

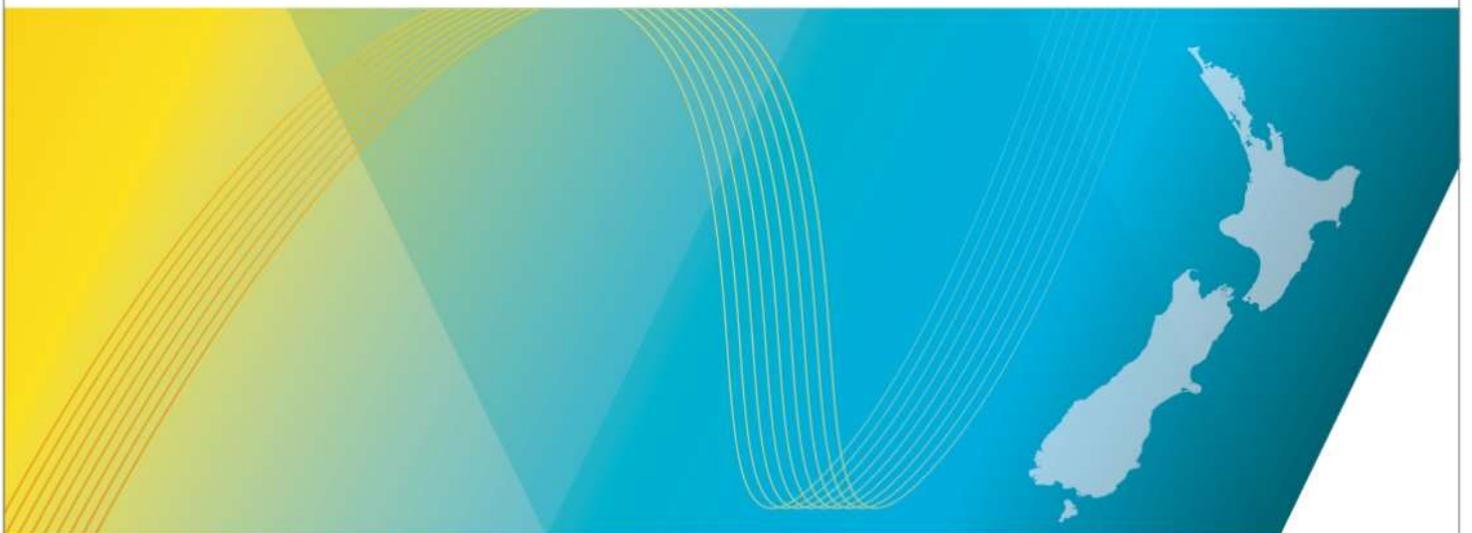


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# Review of Licence Fees Framework: Consultation Document

**Review of licence fees under the Radiocommunications  
Regulations 2001**

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## Glossary

Abbreviation/Term	Meaning
Act	Radiocommunications Act 1989
ARC	Approved Radio Certifier
ARE	Approved Radio Engineer
ARX	Approved Radio Examiner
EMC	Electromagnetic Compatibility
LII	Licensee Interference Investigation
Minister	Minister for Communications
MBIE or “the Ministry”	Ministry of Business, Innovation and Employment
Register (the)	Register of Radio Frequencies (formerly SMART)
Regulations	Radiocommunications Regulations 2001
RSM	Radio Spectrum Management

## Invitation for submissions

Interested parties are invited to comment on the content of this document, in particular the questions posed, and on any related issues. Comments should be submitted in writing, no later than **5pm on 7 December 2015** to:

**By email:** (*preferred option*)

[Radio.Spectrum@mbie.govt.nz](mailto:Radio.Spectrum@mbie.govt.nz)

Subject line: "Radio Spectrum Fees Review 2015"

**By post:**

Radio Spectrum Fees Review  
Radio Spectrum Management Policy and Planning  
Ministry of Business, Innovation and Employment  
PO Box 2847  
WELLINGTON 6140

Any party wishing to discuss the proposals with Ministry officials should email, in the first instance, [Radio.Spectrum@mbie.govt.nz](mailto:Radio.Spectrum@mbie.govt.nz)

## Publication and public release of submissions

Except for material that may be defamatory, the Ministry of Business, Innovation and Employment (the Ministry) will post all written submissions on the Radio Spectrum Management website at [www.rsm.govt.nz](http://www.rsm.govt.nz). The Ministry will consider you to have consented to posting by making a submission, unless you clearly specify otherwise in your submission.

Submissions are also subject to the Official Information Act 1982. If you have any objection to the release of any information in your submission, please set this out clearly with your submission. In particular, identify which part(s) you consider should be withheld, and explain the reasons(s) for withholding the information. The Ministry will take such objections into account when responding to requests under the Official Information Act 1982.

## Privacy Act 1993

The Privacy Act 1993 establishes certain principles with respect to the collection, use and disclosure by various agencies, including the Ministry, of information relating to individuals and access by individuals to information relating to them, held by such agencies. Any personal information you supply to the Ministry in the course of making a submission will be used by the Ministry in conjunction with consideration of matters covered by this document only. Please clearly indicate in your submission if you do not wish your name to be included in any summary the Ministry may prepare for public release on submissions received.

