



# IRCa

Indigenous Remote  
Communications Association

Consultation on Spectrum Pricing

Response of the Indigenous Remote  
Communications Association

July 2017



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## 1 About the Indigenous Remote Communications Association

The Indigenous Remote Communications Association (IRCA) is the peak body for Indigenous media and communications. It was founded in 2001 as the peak body for remote Indigenous media and communications. In late 2016 it transitioned to the national peak body for Aboriginal and Torres Strait Islander broadcasting, media and communications.

Up to 105 Remote Indigenous Broadcasting Services (RIBS), 33 additional licensed retransmission sites across Australia, 8 Remote Indigenous Media Organisations (RIMOs) and 28 urban and regional Aboriginal and Torres Strait Islander radio services are eligible for representation by IRCA.

## 2 About the Aboriginal and Torres Strait Islander broadcasting and media sector

Aboriginal and Torres Strait Islander broadcasters are not-for-profit community organisations providing a primary and essential service to their communities. They reach nearly 50% of the Australian Aboriginal and Torres Strait Islander population, but are prevented from providing a primary radio service to all Aboriginal and Torres Strait Islander peoples due to a lack of funding.

Aboriginal and Torres Strait Islander broadcasters and media producers also connect non-Indigenous communities with Aboriginal and Torres Strait Islander people and culture, developing greater understanding and building stronger relationships.

The sector:

- Comprises:
  - Radio services able to reach around 320,000 Aboriginal and Torres Strait Islander persons, including around 100,000 very hard to reach people in remote Indigenous communities, or approximately 47% of the Australian Aboriginal and Torres Strait Islander population.

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- A regional satellite TV service reaching 240,000 remote households and a free to air national TV service.
  - Over 230 radio broadcast sites across Australia.
  - Is a multimillion dollar industry with over 35 Aboriginal and Torres Strait Islander community owned and managed not for profit media organisations.
  - Holds the capacity to be a preferred supplier for all government messaging to our communities.
  - Is the most relevant and appropriate service with the highest listenership, community engagement and local ownership of all media services.
  - Is delivered in the first language of many remote peoples.
  - In remote communities, is the most reliable and ubiquitous radio and media services.

### 3 Disclaimer

This submission is made by the Indigenous Remote Communications Association (IRCA) in its own right. It is expected that some radio services. RIBS and RIMOs will make individual submissions in which case the IRCA Submission should not be taken to displace those submissions.

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## 4 Submission

### Introductory remarks

The Indigenous Remote Communications Association (IRCA) welcomes the opportunity to respond to the Consultation Paper on Spectrum Pricing. IRCA 's response in this submission is directed to the proposals relevant to Administered Allocations.

Changes to spectrum pricing that may have an adverse impact on pricing for Aboriginal and Torres Strait Islander broadcasting are of course of concern but we also appreciate that the Government is seeking to simplify and make more transparent spectrum pricing regimes. Accordingly, our submission primarily addresses the issue of opportunity costing as a pricing mechanism, recognising that any pricing decisions must also meet the principles of efficiency, cost recovery, consistency and simplicity, and transparency. Our submission is also to be read in the context of Aboriginal and Torres Strait Islander radio and TV broadcasting.

#### 4.1 Draft proposal 1: The ACMA should publish guidelines on how it approaches its spectrum pricing decisions

IRCA draws attention to our comments in the IRCA submission to the New Spectrum Legislation Consultation regarding the "competition" for spectrum in LAP allocations for community broadcasters. The growth of Aboriginal and Torres Strait Islander populations in large regional towns without an Aboriginal and Torres Strait Islander broadcaster and the limited allocation of spectrum for community broadcasting in those same areas is of concern to IRCA. The issue of demand exceeding supply is an indiscriminating tool for determining pricing.

IRCA is encouraged by the statement in the Consultation paper that "there are a number of considerations why market mechanisms may not achieve the objectives of the Radiocommunications Bill." IRCA would like to see an explicit recognition of public policy objectives relevant to Aboriginal and Torres Strait Islander and community broadcasting in the pricing guidelines and policy as one of the articulated pricing methods.

