



Wireless Telegraphy Act licence charges amendments

Statement and notice of Ofcom's intention to make
statutory regulations

	Statement and statutory notice
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Section 1

Summary

- 1.1 On 12 April 2006, Ofcom published a consultation document concerning Wireless Telegraphy Act licence fee proposals for encouraging internet licensing. The consultation set out a number of deregulatory proposals for removing or simplifying fees, expected to start from 1 October 2006¹ for ship radio, ship portable radio and for amateur radio licences. This statement explains Ofcom's decision in relation to the proposals on fees. It complements a number of other announcements made by Ofcom concerning these licences which include:
- Ships' radio licensing (12 December 2005)²;
 - Amateur radio licensing (14 February 2006)³; and
 - Lifetime amateur radio licensing⁴ and Lifetime ships' radio licensing - Format of new licences⁵ (both on 4 July 2006).
- 1.2 In order to bring the proposals into effect, Ofcom is required to make statutory regulations to make or change fees for Wireless Telegraphy Licences (the licences under which use of radio spectrum equipment is authorised). This document also provides statutory notice of Ofcom's intention to make these regulations.
- 1.3 The consultation period ended on 16 May 2006. Ofcom received a total of 117 responses. In making its policy decisions, Ofcom has carefully considered every response about the proposals it has received from stakeholders.
- 1.4 The majority of responses were favourable and no specific concerns were raised about ship radio or ship portable radio licences. Many of the responses from amateur radio licensees positively welcomed the proposals for simplifying licensing. However, some concerns were raised as to how the proposals would be implemented in practice and others felt that these proposals could lead to further deregulation of the amateur hobby.
- 1.5 A number of specific concerns were raised about removing the current concessions for free licences for amateur radio licensees under 21 years of age, or 75 years of age or over. However in response to the concerns raised by certain respondents regarding the cost to future applicants aged 75 years of age or over Ofcom has decided, for the time being, to waive the licence fee for those who apply for a licence by post, so that the concession for issuing a free licence to qualifying persons will continue irrespective of the application method. However Ofcom does intend to charge persons under 21 years old for postal applications.
- 1.6 After consideration of all the responses, Ofcom considers that there continues to be a good case for providing free electronic lifetime licences to users of the online web-based system for ship radio, ship portable radio and for amateur radio licensees and is therefore now proposing to implement these proposals with the minor modification explained above.

1 This remains our current plan but could be delayed

2 <http://www.ofcom.org.uk/consult/condocs/src/statement/>

3 <http://www.ofcom.org.uk/consult/condocs/aradio/lifetimellicence/>

4 <http://www.ofcom.org.uk/consult/condocs/aradio/lifetimellicence/>

5 <http://www.ofcom.org.uk/consult/condocs/src/licenceformat/>

- 1.7 To give legal effect to these decisions, Ofcom must make regulations using its powers (exercisable by statutory instrument) under the Wireless Telegraphy Act 1998 “The 1998 Act” as amended by the Communications Act 2003, (“The 2003 Act”). To achieve this, Ofcom is giving notice of proposals to make regulations under section 403 of the 2003 Act. The closing date for representations is 20 August 2006.
- 1.8 Section 2 of this document considers the responses to the consultation in more detail and explains Ofcom’s decision following the consultation, section 3 explains the general effect of the draft Wireless Telegraphy (Licence Charges) (Amendment) Regulations 2006 (“the Regulations”) and section 4 contains the Regulatory Impact Analysis of the Regulations.

