



TELSTRA GROUP LIMITED

Proposed changes to apparatus licence pricing structures

Public submission

5 May 2023



01 Introduction

We welcome the opportunity to respond to the ACMA's consultation on **Proposed Changes to Apparatus Licence Pricing Structures**.

We support the ACMA's proposal to move from a framework of updating apparatus licence taxes annually based on changes in the CPI to a framework based on changes in geography-specific population data.

We have some thoughts in response to the ACMA's discussion on pricing for varying levels of interference. We observe that the Area-Wide Licence (AWL) apparatus licence type already accommodates lower pricing as an incentive to reduce power (and thereby, reduce the potential for interference). While these discounts are not as deep as the discounts offered for low-power devices (90% discount) or micro-power devices (95% discount), the AWL is nevertheless a good construct that provides incentives for licensees to optimise their power output.

We do not have any specific comments on the ACMA's proposed changes to Television outside broadcast network licences.

02 Updating apparatus licence taxes by population

We support the ACMA's proposal to move from a framework where the annual update to apparatus licence taxes is based on changes in geography-specific population data, rather than being based on changes in CPI. Population demographics are likely to better reflect underlying demand for spectrum across geographic areas than changes in CPI (which will have no bearing on demand).

We support the ACMA's proposed approach for population-based updates to the apparatus licence tax, which proposed to use the Australian Bureau of Statistics (ABS) dataset 'Population estimates by significant urban areas' to track annual changes in area-specific population, and then feed those annual changes into normalisation factors for high, medium, low and remote-density areas as well as Australia-wide licences.

03 Pricing for Varying Levels of Interference

The ACMA seeks stakeholder input on additional scenarios within the Apparatus Licensing framework that could be considered for discounted pricing based on the licensee reducing the potential of causing interference (e.g., by operating at reduced power levels). While the ACMA's discussion is limited to apparatus licensed devices, we are keen to ensure this conversation does not stray into changes that could impinge on spectrum-licensed space. This includes, for example, contemplating lower apparatus licence pricing in bands immediately adjacent (geographical or frequency adjacent) to a spectrum-licensed band, where the potential might nevertheless still exist for interference to a spectrum licensed band, even from lower-powered devices. Apparatus licensed transmitters must always comply with the relevant Radiocommunications Application and Licensing Instruction (RALI) for attributes such as out-of-band emissions (OOBE) and device boundary conditions (DBC), even if a reduced price is offered for that licence.



We have not identified any opportunities for introducing additional pricing constructs based on low power or micro-power devices for apparatus licensing, however, we are not opposed to the idea provided it does not impinge on spectrum-licensed space, as noted above.

We observe that Area-Wide Licences (**AWLs**) are a type of apparatus licence that already embodies price differential based on power output as well as population density at the location. Licensees can reduce their licence tax by reducing power output (i.e., geographic coverage) and purchasing smaller geographic areas, thus reducing the licence fee. AWL pricing also scales with population density, which means licences are lower cost where there is likely to be less demand for them (i.e., in less populated areas). We consider no further price gradient needs to be applied within the AWL construct for lower-powered devices.

If the ACMA is considering extending discounted price levels for point-to-multipoint (**PMP**) apparatus licences (which the consultation paper observes is already available for PMP licences below 960 MHz¹), we recommend it would be better to convert the PMP licences to AWLs as the latter provide a price gradient for both power output and population density.

We recommend care is taken in any conversation about reduced prices for services proposing to lower their potential to cause interference (e.g., through reduced power, prioritisation schemes, or any other method), as even where the technical ability to reduce the potential for lower interference exists, pricing incentives may not produce the desired outcome, or may add complexity without a commensurate gain in efficient spectrum use.

¹ Consultation paper, bottom of p.22.



ATTACHMENT A: Answers to specific questions

Question 1

Do you have any comments on the proposed usage of the ABS dataset 'Estimated resident population, Significant Urban Areas' as the basis for the framework to update apparatus licence taxes annually using changes in geography-specific population?

We support the ACMA's proposed approach.

Question 2

Do you have any comments on the indicative timing of annual updates to apparatus licence taxes using changes in geography-specific population?

We support the ACMA's proposal to update apparatus licence tax rates in 2023 using the new framework (i.e., for the first time).

Question 3

Do you have any comments on the proposal to update the annual licence tax amount for television outside broadcast network licences and the proposed amendment to the Determination?

We do not have any comments on this element of the consultation paper.

Question 4

Do you have any suggestions on how the ACMA could introduce additional measures to further the pricing of licences for varying levels of interference or examples of mechanisms that you think the ACMA should consider for implementation?

We have not identified any specific examples where the ACMA could introduce different pricing levels for varying levels of interference. In the body of our submission, we note that Area-Wide Licences (AWLs) already introduce a price gradient for different levels of transmitter output power.

Question 5

Do you have any suggestions on which licence types and sub-types should be considered by the ACMA for implementation of mechanisms that price for varying levels of interference?

We have not identified any specific examples where the ACMA could introduce different pricing levels for varying levels of interference.



Question 6

Do you have any comments on the potential extension of the low-power and micro-power discounts to additional services?

We do not have any suggestions for the extension of low-power and micro-power discounts.

Question 7

Do you have any suggestions on how and where the ACMA could introduce interference protection pricing mechanisms to the apparatus licencing framework?

We do not have any suggestions for where the ACMA could introduce interference protection pricing mechanisms.

Question 8

Do you have any suggestions for additional pricing measures the ACMA could consider to encourage spectrally efficient technology deployments?

We have made some observations about Dynamic Spectrum Sharing (DSS) in the body of our submission. DSS could be a mechanism that could introduce reduced pricing for the licensee willing to be pre-empted, although we note some cautions for this model.

Question 9

Are there any other comments that you would like to give relating to the proposals in this paper or other aspects of the apparatus licence tax regime?

We have no further comments.