



ÚDARÁS  
CRAOLACHÁIN  
NA hÉIREANN

BROADCASTING  
AUTHORITY  
OF IRELAND

## CONSULTATION DOCUMENT

### BAI LICENSING PLAN 2012-2013

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**March 2012**

## Background

Section 26 (1)(a) of the Broadcasting Act 2009 requires the BAI to prepare a strategy for the provision of broadcasting services in the State, outlining the Authority's approach to, as well as a framework for the licensing of broadcasting services in the State, additional to those provided by RTÉ, TG4 and any future television services that may be provided by the Houses of the Oireachtas and the Irish Film Channel. Section 29 (2)(g) of the Act further requires the Authority to include in its strategy its plans as to the number, nature and scope of contracts it proposes to enter into on the recommendation of its Contract Awards Committee. The 2009 Act is prescriptive in the requirement of the BAI to develop and implement a licensing plan and in respect of the types of broadcasting licences into which the Authority may enter and the mechanisms for the award of such licences.

The BAI's Broadcasting Services Strategy also outlines the Authority's vision for the optimum mix of broadcasting services and is forward-looking by nature, reflecting the fact that the broadcasting environment is continually changing and evolving.

Central to the BAI's vision as outlined in its strategy is choice and diversity for audiences and an expectation that all audiences will be served. The vision is encapsulated as follows:

*The people of Ireland will be served by a vibrant broadcasting sector consisting of a mix of public service, commercial and community broadcasters, who provide content and programming that caters for and reflects the diversity within Irish Society.*

*At the core of this optimum mix is a range of national, regional, local and community broadcasting services, complemented by an additional mix of niche services. Such services may be provided by commercial or not-for-profit business models to provide a diverse range of content and programming choices to Irish listeners and viewers.*

One of the main objectives of the Broadcasting Services Strategy is to ensure that services licensed by the BAI serve the needs of Irish audiences, bearing in mind their languages and traditions and their religious, ethical and cultural diversity by offering a variety of content to audiences reflecting their diverse interests. The proposed Licensing Plan 2012-2013 is therefore intended to assist the BAI in achieving this objective, in addition to endeavouring to ensure that audiences are offered high quality programming on services licensed in Ireland. In this way the Licensing Plan will directly reflect all of the objectives of the Broadcasting Services Strategy and this consultation is structured so that views sought reflect these objectives as far as is possible and practicable.

## Introduction

This consultation document has been published by the Broadcasting Authority of Ireland (BAI) to seek views in relation to the current make up of franchise areas which will assist in the preparation and publication of a **BAI Licensing Plan 2012-2013**. The Licensing Plan is being developed by the BAI further to the requirement to do so under the Broadcasting Act, 2009.

The BAI is now seeking the views of all interested parties with regard to the provisions of the Licensing Plan, in advance of it being finalised and published. Members of the public and interested groups are asked to read the consultation document and consider the questions contained within it.

## Approach to the Consultation

Towards the end of 2011 the Authority considered the two issues of licensing additional services and re-advertising existing services within the context of a new licensing plan pursuant to Section 29(2)(g) of the 2009 Act. These deliberations were centred mainly on the principles of public interest, sustainability and spectrum capacity. The Authority considered whether the relationship between a service and the audience in the area that it served was so well established that to set it aside might be unreasonable; whether any of the existing franchise areas were intrinsically inappropriate in terms of geography or shared audience interest; whether any franchise areas represented a source of concern from a viability perspective; and whether the overall pattern was likely to be sustainable over the medium term. With regard to sustainability in particular, the Authority noted that while the recession had undoubtedly impacted on the profitability of services, it had not in its view unduly affected their underlying viability. In determining the final shape of the licensing plan, it was agreed to take a long-term view, beyond the current economic difficulties. In addition, the importance of diversity of content in the public interest was strongly recognised whereby diversity of programming would be provided for listeners in respective franchise areas.

Having had regard to all of the above, the elements which will shape the licensing plan are presented as follows:

- The objectives of diversity and plurality having regard to the BAI's statutory objectives
- BAI policies and practices
- The economic situation
- Technological issues (mainly spectrum), and
- The existing broadcasting landscape

The starting point for the discussion about what services should be included in the 2012-2013 licensing plan was a review of the existing landscape with a particular focus on the services whose contracts expire in the period to 2014.

For ease of reference, the existing landscape has been divided into four areas as follows

- Munster
- Connacht Ulster
- Leinster excluding Dublin City and County
- Dublin City and County

The Authority is generally not proposing any changes to the shape of the existing franchise map, due in the main to the current economic environment and to the overall ongoing success of broad-format local radio services existing under the current licensing plan. Furthermore it believes that the vast majority of services scheduled for relicensing are not experiencing viability issues. In general, the BAI considers that, at a minimum, a population of 75,000 adults (15+) and a potential turnover of €1,000,000 per annum, is required for a radio service to have a chance of becoming established and financially viable.