Section 2

The statement

The response to Ofcom's Consultation

- 2.1 On 12 April 2006, Ofcom published a consultation document concerning Wireless Telegraphy Act licence fee proposals for encouraging internet licensing. The consultation set out a number of deregulatory proposals for removing or simplifying fees, expected to start from 1 October 2006 for ship radio, ship portable radio and for amateur radio licences. This statement explains Ofcom's decision in relation to the proposals on fees.
- 2.2 Ofcom received 117 responses (112 by the closure date). The majority (72%) were in favour of the proposals and a proportion of these positively welcomed the proposed simplification of licensing. A further 11% of respondents raised questions in relation to the proposals without stating their point of view. We have addressed some of these questions in this statement and others (not in relation to this consultation) in a separate document available on the Ofcom website at <http://www.ofcom.org.uk/radiocomms/ifi/licensing/classes/amateur/faq/>. Of the remainder of responses, a number of concerns were raised about amateur licensing. No specific points were raised about ship radio licensing (probably because the proposals reflect those already made in an earlier consultation).
- 2.3 The concerns expressed about amateur radio included:
- a fear that free licences would ultimately lead to total deregulation (i.e. implying licence exemption);
 - that no fee would mean no service for amateur radio in terms of spectrum planning or enforcement;
 - some objections about removing the age concessions for amateurs;
 - some misgivings about not charging for licence variations; and
 - a number of wider questions as to how the proposals for amateur radio licensing would be implemented in practice.
- 2.4 These points are addressed below.

Free licences

- 2.5 Some respondents, including the Radio Society of Great Britain (RSGB) and the Chelmsford Amateur Radio Society (CARS) felt that licences should not be free, because this may lead to the hobby becoming devalued, further deregulation of amateur radio licences and less protection of any perceived spectrum rights from Ofcom.
- 2.6 Currently, licences are administered by the Radio Licensing Centre (RLC) (a wholly owned subsidiary of the Royal Mail Group PLC), on a cost recovery basis largely relating to licence administration rather than to spectrum planning, international work or enforcement. Ofcom funding is quite a complex arrangement under the current legislation and arrangements, but in essence spectrum management costs are

largely met via a grant-in-aid paid to Ofcom by Government (although Ofcom makes a significantly larger contribution to Government from other licences where incentive pricing is applied). The level of service that licensees receive collectively, in relation to spectrum management, international negotiations, or for enforcement, is not directly related to any income received, including the fees received currently from ship radio or amateur radio licences.

- 2.7 Ofcom determines its spectrum management objectives and enforcement priorities for all its stakeholders and licensees by a number of factors. These factors include:
- a) having regard to the statutory duties set out in the Communications Act;
 - b) the aims and priorities identified and published in Ofcom's spectrum framework review⁶; and
 - c) Ofcom's published quality of service targets.
- 2.8 The payment of a licence fee makes no direct bearing on whether or not Ofcom will alter its priorities or service levels. However, Ofcom is keen to reduce and simplify the resources engaged in licence administration and that is one key reason why we trying to encourage free internet licensing.
- 2.9 Some amateur respondents have also suggested that free licensing may lead to further deregulation. We assume that these respondents believe that amateur radio use will become licence exempt. Ofcom has no current plans to exempt amateur radio, ship radio or ship portable radio licences from being operated under a licence and would be obliged to re-consult if we chose to do this in future years. Ofcom has to have careful regard to the requirements of the Act and to the European legislative framework in deciding what services should in future be licence exempt. Ofcom has also recently published a consultation on licence exemption, which includes proposals for exempting citizens' band radio use.

Age Concessions

- 2.10 Several respondents including CARS and the RSGB raised concerns over the paper-based licence fee to applicants over 75 and under 21. Such respondents did not think that the £20 lifetime fee for paper-based licences was fair and a few respondents alleged that such action may be discriminatory. Ofcom refutes that such action would be discriminatory as it was intending to ensure the same treatment to all holders of the class. Nevertheless, in response to the concerns raised, Ofcom has now decided not to introduce a fee for applicants aged 75 years or over who apply for a licence by post. However, Ofcom intends to keep this proposal under review in future years and may make further changes to the regulations. Further consultation would be necessary to make further changes.
- 2.11 One respondent under 21 years of age agreed with the proposal to introduce a fee for postal applications for those under 21. MORI⁷ research showed that 86% of amateur licence holders have access to the internet, and most younger members have easy access to the internet even if they do not have it themselves. Given that most young people are familiar with and have access to the internet, Ofcom believes that it is no longer appropriate to continue a concession and that the fee, if they do not use the internet, should apply for those under 21 years of age.

