



**Wireless Telegraphy Act
Licence Fee Proposals for
encouraging internet licensing**
including changes for ship, amateur and citizens'
band radio licences

Consultation

Publication date: 12 April 2006

Closing Date for Responses: 16 May 2006

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Section 1

Introduction

Summary of proposals to support simpler licensing

1.1 Ofcom is required to make statutory regulations in order to make or change fees for Wireless Telegraphy Licences (the licences under which use of radio spectrum equipment is authorised). This consultation concerns a number of deregulatory proposals for removing or simplifying fees, expected to start from 1 October 2006.

1.2 Ofcom proposes the following changes to fees-

Class of licence	Current fees	New fees
Amateur radio	£15 per year. Free for amateurs under 21 and over 75 years of age.	Free, for lifetime of licence, if obtained via internet. £20, for lifetime of licence, if not obtained via internet. Concessions for age will not be applicable for licences obtained this way. (Note free option via internet). Existing licensees will be granted free replacement lifetime licence.
Amateur radio variations (e.g. authorising repeaters or internet gateway connections)	Free	Free
Ship radio	£20	Free, for lifetime of licence, if obtained via internet. £20, for lifetime of licence, if not obtained via internet. Concessions for qualifying charities will not apply to licences obtained this way (Note free option via internet). Existing licensees will be granted free replacement lifetime licence.
Ship portable radio	£15	As above
Citizens' band radio	£15	Free, assuming Ofcom will also make related exemption regulations (separate consultation to be issued shortly).

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- 1.3 This consultation covers proposed changes to licenses previously managed by the Radio Licensing Centre (i.e. amateur radio, ship radio, ship portable radio and citizens' band radio licences).
- 1.4 The proposals follow Ofcom's policy statement to introduce lifetime licences announced on 14 February 2006. Ofcom announced that where possible, it would encourage licences to be issued via the internet.
- 1.5 Ofcom believes that these new proposed arrangements will significantly benefit individuals and businesses, saving them time and money, reducing the administrative burden on spectrum users and simplifying the application process (see Impact Assessment on page 6).
- 1.6 Ofcom intends to publish other consultations shortly which will address light usage of business radio spectrum, changes to other Wireless Telegraphy fees and further licence exemption.
- 1.7 Any comments about the proposals in this consultation should be sent to SpectrumPricing@ofcom.org.uk by 16 May 2006.

Section 2

Detailed Proposals for fee changes

- 2.1 As outlined in the Introduction, Ofcom proposes to bring forward a number of changes aimed at simplifying the licensing regime for certain classes of user by reducing or abolishing fees for licence applications made via the internet.
- 2.2 In detail, these proposals are as follows:

Amateur Radio Licences

- 2.3 Ofcom announced on 14 February 2006 its intention to issue amateur radio licences on a lifetime basis see link (http://www.ofcom.org.uk/consult/condocs/aradio/statement/statement_amradio.pdf). Ofcom also proposed that where possible, it would encourage licences to be applied for and issued via the internet.
- 2.4 Ofcom now proposes to issue such licences without charge. We intend to only apply a fee for new licences which require administration by Ofcom staff with regard to hard copy licences. This will enable Ofcom to recover part of the administration cost associated with issuing paper licences. Ofcom proposes that this new licence fee will be £20 (previously £15 per year), but will only be charged when a licence is applied for, or issued, manually (i.e. sending in a paper form or a paper copy being asked for).
- 2.5 Ofcom intends to apply the £20 fee to all licences issued manually (there are currently concessions for amateurs who are under 21 or over 75 years of age) to simplify Ofcom's administrative processes. The alternative option is to apply for a free license via the internet.
- 2.6 A few weeks prior to the expiry date of the licence, Ofcom intends to re-issue all licences which are valid on 1 October 2006 with a free replacement lifetime licence without further charge. (i.e. all licences currently being issued and renewed by the Radio Licensing Centre and subject to current fees due before that date being fully paid).
- 2.7 Ofcom is also considering whether it may be appropriate to introduce a fee for amateur radio notices of variation (used for instance to authorise repeater stations or internet gateway connections to amateur stations). Currently Ofcom does not charge any fee and does not anticipate a large number of variations to arise. Ofcom does not propose to introduce a new fee for this work, but if a significant increase in future work on variations arises, Ofcom may consider introducing a fee at a later date.

