

BCC(3) 20

Response to Broadcasting Committee of the National Assembly for Wales: Inquiry into Public Service Broadcasting

Background

1. RadioCentre formed in July 2006 from the merger of the Radio Advertising Bureau (RAB) and the Commercial Radio Companies Association (CRCA). Its members consist of the overwhelming majority of UK Commercial Radio stations, who fund the organisation.
2. The role of RadioCentre is to maintain and build a strong and successful Commercial Radio industry - in terms of both listening hours and revenues. As such, RadioCentre operates in a number of areas including working with advertisers and their agencies, representing Commercial Radio companies to Government, Ofcom, copyright societies and other organisations concerned with radio, and working with stations themselves. RadioCentre also provides a forum for industry discussion, is a source of advice to members on all aspects of radio, jointly owns Radio Joint Audience Research Ltd (RAJAR) with the BBC, and includes copy clearance services for the industry through the Radio Advertising Clearance Centre (RACC).
3. Our Welsh members, including the stations operated by Town and Country Broadcasting and Real Radio Wales, agree that our response should be considered alongside their oral and written evidence.

Executive Summary

4. This response opens with an overview of challenges and opportunities in the wider UK Commercial Radio market. This outlines the way in which an expansion in services and investment in new digital forms of distribution has taken place against a backdrop of increased competition for consumers' time and advertisers' money.
5. Accordingly, RadioCentre believes that there is a pressing need to refashion a framework for the future delivery of radio services which both serve the public interest and are commercially viable. This will require a new Communications Act, along with continued regulatory reform by Ofcom and a clear plan for the industry's digital future arising from the Government's Digital Radio Working Group.
6. The second section of our response presents data about Welsh Commercial Radio generated from the audit of Commercial Radio undertaken by RadioCentre in April 2008. This data gathering exercise was designed to enable RadioCentre to build up a picture of the industry's social, cultural and economic contribution with regard to:
 - News and information content;
 - Promotion of music;
 - Community relationships and social action initiatives; and
 - Local economic growth.
7. This data provides a strong demonstration of Commercial Radio's value to Wales. Yet the same financial realities which are affecting Commercial Radio throughout the UK also apply in Wales. Welsh Commercial Radio can have a vibrant future, but regulators and legislators will have important roles to play in achieving this.
8. As such, our response includes policy recommendations around future legislation, proportionate treatment of different media platforms, content regulation based on outputs, increasing regulatory flexibility, and securing plurality objectives. We also highlight three issues as meriting further discussion with specific reference to Wales: DAB coverage, Community Radio and public funding for PSB content.

Embargoed until 16th July 2008



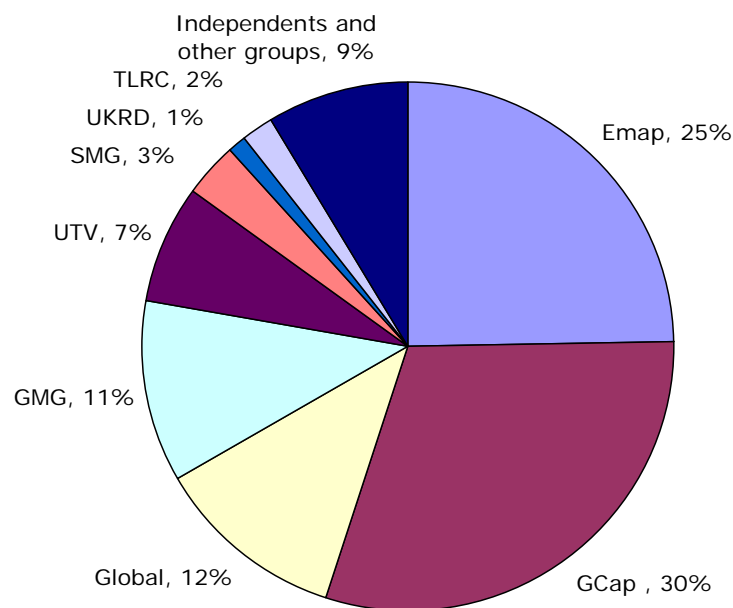
Challenges and opportunities in the wider UK Commercial Radio market

9. The latter part of this submission addresses specific issues relating to Welsh Commercial Radio and outlines encouraging data about current Commercial Radio output in Wales. Before that, this section is designed to place the committee's inquiry within a wider UK and international context.