⁶ <http://www.ofcom.org.uk/consult/condocs/sfr/>

⁷ <http://www.ofcom.org.uk/radiocomms/ifi/licensing/classes/amateur/morireport/>

- 2.12 All applicants are free to make application through internet use at public libraries, internet cafes or from a friend or relative's internet. The advantage to Ofcom in receiving internet applications is that the whole process can be done on-line with minimal intervention from Ofcom staff. Postal applications are resource intensive to manage, and the purpose of levying the charge is both to reflect the costs and to deter applications being made this way.
- 2.13 Amateur radio licensees, including those aged under 21 years of age or 75 years of age or over with valid licences on 1 October 2006, will receive a free replacement lifetime licence. To sum up our proposals, all new applicants will get free lifetime licences if they apply for them via the internet. In all other cases, (apart from those 75 years or over) they will have to pay a one off fee of £20 for a lifetime licence.

Notice of variations

- 2.14 A number of respondents raised questions in relation to Ofcom's proposal not to charge for notices of variations to licences to authorise additional facilities such as authorising internet gateways and cross band repeaters. Ofcom had considered whether it may be appropriate to introduce a fee for a notice of variation of an amateur radio licence (used for instance to authorise repeater stations or internet gateway connections to amateur stations). Ofcom has no provisions in the current regulations to charge any additional fees for these.
- 2.15 A few respondents argued that it would be appropriate to charge because not charging a fee would mean that problems arising from these variations may not be investigated or corrective measures enforced. However a number of other respondents agreed that it is consistent with our other proposals and there should be no fee for variations.
- 2.16 Ofcom does not anticipate the number of variations to increase significantly and has decided not to introduce a new fee for this work, but if a significant increase in future work on variations does arise, Ofcom reserves the right to levy a fee at a later date. It would be necessary to issue a further consultation and make new regulations to implement this.

Other points raised

- 2.17 Some respondents including the RSGB, suggested that we should have held separate consultations regarding amateur radio licences and ship radio and ship portable radio licences. Ofcom recognises that the licensees for both these communities are mostly unrelated however as this consultation only covered administrative issues common to these licenses, as opposed to specific licensing issues, Ofcom considers a common consultation is an appropriate and effective way of proceeding.
- 2.18 A couple of respondents requested clarification concerning licence charges for amateur radio licences covering special events. Such use may normally be regarded as part of the licence conditions of use, so they will not be charged in addition to the normal licensing arrangements. This will help to ensure consistency across the licence sector and avoid any unnecessary complexity in the way in which licences are administered.
- 2.19 A small number of comments about the impact assessment mirrored the policy issues discussed above. An updated regulatory impact assessment which reflects our decisions taken in the light of these comments is provided at annex 6.

Ofcom's decision

- 2.20 In the light of considering all the responses, Ofcom intends to press now ahead and to make future amateur radio, ship radio and ship portable radio licences free if applied for via the internet. Current licensees holding valid licences on 1 October 2006 (for which all current fees due must be paid under the existing regulations) will all get free replacement licences. After that, future applicants applying other than by the internet (e.g. by post) will be asked to pay the once off fee of £20 except with one exception - as explained below.
- 2.21 That exception is that Ofcom will not charge applicants aged 75 years or over a licence fee, irrespective of the method by which they apply for a licence. This exception may be subject to further review in future years.
- 2.22 To give legal effect to the policy decisions taken, Ofcom must now make regulations using its powers explained in section 2 of this statement. As explained in this section, the notice period for making representations will run until 20 August 2006. Subject to considering any representations, Ofcom anticipates that these regulations will be made in late August and come into force from 1 October 2006.

Conclusion

- 2.23 Having considered all the responses in relation to the proposals and taking into consideration the overwhelmingly positive response to the proposals, Ofcom has decided to go ahead with the original proposals as detailed in the consultation document. There will be a minor amendment to original proposals, subject to further review in the future, which will exempt applicants aged 75 years or over from a licence fee irrespective of the method of application. Sample copies of the new licences can be found at <http://www.ofcom.org.uk/consult/condocs/aradio/lifetimellicence/>.
- 2.24 Under current regulations, licence fees are still payable until the new statutory instrument comes into force. It is expected that the new regulations will come into force from 1 October 2006.

