VOLUNTARY EXPLANATORY MEMORANDUM TO THE JOINT COMMITTEE ON STATUTORY INSTRUMENTS

THE WIRELESS TELEGRAPHY (LICENCE CHARGES) (AMENDMENT) REGULATIONS 2014

2014 No. 1295

1. 1.1 This voluntary explanatory memorandum, which is not to be laid before Parliament, has been prepared by the Office of Communications ("OFCOM").

1.2 This memorandum contains information for the Joint Committee on Statutory Instruments.

2. Purpose of the instrument

2.1 OFCOM manages the electromagnetic spectrum. Under the Wireless Telegraphy Act 2006 ("the 2006 Act"), OFCOM grants licences for the use of spectrum and prescribes the fees payable for such licences. This instrument varies by regulations the fees payable to OFCOM for some licences to use the spectrum for wireless telegraphy, introduces three new licence classes and makes minor amendments to certain other licence classes. This is achieved by amending the regulations made in 2011, which were themselves amended in 2013 (the "2013 Regulations"), which set out the majority of the fees payable for the use of spectrum.

3. Matters of special interest to the Joint Committee on Statutory Instruments

3.1 This instrument increases the existing fees payable for certain Aeronautical licence classes. The increases are a result of OFCOM policy decisions to phase in fee increases for certain Aeronautical licence classes over a number of years. The impacts of these proposals were outlined in our voluntary memorandum to the Joint Committee on Statutory Instruments that OFCOM submitted regarding the Wireless Telegraphy (Licence Charges) (Amendment) Regulations 2012 (S.I. 2012/1075). A copy of which is provided in Annex B of this document.

3.2 This instrument implements the third phase maximum fee cap payable for the following licence classes in the Aeronautical sector –

- Aeronautical Station (Aeronautical Broadcast)
- Aeronautical Station (Aircraft Communications Addressing and Reporting System)
- Aeronautical Station (Air/Ground, Aerodrome Flight Information Service and Tower)
- Aeronautical Station (Area Control)
- Aeronautical Station (Approach)
- Aeronautical Station (Very High Frequency Data Link)

3.3 It also introduces new fee rates for Point to Point Fixed Links in the bands 71.125 to 73.125GHz and 81.125 to 83.125GHz, as well as introducing fees for the following Broadcasting licences, which have not previously been charged for:

- National Digital Terrestrial Television (DTT) multiplexes;
- Local Television DTT multiplex; and
- Northern Ireland DTT multiplex.

3.4 Additionally, it reflects the liberalisation of spectrum rights of use by making editorial changes to remove references to 2G and 3G technologies in the following licence classes:

- Public Wireless Networks (2G and 3G Cellular Operator – Guernsey);
- Public Wireless Networks (2G and 3G Cellular Operator – Jersey); and
- Public Wireless Networks (2G and 3G Cellular Operator – Isle of Man).

3.5 All fees for wireless telegraphy licences received by OFCOM are paid into the appropriate Consolidated Fund by the Department of Culture, Media and Sport.

4. Legislative Context

4.1 OFCOM grants wireless telegraphy licences to licensees under section 8 of the 2006 Act. Under sections 12 and 13 of that Act, OFCOM can charge fees for such licences.

4.2 To charge such fees, OFCOM must make regulations.

4.3 This instrument is not subject to any parliamentary procedure under the 2006 Act and is not to be laid before Parliament.

5. Territorial Extent and Application

5.1 This instrument applies to all of the United Kingdom.

5.2 This instrument also applies to the Islands. OFCOM have consulted on their proposals also with the authorities of the Islands, which have consented to the proposals.

6. European Convention on Human Rights

Not applicable.

7. Policy background

Law and policy

7.1 OFCOM's spectrum pricing policy is not to raise revenue as such. One function of licence fees under the 2006 Act is to recover OFCOM's costs incurred in connection with the management of the electromagnetic spectrum. However, under section 13(2) of the 2006 Act, OFCOM may prescribe sums greater than those necessary for recovering such costs. One way the prescription of such greater fees is justified is as follows.

