



# nbn's submission on Response to implementation of the Spectrum Pricing Review

18 February 2021



Thank you for the opportunity to comment on the issues raised in the ‘Response to implementation of the Spectrum Pricing Review, December 2020’ and issues relevant to the proposed work program, and proposed first round of changes to apparatus licence taxes as a result of implementing the Spectrum Pricing Review.

**nbn’s** spectrum requirements are developed, and refined, to enable it to meet the Government’s Statements of Expectations and our new obligations as Statutory Infrastructure Provider. This includes the Federal Government’s expectation that all Australians have access to very fast broadband as soon as possible, at affordable prices, and at least cost to taxpayers, and that upgrade paths are available as required.<sup>1</sup> The flexibility of the multi-technology mix approach enables **nbn** to build the network using the technology best matched to each area of Australia, and spectrum requirements are determined in this context.<sup>2</sup>

The critical role that **nbn’s** fixed wireless and satellite network services play in the community generally and the value of connectedness has been highlighted in **nbn’s** recent bushfire recovery activities and during the COVID-19 crisis. As at 28 January 2021, there were approximately 340,000 and 110,000 active fixed wireless and satellite service respectively.<sup>3</sup>

**nbn** considers that the ACMA’s exercise of its spectrum management functions to enable **nbn’s** spectrum requirements is consistent with the objects of the *Radiocommunications Act 1992* and the ACMA’s Principles for Spectrum Management.

- This includes maximising, by ensuring the efficient allocation and use of the spectrum, the overall public benefit derived from using the radiofrequency spectrum. This can be done by providing an efficient, equitable and transparent system of charging for the use of spectrum, taking into account the value of non-commercial use of spectrum and supporting the communication policy objectives of the Commonwealth Government.
- **nbn’s** spectrum use case constitutes a high value use of spectrum as it enables **nbn** to meet the Government’s Statement of Expectations, to lift the digital capability of Australia and to continue to offer services that would not otherwise be offered given the loss-making and non-commercial nature of **nbn’s** FW and satellite networks.<sup>4</sup>

We refer to our submission responding to the ACMA’s ‘Implementation of the Spectrum Pricing Review’ paper for further detail on the legislative and policy environment that is relevant to spectrum pricing issues.

### Focus Area 1: Large bandwidth and multiple device requirements.

- **nbn** supports the proposed first round of changes to apparatus licence taxes. Specifically, the proposed price reductions for all apparatus licences above 5GHz calculated using the apparatus pricing tax formula (relevantly including space and earth stations licences, fixed point-to-point licences and scientific assigned licences) ranging from 25-90%. We support the ACMA’s recognition of the different value and scarcity of spectrum with higher reuse for higher frequencies.

<sup>1</sup> See page 1 of NBN Co Ltd Statement of Expectations 24 August 2016 at <https://www1.nbnco.com.au/content/dam/nbnco2/2018/documents/Policies/soe-shareholder-minister-letter.pdf>

<sup>2</sup> <https://www.nbnco.com.au/blog/the-nbn-project/what-is-the-nbn-multi-technology-mix>

<sup>3</sup> [https://www.nbnco.com.au/content/dam/nbnco2/2019/documents/weekly-progress-report/Public\\_Progress\\_Data%20-%20280121.pdf](https://www.nbnco.com.au/content/dam/nbnco2/2019/documents/weekly-progress-report/Public_Progress_Data%20-%20280121.pdf)

<sup>4</sup> The Department of Communication’s Bureau of Communications and Arts Research (BCAR) determined that **nbn’s** FW and Satellite network is loss-making and non-commercial, and estimated that the net present value loss for FW and satellite services to FY2040 is approximately \$9.8 billion. In FY2015 real terms, this loss represented a per-month subsidy of approximately \$105 and \$110 for each FW and Satellite premises activated. See BCAR ‘*NBN non-commercial services funding options, Final report*’ March 2016, p7 at <https://www.communications.gov.au/publications/nbn-non-commercial-services-funding-options-final-report-march-2016>



- We encourage the ACMA to implement the first round of changes as soon as practical to ensure that Australian network operators can realise the benefits of licensing prices being more comparable to those incurred by network operators in other jurisdictions in a timely manner.

#### Focus Area 4: Geographic areas and bands

**nbn**'s spectrum requirements for its fixed wireless and satellite network across different frequency ranges and geographic locations is informed by the government's Statement of Expectations that **nbn** provides very fast broadband to all Australians and upgrade paths as required.

We look forward to continuing to work with the ACMA as it explores a range of options that can apply across different locations and frequency ranges and would like to highlight the following.

- The increasing demand by customers for higher performance to meet customer experience requirements has a direct impact on the fixed wireless backhaul requirements, including point-to-point links. With increased customer demand, additional channels have been required for links resulting in increased licence costs.
- We note that potential changes to the geographic densities and frequency ranges may impact the level of savings that would result from the proposed first round of change to the apparatus tax formula. [C-i-C] [C-i-C]
- The price of spectrum for **nbn**'s satellite network to ensure coverage to Australians where other technologies are not available are calculated using the Australian-wide location weighting. This results in **nbn** paying a price that is higher than that payable for the high-density location (as well as medium, low, and remote density) to service remote locations for instance.

#### ACMA's proposed work program

We look forward to continuing to work with the ACMA on its work plan more generally, noting the views that we expressed in our earlier submission responding to the ACMA's 'Implementation of the Spectrum Pricing Review' paper and those set out above.

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