

**SUBMISSION OF NEW ZEALAND MEDIA & ENTERTAINMENT ON REVIEW OF LICENCE FEES
FRAMEWORK CONSULTATION DOCUMENT**

INTRODUCTION

- 1.1 This submission on the Ministry of Business, Innovation & Employment (MBIE) Discussion Paper *Review of Licence Fees Framework – Review of Licence Fees under the Radiocommunications Regulations 2001* (Discussion Paper) is made on behalf of New Zealand Media & Entertainment (referred to in this submission as **NZME**)
- 1.2 **NZME** brings together radio, publishing, digital and e-commerce brands that were once operated by APN New Zealand, TRN and GrabOne. NZME has over 30 websites and an extensive national digital audience. NZME Publishing publishes The New Zealand Herald, The Herald on Sunday and 30 regional and community titles throughout the New Zealand. NZME Radio operates the following networked radio brands - Newstalk ZB, The Hits, Coast, ZM, Hauraki, Flava and Radio Sport - in total it operates more than 130 stations in New Zealand. NZME also has an all-in-one digital radio service iHeartRadio. NZME is 100% owned by APN News & Media Limited.
- 1.3 In this submission we outline our views on a number of assumptions and items outlined in the Consultation Paper.
2. **Executive Summary**
- 2.1 Submission has been sought on six key points as outlined below and in broad terms NZME agrees with the proposed changes.
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.
 2. Introduce a single licence fee for all licence classes.
 3. 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).
 4. Remove the discount for online payment and reflect the discount in the calculation of the base licence fee.
 5. Introduce a manual processing fee of \$25 to recover the administration costs of paper-based payments.
 6. Remove the Licence Interference Investigation (LII) rebate.
- 2.2 NZME would also introduce for discussion, the matter of administration costs of the frequency band covered by General User Licences, including the LPFM range of frequencies.

3. Detailed Response To Summary Proposals

- 3.1 *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.*

NZME agrees that reducing the fees to a level that will reduce the memorandum account over a period of six years is reasonable and minimises the risk of large fee increase for the following period. We also acknowledge that there is the possibility of a fee rise at the end of the forecast period to balance the memorandum account.

Before this proposition is carried into effect NZME would appreciate understanding the amount by which broadcasters in general, and NZME in particular, has contributed to the large credit balance in the memorandum account. In the event that payment by broadcasters (and NZME) account for a disproportionate amount of the credit balance we may wish to contend for a more proportionate 'refund' or offset against future fees to reduce the credit balance.

- 3.2 *Introduce a single licence fee for all licence classes.*

NZME agrees and would suggest this proposal would correct the unfair nature of the current system whereby class of licence rather than cost of administrative function has determined the various fees. Changing to a flat fee of \$148+GST per licence would be a welcome simplification of the fees system. As the paper notes this will accord with Treasury Guidelines.

- 3.3 *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).*

NZME agrees and acknowledges that this change would correct the unfair nature of the current system. Fees charged per site regardless of licence type is without doubt a fairer reflection of use and will minimise the hoarding of frequencies against multiple locations on single licences – often unused. In our opinion this is long overdue for implementation.

- 3.4 *Remove the discount for online payment and reflect the discount in the calculation of the base licence fee.*

The online discount has fulfilled its purpose and can therefore be discontinued. NZME agrees the same benefit is provided through a reduction in the base licence fee as proposed.

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

NZME agrees that this a fair cost and given the previous proposal relating to Online Payments – we note 98% of fees are paid online. Therefore additional administrative cost should be passed directly to those submitting paper based payments. The aim must be to keep administrative costs and therefore future fees for the majority as low as possible.

3.6 *Remove the Licence Interference Investigation (LII) rebate.*

With only two percent of licensees utilising this rebate, NZME agrees there is little justification to retain it. Removing this provision would help simplify the fees structure. We also strongly agree the premise that all users self-diagnose interference in the first instance then approach RSM where action is required.

4. **Other Related Matters**

4.1 *Administrative Fees For General User Licences (Last Reviewed in 2007)*

NZME would like to submit that a further overhaul of administrative costs related to frequencies classed as “**General User Licences**” is included in this review. In the last RSM review of licence fees conducted in February 2007 it was disclosed that even though no licence is issued to users in the General Licence category, administrative costs of \$307,000 were incurred annually regarding this category.

Clarification is sought on the following

- a) Are any administrative costs for General User frequencies passed on to those user paying fees for radio and spectrum licences?

If this is the case NZME submits that it is more appropriate for these costs to be covered from Public Pool funds than met by licensed users not utilising General User Licences.

Removing any apportioning of costs associated with administering the “General User” category of the spectrum to a publically funded pool would allow for a further reduction in Fees paid by all licensed users.

NZME thanks MIBE for the opportunity to submit on the consultation and is available to discuss any of the points made in this submission.