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The Manager
Economics Advisory
Australian Communications and Media Authority
PO Box 13112 Law Courts
Melbourne Victoria 8010

**Comments on IFC 38/2021
Response to the implementation of the Spectrum Pricing Review (part 2)**

DB Telecommunications Pty Ltd is pleased to be able to offer some comments on the various issues raised in the ACMA's consultation paper.

Question 1

Do you have any comments on the proposal to amalgamate the >30 to 403 MHz range for the tax formula?

DB Telecommunications supports the proposed of bands in the range 30 to 403 MHz for licence tax purposes.

Question 2

Do you have any comments on the proposal to increase location weightings for the high and medium-density areas in the >2,690 to 5,000 MHz range?

DB Telecommunications does not have any comments on the proposed location weightings for this frequency range.

Question 3

Do you have any comments on the appropriateness of the proposed spectrum location weighting for frequencies above 100 GHz?

Question 4

The minimum tax in this band is intended for services exhibiting limited interference potential to other services. Should the ACMA restrict the minimum tax above 100 GHz to services, such as optical communications, with known limited interference potential?

Given the limited communications distances that will apply to services above 100 GHz and the greater scope for frequency re-use, DB Telecommunications believes that it would be appropriate to set the licence tax at the minimum level for these services.

Given the above factors, DB Telecommunications does not believe that it should be necessary to restrict the minimum tax to particular technologies or types of services. Perhaps services above 100 GHz could be classified as Self-Coordinated, in a similar vein to millimetre wave services in the 57 to 86 GHz range.

Question 5

Do you have any comments on the proposed method to update taxes by reference to population change, rather than annual adjustments based on the CPI?

DB Telecommunications has strong reservations about the proposed changes.

Unlike services such as cellular mobile networks servicing the mass consumer market, DB Telecommunications does not believe that the demand for spectrum for land mobile services and the like can be as easily correlated to changes in population density.

Spectrum for land mobile radio services is predominantly used by businesses to carry out their business operations in a particular geographic area. Most of the population increases tend to occur in, or on the fringes, of the major capital cities or large regional centres. Many businesses already have radio communications networks serving these areas and would not necessarily have to increase the amount of spectrum that they hold in direct proportion to any increases in population.

Linking licence tax increases to population changes has the potential to significantly increase licence fee costs in high density areas, which could begin to significantly impact the economic viability of these businesses. The use of land mobile radio communications by Australian businesses has been shown to make a substantial contribution to the Australian economy.

If the ACMA is concerned about licensees in low density areas being disadvantaged by uniform CPI based increases, then surely adjusting the normalization weighting for those areas is a simpler way of addressing this.

It is DB Telecommunications' experience that the level of licence fees in low and remote density areas is not particularly onerous, so the impact of CPI increases is not likely to be that significant in those areas.

Question 6

Do you have any comments on the density area framework, proposed density area definitions, or proposed changes to the Perth and Adelaide medium-density areas?

DB Telecommunications does not have any major objections to this proposal, but in order to minimise the economic shock of the changes on the affected licensees, would recommend that the changes be phased in over a 2–3-year period.

Question 7

Do you have any comments on these tax reform proposals for HPON licences?

DB Telecommunications has no comments on the proposed changes to HPON licence fees.

Question 8

Do you have any comments on these proposed adjustments to the tranche one reforms?

With regard to some of the proposed definitions contained in Attachment A, DB Telecommunications offers the following comments.

With regard to Clause 16 (ba) (iv), how appropriate is it to classify the service to be operating within a 2 km radius of the centre of that area. What if it was an Australia-wide or Victoria-wide licence, that service could be operating anywhere within a large geographic area. This definition requires further thought.

With regard to Clause 16 (ba) (iv), micro powered services are supposed to operate within an enclosed site or very specific geographic location. Option (iv) is really not applicable.

Question 9

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

Question 10

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?

DB Telecommunications is of the view that use of licence tax changes is not the most effective way of encouraging the uptake of more spectrally efficient technologies. For many operators the increased license fee costs may be less significant than the capital cost of upgrading to a more spectrally efficient system, particularly where those licence fee increases can be passed on to customers.

As noted in its recent submissions to the ACCC and ACMA on the 3.4 GHz band, DB Telecommunications believes there needs to be limits on the amount of spectrum that a single licensee can hold in particular bands in a particular area, in order to discourage inefficient use of the spectrum and the adoptions of more spectrally efficient technologies and system architectures.

As well as allocation limits, the ACMA needs to employ follow-up monitoring to ensure that licensed spectrum is actually being used (use it or lose it) as a means of reducing spectrum congestion.

DB Telecommunications wishes to thank the ACMA for the opportunity to respond to this consultation paper and looks forward to being able to elaborate on the comments made in this submission, if required.

If you would like additional information or wish to discuss any aspect of my submission, please do not hesitate to contact me on (03) 9331 3170 or by email dbritt@dbtelecomm.com.au.

Yours sincerely,

A handwritten signature in black ink that reads "D. J. Britt". The signature is written in a cursive style with a large initial "D" and "J".

David Britt
Director