

1987

THE PARLIAMENT OF THE COMMONWEALTH  
OF AUSTRALIA

HOUSE OF REPRESENTATIVES

RADIO LICENCE FEES AMENDMENT BILL (NO.2) 1987

SUPPLEMENTARY EXPLANATORY MEMORANDUM

(This supplement replaces the Outline and Financial Impact Statement included in the original Explanatory Memorandum, correcting typographical errors)

(Circulated by authority of the Minister for Land Transport and Infrastructure Support, The Hon Peter Duncan MP)



## OUTLINE

The Radio Licence Fees Amendment Bill (No.2) 1987 will amend the Radio Licence Fees Act 1964 in three significant respects. Firstly, it will impose the following annual licence fee scale which will take effect from 1 January 1988 (with the percentages paid increasing progressively through each range):

Annual Gross Earnings (AGE) - percentage of AGE

\$ 5m	- 3.5%
\$ 6m	- 4.4%
\$ 7m	- 5.3%
\$10m	- 6.2%
\$12.7m and over	- 6.5%

Secondly, the Bill provides for an "establishment fee" which is to be paid in relation to the grant of a new commercial radio licence where the notice under sub-section 82(1) of the Broadcasting Act 1942, proposing the licence was published on or after 1 January 1987. The level of the fee will be determined by the Minister pursuant to the proposed sub-section 82AA(2) of the Broadcasting Act and will be specified in a notice published in the Gazette.

Thirdly, the Bill provides for the payment of an AM/FM conversion fee equal to 50% of the establishment fee specified in the Minister's notice under the proposed sub-section 82AA(1) of the Broadcasting Act in relation to the new licence. The fee will be payable where the holder of a commercial AM licence applies to the Minister to vary the technical conditions of its licence warrant to enable it to transmit on FM in circumstances where the Minister has proposed to introduce a new commercial FM licence with a substantially similar service area.

The Bill also provides that the new fee scales which it introduces (other than the establishment fee) will apply to old system licences.

## FINANCIAL IMPACT STATEMENT

### Establishment and Conversion Fee

Successful applicants for new licences to be granted in this financial year are expected to pay around \$11 million under the establishment fee scheme. Incumbent regional commercial licensees converting are expected to pay around \$5.5 million under the conversion fee scheme. The precise financial implications in future years will depend on progress with the Planning Timetable and Tribunal inquiries. As explained earlier, the amounts paid by a converting licensee will always be half that paid by the new competing licensee.

Licence Fee Increases

These measures are expected to raise \$1.0 million in the current financial year, \$1.2 million in 1988-89 and \$1.3 million in 1989-90. Total revenue from radio licence fees is estimated at \$11.7 million in 1987-88, an increase of 31.2% on 1986-87. Most of the increase reflects assumed increases in stations' earnings.