

From: nick.haywood@telecom.co.nz
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To: RSM Fees
Subject: 2007 Radio Spectrum Licence Fees Review - Submission on Proposed Fees

2007 RADIO SPECTRUM LICENCE FEES REVIEW - SUBMISSION ON PROPOSED FEES

Which option:

Option C: Even adjustment across fee categories (half way between the current fee and unit costs)

Why this option is preferred:

Provides a reasonable migration path.

Other comments on fees or on the proposed new initiatives:

General we believe the activities undertaken by the spectrum group fees, total costs and method of allocating those costs should be open and transparent. To the degree possible, costs should be allocated to those who cause them.

The process of identifying costs and allocating them to the licence type (based on usage) in the paper is a good start. It was relatively straight forward and clear. However, the detail of how those costs were proportioned to the relative licence type although understood, in some cases could have had warranted supporting explanations or further consideration.

- For example, in the Spectrum Planning Team functional area, the costs associated with Crown Management Right-Spectrum Planning are allocated based on spectrum licence volumes. The volumes of these licences are not given. We assume that the licence volumes were drawn from SMART.

Likewise, further consideration could be given to the allocation of costs associated with the Crown Management Right-Licence auctions and temporary licensing. An alternative that should be explored is that auction and renewal costs be funded from the proceeds received from the winning bidder/renewer, not passed on to the annual fees for licence holders. This would more closely align the costs of designing and managing spectrum allocation to the relevant cost driver, ie the allocation process.

Further, Crown Management Right-Licence Admin (auctions, renewals and temporary licensing) costs could be expected to be evenly attributed across the band, not proportioned differently across the power levels. If power levels have been used as a proxy for the number of licenses, then it may be more appropriate to use license volumes directly.

Company / Name and Address:
Nick Haywood
Public Affairs, General Counsel

Telecom House, Lvl 9
68-86 Jervois Quay
Wellington
New Zealand