



The New Zealand Association of Radio Transmitters

Incorporated

Founder Member of the International Amateur Radio Union Region 3



Phone: (04) 475 9989 or (027) 444 5123
Fax: (04) 528 2173 (NZART HQ)
E-mail: nzart@wallace.gen.nz

P.O. Box 40 525
Upper Hutt
NEW ZEALAND

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Radio Spectrum Fees Review
Radio Spectrum Management Policy and Planning
Ministry of Business, Innovation and Employment
PO Box 2847 WELLINGTON 6140

Review of Licence Fees Framework – NZART Comments

Thank you for the opportunity to comment on your consultation document on the Review of Licence Fees Framework.

As you may be aware, Amateur Radio Operators in New Zealand have not, since 2005, paid a licence fee as their licences are issued under a general user radio licence (GURL).

This does not, unfortunately, apply to Amateur Radio Repeaters, Beacons and Fixed links which do (as your document states) incur licence fees.

This submission presents the NZ Association of Radio Transmitters views on your consultation and relates to the licence fees charged by RSM for Amateur Radio Repeaters, Beacons and Fixed links.

The Aim of the Exercise

We note that the aim of the review is expressed as follows in the consultation document:

With respect to fees, the objectives of RSM are to:

- a. Continually improve efficiency in administering the Act;*
- b. Fully recover the costs associated with administering the Act; and*
- c. Fairly allocate the costs in relation to work undertaken.*

The principles that guide how public entities should set fees are defined by the Treasury and the Controller and Auditor-General.

While we support these aims, we do not, as the following will show, believe that the proposals contained in the document will fulfil them – especially objective c. “Fairly allocate the costs in relation to work undertaken.”

History

All Amateurs Pay Fees

Until 2005, all NZ Amateurs paid an annual licence fee and the cost of administering the individual licences, **and of licencing repeaters, beacons and fixed links** were funded from this fee.

This was a quite equitable situation as all active amateurs have access to repeaters, beacons and fixed links and all amateurs, whether or not they were members of NZART, contributed to the costs associated with their licencing.

Introduction of the Amateur GURL

At the NZART conference in June 2002, a senior manager from RSM unexpectedly announced that RSM was planning to abolish the individual Amateur Radio Licence fee.

What was **not** announced at the time (and it was nearly a year later before we discovered this) was that there was also a plan to apply a licence fee to all amateur repeaters, beacons and fixed links. If this fee had been applied (as before) to all Amateurs, it could have been an equitable mechanism for sharing these costs but, unfortunately, RSM decided instead to levy the fee against the nominal “owners” of these devices - the NZART branches that had

constructed them. Thus NZART branches ended up paying the licence fees for these repeaters – whether or not the users were members on NZART¹.

The 2007 Fees Review

The unfairness of this situation was described in detail in our response to your 2007 Radio Spectrum Licence Fees Review, and a copy is appended to this document for your information.

The Cabinet Paper produced as a result of this review recognised the special status of Amateur repeaters, beacons and fixed links and recommended that Cabinet:

7. **Agree** that there will be no change to the current fee of \$50 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 2009;

To our knowledge, this review was not carried out although we did have some informal discussions with an RSM consultant about potential options for addressing the inequity of the current situation.

Comments on Proposals

***Proposal 1:** 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.*

NZART Response: NZART agrees **in principle** to the proposal that, overall, fees should be set in the manner described but **does not agree** (see 2 below) with the mechanism proposed for sharing these fees between the various commercial and non-commercial users of the spectrum.

***Proposal 2:** Introduce a single licence fee for all licence classes.*

NZART Response: NZART **strongly disagrees** with the proposal to introduce a single licence fee for all licence classes.

¹ Approximately 35% of NZ amateurs are members of NZART. While this percentage is quite high by international standards, it means that NZART members are cross-subsidising the use by non-members of the devices.

We note that the aim of the review is expressed as follows in the consultation document:

With respect to fees, the objectives of RSM are to:

- a) Continually improve efficiency in administering the Act;
- b) Fully recover the costs associated with administering the Act; and
- c) Fairly allocate the costs in relation to work undertaken.

While we agree that setting a single licence fee for all licence classes, if the fee is set at the appropriate level, could meet objective b. (recover costs), it will not meet objective a. (improving efficiency) or objective c. (fair allocation).

Efficiency

With regard to objective a. (efficiency), the most efficient outcome is one in which the fee charged is based on the costs of the service **and** its value to the end user.

Given the extremely high financial and economic value of the licences held by broadcasters, cellular companies and similar commercial entities, it cannot be efficient to charge the same fee to Amateurs (who are prohibited by the International Radio Regulations from making any charge for the services they provide) as to these commercial operations.

