

EXPLANATORY STATEMENT

Approved by the Australian Communications and Media Authority

Radiocommunications (Receiver Licence Tax) Act 1983

Radiocommunications (Receiver Licence Tax) Amendment Determination 2022 (No. 2)

Authority

The Australian Communications and Media Authority (**the ACMA**) has made the *Radiocommunications (Receiver Licence Tax) Amendment Determination 2022 (No. 2)* (**the Amendment Determination**) under subsection 7(1) of the *Radiocommunications (Receiver Licence Tax) Act 1983* (**the Tax Act**) and subsection 33(3) of the *Acts Interpretation Act 1901* (**the AIA**). Subsection 7(1) of the Tax Act provides that the ACMA may determine the amount of tax in respect of:

- the issue of a receiver licence;
- the anniversary of a receiver licence coming into force; and
- the holding of a receiver licence.

Subsection 33(3) of the AIA relevantly provides that when an Act confers a power to make an instrument, that power shall, unless the contrary intention appears, be construed as including a power exercisable in a like manner and subject to like conditions, to amend that instrument.

Purpose and operation of the instrument

The Amendment Determination amends the *Radiocommunications (Receiver Licence Tax) Determination 2015* (**the Tax Determination**), which sets the taxes for receiver licences. The annual tax levied on receiver licences allows the ACMA to create economic incentives for efficient use of the spectrum. It also encourages licensees to use the minimum amount of bandwidth for their needs, to move to less congested bands, and to surrender licences that are no longer needed.

The ACMA generally seeks to ensure efficient use of spectrum by allocating frequencies to licensees with the greatest willingness to pay. If a tax is too low, licensees with low-value uses can viably occupy frequencies, excluding more economically efficient uses.

According to the Explanatory Memorandum for the Radiocommunications (Receiver Licence Tax) Amendment Bill 1992, the amount of tax is determined with the use of a disallowable instrument because of a need for flexibility in setting the level of the taxes and to ensure that the ACMA itself can set the level which equitably recoups the costs of spectrum management across all apparatus licences which are issued under the *Radiocommunications Act 1992*.

That Explanatory Memorandum also stated that the use of disallowable instruments in the setting of the levels of licence taxes will ensure that there is flexibility to change levels in response to changes in demand for particular parts of the spectrum, and to introduce new tax amounts for new kinds of licences, whilst also ensuring that accountability to the Parliament remains, as the determinations are subject to Parliamentary disallowance.

The Tax Determination sets out the different amounts of receiver licence tax that the ACMA has determined are payable by licensees of particular receiver licences. The amount of tax for many of these licences is calculated by reference to rates specified in ‘weightings tables’, which apply different rates to licences depending on where they authorise the operation of radiocommunications receivers, both geographically and in the radiofrequency spectrum. The Amendment Determination amends the Tax Determination to:

- simplify the weightings tables by consolidating the 30 MHz to 403 MHz frequency ranges into a single frequency range;
- add a new frequency band to the weightings tables for frequencies above 100 GHz, where licences will be subject to the minimum tax amount;
- modify the assessment of tax relating to spectrum accesses for co-located earth receive stations.

A provision-by-provision description of the Amendment Determination is set out in the notes at **Attachment A**.

The Amendment Determination is a disallowable legislative instrument for the purposes of the *Legislation Act 2003 (the LA)*. The Tax Determination is subject to the sunset provisions of the LA.

Documents incorporated by reference

The Amendment Determination inserts transitional provisions into the Tax Determination that refer to the Tax Determination as in force at a particular time, namely, immediately before the commencement of the Amendment Determination, as permitted by section 14 of the LA. That version of the Tax Determination is available free of charge from the Federal Register of Legislation at www.legislation.gov.au.

Consultation

Before the Amendment Determination was made, the ACMA was satisfied that consultation was undertaken to the extent appropriate and reasonably practicable, in accordance with section 17 of the LA.

Stakeholders were given from 29 October 2021 to 10 December 2021 to comment on the proposal to amend the Tax Determination to introduce the proposed reforms described above. The proposed reforms were outlined in a consultation paper, ‘Response to the implementation of the Spectrum Pricing Review (part 2) – consultation 38/2021’, that was published on the ACMA website www.acma.gov.au.

The ACMA received 10 submissions in response to the consultation paper. All submissions received were supportive of the proposed reforms relevant to the Amendment Determination. The ACMA changed the Amendment Determination, based on some of the submissions received, to modify the assessment of tax relating to spectrum accesses for co-located earth receive stations, as some submitters considered the existing provisions were not achieving their intended purpose.

Regulatory impact assessment

The Office of Best Practice Regulation (**OBPR**) has considered the implementation of the second tranche of the Spectrum Pricing Review and recommended that a regulatory impact analysis be completed. Subsequently, in compliance with the requirements of a regulatory impact analysis, a Regulation Impact Statement was prepared for and accepted by OBPR. The OBPR reference number is OBPR21-01227.

Statement of compatibility with human rights

Subsection 9(1) of the *Human Rights (Parliamentary Scrutiny) Act 2011* requires a rule maker in relation to a legislative instrument to which section 42 (disallowance) of the LA applies, to cause a statement of compatibility with human rights to be prepared in respect of that legislative instrument.

This statement has been prepared in accordance with that requirement.