# 1 Introduction

Radio Spectrum Management (RSM) in the Ministry of Business, Innovation and Employment ('the Ministry') is responsible for efficiently and effectively managing the radio spectrum. The majority of the Ministry's costs in managing the spectrum (excluding those associated with policy advice and spectrum sales) are recovered from licence holders through annual licence fees. These fees are set in the Radiocommunications Regulations 2001 (the Regulations, see Appendix One for the current licence fees). The Ministry maintains a memorandum account to record the revenue from fees and the recoverable costs of managing spectrum. Fees are reviewed periodically to manage the balance in the memorandum account and ensure that fees revenue reflects spectrum management costs over the long term.

At the time of the last review, in 2007, RSM's fee revenue was predicted to decrease due to the switch over from analogue to digital television. However, the loss of analogue television fees was offset by an increase in other revenue and total revenue did not decrease as much as expected. RSM's financial position has changed accordingly.

Given this, it is timely that the fees framework and issues relevant to fee setting are again reviewed. As with previous reviews, the Ministry is running a public consultation on its proposal. This consultation document is designed to inform stakeholders of the Ministry's proposals and seek feedback on the questions posed. Feedback received will form part of the advice provided to the Minister for Communications ('the Minister') on changes to the licence fees.

This document includes two major proposals. First, we propose a period of under-recovery of fees to reduce the accumulated surplus in the memorandum account. Second, we propose moving to a single fee for all licence types. In addition, some changes are proposed to improve administration and remove anomalies in the current fee structure. The proposals, and the reasoning behind them, are explained below.

## 1.1 Key objectives

This review is undertaken in the context of the Crown's objectives for spectrum management and the principles that guide how public entities should set fees.

With respect to fees, the objectives of RSM are to:

- a. Continually improve efficiency in administering the Act;
- b. Fully recover the costs associated with administering the Act; and
- c. Fairly allocate the costs in relation to work undertaken.

The principles that guide how public entities should set fees are defined by the Treasury and the Controller and Auditor-General<sup>1</sup>.

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<sup>1</sup> *Guidelines for Setting Charges in the Public Sector* (NZ Treasury, 2002), and *Charging fees for public sector goods and services* (Controller and Auditor-General, 2008).

## **1.2 Review process**

This document outlines the Ministry's proposal to change the licence fees framework and other fees-related issues. The Ministry is seeking views on the proposed changes. A summary of the changes is provided in the Section 5: Summary of proposed changes.

RSM will publish submissions on the RSM website.

RSM will provide advice on any changes to the fees framework, and the views expressed in the submissions, to the Minister in the New Year.

The Government's decisions on any changes to the fees framework will be published on the Radio Spectrum Management website.

Any changes to the annual fees will be implemented through an amendment to the Regulations. We anticipate any changes will come into force from 1 July 2016.

## **1.3 Notes for the reader**

All figures concerning licence fees in this document exclude GST.

Proposed fee levels in this document are approximate and may change slightly due to rounding and/or minor budget revisions before finalisation of any changes to the Regulations.

## 2 Background

Radio spectrum has many valuable uses. Spectrum is a key input into many industries, such as broadcasting and communication over cellular and other wireless networks. Technology is increasingly utilising wireless functionality, placing greater pressure on the allocation of radio spectrum. Active radio spectrum management, accompanied with good planning and sound allocation frameworks, is necessary to ensure New Zealand is world class in its use of information and communication technologies.

### 2.1 How fees are set

The Radiocommunications Act 1989 (the Act) provides for the making of regulations to set fees. Section 135 of the Act, states the fee related matters that may be covered by the regulations including:

*“prescribing the matters in respect of which fees are payable under this Act; the amounts of those fees or the method by which they are to be assessed; and the persons liable for payment of the fees; and providing for the method of payment of, or the waiver or refund of any such fees...”*

The majority of licence classes incur an annual administration fee. Schedule 6 of the Regulations set out the current fees (see Appendix One). Licence fees may only be changed through an amendment to the Regulations.

The Treasury and the Controller and Auditor-General guidelines provide a basis for how fees should be charged by public entities. As stated in the Auditor-General guidelines, fees should be set at no more than the amount needed to recover costs. These costs are those of the RSM licensing, compliance and planning functions. The policy function is separately funded by the Crown.

### 2.2 Radio Spectrum Management

The three teams of Radio Spectrum Management; Policy and Planning, Licensing, and Compliance, are responsible for managing the radio spectrum.

#### 2.2.1 RSM Licensing

The Licensing team is responsible for administering the Register of Radio Frequencies (‘the Register’)<sup>2</sup>, which is the public online register of radio and spectrum licences and management rights. The team is also responsible for administering radio licensing, and for the accreditation of radio engineers and certifiers, and operator certificate examiners. The Licensing team ensures that licence administration is user-focused, efficient and effective, and maximises the use of online services wherever possible.

