



DECISION 02 OF 2014

ON NEW PRESCRIBED FEES FOR RADIO APPARATUS LICENCES

Background

The Office of the Telecommunications and Radiocommunications Regulator released two publication consultations on 3rd May 2013 and 20th August 2014 on the revised fees for Radio Apparatus Licence and seek comments and views from radio apparatus licence holders, interested stakeholders and the public at large, about the level of the proposed prescribed fees.

During the public consultation period, TRR received comments and feedback which has assisted the Regulator in the making of this decision.

Legal basis

The general functions and powers of the Regulator are provided under section 7(1) of the Telecommunications and Radiocommunications Regulation Act 2009 ("the Act") to regulate telecommunications and radiocommunications. Section 7 (2) (e) of the Act provides the Regulator the power to allocate, assign and manage the radio spectrum, while Section 7(4) (b) of the Act grants the Regulator powers to prescribe "procedures, forms, and fees in respect of any licence".

Also section 7 (4) (c) of the Act further gives TRR the power to provide "for the methodology by which any calculation required under this Act is to be made". The Act also provides in section 13(4) that "subject to any Regulations, the Regulator must determine the terms and conditions of, and the fees

payable for, licences". The Regulation that supports the Regulator is the Radio Apparatus Licence and Spectrum Licence (Fees) Regulation Order No.153 of 2012 ("the Regulation").

In that Regulation, it is required that a person who operates radiocommunications equipment in Vanuatu must have a radio apparatus licence (Section 3 (1)) and provides for the payment of a prescribed fee for the licence (Section 3 (2)). By definition, 'prescribed' means as prescribed by the Regulator. To give effect to the provision of this regulation, the Regulator hereby prescribes the fees as required by the regulation to give effect to the Act and the Regulation.

Reasons for Decision

The Reason as to the revision of the fees is set out in Schedule 2 of this Decision.

Decision

After assessing all the comments and feedback received from radio apparatus licence holders, relevant stakeholders and the public, and in the exercise of the powers and duties conferred to me under the Act and the Regulation, I the Regulator, hereby make the following decisions:

1. The fees for Radio Apparatus Licences are hereby prescribed as set out in Schedule 1;
2. The new prescribed fees for Radio Apparatus Licences will come into effect as of 1st January 2015.
3. With respect to any interested person who wishes to apply for a new licence, experimental licence and for late payment of fees, the fees in Schedule 3 shall apply.

This decision is effective on the day it is made and will be publish in the official gazette.

Dated on this 7th day of November 2014



Ronald Box
Telecommunications and Radiocommunications Regulator

SCHEDULE 1

Table 1: Apparatus Licence Fees

Description	Fee (Vatu)
Aeronautical ground station	50,000
Aeronautical commercial aircraft	50,000
Aeronautical non-commercial aircraft	20,000
Amateur	3000
Amateur Visitor's Permit	1500
Broadcast station sound	45,000
Broadcast Station — Community Radio	10,000
Broadcast Station TV	108,000
Civil aviation beacon/signals or indicators	25,000
Earth Station large	30,000
VSAT Receive Only	5,000
VSAT Receive Transmit	20,000
Experimental	4800 per MHz or part thereof
Fixed Link or telemetry transmitter	
Bandwidth 7 MHz or below (one way/2 way)	8,000/16,000
Bandwidth more than 7 MHz up to 14 MHz (one way/2 way)	15,000/30,000
Bandwidth more than 14 MHz (one way/2 way)	30,000/60,000
Land mobile station duplex 12.5 kHz/25 kHz	9,000/18,000
Land mobile station simplex 12.5 kHz/25 kHz	5,000/10,000
Land Mobile HF radio	9,000
Private Mobile radio	9,000
VHF Teleradio	9,000
Fixed Price channel (fixed price channel Port Vila or Luganville only)	25,000
Maritime Commercial	20,000
Marine water taxi, local fishing craft	6,000
Marine Coastal station HF only	12,000
Marine Coastal station VHF only	10,000
Marine Coastal station HF and VHF	22,000
Marine Coastal station (dedicated frequency)	30,000
Paging base station	10,000
Point to Multipoint Services	4,800 per MHz or part thereof

In addition to the fees set out in the Table, the following fees also apply from 1 January 2015.

