

Please direct any questions that you have in relation to the submission process to [Radio.Spectrum@mbie.govt.nz](mailto:Radio.Spectrum@mbie.govt.nz).

## Submission on discussion document: review of radio spectrum licence fees

### Your name and organisation

<b>Name</b>	Jonathan Brewer
<b>Organisation</b>	Telco2

### General questions

#### Questions for organisations and businesses

<b>1</b>	Telecommunications
<b>2</b>	Approximately how many licences do you or your organisation hold? 2
<b>3</b>	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. Undecided
<b>4</b>	What proportion of your licences do you expect will need to be modified in the next five years? 100%

### Questions about the proposals in the discussion document

#### Options for annual licence fee changes

<b>1</b>	What do you see as the advantages and disadvantages of option one? Advantages: Consistency with existing practices Disadvantages: Cost increase is unfair to small organisations
<b>2</b>	What do you see as the advantages and disadvantages of option two? Advantages: Modest cost increase in standard fees Disadvantages: Licence holders will be disincentivised from updating licence details when minor changes are made, and disincentivised from equipment upgrades.

3 Which option do you prefer? Why?

Neither option is preferred.

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.

- a) The most significant use of the Register of Radio Frequencies (RRF) is by Rightsholders for spectrum licence type "Spectrum Private/Other (Spectrum) (SZ)".
- b) Around 81% of all licences in the RRF fall into the "Spectrum Private/Other (Spectrum) (SZ)" category.
- c) Spectrum licences have higher demands on the RRF, and required more development and support resources from the RRF project team than Radio licences.
- d) Some of the features used by Spectrum Licences not used by Radio Licences include Unwanted Emission Limits, Horizontal and Vertical Radiation Patterns, Authorities, and a process of routing Forms to a band Manager.
- e) On the matter of fee payment, the Radiocommunications Regulations 2001 distinguish Radio Licences from Spectrum Licences, with the former covered by (38) and the latter by (39).
- f) Licensees (38) and Rightsholders (39) are directed to pay fees set out in the fourth column of Schedule 6 - the schedule RSM seeks to amend in this exercise.
- g) In the current fee structure, Radio and Spectrum licences are assessed the same standard licence fee.
- h) We propose "Spectrum Private/Other (Spectrum) (SZ)" licences are treated as a separate Fee Category (E).
- i) Fees for Category E should be increased by 36% increase, while all other fee categories should be increased by only 20%.
- j) A separate fee category for "Spectrum Private/Other (Spectrum) (SZ)" licences with the proposed increase would meet RSM's revenue targets while ensuring fees are equitable, efficient, and justifiable.

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

The fee increase will have a small impact on our business.

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

Under fee option 2 we would be less likely to modify existing licences.

## Closing comments

7

Are there any other comments you wish to make?

From the budget supplied in the consultation document, it appears RSM has capitalised and is depreciating not just the cost, but also all of the cost overruns of the new Registry of Radio Frequencies. This likely over-values the asset significantly. As the depreciation charge on the RRF is a significant factor in the diminishment of the Memorandum account, the book value of the RRF should be re-assessed. Given the poor quality of the product and ongoing problems with it, I imagine it could be written down in value. If an appropriate new valuation is required, RSM could go to market with an RFI for replacement of the system, and base the present value of the RRF on responses received.