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Industry Consultation on Revision of Radio Based Services (RBS) Charges

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Comments/Feedback Submission

Written comments/feedback on this consultation document may be provided to PTA as follows:

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The deadline for stakeholders' comments is 21st August, 2024

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1. Introduction

The Pakistan Telecommunication Authority (PTA) here forth called as the “Authority” is mandated, under the Pakistan Telecommunication (Re-organization) Act, 1996 (Amendment 2006) here after referred to as the “Act” to regulate the telecommunication systems and telecommunication services in the country.

Section 5(2)(c) of the Act empowers the Authority to "Receive applications for the use of radio frequency spectrum and subject, where applicable, to grant of licenses under clause (a), refer such applications to the Board for assignment of spectrum within a period of thirty days."

2. Background

The existing radio frequency spectrum and license fee for the Radio Based Services (RBS) were implemented back in 2000 and no revision has been made since then. The revision in charges has been carried out in order to cover the gaps between RBS charges and administrative costs of managing licenses as well as spectrum that have been ever increasing for the past 24 years. The accumulative average inflation rate during the period is approximately 700%. Moreover, the value of services being provided through RBS licenses and authorizations has also increased manifolds with advancement in technology and requirement of modern-day communication systems. Therefore, a revision of the rates is imperative.

3. Scope

This Consultation Paper proposes a revision in the license/renewal fee as well as radio frequency spectrum charges being collected from providers of RBS. Collectively, this will be called as RBS Charges in the context of this paper and subsequent implementation.

4. Radio Based Services

The Radio Based Services (RBS), for the purpose of this consultation paper are categorized as:

- Private Radio Networks (PRN)
 - Land Mobile Wireless
 - Trunk Radio
 - Aeronautical Ground Station
 - Maritime Coastal Station

- Mobile Station (Aircraft)
Mobile Station (Ship)
- Inmarsat
- Amateur
- DRS/Microwave

5. Legislative Context

Following statutory provisions mandate the Authority to regulate issuance & renewal of licenses, processing of frequency assignment requests and charging of relevant fees:

a. Pakistan Telecommunication (Re-organization) Act, 1996

- i. The section 5(2)(a) of Pakistan Telecommunication (Re-organization) Act, 1996 empowers the Authority to review the fee structure associated with any telecommunication service. It states one of the powers of Authority as: "Grant and renew licenses for any telecommunication system and any telecommunication service on payment of such fees as it may, from time to time and renew licenses for any telecommunication system and any telecommunication service on payment of such fees as it may, from time to time specify".
- ii. The section 5(2)(c) of the Act empowers the Authority as: "Receive applications for the use of radio frequency spectrum and subject, where applicable, to grant of licenses under clause (a), refer such applications to the Board for assignment of spectrum within a period of thirty days".

b. PTA Functions and Power Regulations 2006

Function & Power Regulations further elaborate the powers of the Authority to charge and levy fees with respect to licenses as well as authorizations:

23. Fees.— (1) The Authority shall have power to charge and levy, as the case may be, the following fees for grant and renewal of licenses or any authorization granted under the Act and for the purpose thereof,—

- (a) License fee, i.e., initial and annual;
- (b) License renewal fee;
- (c) Spectrum fee for allocation and use of radio frequency spectrum including annual spectrum charges;
- (d) License revalidation fee;
- (j) License applications fee;

6. Proposed Charges

The proposed revision has been carried out in the light of best international practices and with the aim to simplify the calculation of frequency charges making it independent of the terminal equipment such as mobile stations and walkie/talkies. Moreover, instead of increasing the rates in a single step to bridge the gaps mentioned at para 2, a phased approach will be adopted through periodic revision in consultation with the stakeholders. The present revision would therefore be applicable for 3-5 year time. Following two type of mechanisms have been devised for the proposed rates:

6.1 Flat Rate

Following flat rates are proposed for RBS other than PRN:

Sr.	Service	Revised Rate per annum (Rs.)
1	Mobile Station (Aircraft)	20,000/-
2	Mobile Station (Ship)	20,000/-
3	Inmarsat	50,000/-
4	Amateur	5,000/-
5	DRS/Microwave	As per table below

Sr.	Frequency Band	Rate/MHz (Rs.)	Sr.	Frequency Band	Rate/MHz (Rs.)
1	upto 1 GHz	24000	7	6.01-7 GHz	3600
2	1.01-2 GHz	18000	8	7.01-8 GHz	2400
3	2.01-3 GHz	15000	9	8.01- 9 GHz	1800
4	3.01-4 GHz	12000	10	9.01- 10 GHz	1200
5	4.01-5 GHz	9000	11	Above 10 GHz	600
6	5.01-6 GHz	6000			

6.2 Formula Based

The formula based rates shall be applicable to following PRN services where frequency spectrum is assigned on case to case basis by FAB:

- a. Land Mobile Private Networks (VHF, UHF, etc.)
- b. Trunk Radio
- c. Aeronautical Ground Station

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d. Maritime Coastal Station

Formula devised for calculation of relevant spectrum charges is given below:

Annual Charges = Base price x frequency factor x No. of frequencies x Bandwidth x output power x Location factor

a. Proposed Base Price:

Sr.	Services	Rate
1	Land Mobile Private Networks (HF, VHF, UHF)	10,000/-
2	Trunk Radio	2,000/-
3	Aeronautical Ground Station	10,000/-
4	Maritime Coastal Station	5000/-

b. Detailed charging parameters:

Sr.	Factors	Numbers	Detail
1	Frequency Factor (HF, VHF, UHF)	1,3,4	HF=1, VHF=3, UHF=4
2	No. of Assigned Frequencies	1 to 20	As per Assignment
3	Bandwidth	1 or 2	12.5 KHz=1, 25 KHz=2
4	Output Power of Equipment	1 to 4	Upto 5W=1, Upto 10W=2, Upto 20W=3, Above 20W=4
5	Location factor	1 to 3	Pakistan is divided into 3 zones based on urban proportion (UP) UP≥70% → Urban (3) 70% > UP ≤ 30% → Sub-Urban (2) UP<30% → Rural (1)

7. Implementation Process

The new rates, as and when approved by the Authority, shall be applicable to all corresponding categories of Radio Based Service providers. The existing

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licensees shall pay the revised rates with effect from the date of notification as duly mentioned in respective licenses/approvals for the remaining tenure of the license on annual/ lump sum basis. The new/renewed licensees shall pay license fee & spectrum charges for complete five years, the term of license, in advance.

8. Consultation Questions

All the stakeholders are requested to provide feedback/comments on the below mentioned questions:

Q. No.	Question	Reply (Y/N)	Remarks
1	Do you agree with phased approach to increase the rates in periodic revisions?		Justification in case of "No"
2	Do you agree with the formula devised for calculation of spectrum charges?		If No, provide any other formula to meet the requirements.
3	Do you agree with advance payment for the complete term of license in order to simplify the processes?		If No, provide alternate mechanism.
4	Should there be any additional charges for terminal equipment including mobile stations, walkie/talkies, etc.?		If Yes, what rate should be applied?