

2023-2025 RSM Fees Review:

Public Consultation Outcomes Summary

Background

1. On the 29th of January 2025, Cabinet agreed to release a discussion document for public consultation on proposed changes to fees for radio spectrum licences (ECO-25-MIN-0001). This discussion document was released on the 12th of February and closed the 11th of April.
2. The Radiocommunications Act 1989 (the Act) and the Radiocommunications Regulations 2001 (the Regulations) authorise MBIE to charge annual licence fees. Fees recover the majority of Radio Spectrum Management's (RSM) costs for the services it provides to the users of the radio spectrum, in accordance with the Act.
3. Access to spectrum supports economic growth by enabling innovation in communications technology, competitive telecommunications sectors and resilience during emergencies. A full cost recovery fee regime enables RSM to administer access to radio spectrum efficiently and effectively.
4. Treasury and the Office of the Auditor General guidelines recommend reviewing cost recovery regimes every three to five years. The Radiocommunications Government Policy Statement sets the objective that licence fees are reviewed at least every five years. Radio spectrum fees were last reviewed four years ago in 2020. Fees were last adjusted in 2017, when they were set below cost to run down a surplus in the RSM memorandum account. The Fees Review sets out two options to increase fees back to full cost recovery levels.
5. Both options were based on the cost of delivering RSM services, ensuring that fees closely reflect the actual costs needed to provide services. Option One maintained the current fee structure. Option Two introduced a new fee structure to differentiate fees by activity type: a fee for new licenses and modifications, and a lower fee for licence renewals. The second option weighed costs to reflect that on average, activities relating to new licence applications and modifications require more RSM time and resource when compared to licence renewals.

Outcomes of the public consultation

Favourability of options amongst submitters

6. The most popular option was Option One (maintain current fee structure) with 20 submissions in favour. Option One supporter industries included amateurs, telecommunications, broadcasting and media, and all three MNOs. Option Two (introduce a new fee structure) received 11 submissions in favour, whilst 8 submitters either preferred neither option, or had no preference. Option Two supporter industries included telecommunications, commercial radio, amateurs, and internet service providers (ISPs) – including wireless ones (WISPs). Non-supporters included amateurs, WISPs, satellite operators, and telecommunications.
7. A common advantage identified in feedback on both options, was that these were fair, user pays systems. Likewise, opposition to paying higher fees (and to any increase in general) was found in feedback for both options.

8. There were several positive remarks made by submitters. These included submitters with an international customer base, who recognised that the fees increase would remain relatively cheap compared to overseas regimes. A few submitters, including KiwiRail, were thankful for the role that RSM plays in the radio spectrum space.

Option One: Maintain current fee structure

9. Option One maintains the current fee structure, with a fees increase of 5-6% across all licence categories aside from amateur licences (14%). Most (99%) of licences fall under the Standard licence fee category, which would increase by \$48 per annum.
10. Commonly identified advantages of Option One by submitters included it being simple and straightforward, consistency with the existing licence structure, having minimal administrative costs, and a higher degree of predictability than Option Two.
11. A major identified disadvantage of Option One by submitters was that the cost increase was unfair to smaller organisations and Community Access Media (CAM) stations, and failed to account for the public service role of CAMs. Other key criticisms were that it does not differentiate between commercial and non-commercial licence holders (due to the universal flat fee), and that the higher fees would discourage new amateurs.
12. Several submitters – including Kordia, and the Radio Frequency Users Association – noted that they would prefer fee increases to be gradual, building to the new fees over the course of several years. If a sudden increase were to occur, these submitters identified that it would impose a significant cost increase to their business.

Option Two: Introduce a new fee structure

13. As well as introducing a new fees structure, Option Two would see the Standard licence fee increase by \$26 per annum for a renewal fee (91 percent of licences are renewals of existing licences), and \$275 for a new and modification fee.
14. Commonly identified advantages of Option Two by submitters were a modest/lower cost increase for standard fees, higher fees encouraging more efficient spectrum usage, being cheaper than Option One long term, and a lower fees renewal structure.
15. Commonly identified disadvantages by submitters were that increased fees would likely discourage licence holders from updating the RRF when making minor changes, it being complex to navigate and for RSM to administer, acting as a barrier to spectrum use, initial/first year fees being too high, and having negative impacts on CAM station financial sustainability.
16. Submitters were asked whether they would be deterred from creating further licences if Option Two came into effect. 13 would be, 9 would not be, 3 were unsure/could not currently comment, and 18 submitters gave no indication. Additional comments made noted that even if they themselves would not be deterred, other licence holders may be discouraged from creating further licences. Others indicated that they would accelerate licence creation prior to the new fees coming in.
17. Overall, Option Two appears to have been more negatively received than Option One.

Comments made by submitters

18. A large number of comments made focused on ways to reduce fee costs. It should be noted that the licencing system is a 'user pays' framework, and does not receive other

forms of funding. These fees cover MBIE's costs of administering licence applications, renewals, and modifications.

