

Please direct any questions that you have in relation to the submission process to Radio.Spectrum@mbie.govt.nz.

Submission on discussion document: review of radio spectrum licence fees

Your name and organisation

Name	Phil Young
Organisation	KiwiRail

General questions

Questions for organisations and businesses

1	Transport
2	Approximately how many licences do you or your organisation hold? ~400. Up from 300 in 2015.
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. Typically we have some additional licences and possibly some that are relinquished. Since the beginning of 2022 we have added an additional 56 licences. A big proportion of these were needed for an upgrade to our linking network in the lower North Island and to replace backhaul circuits over copper where Spark/Chorus couldn't offer a fibre service at a reasonable cost. We don't expect the same numbers of new licences in the coming years. Overall our licences are likely to increase by up to 5% over the next 5 years.
4	What proportion of your licences do you expect will need to be modified in the next five years? Approximately 5% of our current licences could have additional sites added in the next 5 years.

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?

It is a similar system to the existing one and a simpler system to administer for RSM.

Project costs for implementing new licences would be lower than option 2.

Disadvantage – The operating costs for KiwiRail would be higher by over 37% higher than current and higher than option 2 by over 14%.
- 2** What do you see as the advantages and disadvantages of option two?

It is cheaper than option 1 for KiwiRail but still a 20% increase over the current yearly amount.

More complexity in the administration for RSM.

Project costs will be higher for KiwiRail than they are in option 1.
- 3** Which option do you prefer? Why?

Option 1 - For KiwiRail it is more cost effective and with the least administration and management burden.
- 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.

None that we have come up with that we feel will be better than those suggested.
- 5** What impact will the fee increase have on your business or entity?

An increase in operating and project costs.
- 6** How would fee option two impact the licensing decisions of your organisation or entity over the next five years?

The radio systems KiwiRail run are for safety reasons and as such the changes suggested under either option aren't likely to impact our licencing decisions.

Closing comments

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Are there any other comments you wish to make?

Thank you for the opportunity to put in a submission on how the proposed options for change in the licencing fees affect KiwiRail. It is great to see continued consultation with all radio licence holders and transparency on how the fees are structured.

Lower expenditure is always welcomed by any government organisation and KiwiRail has been grateful for the reduction in fees over the last 8 years. We understand the need to increase the fees now that the memorandum account has been reduced.

The licenced channels used by KiwiRail fall into three main groups. Shunting and rail yard operations, radio communications between rail vehicles and train control and radio backhaul for the radio communications and signalling. All of these are safety critical systems used to keep rail workers and the public safe during rail operations and we see having the framework of RSM's licencing engineers and radio inspectors as a necessary part of maintaining the safety criticality of KiwiRail's radio operations.