Industry overview

10. The UK Commercial Radio industry attracts over 31 million listeners a week for a combined total of over 420 million listening hours¹. The sector employs nearly 10,000 staff² and also stimulates small business growth through local advertising. Ownership of the industry is dispersed and unconsolidated, with over 70 different operators of Commercial Radio licences accounting for varying shares of listening, as shown in figure 3.

Figure 1. Breakdown of UK Commercial Radio listening by group, 2007 (Source: RAJAR Q4 2007)



11. What this chart does not show is the share of listening which is accounted for by the BBC. According to the most recent data, from Q1 2008, the BBC has a 56.8% market share in the UK³. By way of comparison, once Global Radio completes its acquisition of GCap Media, the combined group will only account for 17.0% of all radio listening⁴. This disparity is replicated in revenue terms, with the BBC's funding accounting for 55% of the total income received by the UK's radio industry⁵. The BBC also has none of the need to allocate a significant proportion of this revenue to sales teams or investors.

12. As a result of the public policy approach taken by Government, Commercial Radio's focus is overwhelmingly on local services, such that the BBC accounts for 80% of all listening to UK-wide services (such as Radio 1, BBC 6Music and Classic FM), whilst Commercial Radio accounts for over 80% of all listening to local and regional services⁶.

13. Evidence submitted to the committee's inquiry by Andrew Jones and Julie Barton on Community Radio in Wales alleges that Commercial Radio is becoming "less local"⁷. RadioCentre rejects this accusation, which is disproved by the audit data presented in the next section of this

¹ RAJAR Q1 2008

² Skillset Employment Census 2006

³ Source: RAJAR Q1 2008

⁴ Source: RAJAR Q1 2008 (GCap Media's share in this quarter was 12.0%, whilst Global Radio's was 5.0%)

⁵ Source: Ofcom, 'The UK Communications Market 2007', 23 August 2007

⁶ Source: RAJAR Q1 2008

⁷ See <http://www.assemblywales.org/bus-home/bus-committees/bus-committees-third1/bus-committees-third-bcc-home/bus-committees-third-bcc-agendas.htm?act=dis&id=84752&ds=6/2008>

submission. Furthermore, the extensive licensing of analogue services since the 1990s has led to a substantial increase in the availability of local Commercial Radio services across the UK. Of the sixteen local Commercial Radio services currently provided for exclusively Welsh audiences, seven have been launched since 2000, among them Real Radio Wales, Radio Pembrokeshire and XFM South Wales.

14. When this increase in the number of services available is put alongside Commercial Radio companies' practice of extending on-air output into online and new-media provision, the evidence is that our members are delivering increased volumes of valued local content and are doing so largely because their listeners expect it.
15. This expansion in services and investment in new digital forms of distribution has taken place against a backdrop of increased competition for consumers' time and advertisers' money. Commercial Radio stations therefore need greater flexibility to find ways of delivering output objectives whilst also ensuring the ongoing viability of these services.

