

## **APPLICATION OF SPECTRUM PRICING TO THE MARITIME AND AERONAUTICAL SECTORS**

I write in response to your July 2008 consultation on behalf of the 250 members of the British Helicopter Advisory Board (BHAB). The BHAB is the trade association representing the UK helicopter industry. Our members include oil companies, air ambulance and other emergency service operators, airport owners, the operators of large fleets of medium helicopters and private helicopter owners. We are a non-profit organisation that enjoys the support of almost 95% of the UK helicopter owners and operators. The majority of our members fall within the accepted definition of a small or medium size enterprise (SME) and as such have the protection of EU policy that seeks to simplify their business environment and encourage their continued prosperity. The UK is a signatory to this policy.

The current proposal to apply Administered Incentive Pricing (AIP) to the aeronautical frequency spectrum is in our opinion a thinly disguised attempt to source additional tax revenue from an industry that is seen by some as a wealthy target. This opinion belies the reality of the situation and I wish to make it very clear to you that the non-airline part of the industry that is collectively known as General Aviation (GA) and includes business, corporate, commercial, aerial work and private helicopter operations, is in most cases finely balanced between profit and loss. Irrespective of the current financial situation, our members face an unprecedented escalation in the cost of their regulation and moves to apply a national tax on aviation fuel. Moreover, air ambulance flying is a vital service sponsored by the public from their already taxed income.

In almost all cases, these additional costs cannot be passed on to the user and we are now seeing the results of these policies in the form of business closures. I must add here that General Aviation is a closely regulated industry that relies to some extent on the integrity of the aircraft operators who, given an excessive tax burden, might seek to operate without an Air Operators Certificate or on a foreign and therefore less costly register. Operations on a foreign register are not subject to the close scrutiny of the Civil Aviation Authority and are in consequence open to abuse and are possibly less safe. The misguided proposal to apply AIP to the aviation community and in particular to GA, will inevitably result in a further increase of the operators' cost base through the medium of radio and navigation communications charges passed on by the service providers. This additional charging opportunity will almost certainly lead some to avoid the cost by dispensing with safety-essential radio and navigation facilities, as well as in the reduction or loss of privately funded vital public services.

We do not intend to respond to the questions contained in your consultation document since most are presumptive of spectrum pricing in their formulation and have no regard for the affect upon the industry that should first have been established through a formal impact assessment process prior to consultation.

These proposals are most strongly opposed, especially in that they will have a direct and adverse effect on such essential public services as air ambulances that are already funded by the general public and not by government. It goes without saying that such a move by government will be regarded by the public as little short of disgraceful in these already difficult times both for them, as well as being yet another new burden on the SMEs the government has said it is seeking to protect.