

Cover sheet for response to an Ofcom consultation

BASIC DETAILS

Consultation title: Aeronautical Spectrum Pricing consultation

To (Ofcom contact): AeroVHFconsult@Ofcom.org.uk

Name of respondent: M richardson

Representing (self or organisation/s): Self

Address (if not received by email):

CONFIDENTIALITY

√Please tick below what part of your response you consider is confidential, giving your reasons why

Nothing

☒

Name/contact details/job title

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Whole response

☐

Organisation

☐

Part of the response

☐

If there is no separate annex, which parts?

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Name M Richardson

Signed (if hard copy)

Consultation response.

Once again we are put to the inconvenience of addressing an ill-conceived and arrogant proposal from Ofcom.

My objection to Administered Incentive Pricing (AIP) is firstly that it has no basis in law or practice in respect of aviation. It does not even exist as a concept in other countries in the EU, and is entirely an invention of your organisation. Since this is the basis for charging for use of the VHF spectrum your proposal is invalid from the start.

If we accept the “logic” of AIP and examine your proposal, it is still invalid. My understanding of AIP is that it should only be applied where there is excess demand for spectrum, so as to impose “market forces” onto users. The theory is that this will force users to accept that there is a commercial implication of using a scarce resource, and either pay for it or decide to change their broadcasting habits. In this case, the spectrum suffering from over demand will move to users who are prepared to pay for it and so value it more, by implication.

The rationale for doing this is to ensure that if there is more demand than supply for a resource, market forces alter its use in favour of people who would do more valuable things with it, and thus society would benefit. This is a very poor argument as it depends on several contentious ideas, none of which has been established in practice or has any body or research or knowledge to justify them. Firstly, there has to be excess demand for the resource that causes social harm or would provide social benefit if altered. Secondly, there must be an alternative group of users willing to pay for it. Thirdly these users have to do something more valuable with the resource than its previous users. Lastly, to ensure more value is actually created by AIP, there has to be some way of measuring both the current and future “value” of spectrum use. In the case of the VHF spectrum, none of these exists and Ofcom has presented no measure of current value of VHF spectrum use, no way of quantifying future value and no evidence that AIP would increase its value if applied. Your proposal therefore is devoid of any information justifying the above ideas on which the rationale of AIP depends. It proposal is therefore completely invalid.

Looking at each of the above ideas on which the rationale of AIP depends, the following points are relevant:

Firstly, doesn't there have to be some excess demand for the “resource” in question (in this case, VHF spectrum)?

I asked the CAA if there is a problem in UK or European airspace with availability of VHF frequencies or demand for or use of, VHF spectrum from 100-140 Mhz. They said there wasn't. They could not predict the future of course but when I asked if they had any reason to believe there would be a future problem, they said no. Therefore, there's no excess demand for VHF spectrum. This is the resource that you want to use “market forces” –(i.e., a charge) to make people make better use of it. There's no over use of it now, so how could it be better used if you charge for it?

Secondly, even if there were over use of spectrum (which there isn't) wouldn't there have to be an alternative set of users, waiting in the wings so to speak, ready to start paying more for it than its present users? Who might these users be? From reading through the previous proposal and responses, I understand that Ofcom accepts that there are certainly no non-aviation users it can identify for this spectrum, so that leaves....well, just the present ones then. So how can the market forces applied by charging lead to any change in usage, when there aren't any alternative users?

Of course, it could be argued that this set of users should pay anyway because AIP is based on opportunity cost and there could be such a cost implied in VHF spectrum use. As I

understand your definition of this concept, opportunity cost is the difference between what one group now pays for a resource, versus what another group would be willing to pay for it if they valued it more. The problem with this argument is that for there to be an opportunity cost there has to be such a group of alternative users...and there isn't. Therefore, no opportunity cost and no basis for AIP.