Ship Radio and Ship Portable Radio Licences

- 2.8 For ship radio licences and ship portable radio licences (currently £20 and £15 pa), Ofcom also consulted on changing to lifetime licensing and issued a statement (see link <http://www.ofcom.org.uk/consult/condocs/src/statement/>) on 8 December 2005.
- 2.9 Ofcom proposes to make these licences free when applied for and delivered over the internet and only charge £20 (irrespective of type) for any new licences applied for and/or delivered manually (i.e. hard copy). Ofcom intends to charge these fees when

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licences are issued, in order to recover part of the administration cost associated with manually handling or issuing paper licences.

- 2.10 A few weeks prior to the expiry date of current licences, Ofcom intends to re-issue all licences which are valid on 1 October 2006 with a free replacement lifetime licence without further charge. (i.e. all licences currently being issued and renewed by the Radio Licensing Centre and subject to current fees due before that date being fully paid).
- 2.11 Ofcom intends to remove the current discount for charities who are involved in using the radio stations for safety of life purposes if applying for manually issued licenses, as these organisations will have the option of applying for free licences via the internet. This proposed change will not affect discounts for charities using other maritime licences (e.g. coastal based) for safety of life purposes, which will continue to apply. It should also be noted that current ship radio licences (including licences for qualifying charities) being issued or renewed through the Radio Licensing Centre which remain valid after 30 September 2006 will be issued with a replacement lifetime licence at no extra charge.

Citizens' Band Radio Licences

- 2.12 Ofcom proposes to make Citizens' Band Radio licence exempt, subject to the general criteria that will be made by Wireless Telegraphy Exemption Regulation to be published shortly. This will be covered in a separate exemption consultation expected to be published very shortly and follows previous consultations considered by the Radiocommunications Agency. If agreed, it means that the current fee of £15 per annum for licences will no longer apply and no further licences will be needed or issued after the regulations are made. In future usage of CB in accordance with the general regulations will be generally permitted anywhere in the UK, and be free of charge.
- 2.13 **Question**

Do you agree that the simplification and removal of fees for amateur radio and ship radio licences issued via the internet will be beneficial to users of these classes and do you support the objectives for licence simplification?

Section 3

Background and legal aspects

- 3.1 Ofcom's consultation on spectrum pricing issued on 29 September 2004 outlined the background for setting fees for Wireless Telegraphy licences. In brief, Ofcom may set fees in excess of its costs when administering licences in order to meet its spectrum management objectives.
- 3.2 Ofcom will continue to set other Wireless Telegraphy Licence fees in support of spectrum management objectives in other classes (through administered incentive pricing where relevant) and some changes will be proposed in a separate consultation expected in the near future. It should be emphasised that the proposals in this consultation are without prejudice to any of those other fees being adjusted. There is no cross linkage or need for Ofcom to have to raise any other fees because of the reduction of fees income anticipated from granting free ships radio or amateur radio licences via the internet.
- 3.3 The mechanism Ofcom must follow for setting fees following this consultation will be Licence Charges Regulations drafted in accordance with the Communications Act 2003 as applied by Wireless Telegraphy Act 1998 are made as a statutory instrument and published via Her Majesty's Stationery Office (<http://www.opsi.gov.uk/>). The Communications Act 2003 requires that the details are published (normally we publish in draft form) for a minimum of a month and consider any comments sent in before finalising and bringing into effect. Ofcom expects that such regulations will be published by July to bring into effect by 1 October and -where specifically defined in regulations - at later dates for certain provisions.

Section 4

Impact Assessment

- 4.1 The analysis presented in this section of this document, when read in conjunction with the rest of this document, represents a Regulatory Impact Assessment (RIA), as defined by section 7 of the Communications Act 2003. You should send any comments on this RIA to Ofcom by 15 May 2006. We will consider all comments before deciding whether to implement our proposals.
- 4.2 RIAs provide a valuable way of assessing different options for regulation and showing why the preferred option was chosen. They form part of best practice policy-making and are commonly used by other regulators. This is reflected in section 7 of the Communications Act 2003, which means that generally we have to carry out RIAs where our proposals are likely to have a significant effect on businesses or the general public, or when there is a major change in Ofcom's activities. In accordance with section 7 of the Communications Act 2003, in producing the RIA in this document, Ofcom has had regard to such general guidance as it considers appropriate, including related Cabinet Office guidance.

