

Radio – Licensing Policy for VHF Band III, Sub-band 3

A response to the Ofcom consultation, November 2005

In light of the further evidence presented in this document, Ofcom proposes to allocate three blocks of spectrum in VHF Band III, sub-band 3 for local radio multiplexes under the licensing process set out in the Broadcasting Act 1996, with the aim of covering geographical areas that do not presently have local radio multiplexes. Ofcom also proposes to allocate one block of spectrum in the same sub-band for a national radio multiplex under the licensing process set out in the Broadcasting Act 1996.

Do you agree that these proposals represent the optimal use of the spectrum?

Chrysalis Radio welcomes the opportunity to respond to Ofcom's proposals for the use of spectrum in VHF Band III, sub-band 3. We broadly agree with the vision Ofcom has put forward in the consultation document.

We agree with Ofcom's proposal to allocate three further blocks of spectrum to local radio multiplexes. It is of utmost importance that existing analogue broadcasters are given the opportunities which arise from digital migration. For the listener, licensing these additional local licences will allow a variety of programming tailored to each area's tastes and interests. We support Ofcom's desire to license these multiplexes under the terms of the Broadcasting Act 1996. To not do so would be unfair on those stations operating in areas which did not attract a first-wave licence.

Ofcom's intention to license a further national digital multiplex under the terms of the Broadcasting Act 1996 is welcomed. The success of DAB is pivotal on the support of equipment manufacturers, major

advertisers, the automobile industry and high street retailers. A new national multiplex would generate a new impetus for manufacturers of equipment and vehicles, increase the portfolio of national brands available to advertisers, and allow retailers, broadcasters, and manufacturers to work together to create strong, national, marketing for DAB products and services.

For the listener, a bouquet of complementary, quality, national services will bring about a universal increase in choice. An additional national network means more choice for more people, especially those who might not be served by a local multiplex. Improving listener choice in this way would be in the interests of commercial radio as a whole; recent, impartial, DRDB research shows improved choice is a top driver for DAB take-up. 91.3% of those with DAB awareness believed new stations were either an “excellent” or “good” benefit of the platform.

The importance of the new multiplex being awarded under the Broadcasting Act 1996 cannot be overstated. For Digital One, licensee of the current national multiplex, it is vital that any new multiplex offers complementary services. Awarding the new national multiplex under the conditions of the Broadcasting Act would ensure any new services broadened choice, rather than engaged in direct competition. This important safeguard would be lost if the licence was awarded solely under the Wireless Telegraphy Act, endangering the viability of the fledgling networks available on Digital One and elsewhere.

The widespread availability of digital content has led consumers to expect more from traditional media. DAB needs to offer an unparalleled choice of quality content in order to meet current and future audience expectations. It is not uncommon to find Freeview offering a wider choice of radio stations than DAB. Sky Digital carries more radio stations than can be received on DAB in any market. The Internet is offering an increasing amount of radio-like content. Thousands of traditional radio stations' simulcasts are now flanked by upstart Internet broadcasters, “Podcasters”, and hundreds of advert-free radio streams from the likes of AOL, each catering for every conceivable (and occasionally inconceivable) musical appetite. This content is supported by a new breed of devices which allow listeners take Internet radio away from their computer. Internet content can be consumed in the same way as traditional radio, using a similar size and styled device, available for around the same cost as a mid-range DAB set.

More national, universally-available, radio stations will ensure all listeners benefit from a wide range of quality radio services. It is important that those who do not live in metropolitan areas are as much a part of the digital revolution as those who do. More services, for more people, are better for listeners, broadcasters, and advertisers. Without an additional national multiplex to make this a reality, a sizeable minority of people will continue to receive considerably more BBC services (11) than commercial (8).

Radio is becoming an increasingly competitive industry. It is not appropriate that a single gatekeeper is able to control access to national spectrum, setting its own costs, terms, and conditions. Digital TV

broadcasters are able to seek competitive pricing from different satellite and terrestrial multiplex operators, and Internet broadcasters enjoy a limitless range of options for the hosting of their content. It is vital that the national DAB platform is open to competition, otherwise DAB faces losing compelling, innovative, interactive content to these emerging platforms – and the listeners and revenue it would otherwise bring.

It is inappropriate that GCap Media has a controlling or substantial shareholding in the national, regional and local multiplexes for many key metropolitan areas, such as Birmingham, Manchester, Bristol and Cardiff. Even in London, GCap control the national multiplex and two of the three local multiplexes. Further to this, GCap control all local multiplexes operating adjacent to London. There are no regional multiplexes operating in these areas, meaning GCap have control over commercial DAB carriage in Essex, Kent, Sussex, Hampshire and Berkshire. If the current situation is allowed to persist, GCap have a striking control over the future of radio. The easiest way to quell the situation is to licence an additional national multiplex, facilitating competition on a national scale and encouraging it throughout the remainder of radio.

New competition in broadcasting revolutionises the way in which existing operators behave. The impact of the introduction of ITV, BBC 2, Channel 4, Sky, Channel 5, and Freeview upon television has resulted in dynamic, competitive, high-quality environment. In order to enjoy the same competition for quality output, audience, and revenue, it is necessary to allow a new entrant into national commercial DAB.

We fully support the licensing of a second national commercial DAB multiplex, and urge Ofcom to advertise this licence in accordance with its planned timetable of late 2006, so that all digital radio stakeholders can benefit from the new opportunities it will bring as early as possible.

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