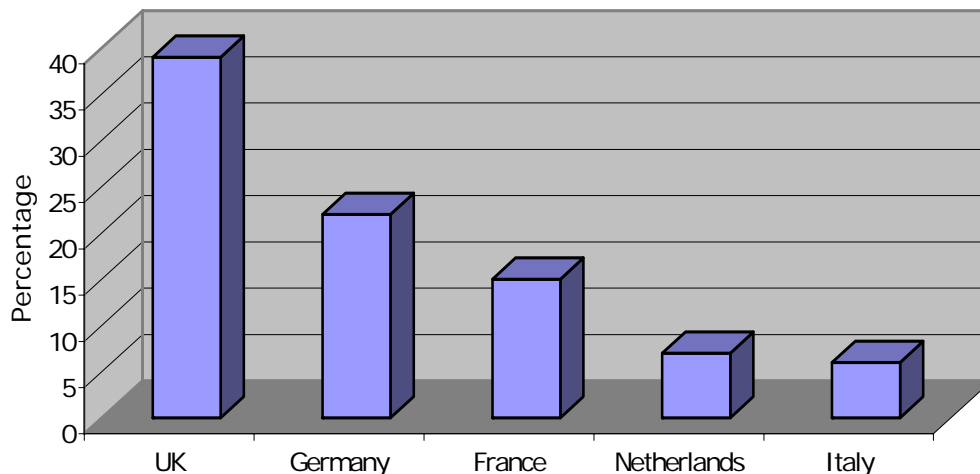
Marketplace trends

16. Commercial Radio is at heart a business, but one whose story has been shaped by the individual and collective creativity of those who populate its 300+ stations. Those working at the first local ILRs were conscious that they were pioneers in providing new competition for BBC Radio; national Commercial Radio was an unknown quantity when it was introduced in the early 1990s; and today the UK leads the world in the development of digital radio.
17. These developments have been underpinned by a desire to realise certain objectives for Commercial Radio in all areas of the UK, such as:
 - A wide range of services;
 - Choice and competition in the market;
 - The growth of a strong and viable commercial sector along the BBC;
 - And above all, an industry which is free to serve the needs and interests of its listeners.
18. At the turn of the Millennium there was little reason to suspect that these goals might be readily achievable. Nearly 100 analogue and new DAB Commercial Radio services have been established across the UK since 2000, with nearly 100 more DAB simulcasts of existing services also being launched in that time. With the prospect of these future station launches on the horizon, it was not unrealistic to think that revenue would at least continue to grow in line with inflation, from £595m in 2000 to over £700m in 2007. A more optimistic prediction might have envisaged above inflation growth. Indeed as late as 2004, a report by Oliver and Ohlbaum Associates for the BBC predicted that Commercial Radio revenue could reach nearly £800m by 2007⁸.
19. Instead, 2007 revenue figures were approximately the same as in 2000, meaning that the industry's income has dropped by around 20% in real terms, whilst outgoings are now spread across considerably more services and platforms than before. This pattern has also been replicated in Wales.
20. This failure of industry revenue to keep pace with inflation is partly explained by changes in the wider advertising and media marketplace. Commercial Radio arguably provides the best example of the impact which technological change is having on the competitive media landscape and the associated delivery of public policy objectives for broadcasting. This is largely because the impact of the internet on traditional media is at its most advanced stage in the UK, and because the UK's publicly-funded broadcaster, the BBC, has its biggest competitive impact in radio.
21. In 2007, a study published by IAB Europe revealed that the UK has *"by far the most mature online advertising market in Europe"*, accounting for 39% of the total spent online in Europe, or

⁸ Oliver and Ohlbaum Associates, 'The Contribution Of The BBC's Core Radio Services To The Overall UK Radio Market To 2014', October 2004

around €3.1bn (over £2bn)⁹. Germany, the next strongest market, accounted for just 22% of the European market, as figure 2 shows.

Figure 2. Top 5 European Internet Advertising Markets by Share of Overall Market in 2006 (Source: IAB Europe)



22. At the same time as this £2bn of advertiser spend has moved to the internet, radio's share of the UK display advertising market has declined from 6.7% in 2003 to 6.0% in 2007¹⁰. It is difficult to avoid the conclusion that these trends are closely related.
23. New technology is also changing media consumption habits. Ofcom's 2006 'Communications Market' report suggested that 16-24 year olds were spending on average 21 minutes more time online per week, whilst the average internet user was spending 20 minutes more online. Ofcom's interpretation of this was that these findings showed that *"Young people are moving away from old media"*¹¹. Debate has continued since then as to the extent of this problem, and its wider future implications. At present, total levels of radio listening remain healthy across the UK, but it is clear that the industry will need to invest in new platforms to remain relevant to listeners.
24. Interestingly, the BBC is currently doing particularly well at maintaining overall audience reach and listening hours figures amongst younger audiences¹². This may be because the BBC has invested heavily online and exploited its national scale to access the most popular content opportunities, or alternatively, other factors may be at work.

A new framework

25. RadioCentre believes that there is a pressing need to refashion a framework for the future delivery of radio services which both serve the public interest and are commercially viable. There are a number of ways in which this revised framework will come about.
26. Firstly, we believe that a new Communications Act is now urgently needed which answers questions such as:
 - What is the right legal and economic framework to allow traditional 'old' media companies the flexibility to innovate and compete with fast-moving 'new' media companies?
 - How important is it that plurality of viewpoint is delivered on a mono-sector basis within radio, or should it be secured on a cross-media basis? If the latter, what are the implications for the current media ownership rules?

