

## Radio – Preparing for the Future

### A response on behalf of MXR Limited

MXR welcomes this opportunity to respond to Ofcom’s consultation “Preparing for the Future”. MXR is a consortium of Chrysalis Group plc (39.1%), GMG Radio Holdings Ltd. (24.3%), Capital Radio plc (24.1%), UBC Digital Ltd. (7.5%) and the Ford Motor Co. Ltd. (5%). The group operates five regional digital radio multiplexes throughout England and Wales, with a combined PPA covering over 17 million adults. As an entity operating entirely within the DAB field, we have restricted our responses to those questions associated with digital radio and its future development.

**8. Do you agree with our proposals to allocate more spectrum in VHF Band III for DAB-compatible use (subject to spectrum clearance and international agreement) in the following way:**

**a. Three blocks to provide local multiplexes to those areas which currently do not have their own local multiplex and some areas which already have local multiplexes?**

We agree with the proposal to provide additional local multiplexes to areas currently lacking one. There are considerable ‘white areas’ of local digital multiplex provision, with many key heritage stations being unable to begin migration with the current spectrum allocations. In order to maintain momentum in consumer take-up of digital radio, we believe that it is imperative that these stations, such as Fox FM in Oxford, are able to commence digital transmission at the nearest available opportunity. These heritage stations still attract large audiences with compelling local content and strong brand strength, the absence of which is likely to prevent many consumers from investing in or accepting the new technology.

At this stage, we do not feel it would be prudent to allocate complementary local multiplexes. Considering current levels of receiver penetration, additional local multiplexes this early on in digital radio’s development could excessively fragment the audience, jeopardising the viability of existing local and regional services.

**b. One or two blocks for national coverage (depending upon whether four or five blocks of spectrum are available in total)?**

As a consortium, MXR does not have a view on the use of future DAB frequency blocks for national coverage. Members of the consortium have, however, expressed their opinions in their respective individual replies.

**9. Do you agree that the proposed local DAB digital radio multiplexes should be awarded as Broadcasting Act licences?**

We agree that local DAB multiplexes should be awarded as Broadcasting Act licence. We firmly believe the best way of serving the radio audience is to provide a wide range of high quality, compelling, free, radio services. Awarding subsequent local multiplexes under the Broadcasting Act would ensure broadcasters could deliver in line with these audience desires and expectations. Operating these new multiplexes in accordance solely with the Wireless Telegraphy Act would not guarantee carriage for radio services, either existing or new. Should this happen,

there would be understandable concern from citizen-consumers who expect an increased, rather than a diminished, choice as a result of upgrading to digital radio.

**10. Do you agree that the frequency blocks proposed to be allocated to national coverage should be awarded under the terms of the Wireless Telegraphy Act only (i.e. without the need for a Broadcasting Act licence)?**

As a consortium, MXR does not have a view on the use of future DAB frequency blocks for national coverage. Members of the consortium have, however, expressed their opinions in their respective individual replies.

**11. What demand do you envisage there being for nationally-allocated DAB-compatible spectrum?**

DAB technology is an excellent solution for many mobile data or multimedia transmission scenarios, with power efficient receiver modules, a robust transmission scheme, and the ability to cover large geographic areas using the same frequency. Because of these factors, we anticipate that many demands might be placed upon such spectrum, including from broadcasters wishing to broadcast radio stations on a national basis. Further to this, we believe there may be considerable interest from content providers wanting to push video, music, or other premium services to portable devices.

In the future it is possible that other uses will emerge, in line with the increasing convergence in consumer electronics devices. Devices such as in-car GPS might interface with a DAB system receiving traffic and travel news as packet data, thus allowing dynamic route planning to account for road works or other restrictions.

**12. Do you think the limit on non-programme related data carried on each commercial DAB digital radio multiplex should be raised from the current limit of 20%? If so, what should the limit be raised to? What do you envisage the extra capacity would be used for?**

We support the raising of the data limit from 20%, and would argue that it should be for multiplex operators to determine the most appropriate limit for themselves, within the terms of their respective licences. MXR feels that useful data services can add value to the DAB proposition, as both services in their own right, and as a complement to radio stations. We believe allowing multiplex managers discretion over how much capacity is allocated to data services would be the preferred approach. The service proposition submitted upon licence application, combined with the proposed co-regulatory framework for audio quality, would militate against operators maligning radio services in preference of non-programme related data.

**13. Do you think the limit on non-programme related data (including radio) carried on each commercial digital terrestrial television multiplex should be raised from the current limit of 10%? If so, what should the limit to be raised to?**

As per DAB, those who operate digital television multiplexes should be permitted to decide how much capacity to assign to non-programme related data, provided the core requirements of their licence are adhered to.

**14. Do you agree with the proposal to abolish the minimum bit-rate limit for DAB digital radio and replace it with a co-regulatory system akin to that applied in television for picture quality?**

We support the move to a co-regulatory system for audio quality, and therefore agree with the proposal to abolish minimum bit-rates. A shift to qualitative from quantitative measurement in this area will allow the radio industry to benefit from its continued investment in research and development of DAB technology. In many markets, it will be possible to broadcast additional programme services, increasing listener choice. This additional choice will act to stimulate more interest in the platform, driving receiver take-up yet further.

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