

Question 1: Do you consider that our proposed fee rates for licences in the aeronautical VHF frequencies are appropriate?:

The revised figures in the second consultation are more realistic than those proposed initially, especially when the congestion area discounts are applied; HIAL is also reassured to note that the proposal to apply AIP to Nav aids has been abandoned as this was a major cause for concern. Notwithstanding these improvements, HIAL is still fundamentally opposed to the application of AIP to the aviation sector.

Highlands and Islands Airports Limited (HIAL) is a company wholly owned by the Scottish Ministers and is sponsored by the Scottish Government Transport Directorate. The company's purpose is to maintain the safe operation of its airports, and to support economic and social development in the Highlands and Islands. As such, many of our Airports are in extremely remote island locations where there is little or no demand for aviation spectrum; these Airports provide a lifeline service to the local communities and are heavily subsidised*, so any increase in costs cannot be passed on to the users. At these locations therefore, we feel that the application of AIP is neither justified nor beneficial. With budgetary constraints it might also lead to a situation where frequencies have to be surrendered to cut costs which could impact on safety; these frequencies are unlikely to be required or used by other users.

*Many of the routes operated from our Airports are run under the auspices of a Public Service Obligation and are subsidised by Government, as a result of this we are not able to pass on any additional costs.

Question 2: In devising our revised proposals, have we identified all of the aeronautical uses of VHF communications frequencies which require a distinct approach to fee setting, as set out in tables 5 and 6?:

Basically yes, however where an Airport's primary function is to support the aforementioned lifeline services our belief is that they should either be exempt or more heavily discounted.

As an example, one of our Airports – Campbeltown – is located on the Mull of Kintyre and is thus very remote. In the financial year 2009/2010, 9275 passengers used Campbeltown, many of these for hospital visits in Glasgow and the like. Campbeltown operates using 1 frequency "Campbeltown Information" and according to the OFCOM AIP consultation document it is situated in the "high congestion" area and therefore no discount is applied. This effectively means that Campbeltown is paying the same per frequency as Heathrow.

Question 3: Do you agree with our proposal not to charge any fees for Fire assignments?:

Yes.

Question 4: Do you agree with our proposal to set a £75 fee for licences in any of the sporting frequencies?:

Not applicable to HIAL so unable to comment.

Question 5: Do you agree with our proposal to set an annual fee of £19,800 per ACARS or VDL assignment, with no variation related to the number of transmitters?:

Not applicable to HIAL so unable to comment.

Question 6: Do you consider that our proposed approach to phasing in fees for use of the aeronautical VHF communications channels are appropriate? If there are particular reasons why you consider that any user or group of users would need longer phasing-in periods, please provide any supporting evidence for us to consider. Specifically, do you have any evidence for us to consider that would support either of Options 1 and 2 for the highest proposed fee in this sector?:

Notwithstanding our opposition to the principle of AIP, if the policy is to be introduced then any means by which the increase in costs can be managed or phased is welcomed; the 5 year phasing will allow us to budget accordingly and is therefore felt to be appropriate.

Question 7: Do you have any further quantified information to contribute to the analysis of financial impacts of the proposed fees on particular spectrum users, as set out in Annex 5? We would like to publish all responses, but will respect the confidentiality of any material which is clearly marked as such.:

Attached is a spreadsheet in which I have calculated our potential costs under AIP using the latest information available. As this is commercial in confidence I would request that this spreadsheet is not published.

Question 8: Do you consider that our assessment of the impacts of our proposals has taken full account of relevant factors? If you consider that there is additional evidence that would indicate particular impacts we should take into account, we would be grateful if you could provide this.:

It is our belief that these proposals are largely financially driven and whilst it is acknowledged that in certain sectors of the industry there is inefficient use of spectrum, the approach taken is felt to be totally disproportionate. The aeronautical spectrum is broadly well managed at present and in certain circumstances regulatory and safety case requirements mandate the use of standby frequencies to ensure the safety of human life. It

is felt that insufficient account is taken of the potential safety implications that could result from the implementation of the proposals.

Furthermore, it is assumed that the frequency spectrum under consideration (117.975 - 137 MHz) will continue to be reserved for aeronautical use and hence the only other potential users of this are aeronautical agencies. In remote island locations where there is only one Airport, it is difficult to see who could benefit from the implementation of this punitive pricing.