Some options are presented however where views are sought on the operation of multiple franchise areas under one contract only.

In each of the four areas discussed below, the current analogue commercial radio landscape is outlined in a table. Each franchise area currently licensed is identified by the service description, the target audience (15+), the contract expiry date, and the most recent JNLR market share data<sup>1</sup> for each service. Each section concludes with the questions presented in this consultation. In each case the Authority is seeking views on the services that should be included in the 2012-2013 licensing plan with reference to its vision as set out in the Broadcasting Services Strategy and the considerations set out above.

The 2009 Act makes provision for a “fast-track” licensing procedure in situations where the BAI is advertising a licence that already exists. This only applies in instances where there is an incumbent as defined in Section 67 of the Act.<sup>2</sup> If the nature of the service to be advertised differs from the service currently licensed the fast track process may not apply. This will be considered further once the shape of the plan is clearer.

It is important to note that each area is also served by a range of national services. There are three RTÉ operated analogue radio services competing for audiences and advertising (RTÉ1, 2FM, and Lyric FM). The areas are also served by RTÉ-Raidió Na Gaeltachta which does not take advertising

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<sup>1</sup> JNLR Jan to Dec 2011 – The reach data is 7am to 7pm weekdays.

<sup>2</sup> Incumbent means the holder of a sound broadcasting contract which is the subject of a notice under Section 65(6).

and by two independent radio services, Today FM and Newstalk. Spirit Radio, a service catering for Christian interests, is also available on a quasi-national basis. There is also a range of digital radio services available on a variety of platforms however these have a very limited impact in terms of audiences and revenues.

An overview of the current radio environment and background information on the evolution of the current landscape are attached for reference at Appendices One and Two. Appendix Two also includes maps of the existing local and regional franchise areas.

## Structure of the Consultation Document

The consultation document is broken out into 4 parts, as follows:

- **Section 1** Munster;
- **Section 2** Connacht/Ulster;
- **Section 3** Leinster excluding Dublin City and County;
- **Section 4** Dublin City and County;

Each of the sections above contains 4 sub-sections, as follows:

- Existing Landscape
- Overview of existing services
  - o Diversity
  - o Sustainability
  - o Spectrum
- Proposal
- Questions

The same two questions are asked at the end of each section, as follows:

- *Do you agree with the Authority's proposal in respect of the franchise areas and service types listed above?*
- *If you do not agree, please set out the mix of services that you believe is more desirable and set out your rationale for this position with reference to the factors identified above - diversity of content for audiences, sustainability of the service, and efficient use of spectrum?*

## Responding to the Consultation

Respondents are asked to respond to the consultation on the basis of the questions posed. We encourage you to answer all of the questions asked throughout this consultation document. You may however wish to concentrate only on certain aspects of the Licensing Plan in your consultation response. The BAI welcomes your views on all or any of the questions posed. Responses to the consultation process should be submitted **no later than 5 p.m. on Friday 13<sup>th</sup> April, 2012**. Responses can be sent to:

[licensingplan@bai.ie](mailto:licensingplan@bai.ie)

Alternatively, you can send a written submission to:

**Diarmaid Breathnach  
Licensing Plan Consultation,  
Broadcasting Authority of Ireland,  
2-5 Warrington Place,  
Dublin 2.**

The Authority will consider all responses received to the consultation process before deciding the final content of the Licensing Plan

## Consultation and Freedom of Information

This is a public consultation process and once the submissions have been considered by the Authority, all information submitted will be publicly available on request. However, there may be aspects of your submission which you may wish to make in confidence due to its sensitivity. **If this is the case, when making the submission please identify any information that you do not wish to be publicly disclosed and specify the reasons for its sensitivity.**

Agreements between the BAI and respondents to the consultation, regarding confidential and/or commercially sensitive information, are without prejudice to the BAI's obligations under law, the Broadcasting Act 2009, the Freedom of Information Act, 1997 and the Freedom of Information (Amendment) Act, 2003. If the BAI receives a request for information submitted in confidence, you will be consulted before any decision is made.

## 1. Munster

### 1.1 The Existing Landscape.

The existing analogue non-national commercial radio landscape in this area is set out in the table below and those services in bold/ italics are the ones whose contracts are being considered as part of this plan.

