

Introduction

1. Global is one of the world's leading media and entertainment groups with a portfolio of some of the most respected media brands, events and festivals. We are home to Heart and Capital, two of the biggest commercial radio brands in Wales. We also broadcast Classic FM, LBC, Smooth, Radio X, and Capital XTRA in Wales and across the rest of the UK.
2. We broadcast Heart South Wales from our Broadcast Centre in Cardiff and Capital North West and Wales, and Capital Cymru from our Broadcast Centre in Wrexham. Communicorp UK operate Capital South Wales and Heart North Wales separately under brand licence agreements. Every week, almost 1.2m adults in Wales tune in to one of our radio brands, 45% of the adult population of Wales.
3. We welcome the opportunity to contribute to the debate on radio in Wales. Below we set out our assessment of the important role radio plays in Wales with a particular focus on news, and in the light of recent policy proposals published by the UK Government on the future regulation of commercial radio.

Radio listening in Wales

4. 90% of all adults in Wales tune in to the radio at least once a week, listening for an average of over 22 hours a week. Total radio listening in Wales remains strong, with total radio listening hours growing by 6% over the last 10 years.
5. However, the growth in total radio listening masks a gradual but significant shift in radio consumption amongst younger listeners. 85% of 15–24 year olds in Wales listen to the radio at least once a week, only slightly below the 88% of 15–24s who tuned in 10 years ago, but they are listening for significantly less time. 10 years ago, 15–24s in Wales listened to the radio for an average of 19 hours a week. This has now fallen to 16 hours a week, a decline of 16%. This is a result of the huge range of media choices available today on the internet

and through audio and video streaming services such as Youtube and Spotify as well as the growth of social media such as Facebook, Twitter and Snapchat.

6. Another gradual but significant shift has been the growth of listening to UK-wide radio services, and the relative decline in listening to services broadcasting to a specific local area or region or broadcasting across Wales. 10 years ago, UK-side services accounted for 60% of all radio listening in Wales, but this figure has gradually risen to reach 70% today. Local and regional, including those broadcasting across Wales stations from the BBC and commercial radio now account for only 30% of total radio listening.
7. These trends in listening between younger and older listeners, and between UK-wide services on the one side and local, regional and nations services on the other, are consistent across the UK.
8. Research conducted by Ofcom in 2013 on commercial radio backed up our own understanding of what makes people tune in to a particular local radio station. Music was the number one type of content valued by 83% of listeners to local commercial radio in the UK. Local news is highly valued by listeners across the UK, including Wales, and was the second most value content on local commercial stations at 45%, followed by weather at 35% and traffic and travel at 34%. Ofcom's research clearly shows that audiences value local news and information highly, but the primary driver of what stations a listener will choose to tune in to is the music played, not the availability of local information.
9. The last 10 years has seen a dramatic growth in the availability of new radio stations on digital platforms, particularly DAB digital radio. Because of economies of scale, these new stations are invariably broadcasting UK-wide, differentiating themselves by the type of music played and do not carry local or regional news or information. The gradual shift in listening away from local and regional services to UK-wide services is, at least in part, the result of the growth in new UK-wide digital radio stations.
10. It is clearly important not only that the radio sector as a whole can continue to flourish in the face of ever increasing competition for listeners from new internet and streaming services, but also that local and regional stations are

also able to compete effectively. If local, regional and nations services cannot compete for listeners in the digital age then listeners will no longer be able to hear the local, regional and nations news and information which they value.

The Importance of Radio News

11. Ofcom's News Consumption Survey published in June 2017 shows that 31% of adults in Wales consume radio news – a higher percentage than read printed newspapers. In 2017, RadioCentre commissioned new research on the importance of commercial radio news. This "Breaking News" research showed that across the UK radio is the most popular source of regular news updates, beating all other media, is the most popular source of news in the morning, and is the most popular medium for news updates during local emergencies.
12. At Global, we are very proud of our local news output in Wales. Every year, we produce over 29,000 news bulletins in Wales which approximates to 760 hours in duration, employing seven broadcast journalists in Cardiff and Wrexham. Of those bulletins, 3,000 are broadcast in Welsh on our Welsh language station Capital Cymru. In the last 12 months, we have covered significant Welsh stories including the death of Carl Sargeant AM and the subsequent by-election, the Finsbury Park terror attack, devastating flooding across North Wales and the Champions League Final.
13. Research commissioned by Ofcom, RadioCentre and the European Commission all confirm that radio is the most trusted medium for news. Protecting this valued source of local, regional and nations news is clearly vital as digital platforms continue to grow.