7.2 Under section 3 of the 2006 Act, in performing its spectrum management functions, OFCOM must have regard, in particular, to:

- the extent to which the spectrum is available for use or further use, for wireless telegraphy;
- the demand for use of that spectrum for wireless telegraphy;
- the demand that is likely to arise in future for the use of that spectrum for wireless telegraphy; and
- the desirability of promoting the efficient management and use of the spectrum available for wireless telegraphy, the economic and other benefits that may arise from such use, the development of innovative services, and competition in the provision of electronic communications services.

7.3 OFCOM may therefore charge licence fees greater than those necessary to recover OFCOM's costs in order to promote efficient spectrum use.

7.4 One consequence of a high demand for certain areas of spectrum is that it raises that spectrum's value. To promote its efficient use, the licence fees for that spectrum may be increased. This form of spectrum pricing is known as 'Administered Incentive Pricing' ("AIP").

7.5 AIP signals to spectrum users the value of the spectrum resource they are using or could use. It therefore creates an incentive for users only to use spectrum they value as highly as any other potential user. This implies that those to whom spectrum is worth less than AIP will not have the incentive to use it and will give it up (or not seek to use it). In other words, AIP promotes the efficient use of radio spectrum by creating incentives that ultimately lead to the allocation of spectrum to those who value it most.

Aeronautical

7.6 In broad terms, the way in which the majority of the AIP-based fees are calculated for licences reflects the area or volume of airspace within which the provision of a wireless telegraphy service is authorised to the exclusion of other users.

7.7 To reduce the impact that applying the full rate of AIP fees would have on stakeholders OFCOM therefore took the decision to phase in the changes in fees over a 5-year period for Aeronautical licences.

7.8 A maximum fee cap was placed in the regulations for Aeronautical and each year the fee cap is to increase until after five years the full AIP fee applies. This instrument implements the third phase of this process.

Point to Point Fixed Links

7.9 On 21 August 2013 OFCOM published a consultation ("*Review of the Spectrum Management Approach in the 71 – 76 GHz and 81 – 86 GHz bands*") proposing changes to the management and authorisation approach within the 71 – 76 GHz and 81 – 86 GHz bands. Following that consultation, OFCOM decided to apply a mixed management approach to the bands by making the 71.125 – 73.125 GHz and 81.125 – 83.125 GHz portions of the bands available for Point to Point Fixed Links under an OFCOM co-ordinated approach. As a result, OFCOM is now applying new interim AIP - based licence fees for those portions of the bands, subject to the forthcoming Fixed Links Fees Review. These fees are derived from the current AIP fees applicable for Point to Point Fixed Links in Ofcom managed spectrum.

Broadcasting

7.10 In September 2013, OFCOM consulted on a proposed framework for setting fees for spectrum licences under the 2006 Act where such fees are cost based. As part of this consultation, it made specific proposals for setting cost based fees for DTT multiplexes. In March 2014, OFCOM confirmed its decision to adopt the proposed framework and to implement 2006 Act cost based fees for the following DTT multiplexes:

- National DTT multiplexes;
- Local TV DTT multiplex; and
- Northern Ireland DTT multiplex.

Public Wireless Networks

7.11 In order to facilitate technological neutrality, OFCOM decided to remove references to specific technologies (2G and 3G) in the Public Wireless Network licence classes. This will

allow operators to make their own decisions regarding which services to provide in which bands.

8. Consultation outcome

8.1 OFCOM has previously consulted publicly, and made decisions, on the policy behind the main changes to licence fees made by this instrument, including the use of AIP. The Wireless Telegraphy (Licence Charges) (Amendment) Regulations 2012 implemented the first phase of applying AIP to the aeronautical licence classes as described in 3.3.

8.2 As required by the 2006 Act, in March 2014, OFCOM consulted on making this instrument by publishing a statutory notice of the proposal to do so, annexing a draft of the regulations. In the notice, OFCOM explained in detail the changes in the proposed regulations compared to the 2011 Regulations, including details of the fee changes for certain licences and the introduction of fees for some new licence classes (see the document entitled "Notice of proposals to make the Wireless Telegraphy (Licence Charges) Amendment Regulations 2014", available on OFCOM's website).