Fairness

There are a number of areas in which the proposal to set a single licence fee for all licence classes fails the fairness test.

The first area is that the paper assumes (quite wrongly in our view and without providing any evidence to support it) that the costs to the Ministry associated with licencing an amateur repeater, beacon or fixed link are identical to those associated with a those for a commercial television transmitter or a cellular base station.

The second area is that the paper seems to assume that it is fair to significantly increase fees payable irrespective of the ability to pay. To illustrate the effect that the proposed fees rise will have, we have described in Appendix 2 the effect that the proposed fee rise will have on one of our smaller branches, the Marlborough Amateur Radio Club². As you will see from this example, the current annual fee would, under the proposals, more than triple to \$1500 - over twice the clubs annual subscription income.

² Note: The Marlborough Amateur Radio Club's situation is far from unique – many branches are in a situation where they will be unable to pay the increased fees.

In this respect, it is interesting to note the comments in the section of the Controller and Auditor General's Paper on Setting Fees dealing with the Regulations Review Committee's grounds of review (2.50) where it states:

"The Committee thought that requiring all licence holders, regardless of their size, to pay the same level of charge was an unusual or unexpected use of the authority, even though the statute covering gaming machines did not permit differentiated fees."

The third area is that, in setting the fees, no account is taken of the benefits to the Crown that come from Amateur Radio and its beacons, repeaters and fixed links:

- One of the prime reasons for the repeater network throughout New Zealand is to provide communications in civil defence and other emergencies – when the cellular and similar networks fail. In fact ITU Recommendation ITU-R M.1042-2 recommends:
 1. *that administrations encourage the development of amateur service and amateur-satellite service networks capable of providing communications in the event of natural disasters;*
 2. *that such networks be robust, flexible and independent of other telecommunications services and capable of operating from emergency power;*
 3. *that amateur organizations be encouraged to promote the design of robust systems capable of providing communication during disasters and relief operations;*
 4. *that amateur organizations be allowed to exercise their networks periodically during normal non-disaster periods.*

- A second benefit that the Crown receives is that involvement in Amateur Radio encourages people to enter radio and other technical careers. We note that many of those currently involved in the communications, broadcasting and IT industries developed their interest in technology through Amateur Radio and that this aligns well with MBIE's purpose statement where it is stated that "Our ambition is for New Zealand to benefit from greater numbers of highly skilled people and innovative firms ..."

Proposal 3: *Discontinue 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). LII rebate is continued, a similar rebate should be made available to Radio Amateurs.*

NZART Response: NZART has no view on this proposal but believes, on the basis of fairness, that if the LR2 category is continued, a similar “all of NZ” licence should be made available to Amateurs.

Proposal 4: *Remove the discount for online payment and reflect the discount in the calculation of the base licence fee.*

NZART Response: NZART has no view on this proposal but believes, on the basis of fairness, that if the discount is continued, a similar discount should be made available to Radio Amateurs.

Proposal 5: *Introduce a manual processing fee of \$25 to recover the administration costs of paper-based payments.*

NZART Response: NZART has no view on this proposal as it pays its fees electronically.

Proposal 6: *Remove the Licence Interference Investigation (LII) rebate.*

NZART Response: NZART has no view on this proposal but believes, on the basis of fairness, that if the LII rebate is continued, a similar rebate should be made available to Radio Amateurs.

Conclusion

In summary, NZART believes that

- the proposals in the paper to more than triple the fees payable for Amateur Radio repeaters, beacons and fixed links should be dropped and
- fees for these should either be abolished or set at a level that reflects the net costs to the Crown for providing the service and takes into account clubs ability to pay.

Once again, we would like to thank you for the opportunity to comment on your Discussion Paper and we look forward to working with you to arrive at economic and equitable mechanism for setting the fees payable for Amateur repeaters, beacons and fixed links.

Regards

Don Wallace

NZART Administration Liaison Officer.

Appendix 1

See attached document “2007 Radio Spectrum Licence Fees Review.pdf”

Appendix 2 –Small Club Example

The Marlborough Amateur Radio Club has a membership of around 40. A lot of the club activity is based around its network of hill top repeaters of which it has four to provide coverage in the difficult Marlborough terrain. To help other amateurs (who may not be members of the Branch or of NZART) check their equipment and propagation the club also operates a beacon in the six metre band.

The club provides communications for many local events, including the annual grape ride 100 km cycle race, for which its repeater network (which includes a portable repeater) are vital.

The club has nine licenced transmitters with a current annual fee of around \$450. The proposed new fee would take this to \$1500 - approximately twice the clubs annual subscription income.

This situation is not unique to this club and will be repeated around the country within other NZART branches.

The impact of this fee structure will result in equipment being turned off with a resulting downward spiral in amateur radio activity....