

# Optimising the Use of the Radio Spectrum by the Public Sector in the European Union

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'Policy overview/ practical experience'

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## The Prologue

In late 2004, the UK Government commissioned an *Independent Audit of major spectrum holdings*: aimed at increasing the efficiency of spectrum use.

The main target was public sector spectrum, which accounted for about half the relevant frequencies.

This presentation discusses the process.

(See [www.spectrumbauidit.org.uk](http://www.spectrumbauidit.org.uk) )



# Independent Audit of SPECTRUM HOLDINGS



DECEMBER 2005

by Professor Martin Cave for Her Majesty's Treasury

## Composition of public sector holdings below 15 GHz

Defence non-navigation	66%
Defence navigation	9%
Civil aeronautical	12%
Emergency and Safety Services	5%
Science	4%
Maritime	2%

But the public/private border is porous

## The commercial sector context

An earlier review had recommended the replacement of administrative by market methods of spectrum management for most commercial spectrum

The Government accepted this and Ofcom was implementing it.

Spectrum pricing was also in place for some non-auctioned spectrum.

## Issues for the Review

- Why is the public sector different?
- What is the appropriate balance between markets and administrative pricing for public sector spectrum?
- How should public sector speaking be priced?
- How should public sector spectrum be planned?
- How should it be audited?
- [How much is it worth?]
- Can incentives work in the public sector?

## The key recommendations of the report: General principles of management

New spectrum requirements of the public sector should be realised through the market.

Spectrum pricing should be introduced for (almost) all existing holdings.

Surplus public sector spectrum should be available for sale, lease or sharing.

## The key recommendations of the report: General principles of planning

- The Government's UKSSC (Spectrum Strategy Committee) should produce a 'forward look' of public sector spectrum use every two years.
- A demand forecast for all spectrum should be undertaken regularly.
- More resources should be devoted to collecting information and managing public sector spectrum holdings.

## What have the UK government and regulator done?

- Accepted the Report's recommendations
- UKSSC published 1<sup>st</sup> forward look in 2007
- Extended pricing to most existing holdings
- Established a legal instrument to trade public sector spectrum (recognised spectrum access – RSA)
- Committed to publishing more information on public sector spectrum to facilitate trade
- Ofcom has published overall plan in 2008

- The Ministry of Defence has
  - Set up a more centralised management regime for spectrum
  - Undertaken a demand study
  - Identified surplus spectrum
  - Made arrangements to trade or lease frequencies (details soon).

The UK policy seeks to ‘converge’ public and commercial spectrum management regimes –to avoid commercial scarcity/public plenty.

This requires close co-operation between public sector users and the national spectrum regulator.

For success, the ‘hearts and minds’ of public sector spectrum users must be won.

## The motivation Issue

Many public sector agencies have 'soft budget constraints' – they are given money by the Finance Ministry to cover the costs of achieving output targets.

How can pressure for efficiency be imposed on spectrum (or other resource) use?

- Carrots: keep part of sales revenue, beat medium term spectrum sales targets;
- Sticks: fall short of targets: be subject to audit; pay for unanticipated spectrum needs.