#### 2.2.2 RSM Compliance

The Compliance team is responsible for radio frequency interference investigations, and the ensuring compliance with and enforcement of the Act and the Regulations. The team works to balance compliance requirements and costs, to enable a regulatory environment that does not unnecessarily impose burdens on business, but rather encourages innovation. The Compliance

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<sup>2</sup> Formerly ‘Spectrum Management and Registration Technology’ (SMART).

team seeks to undertake the least amount of auditing and enforcement intervention necessary to achieve its objectives, while ensuring that its investigations and decisions are proportionate, consistent, transparent and accountable.

### **2.2.3 RSM Policy and Planning**

The Policy and Planning team is responsible for strengthening the underlying business environment by improving legislative, regulatory and business frameworks for the efficient and effective functioning of the radio spectrum regime. The team represents New Zealand's interests at international radio spectrum forums and designs spectrum allocations. The team also administers the allocation (including by sale or auction) of Crown management rights and spectrum licences in accordance with government decisions.

Policy staff provide advice to the government on the management of spectrum property rights and administration of radio licences, and on legislation concerning radio spectrum.

Planning staff provide engineering and technical advice to support the effective allocation and efficient management of the radio spectrum resource. Planning staff also develop the technical frameworks, and publish band plans and technical rules.

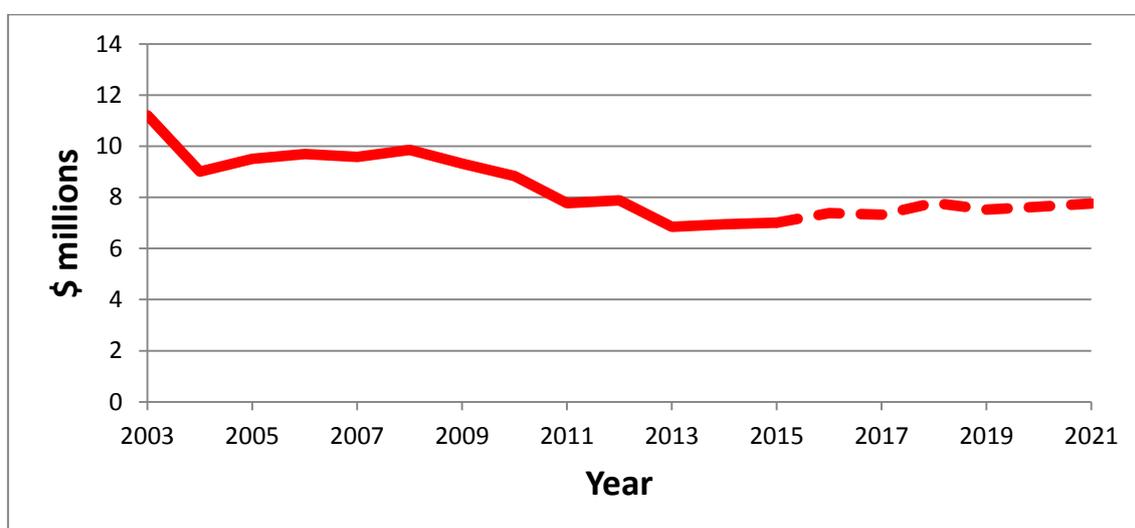
### 3 RSM revenue and costs

Managing radio spectrum in New Zealand, through the provision of the above services, generates costs for RSM. These operating costs (excluding Policy) are recovered from revenue generated from licence fees. An assessment of both costs and revenue is essential in the context of the wider fees review.

#### 3.1 Operating costs

Operating costs have been substantially reduced since 2003. Costs decreased from \$11.2M in the 2002/2003 financial year to \$9.6M in 2006/2007, when fees were last changed. Operating costs were \$7.0M in 2014/15. Figure One shows RSM costs since 2003.

**Figure One: Past and Predicted costs (2003-2021)**



The cost reduction since 2003 has followed efforts by RSM to minimise the administration and business costs of facilitating and maintaining access to the radio spectrum. To this end we have increased the use of online services, accredited external persons, and implemented a risk-based compliance system.

The online provision of services has enhanced operational efficiency, while improving the speed and simplicity of processes for clients. The RSM website has been reorganised to increase its usability, to improve our communication with stakeholders and the general public. The Register allows clients to search licences, apply for a New Zealand radio licence, renew an existing licence or update client details.

By encouraging the use of approved radio engineers (AREs), approved radio certifiers (ARCs) and approved radio examiners (ARXs), the Ministry has been able to improve the efficiency of its operational functions and focus on its registry and compliance functions.

Increased supplier and industry compliance with transmitter licensing requirements, radio equipment and electromagnetic compatibility (EMC) product standards reduces the potential for radio interference to occur. While incidents that disrupt radiocommunications are

unavoidable, targeting equipment supplier compliance and interference complaints has allowed RSM to minimise interference while controlling operational costs.

### 3.1.1 Cost forecast

Our forecast for costs over the next five to six years is largely static. We expect most costs to increase only at the rate of inflation. However, there are some exceptions.

#### *Predicted cost reductions*

- The Ministry has moved to the Stout Street building, and costs have been reduced as a result of co-locating most MBIE Wellington staff within one building. This has led to a number of benefits such as more efficient use of floor space, reduced numbers of administration and facilities staff across buildings, and savings from the consolidation of contracts for services like cleaning, catering, ICT and maintenance. The move to a new building is expected to save the Ministry \$40-50 million over the next 20 years. Flowing from this, the occupancy costs for RSM will in future be lower than would otherwise have been the case.
- We are expecting some consolidation in the number of regional locations used by RSM staff. This may reduce accommodation costs but is likely to be offset in part by an increase travel costs.

