The Christian Broadcasting Council of the United Kingdom (CBC) wishes to give our views regarding the invitation of the Competition Commission (CC) to comment on their provisional report on the completed acquisition of GMG Radio Holdings Limited by Global Radio Limited. We are mindful of the possibility for a reduction of plurality of both listening choice and in commercial competition in certain circumstances. The reason for our interest in such matters is that Christians have had to, in the past, lobby for the freedom to operate free-to-air radio stations and television channels that have a Christian ethos and programme content. We are therefore very interested in maintaining a wide choice of radio for the listener.

**General comments**

This acquisition of GMG Radio by Global Radio has market implications for the local/regional radio markets in which there are currently radio stations operated by both groups. Our comments therefore take into account the possible commercial dominance that Global Radio might have if certain actions to rearrange the ownership of the Real Radio, Real XS and Smooth Radio stations are not undertaken.

We are also mindful that in terms of radio listeners that the BBC has over 50% of the audience through a combination of its 11+ national stations (only 5 of them on analogue radio) plus their local or nations stations operating across England, Northern Ireland, Scotland and Wales.

An outcome of the Global Radio purchase of GMG Radio is that the importance of community radio increases as it is often only these stations that provide real local comment and news. Many of these stations have been struggling financially so we would wish to see the income generation restrictions on community radio lifted as soon as possible. This sector of radio broadcasting needs to be encouraged to flourish in their local communities and not be held back by being unable to raise funds for their not-for-profit operations by restrictions on their airtime sales. The future of community radio is crucial to forging community cohesion and identity, and promoting local social action and democracy. Therefore the financial future of these stations should not be left to chance.
**Media platforms & control of media enterprises**

This acquisition of Real Radio, Real XS and Smooth Radio by Global Radio means that it could become the major player in a number of local/regional radio markets across the UK if it were allowed to keep all these radio brands.

The Competition Commission has given three options in their provisional report and these are:

1. Full divestiture of the acquired business Real and Smooth Ltd to a suitable purchaser;
2. Divestiture of Real and Smooth Ltd excluding its operations in local areas where no SLC is expected to arise;
3. Partial divestiture of certain local operations to address individual areas of overlap where an SLC is expected to arise.

The CC expects the merger to lead to a worsening of the competitive offering, in the form of higher prices, to advertisers purchasing non-contracted airtime/sponsorship/promotion at a local and regional level.

It seems to CBC that the ownership by Global Radio of these three ex-GMG station brands/Real and Smooth Ltd (RSL) stations will not adversely affect the national and regional Christian broadcasters – Premier Christian Radio (Premier & Premier Gospel), TWR and UCB (UCB Gospel, UCB Inspirational & UCB UK) – as they are primarily listener-supported operations. However such market dominance in some of the local commercial radio markets, where there is little or no competition, could well lead to both listeners and the buyers of commercial radio advertising becoming disadvantaged.

We note that the CC believes that there will be competition issues in each of the seven areas below:

- **East Midlands (including the western parts of Lincolnshire)**. Global Radio owns Capital FM, made up of three stations previously known as RAM, Trent and Leicester Sound. RSL operates Smooth Radio FM + national Smooth DAB & Smooth 70s DAB stations.
- **Cardiff**. Global Radio owns Capital FM Cardiff/Newport. RSL operates regional station Real Radio Wales based in Cardiff + RSL operates the national Smooth DAB & Smooth 70s DAB stations. The other South Wales regional FM station is Nation Radio.
- **North Wales**. Global Radio owns Heart North Wales/North West, made up of four stations previously known as Marcher, Buzz, Champion and Coast. RSL operates Real Radio North Wales (an extension of the South Wales licence) + RSL operates the national Smooth DAB & Smooth 70s DAB stations. There is no other commercial radio station operating along the north Wales coast and only Ceredigion and Hafren operating in mid-Wales.
- **Greater Manchester**. Global Radio owns Greater Manchester stations Xfm and Capital FM. RSL operates station Real XS in Manchester plus regional stations Real Radio and Smooth Radio FM + national Smooth DAB & Smooth 70s DAB stations. This means that you should look at the competition aspect on a wider basis than just Greater Manchester as there are many other local FM commercial stations operating in Lancashire, Manchester and Merseyside areas.
- **North-East (& parts of North Yorkshire)**. Global Radio owns Capital FM. RSL operates Real Radio and Smooth Radio FM + national Smooth DAB & Smooth 70s DAB stations. It should be noted that because the FM transmitter of TFM has the similar power to both the Capital FM North East and Real Radio North East and that the signals of all these three stations reach into parts of North Yorkshire as far down as the Northallerton/Ripon areas and on the coast to around Whitby. This means that you should look at the competition aspect on a wider basis than just Tyneside and Teesside. The other FM local radio stations in...
this area are – Metro (Bauer), Star (UKRD), Stray (UKRD), Sun (UKRD), TFM (Bauer) and Yorkshire Coast (UKRD).