⁹ Mark Sweney, 'UK ahead in web ad market', Media Guardian, 05 June 2007, <http://media.guardian.co.uk/advertising/story/0,,2095299,00.html>, (Accessed June 2007)

¹⁰ Source: Advertising Association

¹¹ Ofcom, 'The Communications Market 2006', August 2006, pg 15

¹² Listening to BBC services by 15-24 year-olds remained roughly constant between 2001 and 2007 (Source: RAJAR)

- How can the Government galvanise interest in moving to a fully digital radio broadcasting ecology and ensure that no listeners are left behind in the process?
 - How should public interest objectives for broadcasting (including Commercial Radio) be achieved in an age of declining spectrum scarcity and increased competition for advertising revenue?
 - What approach should be taken to regulating content and advertising on services with niche or substantially fragmented audiences?
27. We are already developing our thinking around these issues, and have been contributing fully to the Government's Convergence Think Tank, which is considering the policy implications of convergence for the communications sector as a whole.
28. Another important partner in work to secure radio's future is Ofcom, which recently concluded its 'Future of Radio' project. The regulator's November 2007 consultation argued that "Existing regulation ... is heavy compared to other media and the cost to the radio industry of that public policy ... may now be becoming disproportionate"¹³. Following consultation with the industry and other stakeholders, Ofcom eventually amended suggestions made in April 2007, delivering fresh proposals in the areas of programming diversity, localness, mono/stereo broadcasting on DAB and limiting negative economic impact by Community Radio.
29. Two particularly significant elements of these reforms are the simplification of Commercial Radio station formats, outlining the service which the licensee should provide, and the introduction of new harmonised localness guidelines. The latter carries the objective of safeguarding the local programming which listeners value most, whilst aiding the long-term viability and sustainability of smaller stations. The Commercial Radio industry believes that Ofcom could have gone further with these reforms, but we welcomed their implementation in February 2008.
30. A third area of work to refashion a new legislative and regulatory framework for radio is being led by the Government's Digital Radio Working Group, which was launched early in 2008. The establishment of this group followed calls by RadioCentre and the BBC for the Government to work with the industry to plot a path towards radio's digital future. Both Commercial Radio and the BBC have found the cost of dual transmission (i.e. broadcasting services via both analogue and DAB broadcast platforms) to be unsustainable in the long-term. The increased cost of distributing radio services has also had an impact on the amount of funds available to Commercial Radio to invest in content.
31. The formal remit of the DRWG is to answer 3 questions in a report for the Secretary of State by the end of 2008:
- What conditions would need to be achieved before digital platforms could become the predominant means of delivering radio?
 - What are the current barriers to the growth of digital radio?
 - What are the possible remedies to those barriers?
32. The DRWG is formed of representatives from DCMS, Ofcom, BERR, Digital One, 4 Digital Group, RadioCentre, BBC, Intellect, Arqiva, SMMT, Community Media Association and the Consumer Expert Group. Work has been conducted through six work-streams, and an interim report outlining the interim conclusions of the Group's Chairman, Barry Cox, is expected by July.
33. RadioCentre has been closely involved on behalf of its members and is seeking a solution which reduces the cost of distributing radio content in the medium to long-term whilst ultimately realising the potential of digital transmission to deliver improved functionality and choice to listeners. Ultimately this means switching over from analogue to digital broadcasting, but there are currently a number of barriers to this taking place. We are hopeful that the DRWG will lead to a Government commitment to tackling obstacles to DAB growth by considering appropriate

¹³ Ofcom, 'The Future of Radio: The Next Phase', November 2007, pg 18

state and industry interventions. We consider the implications of this for digital radio in Wales in paragraphs 49 to 53.