8.3 OFCOM received four responses to this consultation. The responses and OFCOM's views on it will be set out in detail in a document entitled "Decision to make the Wireless Telegraphy (Licence Charges) (Amendment) Regulations 2014," which will be made available on OFCOM's website (www.ofcom.org.uk).

9. Guidance

9.1 Guidance and publicity on the instrument is in the document referred to in paragraph 8.3 above and available on OFCOM's website. Guidance on relevant licence fees is also available to stakeholders and the public on OFCOM's website.

10. Impact

10.1 An Impact Assessment is attached to this memorandum (see Annex C) and is available to the public from the OFCOM Library at Riverside House, 2a Southwark Bridge Road, London SE1 9HA (Tel: 020 7981 3000). Copies of that assessment have also been placed in the library of the House of Commons.

11. Regulating small business

11.1 The legislation applies to small business.

11.2 To minimise the impact of the requirements on smaller licensees, which would include firms employing up to 20 people, OFCOM consulted on phasing in the introduction of AIP-based fees for Aeronautical licences. In light of stakeholders' responses, OFCOM decided to introduce the increases in the relevant fees for an aeronautical ground station over five years. The increases introduced by this instrument represent the third phase of that five year period.

12. Monitoring & review

12.1 OFCOM has consulted on and decided against periodic fees reviews (see the statement, "SRSP: The revised Framework for Spectrum Pricing" of 17 December 2010 (on our website at www.ofcom.org.uk). OFCOM will evaluate the effectiveness of fee rates based on AIP. OFCOM will do this by collecting and assessing evidence that users are changing their spectrum requirements, or congestion and demand in a band or location is worsening, or spectrum is not used, or used only to a small extent, for a considerable time.

12.2 OFCOM will propose a fee review only where the evidence suggests one would be justified. This will include evidence of a likely and sufficiently material misalignment between current fees and the opportunity cost of the spectrum for fees based on AIP, or

between current fees and OFCOM's spectrum management costs for cost-based fees. If OFCOM think there is a case for a fee review we will generally seek views on the need for it from stakeholders when consulting on OFCOM'S Annual Plan.

13. Contact

13.1 OFCOM's Paul Chapman (tel: (020) 7981 3069 or e-mail: Paul.Chapman@ofcom.org.uk) or Philip Hogg (tel: (020) 7783 4408 or e-mail: Lucy.Smith@ofcom.org.uk), can answer any queries regarding the instrument.

Annex A

Detailed information on proposed fee changes for information for the Joint Committee on Statutory Instruments.

Current licence class	New fee (annual unless indicated)	Old fee (annual unless indicated)	Comments and further changes planned (where relevant)
Aeronautical Station (Aeronautical Broadcast) Aeronautical Station (Aircraft Communications Addressing and Reporting System) Aeronautical Station (Approach) Aeronautical Station (Area Control)	AIP-based bespoke fee with a £1000 maximum cap for a licence of use of a 8.33kHz channel, or a £3000 maximum cap for a licence of use of a 25kHz channel, subject to a minimum fee of £75	AIP-based bespoke fee with a £650 maximum cap for a licence of use of a 8.33kHz channel, or a £2000 maximum cap for a licence of use of a 25kHz channel, subject to a minimum fee of £75	This is Phase 3 of a 5 year fee increase
Aeronautical Station (Air/Ground, Aerodrome Flight Information Service and Tower)	AIP-based bespoke fee with a £400 maximum cap for a licence of use of a 8.33kHz channel, or a £1200 maximum cap for a licence of use of a 25kHz channel, subject to a minimum fee of £75	AIP-based bespoke fee with a £150 maximum cap for a licence of use of a 8.33kHz channel, or a £500 maximum cap for a licence of use of a 25kHz channel, subject to a minimum fee of £75	As above
Aeronautical Station (Very High Frequency Data Link)	AIP-based bespoke fee with a £3000 maximum cap for a licence of use of a 25 kHz channel, or a £6000 maximum cap for a licence of use of a 50 kHz channel, subject to a minimum fee of £75	AIP-based bespoke fee with a £2000 maximum cap for a licence of use of a 25 kHz channel, or a £4000 maximum cap for a licence of use of a 50 kHz channel, subject to a minimum fee of £75	As above
Point to Point Fixed Links 71.125GHz to 73.125GHz and 81.125GHz to 83.125GHz	(a) £100 for each channel with a bandwidth of less than 250MHz; and (b) £225 for each 250MHz of bandwidth for channels of more than or equal to 250MHz.	Previously, licence charges were calculated in accordance with the formula set out in Part 1 of Schedule 3 of the Wireless Telegraphy (Licence Charges) Regulations 2011.	OFCOM consulted on its proposals to implement an interim fee for the 71 – 76 and 81 – 86 GHz bands in advance of the upcoming Fixed Links Fees Review.

