



# **SPECTRUM PRICING: THIRD STAGE UPDATE AND CONSULTATION**

## **Appendix 1 Programme Making and Special Events**

Your views on the proposals set out in this document are sought by 9 February 2001. Comments should be sent to the address below. It would be helpful if lengthy written documents could be sent via email or on disk in Word 7:

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## **Programme Making and Special Events Sector**

- In autumn 1999 a document was produced entitled Spectrum Pricing: Implementing the Third Stage and Beyond. The document set out a way forward and an outline for further consultation for various sectors. Appendix 2 of the document specifically referred to the Programme Making and Special Events Sector. This set out the current position and availability of spectrum for Programme Making and Special Events (PMSE) and, how this is expected to develop over the next few years.
- Changes in spectrum use is considered likely over the coming years. In 1999 Smith Nera were commissioned to study in depth, spectrum demand for the PMSE sector over the next ten years. It was identified that for the PMSE sector it is likely that there will be an increase in demand in certain areas of the spectrum. The results also included a report on the feasibility of introducing economic value-based pricing into a number of licensing sectors including PMSE
- As described in the previous consultation, over the next few years forthcoming changes to the current PMSE spectrum will mean some bands will become less usable. However there will be new allocations in certain areas.
- The current fee structure has been in place since 1997 and, due to the introduction of spectrum pricing in others sectors of the Agency it is considered appropriate to review the present fee structure for the PMSE sector.
- E-Business is already prominent within Agency as well as the every day work of the Agency's current contractor, JFMG. It is envisaged that developments in this area will continue, with the view to increasing the availability of on-line licence applications and payments, thus ensuring that we continue to respond most effectively to the needs of the customer.

## PREVIOUS CONSULTATIONS

- In September 1999 a consultation document was produced and published on the background of future spectrum availability for the Programme Making and Special Events Sector and, the possible changes to the fee structure.
- In total 19 responses were received (annex 1). The responses covered all areas of the sector, including freelance sound recordists, production companies and large broadcasters.
- The two main areas of concern were the impact of spectrum pricing leading to increases to the fee structure and changes to spectrum supply.
  - a:** There was some confusion amongst respondents about the role of Spectrum Tariff Units (STU's) and the impact on fees. There was general concern that increases in licence fees would mean a rise in the number of unlicensed operators. There was general agreement that many would risk operating unlicensed and be prepared take the chance of being caught rather than pay higher fees.
  - b:** There was also general concern about the loss spectrum in the 2500MHz band and the loss of 11/12GHz band. Additional bands are under consideration but the timescales for implementation and the cost implications for migration of services are important factors to be recognised. It was felt that this will require careful management in order not to unduly restrict existing services.
- Following these comments and feedback, the Agency has decided therefore that it must conduct this further consultation with the industry during Autumn 2000, with a view to proposing a new fee structure for implementation in July 2001.

## **WAY FORWARD**

- The remainder of this document sets out proposals for change and invites views and comments on them. Other possible changes are also under consideration and draft proposals on these will be published at a later date.

## ***RADIO MICROPHONES***

- It has been recognised that the present form of licensing and charging for VHF and UHF shared frequencies for Radio Microphones is complicated and, that the current system for applying and issuing a license could be simplified.
- It is proposed to introduce a new scheme which, is designed to encourage a greater take-up of licensing that better reflects the actual utilisation, and hence the true value of the spectrum to the Programme Making & Special Events industry sector.
- The present licensing arrangements are considered inflexible and do not allow users the ability to switch between channels if required, without additional costs of further licence fees. This is in spite of the fact that equipment is often multi- channel and able to operate on a pool of channels.
- Due to the complexity of the current frequency specific licensing regime with fixed site/UK general options there is often confusion and uncertainty over the required fee.
- Radiomicrophones are no longer limited to the professional or the broadcast market, and the greater demand has resulted in the availability of low cost equipment. Consequently the annual cost of a multi-channel radiomicrophone licence is significant when compared to the cost of the equipment.
- To ensure the Agency is able to target specific users in the event of changes to spectrum allocations it is considered necessary to keep UHF and VHF licences separate. This would ensure that affected users could be identified and contacted in within a short timescale.
- At present there is a distinction between the licensing and fee arrangements for own users and for hirers. Although this attempts to reflect the volume of equipment in use, in practice it is an arbitrary distinction since a large user may own a large volume of equipment but qualifies for own-use in the same way as a freelance sound recordist who operates just one or two microphones. It is proposed that this anomaly be removed.
- Views are therefore sought on the proposed changes to Radiomicrophone licensing and, to a uniform annual licence fee for VHF and UHF shared frequencies (annex b and c). Additionally to ensure the administrative burden