Commercial Radio in Wales

34. There are 16 local and regional analogue Commercial Radio stations which broadcast exclusively to Welsh audiences, many of which are also carried on DAB multiplexes¹⁴. The owners of these services include GCap Media, UTV Radio, GMG Radio and Town and Country Broadcasting. Two of these stations have launched within the last two years: Swansea Bay Radio in 2006 and XFM South Wales in 2007. Town and Country Broadcasting is also planning a new national DAB service for Wales, 'Wales Live', which will join other services available on Welsh local and regional DAB multiplexes in 2009.
35. This section draws heavily on data generated from the audit of Commercial Radio undertaken by RadioCentre in April 2008. This data gathering exercise was designed to enable RadioCentre to build up a picture of the industry's social, cultural and economic contribution with regard to:
- News and information content;
 - Promotion of music;
 - Community relationships and social action initiatives; and
 - Local economic growth.
36. A previous audit was undertaken in 2004 by CRCA, one of the organisations which merged to form RadioCentre in 2006. Where possible, we have made comparisons between 2008 and 2004 data to allow conclusions to be drawn about changes in the output and activity of Welsh Commercial Radio stations. 2004 figures are taken from a presentation given to the Welsh Assembly by CRCA in 2004.
37. 11 Welsh stations participated in the 2008 audit – a reliable sample size. These included Town and Country Broadcasting's Radio Pembrokeshire, GMG Radio's Real Radio Wales, GCap Media's Coast 96.3 and UTV Radio's Valleys Radio.
38. Not all of the activity captured by the audit is confined to traditional broadcast output. Each of the Welsh stations which responded uses its website to publish local what's on information, information about local charities. Almost all also use their websites to provide daily local news updates and advertising opportunities for local businesses.

News and information content

39. We understand that the Committee is particularly keen to understand the scale of Welsh news provision. Commercial Radio's contribution here is significant:
- Welsh Commercial Radio stations broadcast an average of 80 minutes of news a day
 - This is a 33% increase on the 60 minutes a day broadcast in 2004.
 - 49% of news minutes broadcast on Welsh Commercial Radio comprise local news.
 - This is a marked increase on 44% recorded in 2004.
 - 82% of bulletins now contain local news, compared with 60% in 2004. This is likely to reflect the way in which the latest computer technology enables stations to broadcast more local news out of peak time hours.
40. Welsh Commercial Radio's speech output is not confined to news output, since it also includes:
- An average of 142 weather and 67 travel reports per station each week, with the typical length of such reports having increased since 2004.

¹⁴ A further two services broadcast to audiences in the Welsh/English borders: Marcher Sound and Gold 1260 (North Wales and Cheshire). A third service, Herefordshire and Monmouthshire's Classic Hits, was licensed in 2007 and will launch by 2009.

- 23.5 cumulative hours of speech content per station including, on average, 1.3 hours of guest interviews and 2.4 hours of phone-ins.
- Examples of Commercial Radio speech output include a new Sunday morning programme on Radio Pembrokeshire presented by local vicar Peter Lewis which features weekly guest interviews, and the 15 minutes of Welsh lessons provided on Bridge FM every week.

Promotion of music

41. Commercial Radio stations in Wales demonstrate a clear commitment to showcasing a diverse range of music which includes both music from Wales, and music which features the Welsh language.

- On average, Commercial Radio stations in Wales each produce 9.5 hours of specialist music¹⁵ programming each week. Genres covered by these shows include rock, folk, country, jazz, blues, pop, urban and dance.
- Almost all the respondents feature local artists in their output, with just under half stating that this occurs on at least a weekly basis.
- Just under a third of respondents also feature unsigned bands or artists on at least a weekly basis, with most of the others also doing so, albeit less frequently.
- Stations also provide on- and off-air support to local concerts and festivals. Champion 103 provides substantial backing to Bryn Terfel's annual Faenol Festival, while Real Radio Wales gives promising Welsh singers and musicians regular opportunities to showcase their talents in front of a live audience.
- Champion 103 and 96.4 FM The Wave both championed Welsh singer Duffy long before her rise to become a chart-topping artist. The Wave was one of the first stations to give Duffy substantial airplay and hosted one of her first interviews in 2007. Champion 103 also devoted a special one hour show to her in March 2008, produced entirely in the Welsh language.

Community relationships and social action initiatives

42. The audit also revealed strong evidence of the relationships which Welsh Commercial Radio stations have with local organisations and events, both by providing free publicity and helping with fund-raising.

- On average, each Welsh respondent broadcasts 75 'What's On' bulletins each week (up from 55 in 2004), each of which typically lasts over 55 seconds;
- Stations broadcast an average of 60 social action bulletins per week (up from 54 in 2004), each of which lasts just under a minute.
- On average, each station provides on-air support to six different charity groups or events per week, typically publicising a further 22 different local events and/or organisations on its website.
- Some of the local organisations with which the responding stations have links include Milford Haven Port Authority, Llanelli Scarlets rugby union side, Coleg Menai further education college, Ty Hafan children's hospice, the Maesteg Gleemen male voice choir, Llandovery Carnival, Aberconwy Sea Cadets, Swim Wales and Neath Amateur Operatic Society and West Wales Air Ambulance.