#### *Predicted cost increases*

- The online Register of Radio Frequencies (previously known as SMART) is now over ten years old and is due for an upgrade or a replacement in the next 3-6 years. The Register is based on old technology and there are practical limits to the system’s lifespan. It does not meet some expectations of today’s users. One example of this is that the interface is not easy to use with the smaller touch screens on mobile systems. The capital cost for an upgrade or replacement is expected to be significant. This will flow through into our operating costs through increased depreciation costs and a capital charge.

As shown above in Figure One, operating costs are now expected to average approximately \$7.5M per annum over the five years. The forecast cost trend is shown in Figure One. A breakdown of these forecast costs (average over five years) is shown in Table One.

**Table One: RSM Expenses**

<b>EXPENSES</b>	<b>Average Cost per Annum Forecast (\$000)</b>
Personnel <sup>1</sup>	2,039
Operating <sup>2</sup>	831
Depreciation <sup>3</sup>	554
IT Costs <sup>4</sup>	969
Support costs <sup>5</sup>	3,133
<b>Total Expenses</b>	<b>7,527</b>

#### **Notes**

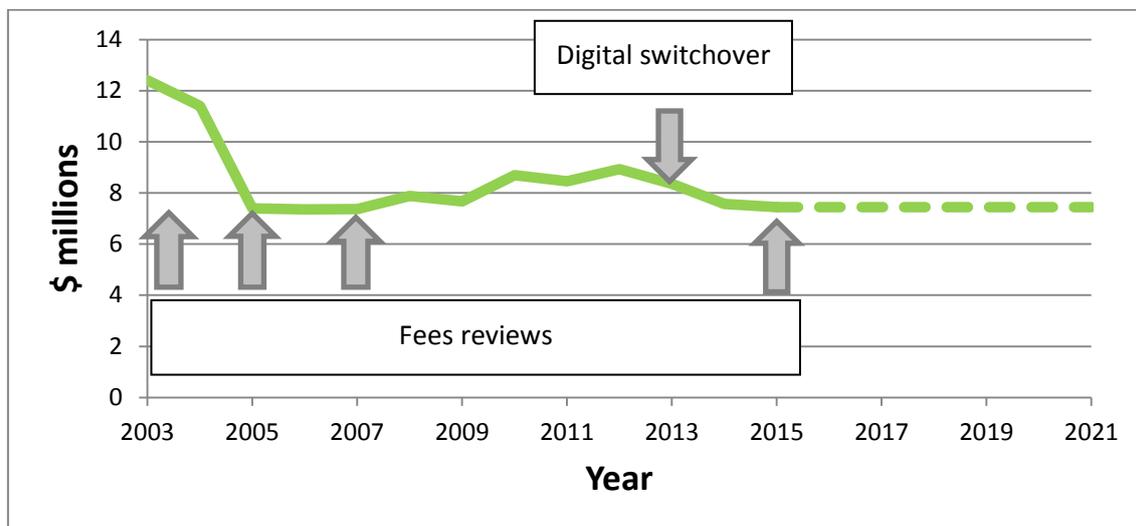
- 1: “Personnel” refers to RSM staff costs, including superannuation contribution, ACC and training.
- 2: “Operating” includes RSM direct costs, such as hiring external technical expertise, legal services and travel.
- 3: “Depreciation” is the normal charge for our assets based on IRD depreciation rates.

4: "IT costs" are for the Register, which requires on-going maintenance and support.  
 5: "Support costs" are for all the corporate services that RSM uses as part of MBIE. For example we use the corporate HR, Finance, and IT support functions, rather than employing this assistance directly within RSM or paying external parties at contractor rates to supply it. We pay our share of the floor rental and occupancy costs in the buildings we occupy with other MBIE staff. We also pay a share of the costs of the MBIE hierarchy including the General Managers who have overall responsibility for RSM (but also manage other areas).

### 3.2 Licence fee revenue

Revenue is gathered through licence fees, which are set to recover the costs of RSM's services, excluding policy advice to government and the costs of spectrum sales.

**Figure Two: Past and Predicted Revenue (2003-2021) before fee change proposal**



Before 2002, fees included an element of resource charging (and the initial year fees included the cost of RSM engineering licences). From 2002 successive reviews have attempted to more closely align fees with the unit cost of providing each licence. This objective was tempered by the need to avoid precipitous fee increases, and the need to manage the balance of the memorandum account (see next section). While each review has made incremental changes to more closely align with the guidelines for fee setting, some anomalies still exist within the fees framework. For example, some higher-powered transmitters have a lower licence fee than lower powered transmitters in the same class.

Fee revenue dropped sharply after the 2002 review, and has remained relatively steady since the 2007 review. In the 2007 review fees were set with an expectation that the number of high cost licences (and subsequently, revenue) would decline over the next five years as a result of the digital switchover. However, while the digital switchover occurred as expected, the revenue reduction from the loss of the analogue television licences has been largely offset by increases in other licences. As shown in Figure Two, fee revenue in 2014/15 was approximately \$7.45M, generated from nearly 37,000 licences.