Amateur radio

Proposal	Benefits	Costs/risks
<p>Charge the £20 fee as a one-off payment for issuing a lifetime paper licence.</p> <p>No charge for licences applied for and issued via the internet.</p>	<p>Prospective licensees are encouraged to apply via the internet, i.e. to use the cheaper licensing technology.</p> <p>Users benefit financially from having lifetime rather than annual licences.</p> <p>The fee structure is reflective of the different costs of processing paper and internet applications.</p> <p>In line with general Ofcom policy to exempt smaller users from a fee except where it is necessary to expend significant effort on licensing.</p>	<p>Ofcom does not fully recover the relevant spectrum management costs of internet applications.</p> <p>The amount of fees collected from amateur users may be reduced by as much as £750,000.</p> <p>Low fee encourages more paper based applications. However the new fee will only apply to new applicants not using the internet, and we do not anticipate high numbers of these.</p> <p>Users may not perceive obtaining a free licence as an obligation.</p>
<p>Option 1</p> <p>Charge the £20 fee for online licences as well as for paper licences.</p>	<p>Ofcom recovers a larger proportion of the relevant spectrum management costs.</p>	<p>Users are not encouraged to use the less costly internet based licensing technology.</p> <p>Charging the same fee for internet and for paper licences does not reflect the different costs of processing the two types of applications.</p> <p>The cost of processing payments for internet licences would have to be incurred.</p>
<p>Option 2</p> <p>Charge the current fee (£15) for online applications and charge a higher fee for paper applications.</p>	<p>Ofcom recovers a larger proportion of the relevant spectrum management costs.</p> <p>The fee differential would encourage users to apply online.</p>	<p>Users would not benefit financially from the cost savings of having an internet licensing system in place.</p> <p>The cost of managing payments for online applications would have to be incurred.</p> <p>The fee charged for internet applications may still not reflect the full relevant administrative costs.</p>

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<p>Option 3 (“do nothing”) Maintain the current annual fee structure.</p>	<p>Ofcom recovers a larger proportion of the relevant spectrum management costs.</p>	<p>Ofcom would have to find resources to continue handling applications/renewals manually.</p> <p>Users would not benefit from the cost savings of having an internet licensing system in place.</p> <p>Users would not benefit financially from having lifetime rather than annual licences.</p> <p>Users would not have financial incentives to apply for a licence on the internet.</p>
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Ship radio licences and ship portable radio licences

Proposal	Benefits	Costs/risks
<p>Charge a £20 fee for lifetime ship radio and ship portable radio paper licences.</p> <p>Issue online licences for free.</p>	<p>Users encouraged to use the less costly online licensing system.</p> <p>Users benefit financially from the deregulatory solution of having lifetime rather than annual licences.</p> <p>Users benefit from the reduced costs of issuing licences online.</p> <p>It is in line with the general policy to relieve smaller users from a fee except where it is necessary to expend significant effort on licensing.</p> <p>Use of licensed ship radio equipment encouraged thereby improving safety at sea.</p> <p>It simplifies Ofcom’s administration.</p>	<p>Ofcom may not fully recover spectrum management costs.</p> <p>The amount of fees collected for ship radio and ship portable radio licences may be reduced by as much as £700,000.</p> <p>There may be the risk that users do not perceive obtaining a free licence as an obligation.</p>

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<p>Option 1 Charge the current (annual) fees for lifetime online licences as well as for lifetime paper licences.</p>	<p>Ofcom recovers a larger proportion of spectrum management costs.</p>	<p>The fee structure does not encourage the use of the more efficient online technology.</p> <p>Users do not benefit from the lower costs of having the online licensing system in place.</p> <p>The cost of managing payments for online licences would have to be incurred.</p> <p>May discourage some users from obtaining the required licence thereby reducing safety at sea.</p>
<p>Option 2 Charge the current fee (£20) for online applications and charge a higher fee for paper applications.</p>	<p>Ofcom recovers a larger proportion of the relevant spectrum management costs.</p> <p>The fee differential would encourage users to apply online.</p>	<p>Users would not benefit from the cost savings of having an internet licensing system in place.</p> <p>It may reduce the incentives of users to apply via the internet.</p> <p>It may discourage some users from obtaining a licence thereby reducing safety at sea.</p> <p>The cost of managing internet payments would have to be incurred.</p> <p>The fee charged for internet applications may still not reflect the full relevant administrative costs.</p>