43. RadioCentre's audit has also revealed that our Welsh members stations are active participants in community events and social action initiatives.

- 96.4 FM The Wave and Swansea Sound have recently been involved in 'Making Swansea Proud', with the aim of encouraging 70 people from Swansea to volunteer to build 10 houses in a deprived township in South Africa.

¹⁵ Specialist music programming consists of shows that are not based upon the station playlist or listener requests

- Real Radio Wales was the official media partner for the Admiral Big Weekend as part of the 2007 Cardiff Summer Festival.
- Radio Carmarthenshire recently broadcast live from the National Botanic Gardens of Wales to celebrate World Health Day in collaboration with Health Challenge Carmarthenshire.
- Swansea Bay Radio's Action Desk features a different charitable organisation each week and recently profiled the Samaritans, a cause which is currently particularly important in South Wales, given the heightened awareness of youth suicide.
- In February 2008, Radio Pembrokeshire held a gala dinner to celebrate their Local Hero awards. Winners ranged from Young Carer of the Year through to Adult Achiever of the Year.

44. Welsh Commercial Radio stations are also responding to heightened interest amongst their listeners in environmental issues, undertaking a range of programming and other activities to highlight ways in which individual listeners can make a difference in tackling climate change.

- Bridge FM currently holds the World Record for creating the longest ever line of drinks cans, an initiative that was used to promote recycling.
- Champion 103 recently participated in Green Month, encouraging local residents and businesses to take part in Earth Hour, which involved switching off all unused lights for one hour.
- 96.4 FM The Wave regularly runs recycling road shows.
- Radio Carmarthenshire broadcasts updates on Carmarthenshire County Council's recycling schemes.
- Valleys Radio annually teams up with the Heads of the Valley spring clean campaign to highlight recycling.

Local economic growth

45. In addition to the important social and cultural role that Commercial Radio stations play in their communities, they also act as an important economic stimulus for their localities.

- In an average week, Welsh stations each broadcast over 1145 minutes of adverts, the majority of which are for local businesses.
- A weekly average of 37 different local organisations advertise on each Welsh Commercial Radio station.
- These advertisers consist largely of small and medium sized businesses and include local colleges, car dealerships, health authorities, new housing developments, builder's merchants and furniture warehouses.
- The Welsh Commercial Radio stations who participated in the survey each employ between 9 and 56 people, with the mean staff size being 24.
- Bridge FM broadcasts a popular 'At Work Network' feature, which profiles a different local business every day.

The Future for Welsh Commercial Radio

46. The above data provides a strong demonstration of Commercial Radio's value to Wales. The driving force for this provision by Commercial Radio stations in Wales comes from listener expectations, with strong business incentives existing for content of the kinds outlined above. Yet the same financial realities which are affecting Commercial Radio throughout the UK also apply in Wales. Welsh Commercial Radio can have a vibrant future, but regulators and legislators will have important roles to play in achieving this.

47. We believe that efforts to safeguard the future of Commercial Radio in Wales and the rest of the UK will depend upon:

- Government considering its public policy objectives for Commercial Radio and providing sufficient regulatory and statutory incentives to support the delivery of these objectives by commercial operators;
- Government ensuring that the legislative and regulatory environment treats all media proportionately and thus avoids giving an unfair or anti-competitive advantage to providers operating on one platform over another as technologies converge;
- Ofcom developing a regulatory approach to radio programming which focuses on what comes out of the speakers (i.e. 'outputs'), rather than how or where content is produced (i.e. 'inputs');
- Government offering Ofcom the power and flexibility to ensure that regulation keeps pace with developments in the communications market;
- Regulators in turn offering flexibility to broadcasters to adapt to changing listener expectations or new technological advances; and
- Legislators and regulators ensuring that in seeking to deliver plurality and high levels of competition amongst media providers, they do not undermine the viability of Commercial Radio operators. In practice, this will mean:
 1. Simplification of the current media ownership rules;
 2. Retention of the current safeguards which protect Commercial Radio against adverse economic impact resulting from unrestrained Community Radio licensing;
 3. Carrying out detailed Market Impact Assessments (MIAs) before offering public funding to BBC and Community Radio for new or existing services.

48. Three issues are worth discussing with specific further reference to Wales: DAB coverage, Community Radio and public funding for PSB content.