Franchise Area (Current Operator)	Service Description	15+ Target Audience	Contract Expiry date	Audience Share
<b><i>Cork City &amp; County (CORK 96FM)</i></b>	Music Driven 25-44 – city focus	394k (159k 25-44 year olds)	31/10/2014	29% <sup>3</sup> (26% 25-44 yr olds)
<b><i>Cork City &amp; County (C103FM)</i></b>	Broad Format 25-44 – county focus	394k (159k 25-44 year olds)	31/10/2014	13% (10.2% 25-44 year olds 17.2% 45+ year olds) <sup>4</sup>
<b><i>Cork City &amp; County (RED 104-106FM)</i></b>	15-34 Music Driven	394k (152k 15-34 year olds)	15/01/2013	10.7% (26.4% 15-34 year olds 33.5% 15-24 year olds)
<b><i>Waterford City &amp; County (WLR FM)</i></b>	Broad Format	96k	07/09/2013	48.6%
<b><i>Co. Tipperary (TIPP FM)</i></b>	Broad Format	122k	19/11/2013	52.4%
<b><i>Co. Clare (CLARE FM)</i></b>	Broad Format	89k	09/09/2013	48.2%
<b><i>Co. Kerry (RADIO KERRY)</i></b>	Broad Format	118k	09/07/2014	53.1%
<b><i>Waterford, Wexford, Carlow, Kilkenny and Sth Tipperary (BEAT FM)</i></b>	Music Driven 15-34	395k (135k 15-34 year olds)	30/06/2013	11.1% (34.8% 15-34 year olds)
<b><i>Limerick City and County (LIMERICK'S LIVE)</i></b>	Broad Format	153k	23/10/2017	34.4%
<b><i>Kerry, Limerick, Clare and Nth Tipperary and South West Laois (Spin South West)</i></b>	Music Driven 15-34	417k (139k 15-34 year olds)	28/06/2017	10.2% (32.7% 15-34 year olds)
<b><i>Limerick City &amp; County,</i></b>	Music Driven 45+	2.02m <sup>5</sup>	16/02/2019	3.2% (45+ Cork)

<sup>3</sup> 42.5% in the city and 20% in the county

<sup>4</sup> 5% in the city and 18.3% in the county

<sup>5</sup> This is the total population multi-city service area

<b>Cork City &amp; County (4FM)</b>				3.5%(all adults Limerick)
				1.8%(all adults Clare)

Source: Ipsos MRBI: JNLR Research January-December 2011

Contracts for eight radio services expire in the 2013-2014 period and five of these are broad format local radio services. Contracts for two music-driven stations serving Cork City and County are also due to expire. One focuses on 15-34 year olds while the other focuses on 25-44 year olds. The other contract that expires in the 2013-2014 period is the south east regional youth music-based service. The 2012-2013 licensing plan will make provision for the appointment of operators to ensure that audiences in these franchise areas continue to be served. The remaining three contracts listed in the table do not form part of the current plan i.e. the broad-format local radio service for Limerick, South West youth regional service and the multi-city music-based service for the 45+age group (4 FM).

Two of the Cork services, (96 FM and C103) operate under a single contract. They were advertised as two services under one contract in 2001. At that time, the Broadcasting Commission of Ireland (BCI) decided that the C103 service would not be viable on a standalone basis and that appointing one operator to run both services ensured that diversity was maintained i.e. one city focused service and one county focused service. At that time there was a greater level of integration between the two services in terms of programming, audience research and branding. Over the lifetime of the current contract, C103 has developed on a more standalone basis. The Authority is proposing that this position will be maintained in the current licensing plan but is open to considering alternative views supporting arguments to operate the services under two separate contracts.

Initially there were two services in Tipperary, one in the west of the County centred on Tipperary Town and Cashel and one covering the south and north of the County. In 2002, the BCI decided that a single service for the entire county should be advertised. The incumbent for the larger franchise area won the licence and the incumbent in the other area established a community based service for the Tipperary and Cashel Town areas. The Authority believes that this new arrangement has worked well in terms of maintaining diversity and notes that it has allowed the development of successful community and commercial stations in this franchise area.

Beat FM and Red FM were among the first youth focused services to be licensed at the start of the last decade.

An overview of the existing services is included in Section 1.2 below, proposals in Section 1.3 and questions for consideration in Section 1.4.

## **1.2 Overview of the Existing Services.**

### ***Diversity***

All other audiences in Munster are served by at least one broad format local radio service and a youth-radio service. The Authority is proposing to extend the franchise area for the South East youth regional franchise to cover South Wicklow as there is currently no youth-music service licensed to cover this area.

Cork and Limerick have additional music-based services. The development of C103 and 96 FM as two services under one contract in Cork is outlined above. The current model has helped deliver diversity and, according to the current contractor is a key factor in ensuring the sustainability of the C103 service. While the population of Cork City and County (394,000 15+) would suggest that it could support more than one local service, the Red FM experience shows that this is not a straightforward proposition. It is also worth noting that if the two services were advertised separately, a company could apply for both contracts.

Looking at audience share, all the stations have developed strong audience particularly in their target markets. The broad-format local radio services have strong local identity and the single county focus has helped them to develop a strong local brand. Local news, information and sport are particularly important parts of their schedules. They feature a broad mix of music and a range of specialist music and speech programmes relevant to the particular areas. These stations make a significant contribution to diversity of programming for audiences in the respective areas.

