

10 December 2015

Public

Chorus submission in response to "Review of Licence Fees
Framework: Consultation Document"



INTRODUCTION

- 1 This submission responds to the Ministry of Business, Innovation & Employment's (MBIE's) "Review of Licence Fees framework: Consultation Document" (**document**).
- 2 We support the proposals in MBIE's document. The proposals appear to support MBIE's goal of effectively managing the balance in the memorandum account and ensuring that fees revenue reflects spectrum management costs over the long term.

RESPONSE TO PROPOSALS

- 3 The remainder of this submission provides specific responses to each of the proposals in MBIE's document.

P1	Set fees based on the level projected to reduce the memorandum account balance to zero in six years, with a subsequent increase in fees to balance revenue and expenditure.
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Response:

We support MBIE's proposal to reduce fees below the rate of cost recovery for a six year period to reduce the memorandum account balance to zero. We acknowledge that following the six year period, the fees will increase to cost-recovery level.

The six year timeframe strikes a reasonable balance between the rate of reduction of the memorandum account balance and the impact of a return to cost-recovery level.

P2	Introduce a single licence fee for all licence classes.
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Response:

We support MBIE's proposal to introduce a single licence fee for all licence classes. We understand that the majority of licence costs are common across the classes. We also note that this proposal is sensible given MBIE's proposal to normalise the "throughout New Zealand" to "per transmit location licensing".

P3	Discontinue the licence categories for land mobile multiple repeaters on a common channel throughout New Zealand (LR1 and LR2) and multiple radio transmitters on a common frequency for paging (LP1).
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Response:

We support MBIE's proposal to standardise transmit location specific licensing. This will make the fee structure for these types of licences consistent with the majority of other licence types.

P4	Remove the discount for online payment and reflect the discount in the calculation of the base licence fee.
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Response:

We agree with MBIE's proposal to remove the discount for online payment and to instead reflect that discount in the calculation of the base licence fee. We also note this proposal sensibly aligns with MBIE's fifth proposal to introduce a manual processing fee of \$25 to recover the administration costs of paper-based payments.

P5	Introduce a manual processing fee of \$25 to recover the administration costs of paper-based payments.
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Response:

We support MBIE's proposal to introduce a manual processing fee to recover the administration costs of paper-based payments. We do not have a view on whether the \$25 processing fee adequately reflects the cost recovery for the manual processing.

P6	Remove the Licence Interference Investigation (LII) rebate.
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Response:

We do not have a firm view on MBIE's proposal to remove the Licence Interference Investigation (LII) rebate. We note that to date, Chorus has chosen not to receive this rebate.