



CRAN

Communications Regulatory Authority of Namibia



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Regulations Prescribing Licence Fees and Regulatory Levies

Helene Vosloo

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Introduction

- ❖ Licence fees and resource charges are being used by regulators for various purposes, including:
 - ❖ Allocating scarce resources, to ensure that those that value it most will obtain access;
 - ❖ To cover the costs of regulation;
 - ❖ High enough to avoid frivolous non-serious applications
 - ❖ To cover the administrative cost involved in the consideration of an application and the taking of a decision thereon; and
 - ❖ To support administrative efficiency.

Approved Licence Fees

Licence Fees in N\$						
Sector	Licence Type	New Licence		Amendment	Transfer/Transfer of Control	Renewal
		Application	Issue			
Telecommunications	Individual Comprehensive (ECNS and ECS)	n/a	n/a	n/a	n/a	n/a
	Class ECS Class ECNS, Class Comprehensive (ECNS and ECS) Network Facilities Licence	10,000	50,000	10,000	10,000	10,000
	Non-profit Class ECS or ECNS	500	500	500	500	500
Broadcasting	Commercial Signal Distribution Class Comprehensive Multiplex Class Comprehensive Multiplex & Signal Distribution	10,000	10,000	10,000	10,000	10,000
	Community	500	500	500	500	500
	Public Broadcasting	n/a	n/a	n/a	n/a	n/a
Postal	Designated postal operator license	n/a	n/a	n/a	n/a	n/a
	Private postal service license	10,000	50,000	10,000	10,000	10,000

Approved Licence Fees

- ❖ A new licence fee payable at issuing of a new licence of N\$ 50,000 except for broadcasting service licensees, community broadcasting service licences and for non-profit ECS and ECNS licenses.
- ❖ All other fees stay as is:
 - ❖ profit licenses stay N\$ 10,000 for all other services
 - ❖ non-profit licenses stay at N\$ 500 for all other services

Regulatory Levy

- ❖ **Regulatory Levy = Max (500, (Min (1.0%, 0.000000000010*revenue) * Revenue)**
- ❖ This means that the minimum amount payable by any licensee would be N\$ 500
- ❖ The maximum would be 1% of turnover/revenue

Regulatory Levy

- ❖ CRAN updated the discussion document as follows:
 - ❖ The 2021/22 budget was only increased by 4.5% (expected inflation for the next 3 years)
 - ❖ CAPEX expenditure was reduced except for the spectrum expenditure.
 - ❖ No provision was made for reserves.
 - ❖ The assumption was made that CRAN would be in a position to recover at least N\$ 15 mill p.a. over the next 3 years from bad debt.

Regulatory Levy

- ❖ It was further assumed that if TN and MTC would pay the outstanding levies that N\$ 100 mill would be placed in the reserve fund since the reserve was utilised to cover the cost of CRAN's operations.
- ❖ The rest would be utilised to lower the proposed levy.

Regulatory Levy

Projected Expense and Revenue over 3-year Period				
FY ending	2021/2022	2022/2023	2023/2024	Total over 3 years
Budget requirement	93,712,166	104,916,870	109,338,130	307,967,166
Levy Income	20,000,000	53,025,331	54,616,091	127,641,421
Administrative Fees	588,642	588,642	588,642	1,765,925
Spectrum fees	36,300,000	37,752,000	39,262,080	113,314,080
Type Approval	400,000	400,000	400,000	1,200,000
Penalties	50,000	50,000	50,000	150,000
Interest	2,840,000	4,000,000	6,000,000	12,840,000
Numbering Fees	2,000,000	2,000,000	2,000,000	6,000,000
Other	250,000	250,000	250,000	750,000
Debt Collection	15,000,000	15,000,000	15,000,000	45,000,000
Total Revenue	77,428,642	113,065,972	118,166,812	308,661,426
Over/Under-recovery	(16,283,524)	8,149,102	8,828,683	694,260

Regulatory Levy (Cont')

- ❖ The proposed levy will result in an over-recovery over the 3-year period.
- ❖ This means that if there is indeed an over-recovery the amount will have to be subtracted from the following period's projected revenue before the levy can be calculated

Regulatory Levy

- ❖ If there is an under-recovery the amount will have to be added to the expenses for the following period before the levy can be calculated.
- ❖ The information will be obtained from the audited financial statements.
- ❖ The budget, which set the limit is approved by the Ministers of MICT and MPE.

Regulatory Levy

- ❖ All licensees would be expected to pay also postal and any other categories that might be added.
- ❖ UAS fees are separate and does not form part of CRAN's budget.

Calculations

- ❖ All levy calculations will be pro-rated until such time that a full financial year is covered.
- ❖ Example:
 - ❖ Levy date 22 June 2021
 - ❖ Financial year-end date: 30 September
 - ❖ Days = 100 days
 - ❖ Formula: $(100/365 * \text{revenue}) * \text{levy formula}$

Calculations

- ❖ Amounts below N\$ 500 will result in an invoice of N\$ 500.
- ❖ All other levies will be according to the formulae.
- ❖ Ring-fenced accounts will be treated the same.

Thank you