UK Government's Proposals for Regulatory Reform

14. The Department of Digital, Culture, Media and Sport has recently published its proposals for the future regulation of commercial radio following advice from Ofcom and a UK-wide public consultation. The proposals include plans to remove the rules which currently govern the music commercial radio stations play, to remove the requirement to produce some non-news content within Ofcom-defined regions, and proposals to ensure that local news and information continues to be provided by commercial radio stations after a possible future digital radio switchover.
15. Global has welcomed the UK Government's proposals as we believe they will help to ensure that commercial radio continues to thrive in the 21st century

and also that the sector will continue to provide local, regional and nations news and information.

16. Under current legislation Ofcom places conditions on local analogue commercial radio stations to determine the mix of music they can play. These requirements date back to the 1990 and 1996 Broadcasting Acts and the 2003 Communications Act. Before the advent of the internet and music streaming services and the growth of DAB digital radio, these regulations were considered necessary to ensure that a range of radio services were available across the UK. Listeners can now choose from dozens of digital radio services, access hundreds of thousands of online radio services through internet services such as TuneIn or create their own playlists using services such as Spotify. The regulations on music formats to which local commercial radio stations are subject are no longer necessary to protect choice and serve only to limit the sector's freedom to innovate. Global therefore strongly supports the removal of these regulations.
17. The proposals also include changes to the regulatory regime to ensure that, in the event of a future digital radio switchover, local and regional stations broadcasting on DAB digital radio would be required to continue to broadcast local news and information, as they are on FM. The precise means by which this requirement would be enacted has yet to be decided. As discussed above, Global's view is that listeners value local news and information on local stations highly and we believe that is in operators' commercial interest to continue to provide local news and information. We fully expect to continue to provide local news and information on our local and regional stations on DAB digital radio. However, we recognise that the lack of a clear requirement in the current regulatory framework post a potential future switchover is a concern for stakeholders and we are therefore supportive of this change in principle.
18. The UK Government has also proposed to remove the regulations that require local analogue commercial radio stations to produce a "suitable proportion" of programmes from within a local area or region defined by Ofcom. We strongly support this change. By removing the local production rules, these regulatory changes will enable local and regional stations in Wales to continue to compete with other audio services in the digital age, whilst maintaining the provision of accurate, unbiased local news and information. The change will

provide operators of local and regional stations with greater flexibility on how they deliver their services and thus ensure they are able to continue to invest and grow audiences. Local stations will still be required to maintain appropriate trained journalistic resources in the areas they serve, but will have more flexibility on how and where programmes are made. The alternative, if these regulations were to be retained, risks undermining the provision of local content in the future. In our view any regulation which imposes a disproportionate burden on local or regional stations as compared national stations or unlicensed streaming services needs to be considered very carefully, as regulation can easily lead to unintended consequences, as was the case, for example, when Valleys Radio closed down in 2009 following Ofcom's refusal to grant consent to the station sharing facilities with a sister station in Swansea.

19. In an increasingly competitive market, radio station operators face trade-offs and have to decide where to invest limited resources. We believe the regulatory regime should encourage investment in local news and information content which has high public value. The available research suggests listeners agree. Ofcom commissioned research from Kantar Media in 2015 which asked listeners their preferences for content on local commercial radio stations between (i) local news bulletins and local information throughout the day, but no locally-based presenters, (ii) locally-based presenters at a certain time of day but no local news bulletins or local information updates outside these times, or (iii) locally-based presenters, but no local news or local information bulletins. 76% of respondents preferred the first option with only 15% choosing the second option over the first.
20. These regulatory change will provide operators with greater flexibility on how they choose to tailor their programming for their listeners and will help the sector to continue to invest and grow, to the benefit of all listeners.