



## **Ofcom Report – The Future of Radio Discussion Document**

### **Response from the Community Media Association**

The Community Media Association (CMA) is the UK representative body for the community media sector. It groups together community radio stations, local and community TV operators and community based internet groups.

#### **Section 2 - Introduction:**

The CMA recognises and endorses Ofcom's statutory role as laid out in 2.2.1 to 2.2.6 and its recognition of the need for intervention in the radio market to ensure that the public purposes as laid out in 2.4 continue to be met, through a plurality of services delivering these purposes. Community media organisations, by their very nature, are embedded within their local community, being owned and driven by the community, to give local people a voice and to deliver the public purposes as described in this report. Community Radio licence holders are required to demonstrate (both as part of the application process and through ongoing reporting) how they will and do deliver on each of the public purposes as described. Indeed, there will be even more onus in the future on community radio to deliver on public purposes, as other operators (in both the radio and television sectors) retreat from delivering public service obligations. We would argue that community radio is the natural home for the delivery of these purposes and requires greater frequency allocation in order to be better able to deliver these.

In 2.6 we would argue that community radio also enhances choice, diversity and innovation for consumers at local and community levels, as well as meeting public purposes.

We note in 2.7 that a "healthy radio market" would include community services for every community that wants it. However, we must challenge the notion that this aspiration would or could be achieved using a "market-driven approach". The community radio sector is more aligned with and should be viewed as analogous to (while more independent than) the BBC, rather than the commercial sector, as it is not-for-profit and with overt public benefit aims, even where local advertising makes up part of its revenue.

2.8 - We must strongly challenge the notion that all radio will and should be delivered on digital platforms, within the foreseeable future. While some parts of the radio industry (some already are) will be delivered increasingly on digital platforms, we do not believe that it is the "total solution", particularly for community radio. Some Community Radio stations will happily migrate to digital. However there are stumbling blocks for many others. The two main ones are the real money costs for stations going digital (in particular technical costs, for example accessing a DRM frequency could entail a tenfold cost in relevant kit and site, compared to the costs for setting up on current FM) and the fact that much of the audience for community radio is not on the "right side" of the digital divide. Our listeners are largely not able to afford current digital services, in radio or television. Our definition of "digital services" here includes not just digital radio and television, but also computers and the internet. There are other obstacles for internet-based community radio and community media more widely,

for example the high cost of copyright compliance. We would therefore argue that a large part of the FM spectrum remains available for community radio for at foreseeable future. We are also concerned by the notion that DAB could deliver locally, within the context of community radio “localness”. DRM also is likely to be expensive, so the significant cost issues for the community radio sector going wholly digital must be taken into consideration.

### **Section 3 – The challenges facing the industry:**

We have some general comments on this Section:

We do recognise that to ensure plurality of service, commercial radio has a part to play. However, in this Section the phrase “the industry” seems only to include commercial radio, not community radio. The BBC may have big resources, but the average community radio station runs on less than £100,000 per annum, with huge input from community volunteers. We would argue that any FM frequency becoming available (see later on our responses to the “flexibility to free up spectrum”), due to “failure” of commercial stations, should be reallocated to community radio. To favourably compare the profit generating potential of commercial radio over the public benefits and social gain created by community radio would be unjust. By nature, the commercial and community radio sectors are different and serve communities in a very different way. There are tangible economic benefits from the social gain purposes and activities delivered by community radio, even if these cannot always be measured on a balance sheet. The sector delivers on a wide range of Government Public Service Agreement targets, which, if they could be quantified, would demonstrate the significant contribution that the community radio sector makes to the local and national economy and community well-being.

The sector is also much less susceptible to the move by advertisers from commercial radio to the internet. While there is a perception that community radio is in direct competition with the commercial sector, we would argue that that is not the case. The advertising “markets” for commercial and community radio are, to a large extent, very different. Most advertisers wishing to use community radio do not have the resources to advertise on commercial radio or the internet and so it cannot be said that community radio is “taking away” advertising from commercial radio. There are (according to anecdotal evidence) some larger advertisers who do want to use community as well as commercial radio; their reasons for doing so appear to be that they want to target particular groups in the community who do not listen to commercial radio. We would argue that far more research needs to be done to ascertain the real effects of advertising on community radio actually does have any effect at all on locally based commercial radio stations. More also needs to be done on the benefits and disbenefits of relaxing the 50% advertising (or zero advertising in smaller population centres) rules that apply to the community radio sector.

Section 3 also puts forward the notion that DAB will (and should?) become the industry standard for digital radio. We do not believe that this will be the case, due to its inferior quality. DAB is also an inappropriate platform for the vast majority of community radio providers as it does not offer “localness” which is one of the defining features of community radio. It may however become a suitable platform for communities of interest and therefore, despite our lack of support for DAB in general, we would want some DAB bandwidth reserved for these community radio projects.

Any digital platform made available to community radio should also come with a ‘must carry provision’ for our services similar to that made available to BBC services – on the basis that we too offer a public service.

