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Committee Clerk
Communities, Equality and Local Government Committee
National Assembly for Wales
Cardiff Bay, CF99 1NA.

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Submission from Town and Country Broadcasting Limited to The National Assembly for Wales' Communities, Equality and Local Government Committee inquiry into the future outlook for the media in Wales.

Town and Country Broadcasting (TCB) is Wales' largest commercial radio group with unrivalled experience and success in operating local radio services in Wales.

The 2010 Hargreaves Report on Digital Media to the Assembly Government noted; *"Radio is an aspect of creative industries which figures too little in the debate about the economic importance of creative industries in Wales."* We agree wholeheartedly with this sentiment and are therefore pleased to be able to make a contribution to the National Assembly's inquiry into the future of media in Wales and to highlight areas of interest to Welsh citizens in any future UK Communications legislation.

In the past decade, whilst local press has declined and many heritage regional TV and radio brands have disappeared, TCB has launched or acquired seven local radio stations and developed them into popular and profitable operations in a dynamic and successful media business. From its original shareholding in Radio Pembrokeshire, we are proud to have grown and to now serve listeners from West Wales to the capital city.

Our local services in Pembrokeshire, Ceredigion, Carmarthenshire, Swansea and Bridgend are fiercely local, whilst Cardiff-based regional station Nation Radio has developed a considerable following with its distinctive music mix. We believe that local content is particularly important in rural, low population areas such as West Wales and are proud that our local stations here achieve higher audiences than BBC Radio Wales or BBC Radio Cymru, despite operating on a fraction of the BBC's budgets.

TCB employs over 50 staff and freelancers across sites in Cardiff, Bridgend, Llandarcy, Crosshands, Narberth and Aberystwyth. We have received industry-wide recognition, winning a host of awards for our local programming and our stations produce 192 hours a week of local news, weather, sport, traffic and other local information of importance and value to the communities we serve. TCB remains focused on developing its presence in Wales, by further developing its radio portfolio and also by leading the introduction of new Local TV services across the country.

We submit the following responses to the committee to specific areas of interest to us and under review;

- **The current state of the media in Wales and how new technology and other developments are impacting on this, in the context of continuing concerns about the future of the Welsh broadcast and print media**

The media in Wales is experiencing dramatic changes and disruption, with the technological revolution having all but removed traditional barriers to entry to the industry.

Competition for the two key elements of our traditional radio business - advertising revenues from clients and audience time from listeners – now comes from the World’s largest companies to local owner-operators.

Despite the effectiveness of our local radio model, which is well suited to the geographical and cultural make up of the communities we serve in Wales, we face intense competition for audiences and revenues. With no public subsidy, our ability to continue rests on our ability to operate profitably.

The only certainty is that competition will increase further. To protect provision of local services, commercial media needs to operate in a regulatory environment with the lightest touch and with the freedom to consolidate with other media owners as they wish, free of inappropriate competition and merger hurdles.

New radio technologies are emerging and TCB intends to play its part in the development of these services in Wales. We already broadcast both Nation Radio and Bay Radio on DAB Digital Radio on the Severn Estuary multiplex, which serves much of south Wales and the West of England and we also broadcast NME radio on the Cardiff Local multiplex (under licence from IPC). TCB is the main shareholder of the licensed local multiplexes, not yet on air, serving mid, west and north Wales and we would be keen to play our part in the roll-out of these local DAB services in Wales at a time when market conditions allow.

It is important to note that the technology used to deliver the current standard of Digital Audio Broadcasting (DAB) is now quite old, and has been criticised by some for its mediocre sound quality and poor coverage. According to Ofcom just 27% of adults in Wales own a DAB set, 10% lower than the UK average.

In the future, new platforms such as DAB+, which is more spectrally efficient, would allow more services to be broadcast at higher audio quality than at present, while occupying the same amount of spectrum as DAB. However, in many cases it will not be possible to convert older DAB sets to this new standard. So there are policy challenges with digital switchover. Once the bulk of stations migrate to DAB, a significant amount of FM spectrum on VHF band II will be freed up, possibly for use by community stations. At that time, the licensing regime for community radio, e.g. the commercial limits etc might be liberalised.

In addition, there are potentially other new technologies such as DMB and DRM+ that could emerge, as is the case on the continent. For example, DRM+ could provide new digital services in VHF band II, currently used for FM in the UK.

- **What the priorities should be from a Welsh perspective as the UK Government brings forward proposals for its Communications Bill;**

We believe the following measures would further develop the commercial radio industry in Wales.