National DTT Multiplexes	£188,000	N/A	New licence class
Local TV DTT Multiplex	£11,950	N/A	New licence class
Northern Ireland DTT Multiplex	£3360	N/A	New licence class
Public Wireless Networks (2G and 3G Cellular Operator – Guernsey)	N/A	N/A	References to specific technologies (2G and 3G) are being removed from the licence classes, while leaving the level of the fees unchanged.
Public Wireless Networks (2G and 3G Cellular Operator – Jersey)	N/A	N/A	As above.
Public Wireless Networks (2G and 3G Cellular Operator – Isle of Man)	N/A	N/A	As above.

Annex B

VOLUNTARY EXPLANATORY MEMORANDUM TO THE JOINT COMMITTEE ON STATUTORY INSTRUMENTS

THE WIRELESS TELEGRAPHY (LICENCE CHARGES) AMENDMENT REGULATIONS 2012

2012 No. 1075

1. 1.1 This voluntary explanatory memorandum, which is not to be laid before Parliament, has been prepared by the Office of Communications ("OFCOM").

1.2 This memorandum contains information for the Joint Committee on Statutory Instruments.

2. Purpose of the instrument

2.1 OFCOM manages the electromagnetic spectrum. Under the Wireless Telegraphy Act 2006 ("the 2006 Act"), OFCOM grants licences for the use of spectrum and prescribes the fees payable for such licences. This instrument varies by regulations the fees payable to OFCOM for some licences to use the spectrum for wireless telegraphy and introduces new licence classes and fees for the aeronautical sector. This is achieved by amending the regulations made in 2011 (the "2011 Regulations"), which set out the majority of the fees payable for the use of spectrum. This instrument makes some further amendments to the 2011 Regulations to correct minor errors contained in those regulations.

3. Matters of special interest to the Joint Committee on Statutory Instruments

3.1 This instrument increases the existing fees payable for some licences, as well as introducing new fees for new classes of licence. The reasons why are explained in section 7 below.

3.2 This instrument increases the fees payable for two licence classes belonging to the maritime sector (the "Coastal Station Radio (International)" and the "Coastal Station Radio (UK)" licence classes) where the licence authorises the licensee to use the electromagnetic spectrum in a heavily congested, or highly populated, area. In particular, the fee payable for a Coastal Station Radio (International) licence is increased by 50% where the licence authorises wireless telegraphy within a small or medium coverage area. In case of a large coverage area, the fee is increased by 75%. The fee payable for a Coastal Station Radio (UK) licence is increased by 37% where the licence authorises wireless telegraphy within a medium coverage area. In case of a large coverage area, the fee is increased by 82%.OFCOM estimates that the overall impact of these variations will be an increase in total fee payments of between £90,000 and £100,000 per year.

3.3 This instrument introduces a new set of licence classes for uses of the electromagnetic spectrum associated with an aeronautical ground station. This instrument retains the (previous) existing licence classes for an aeronautical ground station set out in the 2011 Regulations in order to allow OFCOM sufficient time to issue new licences which replace the corresponding existing licences when a licence expires and is due for renewal.