Overview of the instrument

The Amendment Determination amends the Tax Determination, which sets the amount of tax payable by receiver licensees, imposed by the Tax Act. The annual tax levied on receiver licences allows the ACMA to create economic incentives for efficient use of the spectrum. It also encourages licensees to use the minimum amount of bandwidth for their needs, to move to less congested bands, and to surrender licences that are no longer needed. The amount of tax for many of these licences is calculated by reference to rates specified in ‘weightings tables’, which apply different rates to licences depending on where they authorise the operation of radiocommunications receivers, both geographically and in the radiofrequency spectrum.

The Amendment Determination is made under subsection 7(1) of the Tax Act and amends the Tax Determination to:

- simplify the weightings tables by consolidating the 30 MHz to 403 MHz frequency ranges into a single frequency range;
- add a new frequency band to the weightings tables for frequencies above 100 GHz, where licences will be subject to the minimum tax amount;
- modify the assessment of tax relating to spectrum accesses for co-located earth receive stations.

Human rights implications

The ACMA has assessed whether the Amendment Determination is compatible with human rights, being the rights and freedoms recognised or declared by the international instruments listed in subsection 3(1) of the *Human Rights (Parliamentary Scrutiny) Act 2011* as they apply to Australia.

Having considered the likely impact of the Amendment Determination and the nature of the applicable rights and freedoms, the ACMA has formed the view that the instrument does not engage any of those rights or freedoms.

Conclusion

The Amendment Determination is compatible with human rights and freedoms as it does not raise any human rights issues.

Notes to the *Radiocommunications (Receiver Licence Tax) Amendment Determination 2022 (No. 2)*

Section 1 Name

This section provides for the Amendment Determination to be cited as the *Radiocommunications (Receiver Licence Tax) Amendment Determination 2022 (No. 2)*.

Section 2 Commencement

This section provides for the Amendment Determination to commence at the start of the day after the day it is registered on the Federal Register of Legislation.

The Federal Register of Legislation may be accessed, free of charge, at www.legislation.gov.au.

Section 3 Authority

Section 3 provides that the Amendment Determination is made under subsection 7(1) of the Tax Act.

Section 4 Amendments

Section 4 provides that the Tax Determination is amended as set out in Schedule 1 to the Amendment Determination.

Schedule 1 Amendments

Item 1

Item 1 substitutes Part 3 of the Tax Determination to introduce new transitional arrangements relating to the changes made by the Amendment Determination. New section 3.1 of the Tax Determination sets out the relevant definitions. New section 3.2 provides the transitional arrangements so that the new taxes do not take effect in relation to taxes imposed before the implementation day (50 days after the commencement of the Amendment Determination). In instances where the tax is imposed after the commencement of the Amendment Determination, but before the implementation day, the amount of tax will continue to be based on the Tax Determination as in force immediately before the commencement of the Amendment Determination.

Item 2

Item 2 substitutes table 202 in Schedule 2 to the Tax Determination, which sets out the amount of tax for each kHz of bandwidth for defence receive and major coast receive licences. The amount of tax varies with frequency range and area density of the spectrum access under the licence. Tax rates for licences that authorise operation of radiocommunications receivers on frequencies between 30 MHz and 403 MHz have been set at the same rate, depending on the geographic area. Tax for licences that authorise operation of radiocommunications receivers above 100 GHz has been set at the minimum amount (\$41.37, rounded down to \$41 if there is only one spectrum access under the licence).

Item 3

Item 3 substitutes table 302 in Schedule 2 to the Tax Determination, which sets out the amount of tax for each kHz of bandwidth for fixed receive licences. The amount of tax varies with frequency range and area density of the spectrum access under the licence. Tax rates for licences that authorise operation of radiocommunications receivers on frequencies between 30 MHz and 403 MHz have been set at the same rate, depending on the geographic area. Tax for licences that authorise operation of radiocommunications receivers above 100 GHz has been set at the minimum.

Item 4

Item 4 substitutes table 402 in Schedule 2 to the Tax Determination, which sets out the amount of tax for each kHz of bandwidth for earth receive and space receive licences. The amount of tax varies with frequency range and area density of the spectrum access under the licence. Tax rates for licences that authorise operation of radiocommunications receivers on frequencies between 30 MHz and 403 MHz have been set at the same rate for each geographic area. Tax for licences that authorise operation of radiocommunications receivers above 100 GHz has been set at the minimum.

Items 5 and 6

These items replace paragraph 404A(1)(b) and sub-item 404A(2) in Schedule 2 to the Tax Determination. These items have the effect of adjusting the method by which the amount of tax is calculated for co-located and co-frequency earth receive stations authorised by a single earth receive licence.

Where a single earth receive licence authorises multiple co-located earth receive stations, and does so by reference to multiple spectrum accesses, the tax is assessed as if there is only one spectrum access under the licence (**combined spectrum access**), with the following characteristics:

- the combined spectrum access has the minimum bandwidth necessary to cover the bandwidths of all the spectrum accesses under the licence. For example, if there are two spectrum accesses under an earth receive licence, one from 520 MHz to 525 MHz, and one from 522.5 MHz to 527.5 MHz, then the bandwidth of the combined spectrum access is 7.5 MHz (the difference between 527.5 MHz and 520 MHz); and
- the combined spectrum access has the highest value density area of any of the spectrum accesses under the licence.