

# Maritime Radio Accounting Authorities

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## Introduction

1. The purpose of Maritime Radio Accounting Authorities is to facilitate the effective collection and distribution of telecommunications charges for non-emergency radio telephone and telex calls from ships into the international subscriber networks.
2. The FCC is responsible for appointing and monitoring Accounting Authorities based in the United States, or authorized to account for ships registered in the United States. Accounting Authorities are important to the economy - the market leaders have large foreign currency earnings and turn over several tens of millions of pounds p.a. - yet there is very little known about these operations outside the shipping industry. Even within the industry there is often a poor understanding of how Accounting Authorities operate and how their operations are governed.
3. The basic role, responsibilities and duties of Accounting Authorities derive from the International Telecommunication Union (ITU) Convention and are set down in Article 66 of the Radio Regulations and Appendix 2 of the International Telecommunication Regulations. Recommendation D90 of the ITU Telecommunication Standardization Sector gives directions on charging, accounting and refunds in the Maritime Mobile and Maritime Mobile-Satellite Services.
4. There is, however, little direct guidance on the standards of business practice that ought to be provided by an Accounting Authority, or on the role of an Administration in monitoring standards. This information sheet is intended to give an outline of the purpose and function of Accounting Authorities and to provide guidance on the role of both Accounting Authorities and Administrations in promoting high standards of business efficiency and competitiveness within an effective regulatory framework.

## Why are Accounting Authorities needed?

5. Maritime Radio Traffic Accounting came into existence to reduce the number and variety of bills and settlements passing between operators and ship-owners, which then needed extensive administrative effort to process e.g. identify calls, convert call charges to and from various currencies, reconcile these charges, etc.
6. Historically, an Accounting Authority was associated with a marine radio equipment supplier. Radio Traffic Accounting thus became an integral part of the normal business, which also included the supply of radio officers to vessels.

7. The current market situation in mobile communications is changing rapidly with the advent of satellite systems, and the move away from terrestrial systems as the sole means of radio communications. For maritime mobile communications in particular, recent developments have brought far-reaching changes in systems, equipment and procedures, e.g.:
  - a. the introduction of the Global Maritime Distress and Safety System (GMDSS);
  - b. easier, more reliable access to international telephone and data networks; and
  - c. the use of advanced billing systems such as credit/charge cards.

### **What is the role of an Accounting Authority?**

8. An Accounting Authority effectively acts as an intermediary, between the mobile subscriber and the service providers/network operators. As such, Accounting Authorities must undertake to operate in accordance with the International Regulations and Recommendations of the ITU which define their responsibilities and duties.

### **Financial responsibility**

9. In the modern environment, an Accounting Authority must be a business entity willing and able to provide a continuous worldwide service to maritime subscribers. An Accounting Authority must also have the resources and expertise necessary to handle the complexities of billing international mobile traffic.
10. Accounting Authorities are responsible for:
  - the collection of charges from ship radio station licensees for maritime terrestrial and satellite telecommunications services on the basis of accounts received from service providers and network operators;
  - the payment of charges to service providers and network operators for telecommunication services used by those ship radio station licensees or ship-owners for whom they have account responsibility, and ensuring that these payments are made in accordance with the applicable ITU Regulations and Recommendations.

### **Information exchange**

11. The prompt and accurate exchange and dissemination of information is essential to the proper functioning of the international maritime radio billing system, and to maintaining effective quality control.
12. Accounting Authorities are therefore expected to:
  - notify the appropriate service providers of new subscribers and any change in status of existing subscribers, e.g. a change in ownership or

- flag and/or the cessation of contract, or the deletion of a subscriber - notification should, as far as practical, be immediate; and
- Provide updated mobile subscriber lists to service providers on a regular basis, and issue new lists at least every 90 days with all changes identified clearly.

## **What is the role of an Administration?**

### **Registration**

13. A national Administration is responsible for registering Accounting Authorities based within its territory with the ITU, and allocating each with a unique Accounting Authority Identification Code (AAIC). The AAIC consists of a two letter country code followed by a two digit numeric code denoting the particular Accounting Authority.
14. It is important to note that the AAIC is allocated by the country in which the Accounting Authority is based, regardless of whether or not the Accounting Authority concerned is responsible for ships licensed by that Administration. An Administration may also designate Accounting Authorities registered by other Administrations to account for its own licensed ships. All such designations shall be notified to the ITU, but the current status of the AAIC should first be confirmed with the Administration of the country in which the Accounting Authority is based.
15. An Administration therefore maintains, and notifies to the ITU, two lists of recognized Accounting Authorities. List A details only those Accounting Authorities authorized to account for ships licensed by that Administration, irrespective of whether or not the Accounting Authority is based within the Administration's territory. List B, in contrast, details all the Accounting Authorities based within an Administration's territory, though not necessarily authorized to account for ships licensed by that Administration. A List B Accounting Authority does not have to be on the List A of its home Administration for it to be accepted on to the List A of another Administration.
16. A combined alphabetical list of all recognized Accounting Authorities, together with their AAIC numbers, is also supplied to the ITU. Administrations are, of course, responsible for providing rapid notification to the ITU of any additions, amendments or deletions to their Accounting Authority listings.

### **Regulation**

17. The activities of Accounting Authorities need to be regulated both to maintain a competitive business environment and to ensure that business operations are carried out on a sound financial and managerial basis. Administrations should therefore conduct an annual review of the financial position and effectiveness of

each Accounting Authority. Recommendation D90 urges all Administrations to ensure that the number of their List A Accounting Authorities does not exceed a maximum of 25.

18. A more effective, yet competitive, regulatory regime is, however, required. Recommendation D90 is currently undergoing a review which addresses the key issue of monitoring performance and quality. This should help to foster a competitive environment by encouraging Administrations to remove non-performing or dormant Accounting Authorities from their listings.