Table 2 Other Fees

Type of Fee	Fee Level
Application Fee (new licences only)	1000 Vatu where no frequency needs to be assigned; 5000 Vatu where frequency assignment is required
Late payment Fee	$\text{late fee} = \frac{\text{number of days the payment is late}}{365} \times \text{total fee for the service}$ <p>The minimum late payment fee will be 2000 Vatu.</p>

SCHEDULE 2

Reasons for Decision

Implementation of the new licence fees will support the Act and the Government's National ICT Policy. In particular, it will assist to achieve the object of the Act which is to facilitate the management of the radio-frequency spectrum to promote national social and economic development.

As a system of radio apparatus licence fees is already in place, the new fees do not represent a major shift in policy. Instead, the proposals represent a change to the existing policy to ensure that fees more accurately reflect the costs of managing the radiofrequency spectrum. TRR recognizes that the existing fee structure and levels are now not fit for purpose. In particular, they fail to generate sufficient revenues to cover the costs associated with administering the services involved, and their structure has not changed to reflect changes more broadly in communications markets.

The fees currently levied were set prior to the establishment of the TRR in February 2008 and were set and collected by Telecom Vanuatu Limited (TVL). The setting of radio apparatus licence fees by TVL was undertaken with a very different set of objectives in mind than the objectives of a modern communications regulator. A primary purpose was to set fees to discourage potential competition to services that TVL provided.

In its document *Spectrum Planning, Allocation and Assignment Practices* published in December 2011, TRR listed objectives of spectrum charges and fees, including to recover the cost of managing the radio spectrum where there is no congestion; and to encourage efficient use of the radio spectrum. The new fees set are designed to meet these objectives.

The apparatus licence fees will safeguard and promote the interests of Vanuatu residents and business by:

- helping to provide a predictable environment for the use of the radiofrequency spectrum, and in particular with regard to the level of apparatus fees;
- encouraging the more efficient use of the spectrum resource and reflecting the value of spectrum to the user more accurately;
- making the system of apparatus licence fees more transparent, so that radiocommunications users will have a clearer idea of how fees are derived;
- helping to ensure that the cost of managing the spectrum is shared fairly by apparatus licensees, rather than falling as a burden on the community as a whole;
- bringing the structure and level of apparatus fees more into line with the range of communications equipment now in use.

Some users will be adversely affected by increases in fee levels, while some users will benefit from fee reductions. Overall, however, the new fees will raise significantly greater revenue than the existing fees. TRR considers that the adverse impacts of fee rises are justified because:

- apparatus fee levels have not increased for many years, and do not reflect the costs of spectrum management imposed upon the community;
- spectrum users have had considerable notice of the fact that their fees are likely to rise, considering that the first consultation paper on this issue was released in May 2013;
- the views of responders to the first Consultation have been carefully considered and adjustments have been made, representing in some cases considerably smaller increases than those proposed in 2013;
- no adverse comments were received on the second consultation paper;
- the proposed fees are now much more closely tied to the amount of spectrum used, and the economic value of the bands concerned.

The proposed new apparatus licence fees, while in most cases higher than the existing fees, are generally lower than those proposed in the 2013 Consultation Paper. This reflects the fact that:

- TRR has sought to spread the burden of fees more equally than it previously proposed, taking into account representations from responders about the impact of the previous proposals;
- Fees for new services are proposed to increase more than fees for existing services, again in recognition of the impact of fee increases on existing businesses;
- TRR has decided that full cost recovery through fees is not desirable at this time. Instead fees reflect only 'reasonable partial recovery' of costs.

In setting the new radio apparatus licence fees, TRR has been guided by principles of simplicity, proportionality and efficiency. This means that it has sought to:

- make the new system as simple as possible;
- set higher fees as more spectrum is used; and
- set higher fees for spectrum bands where demand is highest.

In setting the new level of fees, TRR has used a fee formula approach. The formula is used to calculate fees based on the value of spectrum, the amount of bandwidth used, the value of the particular band used and the service that it is used in, and the type of transmission.

TRR has also decided to introduce application fees (for new licence issues) and late payment fees (where the licensee is applying to have a licence renewed after the date of expiry of the licence).

