

ANNEX II

BASIS OF COMPUTATION OF ANNUAL COST

Estimates and accounts rendered by the Government of Iceland on the cost of operating and maintaining:

- (1) The Radio Transmitting Station at Rjupnahaed
- (2) The Radio Receiving Station at Gufunes
- (3) The Air Traffic Control Service
- (4) Meteorological Service for international air services in the North Atlantic

shall be based on the elements enumerated in Schedules A, B and C of this Annex.

Iceland shall not include, in the estimates or costs of the Services, customs or other duties on equipment or materials imported into Iceland for direct and exclusive application to the purposes of the Agreement.

SCHEDULE A (OPERATION)

DIRECT EXPENSES FOR OPERATION OF THE AIR NAVIGATION SERVICES LISTED IN ANNEX I

1. *Salaries of regular personnel*

Basic salaries adjusted to the cost of living index for wages established by the Government of Iceland from time to time, plus allowances for recreation leave, sickness, social insurance and overtime.

2. *Payment to Meteorological Observers at Main Meteorological Office and 88 per cent of payments to Observers for synoptic messages.*3. *Electric Power*, at rates charged to the Government of Iceland in regard to comparable services.4. *Teleprinter and Telephone Services*, provided exclusively for communications between operating centres to be charged at regular Governmental rates for such services.5. *Transportation*

Transportation of operating staff between Reykjavik and Receiving Station (Gufunes) and Transmitting Station (Rjupnahaed) at lowest available rates.

6. *Miscellaneous operating expenses*

6.1 Heating

6.2 Cleaning

6.3 Lighting

6.4 Operation of standby plant (oil)

6.5 Essential telephone, telegraph and cable costs other than those covered in para. 4

6.6 Stationery and miscellaneous supplies

7. Such unforeseen additional necessary expenses as may be approved by the Council.