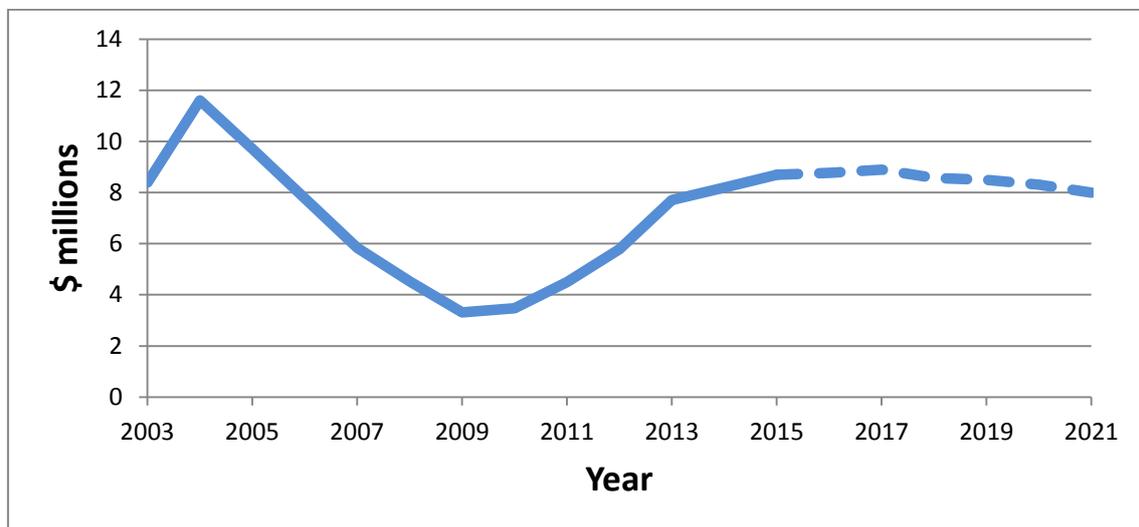
### 3.2.1 Forecast licencing activity

We are forecasting that, absent of any fee changes, fees revenue would remain fairly constant in future. We expect licence numbers in most industries to stay static. Cellular mobile licences are expected to increase. However, this may be offset to some extent by a reduction in licences for fixed links.

## 3.3 Memorandum Account

Entities such as RSM that provide services on a cost recovery basis, and for which the revenue and expenses will not necessarily match in each financial year, must operate a memorandum account that records the accumulated surplus or deficit arising from providing that service. The memorandum account is used by the Ministry with the intention of matching fee revenue to costs over the medium term. The balance of the radio spectrum memorandum account is approximately \$8.7M at present. If fees are left unchanged, the account balance is expected to gradually rise and then begin to fall after 2017, as shown in Figure Three.

**Figure Three: Memorandum Account Balance**



## 4 Fee Review proposals

Although the balance of the memorandum account is forecast to turn down after 2017 the rate of decrease is slow and the memorandum account would retain a large positive balance for a very long period. We are therefore proposing to reduce fees below the rate of cost recovery for a period to reduce the balance of the account. This will mean lower fees for a number of years and an increase in fees when the balance is reduced to an acceptable level. The proposed short term reduction in fees is an opportunity to address other issues relevant to fee setting.

### 4.1 Timeframe to reduce the memorandum account

It is a matter of judgement how fast the memorandum account balance should be reduced. Very low fees would mean a faster reduction of the balance, but a much larger fee increase at

the end of the under-recovery period. On the other hand, a small reduction in fees would mean a longer period of time to reduce the balance. At the extreme we could leave fees at current levels but the account balance would not decrease significantly for more than a decade.

The current average fee is just over \$200<sup>3</sup>. Table Two shows how this average figure would change for different time periods to reduce the memorandum account to zero. Note this is based on the current fee classes. Proposal 3 described below will, if adopted, reduce these average fee figures further.

**Table Two: Fee reduction scenarios**

Number of years to reduce the memorandum account	2	4	6	8
Approximate average fee (excl. GST)	\$85	\$144	\$165	\$174

**Proposal 1:**

*Set fees based on the level projected to reduce the memorandum account balance to zero in six years, with a subsequent increase in fees to balance revenue and expenditure.*

If the government accepts this proposal, and other factors track as forecasted, we will need to have another fees review within the next five years, to remove the under-recovery and restore fees to sustainable level in the long-term. The timing of this review will be dependent on the rate of change in the memorandum account balance. The review may be brought forward or pushed back if the forecast revenue changes significantly.

While some may prefer a faster reduction in fees, this would mean fees would need to be significantly increased in the near future to stabilise revenue. This would also increase the risk of the memorandum account overshooting into a deficit. A slower decrease allows for a more controlled reduction of the memorandum account, and avoids the need to conduct another fees review in the near future.