### ***Sustainability***

Looking at sustainability, all the stations have encountered revenue reductions since 2008. This varies from around 10% to over 20%. However in the years prior to that the underlying basic fundamentals were good and the business models remain strong. All the stations have responded by reviewing their cost base. It would be difficult to argue that any of the broad-format services are not sustainable from an economic perspective based on the current landscape. While acknowledging the current economic difficulties, the Authority is also mindful that such economic difficulties may not extend over the full period of the contracts for sound broadcasting services to be licensed arising from the Licensing Plan 2012-2013. For this reason, in the course of an application for a commercial sound broadcasting service, an applicant shall be invited to set out any additional commitments which it will deliver on in the event of an economic upturn.

The position in relation to the youth-based music services is not as straightforward. While both Beat FM and Red FM have been very successful in terms of audience delivery, as services that are still becoming established, they have been impacted to a greater extent by the economic

downturn. Nonetheless, the BAI considers that the services add significantly to diversity in the area, particularly in respect of youth audiences, and so proposes to re-advertise the franchise areas as they currently exist. However a small addition is being proposed to extend the franchise area of the South East Regional youth service to include South County Wicklow.

### **Spectrum**

From a technical perspective no issues arise in relation to the existing landscape in the Munster area.

### **1.3 Proposal**

Having considered all of the circumstances the Authority proposes to maintain the existing franchise areas and service types (with one small exception: the extension of the franchise area for the South East region, music-driven youth service) and recommend to the Contract Awards Committee that they invite applications for the following services in the following areas:-

- a. A Broad-format service for Kerry
- b. A Broad-format service for Clare
- c. A Broad-format service for Tipperary
- d. A Broad-format service for Cork City and County
- e. A Broad-format service for Waterford City and County
- f. A music-driven service for Cork City and County focused on the 25+ age group
- g. A music-driven service for Cork City and County focused on the 15-34 age group
- h. A music driven service for the South East (Waterford, Wexford, Carlow, Kilkenny, South Tipperary, and South Wicklow) focused on the 15-34 age group

The Authority proposes to recommend that services (d) and (e) should be advertised as two services under one contract.

### **1.4 Questions**

- 1.4.1 Do you agree with the Authority's proposal in respect of the franchise areas and service types listed above?
- 1.4.2 If you do not agree, please set out the mix of franchise areas and service types that you believe is more desirable and set out your rationale for this position with reference to the factors identified above, diversity of content for audiences, sustainability of the service, and efficient use of spectrum?

## 2. Connacht Ulster

### 2.1 The Existing Landscape.

The existing analogue non-national commercial radio landscape in this area is set out in the table below and services listed in bold/ italics are the ones whose contracts are being considered as part of this plan.

Franchise Area (Current Operator)	Service Description	15+ Target Audience	Contract Expiry date	Audience Share %
<b>Roscommon, Longford, South Leitrim (SHANNONSIDE 104FM)</b>	Broad Format	94k	15/10/2013	53.3%
<b>Cavan, Monaghan (NORTHERN SOUND)</b>	Broad Format	97k	15/10/2013	41.9%
<b>Nth. Donegal (HIGHLAND RADIO)</b>	Broad Format	98k	12/03/2014	62.8%
<b>Sligo, South Donegal and North Leitrim (OCEAN FM)</b>	Broad Format	83k	30/09/2014	32.8%
<b>Mayo (Mid West Radio)</b>	Broad Format	102k	24/07/2013	53.3%
<b>Galway City and County (GALWAY BAY FM)</b>	Broad Format	191k	17/08/2013	24.8%
<b>Galway, Mayo, Longford, Roscommon, Sligo, Leitrim and Donegal (iRADIO NORTH WEST)</b>	Music Driven 15-34	568k (197k 15-34 year olds)	06/01/2018	11.6%(36.4% 15-34 year olds)
<b>Galway (4FM)</b>	Music Driven 45+	2.02m <sup>6</sup>	16/02/2019	1.6% (all adults Galway)

Source: Ipsos MRBI: JNLR Research January-December 2011

Contracts for six of the eight services listed above expire in the 2013-2014 period and all of these are broad format local radio services. iRadio provides a youth music-driven service for 15-34 year olds.

The Shannonside and Northern Sound franchise areas currently operate under a single contract. They were advertised as two services under one contract in 2001. At the time the BCI decided that they would not be viable on a standalone basis. At that time there was a greater level of integration between the two services in terms of programming, audience research and branding, although over the period of the current contract, they have developed on a more standalone basis.

<sup>6</sup> This is a total multi-city service area

Ocean FM won the contract for the North West franchise area in 2003, on the basis that it would operate as a standalone service. The previous contractor had been part owned by Mid West Radio and there had been a significant level of integration in terms of programming, staffing and sales between the Mayo service and the Sligo/South Donegal/North Leitrim service.

