



RBA Response to Discussion Document: AM/FM radio spectrum: 2031 expiry of licences and potential reassignment

Radio Broadcasters Association

- 1.1 The Radio Broadcasters Association represents the interests of the commercial radio sector in New Zealand. This currently includes MediaWorks, NZME, Sports Nation Network, Rhema Media, Pacific Media Network, Radio Samoa, Free FM, Radio Southland, 95bFM, Best News Entertainment, Central FM, Peak FM, Brian FM & Radio Tarana.
- 1.2 The Radio Broadcasters Association and its members would like to discuss this submission with RSM and the Minister.

RBA RESPONSES TO QUESTIONS:

Eligibility criteria for renewal:

Q1 - Should the Crown restrict eligibility to those with no outstanding fees? Should there be any exceptions to this?

The RBA believes the Crown should only consider restriction of eligibility to those with outstanding fees or charges as at the **date of acceptance** of the finally agreed price for the spectrum, not the first offer date.

The RBA notes also that the acceptance date may need to be extended past the current proposed window of 6 months.

If a fair price is not offered in April 2026 the radio industry would recommend a further stage is added to the timeline which includes a mutually agreed period and process of independently arbitrated mediation to agree a fair price.

Moratorium prior to the rights expiry:

Q2 - Please provide any feedback you have on the proposed moratorium date. In what circumstances should an exception to the moratorium on modifications be allowed?

The RBA agrees there should be a moratorium on any new licences from 02 April 2026 to April 2031.

The RBA believes there should be no moratorium on modifications.

Proposed policy objectives for the allocation process:

Q3 - What amendments, if any, would you make to the proposed objectives and criteria?

We do not agree with this being framed as an 'allocation process'. This is a spectrum renewal and valuation process.

Q4 - Are there other objectives or criteria you would propose? If so, what are these?

Table 1: Proposed allocation objectives and criteria

Objective	Description
a) Support the continued use of this spectrum by AM/FM radio broadcasters	The allocation process will support the ongoing use of this spectrum by providing certainty to users, including by non-commercial users.
b) Balance the financial value of the asset with the economic context	The allocation process will recognise where demand for spectrum exceeds supply. It will acknowledge that the sector is affected by uncertainty.
c) Foster market competition	Both the allocation process and the resulting sound broadcasting sector will foster market competition to support the efficient use of the spectrum.

While we do not agree that this is an allocation process, we have suggested modifications to the table below:

Objective	Description
a) Support the continued use of this spectrum by AM/FM radio broadcasters	The allocation process will support the ongoing use of the spectrum by providing certainty to incumbent users at a fair price for renewal.
b) Balance the financial value of the asset with the economic context	The allocation process will recognise the high levels of uncertainty in future values to the industry post 2031.
c) Recognise the need for a sustainable New Zealand radio industry	Ensure the NZ public continues to be well served by a radio sector that provides a diverse and broad range of services.

Approach of pricing commercial licences:

Q5 - Which is your preferred approach and why?

Table 2: Strengths and limitations of pricing approaches

Pricing Approach	Support for the continued use of the spectrum by AM/FM radio broadcasters	Balance the financial value of the asset with the economic context	Foster market competition
A. Price offer (based off previous market prices)	<ul style="list-style-type: none"> • Certainty for investment (+) • Simple to administer (+) • Treats incumbent operators equally (+) • Does not allow for new entrants into market (-) 	<ul style="list-style-type: none"> • May not reflect exact competitive price (-) • Priced derived from market data (+) • Likely to generate a lower price than at auction (++) 	<ul style="list-style-type: none"> • May not reflect regional economic differences (-) • May incorporate factors to account for industry conditions (+)
B. Auction (to determine a market value for each licence)	<ul style="list-style-type: none"> • Generates uncertainty for incumbents (-) • Complex to administer on large scale (-) • Allows new entrants to market (+) 	<ul style="list-style-type: none"> • Reveals current competitive price (+) • May result in high prices and put strain on the industry (-) • Costly administration (-) 	<ul style="list-style-type: none"> • Theoretically allocates spectrum to most efficient operators (+) • Enables incumbent operators and new entrants to compete (+)
C. Price offer and auction (combination of A. and C.)	<ul style="list-style-type: none"> • Legitimacy – agreed process, known since 2006 and outlined in PIB 59. (++) • Takes advantage of simple offer price process (+) • Spectrum available to new entrants is determined by incumbents (-) 	<ul style="list-style-type: none"> • Offer price uses historic market values (+) • Auction derives market value where offer prices are rejected (+) • Choice for each licence is provided to each operator (++) 	<ul style="list-style-type: none"> • May not reflect regional economic differences (-) • New entrants will be able to bid for spectrum where price offers are refused (+)

Q6 - 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

Q7 - Do you agree with the assumptions outlined to calculate a price offer? Why? Why not?

The discussion document provides an estimated value of \$38.74 million for 20 years.

Some individual operators' spectrum calculations are that the proposed pricing model in fact results in a value that may be more than double that.

The RBA has engaged NZIER and Plum consulting to review the principles of the proposed model and governments proposed total price of around \$38 million.

The analysis clearly demonstrates this figure is not based on the current structure of the market and an alternative approach needs to be considered.

The RBA has shared this analysis entitled 'RBA Spectrum Valuation Report' (**Appendix A**) and would propose the Minister, Ministry and the industry review this together and agree to engage in a period of consultation around alternative options for pricing. Also attached (**Appendix B**) is a copy of the full 'GfK Audience Projections to 2051' Report.