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<p>Option 3 (“do nothing”) Maintain the current annual fee structure for ship radio (£15) and ship portable radio licences (£20).</p>	<p>Ofcom recovers a larger proportion of the relevant spectrum management costs.</p>	<p>Ofcom would have to find significant resource to continue handling these licences so the benefits would not be realised.</p> <p>Users would not benefit financially from having lifetime (rather than annual) licences.</p> <p>The fee structure does not encourage the use of the more efficient online technology.</p> <p>Users do not benefit from the lower costs of having the online licensing system in place.</p>
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Citizens’ Band Radio

Proposal	Benefits	Costs/risks
<p>No licence fee for citizens’ band radio.</p>	<p>This is consistent with the expected introduction of licence exemption for citizens’ band radio.</p> <p>Users benefit from the expected deregulatory changes to the band.</p>	<p>Proposed licence exemption does not go ahead and Ofcom does not recover direct licensing costs.</p>
<p>Option 1 (“do nothing”) Maintain the current £15 fee.</p>		<p>It would be inconsistent with the expected deregulation of citizens’ band radio.</p> <p>The fee would not be justified on any cost-recovery basis.</p>

Annex 1

Responding to this consultation

How to respond

Ofcom invites written views and comments on the issues raised in this document, to be made by **5pm on 16 May 2006**.

Ofcom strongly prefers to receive responses as e-mail attachments, in Microsoft Word format, as this helps us to process the responses quickly and efficiently. We would also be grateful if you could assist us by completing a response cover sheet (see Annex 2), among other things to indicate whether or not there are confidentiality issues. The cover sheet can be downloaded from the 'Consultations' section of our website.

Please can you send your response to first SpectrumPricing@ofcom.org.uk.

Responses may alternatively be posted or faxed to the address below, marked with the title of the consultation.

Diana Kennedy
Floor 3
Spectrum Policy Group/Spectrum Markets Team
Riverside House
2A Southwark Bridge Road
London SE1 9HA

Fax:020 7981 3333

Note that we do not need a hard copy in addition to an electronic version. Also note that Ofcom will not routinely acknowledge receipt of responses.

It would be helpful if your response could include direct answers to the questions asked in this document, which are listed together at Annex 3. It would also help if you can explain why you hold your views, and how Ofcom's proposals would impact on you.

Further information

If you have any want to discuss the issues and questions raised in this consultation, or need advice on the appropriate form of response, please contact Diana Kennedy on 020 7783 4201.

Confidentiality

Ofcom thinks it is important for everyone interested in an issue to see the views expressed by consultation respondents. We will therefore usually publish all responses on our website, www.ofcom.org.uk, ideally on receipt (when respondents confirm on their response cover sheer that this is acceptable).

All comments will be treated as non-confidential unless respondents specify that part or all of the response is confidential and should not be disclosed. Please place any confidential parts of a response in a separate annex, so that non-confidential parts may be published along with the respondent's identity.

Ofcom reserves its power to disclose any information it receives where this is required to facilitate the carrying out of its legal requirements. Ofcom will exercise due regard to the confidentiality of information supplied.

Please also note that copyright and all other intellectual property in responses will be assumed to be licensed to Ofcom to use, to meet its legal requirements. Ofcom's approach on intellectual property rights is explained further on its website, at www.ofcom.org.uk/about_ofcom/gov_accountability/disclaimer.

Next steps

Following the end of the consultation period, Ofcom intends to publish a statement together with the draft regulations around the end of June.

Please note that you can register to get automatic notifications of when Ofcom documents are published, at http://www.ofcom.org.uk/static/subscribe/select_list.htm.

Ofcom's consultation processes

Ofcom is keen to make responding to consultations easy, and has published some consultation principles (see Annex 2) which it seeks to follow, including on the length of consultations.

If you have any comments or suggestions on how Ofcom conducts its consultations, please call our consultation helpdesk on 020 7981 3003 or e-mail us at consult@ofcom.org.uk. We would particularly welcome thoughts on how Ofcom could more effectively seek the views of those groups or individuals, such as small businesses or particular types of residential consumers, whose views are less likely to be obtained in a formal consultation.

If you would like to discuss these issues or Ofcom's consultation processes more generally, you can contact Vicki Nash, Director, Scotland who is Ofcom's Consultation Champion.