1) Format relaxation

It is clear that listeners, radio professionals and advertisers in Wales are increasingly missing out as owners of the largest, most valuable licences, cut costs and implement networked programming

strategies where UK wide, national and regional brands replace traditional local services. This year, for example, Capital FM replaced Red Dragon Radio in Cardiff with much of its daytime and evening local output replaced by programming from London and significant levels of Real Radio's output also originates from outside of Wales.

We wish to see local radio operators in Wales free to choose the programming format they wish to deliver provided local programming hours are maintained 24/7 from within Wales. As spectrum is a public resource it should be utilised for local programming wherever possible.

2) Introduce further FM licences

We would like to see Ofcom encouraged to advertise as many new commercial licences as possible in areas not currently served by local commercial radio in Wales. We have been frustrated by Ofcom's inability to progress this area.

For instance, Valleys Radio was closed by UTV Media plc in 2009. However, despite several attempts to start a new station for the area, Ofcom has so far been reluctant to advertise a new commercial service for the Valleys area, with listeners missing out on the opportunity to hear a local radio service. We are keen to provide such a radio station for the Valleys and we understand that suitable spectrum is available and has been previously cleared for Valleys Radio – this should be made immediately available to the commercial sector.

In Newport, there is no City station. In the mid 2000s, it was agreed that Newport would miss out in order that Bristol received a new FM frequency. This Bristol service is now networked much of the time from Southampton. TCB remains very keen to provide a local service for Newport if a suitable frequency could be found, perhaps by re-utilising spectrum that TCB uses on its other station transmitters. We believe that Ofcom could be more pro-active in FM planning and are keen to see progress in this area.

3) DAB Digital Radio rollout and funding

It is important that the UK Government ensures that any migration from FM to DAB digital radio is only considered in Wales when digital radio listening in Wales is above 90%. Currently the UK Government's Digital Radio Action Plan recommends that a decision on digital radio switchover should only be taken when 50% of all radio listening is via digital platforms and when national (i.e. pan UK) DAB coverage is comparable to FM, and that local DAB reaches 90% of the (UK) population and all major roads. FM radio remains a strong, universal platform because it is relatively cost effective, and for listeners it is free at the point of consumption. Wales must not be forced to follow UK-wide take-up rates since coverage and take up in Wales will always follow a slower path because of the need for more transmitters.

If DCMS is keen to get DAB Digital Radio take-up in Wales in line with the rest of the UK, then a mechanism needs to be put in place that funds the transmitter build out from either the BBC or another party especially in areas where the cost of providing local DAB services is above the average when compared to other population centres in the UK.

4) Community radio

TCB is pro-community radio, and sees the benefits of such stations in areas with small populations that are not already served by a locally focussed commercial station. Community stations should not be licensed in areas of population below 150,000 and where the local station is providing a full local radio service.

We would like to see the regulations on ownership relaxed in Wales. Community stations in Wales should be encouraged to partner with local commercial operators, with funds made available to commercial stations for training and community involvement. Commercial stations should be allowed to launch new community stations in areas of large population where the existing operator is not providing a full local radio service.

The result would give the community and commercial sectors better relationships with each other and take out unnecessary duplication of costs. This would not only increase the skills bases but help prevent the failure of this sector – deriving better return on public funds currently sent to Community Radio.

- **What the Welsh Government is doing to implement the Hargreaves report recommendations and what other steps could be taken to strengthen the media in Wales in terms of content and plurality of provision**

Commercial radio in Wales is an enduring, effective and successful medium and we believe that it should play a more significant role in the overall direction and implementation of media strategy for Wales.

The most dominant broadcaster in Wales is the BBC – even more so since its new role funding S4C was confirmed. To protect media plurality, it is important that other operators are encouraged to increase in their scale to compete with the BBC and offer listeners and viewers across Wales a range of voices.

We believe that BBC content and potentially also their rights deals should be made widely available for use by the commercial sector. We submit that if public funds have been spent on sports rights or events, then this should never be used to exclude a commercial operator. Public money should never be used for protectionist and exclusive purposes.

We support the idea that a Creative Industries fund should be made available at competitive rates by the Welsh Government for firms that have a clear strategy for running creative industries in Wales. Commercial radio and independent radio producers based in Wales should be free to pitch ideas to the fund.

We also wish to see the Welsh Government play a more significant role in the development of local TV services in Wales and make funding available to support the UK Government's Local TV initiative.

Yours sincerely



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