

House of Lords Select Committee on Communications: Digital switchover

Submission by Michael Starks

1. This submission relates specifically to the Inquiry's consideration of "the current state of the Government's plans for switchover to digital radio". It concerns the process to be adopted for decision-making and it draws on the experience accumulated by the Government, Ofcom, the broadcasters, the receiver industry, consumer representatives and other stakeholders in the UK Digital TV Project, which led to the key decisions on digital television switchover.
2. Digital switchover depends upon a complex and sophisticated relationship between public policy and the market. It is not under the full control of governments and regulators, nor under that of broadcasters and the receiver industry. It can be achieved through the interplay of the decisions of all four and their impact on consumer behaviour. The process holds technical, legal, commercial and political risks, as the early history shows. Commercial digital TV broadcasters went bankrupt in the UK and Spain. In the United States and Australia, and elsewhere, politically-determined analogue switch-off dates had to be postponed. As experience has grown, the risks of digital television switchover have become more manageable and some of this experience could be helpful in respect of digital switchover for radio.
3. That is not to say that the two cases are similar. Quite the contrary, several factors make them obviously different e.g.
 - the consumer proposition which differentiates digital from analogue
 - the importance of (and international dimension to) car radio
 - variations in technical standards within Europe
 - the likely value of the potential spectrum benefits
 - the sheer volume of radio receivers and the limited role of adaptors.

The decision-making for radio therefore needs to be fresh -- and also rigorous and robust. It is in designing a rigorous and robust process for radio that the television experience could be helpful.

4. When the UK Digital TV Project was formed in 2001, the Government had set two criteria which had to be met prior to analogue television switch-off and it had named a span of dates within which it expected these criteria to be met. This is not dissimilar to the political situation in which radio finds itself today, with two migration criteria (a 50% share of listening to be digital and coverage targets for national and local radio) and an “intention that the criteria should be met by the end of 2013” which could then trigger an announcement of switchover in 2015.

5. For television, back in 2002 when I joined the Digital Television Project as manager, this combination of criteria and a Government-expected timetable felt awkward. It left a degree of ambiguity about whether the Government had definitely committed to analogue television switch-off. It would have been easy for the Project to have carried out all the actions under its own control and influence, but if the criteria had still not been met when the notional target dates arrived, what then? The receiver industry would not end the production of analogue TV sets, nor would consumers stop buying them. So in 2003 we asked our Ministerial Steering Board to make it the Project’s objective to
 - enable Ministers to decide **whether** to proceed to switchover
 - then enable Ministers to decide **how** and **when** to do so.

To assist the market in its investment decisions, the question ‘whether?’ needed to be answered without ambivalence and the answer to the question ‘when?’ would only stick if the question ‘how?’ was answered first. (1)

6. This same logic is applicable now to the case of radio. A pair of criteria and a target date does not constitute a commitment robust enough to withstand changes of Minister and changes of government (especially if the 2013 target date were to start to look unrealistic). To secure a robust answer to the question ‘whether?’, it is necessary stand back and address the question head-on, spelling out fully what would be entailed. This would include
 - articulating the scale of the task (the number of receivers, the number requiring replacement, the current market rate of replacement, etc)
 - thinking through the financial and commercial implications of re-using the vacated VHF spectrum for “a new tier of ultra-local radio”
 - explaining the proposals for AM radio spectrum

- seriously evaluating the best alternative to the complete switch-off of national and local services on FM (some form of coexistence of digital and analogue radio services based on DAB/FM receivers, not unlike the pattern of FM/AM coexistence)
- undertaking a Cost-Benefit Analysis and estimating how long a period would elapse before the benefits outweighed the costs.

Provided the evidence warranted it, the Government could then be invited to make a firm commitment to digital radio switchover irrespective of precise share of listening or coverage figures.

7. Proceeding to the question 'how?' would involve

- detailed frequency planning and coverage predictions
- assessing the scope for adaptors and the price trends for new sets
- spelling out the practicalities and costs for car radios
- mapping out the coordination required with other countries
- undertaking a risk analysis, including the risk of current digital radio receivers being overtaken by a new generation of technology
- developing a strategy for public communication and persuasion
- making provision for the public funding required for publicity and any assisted-help scheme
- a regulatory impact assessment
- a small-scale pilot designed to test the practicalities.

8. To inform a political decision then on the question 'when?' an analysis would then need to include

- the balance between voluntary market take-up and compulsion for a range of switchover dates (the earlier the switchover date, the greater the element of compulsion)
- the perspective of broadcaster transmission infrastructure investment
- the known switchover timetables of other relevant countries.

At that point it should be possible to name a timetable which would stick. Both from the consumer point of view and from a commercial business standpoint, this would seem preferable to announcing dates with a high risk of postponement and an accompanying loss of credibility.

9. Much of this work, including a proposed Cost-Benefit Analysis, is covered by the agenda of the Digital Radio Upgrade team, currently implementing recommendations of the *Digital Britain* White Paper (2) and building on the earlier work of the Digital Radio Working Group (3). The difference, however, between the digital television approach, as described above, and the current activity on digital radio switchover lies in the remit. The foundation for the radio work at present could be perceived as a tactical judgment that naming an early date in the White Paper (two years ahead of the timetable aired by the Digital Radio Working Group) might alert consumers and boost digital radio sales. While this may have some immediate short-term results, a Government “intention that the criteria should be met by the end of 2013”, does not constitute a firm commitment on which broadcasters, the receiver industry and consumers can rely.

10. As a first step now the Government should therefore commission the necessary work (including pulling together work already done and proceeding with its proposed Cost-Benefit Analysis) to enable it to take a firm and solid decision on **whether** to implement digital radio switchover, having seriously examined the best alternative.

11. If the digital radio switchover case is a strong one, it can then be stated publicly. For television switchover, we stressed to the Government the importance of explaining the rationale well before any compulsory timetable started to bite. We warned that obliging consumers to spend their own money on TV equipment they would not otherwise have bought at the time (or in some cases at all) could prove unpopular, unless the reasons were understood and accepted. Explanation needed to go beyond lauding the benefits of digital to showing why analogue had to be switched off on a fixed date (4). Radio switchover must face a similar issue. Sceptics would need persuasion with convincing arguments based on a rigorous analysis of the alternatives (a protest march on Broadcasting House in 1991 led to a swift reversal of a BBC decision to cease transmitting Radio 4 on long wave).

12. Above all, a well-grounded and robust decision would reduce uncertainty for broadcasters, receiver manufacturers and consumers. For television, we were able to secure a firm decision in principle in 2003, two years before the Government was ready to name the timetable. For radio, as *Digital Britain* noted, the biggest barrier to a digital future is “a lack of clarity and commitment to the DAB platform”. There must at present be a significant risk that, when the end of 2013 arrives, if the criteria have not been fully met, this lack of clarity about the switchover commitment would persist. It is possible to reduce that uncertainty. While the radio switchover case is in many respects different from that of television, the logic of deciding **whether? how? when?**, in that order, is applicable to both.

NOTES

- (1) DCMS and DTI, *Report of the Digital Television Project*, published March 2005
- (2) DCMS and DBIS, *Digital Britain Implementation Update*, December 2009
- (3) DCMS, *Digital Radio Working Group: Final Report*, December 2008
- (4) Starks, M., *Switching to Digital Television*, Intellect Books, Bristol, 2007

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