

From: Rory Ardagh []
Sent: 17 August 2010 14:37
To: review, secretary
Subject: Secretary to the Review Group on State Assets

Dear Sirs,

Thank you for the opportunity to make a submission to the "Review Group on State Assets".

I would like to focus on the issue of 'intangible assets', and more specifically the issue of Radio Spectrum.

I would ask the review group to consider:

The Legislative Basis for the Management of Radio Spectrum.

The current laws are ancient and although they have been modified over the years both nationally and as a result of EU legislation I believe that there would be a significant benefit to the State in updating them urgently to take account of issues such as:

1. Ownership:

The state should be able to sell a license to use Spectrum in a legal form which can be mortgaged, sold, sub-licensed, sub-divided (There are many ways to do this with Spectrum). This would allow the asset to be treated as a financial asset and would encourage financial purchasers of the asset seeking to maximise economic return, as well as small companies seeking to secure a loan to gain access to develop emergent and innovative services.

2. Fees:

The state should be able to use emerging and flexible spectrum pricing models such as 'Administered Incentive Pricing'. Fees structure should be capable of being structured to discourage spectrum from either being left idle, and to mandate a requirement similar to the EU environmental law concept of *Best available techniques not entailing excessive costs* - with regards to maximising the effective use of the spectrum.

3. Transparency:

There should be a public register of all of the licenses issued by the State, including information such as fees, owners, etc. This should be an adequate information source such that firms seeking to enter the market may identify existing firms with existing spectrum licenses, who may be able to sub-let/sub-license spectrum, in a market type system. The register would include information with regards to any such sub-letting etc. Ultimately, it could form the basis for a commercial spectrum 'exchange'.

The additional certainty of a consolidated and modern foundation to the legislative basis for Spectrum Management in Ireland could only increase the value of the spectrum that is coming up for re-assignment as a result of the imminent lapse of the original o2 and vodafone GSM licenses, as well as the forthcoming release of significant spectrum following the migration of TV broadcasts to DTT. It may even attract entities such as hedge funds and venture capital funds to bid for the spectrum in competition to traditional direct spectrum users, increase the yield to the exchequer and make the spectrum available in more innovative and commercial structures.

I appreciate the extent of your work, and hope you will be able to consider my submission positively,

Many kind regards,

Rory Ardagh
Telecom Property Holdings Limited