The possibility of advertising a single service for Donegal was proposed in 2002. However, the BCI decided to maintain the status quo on that occasion because there was concern over the viability of the Sligo/South Donegal/North Leitrim franchise area without South Donegal. In addition the current arrangement was more desirable from a spectrum management perspective. It was also noted that the existing franchise areas had proved to be successful in both listenership and commercial terms.

An overview of the existing services is included in Section 2.2 below, proposals in Section 2.3 and questions for consideration in Section 2.4.

## ***2.2 Overview of the Existing Services.***

### ***Diversity***

Each of the areas is served by one broad format local radio service and a youth regional service. Galway also has an additional music driven service for the 45+ audience, 4FM. Stations along the border also attract advertising and listeners from Northern Ireland. This is particularly the case for Highland Radio given the proximity of its franchise area to population centres in Derry, Strabane and Omagh.

Looking at audience share, all the stations have developed strong audience bases especially in terms of their target markets. Highland Radio has consistently been the most popular local radio service in terms of listenership when measured as a percentage of the total available audience in the franchise area. Indeed services along the west coast have traditionally been the strongest in listenership terms. These stations have strong local identity with a particular emphasis on local news, information and sport. These stations make a significant contribution to diversity of programming for audiences in the respective areas.

### ***Sustainability***

Looking at sustainability, all the stations have encountered revenue reductions since 2008. This varies from between 10% and 30%. All the stations have responded by cutting costs and in this context some continue to trade profitably while others are incurring some operating losses. However, the BAI believes that the overall sustainability of the services is not in question at this point.

### **Spectrum**

From a technical perspective no issues arise in relation to the existing landscape. Any change to the existing franchise area map, if introduced, would need careful consideration.

### **2.3 Proposal**

Having considered all of the circumstances the Authority proposes to maintain the existing franchise areas and service types and recommend to the Contract Awards Committee that they invite applications for the following services in the following areas:-

- a. A Broad-format service for Galway, City and County
- b. A Broad-format service for Mayo
- c. A Broad-format service for North Donegal
- d. A Broad format service for Sligo/North Leitrim/South Donegal
- e. A Broad-format service for Longford/Roscommon/South Leitrim
- f. A Broad-format service for Cavan/Monaghan

The Authority proposes to recommend that services (e) and (f) should be advertised as two services under one contract.

### **2.4 Question**

- 2.4.1 Do you agree with the Authority's proposal in respect of the franchise areas and service types listed above?
- 2.4.2 If you do not agree please set out the mix of franchise areas and service types that you believe is more desirable and set out your rationale for this position with reference to the factors identified above, diversity of content for audiences, sustainability of the service, and efficient use of spectrum?

### 3. Leinster Excluding Dublin City and County

#### 3.1 The Existing Landscape.

The existing analogue non-national commercial radio landscape in this area is set out in the table below and those services listed in bold/ italics are the ones whose contracts are being considered as part of this plan.

<b>Franchise Area (Current Operator)</b>	<b>Service Description</b>	<b>15+ Target Audience</b>	<b>Contract Expiry date</b>	<b>Audience Share</b>
<b><i>Wicklow (East Coast)</i></b>	Broad Format	114k	25/10/2013	21.2%
<b><i>Louth, Meath (LMFM)</i></b>	Broad Format	233k	27/08/2013	35.8%
<b><i>Carlow, Kilkenny (KCLR)</i></b>	Broad Format	118k	21/04/2014	36.1%
<b><i>Kildare (KFM)</i></b>	Broad Format	161k	16/01/2014	17.8%
<b><i>Wexford (South East Radio)</i></b>	Broad Format	110k	15/09/2013	31.1%
<b><i>Laois, Offaly, Westmeath (Midlands 103)</i></b>	Broad Format	181k	12/03/2014	34.8%
<b><i>North East &amp; Midlands (iRadio North East)</i></b>	Music Driven 15-34	666k (245k 15-34 year olds)	2/11/2018	5.9% (18.1% 15- 34 year olds)

Source: Ipsos MRBI: JNLR Research January-December 2011

Stations also serving parts of this area include Beat FM, Spin South West and Shannonside. These are considered under other headings in this document. Contracts for six of the seven franchise areas expire in the 2013-2014 period and these are all the broad format local radio services. The contract for the music-driven youth service is not part of this plan.

With the exception of the Carlow/Kilkenny and the Kildare franchises, all the franchise areas have been in place since the initial commercial radio licensing process in 1989/1990. In the 2001 review, the franchise areas for Kilkenny, Carlow and Kildare were revised. Carlow was added to Kilkenny and Kildare was established as a separate franchise area. Among the factors which influenced this decision were the relatively low population in Kilkenny, and the relatively high population in Kildare, even allowing for its proximity to Dublin.