3.4 In most cases, the fees introduced by this instrument for the new licence classes relating to an aeronautical ground station are higher than the fees payable for the corresponding existing licence classes. OFCOM estimates that the impact on the industry as a whole will be an increase of about £3.5m per year at the end of the five years during which increases will be phased in. For clarity, the amendments to the 2011 Regulations introduced by this instrument concerns only the first year of the phasing-in planned by OFCOM. OFCOM

plans to introduce further increases in the following years. Some licensees will have the option of mitigating the effect of these increases by requesting to OFCOM a reduction in the volume of airspace within which the licence authorises them to provide a specific service by means of wireless telegraphy.

3.5 Annex A to this memorandum describes the increases in the level of fees in more detail. It also explains for which licences OFCOM have introduced fees and specifies those for which OFCOM currently have plans to increase fees in future.

3.6 All fees for wireless telegraphy licences received by OFCOM are paid into the appropriate Consolidated Fund by the Department of Culture, Media and Sport.

3.7 This instrument is not formally subject to the 21-day rule. Nonetheless, OFCOM seeks to adhere closely to that rule. This instrument comes into force on the twenty-second day after it is made.

4. Legislative Context

4.1 OFCOM grant wireless telegraphy licences to licensees under section 8 of the 2006 Act. Under sections 12 and 13 of that Act, OFCOM can charge fees for such licences.

4.2 To charge such fees, OFCOM must make regulations.

4.3 This instrument is not subject to any parliamentary procedure under the 2006 Act and is not to be laid before Parliament.

5. Territorial Extent and Application

5.1 This instrument applies to all of the United Kingdom.

5.2 This instrument also applies to the Islands. OFCOM have consulted on their proposals also with the authorities of the Islands, which have consented to the proposals.

6. European Convention on Human Rights

Not applicable.

7. Policy background

7.1 OFCOM's spectrum pricing policy is not to raise revenue as such. One function of licence fees under the 2006 Act is to recover OFCOM's costs incurred in connection with the management of the electromagnetic spectrum. However, under section 13(2) of the 2006 Act, OFCOM may prescribe sums greater than those necessary for recovering such costs. One way the prescription of such greater fees is justified is as follows.

7.2 Under section 3 of the 2006 Act, in performing its spectrum management functions, OFCOM must have regard, in particular, to:

- the extent to which the spectrum is available for use or further use, for wireless telegraphy;
- the demand for use of that spectrum for wireless telegraphy;
- the demand that is likely to arise in future for the use of that spectrum for wireless telegraphy; and
- the desirability of promoting the efficient management and use of the spectrum available for wireless telegraphy, the economic and other benefits that may arise from such use, the

development of innovative services, and competition in the provision of electronic communications services.

OFCOM may therefore charge licence fees greater than those necessary to recover OFCOM's costs in order to promote efficient spectrum use.

7.3 One consequence of a high demand for certain areas of spectrum is that it raises that spectrum's value. To promote its efficient use, the licence fees for that spectrum may be increased. This form of spectrum pricing is known as 'Administered Incentive Pricing' ("AIP").

7.4 AIP signals to spectrum users the value of the spectrum resource they are using or could use. It therefore creates an incentive for users only to use spectrum they value as highly as any other potential user. This implies that those to whom spectrum is worth less than AIP will not have the incentive to use it and will give it up (or not seek to use it). In other words, AIP promotes the efficient use of radio spectrum by creating incentives that ultimately lead to the allocation of spectrum to those who value it most.

7.5 The regulations made by this instrument introduce AIP for the majority of the new licence classes for an aeronautical station.

7.6 In broad terms, the way in which the majority of the new AIP-based fees are calculated reflects the volume of airspace within which the provision of a wireless telegraphy service is authorised to the exclusion of other users.

