

ICT 2023 – 1 - Consultation Revision of the Fees for Maritime Licences



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Closing Date for comments: 27 July 2023

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A. Introduction

1. The Utility Regulation and Competition Office (the ‘**Office**’) is the independent regulator for the electricity, information and communications technology (**ICT**), water, wastewater and fuels sectors in the Cayman Islands. The Office also regulates the use of electromagnetic spectrum and manages the .ky Internet domain.
2. Different decisions by the Office will affect persons and organisations throughout the country in different ways. It is therefore important that the Office makes decisions with the appropriate input from persons with sufficient interest or who are likely to be affected by the outcome of such decisions. Consultation is an essential aspect of regulatory accountability and transparency and provides the formal mechanism for these persons to express their views in this manner. The requirement for the Office to consult is mandated in its enabling legislation.
3. The purpose of this consultation is to seek the views of affected stakeholders, the general public, and other interested parties, regarding proposed changes to the fees associated with ship (and other maritime) radio licence fees.

B. Legal Framework

4. Under the Information and Communications Technology Act (the ‘**ICT Act**’), the Office is permitted to determine prescribed licence fees. **Section 30(1)** of the ICT Act states that “*A licence granted under this Law shall be subject to the prescribed licence fees which shall be determined by the Office*”
5. Amongst the licence fees prescribed by OfReg are those relating to the use of radio and other wireless devices on board ships and ocean-going vessels, and those used on land to communicate with, and to assist with the navigation of, boats and ships. The last update to the fees charged by OfReg for these maritime licences was in 2007. Since then, a significant number of changes have taken place which have made it necessary to review the fees for maritime radio licences.

6. This document sets out the proposed changes, explains the rationale behind the proposals, and invites feedback from stakeholders on the proposed changes.

C. Proposals

7. OfReg currently issues six types of maritime radio licence. These are defined, together with their respective current fee, in the table below.

| Type | Description | Application Fee (CI\$) | Annual Renewal (CI\$) | Comments or explanatory notes |
|------|------------------------|------------------------|-------------------------|---|
| L1 | Ship radio station | 24.00 | Same as application fee | For vessels of less than 300 gross tons with no MMSI number |
| L2 | Ship radio station | 49.00 | Same as application fee | For vessels of less than 300 gross tons requiring an MMSI number |
| L3 | Ship radio station | 98.00 | Same as application fee | For vessels more than 300 gross tons but less than 1600 gross tons |
| L4 | Ship radio station | 147.50 | Same as application fee | For vessels of greater than 1600 gross tons |
| L5 | Ship radio station | 20.00 | Same as application fee | Coastal vessel |
| O | Marine (Coastal) radio | 20.00 | Same as application fee | Base station operating on designated maritime frequencies in the coastal waters of the Cayman Islands |

8. It is proposed that, following the completion of this consultation, these fees will be changed to become as follows:

| Type | Description | Application Fee (CI\$) | Annual Renewal (CI\$) | Comments or explanatory notes |
|------|-----------------------------------|------------------------|-----------------------------|--|
| L1 | <i>Withdrawn. Replaced by L2.</i> | | | |
| L2 | Ship radio station | 75.00 | Same as application fee | For vessels of less than 300 gross tons |
| L3 | Ship radio station | 150.00 | Same as application fee | For vessels more than 300 gross tons but less than 1600 gross tons |
| L4 | Ship radio station | 225.00 | Same as application fee | For vessels of greater than 1600 gross tons |
| L5 | Ship radio station | 75.00 | Only required after 5 years | Coastal vessel. Licences are valid for 5 years. |

| Type | Description | Application Fee (CI\$) | Annual Renewal (CI\$) | Comments or explanatory notes |
|------|------------------------|------------------------|-------------------------|---|
| O | Marine (Coastal) radio | 75.00 | Same as application fee | Land-based station operating on designated maritime frequencies in the coastal waters of the Cayman Islands |

9. The proposed changes we are consulting on are to be considered the draft determinations in this matter and the Office welcomes feedback on the proposals which the Office will consider when making a final determination.

