

Submission on discussion document: review of radio spectrum licence fees

Your name and organisation

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Organisation	Ashley Communications Ltd

General questions

Questions for organisations and businesses

1	What sector of the economy do you or your organisation operate in? Telecommunications.
2	Approximately how many licences do you or your organisation hold? 600
3	Before considering changes to fees, are you planning to increase or decrease the number of licences you or your organisation hold over the next five years? If yes, please indicate the expected proportion of this change. No plans to increase or decrease, we expect the growth increase required will be cancelled out by technological advances (TDMA for example).
4	What proportion of your licences do you expect will need to be modified in the next five years? Approximately 25%, change of modulation types, corrections of historical locations etc.

Questions about the proposals in the discussion document

Options for annual licence fee changes

1	What do you see as the advantages and disadvantages of option one? Advantages: Simplicity of the system. No major cost barrier to entry. Increase is fair across the existing system. No penalty for correcting licence data. Disadvantages: Overall increase will result in rationalising of licence holdings or costs having to be passed on to consumers, which may result in them moving to other technologies such as satellite which arguably returns less revenue to NZ.
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What do you see as the advantages and disadvantages of option two?

Advantages: Lower recurring cost, especially for those without any changes or new channels required.

Disadvantages: Discourages industry growth, high initial cost once engineering is taken into account. Discourages licence accuracy, with a fee for updating details, people won't bother updating records. More complex to administer.

3

Which option do you prefer? Why?

Ashley Communications prefers option 1 of the two presented options. This is because the weighting of pros/cons above clearly stacks option 1 as being the better outcome for the wider industry.

4

Is there any other option that has not been considered in this document? If yes, please explain this option in detail, including why it is preferable to option one and two.

There are plenty of other options but each add complexity. We feel option one is a realistic level of increase given the time involved, and should be relatively low cost to implement. We would like to see RSM, and MBIE in general, continue to monitor and streamline expenditure, as income is only half of the picture.

5

What impact will the fee increase have on your business or entity?

Given our number of licences, it will have a marked increase in expenditure. This may be enough to cause some of our customers to use it as an excuse to cancel their services altogether, moving to alternative technologies. We will be looking to reduce the number of overall licences held to further reduce the overall impact and cost to our business.

6

How would fee option two impact the licensing decisions of your organisation or entity over the next five years?

We would aim to hurriedly engineer and licence as many future licences as we thought we would need prior to the fees increase. We would then restrict growth to these pre planned areas. It would become challenging to justify the expense of correcting historical inaccuracies in licencing and we feel the overall condition of the database would suffer. The net effect would be significantly less new licences.

Closing comments

7

Are there any other comments you wish to make?

We feel that some increase is justified, however urge RSM to look at outgoing spend as much as incoming revenue. With more streamlined systems such as the new RRF, costs to licence and administer should be reducing not increasing, and it would be a shame to swing the memorandum account too far positive again or someone might decide its there to spend on a flash new website or similar.