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#### **4.2 Draft proposal 2: To ensure efficient use of spectrum, the Government and the ACMA should endeavour to charge users of similar spectrum at the same rate**

IRCA notes its opposition to opportunity cost based pricing for Aboriginal and Torres Strait Islander community broadcasting for reasons that are set out later in this submission in our response to Proposals 7 and 8.

Comments in the Paper regarding the use of taxation measures for not-for-profit community service organisations to manage the application of spectrum pricing for similar uses by such groups, do not appear realistic given the administrative costs of the implementation of tax measures. In relation to the other option of funding provision, the Aboriginal and Torres Strait Islander broadcasting sector's funding has declined significantly in real terms over many years with no indication that funding shortfalls will be addressed in the short to medium term.

#### **4.3 Draft Proposal 4: The ACMA should further identify bands to transition from administratively set fees to competitive market-based allocations in its annual work program**

IRCA encourages the release of more detail on this Consultation Proposal in relation to community broadcasting spectrum to assure the sector that community spectrum is not envisaged within this Proposal as being transitioned to market-based pricing.

IRCA has noted the ACMA's analysis of the significant decline in the revenue from auction allocation, as diagrammatically shown in Figure 1 of the Consultation Paper, as a consequence of the decision to renew auctioned licenses at administratively set prices.

IRCA is not convinced that the way to address this decline is solely through moving some administratively set priced spectrum bands into an auction pricing regime. It seems more logical to partly address the issue of the proportionate decline in auction allocation revenue by pricing renewals for those allocations commensurate with the "winning" auction price, rather than re-auctioning which would impact on long-term investment.

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IRCA acknowledges that some commercial spectrum uses that have to date been treated as administrative allocations, have become more valuable as technology changes and there are opportunities for bringing more current market based pricing regimes to these spectrum allocations.

However, there are emerging issues about lack of radio provision in remote areas. The closure of the ABC short wave radio service, the loss of funding for maintaining national broadcaster self-help services as well as the lack of AM radio services in remote areas and the limited reach of FM technology is creating large gaps in radio terrestrial provision of any kind in remote areas. The 2016 Remote Indigenous Communications and Media Survey identified that the satellite delivered radio and TV household VAST service was only available to 64% of remote Indigenous community households, and is not able to be treated as a substitute for terrestrial broadcast.

In the same context of the Productivity Commission's Telecommunications USO review, IRCA proposes that there be a USO principle underpinning the provision of Aboriginal and Torres Strait Islander radio to remote Aboriginal and Torres Strait Islander communities and homelands, as well as to capital cities and regional with significant Aboriginal and Torres Strait Islander populations. According to the UN Declaration on the Rights of Indigenous Peoples (2007), Aboriginal and Torres Strait Islander people have a right to reliable, professional media services in their relevant language, providing relevant news, information, viewpoints and content. The 'Tuning into Community Broadcasting' report (CITA, 2007<sup>1</sup>) described the Aboriginal and Torres Strait Islander radio station as the primary source of news and information, providing an 'essential service' to the communities they serve. "In times of natural disasters they are most likely the only local information provider" (CITA 2007:83).

Any pricing regime for Aboriginal and Torres Strait Islander broadcasting must not price Aboriginal and Torres Strait Islander broadcasters out of service provision.

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[http://www.aph.gov.au/binaries/house/committee/cita/community\\_broadcasting/secondreport/finalreport.pdf](http://www.aph.gov.au/binaries/house/committee/cita/community_broadcasting/secondreport/finalreport.pdf)

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#### 4.4 Administered allocations: general comments

IRCA is concerned that the Consultation Paper does not sufficiently include public and social policy objectives within the discussion of pricing of Administered Allocations. We draw attention to the sentence “Charges set at levels similar to the market are therefore an effective alternative tool to ensure efficient allocation. Such fees are designed so that the spectrum ends up with the highest value user, and that those spectrum holders use their holdings efficiently.” It is concerning that the “highest value user” is defined purely in market terms.

