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Dear Mr Richardson

Applying Spectrum Pricing to the Aeronautical Sector – A Formal Response to the Consultation on behalf of Monarch Airlines Ltd

Monarch Airlines welcomes the opportunity provided by Ofcom to respond to its consultation document on the pricing of aeronautical VHF spectrum. As one of the leading UK airlines which has been operating flights for over 42 years we have seen many changes affecting our industry but must admit that a proposal to tax our use of radio spectrum is one of the most unexpected regulatory issues we have faced.

We have a number of serious concerns over the proposal which focus on the impact such a scheme would have on flight safety and interoperability as well as the financial costs that we would incur should the Ofcom proposal be approved.

As a company we have no control over the spectrum allocated to aviation by the WRC and accept the frequencies which we are forced to use (there being no current alternative to radio communications) and that have been approved internationally. We do not find sufficient evidence in the consultation document that the Ofcom proposal fully understands the impact that spectrum pricing and/or the withdrawal of aviation spectrum within the UK would have on current and future plans for enhanced technologies under the SESAR and Next Gen programmes. We fail to understand how Ofcom believes that it is in a position to exert management control of UK aviation spectrum when the effect of the spectrum pricing proposal will extend far beyond our borders. We believe that management of aviation spectrum in the UK should be the responsibility of the UK Department for Transport with technical expertise provided by the UK NSA, the Civil Aviation Authority.

The consultation does not explain how the aviation industry could better manage aviation spectrum although appears to suggest that efficiencies could be made by withdrawal of allocated spectrum (which may well be required in the years ahead). Any loss of spectrum in the UK will affect our international partners although the document fails to determine if either Ofcom or the UK is in a position to remove internationally agreed radio spectrum.

The consultation alludes to enhanced efficiencies should the proposal be accepted but is unable to offer any predictions of how this would be achieved. The only certainty arising from the proposal is that the costs applied to the aviation sector would undoubtedly increase without any corresponding increase in benefits (either financial or operational). Current estimates provided by NATS are that the industry would face a £4 million increase in costs as a result of this proposal. Given that the consultation is unable to explain what the proposal would bring to the industry other than that payment would allow retention of long-standing and internationally agreed radio spectrum we can only assume that the Ofcom proposal is a clever means of raising additional taxes. In the absence of detailed information on what non-aviation spectrum users would be prepared to pay for aviation frequencies we believe it is impossible to either address the question of efficiencies or to set valid chargeable rates. In our view it is very unlikely that the freed-up spectrum could be used by non-aviation VHF spectrum users because of technical limitations so the argument that spectrum efficiencies could be made appear specious.

Monarch Airlines believes that the proposal to apply pricing to aeronautical VHF spectrum would be detrimental to the interests of the travelling public, the aviation industry (and especially to those aviation interests based in the UK) and, perhaps more significantly, detrimental to the best interests of the United Kingdom. With more integrated and global infrastructures being developed we fail to understand how Ofcom can possibly regard the imposition of such an isolationist proposal as advantageous. We strongly urge Ofcom to review this consultation in the hope that a re-assessment will lead to a realisation of the potential difficulties the UK could face should the proposal be given the go-ahead.

Monarch Airlines

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