

Communications Commission

Oaseirys Çhellinsh

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Dear Bob

Procedures for the Management of Satellite Filings: Charges and amendments to procedures

The Communications Commission is pleased to see Ofcom embarking on this consultation since it has an important bearing on the Isle of Man. The proposed cost recovery has a direct financial impact on the satellite filing work being undertaken on behalf of the Isle of Man Government by ManSat Limited.

We have carefully examined the consultation document and note that the costs to be recovered relate primarily to staff costs and associated overheads. We note that the consultation does not elaborate further in this regard. As these staff costs are the core to cost recovery Ofcom should offer sufficient clarity on these to demonstrate how the total sum of £400,000 was determined.

In examining this consultation we were also conscious of your earlier deliberations on cost recovery. You stated your policy on this in the Statement published following the February 2005 consultation. In this statement you proposed lower fees to those who relieve Ofcom of certain functions. We anticipated further elaboration on the possibility of the Isle of Man (or any other territory) undertaking work on satellite filings to relieve Ofcom of those functions, and thereby achieve a reduction in costs. Unfortunately this matter has not been addressed in this consultation.

The above two issues are of importance. It is difficult to provide a meaningful and a comprehensive response to your consultation before participating in further discussion on them. We express our views below on the two issues.

Cost of satellite filing work: Transparency of costs is an important element in the consideration of cost recovery. However, in discussing the costs of satellite filing there is insufficient detail; all that is said is that this involves staff costs of six people, associated overheads and their travel and subsistence – ultimately totalling £400,000. Since you are

proposing to recover your costs, it is necessary not only to estimate the total, but also to detail and justify how these cost elements are derived, thus providing full transparency.

For instance, in order to justify the staff costs (including overheads) information on how the responsibilities of the staff concerned relate to satellite filing work, and the percentage of their time spent on this work is needed. This could be done by providing their job descriptions. These job descriptions could be supplemented with the individual staff costs (salaries and overheads) in order to provide the required level of understanding of the cost elements.

We also need to know the likelihood of any future increases in costs. It may be reasonable to assume that these costs are to be subject to some inflationary annual increases, ameliorated by improvements in technology and efficiency. If that is the case, Ofcom policy on such salary increases (and overheads) should be declared.

Relieving Ofcom of certain functions: In the Statement issued following the consultation in February 2005, Ofcom, in discussing satellite filing fees and recognising that some of the satellite filing work could be undertaken in a "UK-represented territory", stated that "To the extent that a UK-represented territory relieves Ofcom of certain responsibilities and functions, the fee would be lower". Having seen this clear policy statement from Ofcom we expected any consultation on cost recovery to expand on the earlier policy statement by giving further detail. Our expectation is that, where possible, the Isle of Man should undertake various functions on satellite filing to relieve Ofcom of the workload, thereby benefiting from a reduction of fees payable to Ofcom. For this reason we are keen to ensure that any regulations arising from the consultation on cost recovery do specify such delegation of work to the Isle of Man and consequent reduction in fees. We are certain that you will appreciate the importance of this matter and the need for further clarity on it.

We are, however, anxious that the Isle of Man plays its full part in assisting Ofcom to reach its policy goals in a timely manner, and to that end we would be pleased to offer a further response if Ofcom makes available the information outlined above. If this additional information could be made available not later than 14 December 2007, we should be able to offer a supplementary response by 20 December 2007. If, for whatever the reason, you are unable to provide the additional information within this time-frame we would request extension of the deadline for the consultation. Of course, if you have any alternative proposals to address our concerns we would be grateful to hear from you.

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Director

c.c. Don Jayasuriya, ManSat
Ian Jarritt, ManSat