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## **SPECTRUM REVIEW – POTENTIAL REFORM DIRECTIONS**

CRA is the peak body representing the commercial radio industry in Australia.

CRA welcomes its continued involvement in the Government's ongoing consideration of arrangements concerning spectrum policy through the Department of Communications and the Australian Communications and Media Authority ongoing consideration of arrangements concerning spectrum policy.

In metropolitan Australia, commercial radio's cumulative reach is now almost 12.3 million people each week. On average, Australians spend almost 18 hours listening to radio each week. Breakfast remains the most listened to timeslot with almost 10 million people listening each week, namely Monday to Friday from 5.30am to 9am. Listening amongst the youth demographic is consistent with all age groups. Radio reaches 95% of people aged 10-17 years each week.

Commercial radio remains an extremely important delivery platform not just for the metropolitan listeners but particularly for regional and remote listeners.

An overriding principle when giving consideration to the reform directions for spectrum management must be the delivery of high quality, consistent, interference free content to users. For spectrum holders, security of tenure is of course critical, as significant investment is made and changes can be extremely disruptive, not just to the investor but also the end user, most often the general public.

CRA also supports the 5 key principles underlying decisions for reform namely:

- a) Transparency
- b) Efficiency
- c) Flexibility

- d) Certainty; and
- e) Simplicity.

To these five principles CRA would add that a key to the consideration of these is ensuring that due weight is given to the viability and sustainability of existing spectrum users to provide certainty for investors and operators. A critical challenge will be the most effective way on the basis of these principles to balance the opportunity to monetise a valuable resource, whilst also providing appropriate spectrum for the effective and necessary requirements of key sectors including the essential emergency and critical infrastructure services, as against Defence and valid commercial requirements. Ultimately of course the public benefit must be given due consideration.

The Government also needs to provide some incentives for spectrum holders to demonstrate real need for the amount sought to be allocated. In some instances other methods may be considered namely shared spectrum or the "use or lose it" principle.

The paper outlines a Policy Framework and 11 "Proposals" for operation of the framework and poses the following questions for stakeholders.

**1. What changes should be made to the proposals outlined in this paper to make them work more effectively?**

CRA would simply like it noted that it is not clear how the existing framework including

- Critical infrastructure; and
- Emergency Services

fit within this framework.

The paper does touch on the issue of transitional arrangements and more importantly compensation where spectrum is reallocated, resumed or not renewed. CRA also notes the stated position namely that compensation will not be payable if the ACMA decides not to renew a licence. Further consideration will need to be provided to this stated position. There may be many and varied impacts if, for whatever reason, a licence is not renewed. The Government will need to understand what impact this decision may have both upstream in terms of supply of contribution of content, or utilities and equipment (for example) and down stream to consumers (or listeners). CRA does not accept that there should be a steadfast rule to deny compensation in all circumstances, especially in view of the fact that many parties may be impacted by one decision. It may be that more consideration should be given to who operates within the chain and what impact a decision has on them.

CRA reserves its position on the establishment of a single licensing framework, whilst in theory sounds preferable, CRA would have to be satisfied of the arrangement between the holders of apparatus, versus spectrum and class holders so as to ensure that no one of those licence holders have any commercial advantage and is able to profit from the single framework adding costs where non have previously been applied.

**2. What additional proposals should be considered?**

The paper does touch on the issue of transitional arrangements and more importantly compensation where spectrum is reallocated, resumed or not renewed. CRA also notes the stated position namely that compensation will not be payable if the ACMA decides not to renew a licence. Further consideration will need to be provided to this stated position. There may be many and varied impacts if, for whatever reason, a licence is not renewed. The Government will need to understand what impact this decision may have both upstream in terms of supply of equipment (for example) and downstream to the public disruption.

The paper itself recognises the high value in terms of both price and access to spectrum. CRA agrees with that and believes that given that funding for spectrum will be an ongoing issue, CRA believes that the Department ought to consider what role various Government agencies ought to have in terms of the funding re any transitional arrangements

**3. What timeframes (short-term and longer-term) should apply to implementation of the reform proposals?**

It is clear to CRA that these proposals will have to be implemented in accordance with an agreed timeline. In terms of what proposals are implemented - long or short term - various scenarios include both. For example in relation to Proposal 1, CRA believes that it should endeavour short term to provide a clear base/ premise for the ACMA's role, including that the ACMA commit to the commencement of an annual plan from a date in the 2<sup>nd</sup> half of 2015.

Many proposals for example Proposals 2 and 4 simply would not be able to be achieved on a short term basis. Notwithstanding that, steps ought to be taken short term to agree realistic and achievable time frames to achieve these.

**4. What transitional arrangements should be put in place?**

Other than funding as mentioned above, and notwithstanding the role that the Government anticipates for itself as the ultimate arbiter and the more day to day role of the ACMA, CRA considers the following initiatives ought to be considered namely:

- That there be established a multi-discipline review panel, comprising a range of expertise but particularly in the following areas, namely commercial, technical, consumer and regulatory; and
- Cost of compliance and who bears it

CRA remains available to assist and further participate in this review as the Government considers appropriate.

Yours sincerely

A handwritten signature in blue ink, appearing to read "per the McGee".

Joan Warner  
**Chief Executive Officer**