

Radio Spectrum Fees Review

Radio Spectrum Management Policy and Planning

Ministry of Business, Innovation and Employment.

P O Box 2847

Wellington 6140

5 December 2015

To whom it may concern

Tellen Systems 2013 would like to offer comment on the changes proposed in this review document.

Re Radio Spectrum Fees Review 2015

Our view is that the objectives of this review with respect to fees, improved efficiencies and recovery of all costs and the fair allocation of costs amongst users, are soundly based. However the implications of the actual changes proposed will place an unfair financial burden on the emergency response & Health organisations which have no way of passing on these increased costs.

Furthermore, these changes could actually risk spectrum efficiency being lost rather than improved.

Our Response to the Proposed Changes

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

In the short term this would provide a worthwhile benefit to all license holders. However as advised at the end of the six years , an increase in fees far greater than the rate of inflation will be required to restore fees to cost-recovery levels.

For this reason we do not support the proposed change.

An alternative suggestion fees adjustment was projected over a longer period to avoid the significant increase referred to and a more consistent level maintained

Proposal 2.

Introduce a single license fee for all license classes

In principle we have no issue with the concept of a single fee for all licenses. However within the changes outlined in proposal No3, this should be a graduated fee structure of the existing licences rather than replacing them.

We believe that there is merit in differentiating the value between single site licenses and the existing multiple sites within one license.

The fees could be increased proportionately more for the Television and commercial radio broadcasting licenses as these are commercial licenses utilised for profit.

Proposal 3.

Discontinue license 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 will place major financial burden on the organisations providing emergency management response. These organisations (Ambulance, fire service, Rural Fire, Coastguard and Civil defence) rely entirely on funding for their operations and will have to meet the resultant increased costs from the proposed separate site license fees.

As an example the Fire Service transmit data from over 100 sites and have one license for the frequency used which costs approximately \$250 annually. Under the scenario proposed in Proposal 3. This would increase to \$14,500. In addition there would be a re-engineering cost of about \$400 per site to set up the individual license.

Spectral efficiency for the Land Mobile Radios (LMR) frequencies is currently governed by the Public Safety Radio Frequency Management Group (PSRFMG). Experience has shown this group has been highly effective in maintaining the efficiency of the spectrum whilst also allowing for full commercial activity at any site.

We disagree with the view stated in the document that ***Repeater and paging multi location licenses are an anomaly*** These licenses have been in place for a long time and the evidence from this is that the practice of re –using the same frequency as often as possible rather than using any frequency available on a single license actually encourages spectrum efficiency.

The view ***that these licenses promote inefficient use of spectrum with locations included on licenses which are not actually in use which denies spectrum to others*** This is not evident from our experience and we cannot recall an incident in the last forty years where a prospective user has been denied access to the spectrum on the grounds of it being unavailable.

We disagree with the statement ***License holders are entitled to claim interference protection and investigation on interference by RSM for every location, generating higher costs which are not reflected in the fee charged*** Our experience is multi-site licenses rarely require RSM support for diagnosis and clearance of interference. This is self-managed and any case of interference is remedied by those who cause it.

The changes proposed for the LP1 licenses will have a major financial impact on emergency services organisations given the large number of sites involved. Paging is used by these services because it is cost effective, reliable in rural and remote locations not always available from other platforms.

In terms of spectrum efficiency, the capacity of the TP1 and TP2 frequencies used for the LP1 licences is underutilised and availability to other users has never been an issue.

Of more consequence though is the announcement by Spark that it is shutting down the national paging network in March 2017. This network provides the spectrum for the majority of multi-site licenses and its closure will remove much of the need for the changes proposed.

The entities continuing to use paging, typically hospitals and aged care facilities tend to have single site licenses and are largely self-managing.

Proposal No 4.

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

We have no disagreement with this proposal and support the change.

Proposal No 5.

Introduce a manual processing fee of \$25 to recover the administration costs of paper base payments

We accept and acknowledge the need to recover the extra cost of managing paper based payments.

Proposal No 6.

Remove the license interference Investigation (LII) rebate

We don't see there being any issues with this and support the proposal.