of licence renewal for users is reduced and, at the same time maintaining a sufficiently tight record of users it is proposed that there will be the opportunity to hold a licence for a period of either 1 or 2 years.

### **REQUEST CHANNELS (SEASON TICKETS)**

- It is considered that the existing method of applying for 'season tickets' is not easily understood and is therefore a burden on the customer. It is also felt that the whole area of season tickets could be simplified to the benefit of the customer as well as ensuring that applications could be dealt with more efficiently.
- At present, the customer is unable to establish the exact licence fee relevant to their licence application when the form is being completed. This is because the cost is unknown until the calculation of the frequency request is completed.
- Under the present system, the overall cost-per-assignment can be highly variable. This is because the total fee paid is dependent on the profile of the customer's operation. This is not compatible with spectrum pricing where, the aim is to ensure that the fee paid reflects the actual demand for spectrum.
- Also, many customers have no realistic opportunity to know when their season tickets have been fully utilised and therefore, that they have been correctly charged for topping-up with occasional (i.e. pay-as-you-go) assignments.
- Season Tickets are often misunderstood as a mechanism for priority access to particular frequencies, rather than a pre-payment system.
- Views are requested on draft proposals for the introduction of a 'Carnet' system, which would be more easily understood. It is proposed to give a fixed fee for each assignment irrespective of an individual customer's operation profile, thus ensuring costs for the customer are always predictable. The proposed changes would also allow a proper audit trail of the number of tokens used out of the total number purchased. It is envisaged that the proposed new system would be much simpler to understand than the existing system and would therefore be more attractive to a wider range of customers.

### **NEWS REPORTING TARIFF**

- In 1997 the three tiered approach was considered necessary to accommodate the required range of assignments.
- Experience has been that the spectrum impact of local assignments is often just as significant as wider operations. Whilst we have encouraged the use of lowest feasible power to limit outgoing interference, many users have experienced coverage difficulties and requested transmitter powers that are more appropriate for wider areas of operation.

- We propose that the 10 categories of Local Primary (Area Secondary) use assignment are withdrawn. These would be replaced with a revised Area category that caters for areas with a population up to 2,000,000 individuals.
- These proposals if implemented will be reviewed further and subsequently additional changes may be put forward at a later date.

