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## CIVIL AVIATION SAFETY AUTHORITY

### INFORMATION PAPER

### REVISED 2004 REGULATORY FEES & CHARGES

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#### **1.0 Background**

The then Civil Aviation Authority of Papua New Guinea (CAA) introduced the current Regulatory Fees & Charges in 2004. Following the demise of CAA in 2008 and establishment of an independent Regulator in 2009, these fees & charges were inherited and no revision done since.

The current perception that the State will continue funding the Regulator is now questionable in the light of 2014 Recurrent Budget exclusion of extra funding of K4.5M to cater for 2013 SCMC approved Staff Remuneration structure.

It is therefore necessary for CASAPNG to explore and grow its own internal revenue base to sustain its expansion and activities in order to be self-sustaining to a greater degree and be readily responsive to industry.

#### **2.0 The purpose of this submission is to inform the Aviation Industry and Stakeholders of the application of the approved**

Increases of 2004 Regulatory Fees & Charges effective 1 June 2014

#### **3.0 Facts and Considerations for Revised 2004 Fees & Charges**

- 3.1 No review done since 2004 when the fees & charges were introduced by then Civil Aviation Authority of Papua New Guinea
- 3.2 The entire industry charges have risen many folds in line with cost of doing business in the country. Refer attachment for CPI graph
- 3.2 To grow and strengthen internal revenue to meet the 2014 Recurrent Budget shortfall of K4.5million
- 3.3 To provide sustainable regulatory service to industry at current market price consistent with prevailing economic conditions

- 3.4 The Revised 2004 Regulatory Fees & Charges are almost on par with neighbouring countries, Australia, New Zealand, Fiji and Singapore.

#### **4.0 Alternatives and Reasons for failure**

- 4.1 Seek more funding from the national government

Defeats the government policy of achieving self-reliance through raising own internal revenue.

2014 Recurrent Budget short funded the total Operational Budget by K4.5M

2014 Development Budget Submission for 6mile office complex to replacing ageing office buildings failed entirely to secure any funding.

- 4.2 Continue applying 2004 Regulatory Fees & Charges

The cost-recovery principle will not yield real cost incurred in providing the regulatory service to the industry.

To apply government policy on user-pay services to industry, the fees & charges must reflect the current cost of providing such services.

#### **5.0 Conclusion & Implementation**

- 5.1 On the basis of the foregoing, the Board of Directors approved the Revised 2004 Fees & Charges in late 2013.
- 5.2 The Board directed the Management to consult the Industry and apply the Increases early in 2014.
- 5.3 Revised AOC & MOC charges will be effective from **1 May 2014**
- 5.4 Other Revised Fees & Charges will be effective from **1 June 2014**