

Radio Communications Agency
Licensing Policy Unit
Wyndham House
189 Marsh Wall
London
E14 9SX

29th April 2002

ref: Response from FCS Mobile Radio Council to Consultation document - Spectrum Pricing Year 5

Dear Sir / Madam,

Introduction

The Federation of Communication Services (FCS) is the Trade Association of the mobile industry in the UK with autonomous groups representing each of the specific sectors of that industry. One such Group is the FCS Mobile Radio Council (MRC) which works closely with the regulatory authorities on issues related to the PMR two-way radio sector.

FCS has provided comments on previous consultations and is grateful for the opportunity to respond to the consultation document 'Spectrum Pricing - Year 5'.

Incentive Spectrum Pricing

MRC has always concurred with the underlying concept and principals contained in spectrum pricing namely to:

- create an equitable pricing structure for all spectrum users
- have licence fees based on an agreed unit tariff
- multiplied by the bandwidth used
- and the area of coverage required

This has worked well for nearly all users of PMR type services who have generally seen decreases in the annual licence fees and some modest and acceptable increases.

Response to Specific Items

The response to 'Spectrum Pricing Year 5' is limited to the two Chapters with proposals on PBR and PTNS (specifically CBS) Licences.

PBR Licences

In general the plans for changes in this licensing section continue to be applauded. There is however one aspect on which we wish to make further comment.

A response to the consultation on the implementation of a revised UK PMR General Licence was made and the following main points are reiterated:

The figure to be applied to the new three-year licence is so small that it:

- actually undermines the value of spectrum
- gives no confidence that the frequencies will be adequately 'policed' by the RIS
- presents an opportunity for the frequencies in future to be made licence exempt

PAMR Licenses - particularly CBS

Whilst, in regulatory terms, CBS comes under Public Networks as a third party provided service requiring a T-Act licence, in reality CBS functionality and method of operation displays all the qualities of a wide-area, mainly exclusive, PMR service.

The majority of CBS licensees across the UK have seen either no change or modest increases to their fees as a result of spectrum pricing implementation.

However, there are a small number of CBS operators, in heavily congested areas, who have already experienced more than a doubling of their licence fees since prior to the first stage. For reasons brought to your attention in earlier consultation this is simply not acceptable and the reasons why are again presented as follows:

Increases in licence fees are:

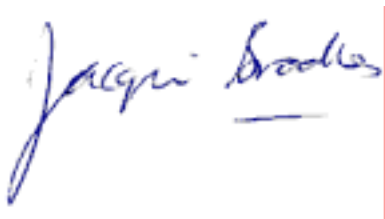
- eroding profit to the extent that none exists
- causing closure of services
- not freeing up spectrum as had been expected

CBS licensees are generally small enterprises who do not make significant profits in their CBS operations. They provide a unique communication service in many instances to similar types of businesses. There have already been closures of sites because of their financial non-viability. This is not good for the licence holder but is also not good for the users of that service who have to find capital investment and very often increase running costs, through no fault of their own, thus impacting on their small profit margins

One of the principles in the initial spectrum pricing strategy was that licence fee increases in some sectors, brought about by the application of administrative pricing would force non-users to relinquish their licence. A programme of monitoring to investigate lack of use of channels was also promised – again to establish non-users and to allow others who have a genuine need for channels and additional channels to be able to provide service. These points were made to last year's consultation.

We would like to submit one further simple argument in respect of those licensees in so-called heavily congested areas whose fees are to be raised to £1630.00 from July this year. Licence fee figures were based on an overall template covering the UK with three different levels of congestion, heavy, semi- and non- congested. The number of semi-congested areas has been increased but the revised calculation for all fees has not been applied. We would appeal that before the Secretary of State signs the Statutory Instrument to apply the next stage of Administrative Pricing a revision be made to ensure that fairness is applied to all licenses in this category.

Yours faithfully,



on behalf of the FCS Mobile Radio Council