

Background

St John's church purchased four broadcast-quality radio microphones around 1999, and has held a channel 69 licence since then.

Like much similar equipment, our radio microphones are capable of tuning through channels 67 to 69. We suspect it will be impossible for them to be modified to operate on channel 38 and they would therefore have to be scrapped should your proposed changes go ahead.

Like virtually all PMSE equipment users, we are extremely worried about the proposed spectrum changes. In this regard, we would fully endorse the responses from the British Entertainment Industry Radio Users' Group and other similar trade associations.

We would add that the many users of radio microphones are in the non-profit sector, which operates under different economic models to commercial enterprises. Their needs must specifically be taken in account when considering any changes.

We wish to make a specific comment on one question that particularly concerns us:

Question 14. Do you agree with our approach to determining eligibility for, and our assessment of the level of, funding to move PMSE from channel 69?

Response: Strongly disagree

We completely disagree with three of the four assumptions for the compensation model as set out in paragraph 5.70 of the consultation document. We feel that these proposals are manifestly unfair for the following reasons:

- Cut-off date of 2 February 2009. Whilst this does not affect us, it effectively means that users who buy microphones from that date onwards will not be compensated. There are few, if any channel 38 microphones currently available. Anyone who has to buy microphones from now onwards faces having to scrap them in the future, with no compensation, should the spectrum changes go ahead. Until such time as the spectrum changes are confirmed and equipment operating on the new frequencies is available and field-proven, there should be full compensation available for purchasers.
- The need for a channel 69 licence. This again does not affect us, but if you estimate that 62% of channel 69 radio microphone usage is unlicensed. This may primarily be due to ignorance, as the need for a licence is not widely publicised. However, it is also acknowledged that unlicensed use causes no interference. The exclusion of unlicensed radio microphones seems to result more from a desire to save money than to treat users fairly. Likewise, there may be people who own microphones capable of tuning across channels 69 and 70 who currently use the license-exempt "channel 70" frequencies. These may become more congested in future and they will also be forced to upgrade their equipment.
- Equipment lifecycle of 10 years. This is our primary concern and we will develop our views here in some detail.

Our radio microphones receive light-duty use, primarily during Sunday services. Consequently, they are still in excellent physical and functional condition despite being ten years old. We expect that they will give a further ten years of use before we will need to consider replacement, and, even at this point, the majority are likely to be operational and have a residual value which could easily be realised on the used equipment market.

We therefore wish to express our complete opposition to the proposed compensation model, under which our equipment would be deemed to have zero value. We would therefore have to bear the full cost of purchasing new radio microphones, which is approximately £10K for the equivalent current models (Shure UHF-R series). This would be extremely difficult for a non-commercial organisation like ourselves, especially in the current financial climate.

We would respectfully suggest that the proposed compensation model is incompatible with your independent consultants' report, which, although giving a typical lifespan of 6-10 years, also indicates that longer lifespans are possible.

Potential for more efficient spectrum use by wireless microphones, report prepared for Ofcom by CSMG, 4 November 2008:

"Lifetime for PMSE equipment is typically 6-10 years, but can be far longer" (page 3)

"PMSE equipment is understood to have a lifetime of 6-10 years. However, PMSE equipment is often used for far longer time periods...Secondary markets are important for buying used equipment" (page 26)

The BEIRG also shares this view:

Response to consultation on detailed award design, British Entertainment Industry Radio Group (BEIRG), 13 August 2008

"...equipment for which full depreciation has taken place continues to hold value within the industry because of the longevity of the life of the equipment and its rental value within the PMSE sector. This means that equipment filters down through the industry. As things stand, DSO/DDR will abruptly end the life cycle of this equipment by making it entirely redundant" (page 17)

"...equipment, which typically has a life-cycle of 10 + years" (page 25).

We feel that a drastically-revised compensation model is needed, which would have multiple components:

- Compensation for the loss in market value of the existing equipment. If a user is forced to scrap a radio microphone, they should receive compensation for it, based its real-world market value, not a simplified theoretical model.
- Compensation for having to purchase brand-new equipment. Many users of radio microphones obtain them on the second-hand market. There will be no such market for channel 38 equipment until several years have elapsed after its introduction. As an

example, someone who would purchase a lightly-used radiomicrophone for £500 will have to incur the full price of £1000. They should be fully compensated for this additional cost.

- Compensation for time and inconvenience involved. A small payment should be made for the time and inconvenience involved in replacing equipment and dealing with the compensation process. As well as administration, there may be costs incurred for equipment installation and user training.
- Finance for the purchase cost of the new equipment. The need to replace perfectly serviceable equipment will be a significant unbudgeted cost for all users, many of whom will simply not be able to afford it. Consequently, interest-free finance, possibly with deferred repayments, should be available to ease the burden.

We would emphasise that any compensation scheme must be administratively straightforward, swift and efficient, and not impact the cashflow of users.

We note from published government figures that over £1 billion in compensation was paid to farmers for livestock slaughtered during the 2001 foot-and-mouth disease outbreak. Likewise, proposals are also being suggested for “scrappage” payments to encourage people to replace their cars, which, if implemented, would also involve government expenditure of similar or greater magnitude. The total value of PMSE equipment in the UK has been estimated at a much smaller amount (£100 million maximum), so it would seem unreasonable to treat the owners in anything other than a fair and generous way.