

7<sup>th</sup> December 2015

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

Dear Radio Spectrum Management,

## **Radio Spectrum Fees Review**

Thank you for the opportunity to consult on the review of the licence fees framework. It is good to see a continuing review process of this asset which includes all licence holders. Also it is good to see that the radio licencing administration and compliance continues to be funded from the fees with no need for tax payer assistance.

As of the 2015 annual licence renewal KiwiRail held 299 radio licences with the annual fee totalling approximately \$61,000. A large proportion of licences held by KiwiRail are for linking of our nationwide train control radio network back into the National Train Control Centre (NTCC). Other E and C band duplex licences allow locomotive engineers and other personnel to access the network and talk to the NTCC while a group of F-band simplex licences are used between personnel for the purposes of shunting and other yard activities.

All of the radio channels have specific uses and provide mission critical communication across the rail network on a daily basis.

### **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.*

With the memorandum account at such a healthy level it is good to see it is able to be reduced to the benefit of the licence holders. This will give many a reduction in fees which will be welcomed by most businesses. Unfortunately assuming proposal 3 is implemented the increase at the end of the period to reduce the memorandum account could come as a shock to business budgets. This would definitely be the case for KiwiRail.

KiwiRail would be keen to have an indication of what the licence fee amount would be at the end of the period to reduce the memorandum account balance. Additionally KiwiRail requests that RSM consider a smaller reduction over a greater period or an initial reduction followed by annual adjustments aimed to bring the fee up to the

estimated required level with the last adjustment calculated to stabilise the amount in the memorandum account.

### **Proposal 2**

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

KiwiRail support this proposal as it should reduce administration of radio licences subsequently reducing the fees in the long term.

### **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).*

This proposal makes sense from the view of the engineering of radio licences however it will have a noticeable impact on the annual licence fee amount for KiwiRail. We realise KiwiRail may fall within a small number of companies that this proposal will affect.

KiwiRail have a number of exclusive EN (6) and CN (2) licenced channels which cover all of New Zealand and are used at close to 150 locations. These eight licences currently cost KiwiRail \$3,680/year. With the current number of locations listed on these licences the cost would increase to over \$400,000.00. Assuming all the proposals are accepted in this document with the cost at \$148/licence the total would be over \$130,000.00 which is much less but is still 35 times the current cost.

The licences have the majority of the KiwiRail locations listed on them with a lot of the locations on all of the licences. This practice was advised by licencing engineers in the past and has greatly simplified things when changes are made in the network requiring alterations to the KiwiRail national channel plan.

Even if KiwiRail listed on the licences only the number of transmitters in service the total is still over \$120,000.00 at today's cost per licence or almost \$39,000.00 (over 10 times what it is now) at \$148/licence.

Because of the huge increase to KiwiRail as well as the loss of channel flexibility, when budgets are already tight, are opposed to this proposal being implemented.

### **Proposal 4**

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

The 10% discount was very useful for our budgets but it is understandable that the reason for its introduction has gone therefore it is no longer necessary.

The other proposals if accepted will have much more of an effect for KiwiRail.

To retain an incentive to pay RSM could consider a prompt payment discount.

KiwiRail support this proposal.

**Proposal 5**

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

This will add a reasonable amount to a single licence but could have more of an effect than the online payment discount to companies or individuals to encourage them to pay electronically.

KiwiRail support this proposal.

**Proposal 6**

*Remove the Licence Interference Investigation (LII) rebate*

KiwiRail support this proposal.

Yours Sincerely



John Skilton  
Professional Head Signals and Telecommunications