7.7 This instrument also continues to set the fees for some licences on an OFCOM cost-recovery basis, as under the 2011 Regulations. In particular, the fee for an Aeronautical Station (High Frequency) licence, which will continue to be £350, and the fee for an Aeronautical Station (Recreational Aviation) licence, which will be increased from £25 (being the fee payable for the an Aeronautical Ground Station (General Aviation) licence) to £75.

7.8 The fees for a Broadcasting Services (Transmission of National and Regional Analogue Television Broadcasts – BBC) licence and a Broadcasting Services (Transmission of National and Regional Analogue Television Broadcasts – Independent Television Networks) licence, which are based on cost-recovery, are reduced. Beginning in 2009, we decided to reduce the licence cost associated with these two licences classes because of the migration from analogue to digital broadcasting of television services as part of Digital Switchover (DSO).

8. Consultation outcome

8.1 OFCOM has previously consulted publicly, and made decisions, on the policy behind the main changes to licence fees made by this instrument, including the use of AIP.

8.2 In particular, OFCOM consulted on applying AIP to Maritime licence fees in August 2009, receiving 47 written responses. These gave a mixed response to AIP, with some opposition on the basis that it would not materially alleviate the shortage of available channels for some licence classes. In June 2010, OFCOM published a statement that recorded its decision to introduce AIP for some Maritime licence classes, notwithstanding the lack of universal support for doing so. OFCOM considered that doing so is consistent with the duty to secure the efficient use of spectrum as set out in section 7 above.

8.3 In July 2008, OFCOM published an exploratory consultation document which considered whether spectrum fees based on AIP principles should be applied to the aeronautical and maritime sectors. A second consultation document, including detailed proposals for specific licence classes, was published in December 2009. Following the consultation, in December 2010, OFCOM published a statement where it announced its decision to apply AIP-based fees to most types of aeronautical ground station services. The December 2010 statement set out the fee to apply to each class of licence and a timetable for

phasing in fee changes gradually during the period to May 2016. However, after receiving representations from stakeholders in March 2011, OFCOM published a further consultation on the pricing of aeronautical licences. This set out the proposed formulae for determining the AIP-based fees for certain licences classes for an aeronautical ground station so that such fees would be proportionate to the extension of the volume of airspace within which the licence authorises the licensee to provide a specific service by means of wireless telegraphy. The fees calculated in accordance with this method are referred to as "bespoke" fees, whereas the others AIP-based fees are referred to as "generic" fees. OFCOM received 10 written responses to consultation. The responses supported the revised "bespoke approach" compared with the previous proposal. In June 2011, OFCOM published a statement confirming that it was to go ahead with the bespoke approach for some licence classes.

8.4 Finally, in January and February 2012, OFCOM consulted on making this instrument by publishing a statutory notice of the proposal to do so, annexing a draft of the regulations. In the notice, OFCOM explained in detail the changes in the proposed regulations compared to the 2011 Regulations, including details of the new fees for certain licences and the introduction of fees for some new licence classes (see the document entitled "Notice of proposals to make the Wireless Telegraphy (Licence Charges) Amendment Regulations 2012", available on OFCOM's website).

8.5 OFCOM received 7 responses to this final consultation. Those responses and OFCOM's views on them are set out in detail in a document entitled "Decision to make the Wireless Telegraphy (Licence Charges) Amendment Regulations 2012," available on OFCOM's website (www.ofcom.org.uk).

9. Guidance

9.1 Guidance and publicity on the instrument is in the document referred to in paragraph 8.5 above and available on OFCOM's website. Guidance on relevant licence fees is also available to stakeholders and the public on OFCOM's website.

10. Impact

10.1 The impact on business, charities or voluntary bodies is limited overall. Most licence fees will remain unchanged from the 2011 Regulations. For business, the principal impacts are summarised in section 3 above. For voluntary bodies that are not charities the impact is the same as for business. For registered charities whose object is the safety of human life in an emergency the impact is more limited as these are subject to a 50 percent discount on fees.