DAB coverage

49. The current approach to rolling out DAB transmission networks is driven by commercial imperatives, with 'multiplexes' being awarded to licensees on the basis of applicants' proposed line-up of services and promised levels of geographical coverage. Individual service providers then enter into a commercial arrangement with the successful applicant to gain access to a given multiplex. Issues such as transmission coverage levels are determined by the need for multiplex operators to maintain their costs at a level which allows them to offer affordable access to service providers.
50. One significant issue identified by the DRWG as meriting attention is DAB coverage. This is because switchover could not take place until DAB coverage, particularly of BBC services, matches existing FM and AM broadcasts, something which is not the case at present. The challenge here is to ensure adequate coverage in terms of population, rather than geography. In practice this means ensuring that homes can receive DAB signals, and that there is strong reception on major routes (i.e. motorways and A roads).
51. Although the current approach has been successful in growing a DAB market to a point where there are now 7 million sets in circulation, it is unlikely to enable DAB coverage to reach current analogue coverage levels. This is because the primary method of increasing DAB coverage is to use additional transmitters, something which carries direct cost implications. Unfortunately, more transmitters are needed to achieve an equivalent level of coverage with DAB as with FM or AM broadcasts. This is accentuated in areas like Wales which have particularly varied topography.
52. As such, achieving suitable coverage will require public intervention. This will need to take one of two forms: either direct state funding (whether from Government, Regional Development Agencies or other public funding sources such as the licence fee); or alternatively, some kind of regulatory mechanism or implicit subsidy which galvanises investment and rewards commitment to DAB.

53. The Digital Radio Working Group is expected to release its interim findings in late June or early July, and RadioCentre urges the Broadcasting Committee to consider its recommendations in the context of its own July report.

Community Radio

54. Community Radio was established as a distinct sector to Commercial Radio, delivering 'social gain' as opposed to the specific programming objectives carried by Commercial Radio stations. The licensing of Community Radio stations is contingent upon the availability of spectrum and safeguards against any adverse economic impact on existing Commercial Radio services resulting from the licensing of new Community Radio stations.

55. Contrary to written evidence presented to the committee by Andrew Jones and Julie Barton on Community Radio in Wales, the meaning of the term 'social gain' in the context of Community Radio is defined in Article 2 of the Community Radio Order 2004. Clause 2.2 defines 'social gain' as the achievement, in respect of individuals or groups of individuals in the community that the service is intended to serve, or in respect of other members of the public, of the following objectives:

- The provision of sound broadcasting services to individuals who are otherwise underserved by such services;
- The facilitation of discussion and the expression of opinion;
- The provision (whether by means of programmes included in the service or otherwise) of education or training to individuals not employed by the person providing the service; and
- The better understanding of the particular community and the strengthening of links within it.

56. Clause 2.3 also includes a number of other objectives of a social nature which may be considered to represent 'social gain'.

57. The term 'social gain' is important, since it defines the sector's objectives in terms of a different set of public policy objectives to Commercial Radio, having a direct relation to areas such as employment, crime, health and education policy. Conversely, we believe that content objectives are best met by broadcasters which can deliver substantial audiences – which in effect means the BBC or well-funded Commercial Radio broadcasters. Although Community Radio can deliver programming to highly localised or niche audiences, it is not set up in such a way as to deliver substantial volumes of valuable content to large audiences.

58. RadioCentre encourages the Broadcasting Committee to bear this in mind in considering statements such as that by a member of the Community Radio sector that there is currently a deficit in Welsh Commercial Radio news. We believe that such assessments are largely underpinned by self-interest whereas the evidence presented above demonstrates categorically that no such deficit exists.

59. One important way in which Commercial Radio's current provision can be safeguarded is by maintaining the current restrictions against any Community Radio stations being licensed which would restrict the economic viability of an existing local service. With 40% of local Commercial Radio stations losing money, according to Ofcom, we believe that this provides important protection against any dilution of the quality of programming which a given commercial service is able to provide, if it was to lose audience and/or advertising revenue to a community service.

Public funding for PSB content

60. In the context of current debates around possible public funding of PSB, we believe that if public funds are made available to broadcasters for the provision of certain types of content, then this should take place on a platform and operator agnostic basis, with Commercial Radio operators being eligible to bid for funds if they wish.

Embargoed until 16th July 2008



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