**It is important to note that even with a six-year track, an increase in fees far larger than inflation will be required at the end of the period to restore fees to cost-recovery levels. Submitters should not agree this part of the proposal unless they accept that fees will rise again at the end of the forecast period.**

## 4.2 Shifting to a flat fee

Treasury and Audit Office guidelines for fee setting say that where specific costs can be attributed to particular licence types, the fee for those licence types should appropriately reflect the recovery of these costs. In previous reviews we have tried to assign costs to different licence classes. Current fees range from \$19,555 per annum for analogue television broadcasting<sup>4</sup>, to \$44 for an amateur repeater licence. About half of all licences are for fixed links at \$178. The remainder of our fees are mostly in the range of \$200 - \$500.

<sup>3</sup> All figures concerning licence fees in this consultation document exclude GST.

<sup>4</sup> This licence class is no longer in use following the digital switch-over.

In the course of reviewing our activities, we have come to the view that it is no longer sensible or even possible to differentiate between the costs of different types of licences. The two key drivers for this are the improvement in radio equipment and changes to how RSM performs its role. In general, modern equipment is much less prone to interference than its predecessors. In particular, digital technology and equipment protocols such as ‘listen before speaking’ have greatly reduced the number of cases of interference. And, while some of our other activities may vary from year to year, we have no confidence that this variation represents any longer term trend.

We have considered each of the activities that RSM performs for fee-payers. Our assessment of the specificity of those activities to particular licence classes is shown in Table Three.

**Table Three: RSM functions and applicable costs**

RSM Functions	Applicable costs
Register management	Generic activity not attributable to any specific licence type.
Licence administration	Generic activity not attributable to any specific licence type.
Accrediting of independent engineers	Generic activity not attributable to any specific licence type.
Interference investigations	Analogue television has previously been an on-going and major source of interference issues. This has largely disappeared since the digital switchover. AM radio was another common problem area but its use has since declined dramatically. Other specific interference issues vary annually, however we have very little evidence of major variations in cost over the long term.
Licence auditing	Approximately the same for all licences.
Standard setting	Specific projects vary year to year, but costs are likely to even out across all licences over the medium to long term.
Technical planning	Specific projects vary year to year, but costs are likely to even out across all licences over the medium to long term.

In summary, costs are now much more related to the costs of records, transaction systems and administration for each licence than to specific types of licences. All RSM teams contribute to common benefits for licence holders, and the corresponding costs of RSM’s functions similarly apply across all licences. While some costs do vary between licence classes annually, these variations tend not to be systematic or predictable. We believe they therefore do not provide a good basis for differentiating fees.

Given the common nature of most licence costs, we believe shifting to a flat fee is appropriate.

**Proposal 2:**

*Introduce a single licence fee for all licence classes.*

Setting the single fee together with lowering the fees to achieve a reduction in the memorandum account balance would mean fee decreases for the vast majority of licence holders.

### 4.3 Other issues in the fees regime

There are other issues with the current fees regime that we propose to address at this time, as follows.

#### 4.3.1 Licences for multiple repeaters or radio transmitters on a common channel or frequency throughout New Zealand

There are currently six licence classes that allow for multiple locations to be recorded against a single licence. One is for paging services, two are for land mobile repeater services (two-frequency), and three are for simplex services (single-frequency). These licence classes allow an unlimited number of transmitter or repeater locations to be added to the same licence for the fee of a single licence. Fees for these licence classes range from \$200-\$600.

In our view the repeater and paging multi-location licences are an anomaly. We consider that these licences promote inefficient use of spectrum, with locations included on licences but not actually in use. This denies spectrum to others. In addition, the licence holders are entitled to claim interference protection and investigation of interference by RSM for every location, generating higher costs which are not reflected in the fee charged. Equivalent licences in other industries have to individually licence for every location. We see no special circumstances that justify why these three licence classes should not be charged fees on a per location basis.

We believe that the applicable principle should be that the basic unit for a licence is a frequency at a fixed location. An exception needs to apply for mobile devices, for obvious reasons. We also see grounds for an exception for services that are not able to claim protection. For example, simplex licences are able to record multiple locations but these use shared frequencies and are issued on a non-exclusive basis. As a result, the simplex licences are not able to claim protection, nor use RSM interference investigation services in the same way.

We are proposing that paging and land mobile repeater licences become single-location licences. The impact of this proposal will vary between licensees, depending both on the number of locations held under the current licences and the number of licences from other classes held by the licensee. Net fees would rise for some licensees, particularly those licensees who hold a number of multiple location licences with substantial numbers of locations.

Should this proposal be accepted, the increase in the overall number of licences will reduce the single fee for all licences by approximately 10 percent.

#### **Proposal 3**

*Discontinue licence categories for land mobile multiple repeaters on a common channel throughout New Zealand (LR1 and LR2) and multiple radio transmitters on a common frequency for paging (LP1).*

### **4.3.2 The online payment discount**

Under section 44A of the Regulations, a person paying an annual fee by the due date using the online system is entitled to a 10 percent discount. This was introduced to encourage fees to be paid electronically, as this was more efficient than traditional payment methods. The Regulations were amended at the beginning of 2015 so licensees received a discount for using any online payment service, rather than only payments made via credit card or direct debit. This allowed for the inclusion of Internet banking as a payment method for licensees.