IRCA urges the ACMA to explicitly include consideration of public and social policy in relation to Aboriginal and Torres Strait Islander broadcasting as a component of a pricing regime.

#### 4.5 **Draft Proposal 7: The ACMA should undertake a detailed review of the administrative pricing formula’s parameters, including density areas, the number of pricing bands, and the number of power categories. The ACMA should implement regular updates to the location and band weightings to reflect changes in density, demography and demand**

IRCA notes that the Consultation Paper recommends that the ACMA undertake a detailed review of its apparatus licence pricing formula. IRCA requests that where such a review takes place that sector representative bodies be closely consulted with in the development of a revised formula.

#### 4.6 **Draft Proposal 8: The ACMA should apply opportunity cost pricing to a greater number of spectrum bands, especially where it is impractical to competitively allocate spectrum. This work should be identified in the ACMA’s annual work program. The ACMA should consider more time effective approaches to implement these, and review fees as market conditions change over time**

IRCA’s position is that there is no place for opportunity cost pricing for Aboriginal and Torres Strait Islander broadcasting. Aboriginal and Torres Strait Islander broadcasting is a specialised and unique broadcasting area that cannot be provided by alternative broadcasters - national or commercial or general community broadcasters. There is no “foregone” alternative use other than to provide Aboriginal and Torres Strait Islander spectrum for another demographic

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group or a general community purpose or for commercial or national broadcasters, or where technology allows for another technological usage, which reallocation is a matter for public or social policy, not a matter of economics.

Aboriginal and Torres Strait Islander broadcasting is vitally important to Aboriginal and Torres Strait Islander audiences. Data from the 2016 Remote Indigenous Communications and Media Survey indicates its importance and special position:

- 80% of community members aged 18 and over are weekly listeners; 91% are monthly listeners
- 77% of people listen for the positive Aboriginal and Torres Strait Islander stories
- 67% for hearing about their own people and community
- 56% for the Aboriginal and Torres Strait Islander focus in programs and news
- 56% for hearing people broadcasters present in language
- 51% listen due to the employment opportunities provided by Aboriginal and Torres Strait Islander broadcasting for local people
- 51% for the pride that arises from Aboriginal and Torres Strait Islander broadcasting services

There is in fact an opportunity cost to Aboriginal and Torres Strait Islander broadcasting. The allocation of commercial and national licenses within a LAP can lead to insufficient spectrum being available for Aboriginal and Torres Strait Islander community broadcasting in LAP areas with large Aboriginal and Torres Strait Islander populations and no Aboriginal and Torres Strait Islander community broadcaster. The Adelaide LAP is a case in point.

#### 4.7 Concluding remarks

IRCA notes the information in the Consultation Paper in the *“Legislative and cost-recovery framework”* section about adjustments needed in light of the simplification of licencing issuance envisaged in the Spectrum Legislation consultation. We also note that the intention to collapse the current Spectrum Licence Tax and the Apparatus Licence Tax into a single Radiocommunications Licence Tax. In particular, the following statement is noted: *“It is not expected that any major adjustments to licence fees will result from this change. The*



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*transition to the new framework should be clearly identified by the ACMA in its transition to new licences under the proposed Radiocommunications Bill.” We are pleased to read that licence fees will not change of course.*

Nevertheless, it is clear that there is a large body of work in relation to fees administration to be undertaken by the ACMA and in the complexities of that transition, IRCA expects that additional considerations will emerge. IRCA requests that there be ongoing consultation with sector representative bodies as the ACMA proceeds to identify effective administration mechanisms.

As we have noted above any pricing regime reforms for Aboriginal and Torres Strait Islander broadcasting must not price Aboriginal and Torres Strait Islander broadcasters out of service provision. IRCA urges the ACMA to explicitly include consideration of public and social policy in relation to Aboriginal and Torres Strait Islander broadcasting as a component of a pricing regime.

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