

## ACMA Draft Five-year Spectrum Outlook 2024-29 and 2024-25 Work Program

### Commercial Radio & Audio Submission May 2024

Commercial Radio & Audio (**CRA**) is the industry body representing the interests of the entire commercial radio and audio industry throughout Australia. CRA has 258 member stations, of which 219 are in regional and remote areas.

Commercial radio plays a vital role in Australian culture, informing, entertaining and giving communities a voice, particularly in regional and remote areas. Commercial radio depends on spectrum availability to provide its services to Australians. Accordingly, CRA appreciates the opportunity to make a submission to the ACMA in relation to its draft *Five-year spectrum outlook 2024-29 and 2024-25 work program (Draft FYSO)*.

In this submission, we have focussed on three key issues that impact commercial radio broadcasters.

1. **Commercial broadcasting tax.**<sup>1</sup> CRA submits that a detailed assessment of the tax arrangement should be undertaken by the Australian Government and the ACMA. Such an assessment should lead to the tax being abolished.
2. **AM to FM conversion.** CRA notes and supports the ACMA's efforts in undertaking the AM-FM conversion program for commercial radio broadcasting services in regional areas<sup>2</sup> but CRA members consider the existing processes are slow and inefficient. CRA would support a review of those processes being undertaken by the ACMA to ensure timely processing of applications.
3. **DAB process.** The digital radio transmitter licence application process is cumbersome and slow and would benefit from the ACMA: (i) reviewing its procedures to ensure applications are processed more efficiently; and (ii) supporting the industry's requests for simplification of the application process under the *Radiocommunications Act 1992*.

CRA and its members look forward to working with the ACMA on these matters throughout 2024-2025.

#### **A. Commercial broadcasting tax assessment**

A key issue for CRA members remains the disproportionate cost burden the commercial broadcasting tax (**CBT**) places on commercial radio broadcasters.

CRA submits that a full examination of the appropriateness of the *Commercial Broadcasting (Tax) Act 2017* should be undertaken. Such a review is likely to conclude that the CBT should be abolished.

The CBT was introduced as a 5-year interim arrangement as part of the 2017 Media Reform package. The industry agreed to the package of measures at the time, which included a

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<sup>1</sup> ACMA *Five-year spectrum outlook 2024-29 and 2024-25 work program* consultation paper, page 72.

<sup>2</sup> ACMA *Five-year spectrum outlook 2024-29 and 2024-25 work program* consultation paper, page 2.

significant increase in annual spectrum charges from approximately \$75,000 to \$40 million<sup>3</sup>, on the basis that this was a 5-year arrangement that would be reviewed. A comprehensive review, which considers whether the CBT should be continued, has not been undertaken.

As the ACMA is aware, online platforms that provide audio streaming services, such as Spotify and similar, are not required to pay such a tax. Nor are those competitors subject to the same regulatory regime as commercial radio. These factors increase the difficulties of commercial radio successfully competing for Australian audiences and advertising revenue.

The CBT absorbs commercial broadcasters' resources, which would be better applied to providing content for Australian audiences.

In addition, several broadcasters in regional areas were left worse off under this licence fee reform. This resulted in the Government at the time providing a support package for those broadcasters, which is now the *Commercial Broadcasting (Tax) (Transmitter Licence Tax Rebate) Rules 2024*. The support provided by Government for those broadcasters has not kept up with inflation, with some regional commercial radio broadcasters continuing to be worse off now than they were in 2017.

For these reasons, the commercial radio broadcast industry urges the ACMA to support CRA's requests for the CBT to be abolished.

## **B. AM to FM conversion in regional areas**

Commercial radio plays an essential role in ensuring that Australian communities have access to local news, Australian music, emergency information, community information and entertainment. Commercial radio is particularly important in regional areas.

CRA supports the ACMA's efforts to continue its AM-FM conversion program for commercial radio broadcasting services in regional areas. As the ACMA has acknowledged in its Future Delivery of Radio paper,<sup>4</sup> AM to FM conversions are an important solution to declining AM audience numbers and therefore this conversion work is of key importance to the commercial broadcasting sector in regional areas.

We note that the ACMA is continuing to work with commercial AM licensees in solus and competitive regional radio markets to progress their requests for AM-FM conversions.<sup>5</sup>

CRA has received feedback from its members that the efficiency and speed of the ACMA in delivering this function, as well as the process for certain AM-FM conversions, could be improved. Transparency could also be improved as, for example, in many cases full explanations of the reasons for delays have not been provided.

For example:

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<sup>3</sup> In the paper issued by the Department in October 2017, entitled "Broadcasting – Moving to More Efficient Broadcasting Fees", available here: <https://www.infrastructure.gov.au/media-centre/publications/broadcasting-moving-more-efficient-broadcasting-fees>

<sup>4</sup> Available here: <https://www.acma.gov.au/publications/2020-03/report/future-delivery-radio>, see page 17.

<sup>5</sup> ACMA *Five-year spectrum outlook 2024-29 and 2024-25 work program* consultation paper, page 25.

- ARN completed the conversion application process for 2NM in Muswellbrook RA1 and 3EL in Maryborough RA1 in April 2023, approximately 12 months ago. To date, the ACMA has been unable to provide a timeline for completing these conversions.
- Capital Radio submitted conversion applications for 2CC:
  - on 16 February 2023 and has not yet received the ACMA's preliminary assessment of the application; and
  - 3GG, with all documents provided to the ACMA for finalisation of the conversion, on 19 December 2023. To date, the application has not been assessed as accepted by the ACMA.

While CRA appreciates that the ACMA's resources are limited, CRA considers that the application process needs to be more efficient and that this will reduce the overall time and costs associated with conversion for both stations and the ACMA. CRA urges the ACMA to review its conversion program to support the efficient processing of AM-FM conversion applications.

### **C. DAB+**

CRA notes the ACMA's priorities of making digital radio channel plans for regional DAB+ if a licensee has committed to a rollout as well as supporting trials of new broadcasting technology.<sup>6</sup>

The commercial radio industry does not currently support universal extension of DAB into all markets. However, in areas where the local broadcasters do want to roll-out DAB, the ACMA and ACCC process is slow and should be made more efficient.

Commercial radio broadcasters have raised concerns with CRA regarding the efficiency and speed of the digital radio licence application process. Some members have experienced timelines of approximately 2 years to obtain the relevant digital radio transmitter licence. The commercial radio industry would benefit from the ACMA reviewing its processes to ensure that applications are finalised in a timely manner.

The application process itself is also cumbersome, with the applicant required to establish a joint venture company with incumbent digital commercial radio broadcasting licensees. CRA urges the ACMA to support the commercial radio industry's requests for simplification of the DAB+ application process under the *Radiocommunications Act 1992*, to facilitate the adoption of DAB+ technology in appropriate regional markets.

CRA would be pleased to provide any further information that would be of use to the ACMA.

May 2024

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<sup>6</sup> ACMA *Five-year spectrum outlook 2024-29 and 2024-25 work program* consultation paper, page 55.