An overview of the existing services is included in Section 3.2 below, proposals in Section 3.3 and questions for consideration in Section 3.4.

### **3.2 Overview of the Existing Services.**

#### ***Diversity***

Each of the areas is served by one broad format local radio service and a youth regional service. South Wicklow is not served by a youth service and this is addressed in the proposal under Munster above. There is also significant overspill from Dublin services, generally in the neighbouring counties.

Looking at audience share, stations in the group which border Dublin are not as strong as the remaining services. Overspill from Dublin stations, coupled with a significant commuter population, are factors in this regard. Kildare and Wicklow face the greatest challenges from a listenership perspective. All provide a broad-format local service with a focus on local news, information and sport in particular. A broad mix of music is provided, together with a range of specialist music and speech programmes. Therefore they make a significant contribution to diversity of programming for audiences in the respective areas.

#### ***Sustainability***

Looking at sustainability, all the stations have encountered revenue reductions in the region of 30% since 2008. The stations responded by making significant cost reductions in terms of salaries, operating expenses, capital expenditure and dividends/payments to directors/shareholders. In this context they have generally managed to at least maintain a breakeven position and some are likely to continue to trade profitably. It is reasonable to take a view that the current arrangements may be sustainable based on the current franchise area arrangements.

#### ***Spectrum***

From a technical perspective no issues arise in relation to the existing landscape.

### **3.3 Proposal**

Having considered all of the circumstances the Authority proposes to maintain the existing franchise areas and service types and recommend to the Contract Awards Committee that they invite applications for the following services in the following areas:-

- a. A Broad-format service for Louth and Meath
- b. A Broad-format service for Kildare
- c. A Broad-format service for Carlow and Kilkenny
- d. A Broad-format service for Wexford
- e. A Broad-format service for Wicklow
- f. A Broad-format service for Laois, Offaly and Westmeath.

### **3.4 Question**

- 3.4.1 Do you agree with the Authority's proposal in respect of the franchise areas and service types listed above?
- 3.4.2 If you do not agree please set out the mix of franchise areas and service types that you believe is more desirable and set out your rationale for this position with reference to the factors identified above, diversity of content for audiences, sustainability of the service, and efficient use of spectrum?

## 4. Dublin City and County

### 4.1 The Existing Landscape.

The existing analogue commercial radio landscape in Dublin City and County is set out in the table below and those services listed in bold/ italics are the ones whose contracts are being considered as part of this plan

<b>Franchise Area (Current Operator)</b>	<b>Service Description</b>	<b>Target Audience</b>	<b>Contract Expiry date</b>	<b>Audience Share</b>
<b><i>FM104</i></b>	<i>Music Driven 15-34</i>	<i>955k (378k 15-34 year olds)</i>	<i>20/07/2013</i>	<i>11.6% (22.9% 15-34 year olds)</i>
<b><i>98 FM</i></b>	<i>25-44 Music Driven</i>	<i>955 (418k 25-44 year olds)</i>	<i>30/11/2013</i>	<i>8% (11.7% 25- 44 year olds)</i>
<b><i>Sunshine</i></b>	<i>Country/Irish/ Complementary</i>	<i>955k (817k 25+ year olds)</i>	<i>30/03/2013</i>	<i>2.3%</i>
<b><i>Spin FM</i></b>	<i>15-34 music driven (new music)</i>	<i>955k (378k 15-34 year olds)</i>	<i>05/04/2013</i>	<i>5.7% (15.3% 15-34 year olds)</i>
<b><i>Dublin and commuter belt - Radio Nova</i></b>	<i>Classic Rock 25+</i>	<i>1.19m (1.09m 25+ year olds)</i>	<i>30/06/2020</i>	<i>3.4% (all adults Dublin commuter)</i>
<b><i>Q102</i></b>	<i>35-55 Music Driven</i>	<i>955k (325k 35-55 year olds)</i>	<i>24/05/2020</i>	<i>9.6% (9.2% 35+ year olds)<sup>7</sup></i>
<b><i>Phantom</i></b>	<i>Alternative rock 15- 34</i>	<i>961k (378k 15-34 year olds)</i>	<i>26/10/2016</i>	<i>0.8% (2% 15-34 year olds)</i>
<b><i>Dublin and commuter belt - 4FM</i></b>	<i>Music Driven 45+</i>	<i>2.02m</i>	<i>16/02/2019</i>	<i>1.9% (45+ Dublin commuter)</i>

Source: Ipsos MRBI: JNLR Research January-December 2011

The licensing plan only covers the first four services listed above. The other four services have contracts that don't expire until 2016-2020. It may be noted that 4FM also serves Limerick, Cork, Galway and the Dublin Commuter belt. Radio Nova also serves the Dublin Commuter belt.

<sup>7</sup> The station has a 12.5% share in 15-34's and a 13% share in 25-44.

