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Peter Luff MP
House of Commons
London
SW1A 0AA

Dear Peter,

1) To ask the Secretary of State for Business, Enterprise and Regulatory Reform, what assessment he has made of a) the impact of the Digital Dividend Review on i) wireless microphones and ii) in-ear monitors on completion of digital switchover and b) the potential to encourage licensed usage. [193912]

2) To ask the Secretary of State for Business, Enterprise and Regulatory Reform, what arrangements will be made for the handling of employment contracts of employees of the Joint Frequency Management Group following the introduction of a commercial band manager; and if he will make a statement. [194151]

I am writing in response to your questions (above) to the Secretary of State for Business, Enterprise and Regulatory Reform tabled on 10 March 2008. They have been forwarded to Ofcom for a reply as the independent regulator for the UK communications industry.

1) As you are aware, we published a statement on our approach to awarding the digital dividend on 13 December 2007.[1] This set out our decision to reserve most of the available interleaved spectrum to meet the needs of programme-making and special events (PMSE), including wireless microphones and in-ear monitors. We think that PMSE users would find it difficult to coordinate a bid for access to spectrum and that there is a high risk of market failure as result. However, with a careful transition, we believe that they can move to accessing spectrum via market mechanisms in the future. We will therefore award a single package of interleaved spectrum to a licensee who will act as a band manager. To help PMSE users with the transition to market mechanisms, we will use criteria designed to ensure that the band manager's interests are aligned with those of PMSE users. The band manager will pay a charge for the spectrum based on Administered Incentive Pricing and will be able to earn revenue by charging its customers for access. But regulation will ensure that it has to meet reasonable demand from PMSE users on fair, reasonable and non-discriminatory terms. So long as these obligations are met, the band manager will be able to allow others to make use of its spectrum. We have also

[1] See www.ofcom.org.uk/consult/condocs/ddr/statement/statement.pdf.

decided that channel 69 should continue to be available for PMSE use and to promote greater licence-exempt use of channel 70 for PMSE, in the interests of community users.

We subsequently published a statement on 16 January 2008 that looked specifically at access to interleaved spectrum for PMSE after digital switchover.[2] This gave an initial indication as to which channels would be available for PMSE use and indicated that there would be sufficient spectrum in all but a very few locations. Even there, we believe that a workable solution can be found to satisfy PMSE demand for spectrum. We also provided an online tool that gives information on frequency availability by location.[3]

2) We recognise the importance that the new band manager is likely to attach to encouraging licensed use of this spectrum. We are considering how to address this issue in our consultation on the detailed design of this award, which we will publish in the spring. We are also assessing possible TUPE (Transfer of Undertakings Protection of Employment) obligations in respect of the Joint Frequency Management Group.

Best wishes

Ed.

Ed Richards

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[2] See www.ofcom.org.uk/consult/condocs/ddr/statement/statement2/statement.pdf.
[3] See www.jfmg.co.uk.