Vicki Nash
Director
Ofcom (Scotland)
Sutherland House
149 St Vincent Street
Glasgow
G2 5NW

Tel: 0141 229 7400
Fax: 0141 229 7433

E-mail: vicki.nash@ofcom.org.uk

Annex 2

Ofcom's consultation principles

A2.1 Ofcom has published the following seven principles that it will follow for each public written consultation:

Before the consultation

A2.2 Where possible, we will hold informal talks with people and organisations before announcing a big consultation to find out whether we are thinking in the right direction. If we do not have enough time to do this, we will hold an open meeting to explain our proposals shortly after announcing the consultation.

During the consultation

A2.3 We will be clear about who we are consulting, why, on what questions and for how long.

A2.4 We will make the consultation document as short and simple as possible with a summary of no more than two pages. We will try to make it as easy as possible to give us a written response. If the consultation is complicated, we may provide a shortened version for smaller organisations or individuals who would otherwise not be able to spare the time to share their views.

A2.5 We will normally allow ten weeks for responses to consultations on issues of general interest. This particular consultation allows 4 weeks for responses because Ofcom has already conducted two previous separate consultations on simplifying ship radio and amateur radio licensing, which largely covered, but did not finalise, the fee aspect. This shorter period of consultation is also due to the tight timetable for making statutory regulations before the licensing work is transferred from the Radio Licensing Centre to Ofcom.

A2.6 There will be a person within Ofcom who will be in charge of making sure we follow our own guidelines and reach out to the largest number of people and organisations interested in the outcome of our decisions. This individual (who we call the consultation champion) will also be the main person to contact with views on the way we run our consultations.

A2.7 If we are not able to follow one of these principles, we will explain why. This may be because a particular issue is urgent. If we need to reduce the amount of time we have set aside for a consultation, we will let those concerned know beforehand that this is a 'red flag consultation' which needs their urgent attention.

After the consultation

A2.8 We will look at each response carefully and with an open mind. We will give reasons for our decisions and will give an account of how the views of those concerned helped shape those decisions.

Annex 3

Consultation response cover sheet

- A3.1 In the interests of transparency, we will publish all consultation responses in full on our website, www.ofcom.org.uk, unless a respondent specifies that all or part of their response is confidential. We will also refer to the contents of a response when explaining our decision, without disclosing the specific information that you wish to remain confidential.
- A3.2 We have produced a cover sheet for responses (see below) and would be very grateful if you could send one with your response. This will speed up our processing of responses, and help to maintain confidentiality by allowing you to state very clearly what you don't want to be published. We will keep your completed cover sheets confidential.
- A3.3 The quality of consultation can be enhanced by publishing responses before the consultation period closes. In particular, this can help those individuals and organisations with limited resources or familiarity with the issues to respond in a more informed way. Therefore Ofcom would encourage respondents to complete their cover sheet in a way that allows Ofcom to publish their responses upon receipt, rather than waiting until the consultation period has ended.
- A3.4 We strongly prefer to receive responses in the form of a Microsoft Word attachment to an email. Our website therefore includes an electronic copy of this cover sheet, which you can download from the 'Consultations' section of our website.
- A3.5 Please put any confidential parts of your response in a separate annex to your response, so that they are clearly identified. This can include information such as your personal background and experience. If you want your name, address, other contact details, or job title to remain confidential, please provide them in your cover sheet only so that we don't have to edit your response.

Cover sheet for response to an Ofcom consultation

BASIC DETAILS

Consultation title: Wireless Telegraphy Act Licence Fee Proposals for encouraging internet licensing

To (Ofcom contact): Diana Kennedy

Name of respondent:

Representing (self or organisation/s):

Address (if not received by email):

CONFIDENTIALITY

What do you want Ofcom to keep confidential?

Nothing Name/contact details/job title

Whole response Organisation

Part of the response If there is no separate annex, which parts?

If you want part of your response, your name or your organisation to be confidential, can Ofcom still publish a reference to the contents of your response (including, for any confidential parts, a general summary that does not disclose the specific information or enable you to be identified)?

DECLARATION

I confirm that the correspondence supplied with this cover sheet is a formal consultation response. It can be published in full on Ofcom's website, unless otherwise specified on this cover sheet, and I authorise Ofcom to make use of the information in this response to meet its legal requirements. If I have sent my response by email, Ofcom can disregard any standard e-mail text about not disclosing email contents and attachments.

Ofcom seeks to publish responses on receipt. If your response is non-confidential (in whole or in part), and you would prefer us to publish your response only once the consultation has ended, please tick here.

Name Signed (if hard copy)