Next Steps

- 2.25 Comments on the Regulations addressed in this statutory consultation should be delivered to Ofcom by 21 August 2006. After considering any representations made Ofcom will issue a statement and proceed with the implementation of the proposed regulations.

Section 3

General Effect of the Draft Wireless Telegraphy Act (Licence Charges) (Amendment) Regulations 2006

Legislative Framework

- 3.1 These Regulations (draft at Annex 5) will amend the existing legal framework for the spectrum pricing arrangements that applies to all licence classes managed by Ofcom. In making the proposed regulations, Ofcom will have had regard to the matters specified in section 154 of the 2003 Act and is exercising its powers under sections 1 and 2(2) of the 1998 Act, which enable Ofcom to set charges for wireless telegraphy licences, and section 403 (7)(d) of the 2003 Act.
- 3.2 The purpose of this consultation is to invite representations concerning the detail of the proposed Regulations.

Extent of application

- 3.3 The proposed regulations will apply in the United Kingdom, and to the Channel Isles and Isle of Man unless the Island Authorities raise any particular concerns. [Depending on formal agreement with the Channel Island authorities the final regulations may be extended to the Channel Islands and Isle of Man at the end of this consultation.]

Proposed Regulations

- 3.4 These Regulations will set out the relevant licence charges for amateur radio, ship and ship portable radio use. The Regulations amend the relevant parts of the Wireless Telegraphy Act (Licence Charges) Regulations 2005 (“the existing regulations”).
- 3.5 Regulation 1 sets out the citation and commencement.
- 3.6 Regulation 2 provides for the amendment of the existing regulations. All of the amendments relate to schedule 2 of the existing regulations.
- 3.7 Regulation 2(a) removes the concession that applies to registered charities that apply for ship radio and ship portable licences.
- 3.8 Regulation 2(b)(i):
 - Removes the existing licence fees for amateur radio licences and prescribes a new licence fee of £20 for amateur radio licences that are not applied for electronically;
 - Removes the waiver of licence fees for applicants for amateur radio licences who are under 21 years of age; and
 - Removes the prescribed payment interval for amateur radio licences.

3.9 Regulation 2(b)(ii):

- Removes the existing licence fees for ship portable radio licences;
- Prescribes a licence fee of £20 for ship portable radio licences that are not applied for electronically; and
- Removes the prescribed payment interval for ship portable radio licences.

3.10 Regulation 2(b)(iii):

- removes the existing licence fees for Ship Radio licences.
- prescribes a licence fee of £20 for Ship licences that are not applied for electronically; and
- removes the prescribed payment interval for ship portable radio licences.

Annex 1

Responding to this notice

How to respond

- A1.1 Ofcom invites written views and comments on the issues raised in this document, to be made **by 5pm on 21 August 2006**. This is intended to provide opportunity to comment on the legal effect of the proposed regulations, not to revisit the policy issues on which Ofcom have already consulted.
- A1.2 Ofcom strongly prefers to receive responses using the online web form at <http://www.ofcom.org.uk/consult/condocs/internetlicence/statement/form>, 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 3), to indicate whether or not there are confidentiality issues. This response coversheet is incorporated into the online web form questionnaire.
- A1.3 For larger consultation responses - particularly those with supporting charts, tables or other data - please email SpectrumPricing@ofcom.org.uk attaching your response in Microsoft Word format, together with a consultation response coversheet.
- A1.4 Responses may alternatively be posted or faxed to the address below, marked with the title of the consultation.
- Diana Kennedy
Floor 03:10
Spectrum Policy Group
Riverside House
2A Southwark Bridge Road
London SE1 9HA
- Fax: 020 7981 3333
- A1.5 Note that we do not need a hard copy in addition to an electronic version. Ofcom will acknowledge receipt of responses if they are submitted using the online web form but not otherwise.

Further information

- A1.6 If you 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

- A1.7 We believe 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 coversheet that this is acceptable).