D. Rationale

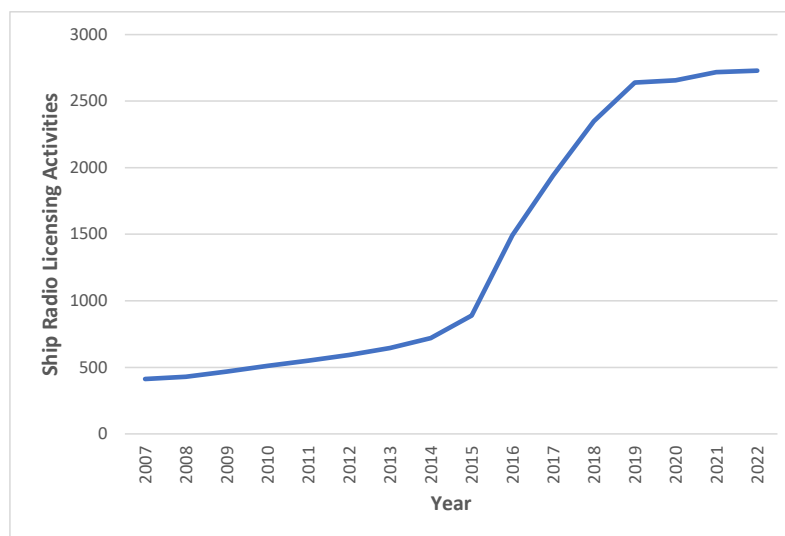
10. These proposals have resulted from a number of factors. Specifically:
- The last update to the fees charged by OfReg for maritime licences was in 2007 and a review of fees is long overdue.
 - Costs have risen significantly over the intervening period.
 - A far larger number of applications are being processed, increasing the administrative burden and associated cost.
 - Fees for ship radio licences in the Cayman Islands are below those of most of its peers.
 - Most vessels now require an MMSI, increasing the administrative effort required to process applications.
11. The Office is therefore proposing to revise the fees charged for maritime licences in order to reflect these changed circumstances.

D.1 Increases in Costs

12. The fees for maritime licences were last updated in 2007. Based on data from the Cayman Islands Economics and Statistics Office (ESO), consumer price inflation (CPI) between 2007 and 2022 amounted to 35%. It is expected that this will rise further and significantly during 2023. In addition, the Office pays higher fees to the banks for each transaction, reducing the income it receives from certain forms of payment.
13. The proposed changes represent a price increase of 53%. The higher than CPI increase reflects ongoing high levels of inflation in the current year, and is also justified in light of the other factors explained below.

D.2 Increase in the number of Licensing Activities

14. The number of maritime radio licensing activities undertaken by the Office has increased by a factor of over 7 from just over 400 in 2007 to over 2700 in 2022 as illustrated in the figure below.



15. An increased number of ship registrations has a large effect on the administrative tasks associated with the handling of licence requests. For example, with an increased number of applications comes a larger number of incorrectly filed applications. Each application has to be checked for accuracy and completeness and payments have to be tracked. The burden on staff associated with the licensing activities (and thus the associated cost) has therefore increased significantly.

D.3 Comparisons with fees charged in other Jurisdictions

16. The following table sets out the fees charged for the equivalent maritime licence types in a number of other jurisdictions. These jurisdictions have been chosen on the basis that they are either in the same geographic region as the Cayman Islands (Bahamas, Barbados, Bermuda, Guyana and Jamaica), or are large maritime flag carrying states (Greece, Malta and the Marshall Islands). These fees were converted from local currencies to Cayman Islands Dollars with exchange rates correct as of 7 June 2023.

| Country | Licence Type | | | | | |
|-------------------------------|--------------------|--------|--------|---------------------|---------|---------|
| | L1 | L2 | L3 | L4 | L5 | O |
| Bahamas ¹ | 123.25 | 123.25 | 123.25 | 287.25 ² | 123.25 | 175.31 |
| Barbados ³ | 24.26 | 72.79 | 72.79 | 72.79 | 8.09 | 80.88 |
| Bermuda ⁴ | 99.00 | 148.50 | 292.88 | 391.88 | 99.00 | 206.25 |
| Greece | 52.66 | 52.66 | 52.66 | 52.66 | 52.66 | 101.53 |
| Guyana ⁵ | 139.96 | 186.48 | 186.48 | 186.48 | 93.30 | 130.15 |
| Jamaica ⁶ | 53.00 | 53.00 | 159.00 | 265.00 | 10.60 | 53.00 |
| Malta ⁷ | 30.90 | 101.43 | 101.43 | 101.43 | Free | 202.93 |
| Marshall Islands ⁸ | 82.50 ⁹ | 82.50 | 82.50 | 82.50 | Unknown | Unknown |

17. Comparing the fees paid in the Cayman Islands with those in these other jurisdictions it can clearly be seen that ship radio licence fees in the Cayman Islands are mostly lower than those in other countries (i.e. most of the cells are shaded orange). This is especially the case for the licences for smaller craft (e.g. types L1 and L2) and for Coastal Radio stations (type O) where the fees in the Cayman Islands are lower than all of the countries examined.
18. Following the proposed changes, and taking into account that the L1 licence will be withdrawn and that the L2 licence will replace it, the same analysis is shown below

| Country | Licence Type | | | | | |
|------------------|--------------|--------|--------|--------|---------|---------|
| | L1 | L2 | L3 | L4 | L5 | O |
| Bahamas | 123.25 | 123.25 | 123.25 | 287.25 | 123.25 | 175.31 |
| Barbados | 24.26 | 72.79 | 72.79 | 72.79 | 8.09 | 80.88 |
| Bermuda | 99.00 | 148.50 | 292.88 | 391.88 | 99.00 | 206.25 |
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| Malta | 30.90 | 101.43 | 101.43 | 101.43 | Free | 202.93 |
| Marshall Islands | 82.50 | 82.50 | 82.50 | 82.50 | Unknown | Unknown |

¹ <https://www.urcabahamas.bs/wp-content/uploads/2023/02/Fee-Schedule-2023.pdf>

² The Bahamas charge an additional CI\$164.00 if the vessel has an ESIM. For the sake of these calculations it has been assumed that class L4 sized vessels will have an ESIM fitted. This is authorized for no additional fee under the Cayman Islands maritime licence for passenger and cargo vessels.