Duration of licences:

Q8 - Which of the two options do you prefer and why?

Q11 - What should be the difference in tenure for AM vs FM, if any?

The industry believes the option for FM should be for 20 years if an acceptable value is agreed. We do not agree with the values of methods currently proposed.

The industry believes the option for AM should be 10 years if an acceptable value for this can be agreed.

Q9 - Is there another option that should be considered? What would this be and why?

The RBA believes there should also be an option for AM for 5 years at an agreed value that may need to be addressed urgently to support an industry position around Auckland AM services being able to continue.

Q10 - What licence duration would make most sense for your company/organisation? Why?

The RBA supports each of its members and other broadcasters having their own views on terms as this is a business decision based on the strategy of each operator.

Q12 - What duration of time of non-use would be appropriate for triggering the Crown's right to take back the licence?

The industry believes it would be appropriate for the crown to be able to trigger a right to take back and auction unused spectrum if the operator can show no plan of use after 24 months.

If this spectrum has been paid for in advance the operator should be entitled to receive a refund of any portion pre-paid once the crown has taken back ownership and has resold the spectrum.

RNZ and schedule 7 provisions in the Broadcasting Act:

Q13 - How do the sections of the Act advantage or disadvantage your business?

Q14 - How might the Crown provide fairness to all licence holders?

Q15 - 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?

The RBA supports the strength of radio in New Zealand is a factor of both our public and commercial broadcasters. It is important for the commercial sector to understand the use of the non-commercial spectrum during our whole tenure.

We would expect that the government commits to the provision of these AM and FM services for the same tenure as the commercial sector.

We would not want to see a scenario where a value was agreed for commercial spectrum for 20 years and any change in use of the public spectrum in 10 years potentially creates a change in its use to commercial or such like.

We would expect this to be legislative not operational.

Non-commercial use of AM/FM radio broadcasting spectrum:

Q16 - What changes, if any, should be made to the reservation of spectrum for iwi radio, community radio and RNZ?

The RBA believes there should be no change to the reserved blocks for Iwi, Community Access or RNZ.

Currently reserved blocks:

Q17 - Should the reservations in block 16 – 19 continue into the new right in their current form? What changes would you make, if any?

Q18 - 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?

Block	Reserved For	Current Status
16	National Public Radio	In use by RNZ National
17	National Youth Network	This block was set aside by Cabinet to address youth interests, promoting New Zealand content (music and arts), and providing education and advisory services. The block was utilised for a brief period, but the operator could not meet the ongoing requirement to be self funding. It has remained unused by a youth radio network, and the block has been utilised on a short-term basis for events, such as the Women's FIFA (Fédération Internationale de Football Association) World Cup in Wellington.
18	National Māori Radio Network	This block was set aside to enable the establishment of a national Māori radio service, to contribute to the protection and promotion of te reo me ngā tikanga Māori, Māori language and culture. The frequencies have been used occasionally for temporary licences requested by Māori and non-Māori groups (eg, FIFA Women's World Cup opening ceremony and Te Matatini), but it has not been used as intended since it was set aside in 1999. National Māori radio service frequencies were intended for nationwide use, which differs from spectrum set aside for iwi radio

		broadcasting, which enables local stations to operate in the rohe (area) of an iwi.
19	Pacific Island Radio Network and commercial licences	Currently has extensive commercial use as well as licences held by National Pacific Media Trust.

The RBA believe there should be no change to blocks 16, 18 and 19.

Radio is no longer a primary source for reaching youth who are spending more time on digital channels.

The RBA believes that Block 17 should be amended to be utilised for the purposes it has recently served. That is a short-term major event broadcasting e.g. FIFA World Cup.

We would expect there to be a consultation process to agree parameters of use and ensure no long-term use or use that replicates what is already provided by other broadcasters.

This spectrum should not be released for long term commercial or non-commercial without full consultation.

Any proposal to do so may have significant impacts on the wider valuation discussions, and this would need to be agreed before any final spectrum prices are agreed.

Local Commercial FM Licences:

Q19 - 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?

Q20 - 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.

Q21 - 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?

Q22 - If the proposal outlined is to progress, will there be enough time to transition by April 2031? If not, why not?

The RBA did not support the development of the LCL licenses and does not support their continued existence.

We would support the last remaining few LCL's being converted to full commercial licenses upon renewal in 2031 as part of this process.

They do not provide any greater local content or service not already provided by the many other operators broadcasting in New Zealand and there has never been a commitment to monitor their restrictions from RSM.

Any Other Comments:

Timeline /Process of Allocation

If a fair price is not offered in April 2026 the radio industry would recommend a further stage is added to the timeline which includes a mutually agreed period and process of independently arbitrated mediation to agree a fair price.

This is beneficial to the government and the industry to ensure all parties exhaust all avenues for agreement before the spectrum is put up for auction, which will be highly disruptive for broadcasters, listeners and the government.

DAB

With the potential for cars to start to arrive in New Zealand with only FM and DAB or DAB and Streaming enabled between 2031 and 2051, the industry must be provided access to the allocated DAB spectrum as part of the package being negotiated.

It may not be required but must be available to accommodate the needs of all licensed broadcasters in New Zealand if needed.

Prominence

Further to the above point it is essential all commercial and non-commercial licensed broadcasters are protected by “prominence” or “must carry” legislation to ensure their accessibility to New Zealand audiences.

Crown Entity Transmission

It is essential as part of these negotiations that all Crown Entity Transmission providers are able to provide transmission for the agreed terms of the licenses.

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