- A1.8 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.
- A1.9 Ofcom reserves its power to disclose any information it receives where this is required to facilitate the carrying out of its statutory functions.
- A1.10 Please also note that copyright and all other intellectual property in responses will be assumed to be licensed to Ofcom to use in order to meet its legal requirements. Ofcom's approach on intellectual property rights is explained further on its website at <http://www.ofcom.org.uk/about/accoun/disclaimer/>

Next steps

- A1.11 Following the end of the consultation period, Ofcom intends to publish a final statement around the end of August.
- A1.12 Please note that you can register to receive free mail Updates alerting you to the publications of relevant Ofcom documents. For more details please see: http://www.ofcom.org.uk/static/subscribe/select_list.htm

Ofcom's consultation processes

- A1.13 Ofcom seeks to ensure that responding to a consultation is easy as possible. For more information please see our consultation principles in Annex 2.
- A1.14 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, who are less likely to give their opinions through a formal consultation.
- A1.15 If you would like to discuss these issues or Ofcom's consultation processes more generally you can alternatively contact Vicki Nash, Director Scotland, who is Ofcom's consultation champion:

Vicki Nash
Ofcom
Sutherland House
149 St. Vincent Street
Glasgow G2 5NW

Tel: 0141 229 7401
Fax: 0141 229 7433

Email 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 normally allow ten weeks for responses to consultations on issues of general interest. This consultation is shorter than Ofcom's standard 10 week period because the legal procedure for consulting on legal changes stipulates a minimum of one month and one day notice period and we have already consulted on the policy changes in relation to amateur radio, ship radio and ship portable radio licensing.

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 organizations 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 coversheet for responses (see below) and would be very grateful if you could send one with your response (this is incorporated into the online web form if you respond in this way). 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 coversheets 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 coversheet 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 via the online web form which incorporates the coversheet. If you are responding via email, post or fax you can download an electronic copy of this coversheet in Word or RTF format from the 'Consultations' section of our website at www.ofcom.org.uk/consult/.
- 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 coversheet only so that we don't have to edit your response.

Cover sheet for response to an Ofcom consultation

BASIC DETAILS

Consultation title:

To (Ofcom contact):

Name of respondent:

Representing (self or organisation/s):

Address (if not received by email):

CONFIDENTIALITY

What do you want Ofcom to keep confidential?

Nothing	<input type="checkbox"/>	Name/contact details/job title	<input type="checkbox"/>
Whole response	<input type="checkbox"/>	Organisation	<input type="checkbox"/>
Part of the response	<input type="checkbox"/>	If there is no separate annex, which parts?	

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)

Annex 4

List of responses to the consultation

A4.1 A total of 117 responses were received. 72% of respondents were in favour of the proposals. 17% disagreed with the proposals and 11% raised questions or issues without stating their point of view. All non-confidential respondents are listed below⁸;

2E0KCK	G3NPF	R Brown
2E1GTI	G3ZVU Alan Dawson	R. Hodgkinson
Adrian Wood, FRICS G4LED	g4lue	Ray James GM4CXM and GM0TOW (SDX Support Group)
A.C Wadsworth	G4rub	Rev Anthony T Bowers G7NIZ_KG6OWL
A.G.Evans M0BLM	Gareth Paley QTHR G1LVN	Richard Vaughan 2E0GYD
A.R.W. Howard	Geoff Darby, G7GJU	RK
Ake Gehammar G4YHN	Graham Hunter, G6YFF	Steve, M1SWB
Alan M Gordon	Howard, G7xyz	SWL
Andrew Fanner	Hugh, M1NT0	T. Noel Thompson G4AVN
Andrew Richardson	Ian Beeby	T.R.Molyneux
Anonymous	Ian Morris	Tom Brockman MBA MCIM
Anonymous 1	J F Burton G6IVP	Tony Bettley
Anthony Barr, G4LLZ	J.P Gilliver	Tony Cox G8TEE
Bill Carpenter	James FLINT, G0SDB	UK Microwave Group
Bob Holton	James Nichol G0EUN	W.G.Jones
Bob Miles, GM4CAQ	Jim Sleight G3OJI	William Barker
Brian S Freeman G3ITF	John Lawrence	Keith Marriott G6NHY
Brian Trivett	John Mullen, G6VS	Ken Chattenton, G4KIR
Calvin Battersby M1EPM.pdf	Mr J Constable	Kenneth H Bremerman
Chelmsford Amateur Radio Society (CARS)	Mr K Chandler, G0ORH	M.McNinch GI6JGB
Chris Baker BA G4LDS	Dr Chris Duckling G3SVL	
	E.W.G Allen G3JHP	