As a result, the vast majority of payments (over 98%) are now through the online service, significantly reducing administrative costs. Given this, it is no longer necessary to incentivise online payments and the online payment discount can now be reflected in the base licence fee.

#### ***Proposal 4***

*Remove the discount for online payment and reflect the discount in the calculation of the base licence fee.*

### **4.3.3 A manual processing fee of \$25**

While a high proportion of licensees now make online payments, there are still licensees who use paper-based payments (by means of cheque or cash payments). While all payments have associated administration costs, those costs are significantly higher when payments are made through the paper-based system. There is a need to recover the additional costs of payments made through the paper-based system. A targeted fee for those licensees wishing to pay their licence by cheque or cash that reflects the additional administrative cost of processing these payments would do so.

#### ***Proposal 5:***

*Introduce a manual processing fee of \$25 to recover the administration costs of paper-based payments.*

### **4.3.4 The Licensee Interference Investigation rebate**

Under section 44B of the Regulations, licensees may receive a 10 percent discount if they agree to undertake their own interference investigation. This is referred to as the Licence Interference Investigation (LII) rebate. If a rebate is agreed by RSM, licensees are required to take full responsibility for investigating any interference affecting their licences. If the licensee's investigation shows unlawful interference from a transmitter of a third party, and a satisfactory investigation report is provided, RSM will carry out any necessary enforcement action.

Less than two percent of licensees utilise the LII rebate. The majority that do hold only one or two licences. The total discount under this scheme given to all licensees is approximately \$40,000 (around half of one percent of revenue). One licensee is the major beneficiary of this discount. No new licensee has applied for the rebate within the last two years.

We encourage all users to diagnose interference in the first instance, and to approach RSM only when further help is required. Given this, and the low use of the discount, we believe the LII rebate is no longer necessary to promote the investigation of interference by licensees as intended.

**Proposal 6:**

*Remove the Licence Interference Investigation (LII) rebate.*

#### **4.4 Impact of proposals on licence fees**

This fees review proposes a number of changes to the licence fee structure. If all the proposals are accepted, the new single licence fee will be \$148 (excluding GST) or \$170 (including GST).

Provided that revenue and income track as forecast, the under-recovery (and consequent lower fees) will be in place for a period of five years. A review of fees will then be conducted, to reset fees to the cost-recovery level. At that time the fee increase will need to be above the rate of inflation.

#### **4.5 Next steps**

We are seeking your feedback on the proposals included in this consultation document.

All submissions will be published on the RSM website. If you wish to include confidential information in your submission, please mark this clearly in the submission.

Your feedback will form part of the advice provided by RSM to the Minister. Any amendment to the current fee structure and fees will require a change to the Regulations. We anticipate that any change will come into force on 1 July 2016.

## 5 Summary of proposed changes

We are seeking your feedback on the following six proposed changes to the licence fees and fee structure:

1. *Set fees based on the level projected to reduce the memorandum account balance to zero in six years, with a subsequent increase in fees to balance revenue and expenditure.*
2. *Introduce a single licence fee for all licence classes.*
3. *Discontinue the licence categories for land mobile multiple repeaters on a common channel throughout New Zealand (LR1 and LR2) and multiple radio transmitters on a common frequency for paging (LP1).*
4. *Remove the discount for online payment and reflect the discount in the calculation of the base licence fee.*
5. *Introduce a manual processing fee of \$25 to recover the administration costs of paper-based payments.*
6. *Remove the Licence Interference Investigation (LII) rebate.*

See 'Invitation for submissions' page at the beginning of this document for details on how to make a submission. Submissions close 7 December 2015.

## Appendix One: Current annual fees for radio and spectrum licences<sup>5</sup>

Class of licence code	Class of radio or spectrum licence	Annual Administration fee	
		(\$ incl GST)	(\$ excl GST)
<b>LAND MOBILE SERVICES (Radio Licences only)</b>			
<b>REPEATERS (Two-frequency)</b>			
LR1	Multiple repeaters on a common channel throughout New Zealand with bandwidth 12.5 kHz or less	511.11	444.44
LR2	Multiple repeaters on a common channel throughout New Zealand with bandwidth more than 12.5 kHz	613.33	533.33
LR3	Single repeater 7 dBW (5 watts) e.i.r.p. or less	306.67	266.67
LR4	Single repeater more than 7 dBW (5 watts) e.i.r.p.	255.55	222.22
<b>SIMPLEX (Single frequency)</b>			
LS1	Multiple transmitters on a common frequency throughout New Zealand with bandwidth 12.5 kHz or less	255.55	222.22
LS2	Multiple transmitters on a common frequency throughout New Zealand with bandwidth more than 12.5 kHz but less than or equal to 25 kHz	306.67	266.67
LS3	Multiple transmitters on a common frequency throughout New Zealand with bandwidth more than 25 kHz	306.67	266.67
LS4	Other transmitters (per licence)	255.55	222.22
<b>PAGING</b>			
LP1	Multiple transmitters on a common frequency throughout New Zealand	204.45	
LP2	Transmitters 7 dBW (5 watts) e.i.r.p. or less	255.55	222.22
LP3	Transmitters more than 7 dBW (5 watts) e.i.r.p. but less than or equal to 14 dBW (25 watts) e.i.r.p.	460.00	
LP4	Transmitters more than 14 dBW (25 watts) e.i.r.p.	204.45	177.78