Thirdly, how would changes to spectrum allocation deliver more value to society, the entire reason for this proposal? Aeronautical frequencies are allocated by civil aviation authorities at a European level, and strictly controlled to ensure that they do not conflict. This means that a host of small airfields in the UK use the same frequency separated by the right distance so there's no local interference. Suppose AIP were applied and one of them in southern England gives up this frequency? It would then go back to Europe to be re-allocated as it is administered at that level. The prospect of getting that specific frequency back to the UK is very low- it might be re-assigned to any other user in Europe (none of whose regulators have any intention of charging for it.). The probability is that any frequencies given up by UK users wouldn't come back, so the UK would lose VHF spectrum. Where is the social benefit in that?

If the UK wanted that frequency back it would have to bid and pay for it. If it did come back, the only place it would be likely to be possible to use would be...back where it came from in the first place. Therefore, it would remain unused, as the original users had already shown themselves to be unwilling or unable to pay for it. Again, where is the increased value to society in that?

Fourthly, how would any such benefits be quantified? Ofcom offers no information about this, nor does your proposal even value current use of the spectrum, so how could this proposal be shown to deliver increased benefit?

Your proposal is based on gross ignorance of VHF spectrum use by aviation. You think that as nearly every frequency is in use, this is the same as over demand. It is not, as each frequency is used very sporadically during any given day, as you would know if you had any understanding of aviation use of VHF spectrum at all. We use all available frequencies so that the capacity of the VHF network is as high as possible. This protects it against congestion, as it is impossible to expand its capacity quickly. The current use of nearly all available frequencies allows greatly increased use virtually anywhere in the network should it be necessary. (Because of emergencies for example.) Since the failure to pass a message could have serious safety implications for airspace users, this arrangement supports the basic operation of the entire industry and it is nonsense to suggest that it's evidence of congestion. It is evidence of your complete ignorance of aviation though and should be noted.

If AIP goes ahead despite having no logic or justification, the only "value" would be revenue obtained from it, but that is outside Ofcom's remit. You are only allowed to apply charges to obtain more efficient spectrum use, not raise revenue by applying taxes, which is exactly what this proposal is- purely a tax, as it has no social or safety benefit to anyone.

To extend this argument, if safety were compromised by frequencies being given up by aeronautical users (in favour, remember, of a non-existent set of alternative users) wouldn't the CAA have to tell such users they HAD to pay your charges? Therefore, if a regulatory body has to apply the law to keep things as they are, that means your proposals won't cause any change in the allocation of the spectrum, which was the idea in the first place. Therefore, that's a tax, which you have no authority to apply.

I note that you often use the example of emergency services paying AIP charges in response to our concerns for safety. It is true that police cars without radios wouldn't be as

much use as those equipped with them. However, would they be any less safe? Their speed, road- holding braking and steering functions would not be compromised, and neither would they be more likely to collide with any object or person. This is in complete contrast to aeroplanes. Without VHF communications they would be more vulnerable to conflict with other airspace users and terrain, hazards to flight such as weather, in-flight emergencies, airspace infringements and navigational problems. The two situations are completely non - comparable.

This proposal is an attack on aeronautical safety in general, General Aviation in particular and a tax on both. The GA sector is worth about £8 Billion to the UK economy. Therefore the priority of any government or quasi-government agency should be to encourage its growth not blunt it.

There is no efficiency or any other benefit to be gained by it and it has rightly been rejected out of hand by all other EU countries? Why is that that only we in the UK have to put up with arrogant, incoherent, and burdensome proposals from a body with no accountability to parliament or redress to citizens for its excesses?

There is a wider point as well. Ofcom is funded by the people. As such it should have more respect for them and recognise that it is only their generation of wealth that allows its existence in the first place. Since these funds are a very scarce resource, Ofcom should apply its strictures to itself first and consider its own efficient use of resources. It could start by withdrawing this proposal and never consulting on it, or anything like it, again.

The people responsible for this proposal should be fired.