



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

Response from DAB radio station – Passion for the Planet

<http://www.ofcom.org.uk/consult/condocs/vhf/>

Reply to Ofcom In the light of all of the above, Ofcom considers that the allocation of spectrum to a further national multiplex offering radio services would not have a disproportionate impact upon the existing digital-only stations.

Passion for the Planet holds the view that diluting the market place by adding a second national multiplex would be damaging for the industry as a whole and will certainly have a “disproportionate impact on the existing digital-only stations”. In addition it will ultimately decrease listener choice and the quality of the available stations.

Passion also believes that when a licence is granted and it states that it is the “first and only” then that is exactly what it should be. By going back on this commitment Ofcom undermines the industry and itself.

The additional spectrum would be better used to fill in any gaps in DAB coverage on a regional or local level. This would strengthen DAB, increase choice and have a positive effect on the industry. Licensing a second national multiplex will, in particular, adversely affect the existing DAB-only radio stations.

1) “we would note that it is not possible for Ofcom (or others) to predict with any accuracy what the net effect of these developments will be, especially not for individual stations.”

If Ofcom is unable to predict it should instead listen to the individual stations, working in the industry and dealing with the current market conditions on a day to day basis, that can predict it. We and other DAB only stations know from talking to current and prospective advertisers that it would have a detrimental affect on these stations and threaten their future.

2) “Existing stations – both national and local, and on all platforms – will also face increased competition because the new capacity will increase the ability of new stations to enter national and local markets. Increased competition for listeners, and hence for advertising revenue, will have varying effects on stations’ revenues, depending on their suitability for the market and the effectiveness of their offering. A similar effect could arise from the potential entry of other services, such as multimedia services, which are carried on the new multiplexes. Our current view is that this effect will be beneficial for listeners, potential consumers of other services and advertisers, and also for stations and services – existing ones and new entrants – who can identify, and meet the tastes and interests of, some or all listeners in the affected areas.”



Ofcom talks about more choice. Does this simply mean more radio stations (regardless of content) or does it mean more choice of content? We assume that more choice of content is the aim.

By making more bandwidth available there will indeed be more radio stations. However by failing to fully consider the commercial realities, these additional stations will not necessarily provide a greater range of content. Content needs to be paid for. In other words stations need advertising to survive. If that advertising is spread too thin, smaller, niche services are strangled. Eventually this leads to less choice as stations either close or become less adventurous and reduce their niche content.

Of course there is always a balance; up to a point more stations does indeed mean more choice but eventually a tipping point is reached and more stations does not lead to more choice of content and can ultimately lead to less choice of content. By filling in DAB's coverage gaps more stations with unique content can be created as has happened so far with DAB. Adding another layer on top of the existing DAB stations has a very great risk of tipping the balance, by spreading the advertising to thin, and leading to the closure of niche stations of the reduction of niche content and thereby the reduction of choice.

This balance point has much to do with timing. A new national multiplex now would, we believe, definitely tip the balance in the wrong direction. Ofcom states that DAB stations will either thrive or die based on their "*suitability for the market and the effectiveness of their offering*". This will be true in the future when everyone is listening via DAB, but at this stage with a maximum potential UK audience of only 4 million people (that's for a national service, for a regional/local service it is considerably less) its very difficult for any station to be viable.

Huge amounts of investment are needed to sustain these new DAB services until the break even point can be reached. To add more stations (in markets already served by DAB) at a point when the existing services are still not viable is at best fool-hardy and at worst delivering a death blow to the existing DAB only stations and therefore the future of DAB itself.

When analogue has been switched off and the entire population in a given area is a station's potential audience – then it is fairer to say the market will determine the winners and losers. At this time a second national multiplex will have much less effect on the niche services and will be potentially less damaging. Until that time the new niche services need to be nurtured and given an opportunity to grow and provide the increased choice they promise.

The only way to increase choice AND licence a second DAB multiplex now or at any time before analogue switch-off, would be to *guarantee* all the smaller niche broadcasters who are aimed at a community of interest (not a geographical area) space on this new multiplex at a much *reduced rate*.

In this way these stations could broadcast to a wider geographical area and therefore reach more of their community of interest, and with reduced fees these stations



would be able to thrive and continue to produce high quality unique programming, until the market is large enough to sustain them, thereby increasing listener choice. We believe that this is the only way to achieve Ofcom's two aims of licensing a second national multiplex now AND increasing listener choice.

However we reiterate that "first and only" should still mean "first and only".

3) In the light of all of the above, Ofcom considers that the allocation of spectrum to a further national multiplex offering radio services would not have a disproportionate impact upon the existing digital-only stations.

There are very few digital only radio stations run by independent companies – over 90% of these have said (in reply to Ofcom's previous consultation) that it will adversely affect them. Ofcom itself has said that it doesn't know enough to make predictions, therefore it has a duty to listen to the stations who do know. Ofcom is making a prediction by saying it won't affect them. Why is this prediction acceptable if the prediction that it will adversely affect them is not acceptable? Is it not acceptable simply because it does not fit what Ofcom wishes to hear?

4) Ofcom notes that Digital One in its response to Ofcom submitted that Ofcom should recognise and respect Digital One's position as the "first and only" national commercial multiplex. Ofcom has carefully considered Digital One's submission on this point but does not consider that it is precluded in law or otherwise from its proposal in this document to allocate spectrum for a further national multiplex. Ofcom has written further separately to Digital One this issue.

If this is the case – can broadcasters no longer trust their regulator? We understand "first and only" to mean there will be one and this one will be the only one, by definition this precludes there being a second one.

When Ofcom says that a licence runs for 12 years does that really mean 12 years? Most station owners would prefer 20+ years – can station owners now ignore the 12 years and take 20 anyway? Is this really the message that Ofcom wishes to give and the reputation it wishes to have?

It is essential, if the UK is to have a strong and stable industry, that the members of that industry are given clear guidance on the regulators intentions and that this guidance can be trusted and business models and plans can be developed based on this. Running any business is challenging, but when the regulator is inconsistent these challenges are multiplied many times over. Chopping and changing can be seen as an indication that the regulator either has no clear vision or that it cannot be trusted to help the industry develop and therefore deliver its aims. By strengthening the industry Ofcom achieves its aims of growing the radio industry in the UK and giving listeners more choice. By weakening the industry Ofcom fails in its aims.