Spectrum licence taxes: indexing the EME component and other changes

Consultation paper

July 2023

Canberra

Red Building
Benjamin Offices
Chan Street
Belconnen ACT

PO Box 78
Belconnen ACT 2616

T +61 2 6219 5555
F +61 2 6219 5353

Melbourne

Level 32
Melbourne Central Tower
360 Elizabeth Street
Melbourne VIC

PO Box 13112
Law Courts
Melbourne VIC 8010

T +61 3 9963 6800
F +61 3 9963 6899

Sydney

Level 5
The Bay Centre
65 Pirrama Road
Pyrmont NSW

PO Box Q500
Queen Victoria Building
NSW 1230

T +61 2 9334 7700 or 1800 226 667
F +61 2 9334 7799

Copyright notice



<https://creativecommons.org/licenses/by/4.0/>

With the exception of coats of arms, logos, emblems, images, other third-party material or devices protected by a trademark, this content is made available under the terms of the Creative Commons Attribution 4.0 International (CC BY 4.0) licence.

We request attribution as © Commonwealth of Australia (Australian Communications and Media Authority) 2023.

All other rights are reserved.

The Australian Communications and Media Authority has undertaken reasonable enquiries to identify material owned by third parties and secure permission for its reproduction. Permission may need to be obtained from third parties to re-use their material.

Written enquiries may be sent to:

Manager, Editorial Services
PO Box 13112
Law Courts
Melbourne VIC 8010
Email: [info@acma.gov.au](https://www.legislation.gov.au/Series/F2014L00957)

[Updates to spectrum licence taxes 1](#_Toc141278615)

[What are spectrum licence taxes? 1](#_Toc141278616)

[2023–24 indexation of the EME component of the spectrum licence tax 1](#_Toc141278617)

[Other changes to the SLT Determination 2](#_Toc141278618)

[Proposed timing of changes 2](#_Toc141278619)

[Invitation to comment 3](#_Toc141278620)

[Making a submission 3](#_Toc141278621)

[Appendix A 4](#_Toc141278622)

# Updates to spectrum licence taxes

## What are spectrum licence taxes?

Each year on 11 October, the [*Radiocommunications (Spectrum Licence Tax) Act 1997*](https://www.legislation.gov.au/Details/C2013C00543) imposes a spectrum licence tax on spectrum licensees. The Australian Communications and Media Authority (ACMA) determines the amount of tax imposed, in the [Radiocommunications (Spectrum Licence Tax) Determination 2021](https://www.legislation.gov.au/Details/F2022C01062) (the SLT Determination).

The amount of spectrum licence tax is determined to allow the ACMA to:

recover the indirect costs of spectrum management activities, such as international coordination, domestic planning, interference investigation and policy development from spectrum licensees. In the SLT Determination, these indirect costs are referred to as the ‘Main Component’.

recover costs related to the Commonwealth’s electromagnetic energy (EME) program in accordance with the [Australian Communications and Media Authority (Modifications to Apparatus and Spectrum Licences Taxes) Direction 2020](https://www.legislation.gov.au/Details/F2020L00590) (the Direction). In the SLT Determination, these costs are referred to as the ‘EME Component’.

Find out more about the [calculation of spectrum licence tax](https://www.acma.gov.au/spectrum-licence-taxes).

## 2023–24 indexation of the EME component of the spectrum licence tax

The ACMA introduced the EME Component of the spectrum licence tax in 2020 after the Direction was made.[[1]](#footnote-2) In accordance with the Direction, for the first 3 financial years of operation of the EME Component (2020–2021 to 2022–23), the ACMA collected not more than $2.6 million each year for the EME Component from the majority of spectrum licensees. In 2023–24 and each subsequent financial year, the Direction requires the ACMA to collect EME Components totalling no more than $1.9 million, indexed by no more than the Consumer Price Index (CPI) for the reference period of June for the applicable year.[[2]](#footnote-3)

The CPI for the June period is 6.0%.[[3]](#footnote-4) Based on this figure, the CPI-adjusted EME Component for the 2023–24 period is $2,014,000 (that is, $1,900,000 multiplied by 1.06 and rounded down to the nearest $1,000).

As the Direction requires the ACMA to collect no more than $1.9 million indexed by the CPI, to implement the indexation of the total EME Components for the 2023–24 financial year, we are proposing to amend the SLT Determination so that the ACMA collects no more than $2,014,000 in total EME Components.

## Other changes to the SLT Determination

### Base amounts for the 3700–3800 MHz band

At the same time as making the changes to the EME Component of the spectrum licence tax, we expect to make changes to the SLT base amounts table ahead of the 3.4/3.7 GHz auction, which, as noted in the ACMA’s [Auction guide](https://www.acma.gov.au/sites/default/files/2023-07/Auction%20guide_3.4%203.7%20GHz%20bands%20allocation_0.pdf), is estimated to commence late-October 2023. The ACMA [consulted](https://www.acma.gov.au/consultations/2023-02/draft-allocation-and-technical-instruments-3437-ghz-bands-auction) on this proposal in February and March 2023, and sought comments on the proposal to change item 9 of clause 2 of Schedule 1 of SLT Determination[[4]](#footnote-5) to:

amend the frequency range from 3400–3700 MHz to 3400–3800 MHz

change the base amount from $166,032 to $221,376, to reflect the change in the frequency range.