- **South and West Yorkshire (& parts of East and North Yorkshire).** Global Radio owns Capital FM Yorkshire. RSL operates Real Radio + the national Smooth DAB & Smooth 70s DAB stations. It should be noted that the FM signal of Capital FM Yorkshire reaches as far as the Harrogate/York areas and also right across the East Riding plus Real Radio Yorkshire is carried on the Yorkshire regional DAB multiplex. This means that you should look at the competition aspect on a wider basis than just the areas of South and West Yorkshire. The other local FM stations in this larger area are – Aire (Bauer), Compass (Lincs), Dearne (Lincs), Hallam (Bauer), KCFM (Lincs), Minster (UKRD), Ridings (Lincs), Rother (Lincs), Stray (UKRD), Sunrise FM, The Pulse (UTV), Trax (Lincs), Viking (Bauer) and Yorkshire Coast (UKRD).

- **Central Scotland.** Global Radio owns regional station Capital FM. RSL operates Paisley station Real XS, Glasgow station Smooth Radio and regional station Real Radio + RSL operates the national Smooth DAB & Smooth 70s DAB stations. It should be noted that the power of the Glasgow FM transmitter of Smooth Radio (30 kW) equals the combined power of the Edinburgh and Glasgow FM transmitters of Real Radio and has twice the power of Clyde 1 and almost three times the power of Forth 1.

**CBC’s preferred outcome of this Competition Commission Report**

1. CBC believes that in order to avoid market dominance in the areas where both Global Radio and RSL (ex-GMG) operates stations that Global Radio should be given the following option:

   - In England and Scotland **ONLY KEEP** the REAL RADIO stations
   - In Wales **ONLY KEEP** the REAL RADIO stations
   - In England and Scotland **SELL** the SMOOTH RADIO FM & the REAL XS stations
   - In Wales **SELL** both the Cardiff and the Wrexham based GLOBAL RADIO owned stations
   - Nationally **SELL** the NATIONAL DAB SMOOTH stations

2. CBC also believes that in the interests of greater competition for on-air advertising and sponsorship that the CC should recommend to the Government that the existing on-air advertising restrictions on the not-for-profit community radio sector, including faith-based stations, should be lifted. This would help very local businesses access on-air radio advertising/sponsorship/promotions.

We hope that our comments are of help to The Competition Commission in their decisions with regard to the acquisition of the GMG Radio brands – Real Radio, Real XS and Smooth Radio – by Global Radio and its implications for the listeners of radio and the competition for on-air radio sales in this country.

Yours truly,

J Peter Wilson
Consultant to CBC on Broadcasting Regulation

Mrs Olave Snelling
Chairman of the CBC Executive Council

5 March 2013

*The Christian Broadcasting Council, known as CBC, was founded in 1983:*

- To stimulate and promote the knowledge of the Christian faith and the propagation of the Gospel of Jesus Christ through the broadcasting media in the United Kingdom.
- To encourage the highest standards of Christian media communication.
- To support and develop the knowledge and standards of all those involved in broadcasting.
- To bring together in fellowship those working in broadcasting and those who support the vision of CBC, under girding and encouraging them in their spiritual lives.*