

# **TRR Reviewed Aeronautical Apparatus License Fee Schedule-2016**

**18 December 2015, TAMATAM RM, TRR  
OFFICE, PORT VILA**



The Government  
of The Republic  
of Vanuatu



Telecommunication &  
Radiocommunication  
Regulator

# Legislation

- **The primary legislation for the establishment of Radio Apparatus License Fees is the Telecommunications and Radiocommunications Regulation Act No. 30 of 2009 (the TRR Act 2009);**
- **and the Radio Apparatus License and Spectrum License (Fees) Regulation Order No. 153 of 2012.**

**The ACT and the Regulation mandates TRR to manage radiofrequency spectrum, ensuring that there is no interference with any use of such radio spectrum so that all industries and users can use spectrum and their radiocommunication equipment effectively.**



# Background on Management of Spectrum and issue of Call Sign in the nearby countries.

## ▪ **NZ:**

- Radio Apparatus Licence, and Spectrum is managed by the Ministry of Business, and Economic Development.
- Call sign is issued by Civil Aviation Authority of NZ (CAANZ)

## ▪ **AUSTRALIA:**

- Radio Apparatus Licence, and Spectrum is managed by Australian Communications and Media Authority (ACMA).
- Call Sign is issued by Air Services Australia.

## ▪ **VANUATU :**

- Radio Apparatus Licence, and Spectrum is managed by TRR
- Call Sign is issued by TRR.
- Recently, agreed between CAAV and TRR that issuance of call signs related to Aviation industry will be done by CAAV, and TRR will issue an Apparatus License based on the call sign issued by CAAV



## Background on Consultation processes and the Aeronautical fees

There were two consultation processes for

- First consultation in 2013.

The fee originally proposed back in 2013 was **100,000 Vatu** plus VAT;

- Following feedback from the first consultation, a second consultation was held in 2014.

This was adjusted down to **50,000 Vatu** plus VAT in the new Apparatus Licence Fee Schedule introduced at the start of 2015, a **reduction of 50%** to the original fee of 2013.



## Background on Consultation processes and the Aeronautical fees-Cont'

When deciding on the appropriate level of licence fees, several factors were taken into account, including:

**The suggestion of coefficients by ITU, including:**

- **Bandwidth;**
- **Value of the spectrum**
- **Type of Band used.**
- **Service Factor**
- **Type of Transmission.**

**At that time, TRR proposed to base its fees on a formula as proposed in the past consultation papers.**



# Benchmark for Aeronautical fees in the region, Particularly NZ and Australia.

| Country     | Issue Charge           | Annual fees (Wide Area)              | Administrative-Application fee for renewal | Administrative-Application fee for New license |
|-------------|------------------------|--------------------------------------|--|--|
| Australia   | (28,200vt)<br>AUD\$345 | 4,600vt(eg-118.1kz-50Kz)-AUD\$56.79. | (300vt) AUD\$4                             |  |
| New Zealand |                        | (27,000vt)-NZD\$357.75               |  |  |
| VANUATU     |                        | 50,000vt                             |  | 1000   |

## AUSTRALIA: for Wide Area

- New License: Issue Charge (28,000vt)+ Annual fees (**depends on the bandwidth used**).
- Renewal License: Renewal fee (300vt) + Annual fees (**depends on the bandwidth used**).

## NZ

- Fixed Annual Cost (27,000vt)



# Example-Operator X for WIDE AREA

FREQ USED: VHF (12.7, 119.1, 118.1), HF (5484, 6553, 8846) →  $6 \times 50 \text{Khz} = 300 \text{Khz}$

## 1. AUSTRALIA: \$1.1358/Khz

### New Licence

Annual Fees =  $1.1358 \times 300 = \$340.74$  (27,800vt)

Issue Charge = (28,200vt) AUD\$345

Total = 56,000vt

### Renewal of Licences

Annual Fee + Renew fee

Total =  $27800 \text{vt} + 300 \text{vt} = 29,100 \text{vt}$

2. NZ (NEW and Renewal) = 27,000vt

3. VANUATU (NEW License) =  $50,000 \text{vt} + 1000 \text{vt} = 51,000 \text{vt}$ ,  
(License Renewal) = 50,000vt



# Cont' Example: Operator X

| Country | NEW      | RENEWAL  |
|---------|----------|----------|
| AUST    | 56,000vt | 29,100vt |
| NZ      | 27,000vt | 27,000vt |
| VANUATU | 50,000vt | 50,000vt |

## JUSTIFICATION

- Managing the radiofrequency spectrum requires resources in terms of equipment, human resources, international and regional obligations and fees.
- Fees are necessary for TRR to recover its costs and move to a self-sustainable entity.
- In setting the fees, TRR has taken into account the relative value of the spectrum and the ability of the industry to use the spectrum to make money.





# Facts and Arguments for Setting the new fees

- **TRR has listened to the views of the aviation industry about the level of radio apparatus fees for that industry and has decided that the currently specified fees could, potentially, be adjusted to a lower level. If the fees are to be lowered, this would mean that TRR will have lowered the proposed aviation radio apparatus fees on two occasions.**
- **Managing the radiofrequency spectrum requires resources in terms of equipment, human resources, international and regional obligations and fees.**
- **Fees are necessary for TRR to recover its costs and move to a self-sustainable entity.**
- **In setting the fees, TRR has taken into account the relative value of the spectrum and the ability of the industry to use the spectrum .**



# Proposed new fees for Aeronautical

Having considered all the facts and the arguments put to it, TRR now proposes that fees for aeronautical and aircraft licenses will be;

- **NEW License FEE**

- Issue Charge and Annual fee: 50,000vt (Application, processing and issuance of new License)

- **License Renewal**

- Annual Fee: 28,000vt

- **Modification of license**

- Processing Fee: 5000vt

- Annual Fee: 28,000vt

- **Transfer of License**

- Transfer processing fee: 5,000vt

- Annual Fee: 28,000vt

| Example Operator X |          |          |
|--------------------|----------|----------|
| Country            | NEW      | RENEWAL  |
| AUST               | 56,000vt | 29,100vt |
| NZ                 | 27,000vt | 27,000vt |
| VANUATU            | 50,000vt | 28,000vt |



# Proposed new fees for Aeronautical-Cont'

**This is a considerable reduction over previous fee proposals:**

- **it is proposed to be reduced further to 28,000 Vatu plus VAT which is a total of 72% reduction of the original 2013 fee.**
- **The fees are now harmonized with benchmark countries.**



# Rational for setting the new Fees

In setting fees, TRR must pay attention to a number of important principles, including:

- The principle that those who benefit from the use of the spectrum should bear the cost of managing the spectrum resource, rather than this cost falling on the community as a whole;
- The need for TRR to become self-sustaining in funding its operations in the medium and then ongoing longer term as funding from other sources (such as World Bank Grants) stops;
- The fact that some spectrum bands are more valuable than others. This is especially true for bands in the lower part of the spectrum like those used by the aviation sector;
- The user pays principle adopted almost world-wide; and



# Rational for setting the new Fees-cont'

- **TRR has used a formula to help it set apparatus licence fees. That formula means that fees will vary according to the amount of spectrum used and the band that the spectrum is located in.**
- **The principles listed above were taken into account in setting values in the formula for the different bands and for the different services. In particular, fees for the aviation sector reflect the fact that the bands used by the sector are valuable bands, and the industry is using the spectrum for commercial purposes and to derive income.**
- **TRR considers that the newly proposed fee represents a fair contribution from the aviation industry to the cost of managing the spectrum in Vanuatu.**



# NEXT REVIEW

- **TRR will review all radio apparatus fees again in 2017.**

