WESTMINSTER MEDIA FORUM – COMMUNICATIONS GREEN PAPER (6 MARCH 2012)

In preparing for today, I have thought hard about the sort of changes a new Communications Act might bring – especially, about ways in which Government and regulators could help radio to become even more popular, valued and prosperous in future.

This is against a background where radio is enjoyed by 34 million listeners every week :Britain Loves Radio.

The challenge is whether we can build on the renaissance that radio has been experiencing (reaching record audiences right now) - – indeed the original wireless fits seamlessly into the wireless age, on platforms and screens of all type - to define its role in a digital world at the heart of daily life in Britain?

Before I launch into the latest 'wish list' of demands that we would like to see, I also want to pick up on a theme that has started to become clearer (and louder) in recent months, and indeed today.

Why do we need a new Communications Act at all?

This all started a year ago with Jeremy Hunt's ambition for a transformatory piece of legislation, which would liberate the creative industries for growth for Britain, much like 'Big Bang' liberated financial services in 1986.

However, the lengthy gestation period, even before we have got to a Green Paper, seems to have taken the wind out of these sails.

The passage of time has also meant that the Government's broader narrative has been overtaken by events.

For example, we now face the paradox of a government aspiration for light-touch media regulation, but several single issue calls for more regulations – most notably on plurality

(following the proposed Sky/ News International merger) and press standards (following the failures of the PCC and the revelations of Leveson).

There's also a tension between the ambition for a digital economy, to unleash the potential of the UK's creative and communications industries, and the reality of the global economic situation. Although this arguably makes growth and innovation even more important, the reality of financial uncertainty makes the trading and political environment more challenging for all of us.

So, it seems to me that the original narrative and ambition has been lost. And that's a shame because - if we get this right - there is still a real chance for a radical, world-class agenda to drive the success of creative industries in this country.

From what we understand, the Government has even started to identify a number of the right areas.

- The potential for the creative sector to drive **economic growth**.
- Improved **broadband infrastructure** to open up opportunities The continuing importance of **public service broadcasting**.
- A coherent approach to unlawful and offensive **content**.

If these elements can be combined with measures that incentivise investment and create growth, it may be possible to develop a meaningful strategy that genuinely secures the UK creative sector as a global centre of excellence.

However, I fear that the delay in developing these concepts means we are now mired in local regulatory battles, significant (but parochial) press inquiries and distracting pet projects with limited impact (such as local TV).

So,

In that context, we need to make sure that a small (but hugely popular) sector like radio is still the area where the Government can be more bold.

We are not press; we don't have direct interests in on-line piracy; we are not Google; we are not News International or Sky; we are not the multi-national music industry.

The annual revenues of the whole commercial radio sector are only £500 million (about half those of Channel 4 alone), split across 300+ local stations – SMEs with an average turnover of <£2m p.a. – so let's keep this in context.

But what we do have is incredible reach and impact, with 90% of the population tuning in each week. Commercial radio is rightly proud of the significant economic and cultural impact it has on the UK, and the positive contribution it continues to make to the energy, happiness and wellbeing of its listeners.

For example, commercial radio still performs a valuable **public service role**. Providing local content and contributing to the local media plurality. Indeed commercial stations broadcast an average of 8½ hours of public service content each week (worth around £130 million each year)

It also plays an important role in **supporting local economies**, both as an affordable source of local advertising and as a local employer for around 8,000 people (with many more involved in a voluntary capacity).

We are also an important **platform for new talent** – discovering and nurturing the broadcasters and journalists of tomorrow.

In addition radio remains a crucial partner in **building and promoting music** (supporting the UK music industry, which dwarfs commercial radio and is worth around £3.8bn a year). Indeed radio's role as a trusted guide, curator and promotional tool for music is now more important than ever, given the proliferation of services to available to purchase and access music content.

So what would our 'wish list' look like, if our objective is to secure the best elements of what we have – and enable us to have the freedom to flourish in a digital age?

Our priorities have to be focussed on our listeners and what is important to them – it's a new covenant on our obligations in a digital age in return for the gift of spectrum.

This means a much greater shift towards **'output' regulation** (away from quotas and prescriptive rules laid down by regulators or by Government).

The proliferation of digital platforms for radio – whether it is DAB or the variety of options available online – have changed the game. The justification for strict quotas, due to spectrum scarcity is disappearing. A process that will only escalate in the coming years.

This isn't about ripping up the rulebook. Like any broadcast medium, a clear set of rules on output, harm and offence are entirely appropriate. Commercial stations will also continue to prioritise local news and information, whether or not this is a requirement of their licence.

But we do need to update some anachronistic regulation. For example, radio stations are still licensed by **music formats**, which dictate the proportion of a particular genre they can play – a blunt instrument in an era of infinite music choice available through smartphones, downloads and streaming. Of course no other music service is required to seek permission from a Government agency when determining the music that they play. Nor is the music industry itself given quotas by government on the sort of music they should promote or support.

In addition, despite recent changes, Ofcom is also required to decide how much **local material** a commercial radio station should broadcast – and what proportion of this should be locally made.

But again this only measures the 'input' required to produce content, rather than the local 'output' heard by listeners. .

We have also asked Government to open up the whole issue of **licence awards and renewals in radio**,– and question whether the current method of awarding radio licences (through beauty contests based on inputs) and renewing radio licences (through automatic renewals for stations on DAB) will remain appropriate.

There will also be debates on the future model for **advertising regulation** in radio, and whether such strict **impartiality rules** still make sense given the freedom available to online webcasters, as well as non-broadcast media.

We also have a strong view on the disproportionate cost to our business of copyright for licensing music in the digital age – especially the iniquitous double taxation of a right to broadcast, and then an additional requirement for shops and offices to listen to that broadcast.

These aspirations remain ambitious and – whatever the overall approach to the new Comms Act – for radio to thrive, we need more than a mere tidy-up of the current framework.

In addition, there is the whole Digital Radio Action Plan for switchover, which I don't have time to address today, but which will require a decision in 2013 on a proposed switchover for some radio services . All we ask is for a regulatory framework as modern and ambitious as the government's transmission plan – we are tired of growth being held back by analogue regulation in a digital age.

The next Comms Act can future-proof the much-loved and valuable **output** provided by radio, ensuring Britain Loves Radio in 2022 and beyond – one hundred years after the birth of the BBC – just as much as it does today.