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20 December 2007

Dear Stephen

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

ManSat Limited is pleased to offer its comments on the Ofcom consultation on the Procedures for the Management of Satellite Filings - Charges and Amendments to Procedures. ManSat appreciates the efforts expended by Ofcom in initiating a consultation on this matter.

ManSat is carrying out satellite filing work under contract for the Isle of Man Government. ManSat's primary objective is to ensure that it supports the diversification of the Island's economic activity. This consultation raises a number of important issues for ManSat since cost recovery, and matters associated with it, significantly impact on ManSat's operations.

In this response we first offer some general remarks on cost recovery, and then responses to the questions raised by Ofcom are provided.

Since preparing this response we have seen Ofcom's publication, through its website, of 19 December 2007 which offers additional information on cost recovery (and related issues). We wish to consider this additional information carefully to establish to what extent it provides sufficient transparency on Ofcom costs, and whether it offers greater clarity on work that may be undertaken by the Isle of Man. We envisage that we would be offering supplementary comments by the new deadline set by Ofcom, where necessary amending the related views expressed in this response.

## **General Remarks:**

### Cost Recovery

We note that Ofcom's primary objective is to recover its costs for satellite filing and coordination work (here after referred to as "satellite filing work"), currently estimated at £400,000 per annum. As stated in the consultation document this cost recovery is a requirement placed on Ofcom under the Communications Act. Ofcom has acknowledged the view of the responders to an earlier consultation, who stated that such cost recovery should be transparent and proportionate and subject to consultation on detail.

We appreciate the efforts of Ofcom in producing the Consultation and detailing many of the related aspects. However, we found that the information currently provided is insufficient to make a complete assessment of the matter, and for us to provide a fuller response. It is felt that additional information is needed on the following:

- i) More details or a breakdown of the total Ofcom costs: It was stated that six people are involved in this work. It would be helpful to identify the job functions of the six people and the percentage of their time spent on satellite filing work.
- ii) Possible delegation of work to the Isle of Man. Ofcom stated in its policy Statement issued following an earlier consultation that " Fees charged for filings on behalf of territories Ofcom represents would take into account any reduction in Ofcom workload resulting from functions carried out by the administrations of those territories. To the extent that a UK-represented territory relieves Ofcom of certain responsibilities and functions, the fee would be lower". ManSat is keen to ensure that the Isle of Man regulator undertakes some of the functions for satellite filing, thereby reducing Ofcom's workload. As Ofcom stated, when such work is undertaken, there would be reduction of fees payable to Ofcom. This also has a bearing on the matter raised above. That is, if, in this consultation, Ofcom was to make available a breakdown of its costs, it would allow the Isle of Man regulator to assess the savings to be made by outsourcing certain of the functions Ofcom currently undertakes.
- iii) Ofcom has stated that its preferred option is the "scaled fee", which levies an equal charge per filing. Ofcom has not expanded its justification sufficiently to demonstrate that each filing requires the same amount of Ofcom's manpower resources. For example, Ofcom has not stated why it believes that all filings in the coordination stage require a similar level of its resources. This is not the case in many instances. It has now become standard practice, in these days of the congested GSO, to file for a number of orbital positions in order to secure at least one through coordination. These are generally identical filings made for multiple orbital positions . In such cases the resources devoted for these multiple filings (for coordination etc.) by satellite operators are not much greater than the resources devoted to a filing for a single orbital position. This suggests that in such situations a scaled fee becomes an unreasonable measure by

which to implement cost recovery.

- iv) We would also wish to see that Ofcom costs are proportionate, a point Ofcom has acknowledged as the view of the responders to the previous consultation. This assessment would involve all three factors discussed above (i. ii. and iii.). ManSat, in assisting the Isle of Man with the diversification of the Island's economy, would wish to be assured that the costs levied on companies based there are proportionate to the task undertaken, and do not become burdensome to the industry. For this reason, we place a high importance on the delegation of work to the Isle of Man to enable such delegated work to be undertaken with the required skills but benefiting from a lower cost base.

**Responses to questions raised by Ofcom:**

**Response to Question 1:** As stated under General Remarks above, it is difficult to assess the matter completely and provide a comprehensive response in the absence of key information or greater transparency of costs. ManSat suggests that Ofcom provides detailed information on the breakdown of its costs and the possible delegation of work to the Isle of Man. This would allow consideration of further options that may be available for cost recovery.

**Response to Question 2:** As explained in the General Remarks section above, ManSat finds that the number of filings is not directly proportional to the resources needed manage them. Therefore the scaled fee would result in assigning disproportionate costs to operators. If something closer to true cost is to be recovered, an hourly charge could well be the best option. If Ofcom believes that this could not be implemented for the reasons stated in the Consultation, it would be far better to levy a single charge to all UK operators, noting that in some cases a cost reduction may be allowed to those operators whose jurisdictions have undertaken certain satellite filing responsibilities under powers delegated by Ofcom.

**Response to Question 3:** Yes, ManSat agrees with this proposal.

**Response to Question 4:** Yes, ManSat agrees with this proposal

Yours sincerely

Don Jayasuriya