Appendix A of this paper displays the proposed change relevant to 3400–3800 MHz. The increase in the base amount is to ensure that the winners of spectrum licences in the forthcoming auction of spectrum licences in the 3700–3800 MHz frequency range pay the equivalent spectrum licence tax to those with spectrum licences in the 3400–3700 MHz frequency range. The change in the base amount will not increase the tax for existing spectrum licences in the 3400–3700 MHz frequency range. No concerns were raised in the submissions.

## Proposed timing of changes

The Direction requires that changes to the indexation of the total EME Component must be made no later than 20 days before 11 October for the applicable financial year[[5]](#footnote-6) – that is, before 21 September 2023 for the 2023–24 financial year.

Subject to feedback received for this consultation, we plan to make any changes before 21 September 2023, and as soon as practicable after this consultation ends.

# Invitation to comment

## Making a submission

We invite comments on the issues set out in this consultation paper.

[Online submissions](https://www.acma.gov.au/have-your-say) can be made by uploading a document. Submissions in PDF, Microsoft Word or Rich Text Format are preferred.

Submissions by post can be sent to:

The Manager

Economics Advisory Section

Australian Communications and Media Authority
PO Box 13112 Law Courts

Melbourne Victoria 8010

The closing date for submissions is **COB,** **Thursday** **24 August 2023**.

Consultation enquiries can be emailed to [spectrumpricing@acma.gov.au](https://www.acma.gov.au/publication-submissions).

#### Publication of submissions

We publish submissions on our website, including personal information (such as names and contact details), except for information that you have claimed (and we have accepted) is confidential.

Confidential information will not be published or otherwise released unless required or authorised by law.

#### Privacy

View information about our policy on the [publication of submissions](http://i.creativecommons.org/l/by/3.0/88x31.png), including collection of personal information during consultation and how we handle that information.

Information on the *Privacy Act 1988,* how to access or correct personal information, how to make a privacy complaint and how we will deal with any complaints, is available in our [privacy policy](https://www.acma.gov.au/spectrum-licence-taxes).

# Appendix A

The proposed change to include the 3700–3800 MHz frequency range requires a change to the item 9 of clause 2 of Schedule 1 of SLT Determination.

This change is shown in the table below – the red strike-through text will be replaced with the blue text.

| **Item** | **Column 1** | **Column 2** | **Column 3** |
| --- | --- | --- | --- |
|  | **Frequency band** | **Total specified spectrum** | **Base amount ($)** |
| *1* | 703 MHz to 748 MHz758 MHz to 803 MHz | 90 MHz | 49,938 |
| *2* | 814 MHz to 845 MHz859 MHz to 915 MHz935 MHz to 960 MHz | 112 MHz | 62,146 |
| *3* | 1710 MHz to 1755 MHz1805 MHz to 1850 MHz | 90 MHz | 49,864 |
| *4* | 1755 MHz to 1785 MHz1850 MHz to 1880 MHz | 60 MHz | 33,243 |
| *5* | 1920 MHz to 1980 MHz2110 MHz to 2170 MHz | 120 MHz | 66,485 |
| *6* | 2302 MHz to 2400 MHz | 98 MHz | 54,296 |
| *7* | 2500 MHz to 2570 MHz2620 MHz to 2690 MHz | 140 MHz | 77,566 |
| *8* | 2570 MHz to 2620 MHz | 50 MHz | 27,702 |
| *9* | ~~3400 MHz to 3700 MHz~~3400 MHz to 3800 MHz | ~~300 MHz~~400 MHz | ~~166,032~~221,376 |
| *10* | 20,200 MHz to 21,200 MHz30,000 MHz to 31,000 MHz | 2,000 MHz | 42,257 |
| *11* | 25,100 MHz to 27,500 MHz | 2,400 MHz | 50,708 |

1. The Direction was made by the Minister for Communications, Cyber Safety and the Arts, on 15 May 2020. [↑](#footnote-ref-2)
2. See subsections 6(1) and 6(2) of the Direction. [↑](#footnote-ref-3)
3. The ‘All groups CPI’ from June quarter 2022 to June quarter 2023, as published by the Australian Bureau of Statistics on its [website](https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/jun-quarter-2023). [↑](#footnote-ref-4)
4. See page 70 of the [*Draft allocation and technical instruments for the 3.4/3.7 GHz bands auction*](https://www.acma.gov.au/sites/default/files/2023-02/Consultation%20paper_Draft%20allocation%20and%20technical%20instruments%20for%203.4-3.7%20GHz%20bands%20auction_0.docx) consultation paper, February 2023. [↑](#footnote-ref-5)
5. See subsection 6(5) of the Direction. [↑](#footnote-ref-6)