSE sector to compete at auction. The PMSE sector is a disparate, diverse and diffuse community of content producers, manufactures and rental organisations. Many of its members are extremely small and there is no way they could compete at auction. They possess neither the financial resources nor is there a mechanism to coordinate bidding for the collective needs of this community. The PMSE sector encompasses many different spectrum users. Last year spectrum managers JFMG recorded 600 spectrum license applications. These may range from large high end spectrum users such as TV broadcasters, London Theatres or live events to much smaller local community users. Currently there are around 180,000 wireless units which utilise this spectrum, used at 45,000 different events ranging from those on a small scale using just one single frequency, to much larger live events, which excluding unique events such as the Olympics, might use up to 240 frequencies. There is also a growing trend in live entertainment towards much larger live events which require greater frequency capacity. On average though most typical professional live events will use between 16 and 30 TV bands.
- ii) The PMSE sector feels that for them, an auction mechanism for the release of spectrum is deeply flawed. Even if the sector were able to find a means for entering a spectrum auction, an auction system is in itself totally unacceptable. In engaging in an auction system, the PMSE sector would be initiating a process that would lead to market failure. It is the PMSE sector's genuine belief that they could not be successful in securing spectrum at auction. Therefore the industry would be without access a critical component of content production. Without access to spectrum the industry could not operate at current levels and would cause severe damage to the functioning of the British Entertainment Industry.
- iii) The certainty of losing in an auction process is increased by the value of the likely bid. Ofcom's supposition that this spectrum is likely to be of only limited value is discredited by both a letter from Dell Corporation Ltd regarding spectrum's value and by the Vodafone RSPG Public Consultation document on the implications of the Digital Dividend.
- iv) The PMSE sector would therefore propose the concept of 'gifting' of spectrum on an annual rental basis to a successor to JFMG. This successor would be independent of Ofcom, and Ofcom would not therefore be responsible for the organisation, charging and policing of authorised spectrum usage by the PMSE sector, as these responsibilities would pass to JFMG's successor. The successor organisation would be charged with licensing the usage of frequencies used by Local TV and the PMSE sector.

**2. Current Ofcom estimates as to the value of the equipment currently used by the PMSE sector are wildly inaccurate.**

- i) The suggestion by Ofcom that there is at present around £10 million worth of equipment that would become redundant as part of the DDR, is wrong and underestimates the figure by at least a factor of five. One single medium sized company *Autograph Sound* alone has around £7 million worth of possibly affected equipment. Any analysis of other major manufacturers, for example the companies *Shure* or *Sennheiser*, would show that Ofcom's estimates are entirely incorrect.

- ii) One of the consequences of these calculations is that Ofcom have drawn together an unrealistic account of the ability of and time needed for the PMSE sector to adapt to proposed changes. Instead the PMSE sector must be given sufficient time that would fairly allow them to amortize the value of current equipment that will become redundant under current plans. In addition due consideration must be given to the fact that a considerable amount of this equipment will be unsuitable for upgrading due to the restrictions imposed by the RoHS directive.
- iii) Ofcom also needs to acknowledge that even equipment, for which full depreciation has taken place, continues to hold value within the industry because of the longevity of the equipment itself and the rental nature of part of the PMSE sector. This means that equipment filters down through the industry. Proposed changes would abruptly end the life cycle of this equipment by making it entirely redundant.
- iv) Ofcom needs to provide a timetable for spectrum release that is sufficiently long to allow the manufacturing industry to produce in sufficient quantity, equipment capable of utilising newly available frequencies in such a way as does not disrupt their production. It would take between 10-15 years for a company in the industry to build up an inventory of stock to match current levels. Therefore 2020- 2025 is a more suitable date to complete the transitional period of the DDR.

### **3. *De-Regulated Channel 69.***

- i) The PMSE sector is opposed to the deregulation of Channel 69 because existing PMSE needs, as well as those of amateur users require interference free use of spectrum. If the PMSE sector continues to use Channel 69 for professional use it is certain that sound production will suffer from interference. It is an absolute fundamental that the spectrum used by the PMSE community is licensed and coordinated by the successor to JFMG.