⁸ All non-confidential responses are available online at <http://www.ofcom.org.uk/consult/condocs/internetlicence/>

Chris Pickett	Elvin Bailey GM8BBA	M0CJY
Clive Hardy	Ernest Tredgold, G3XWI	M3NUY Derek Pritchard
Collin Campbell	G Ridgeway	Marine Electronics Marketing
Dave B	GW0GRQ	Mike G3MDI
DaveTyson	Mr Martin Hoscik	Mike Plumber
David Barber G8OQW	Mr T Whittingham	A B Foad G0FTD
David, G4UNB	Murray Niman, G6JYB	Mr David Taylor, G4EBT
David Powell	Norman Bishop	Mr JG Mitchell
David Taylor G4EBT	Nyall Davies G8IBR	
Dennis G6YBC	P Hickman	
Dorian Creber	Paul 2E0AYY	
Stan Cascino, G6ZNW	Paul Tomlinson, MW0CDO	
Mr Robert Ferguson, GM3YTS	Pete Badham G0WXJ	
robertg0oth	Peter Cooper GM3VMB	
Roger Renowden	Peter E. Chadwick, Sen MIEEE,	
Roy Phillips M3NKV	G3RZP Peter Goben	
Sandy Lawrie GM3 PQU	P Helm	
Simon Brown, GD4ELI	Peter Hobbs, G3LET	
G0OOC	Peter Kendall, M0EJL	
g1bdu	Phil Manning, G1LKJ / M3LKJ	
G1IQN		
G3LWK		
G3NKC		

Annex 5

Draft Regulations

 STATUTORY INSTRUMENTS

2006 No.

ELECTRONIC COMMUNICATIONS
**The Wireless Telegraphy (Licence charges) (Amendment)
Regulations 2006**
Made - - - -*Date**Coming into force* - -*Date*

The Office of Communications (“OFCOM”) make the following Regulations in exercise of the powers conferred on OFCOM by sections 1 and 2(2) of the Wireless Telegraphy Act 1998⁽⁹⁾ (“the 1998 Act”) and section 403(7) of the Communications Act 2003⁽¹⁰⁾ (“the 2003 Act”) as applied by section 6(1) of the 1998 Act;

Before making these Regulations OFCOM have given notice of their proposal to do so in accordance with section 403(4)(a) of the 2003 Act as applied by section 6(1) of the 1998 Act, published notice of their proposal in accordance with section 403(4)(b) of the 2003 Act as applied by section 6(1) of the 1998 Act and have considered the representations made to them before the time specified in that notice in accordance with section 403(4)(c) of the 2003 Act as applied by section 6(1) of the 1998 Act.

Citation and commencement

1. This Order may be cited as the Wireless Telegraphy (Licence Charges) (Amendment) Regulations 2006 and shall come into force on [] 2006.

Amendment of the Wireless Telegraphy (Licence Charges) Regulation 2005

2. The Wireless Telegraphy (Licence Charges) Regulations 2005 are hereby amended as follows —

- (a) in regulation 5(3), in the definition of “relevant licence”, after “under the heading “Maritime” in Schedule 2” insert “apart from Ship Radio and Ship Portable Radio”; and
- (b) in Schedule 2 —
 - (i) under the heading “**Amateur and Citizens’ Band**” in relation to the licence class “Amateur Radio”-
 - (aa) in the column under the heading “Variable sums” substitute “£20 for each licence that is not applied for electronically through OFCOM’s internet website; no charge for

⁽⁹⁾ 1998 c.6. Section 3 of the 1998 Act was amended by the Communications Act 2003 (c.21), section 167, section 406, Schedule 17, paragraph 149 and Schedule 19(1).