<sup>5</sup> From Schedule 6 of the Radiocommunications Regulations 2001

Class of licence code	Class of radio or spectrum licence	Annual Administration fee	
		(\$ incl GST)	(\$ excl GST)
<b>FIXED SERVICES (Radio Licences only – per transmitter)</b>			
FP1	Point-to-point - Frequency less than 1 GHz	204.45	177.78
FP2	Point-to-point - Frequency more than 1 GHz	204.45	177.78
FM1	Point-to-multipoint and Multipoint-to-point	204.45	177.78
<b>BROADCASTING SERVICES (Radio and Spectrum Licences)</b>			
<b>SOUND BROADCASTING BELOW 30 MHz (MF/HF)</b>			
BA1	Transmitters less than 30 dBW e.i.r.p.	460.00	400
BA2	Transmitters 30 dBW e.i.r.p. or more but less than 36 dBW e.i.r.p.	1,226.67	1066.67
BA3	Transmitters 36 dBW e.i.r.p. or more but less than 40 dBW e.i.r.p.	1,533.33	1333.33
BA4	Transmitters 40 dBW e.i.r.p. or more	1,022.22	888.89
<b>SOUND BROADCASTING ABOVE 30 MHz (VHF/UHF)</b>			
BF1	Transmitters less than 10 dBW e.i.r.p.	460.00	400
BF2	Transmitters 10 dBW e.i.r.p. or more but less than 20 dBW e.i.r.p.	562.22	488.89
BF3	Transmitters 20 dBW e.i.r.p. or more but less than 30 dBW e.i.r.p.	408.89	355.56
BF4	Transmitters 30 dBW e.i.r.p. or more but less than 40 dBW e.i.r.p.	408.89	355.56
BF5	Transmitters 40 dBW e.i.r.p. or more	408.89	355.56
<b>TELEVISION BROADCASTING BELOW 300 MHz (VHF)</b>			
BV1	Transmitters less than 10 dBW e.i.r.p.	306.67	266.67
BV2	Transmitters 10 dBW e.i.r.p. or more but less than 30 dBW e.i.r.p.	511.11	444.44
BV3	Transmitters 30 dBW e.i.r.p. or more but less than 50 dBW e.i.r.p.	5,111.11	4,444.44
BV4	Transmitters 50 dBW e.i.r.p. or more	22,488.89	19,555.56
<b>TELEVISION BROADCASTING ABOVE 300 MHz (UHF)</b>			

Class of licence code	Class of radio or spectrum licence	Annual Administration fee	
		(\$ incl GST)	(\$ excl GST)
BU1	Transmitters less than 10 dBW e.i.r.p.	511.11	444.44
BU2	Transmitters 10 dBW e.i.r.p. or more but less than 30 dBW e.i.r.p.	408.89	355.56
BU3	Transmitters 30 dBW e.i.r.p. or more but less than 40 dBW e.i.r.p.	357.78	311.11
BU4	Transmitters 40 dBW e.i.r.p. or more but less than 50 dBW e.i.r.p.	460.00	400
BU5	Transmitters 50 dBW e.i.r.p. or more	511.11	444.44
<b>OTHER SERVICES (Radio and Spectrum Licences)</b>			
<b>MARITIME AND AERONAUTICAL (Radio Licences only)</b>			
OM1	Ship, aircraft or mobile	357.78	311.11
OM2	Land (including maritime coast stations)	306.67	266.67
OM3	Repeater (two-frequency)	306.67	266.67
<b>AMATEUR (Radio and Spectrum Licences)</b>			
OA1	Beacon, repeater or fixed Link	51.11	44.44
<b>RADIODETERMINATION (Radio Licences only)</b>			
OR1	Radio determination (including radiolocation and radionavigation)	255.55	222.22
<b>SATELLITE (Radio Licences only)</b>			
OS1	Fixed-satellite service (per transponder accessed)	306.67	266.67
OS2	Other satellite services (non-shared with fixed services)	306.67	266.67
OS3	Other satellite services (shared with fixed services)	306.67	266.67
<b>TELEMETRY AND TELECOMMAND (Radio Licences only)</b>			
OT1	Telemetry and telecommand (including space telecommand)	255.55	222.22
<b>RECEPTION PROTECTION (Radio Licences only)</b>			
OP1	Co-channel reception protection from terrestrial transmissions	204.45	177.78

Class of licence code	Class of radio or spectrum licence	Annual Administration fee	
		(\$ incl GST)	(\$ excl GST)
<b>MISCELLANEOUS SERVICES (Radio and Spectrum Licences)</b>			
OZ1	Transmitters less than 20 dBW (100 watts) e.i.r.p.	306.67	266.67
OZ2	Transmitters 20 dBW (100 watts) e.i.r.p. or more but less than 30 dBW (1000 watts) e.i.r.p.	306.67	266.67
OZ3	Transmitters 30 dBW (1000 watts) e.i.r.p. or more	306.67	266.67
ZFC	General User Licences	Nil	Nil