An increase in fees will notably impact smaller industry players

19. A significant proportion of submitters were concerned about the impact of higher fees on smaller players in the industry. These include not-for-profits, and amateurs, but most were from CAM stations.
20. CAM stations, and the Community Access Media Association (CAMA), highlighted that they would be disproportionately affected, with the majority of their operations made possible by limited public funding. Fee increases under both options would worsen the financial sustainability of CAM stations, which (as of 2024) were already facing an \$80k shortfall. The increases under Option Two in particular would make new licence applications or modifications financially unfeasible. Any financial impacts would have consequences for the ability of CAM stations to innovate, and reach underserved populations.
21. CAM submitters argued that MBIE does not make a distinction between commercial and non-commercial entities, and that the proposed fee increases do not account for the role they play in providing public services. These services include emergency broadcasting during events like the Christchurch earthquakes, and ensuring representation of minority communities in the media. They also raised that fee increases would contradict UNESCO's Community Media Sustainability Policy, which recognises the role of community radio in facilitating the preservation of democracy, education, and culture.
22. A third option is proposed by CAMA and CAM stations, where they are seeking subsidised fees, or to be exempt from paying fees all together, in recognition of their public service role. This would bring New Zealand's approach in line with that of Canada and parts of Europe, where the state supports community radio.
23. Concerns raised by CAMs were similar to those raised by not-for-profits and amateurs, including their usefulness in emergency broadcasting, and potential impact on their audiences. Amateurs in particular noted that they have no mechanism to recover costs unlike commercial entities.

Alternative fee categories proposed by submitters

24. A number of submitters rejected either the options presented in the discussion document and replied with their own proposals, or proposed amendments to options one and two.
25. Multiple submitters – including an approved radio engineer (ARE), and a WISP – proposed that another fee category should be created for spectrum private use. This category would see a 36% increase, whilst other licence categories would only have a 20% rise. This would make up for an inequity of having to licence each individual radio licence whereas some spectrum licences can have co-located transmitters.
26. One submitter – One NZ – proposed a modified version of Option Two. This would retain the new structure, but instead of treating licence reissues during management rights renewals as new licences, they would be treated as licence renewals.

NZME alternatives

27. One submitter – New Zealand Media and Entertainment (NZME) – presented two alternative proposals. The first would see the fee increases halved, and for MBIE to

collect the remaining shortfall from either general taxation, and/or from successful spectrum licence bids. The suggestion that general taxation cover fees was also present in comments made by other submitters. The second would impose a greater fees burden on holders of private management rights, and relieve the pressure on other licence holder categories. MBIE notes that both of these proposals go against the user-pays fee models.

Out of scope: Satellite and ground station licensees targeted to take cost burden off terrestrial licence holders

28. Multiple submitters proposed that fees are not increased for terrestrial spectrum licensees and instead additional costs be imposed on satellite and ground station licensees. These submitters included Spark, 2Degrees, and Amuri Net Ltd. Additional costs on satellite operators fall outside of the scope of this review.
29. Currently, satellite licensees pay a \$150 licencing fee, but do not pay a resource fee for spectrum. Terrestrial users, such as mobile network operators, pay both a licencing fee, and a resource fee for each individual spectrum frequency band they use – this separate fee category can cost licensees millions of dollars. MBIE believes submitters are seeking for satellite licensees to start paying resource fees. Whilst out of scope for this fees review, MBIE has investigated the possibility of imposing a resource fee on satellite operators as part of work on the 24-30 GHz project, and verbally discussed this with you.
30. Submitters proposing the shifting of some of the cost burden onto satellite licensees argue that the benefits enjoyed by satellite licensees far exceed their contribution to the Crown's costs of running the system. They portray the costs and procedures required of terrestrial licensees as being disproportionate to those required of satellite licensees, satellite technology allowing licensees to need fewer licences, and satellite licensees being protected through perceived permanence in their incumbency. It was also raised that the reach of satellite licensees is international in nature, whilst other licensees are domestically constrained despite competing with satellite services.
31. It was also noted that the fee increases may drive more consumers away from terrestrial spectrum licensees, who would have to pass the increases on as costs to customers, and towards alternative competitors like satellite providers (e.g. switching from an MNO to Starlink for internet connectivity).

Other notable comments made by submitters

32. A small minority of submitters – including an internet service provider and Chorus - suggested they would like to see an external audit, or internal investigation of RSM, to ensure fees revenue was being spent as intended on the licensing system.
33. A small minority of submitters – NZME, a satellite operations company, and an ARE – used the discussion document to express grievances about the RRF, its creation, and its ongoing costs.

Annex

34. There were 41 total submissions on this public consultation. They were received from the following parties, grouped by industry:

Industry	Submitters¹
Amateurs (of differing specialities)	Dustin Plunkett, Philip Plimmer, Rolf Huber, Paul Godolphin, Jef Iken, David Cooper, Susan Grant, New Zealand Association of Radio Transmitters
Maritime Vessel Operator	Maruha NZ Corporation Limited
Manufacturing	SRS New Zealand
(W)ISPs	Full Flavour, Primo Wireless, Accelerate Wireless, KiwiWifi, Amuri Net Ltd., Yrless Ltd.
Broadcasting (incl. community and commercial)	Vision100, CAMA, Fresh FM, NZME, Plains FM, Coast Access Radio
Satellite Operations	ViaSat, Space Ops
Telecommunications (incl. infrastructure)	Chorus, Ashley Communications Ltd, Kordia, Telco2, Access Communications Ltd., Spark, One NZ, 2Degrees
Surveying, engineering, measurements	A D Brown
Supplier	Colvins Ltd.,
Government/SOEs	KiwiRail, NZDF
Sports Club	Hibiscus Coast Motorsport Club Inc
Unspecified	Motutapu Outdoor Education Trust, Kevin Neshausen, Chris Daly, Radio Frequency Users Association of New Zealand Incorporated

¹ Note that if an individual made a submission on behalf of a company, only the company is listed here