



SUB-COMMITTEE ON
RADIOCOMMUNICATIONS AND
SEARCH AND RESCUE
11th session
Agenda item 14

COMSAR 11/14/5
17 January 2007
Original: ENGLISH

DEVELOPMENT OF AN E-NAVIGATION STRATEGY

Long-Range Identification and Tracking of Ships (LRIT)

Submitted by the United States

SUMMARY

<i>Executive summary:</i>	The United States provides responses to costing and billing questions in COMSAR 11/2/2 and MSC 82/WP.10, annex 2 to assist the Sub-Committee in developing the LRIT costing and billing framework
<i>Action to be taken:</i>	Paragraph 10
<i>Related documents:</i>	MSC.202(81); MSC.210(81); MSC.211(81); MSC 82/WP.8/Add.2; COMSAR 8/13/5; MSC 82/WP.10

Introduction

1 This document is submitted in accordance with the Guidelines on the organization and method of work of the MSC and its subsidiary bodies (MSC-MEPC.1/Circ.1) and comments on COMSAR 11/2/2, paragraph 8.39 and Appendix 1, paragraph 1.2 on the subject of LRIT costing. This document is submitted in accordance with the extended deadline for comments as noted in COMSAR 11/2/2, paragraph 8.62.

2 As noted in paragraph 8.68 of COMSAR 11/2/2, MSC 82 approved the updated road map for the timely implementation of LRIT as shown at Appendix 1. Paragraph 1.2 of annex 1 instructs COMSAR 11 to prepare a costing and billing framework. Annex 2 of MSC 82/WP.10 poses eight questions related to LRIT billing. The United States provides responses to each of these questions to assist the Sub-Committee in developing the LRIT costing framework.

Costing and Billing Questions

3 Q1. Is it intended that a Contracting Government will pay per transaction?

Response: In general, we believe that Contracting Governments will pay per transaction assuming “transaction” in this context means “incident of requested and received LRIT data” The amount paid will have to include not only the direct costs of the data that is requested, but a pro-rata share of the implied overhead costs associated with operating the system. These “overhead costs” include the Communications Service Provider (CSP), Application Service Provider (ASP), the LRIT Data Centre (DC) and the International LRIT Data Exchange (IDE), if utilized, and the LRIT Co-ordinator, for those required messages that are sent, but not requested by a Contracting Government.

- 4 Q2. Does a Contracting Government which does not request the system have to pay anything, including the start-up costs of the International LRIT Data Centre (IDC)?

Response: As presently envisaged in the Performance Standards, a Contracting Government which does not request LRIT information from the system should have to pay nothing, including start-up costs of the IDC. Recognizing that this was not part of the obligations of Contracting Governments in the Performance Standards, the United States has offered to build, fund and operate the IDC and International LRIT Data Exchange (IDE) on a non-reimbursable and interim basis. This does not suggest the United States would be willing to fund or contribute to advance funding of the IDC and IDE if those entities were located outside the United States.

- 5 Q3. Can individual Contracting Governments profit by unilaterally setting prices for the provision of data?

Q4. How will a fair profit be determined for the various commercial entities that will be providing services within the LRIT System such as Application Service Providers (ASPs), Communications Service Providers (CSPs), and LRIT Data Centres (DCs)?

Response: The Performance Standards do not envisage Contracting Governments “providing” data; they buy the data from the DCs. If the Contracting Government has a role in the operation of some aspect of the LRIT system (e.g., operating a DC, or a CSP, ASP), a Contracting Government in its role as a DC operator or operator of any other element of the LRIT System that is involved in the provision of data to other Contracting Governments is not be prevented from making a profit. The market should drive profit margins for commercial entities. However, if a DC charges more than the fair market price per message or simply its costs are too high, other Contracting Governments may choose not to purchase LRIT information from that LRIT data centre and will likely resort to alternative measures under their maritime security regime to ensure safety of their ports and waterways. The LRIT Co-ordinator, in its auditing of the LRIT data centre fee structures, should, as an element of its report to the Committee, provide relevant information on the DC fee structures.

- 6 Q5. Since SAR services do not pay for the LRIT information they request and receive, how will this be included in the overhead costs for the entire LRIT system?

Response: The costs of LRIT information for SAR are to be free of charge to SAR authorities (“RCC” and Contracting Governments prosecuting the SAR case), and should be an “overhead” cost of the LRIT system. As such, they should be distributed across the entire system to be borne by the Contracting Governments that request LRIT data for non-SAR purposes, just as other overhead items are paid.

- 7 Q6. Will the cost per transaction be the same for all purchasers of LRIT information at a given data center?

Response: The cost per transaction should be the same for all purchasers of LRIT information at a given data centre for a given ASP. Contracting Governments may be selecting ASPs to operate LRIT Data Centres and accordingly will negotiate with those ASPs to determine cost per transaction. It should be noted that the ASP may be using multiple CSPs, each of which can charge a different per message price. Furthermore, there will be some cost associated with the operation and maintenance of the IDE and accordingly this should result in an incremental cost for those transactions which require the use of the IDE.

8 Q7. For Data Centers, who pays for position reports that are not requested?

Response: The Performance Standards essentially require that LRIT information costs should be borne by those requesting LRIT information to which they are entitled. Included is the cost of operating a system which requires periodic reports (i.e., four reports per day to ensure tracking of ships entering a Coastal States area or for determining ships in the vicinity of a SAR event). Although the issue of the number of required reports (four reports per day) was debated and decided at COMSAR 10, the United States remains concerned that this will dramatically increase the overall cost per transaction for those requesting LRIT information. In order to reduce the number of unrequested position reports increasing the overall costs of the system, and therefore the per-message cost of those messages that are requested, the Sub-Committee should remain open to consideration of ways to reduce costs per transaction in the future.

9 Q8. How will the costs of the LRIT Co-ordinator as well as the IDE and IDC be funded?

Response: The costs of the LRIT Co-ordinator should be distributed across all LRIT information users. The LRIT Co-ordinator must propose how it is to be funded and recover its costs. The LRIT Co-ordinator should annually provide a detailed budget to the Committee approved internally (and by the IMSO Assembly) for performance of the LRIT Co-ordinator function which should include how its operating costs will be recovered. Once approved by the Committee, the approved amount could be imposed as a per-message “cost” or surcharge. IDC and IDE costs are all recoverable, either as a direct cost to the Contracting Government requesting an LRIT message, or as a pro-rata indirect charge for “overhead” added on as a per-message cost or “surcharge” to cover the costs of required but unrequested messages. The recurring costs of the IDC should be recovered by the Contracting Government or commercial entity operating it, just as an ASP might recover its costs in operating any LRIT data centre. Because the IDE must route all inter-data centre communications, the costs of operating and maintaining the IDE should result in an incremental cost for transactions which require the use of the IDE.

Action requested of the Sub-Committee

10 The Sub-Committee is invited to consider the responses to the billing questions and decide as appropriate in the development of the LRIT costing and billing framework.