The decision to offer more extensive franchise areas in the case of the 4 FM and Radio Nova franchise areas was informed by sustainability challenges encountered by other niche services in the Dublin area and the fact that this approach increases the diversity of content available to a greater number of people.

Another significant point of note in relation to the existing Dublin landscape is that Newstalk was initially licensed as a news/speech service for Dublin. The station struggled from an audience and revenue perspective and may not have been economically viable had it not successfully applied for a quasi-national news/speech licence. The other broad-format radio service in Dublin is Dublin City FM. While the contract for this service is similar to other commercial radio contracts, the operational model is a community/public service hybrid. It has no private shareholders and relies on funding from Dublin City Council and volunteer programme makers. Dublin is also served by a range of community services including one Irish language service, Raidió na Life, which covers the entire city.

An overview of the existing services is included in Section 4.2 below, proposals in Section 4.3 and questions for consideration in Section 4.4.

#### ***4.2 Overview of the Existing Services.***

##### ***Diversity***

98 FM and FM 104 have been operational since 1989 and formed part of the initial round of local radio licences awarded. They are music-driven services which provide the minimum 20% of news and current affairs required by legislation. Two new music-based services, Spin FM and Q102 (formally Lite FM), were introduced at the start of the last decade at the same time as the Newstalk Dublin service. These services were licensed by the BCI to increase diversity in light of buoyant markets. The Sunshine (formally “Country”) contract was advertised as a “special interest music service” and was not specified as a country music service by the BCI. The advertisements for the Phantom and Radio Nova licences were more specific in terms of the music genres to be provided. Now that Newstalk is operating as a national service, all the commercial services in Dublin are music-based. It is worth noting that national services have a particular focus on Dublin audiences especially as most of them operate from Dublin.

Looking at audience share, the recognised mainstream music services (Q102, 98 FM, FM 104 and Spin FM) have established audience shares and profiles. Dublin City and County is also a key target market for all the national services. This, combined with the greater number of services available in the Dublin area, means that the audience shares of the non-national services have been consistently lower than those secured by local services in other parts of the country.

### **Sustainability**

Looking at sustainability, Dublin stations have also experienced significant revenue reductions since 2008. Stations have responded by reducing costs in areas like marketing, staffing and consultancy. This has allowed the mainstream services to maintain profitability. However new and niche services have been disproportionately impacted by the recession. In order to secure sustainability, these services have reviewed and revised key elements of their operational structures and the Authority has engaged positively with the relevant contractors in this regard. The key focus for the Authority in these discussions has been balancing sustainability with diversity and ensuring the best possible range and quality of services for audiences.

### **Spectrum**

From a technical perspective, maintaining the current landscape, or reducing the number of services licensed, raises no issues in relation to spectrum. There is spectrum available in Dublin for additional city services and for city and part county services.

As outlined above, the decision to offer a larger franchise area for the 45+ service (4 FM) and the classic rock service (Radio Nova) was driven by the twin objectives of adding diversity for a greater number of people and increasing the potential for any new service to achieve sustainability.

## **4.3 Proposal**

Having considered all of the circumstances the Authority proposes to maintain the existing franchise areas and service types and recommend to the Contract Awards Committee that they invite applications for the following services in the following areas:-

- A music-driven service for 15-34 year olds with a focus on general music
- A music driven service for 15-34 year olds with a focus on new music
- A music driven service for 25 to 44 year olds
- A niche-music driven service that will add to diversity

## **4.4 Questions**

- 4.4.1 Do you agree with the Authority's proposal in respect of the franchise areas and service types listed?

- 4.4.2 If you do not agree please set out the mix of franchise areas and service types that you believe is more desirable and set out your rationale for this position with reference to the factors identified above, diversity of content for audiences, sustainability of the service, and efficient use of spectrum?

## **5. Conclusion**

The BAI gratefully acknowledges the time you have taken to respond to this consultation and appreciates any views you may wish to provide.

## **APPENDIX ONE –**

### **The Irish Radio Sector – Overview from the BAI’s Broadcasting Services Strategy (BSS)**

More than two decades after the introduction of commercial broadcasting to Ireland, there is now a challenge to look anew at how best the needs of existing and future audiences might be served through the services that the Authority is by law empowered to license. In developing its view on the future framework within which broadcasting will develop, the Authority is guided by and responsive to the needs and expectations of audiences; the legitimate interests and aspirations of current and future broadcasters; the changing technological environment; and the sustainability of the services that it will license. The licensing plan that it will develop and publish will reflect those same concerns.

The Irish radio sector has evolved significantly since the establishment of the first licensed independent broadcasters in 1989. Initial policies of the regulator sought to ensure that there would be a local radio presence across the entire country. A national commercial radio service was also considered essential to provide competition to the public broadcasting services provided by RTÉ. Following a slow start, the sector became well established and by the late 1990s, the development of further services was advanced.

