



Manx Telecom Response

Consultation on Increasing ISP Licence Fees

13th October 2014

Proposal

The licence fee for ISPs on the Isle of Man will be increased to £500 per annum plus 0.5% of Turnover exceeding £100,000. Turnover refers to revenue generated from licensed activities in the most recent financial year (as explicitly defined in the licence). The new fee would come into effect from April 2015.

Manx Telecom welcomes the attempt by the Communications Commission to create a more level playing field for licensed operators in the Isle of Man and appreciates that the Commission now understands that there has been a significant narrowing of the gap between the services the holder of an ISP licence can offer to consumers relative to the holder of a full licence. However it is extremely disappointing that this consultation concentrates solely on licence fees and fails to address other significant issues around telecoms licensing in the Isle of Man.

Over the last eighteen months issues around licensing have been raised on numerous occasions in the monthly Other Licensed Operator (OLO) Forum. The fees paid by ISP licence holders have been one area of discussion. Discussions have also covered entitlements, obligations, expected behaviours, new licence processes and licence fees paid.

This consultation provided an ideal opportunity to cover:

- Explicitly defined entitlements of different categories of licence holder including markets they can operate in and products they can order on a wholesale basis
- Explicitly defined obligations of different categories of licence holders including expected market behaviour and in the case of Manx Telecom Wholesale guidance on which operators we have to offer different wholesale services to
- A review and update of the ISP licence structure and content more in line with current market conditions and technological opportunities
- Clarification over the process leading to new licences being issued
- Clarification over the status of E-Ilan's licence and what services they're able to offer (it is noteworthy that they're not referred to as a licence holder in this consultation)
- Explicit definition of "licensed" activities and transparency over licence fees paid by each operator

Altering the basis of fees is merely one element in a much-needed review of the licensing regime on the Island and to limit the consultation in this manner when markets have already fundamentally changed with the growth of VoIP and Over The Top (OTT) services, from both licensed and un-licensed competition is a missed opportunity to deal with more pertinent issues. The ambiguity of what services an ISP licence holder is and isn't allowed to offer with the current poorly defined parameters is a major problem for all licensed operators and could stifle innovation and investment. Simply changing the basis of fees doesn't resolve this.

I would ask that the Commission note the above points and address them either as part of this licensing review or certainly before any further licences are issued.