Application fees reflect the additional cost of issuing a licence for the first time compared to the cost of renewing an existing licence. This additional cost is greater where a frequency has to be assigned by TRR.

Late payment of licences imposes additional administrative costs on TRR in chasing up licensees. The additional costs imposed through late payment should be met by the late payers rather than by all licensees or the community as a whole.

In setting the proposed new fees, the TRR has had regard to the level of fees in comparable countries in the region. In many cases, the fees proposed are significantly lower than the fees levied in Papua New Guinea for example. However, while regard has been had to fees in other countries, the proposed fees have been set based on Vanuatu's circumstances.

The new Apparatus Licence fees will promote the interests of Vanuatu residents and businesses by establishing a more stable and secure system of funding spectrum management activities, which will enable TRR to carry out its spectrum management functions on a sustainable basis over time. TRR therefore considers that the benefits of the new fee structure will over time considerably exceed the costs imposed on users.

TRR will review the new apparatus licence fee schedule in three years. This will provide the opportunity to assess the impact of the new fees, and to adjust the fees if necessary.

SCHEDULE 3

Experimental licence

The Experimental Licence is a new licence type. It is to be issued only with the approval of the Regulator. Experimental licences are issued for limited terms only and would not be renewed except in special circumstances. They should only be issued to allow the trial of new technologies, new applications or new services. As a general rule, Experimental licences should be issued for a maximum period of one year. Before an Experimental licence was renewed, the Regulator would need to be convinced that special circumstances exist which would justify the trial continuing beyond the initial licence term.

The fee for Experimental licences is based on the bandwidth of the licence. The fee charged is 4800 Vatu per MHz or for a part of a MHz (that is, if the applicant requests a licence for less than 1 MHz, the fee payable would still be 4800 MHz).

Fixed link or telemetry transmitter

Fees for fixed links vary depending on the bandwidth of the link, and whether the link is a one way link or transmits in both directions.

For a one way link, the fees are:

- for a bandwidth of 7 MHz or less, 8000 Vatu;
- for a bandwidth of more than 7 MHz and up to 14 MHz, 15000 Vatu;
- for a bandwidth of more than 14 MHz, 30,000 Vatu.

For two direction links, the fees are double the fees for are a one way link; i.e.

- for a bandwidth of 7 MHz or less, 16000 Vatu;
- for a bandwidth of more than 7 MHz and up to 14 MHz, 30000 Vatu;
- for a bandwidth of more than 14 MHz, 60,000 Vatu.

Land mobile station

For a land mobile licence in the VHF or UHF band it will be necessary to work out whether the licence is for a simplex (one frequency) or duplex (two frequency) operation. Licence fees for these stations also vary depending on whether the system uses 12.5 kHz or 25 kHz channels.

The fees are:

- Land mobile station duplex 12.5 kHz/25 kHz (9000/18000 Vatu)
- Land mobile station simplex 12.5 kHz/25 kHz (5000/10000 Vatu).

Point to Multipoint Services

Apparatus licence fees for point to multipoint systems are charged according to the amount of bandwidth in the same way as Experimental licences. The fee charged is 4800 Vatu per MHz or for a part of a MHz (that is, if the applicant requests a licence for less than 1 MHz, the fee payable would still be 4800 MHz).

Application Fee

If an applicant is seeking a new licence (issued for the first time) an Application Fee will be payable. Staff will need to work out whether a frequency needs to be assigned for the licence (examples would be for land mobile or fixed links). If a frequency does need to be assigned then an Application Fee of 5000 Vatu would be payable *in addition to the normal fee* for the type of licence. If no frequency needs to be assigned (an example would be an amateur licence) then an Application Fee of 1000 Vatu would be payable *in addition to the normal fee* for the licence type.

Late Payment Fee

The Late Payment fee is set according to a formula:

$$\text{late fee} = \frac{\text{number of days the payment is late}}{365} \times \text{total fee for the service}$$

Take the example of a Maritime Commercial licence, where the renewal is made 30 days after the due date. In this case, the fee would be calculated as follows:

$$\text{Fee} = 30/365 \times 20000$$

$$\text{Late Fee} = 1643.83.$$

However, the minimum late payment fee is 2000 Vatu. So in this case, the Late Payment Fee of 2000 Vatu would be added to the normal fee of 20,000 Vatu.