At national level, the sector now consists of six radio services, four provided by RTÉ, two licensed by the BAI. They provide a mix of speech and music-driven services as well as Irish language and classical music services. The local radio sector consists of a mix of music-led and broad-based music and speech services. The music-led services tend to be located in urban areas while the broad-based services primarily serve single or dual-county franchise areas.

Regional stations were developed in the South East, South West, North West and Midlands/North East and these provide services to younger audiences who are also catered for by local services in Dublin and Cork. There are also a number of niche music services, mainly based in Dublin but with one covering a multi-city franchise area.

Radio listenership in Ireland has been consistently high over the years and is relatively high in European terms. Listenership to broad-based local radio services is particularly strong but, equally, national and regional services and well established music services have a strong core listenership. Some of the niche services have struggled to attract significant share of audience, although they have provided diversity and choice of content to audiences in their franchise areas. Similar to the television sector, there have been significant falls in advertising revenue since 2008. Longer established stations have been in a better position to maintain relatively strong financial positions but the downturn has had a significant impact on the newer stations.

The community radio sector is also prominent in Ireland and a strong network of stations has developed since the first services were licensed on a pilot basis in 1995. Policy developments in this area are considered to be strong in comparison to other European jurisdictions and broadcasting legislation also gives formal recognition to the sector in the context of the overall mix of services. The most important dimension of the community radio sector is the involvement of local communities in all aspects of the

service and this has been recognised through the development and implementation of a separate policy for the sector by the regulator. Like the other sectors, community radio faces challenges on the economic front, particularly as there has been a reduction in the level of public funding available to support such services. However, the introduction of 100-day temporary contracts in the Broadcasting Act 2009 should support the development of new services over the duration of the Broadcasting Services Strategy.

Up to forty temporary or special event sound broadcasting contracts are awarded per year by the BAI covering college festivals, training for students, annual events and trial community services as referenced above. Finally, institutional sound broadcasting services remain a part of the mix of services providing a valuable service to listeners, particularly those in hospital.

In developing its view on the future framework within which broadcasting will develop, the Authority is guided by and responsive to the needs and expectations of audiences; the legitimate interests and aspirations of current and future broadcasters; the changing technological environment; and the sustainability of the services that it will license. The licensing plan that it will develop and publish will reflect those same concerns.

## **APPENDIX TWO**

### **The Evolution of the current commercial broadcasting landscape from a licensing plan perspective**

The current landscape is essentially the product of four main licensing plans, the initial 1989 plan, the 1999 plan, the 2002 plan and the 2005 plan. The 1989 plan was the first for independent broadcasting and established the current local radio landscape and provided for one national service, now Today FM. The 1999 plan resulted in the development of additional services in Dublin (4), Cork (1) and the first youth regional service on a pilot basis (BEAT FM in the South East Region).

The 2002 plan provided for the re-licensing of the local radio network with some minor modifications to the franchise areas devised in 1989 e.g. Carlow and Kilkenny were joined and Kildare was designated a separate franchise area. These modifications were informed by the statutory expression of interest process which preceded the licensing plan.<sup>8</sup> In evaluating the expressions received, the BCI determined that a minimum target population of 75,000 was required for a viable commercial radio franchise area. This was based on the experience of the previous 12 years of local radio. In practice most franchise areas exceed this, the smallest being Sligo, South Donegal, North Leitrim (83,000), Clare (89,000) and Waterford (95,000). These continue to be the most marginal areas from a population perspective. The plan provided for one local radio service in every area with multiple services in Dublin (2) and Cork (2).<sup>9</sup> These were in addition to the local services licensed under the 1999 plan in Dublin (3), and Cork (1). In order to ensure diversity of local content, operators in areas where only one service was being licensed were expected to provide a broad-format service. The plan for Cork and Dublin provided for more music-driven services.

The 2005 plan provided for the development of three more youth regional services to complete the national network, two quasi-national services (news/speech and religious), a new multicity music driven service for the 45+audience, a new Dublin/community belt classic rock service, and a country/Irish service for the north east/midlands. All of these were licensed with the exception of the latter. This did not proceed due other work priorities and the economic downturn. This 2005 plan was also devised applying the 75,000 minimum population threshold and a turnover minimum threshold of €1m for viability. This viability threshold was based on an analysis of the experience of the sector up to that point. The franchise areas for the new music-driven services were devised to maximise diversity within spectrum constraints and to address viability concerns about new more specialised services.

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<sup>8</sup> The statutory framework at that time required the licensing plan was informed by an expressions of interest process. The BCI could only advertise services where a valid expression of interest had been submitted.

<sup>9</sup> It is noteworthy that the two Cork services were advertised together i.e. one operator would be appointed to provide both services. A similar decision was made in respect of Longford/Roscommon/South Leitrim and Cavan Monaghan. In both instances this was based on the case made in the expression of interest that the two services would not be viable on a standalone basis.