#### **Section 4 – The regulatory burden:**

We would argue strongly that there should be no change in the regulatory environment for granting community radio licences, as outlined in 4.14. Although the application process may seem a burden on the sector, formulating and agreeing the 'key commitments' within and with the local community a licence applicant wishes to serve are the very processes which distinguish the community radio sector from both the commercial and BBC radio sectors. The reporting regime for Community Radio licence holders needs to be robust, to ensure that licences are not awarded to organisations which are only paying "lip service" to the statutory requirements for community radio.

We note the suggestion that the Ofcom could consider relaxing local content obligations in commercial services. If this approach is to be taken with Commercial Radio, it will be important for the regulator to improve the mechanisms by which Community Radio is supported as a counterbalance to the loss of local content on local commercial services. We support any legislative instruments which guard "localness", on any platform, as the focus on locality can only improve community cohesion and prove the community benefits of community radio and other community media projects.

There is a need to update legislation to ensure that Ofcom's statutory duties (e.g. to secure localness on analogue commercial radio) are extended to include the same rules for digital delivery of broadcasting.

We note the comparisons with both France and the USA. The countries chosen both have well established Community Radio sectors. Ofcom's research should extend to the regulatory options for the future of Community Radio stations in these countries too. It is our assessment that there are elements of good practice in both France and the United States where regulation of Community Radio is concerned.

There are about 570 Community Radio stations in France, generally known as "radios associatives". The radios associatives are funded by a mixture of sources, including the FSER (Fonds de Soutien de l'Expression Radiophonique), which operates as a Community Radio Fund. Finance for the FSER is drawn from a levy on the advertising revenue of the mainstream broadcast media. In 2002, the Fund provided total grants of £15.2 million.

In the United States, community broadcasting has its roots in a historic decision of the Federal Communications Commission in 1945 to reserve 20 per cent of the FM radio spectrum (from 88.0 to 92.0 MHz) for non-profit services. The first non-profit radio services in the US were limited to educational institutions but the launch in 1949 of KPFA in Berkeley, California marked the beginning of a wider opening for community radio. Today, over 2500 licences have been issued to non-commercial FM radio services and around 400 licences to non-commercial public and educational television services.

We must challenge 4.51 – local commercial radio has not been in recent years the only source of broadcast local news other than the BBC. Community radio has also played a large part in this, also in "catering for local tastes and interests". We also need to correct the statement in 4.51 which says that television in the UK has never been local. Following the Broadcasting Act of 1996, Local Television services have been licensed in the United Kingdom since 1997. Ofcom currently oversees 17 Local and Community Television services across the UK. In most cases, local news forms the central plank of Local TV services. This is particularly evident in Solent Television on the Isle of Wight, Channel 9 in Derry and Channel M Television in Manchester. The 17 Local and

Community TV services are listed on the ofcom website:

<http://www.ofcom.org.uk/static/tvlicensing/rts/main.htm>

Audiences want a relationship with stations that they trust. In that sense the community radio sector is essential in ensuring the plurality of providers, concentrating as it does on giving voice and access to the media in general for people living in marginalised communities.

Therefore it is essential that community radio (and other community media) has access to and space in all the potential platforms which may arise. In our view this would include the retention of, for the foreseeable future, FM for community based radio and other media services. While DRM may be a possible platform for some parts of the community radio sector, the significant increases in the costs of migration to DRM must be borne in mind. Ensuring access and migration for community radio to DRM would mean ensuring proper funding for the initial and ongoing costs.

The essential thing to note in this discussion is that the community radio audience is largely non-digital and may remain so for the foreseeable future. This discussion document ignores the very real possibility that the radio “digital divide” may be even bigger than in the television world.

Regarding multiplex ownership rules, we would argue that all “owners” should have a duty to include and provide space for community media broadcasters (radio and television) – this would require definite intervention by Ofcom and the government. Our view is that it is not solely about ownership – it is about the rules that apply to gaining access and that access rules must ensure provision (with realistic costing) for community media organisations. Local multiplexes already have a requirement to carry BBC output, so there is already an “intervention precedent” in place.

### **Section 5 – The flexibility to free up the spectrum:**

The Digital Dividend Review has to be the biggest challenge for the community media sector, also to the citizens of this country. The future of (all) radio, and the wider alternative, i.e. community, sector in this country will be affected by the recommendations that Ofcom put forward and the decisions that the government makes on the range of options arising from the release of spectrum afforded by digital switchover.

This Discussion Document focuses on the “Future of Radio”. However, wider issues are implicit in the document. The use of spectrum is central to many of the questions posed in the Document. Community radio and television are, according to the government, becoming an essential part of their means of “reaching” communities that they want to have dialogue with. Therefore, they need to note that, no matter how much digital inclusion is increasing (which we welcome), the very communities they recognise as being “outside the loop” are being reached, by the community media sector, though not generally via digital platforms. As technological convergence increases, community radio is even more important, as the most inclusive medium for increasing media literacy and reducing the digital divide. There are dichotomies which need further exploration here, because decisions now for the radio sector will affect future decisions on spectrum use.

We therefore must argue for community media having proper access, for the foreseeable future, to all possible platforms, radio, television and the internet.