10.2 The impact on the public sector is a reduction in the fee payable by the BBC for a Broadcasting Services (Transmission of National and Regional Analogue Television Broadcasts – BBC) licence from £283,073 to £44,944 (see also paragraph 7.8 above). The other wireless telegraphy licences operated by public bodies which are affected by this statutory instrument are those for Maritime uses. The Maritime and Coastguard Agency use frequencies covered by the coastal station radio (International and UK) licences. Although this statutory instrument increases, in some cases, the fee payable for these licences, the 2011 Regulations contain a provision that means that use is free of charge.

10.3 An Impact Assessment is attached to this memorandum (see Annex B) and is available to the public from the OFCOM Library at Riverside House, 2a Southwark Bridge Road, London SE1 9HA (Tel: 020 7981 3000) and on OFCOM's website (www.ofcom.org.uk). Copies of that assessment have also been placed in the libraries of both Houses of Parliament.

11. Regulating small business

11.1 The legislation applies to small business.

11.2 To minimise the impact of the requirements on smaller licensees, which would include firms employing up to 20 people, OFCOM consulted on phasing in the introduction of AIP-based fees for Maritime and Aeronautical licences (see 8.2. and 8.3 above). In light of stakeholders' responses, OFCOM decided to introduce the increases in the relevant fees for an aeronautical ground station over five years. The increases introduced by this instrument represent the first phase of that 5-year period. Likewise, OFCOM decided to increase the fees payable for maritime licences over a period of 3 years. The increase in the fees payable for the Coastal Station Radio (International) and the Coastal Station Radio (UK) licence classes introduced by this instrument represent the second phase of that 3-year period.

11.3 The basis for the final decision on what action to take to assist small business was based on OFCOM's analysis of the impact of fee changes on individual licensees. OFCOM commissioned independent consultants to assist it to make a detailed assessment of those impacts.

12. Monitoring & review

12.1 OFCOM has consulted on and decided against periodic fees reviews (see the statement, "SRSP: The revised Framework for Spectrum Pricing" of 17 December 2010 (on our website at www.ofcom.org.uk). OFCOM will evaluate the effectiveness of fee rates based on AIP. OFCOM will do this by collecting and assessing evidence that users are changing their spectrum requirements, or congestion and demand in a band or location is worsening, or spectrum is not used, or used only to a small extent, for a considerable time.

12.2 OFCOM will propose a fee review only where the evidence suggests one would be justified. This will include evidence of a likely and sufficiently material misalignment between current fees and the opportunity cost of the spectrum for fees based on AIP, or between current fees and OFCOM's spectrum management costs for cost-based fees. If OFCOM think there is a case for a fee review we will generally seek views on the need for it from stakeholders when consulting on OFCOM'S Annual Plan.

13. Contact

13.1 OFCOM's Paul Chapman (tel: (020) 7981 3069 or e-mail: Paul.Chapman@ofcom.org.uk) or Selene Rosso (tel: (020) 7981 3674 or e-mail: Selene.Rosso@ofcom.org.uk), can answer any queries regarding the instrument.

Annex A

Detailed information on proposed fee changes for information for the Joint Committee on Statutory Instruments.

NOTE: In relation to the licences for an aeronautical station introduced by this instrument, we have compared each of them with the corresponding licences for an aeronautical ground station set out in Schedule 2 to the 2011 Regulations (see also paragraph 3.3 above). Due to the new classification of the licences for an aeronautical ground station introduced by this instrument, the current licence classes may correspond to one or more new licence classes. In each specific case, the identification of the new corresponding licence class to be applied for will be determined on the basis of the type of service provided by the licensee under the licence.

