

Auction 10a Q & A

1. How long does the licence last?

The Local Commercial FM licence runs for ten years from commencement.

2. What are the technical specifications of the licence, power, HRP etc?

The technical specifications of the licence are available on the SMART database.

3. The eligibility criteria; clauses 7, 8 and 9 pertain to supplying evidence of financial capacity, broadcasting knowledge etc. Are all these details to be supplied with the application to register as a potential bidder by October 15 or are they supplied at a later date?

Evidence should be provided at the time of application for registration.

4. Are the transmit site i.e. Huntsbury Hill, the only site you are allowed to transmit from if your bid at auction is successful, or you can set up your own aerial(s) elsewhere in the reach area?

The licence is engineered specifically for the location, power and other specifications that define the licence. Successful bidder may use the Ministry's standard licence variation process (details here) to change the site, but this will require additional engineering and be allowed only when interference issues do not arise.

The successful bidder is responsible for obtaining access to the site defined on the licence. If access is not available, whatever the reason, the successful bidder will need to apply the standard licence variation process outlined above.

5. What is the Auction format?

The Auction will be conducted in an open outcry format at premises in Wellington with the option of telephone bidding. There will be a reserve of \$20,000, based on the estimated economic value of the license. The hammer price includes GST and is the price. There is no Buyer's Premium to be paid.

6. What is the date of the Auction?

Auction 10a is planned to take place on the Thursday 30 October 2008. Registered bidders are advised to note that if their nominated bidding telephone number is engaged when called, only a limited number of retries will be made.

7. Can existing licence holders bid at the Auction?

Only on condition that they relinquish all other licences held if they acquire the local commercial FM licence. The Statutory Declaration required for registration has been amended to include the following option:

[Company] or an Associate has a Controlling Interest in alternative spectrum rights or radio licences (excluding general user rights and licences) [please specify], all of which it will relinquish prior to the registration of any local commercial or non-commercial FM radio broadcasting licence that it acquires;

Thus, if an applicant for registration would otherwise be disqualified under the eligibility criteria, it can attest that it will take the required steps to become compliant if it acquires the license. This must occur before transfer and registration of the licence.

8. What happens at the end of 10 years for Local FM Licences? Does the holder have a right of renewal?

It is current government policy that spectrum rights in use are offered for renewal five years before expiry at their estimated market value.

Local commercial FM licences, however, are a new category of rights, specifically targeted at the enhancement of regional and community broadcasting. Government will review the success of this policy, therefore, before committing to any renewal offers.

As a general principle, though, a broadcaster who has made a substantial operational investment and who is clearly meeting the terms of a licence agreement is unlikely to be denied the opportunity to renew.

9. What is an outcry auction and how does it work?

An outcry or 'English' auction has the following format.

- The first lot is offered
- The auctioneer calls for an opening bid
- Bidding continues until there are no further bids
- The lot is sold at the highest bid received
- The next lot is offered
- The bidding continues until all lots are sold
- Payment must be made to the auctioneer within ten working days

Auction 10a will be managed by Dunbar Sloane of Wellington.

Bidders may attend the auction in person or submit bids by telephone. Telephone bidders must be registered, so that the auctioneers know who to contact at the time of the auction. If telephone bidders cannot be contacted at the time of the auction they will, of course, be unable to bid.

Bidders must be registered, whether or not they attend the auction, as they are also required to meet eligibility conditions.

Payments should be made to Dunbar Sloane. Payments will not be accepted by MED.