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19th September 2009

Arqiva response to Ofcom consultation 'Radio: the implications of *Digital Britain* for localness regulation'

Dear Oli,

Arqiva welcomes the opportunity to respond to respond to Ofcom's Radio: the implications of *Digital Britain* for localness regulation consultation.

About Arqiva:

Arqiva has a 50-year history in transmission and has helped pioneer the technologies of the digital age. Formerly the broadcast division of ntl Group, Arqiva was purchased in 2005 by an international consortium led by Macquarie Communications Infrastructure Group. In 2008 Arqiva purchased National Grid Wireless.

Arqiva owns and operates some 350 FM and 70 MF radio transmitters, with customers ranging from the large radio groups such as Global Radio, Bauer Radio, GMG Radio and UTV Radio, to small community-based stations, and has played a leading role in the development and introduction of digital radio in the UK, supporting the commercial radio industry in making the transition from analogue.

In July 2009, Arqiva went from having a 37% shareholding to full control of Digital One Ltd, the operator of the national commercial DAB multiplex, following Global Radio's disposal of its shares. At the same time Arqiva also took control of NOW Digital Ltd, operating 20 local DAB multiplexes on 18 licences. Arqiva also owns the Ayr local DAB multiplex. Of the remaining local and regional DAB multiplexes on-air in the UK, Arqiva has multiplexing and transmission contracts for each of them.

We also have extensive experience in both analogue and digital terrestrial television transmission, satellite transmission, international fibre networks and wireless communication.

Consultation Questions:

Arqiva would like to comment on several of Ofcom's proposals.

Proposal 1 – regional stations allowed to share programming to become national stations

We do not have any specific comment to make about programme sharing. However, we believe that it should be a matter for a regional service to decide how best to achieve their national footprint, be it through carriage on the national commercial DAB multiplex or a mixture of local and regional DAB multiplexes.

[Continued in confidence]

Proposal 2 – creation of a new national multiplex from existing regional multiplexes

We support the extension to DAB multiplexes and the enhancement of choice. If national stations require the ability to regionalise their content, whether it be for advertising or local news, then DAB must deliver a solution at a cost effective price. The costs and infrastructure to provide opt-outs on DAB should not be underestimated when compared with a similar full-national network like Digital One and stations will need to balance the additional infrastructure costs against the revenue benefits they would gain from being able to regionalise their output.

We welcome Ofcom's proposals regarding the criterion that must be satisfied in order to allow a second national multiplex to be created from a merger of regional ones.

[Continued in confidence]

Proposal 5 – mergers of local multiplexes

Arqiva supports Ofcom's proposal to allow mergers and extensions of DAB multiplexes. We have had informal discussions with many of our service providers, and have identified potential possibilities for merging multiplexes, and building out coverage of multiplexes into 'white space'.

Proposal 8 – Limited redefinition of contemporary music formats

The national commercial DAB multiplex and the local/regional DAB multiplexes all have an annex to their Ofcom licence stipulating the range of formats a multiplex has to provide, in addition to a description on each of these. We ask that if Ofcom redefines formats for contemporary local FM services, this does not disadvantage the DAB multiplex(es) on which these services are broadcast, when considering DAB license variation requests.

[Additional note in confidence]

Yours faithfully,

Paul Eaton
Director of Radio
Arqiva Limited