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The Times

December 22, 2005

UTV and Channel 4 weigh up bids for digital radio network

By Amanda Andrews

BROADCASTERS including UTV and Channel 4 are considering bids for a new national digital network of radio licences to be sold by Ofcom, the industry regulator.

It is thought that BT, Absolute Radio, the radio investor and consultancy group, Emap and Chrysalis, the radio groups, and Macquarie, the Australian private equity investor, are considering bids.

The regulator announced the sale of the licences yesterday. Its decision means that every part of the country eventually will be able to receive digital radio broadcasts. At present, 37 areas have no local digital stations, including Dumfries, Caernarfon and Northampton. Ofcom is not expected simply to award the licences to the highest bidder. Bidders will have to show a detailed business proposal and prove that they have the resources to invest in such a network.

UTV, which bought The Wireless Group, owner of TALKsport, from Kelvin MacKenzie in May, is keen to have a greater presence in UK radio and has confirmed that it is considering making an offer.

Media groups are most likely to make joint bids for the spectrum. Channel 4 already has held informal talks with Emap, owner of the Kiss and Magic stations, about making a joint offer for the network. It has not yet decided if it will team up with Emap and will be speaking to other media groups. Channel 4 already has a 51 per cent stake in OneWord, a radio station on the Digital One national network.

BT said that it is considering bidding for the new digital radio spectrum. The company wants extra digital capacity for new services such as its Livetime joint venture pilot project with Vodafone, which broadcasts live television and radio on mobile phones.

A BT spokesman said: "BT Livetime is evaluating a number of options which could enable it to expand its range of mobile broadcast services in the future. These options include bidding for future digital spectrum."

Ofcom is keen to avoid a possible legal dispute with GCap Media, the country's largest commercial radio group and majority shareholder in the Digital One national network. GCap has threatened to sue Ofcom if it goes ahead with the new national digital network in competition with Digital One.

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A GCap spokesman said: "This decision is disappointing, but by no means a surprise. It is unhelpful that this announcement has been made just two days before Christmas. As there is no appeals process in the regulatory framework, our only option may still be a judicial review."

A national digital network could prove attractive to international media players, such as Emmis Communications, the American radio group, and RTL, the German media giant.

MAKING WAVES

- Ofcom says that it will plug the gaps in digital radio coverage by making spectrum available for new local and national groups of radio licences
- Every part of the country will be able to receive digital radio broadcasts, although at present 37 areas have no local digital stations
- The release of new spectrum will lead to the creation of new digital radio stations
- The present national digital network, Digital One, is a joint venture backed by GCap and NTL

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