



Australian Government

Department of Broadband,
Communications and the Digital Economy

Fact sheet: reissue of 15-year spectrum licences

History

In the late 1990s the Australian Government commenced auctioning a number of spectrum licences intended primarily for the provision of wireless telecommunications services. The licences had 15-year tenure, flexible conditions and were fully tradeable. Australia was amongst the first countries in the world to issue licences on this basis. These licences will expire in the period 2013 to 2017.

Licences auctioned in this process are used by telecommunications carriers to provide mobile phone and wireless broadband services to millions of Australian consumers.

Commencement of the reissue process

On 4 March 2010, the Minister for Broadband, Communications and the Digital Economy, Senator Hon Stephen Conroy, announced the Australian Government's approach to the reissue of these spectrum licences. The Minister indicated that reissue would be offered to those telecommunications providers who are already using their spectrum licences to provide services to significant numbers of Australian consumers, or who have in place networks capable of providing services to significant numbers of consumers, provided they also meet the public interest criteria.

Participants

The telecommunications providers who participated in the spectrum licence reissue process were Telstra Corporation, SingTel Optus, Vodafone Hutchison Australia and vividwireless.

Public interest criteria

The *Radiocommunications Act 1992* (the Act) allows for reissue of spectrum licences to the same licensees if it is in the public interest; however, 'public interest' is not defined in the Act. Following public consultation on this issue in 2009, the Minister indicated that five criteria would be given primary consideration:

- promoting the highest value use for spectrum
- investment and innovation
- competition
- consumer convenience
- determining an appropriate rate of return to the community.

Spectrum services Spectrum licences held by participants for the delivery of mobile voice, mobile data, wireless broadband and satellite services are included in the reissue process.

Reissue proposals Participants were asked to submit licence reissue proposals that contained:

- information on how they had satisfied the public interest
- information about the use or proposed use of each licence for which renewal is sought
- a statement of the amount they would be willing to pay as spectrum access charges for the reissue of spectrum licences.

Final proposals were received from the participants in March 2011.

Evaluation Committee An inter-departmental committee was formed to evaluate proposals submitted by the participants. The committee comprised senior officials from the Department of Broadband, Communications and the Digital Economy, Treasury and the Department of Finance and Deregulation. The committee provided advice to the Minister in relation to the case for reissue of spectrum licences in the public interest and appropriate spectrum access charges for reissued licences.

Independent expert advice on the value of spectrum was obtained from a leading international firm, Plum Consulting, based in London.

Satisfying the public interest The Evaluation Committee recommended that reissue process participants have satisfactorily demonstrated the public interest in respect of their licences in the 800 MHz, 1800 MHz, 2 GHz, 2.3 GHz, 3.4 GHz and 27 GHz bands. This view was shared by the Minister who, following the public consultation period, has made the class of service determination (referred to below) in respect to the services for which he considers reissue to be in the public interest.

Value of spectrum The prices in the direction for reissue of spectrum licences reflect the amount the Minister considers to be the value of the spectrum.

In considering the value of the spectrum, the Minister had regard to advice received from the department, the Evaluation Committee, the expert advice of Plum Consulting and the value currently attributed by the market for each of the spectrum bands.

Public consultation The department released a draft determination and draft direction for public comment from 23 December 2011 to 16 January 2012.

Further information, including links to relevant documents, is available on the department's website at: www.dbcde.gov.au/spectrumlicences

***Radiocommunications
(Class of Services)
Determination 2012***

Subsection 82(3) of the *Radiocommunications Act 1992* (the Act) allows the Minister to determine class(es) of services for which reissue of spectrum licences to the same licensee would be in the public interest.

The *Radiocommunications (Class of Services) Determination 2012* was made by the Minister on 9 February 2012 and includes the following:

- Mobile voice and data services provided in the 800MHz, 1800MHz and 2GHz spectrum bands, wireless broadband services provided in the 2.3 GHz and 3.4 GHz spectrum bands, and satellite services in the 27 GHz spectrum band.

***Radiocommunications
(Spectrum Access
Charges) Direction
2012***

Section 294 of the Act allows the Minister to give written directions to the Australian Communications and Media Authority (ACMA) regarding the fixing of spectrum access charges payable by licensees for spectrum licences.

The *Radiocommunications (Spectrum Access Charges) Direction 2012* was made by the Minister on 9 February 2012 and indicates the amount that the Minister has directed the ACMA to reflect in spectrum access charges.

Next steps

The ACMA will now commence its consideration of reissue. The ACMA will examine whether or not licences have been previously used in the provision of a class of service listed in the Determination.

If the condition regarding use is met, the ACMA would issue a payment notification to the licensee. In the ordinary course of affairs, this would occur two years prior to licence expiry. However, in respect of licences expiring in 2013, given their proximity to expiry, the Direction specifies that full payment for the licences in these bands must not be required before 1 June 2013.

If the licensee elects not to pay, the licences held by that licensee will be taken to market, likely via auction.