⁽¹⁰⁾ 2003 c.21.

persons aged 75 years or over.” for “£15 per person aged 21 years or over; no charge for persons aged under 21 years or aged 75 years or over.”;

- (bb) in the column under the heading “Prescribed payment interval”, delete “12 months”;
- (ii) under the heading “**Maritime**” in relation to the licence class “Ship Portable Radio”—
 - (aa) in the column under the heading “Fixed sums” delete “£15”;
 - (bb) in the column under the heading “Variable sums” insert “£20 for each licence that is not applied for electronically through OFCOM’s internet website.”; and
 - (cc) in the column under the heading “Prescribed payment interval”, delete “12 months”; and
- (iii) under the heading “**Maritime**” in relation to the licence class “Ship Radio”—
 - (aa) in the column under the heading “Fixed sums” delete “£20”;
 - (bb) in the column under the heading “Variable sums” insert “£20 for each licence that is not applied for electronically through OFCOM’s internet website.”; and
 - (cc) in the column under the heading “Prescribed payment interval”, delete “12 months”.

Date

Chief Executive of the Office of Communications
For and on the authority of the Office of Communications

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Wireless Telegraphy (Licence Charges) Regulations 2005 (S.I. 2005/1378).

These Regulations –

- (a) remove the concession that applies to registered charities that apply for Ship Radio and Ship Portable Radio licences;
- (b) remove the waiver of licence fees for applicants for Amateur Radio licences who are under 21 years of age;
- (c) remove the licence fees for Amateur Radio, Ship Radio and Ship Portable Radio licences where applicants apply for these classes of licences electronically; and
- (d) set the licence fees in the amount of £20 for Amateur Radio, Ship Radio and Ship Portable Radio licences that are not applied for electronically.

A full regulatory impact assessment of the effect that these Regulations will have on the costs to business is available to the public from the OFCOM Library at Riverside House, 2a Southwark Bridge Road, London SE1 9HA (Tel: 020 7981 3000) or on OFCOM's website at www.ofcom.org.uk. Copies of this assessment have also been placed in the libraries of both Houses of Parliament.

Annex 6

Regulatory Impact Analysis

- A6.1 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 21 August 2006. We will consider all comments before deciding whether to implement our proposals.
- A6.2 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 policymaking 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.

Regulatory Impact Assessment – the Wireless Telegraphy (Licence Charges) (Amendment) Regulations 2006 (“the Regulations”)

Purpose, proposal, intended effect

- A6.3 In the Wireless Telegraphy Act Licence Fee Proposals for encouraging internet licensing consultation document “the consultation” issued on 12th April 2006, Ofcom made some proposals aimed at improving the efficiency of spectrum management by allowing amateur and ship radio users to apply for licences online and to benefit not only from an easier application process but also from the cost savings that Ofcom achieves by processing applications online.
- A6.4 Ofcom has decided to implement its proposals as described with only minor amendments. The decisions taken will best meet Ofcom's spectrum management objectives taking into account the views of respondents to the consultation. In order to put the proposals into effect Ofcom needs to make regulations.
- A6.5 The Regulations to which this RIA relates will amend the Wireless Telegraphy (Licence Charges) Regulations 2005 which was made under section 403(4)(a) of “the Act”.

Decision to issue free online amateur radio licences and administer a £20 fee for licences that are not applied for electronically

- A6.6 The consultation document set out various options for the administration and pricing of the spectrum. For amateur licence applications, we consulted on three alternative options which have been discounted for the following reasons:
- a) Charging the same fee for online and paper applications would give no financial incentive to licensees to apply for their licences online. The fees would not be reflective of the difference in cost of processing online rather than paper licences and would not encourage use of the most efficiency technology.

- b) Charging a fee for online applications but lower than the current fee for paper applications would encourage online application to some extent but licensees would not fully benefit financially from the lower costs of processing their applications online. Ofcom would need to cover the cost of providing facilities to process payments online.
- c) By maintaining the existing annual pricing structure, both licensees and Ofcom would not fully benefit from the deregulatory decision of having lifetime as opposed to annual licences. Ofcom would need to continue to provide resources for processing applications and renewals manually.

