

From: webform@ofcom.org.uk
Sent: 18 June 2010 18:01
To: SRSP Contact
Subject: Responding to the SRSP: The revised Framework for Spectrum Pricing consultation

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Representing:

Organisation

Organisation (if applicable):

UK Chamber of Shipping

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What do you want Ofcom to keep confidential?:

Keep nothing confidential

If you want part of your response kept confidential, which parts?:

Ofcom may publish a response summary:

Yes

I confirm that I have read the declaration:

Yes

Ofcom should only publish this response after the consultation has ended:

You may publish my response on receipt

Additional comments:

The Chamber of Shipping is a trade association for the UK based ship owners and managers. With nearly 138 members and associate members, the Chamber represents 900 ships of about 24 million gross tonnes and is recognised as the voice of the UK shipping industry. This response reflects the consolidated views of our members who represent diverse range of operational shipping interests.

Kindly also take into account our response that was submitted to the consultation on Applying Incentive pricing for use of VHF in the Maritime Sector. The response here follows on the similar lines and adds on to that consultation. We also acknowledge the fact that you have now published a statement with a response to that effect. In which you have explicitly stated that it is not your intention to use AIP as a tool to raise revenue and we welcome that position. You have further recognized that Spectrum used for the maritime radar (L band, S band and X band) is not generally in excess demand from the existing community of users and therefore there is no benefit in applying AIP to them.

Question 1: Do you agree with our proposed core principles of setting AIP? Are there additional matters that it would be helpful to clarify? :

We believe that long term objective should be to manage usage of spectrum more effectively through allocation based on priority. Safety and uses for complying with mandatory radio regulations which are governed through International treaties is not a choice but something that has to be adhered to by ports and ships alike. We do not accept that market should set the prices simply because ships use VHF and radar to maintain Safety of life and to ensure compliance with the SOLAS requirements.

Question 2: Do you agree that we should charge cost-based fees where AIP is not appropriate or AIP would not cover our costs? How do you think we should set cost-based fees in future fee reviews? Are there particular factors you think we should take into account, for specific licences fees or cost-based fees in general? :

One should be able recover cost of providing any service and till the time it is done a fair, transparent and consistent manner we have no objection to it. However one also needs to be mindful of the fact that use of spectrum in an international environment has to be competitive across the states i.e port in Hamburg pays nothing as compared to port in UK and therefore this in turn make doing business in UK a more expensive proposition.

Question 3: Do you agree with our proposed fee-setting methodology principles (set out below)? Are there additional matters that it would be helpful to clarify?:

We believe that feel that any charging model based on congestions is not accurate reflection of the demand. This is because congestion varies from place to place and has different forms. So it should based specifically on the types of uses rather than location. For example if there are several oil rigs in an area and all require radio license to maintain safety critical operations then the cost should take account of primary purpose and need rather than based on numbers. In all of this management of spectrum plays a crucial role.

Question 4: Do you agree with our proposal to move away from regular full-scale reviews to reviewing in response to evidence, as set out in Option 5?:

Yes - subject to that fact that it delivers efficiency, costs less to the business in bureaucracy and ultimately represents value for money for the taxpayer and consumers alike.

Question 5: Do you agree with our process for assessing the priority of future fee reviews? Are there other sources of evidence of misalignment between fees and spectrum value or spectrum management costs that you can think of, and what weight should we give them?:

Yes to a certain extent - however we would like to stress that there needs to be careful understanding and appreciation of the maritime business, prior to doing this and obviously evidence would have to be collated.

Question 6: Based on our proposed criteria, or other criteria you would propose we use, what do you think our priorities for future fee reviews should be? Please tell us your reasons for thinking these should be prioritised. Do you agree that we should prioritise a fixed link fee, as some stakeholders have suggested to us? :

Assessment should be based on examining alternative use but only if it is within certain limits i.e. broadly of similar nature. For example there is no point trying to justify an increase in fees simply because a mobile company can pay a high price for a 4G spectrum use as they charge this to their customers, if that was ever to be auctioned. What it would invariably do is take away an opportunity from someone who needs it to maintain safe operations and perhaps hand it over to someone who has a better business case based on commercial lines and is willing to pay a high price at any expense. Therefore, one needs to careful and not compete on pricing with entirely commercial mindset.

Question 7: Do you agree with our proposed approach to post-review evaluations? :

Yes. However, we are still not convinced and unsure of the reasons as to why OFCOM is so keen to pursue AIP as an only option/mechanism with which efficiency can be achieved.