³ https://www.telecoms.gov.bb/index9553.html?option=com_content&view=article&id=17&Itemid=119

⁴ <https://www.ra.bm/licences/electronic-communications-licences/radio-licences>

⁵ <https://telecoms.gov.gy/feestructures>

⁶ <https://www.sma.gov.jm/schedule-of-fees-spectrum-fees/>

⁷ <https://legislation.mt/eli/si/35.1/eng>

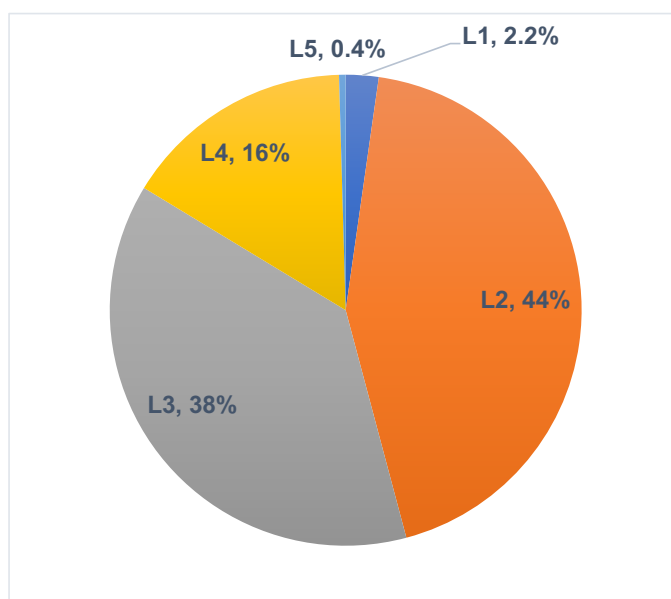
⁸ <https://www.register-iri.com/info-center/maritime-fee-schedule/>

⁹ US\$400 for a 4 year licence

19. The proposed changes make the fees in the Cayman Islands more balanced compared those of other countries, which can be seen by the ratio of cells shaded orange, and those shaded green.

D.4 Almost all vessels now require an MMSI

20. Ship radios that can send out distress calls using Digital Selective Calling (DSC) which include information including their location are becoming the *de facto* standard for all maritime radios. This means that the majority of applications to OfReg for ship radio licences require the issuance of a Maritime Mobile Service Identity (MMSI), which is required to digitally identify the vessel. The figure below shows the breakdown of ship radio licences issued by OfReg during 2022.



21. Only 2.2% of the ship radio licences issued during 2022 were for vessels which did not require an MMSI assignment (L1) and the proportion of such licences is in decline. It therefore no longer makes administrative sense to continue to provide a separate class of licence for these vessels.
22. Whilst the number of vessels authorised using an L5 (coastal vessel) licence is currently small, the International Maritime Organization (IMO) requires every vessel at sea to have a licence and it is therefore expected that the number of these applications will rise significantly in the coming years.

E. Consultation Questions

23. Based on the above, the Office invites all interested parties to submit their comments, with supporting evidence, on the following question:

Question 1: Do you have any comments regarding the proposed changes to maritime radio licence fees?

F. How to Respond to This Consultation

24. This consultation is conducted in accordance with the Consultation Procedure Guidelines determined by the Office and found on the Office's website [here:](http://www.ofreg.ky/upimages/commonfiles/1507893545OF20171DeterminationandConsultationProcedureGuidelines.pdf)
<http://www.ofreg.ky/upimages/commonfiles/1507893545OF20171DeterminationandConsultationProcedureGuidelines.pdf>
25. The Office considers that because the proposed changes are published as part of this consultation, this consultation will be conducted as a single-phase consultation over a period of **thirty (30) days**.
26. All submissions on this consultation should be made in writing, and must be received by the Office by **5 p.m. on 27 July 2023** at the latest.
27. The Office will post any comments received by **5 p.m. on 10 August 2023**.
28. Submissions may be filed as follows:

By e-mail to:
consultations@ofreg.ky

Or by post to:
Utility Regulation and Competition Office
P.O. Box 10189
Grand Cayman KY1- 1002
CAYMAN ISLANDS

Or by courier to:
Utility Regulation and Competition Office
3rd Floor, Monaco Towers II
11 Dr Roy's Drive
George Town
Grand Cayman
CAYMAN ISLANDS