

Diamond Broadcasting Limited

Peter Davies,
Director of Radio and Multimedia,
Ofcom,
Riverside House,
2A Southwark Bridge Road,
London SE1 9HA

11th November 2005

Dear Mr Davies,

Response to Consultation on Ofcom Proposals for Future DAB Licensing

Diamond Broadcasting Limited was founded to pursue new broadcasting opportunities resulting from the digital revolution. Like Ofcom, we take an open minded view of emerging technologies and have a particular interest in expanding the range and diversity of services made available to the public in the United Kingdom.

Question for consultation

7.22 We would welcome views by 16 November 2005 on the following question

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?

We are of the opinion Ofcom's proposals do indeed make optimal use of this new spectrum.

In that DAB has emerged as the most likely mainstream replacement for analogue radio transmission, not only does it make sense to fill existing gaps in local multiplex coverage in order to make the platform universally available, we feel it is also logical to licence another national multiplex, especially if this will broaden the range of specialist-interest services available.

As you will gather, the idea of making such provision is where our particular interest lies, so we specifically endorse the following observations from “Radio – Preparing for the Future” and your latest report, with key phrases (from our point of view) highlighted:

From “Radio - Preparing for the Future”:

5.30 **There are a number of genres which are not represented at all on digital radio broadcast platforms, but which have a potential audience.** A recent survey for the Observer newspaper asked people what was their favourite kind of music (figure 8). This showed that audiences have an appetite for other types of music than they can currently obtain on DAB digital radio on a full-time digital station, such as folk music, world music, heavy metal or reggae.

5.31 This lack of choice on DAB applies to speech stations as well. There are only two UK-wide commercial DAB stations providing speech output – talkSPORT (sports programming) and Oneword (books, plays and comedy). **There are no UK-wide commercial speech stations offering news, business news, lifestyle programming or documentaries. Neither are there any UK-wide commercial DAB digital radio stations for minority or specialist audiences, such as the many Asian communities, children or the gay community.**

From “Radio - Licensing Policy for VHF Band III, Sub-band 3”:

“(b) Securing additional national sound services on the DAB platform that contribute to choice and diversity for listeners and are widely available.

6.31 Ofcom considers that it is also important to ensure that **a wide range of radio services is available nationally that can provide breadth of choice and diversity for listeners, and that are accessible in ways that meet listeners’ expectations and preferences.**

6.32 The provision of radio services on a national basis can contribute significantly to the range and quality of radio services that are available to the listening population as a whole. This is for several reasons. The first is that services that are available nationally are, by definition, available to a higher proportion of the population than services that are available locally. In principle, therefore, a given number of services that are available nationally can extend the choice available to listeners taken as a whole by significantly more than a similar number of services that are available only in one or a few localised areas.

6.36 In general, the larger the coverage area the larger the market that a given radio service can address, and thus the larger the potential revenue that can be earned by a commercial service. There is a very wide variety of actual and potential types of radio services, as the discussion of formats in Radio Review – Phase 1 illustrates (see Section 6.1). **Much of the innovation in the radio sector centres around the development of new formats and of new types of programming, and the provision of services that have special appeal to groups with particular interests (such as interests in different types of music or speech, or programming with relevance to particular ethnic groups).**

6.37 However, commercial **services that appeal to groups with particular interests are less likely to be economically viable if the coverage area for the service is small. This is because the addressable market is not likely to be large enough to support a viable offering.** This view is reinforced by an analysis of the formats that are typically offered at present in the UK by commercial services on the analogue platform, where in general services with small local coverage areas tend to have the format with most popular appeal (as discussed in phase 1 of 'Radio – Preparing for the Future' (see Section 6.1). **More unusual formats tend only to be viable in coverage areas that have a relatively large population.**

6.38 Ofcom therefore considers that there is greater potential for services to add to the diversity of the experiences available to listeners, and to the range and choice of radio services, if a given frequency is made available for national coverage rather than local.

6.39 These considerations do of course have to be balanced against other relevant factors, including the desirability of ensuring that listeners have access to a range of services with local identity. The balance that has been struck in this respect in the past is reflected implicitly in the present allocation of spectrum as between services with local and national coverage. **It is also relevant to note that the process for licensing national and local digital multiplexes under the Broadcasting Act gives the regulator some influence over the character of the services provided. This means that the services provided on commercial multiplexes are not a result merely of an economic process intended to maximise profit.** However, Ofcom considers that the underlying economics of national versus local coverage areas is relevant to policy in relation to spectrum usage. This is because the economics will inevitably constrain the types of services that it is feasible for multiplexes to carry, not least given that the services in question must be commercially viable”.

6.149 Under the Broadcasting Act licensing regime, applicants for national radio multiplex licences are required to demonstrate how their proposed line-up of programme services would appeal to a variety of tastes and interests. In addition, Ofcom has a duty under section 3(2) to secure in carrying out its functions the availability throughout the UK of a wide range of television and radio services, which taken as a whole are both of high quality and calculated to appeal to a variety of tastes and interests. **In our view, this will be taken to mean that any new services should appeal to tastes and interest that are distinct from those met by services on the existing commercial national multiplex.**

We also welcome your realistic observation that the migration to digital of certain, often smaller scale, local commercial and community services may be achieved more viably through technologies other than DAB on VHF Band III.

For example, DRM seems to offer the potential for the low cost (compared to DAB) digital conversion of individual stations, not only revolutionising the effectiveness of Medium Wave spectrum, but possibly parts of VHF Band II (currently used for FM) in the longer term.

Yours sincerely,

Diamond Broadcasting Limited.