

The Manager
Economics and Market Analysis
Australian Communications and Media Authority
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Implementation of the Spectrum Pricing Review - consultation 07/2020

JLS Media welcomes the opportunity to respond to the Australian Communications and Media Authority (ACMA) consultation paper “Implementation of the Spectrum Pricing Review Proposed guidelines and focus areas for change”. As a narrowcaster with a very costly annual bill for the licence tax my submission focuses on question 14 and in particular the second and third last dot points.

Question 14

The ACMA also seeks views from stakeholders about:

- > should density areas be refined for different services/bands?
- > rather than having density areas, do models of congestion (like that used in the 400 MHz work) potentially better reflect demand for services and the value of spectrum? If so, what features would such a model have?
- > whether different pricing constructs such as \$/MHz/Pop for different licence types should be considered?
- > whether there should be parity in pricing arrangements between services like commercial broadcasting taxes and open narrowcasting taxes?

whether there are other services where the ACMA should be considering providing greater parity in pricing?

The purpose of this submission is to draw attention to the very high annual ACMA licence tax rates for narrowcasting licences particularly in comparison with the commercial licence taxes which have been reduced over the last few years and which now exist under COVID 19 conditions .We understand that other narrowcasters including those providing Italian and Greek language programmes are concerned about the very high licence tax.

JLS Media is the holder of 34 licences of the HPON (high powered open narrowcast), NAS (Narrowband Area Service) and a few LPON (low powered open narrowcast) types These licences have been used in the main by a number of Ethnic and special interest groups and operate under self funded non commercial arrangements. Some individual NAS licences held are authorised to be operated under an existing Section 40 Commercial licence which allows commercial programming in non BSB spectrum which was held and operated as commercial prior to August 2004. We have purchased these licences over approximately 25 years, having purchased them over time initially to create a network around Australia which was intended to provide ethnic and /or special interest programs. It was also intended to continue to operate a commercial service with the NAS licences which qualify for operation on an existing Section 40 commercial licence which we hold. In fact some of the licences have been leased to Chinese language groups and other special interest groups in the recent past

Due partly to the current economic conditions most of my clients have been unable to continue leasing my licences. This is due to lack of advertising available to commercial stations and to the foreign language narrowcasters and due to the very cost of the narrowcasting licence tax which has been steadily increasing over time with no relief as provided to the mainstream commercials

MFNAS (Medium frequency narrowband area service) licences are issued for operation between 1611 kHz and 1701 kHz in 9 kHz channels (Not 18kHz wide commercial channels) and are in a frequency band above the mainstream commercial AM channels. This limits the number of potential listeners due to the smaller numbers of radio receivers available which tune to these higher frequencies and to the low 6 kHz bandwidth emission licenced which provides low quality sound performance. The general principle of the Licence tax charges is based on the worth of the Spectrum to the community and as there is no competing use for the spectrum it is hard to understand the high cost particularly in the extended MF band (1611-1701 kHz). There has been significant competition in Capital Cities and some Regional towns from narrowcasters due to the limited number of channels but in the rural and remote areas there is little competition. The current tax charges for these narrowcasting licences are independent of spectrum density area and therefore are far too high in the medium and low spectrum density areas

In 2016, changes were made to the licence renewal fees payable by Commercial Broadcasters. The effect of these changes has been a step down of the annual renewal fees payable, resulting in Commercial Broadcasters paying significantly less than narrowcasters like us. For example, where a Commercial broadcaster currently pays \$172 for the renewal of a medium population density licence, we pay \$541.00 or \$823.00 yearly depending on whether charges are levied on a 6 kHz emission or a 9kHz bandwidth basis.

Table 1 below is a comparison of commercial and narrowcasting annual tax for similar powered AM stations in different population density areas Table 2 is a similar comparison for FM stations

Table 1 Medium Power AM

	High Density	Medium Density	Low Density	Remote Density
Commercial AM <220V CMF	\$376	\$172	\$41	\$41
NAS AM 400 Watt	\$541.00 or \$823.00	\$541.00 or \$823.00	\$541.00 or \$823.00	\$541.00 or \$823.00

Table 2 Low Power (<150 Watt)FM

	High Density	Medium Density	Low Density	Remote Density
Commercial FM <150W ERP	\$418	\$191	\$41	\$41
HPON FM <150W ERP	\$20,796	\$7548	\$1926	\$500

As shown in the above comparison tables the NAS and HPON annual licence taxes are much greater than the commercial equivalents. As also pointed out above the AM NAS stations are lower in bandwidth and operate in a frequency band higher than the standard commercials where many receivers owned by the public do not reach the higher channels. In effect the population reach is reduced significantly and the narrowband sound is lower in quality compared with standard commercial stations as well.

It is therefore considered that the cost of the annual tax for the narrowband services are excessive and urgent consideration should be given to a substantial reduction. In the current economic climate the high cost of the licence tax and the reduction in advertising and sponsorship available has made the narrowcasting environment non viable as indicated by cancellation of leases of our existing licences by clients for these services. There appears no logical reason for narrowcasting bands to be charged at a much higher tax rate than the commercials given the narrower band widths, poorer quality and the lower population reach. Also for MF/HF Narrowband Area Service (NAS) there appears to be no other competing radio communications use for the spectrum so the value to the nation is low.

It is believed that different pricing constructs such as \$/MHz/Pop for Narrowband Services are unnecessarily complex for services which were implement with simple assignment and charging models to reduce costs and complexity.

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