A6.7 In accordance with the proposals outlined in the consultation document, Ofcom has therefore decided to implement the proposal to charge an administrative fee of £20 for licence applied for by post (except to those who are 75 years of age or over) and not to charge any fee for licences applied for over the internet.

A6.8 The amount of fees collected from amateur users may be reduced by as much as £750,000 but the cost of administering licences will also fall dramatically (estimated from £440,000 per annum to £40,000 per annum). The new fee structure reflects the difference in cost between processing paper and online licences and encourages the use of the most efficient technology. By using online licences for free, users that choose to adopt this efficient technology benefit financially from the cost savings achieved by Ofcom. Furthermore this decision is in line with Ofcom's general policy to exempt smaller users from a fee except where it is necessary to expend significant effort on licensing.

Decision to issue free online ship radio and ship portable radio licences and administer a £20 fee for licences that are not applied for electronically

A6.9 For ship radio and ship portable radio licence applications, Ofcom also consulted on various options such as charging the current annual fee for lifetime online as well as for paper licences, and charging the current fee for online and a higher fee for paper applications. We discounted these options because:

- a) the first option would not reflect the difference in cost between of processing online rather than paper applications, would not provide licensees with financial incentives to apply online and would not allow licensees to benefit from the cost savings of processing applications online; it may also discourage some users from obtaining a licence thereby reducing safety at sea;
- b) the second option would require Ofcom to set up facilities for processing online payments adding to the cost of implementation and the fee collected may not cover the full cost of administering payments; licensees would not benefit financially from the lower costs of processing applications online.

A6.10 Ofcom has therefore decided to implement the proposal unchanged and will only charge for postal applications. The amount of licence fees collected from ship radio and ship portable radio licensees may fall by as much as £700,000 but they would also reduce Ofcom's costs of issuing applications (estimated from 513,300 to 46,700). In practice, the new fee structure will encourage the use of the more efficient technology and will allow users who apply online to benefit financially from the cost savings achieved. The facility of the online system will aim to encourage use of licensed ship radio equipment thereby improving safety at sea.

Costs and benefits

Costs to business

- A6.11 The proposals do not increase the costs borne by amateur and ship radio users to obtain a licence.

Costs to Ofcom

- A6.12 There are direct administrative costs associated with making the amendment regulations. These costs would include the one-off cost of physically making the amendment regulations and the initial cost to Ofcom of setting up and administering licences over the internet. However Ofcom believes that these costs are relatively immaterial and would be largely offset by long term benefits.
- A6.13 The regulations could effectively reduce the amount of fees collected by as much as £513,000 for ship radio and ship portable radio and £440,000 for amateur users. However this reduction in income would also reflect the reduction in costs from greatly reducing the number of paper based licences Ofcom administers and fees it collects.
- A6.14 Ofcom considers that the overall costs of implementing the proposals are relatively small and should be offset against the benefits detailed below.

Benefits

- A6.15 The proposals will significantly reduce costs to amateur radio and ship licensees. Licences will be free if applied for over the internet and the £20 lifetime charge will be a significant decrease to the existing £20 annual charge. The new fee will only apply to new applicants not using the internet; it is unlikely that there will be a high numbers of these applications.
- A6.16 It is expected that overall amateur and ship licensees would save in the region of £1,450,000 through applying for their licences online.
- A6.17 In addition, the proposals encourage the use of the online application process. This would allow Ofcom to reduce its administrative costs by ceasing to administer the majority of licences manually and to process the payments of fees. These cost savings would be passed through to consumers who would not pay for applying and obtaining a licence online.

Business sectors affected

- A6.18 The changes proposed apply to all new applicants of amateur radio, ship radio and ship portable licences. Licensees with valid licences on 1 October 2006 will be issued with a new paper licence free of charge approximately 6 weeks prior to the expiry of their licence.

Conclusion

A6.19 For the reasons identified in the preceding paragraphs, Ofcom considers the benefits of making the Amendment Regulations outweigh the costs. Ofcom therefore proposes to amend the Wireless Telegraphy (Licence Charges) Regulations 2005.