### **PREMIUM HOURS CHARGE**

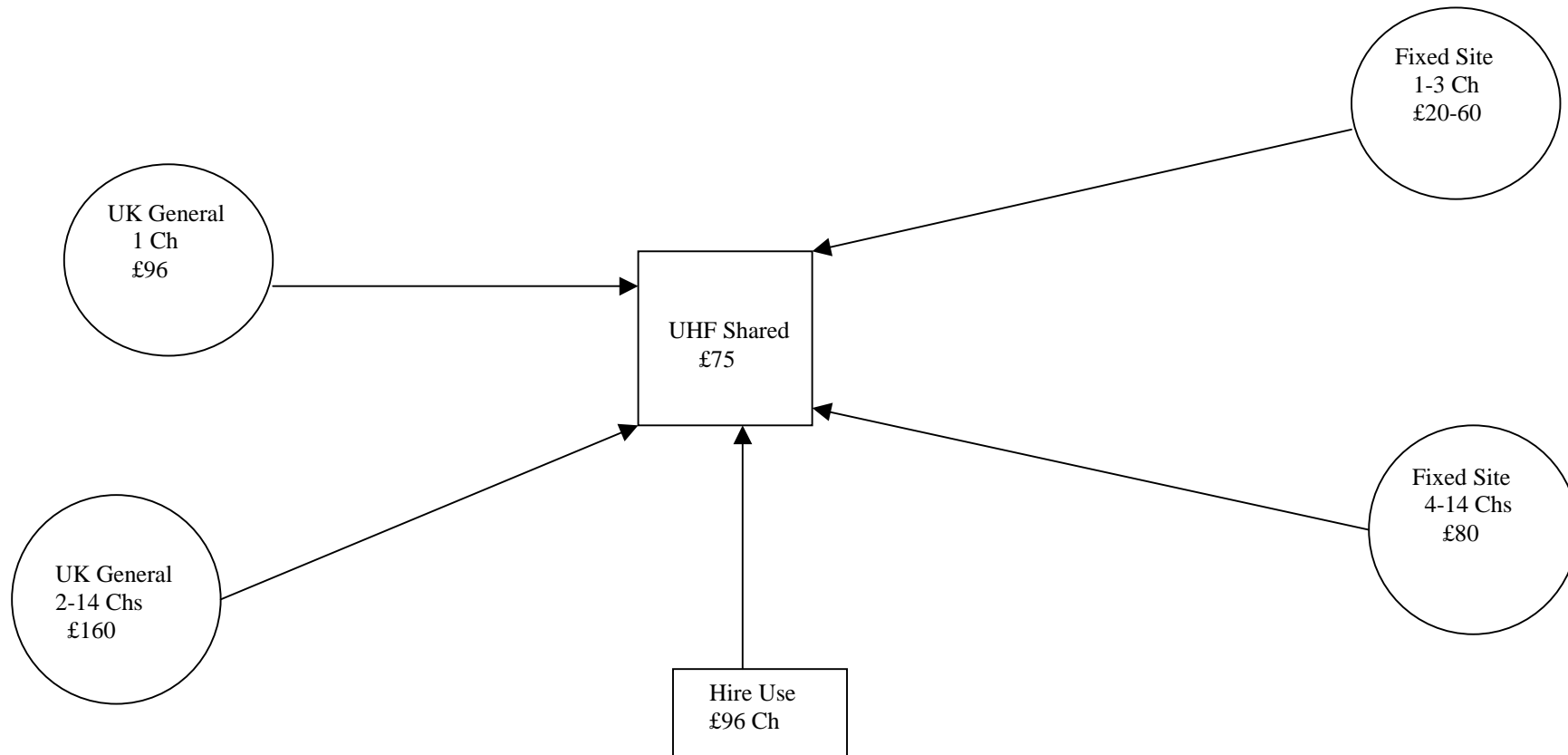
- At present the existing system of charging a premium rate fee for an out of hours request is made when a call is received for a frequency assignment outside of normal working hours (9.00-17.00 Monday to Friday). At present a fixed charge is made of £50 for each frequency requested out of hours. It is proposed that this charge be modified so that a fee for each schedule is charged rather than each frequency. It is also proposed that the fee be increased to £55. For customers applying for more than one assignment this increase would be offset against the alternative method of charging and, would therefore dramatically reduce the fee payable.

## **Annex a – Respondents to the previous consultation**

**Association of Motion Pictures**  
**Audio Plan**  
**BBC**  
**BECTU**  
**Carlton TV**  
**Derek Connolly**  
**Direct Co**  
**JFMG**  
**Gigawave**  
**Global TV**  
**Granada TV Ltd**  
**HTV**  
**David Hall**  
**Infocus**  
**Nitelites**  
**Nitelites (second submission)**  
**Richard Spong**  
**David Stephenson**  
**Stuart Wilson**

Copies of these responses may be found on the RA website [www.radio.gov.uk](http://www.radio.gov.uk)

## UHF Shared Frequencies for Radiomics Existing and Proposed New Annual Fee



## VHF Shared Frequencies for Radiomics Existing and Proposed New Annual Licence Fee

