

Submission on discussion document - AM/FM radio spectrum: 2031 expiry of licences and potential reassignment

Your name and organisation

Name	Rob Walker
Organisation	Beach FM 106.3 Kapiti

General questions

Eligibility criteria for renewal

1 Should the Crown restrict eligibility to those with no outstanding fees? Should there be any exceptions to this?

No

Moratorium prior to the rights expiry

2 Please provide any feedback you have on the proposed moratorium date. In what circumstances should an exception to the moratorium on modifications be allowed?

Given the seriously uncertain future of radio, and in particular local radio stations, the timing of the moratorium would require already struggling local businesses to predict the future in the next five years following the moratorium.

Proposed policy objectives for the allocation process

3 What amendments, if any, would you make to the proposed objectives and criteria?

The objectives seem to be a departure from the original intent of the local commercial FM licence that Beach FM operates on. In an already overcrowded and ridiculously competitive market, the local radio stations still operate within the requirements of the original intent of the licence and file an annual return. The objectives appear to be a departure from that, leaving us vulnerable.

4 Are there other objectives or criteria you would propose? If so, what are these?

Approach to pricing commercial licences

5 Which is your preferred approach and why?

None of those suggested. The intent of the local commercial FM licences was to foster local radio. To accept any of the suggested approaches would mean it would price local radio stations out of operating.

6 Is there another approach you would suggest? If yes, please explain how this approach would be implemented and how it would provide greater benefit against the policy objectives than the above approaches.

The original intent of the local commercial FM licences was to foster and grow local communication and information for the local audience. I would suggest the local commercial FM licences continue to operate within those licences' conditions, rather than having to invest a large amount of money.

Forcing a small local radio operator on a local commercial FM licence to find 10s of thousands of dollars to continue broadcasting is severely disadvantageous. Not only to the operator, but also to the detriment of the local broadcast audience. Simply put, if the equations explained in the discussion documents were to happen, local radio would simply shut down.

Price formula

7 Do you agree with the assumptions outlined to calculate a price offer? Why? Why not?

No. The calculations are based on and designed for the large operators within the industry and simply do not accommodate any of the local radio stations, especially those operating on a local commercial FM licence to benefit the community.

The local commercial FM licences should be required to pay no fee. The true value and benefit to the local community of local radio stations, particularly within civil defence emergency situations, far outweigh the need to pay a fee to the Crown for the spectrum that they have been using under a special licence.

Duration of licences

8 Which of the two options do you prefer and why?

Option 2 - This would prevent frequency banking with the intention to keep others out of the market.

9 Is there another option that should be considered? What would this be and why?

NA

10 What licence duration would make most sense for your company/organisation? Why?

An option of less than 20 years but greater than 10 years would work best for our organisation, given the uncertainty of the use of the spectrum by 2031.

11 What should be the difference in tenure for AM vs FM, if any?

none

12 What duration of time of non-use would be appropriate for triggering the Crown's right to take back the licence?

Six months

RNZ and Schedule 7 provisions in the Radiocommunications Act

13 How do the sections of the Act advantage or disadvantage your business?

They don't

14 How might the Crown provide fairness to all licence holders?

In all fairness, the local commercial FM licences, which are heavily bound by content requirements and an annual return. Should be treated in the same way as non commercial.

15 What options do you see for how the Crown might address its preference for 10-year licences, given this legislative barrier? Would you prefer the options developed are operational or legislative? Why?

Non-commercial use of AM/FM radio broadcasting spectrum

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What changes, if any, should be made to the reservation of spectrum for iwi radio, community radio and RNZ?

Again for we broadcasters operating on the local commercial FM licences, we seem to be in no man's land where we are neither non commercial or community. However, we are bound by regulations to operate as a community radio station. We do not receive funding from NZ on air, unlike the community access stations.

As the frequencies for the access stations are provided free of charge, therefore so should the local commercial FM licences, as we have greater expectations upon us in the Community than the Access radio stations do.

Currently reserved blocks

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Should the reservations in block 16 – 19 continue into the new right in their current form? What changes would you make, if any?

No.

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If unused spectrum was to be released, what would bring greater benefits: reassigning these licences to commercial or other non-commercial use? If non-commercial, to whom? If commercial, how should it be made available to market?

Local Commercial FM licences

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Do you agree with comparing the original intent of LCFM with the proposals in this document to determine their continuation? If not, how would you prefer they were assessed?

I totally disagree with the proposal to either convert local commercial FM licences to full spectrum price or to convert to a Community licence. There is already a Community licence operating in this area, which would leave us with no option but to have to compete at a price set as a full commercial spectrum licence. This would signal the end of local radio. The current annual revenue of a local commercial radio station has significantly dropped over the last five years and there is no way that the calculation and formula provided equates to a successful operation of local radio.

It seems the intent is to force local commercial FM operators in a small market off the FM band entirely in favour of gaining revenue through pricing only available and within reach of the larger networked operators.

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Which option do you prefer: the proposal outlined or maintaining the status quo (Local Commercial licences remain, with strict conditions and are charged at a lesser price than commercial licences)? Please explain why you prefer this option.

This was the intent upon gaining the local commercial FM licence and it should continue at the discounted rate with the conditions in place, as has successfully been achieved already. This needs to be a case by case consideration given the other signals in the individual markets of local commercial FM radio.

Again, if the proposed calculation was to be applied to a small operator such as us, we would cease to exist.

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If maintaining the status quo, how should the price be calculated to account for the retention of strict content provisions in the licence agreement while acknowledging that these are commercial licences with revenue potential?

This question seems to negate or ignore completely the enormous value that local Community radio stations play in the regions. As we operate under the local commercial FM licence, our revenue is entirely from advertising sales. The value that we add to the Community is immeasurable, particularly when it comes to local and regional governments, emergency response and the flow of local information to the Community. However, it appears that that has been given no consideration.

In other words, we are expected to give an enormous amount of resource to the local community from the back pocket of a privately owned small business, whilst receiving no assistance from any government departments or agency in any way whatsoever, and the proposal suggested in this document penalises us even further.

It seriously feels as though the local commercial FM licence has been an afterthought in this document and should be considered on a case by case basis.

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If the proposal outlined is to progress, will there be enough time to transition by April 2031? If not, why not?

No. Given the annual income received by the small locally operated commercial FM licences, there would be no way that we could gain the revenue to be able to meet any requirements suggested in the calculations in this document.

Closing comments

Are there any other comments you wish to make?

It is clear that the benefits and value that the local commercial FM radio stations provide to the local community has been completely disregarded in this document. Yet at the same time we are expected to abide by strict rules and regulations and must furnish an annual return, which we are quite happy to do. This document seems to suggest that local commercial FM licences are of no value whatsoever and I can assure you that if it is proposed to proceed then local radio will cease to exist within New Zealand.
