

# Consultation

## Charge on telecommunications activities utilising radio spectrum

### Purpose and type of consultation

The Board of the Commerce and Employment Department would like to hear your views on the Board's in principle decision to introduce legislation to set a new charge on telecommunications activities which are made possible through the use of the Island's radio spectrum.

Information received from the consultation will assist the Board in making its final decision on this matter. If the Board subsequently confirms its in principle decision, a report will be laid before the States in due course.

(Please note: This consultation is separate from CICRA's 4G consultation process.)

**The consultation is open to all organisations, employers and the public, from whom we would be grateful to receive responses.**

**Closing date for responses: Monday 3<sup>rd</sup> June, 17:00.**

This consultation paper is available to view online at: [www.gov.gg/spectrum](http://www.gov.gg/spectrum)

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### Contacts

Please send your comments:

**by email to:**

[spectrum@commerce.gov.gg](mailto:spectrum@commerce.gov.gg)

**or by post to:**

Principal Assistant  
Commerce & Employment Department  
Longue Rue  
St Martin's  
GY1 6AF

**How to contact us:** Telephone: (01481) 234567

## Consultation

### Background

In December 2011, Guernsey's Commerce and Employment Department Board (C&E) and Jersey's Economic Development Department (EDD) formally requested Guernsey's Office of Utility Regulation (OUR) and the Jersey Competition Regulatory Authority (JCRA) to run the process of spectrum allocation in the 800MHz and 2.6GHz bands on behalf of the Departments, in preparation for the deployment of fourth-generation (4G) mobile telecommunications services.

Subsequently, the OUR and the JCRA initiated a joint consultation on the allocation of radio spectrum to telecommunications operators in the Channel Islands.

Following the Guernsey 2012 general elections, in May 2012, the new C&E Board requested, with agreement from Jersey's EDD, that this consultation be deferred in order to allow for more analysis on the issues relating to the use of the available spectrum and the policies that should be followed in its allocation.

Consequently, consultants Analysys Mason were commissioned to conduct an assessment of the spectrum requirements for 4G in the Channel Islands, and to advise on the appropriate framework for 4G spectrum award.

This work has now concluded and Analysys Mason has produced a report on the matter for the two Departments. C&E and Jersey's EDD have now requested that the Channel Islands Competition and Regulatory Authorities (CICRA) resume the 4G consultation with the benefit of this additional analysis.<sup>1</sup>

### Proposal for a new charge on radio spectrum utilisation

Through this process, it has come to the attention of the C&E Board that the States of Guernsey does not currently charge mobile network operators for the use of radio spectrum. The Board sees this spectrum as a limited resource which belongs to all Islanders, and is therefore considering the introduction of legislation to set an annual charge on spectrum utilisation by the mobile network operators.

The Board recognises that the operators pay an annual Administrative Incentive Pricing (AIP) fee to UK telecommunications regulator Ofcom, based on their spectrum holdings. Given the mobile network operators' current collective spectrum holdings in Guernsey, the total fee paid to Ofcom by all three operators collectively amounts to approximately £72,640 per year.<sup>2</sup>

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<sup>1</sup> The Analysys Mason report will be published in due course as part of the CICRA 4G consultation process.

<sup>2</sup> This figure is derived from multiplying the total radio spectrum bandwidth currently held by mobile network operators in Guernsey (90.8MHz of spectrum assigned for 2G and 3G mobile services, on the 900MHz, 1800MHz and

This fee is used by Ofcom to cover its cost of administering radio spectrum, and it also contributes to incentivising efficient use of the spectrum by the mobile network operators. Moreover, for Guernsey this fee also contributes towards the costs incurred by Ofcom in representing the Island's interests with other countries, for example when negotiating agreements with France to coordinate the use of adjacent radio spectrum bands so as to minimise the risk of any cross-border interference.

In addition, the Board also notes that the mobile network operators, as holders of a CICRA telecommunications licence, pay an annual fee of approximately 0.5% of their relevant revenue from the provision of all telecommunications services (both fixed and mobile) to CICRA, which allows it to cover its regulatory costs.

Nevertheless, the Board believes that because radio spectrum is a limited Island resource which is utilised for commercial gain by the mobile network operators, it would be appropriate for them to make a financial contribution to the Island in recognition of this fact.

**Therefore, the Board is considering introducing legislation to enable the Department to set a charge in the order of 5% of operators' revenue arising from all activities which utilise spectrum for telecommunications purposes in Guernsey – including, but not limited to, 2G, 3G, 4G and fixed wireless access services.**

For the avoidance of doubt, this charge would not apply to activities arising from the operators' activities in Jersey. The charge would be collected by the States of Guernsey, and not CICRA.

### Next Steps

The Department is seeking feedback from all interested parties on this matter. **The deadline for responses is Monday 3<sup>rd</sup> June 2013, 17:00.**

Once all the responses have been reviewed, the Board will make its final decision on this matter.

Should the Board decide to confirm its in principle decision to introduce legislation to set a new charge on telecommunications activities which are made possible through the use of the Island's radio spectrum, a report will be laid before the States in due course.

It is the intention of the Board that its decision will have been confirmed to all interested parties by the time CICRA resumes the 4G consultation process.

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2.1 GHz bands) by the Ofcom annual fee of £ 8,000 per 2x5MHz channel (which is assumed to be equivalent to £800 per MHz).

## How to respond: PLEASE SEND COMMENTS

<b>by email to:</b>  <a href="mailto:spectrum@commerce.gov.gg">spectrum@commerce.gov.gg</a>	<b>or by post to:</b>  Principal Assistant Commerce & Employment Department Longue Rue St Martin's GY1 6AF
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## Disclaimer

**Thank you for taking part.** Please note that consultation responses may be made public, sent to other interested parties on request, quoted in a published report, reported in the media, published on [www.gov.gg](http://www.gov.gg), etc. Please tick one of the following as appropriate:

- I agree that my comments may be made public and attributed to me.
- I agree that my comments may be made public but not attributed (i.e. anonymous).
- I do not want my comments to be made public.
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Name:	<hr/> <hr/>
Company / Organisation:	<hr/>
Address:	<hr/> <hr/> <hr/> <hr/>