Sector	Current licence class	New description from May 2012	New fee (annual unless indicated)	Old fee (annual unless indicated)	Comments and further changes planned (where relevant)
Aeronautical	Aeronautical Ground Station (Air Traffic/ Ground Movement Control)	Aeronautical Station (Air/Ground, Aerodrome Flight Information Service and Tower)	AIP-based bespoke fee with a £100 maximum cap for a licence of use of a 8.33kHz channel, or a £350 maximum cap for a licence of use of a 25kHz channel, subject to a minimum fee of £75	£150	This is Phase 1 of a 5 year fee increase
		Aeronautical Station (Broadcast)	AIP-based bespoke fee with a £300 maximum cap for a licence of use of a 8.33kHz channel, or a £1,000 maximum cap for a licence of use of a 25kHz channel, subject to a minimum fee of £75		
		Aeronautical Station (Approach)			
		Aeronautical Station (Area Control)			
		Aeronautical Station (Aerodrome Surface and Operational Control)	AIP-based generic fee of £116.67 for each authorisation under a licence of use of a 8.33kHz channel for base station		
	Aeronautical Ground Station (Air/Ground Communications	Aeronautical Station (Air/Ground, Aerodrome Flight	AIP-based bespoke fee with a £100 maximum cap	£100	As above

Sector	Current licence class	New description from May 2012	New fee (annual unless indicated)	Old fee (annual unless indicated)	Comments and further changes planned (where relevant)
	Services)	Information Service and Tower)	for a licence of use of a 8.33kHz channel, or a £350 maximum cap for a licence of use of a 25kHz channel, subject to a minimum fee of £75		
	Aeronautical Ground Station (Airfield Flight Information Service)			£100	As above
	Aeronautical Ground Station (Operations Control)	Aeronautical Station (Aircraft Communications Addressing and Reporting System)	AIP-based bespoke fee with a £300 maximum cap for a licence of use of a 8.33kHz channel, or a £1,000 maximum cap for a licence of use of a 25kHz channel, subject to a minimum fee of £75	£250	As above
		Aeronautical Station (Very High Frequency Data Link)	AIP-based bespoke fee with a £1,000 maximum cap for a licence of use of a 25kHz channel, or a £2,000 maximum cap for a licence of use of a 50kHz channel, subject to a minimum fee of £75		
		Aeronautical Station (Aerodrome Surface and Operational Control)	AIP-based generic fee of £116.67 for each authorisation under a licence of use of a 8.33kHz channel for base station		
	Aeronautical Ground Station (General Aviation)	Aeronautical Station (Recreational Aviation)	£75	£25	No plan
	Aeronautical Ground Station (Fire)	Same name, but this instrument removes this licence class from	No fee (free of charge)	£25	No plan

Sector	Current licence class	New description from May 2012	New fee (annual unless indicated)	Old fee (annual unless indicated)	Comments and further changes planned (where relevant)
		the 2011 Regulations because no fee will be due			
	Aeronautical Ground Station (High Frequency)	Aeronautical Station (High Frequency)	£350	Same fee	No plan
	Aeronautical Ground Station (Offshore Platform)	Aeronautical Station (Offshore)	AIP-based generic fee of £116.67 for each authorisation under a licence of use of a 8.33kHz channel for base station, plus £75 if the licence authorises the use of one or more associated mobile stations	£250	No plan
	Aircraft	No change of licence name	£20, £150, £350 by aircraft weight per 36 months	Same fee, but per 12 months	No plan
	Aircraft (Transportable)	No change of licence name	£15 per 36 months	Same fee, but per 12 months	No plan
Broadcasting	Transmission of National and Regional Analogue Television Broadcasts	No change of licence name	£44,944 (BBC), £52,791 (Independent TV Networks)	£283,073 (BBC), £333,243 (Independent TV Networks)	Ongoing reductions until 2013 as part of Digital Switchover
Maritime	Coastal Station Radio (International)	No change of licence name	For a heavy congestion area: £75 for a small or medium area; £87.50 for a large coverage area	For a heavy congestion area: £50 for a small, medium or large coverage area	OFCOM consulted on proposals change the pricing of Maritime licences in 2009. This was in order to encourage efficient use of the spectrum. This is Phase 2 of a 3 year fee increase
	Coastal Station Radio (UK)	No change of licence name	For a high population area: £92.50 for a medium coverage area; £127.50 for a large coverage area	For a high population area: £67.50 for a medium coverage area; £70 for a large coverage area	As above