

2007 Fees review FAQs

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Why are radio and spectrum licence fees being changed?

The revisions are part of a phased adjustment since 2005 to align radio and spectrum licence fees to the cost of the services provided by the Ministry of Economic Development for a particular category of licence. The Ministry is required to recover costs associated with the planning and management of radio and spectrum. The aim is better alignment between fees and the costs of providing services, with no cross-subsidisation between or within licence categories.

What is the basis for fee changes?

Stakeholders were asked to provide feedback on three options for licence fee adjustments earlier this year. Nineteen submissions were received:

- Option A: direct adjustment of fees based on the unit costs of providing the relevant service favoured by 47% of respondents;
- Option B: variable adjustment across fee categories favoured by 32% of respondents;
- Option C: even adjustment across fee categories favoured by 5% of respondents.

What's happening with amateur fees?

There are no individual licensing fees for amateurs. There is to be no change to the fees for the licensing of amateur beacons, repeaters and fixed-link installations pending a further review of amateur licensing arrangements prior to the next planned review of radio and spectrum licence fees in 2012.

What is the surplus and how did it arise?

The Memorandum Account was created as a 'memorandum' of third party funding from licence fees. It went into surplus when the fees collected exceeded the expected costs of providing spectrum management services, which is in part explained by the Ministry of Economic Development's management processes becoming more efficient. Over the past few years the Ministry has reduced the surplus by not fully recovering the full costs of spectrum management services provided.

What measures can licensees take to reduce their licence fees?

There are three options for licensees to consider:

- A ten percent reduction in fees is being introduced for licensees who undertake their own interference investigations. This will encourage independent provision of these services.
- Licensees can also decide whether they want the Ministry of Economic Development or an external engineer to undertake the certification work for their licence. The Ministry's RSM Engineering Certification Fees are only payable where the Ministry performs the engineering work.
- The ten percent reduction in licence fees for on-line payments made by credit or debit cards will continue.

Why are fees for engineering certification no longer specified in the regulations?

Fees for engineering certification are being removed from statutory provision where the Chief Executive of the Ministry of Economic Development is asked to provide these services. This is because the Ministry of Economic Development is obliged to recover only the cost of such services under statutory provision and recovery of only the cost would undercut private provision. The bulk of such services are now provided privately.

What regulatory changes have been made in respect of the security of tenure of radio licences?

On 25 June 2007, Cabinet agreed to new terms and conditions for the revocation of radio licences, thereby requiring a five year minimum notice of revocation for licences but allowing for immediate or short notice (less than five years) of revocation for specific reasons, but only on the basis that a suitable transition plan is developed in conjunction with existing users. Such a plan would consider a range of measures including the availability of alternative spectrum and the possibility of financial incentives to assist with transition costs.

Why has a definition of an inappropriate receiver (for FM broadcasting) been included in Regulation?

The Radiocommunications Act was recently amended to ensure that "inappropriate" receivers are not taken into account when planning and certifying new transmitting licences. These sections of the Act in effect become operative once the definition is specified.

Why is a definition of an "inappropriate" receiver required?

Planning of broadcasting frequencies in New Zealand uses internationally developed criteria, including the frequency range of 87.5 to 108 MHz. Some receivers, notably radios in used vehicles imported from Japan, are not suitable for immediate use in New Zealand as they use the 76 to 90 MHz frequency range. Even when used with a locally fitted "band expander" they give poorer performance under certain circumstances. If these poor quality receivers were to be taken into account the number of transmitting frequencies would be severely limited, even affecting some existing services.

Can "inappropriate" receivers still be used?

Yes. The consumer can still choose any quality and price of receiver they wish, but if a poorer quality or "inappropriate" receiver is used the consumer is likely to get poor quality or no reception of some stations in certain circumstances. Information on the limitations of receivers fitted with "band expanders" is available on the [Ministry's website](#).

What regulatory changes have been made in respect of specification for infringement fees?

To give effect to Subsection 24A(1) of the Act an infringement fee of \$250 for an individual or \$1,250 in respect of an offence committed by a body corporate for failure to provide a name or address change, within one month after the change, to the Registrar. The proposed infringement fees are commensurate with the lowest penalties applicable to other existing infringement offences.