

ACMA is seeking public and industry comment on proposals to set prices for administratively allocated spectrum based on opportunity cost models for the 400 MHz spectrum band.

Proposed changes to radiofrequency spectrum pricing in the 400 MHz band

ACMA has released a consultation paper on opportunity cost pricing, *Opportunity Cost Pricing of Spectrum: Public Consultation on Administrative Pricing for Spectrum Based on Opportunity Cost*. Comment is also invited on technical planning for the 400 MHz band, which includes a number of proposals for future spectrum arrangements, such as a harmonised band for government use and measures to allow more efficient use of this spectrum (see page 12 opposite).

Radiofrequency spectrum is a valuable non-depletable natural resource that is significant to modern global communications. Its many and varied uses enable ubiquitous services such as mobile telephony, television and radio, and unlocking car doors with keyless entry remotes. Consequently, spectrum is often in high demand and its efficient, effective and flexible management is a matter of importance.

ACMA is responsible for managing radiofrequency spectrum in accordance with the *Radiocommunications Act 1992* (the Act). Subsection 3(a) states in particular that the object of the Act is 'to provide for management of the radiofrequency spectrum in order to maximise, by ensuring the efficient allocation and use of the spectrum, the overall public benefit derived from using the radiofrequency spectrum.'

'Spectrum is a major input to many services used by Australian businesses and consumers and we need to ensure that it is used efficiently, new technologies and services can be made available to Australians, and congestion in specific spectrum bands can be addressed,' said Chris Chapman, ACMA Chair. 'Economic and technical planning tools are both useful in ensuring that spectrum is allocated to its highest value use or uses.'

Opportunity cost pricing is one of a suite of economic tools to achieve efficient allocation and use of spectrum. Other allocation tools that are under review by ACMA include trading in spectrum and auctions.

The opportunity cost of a part of the radiofrequency spectrum is the value of the spectrum in the highest value alternative use that is denied by granting access to one party rather than to the alternative.

The consultation paper is available on the ACMA website www.acma.gov.au. Go to About ACMA: News and media centre: Issues for comment.

The closing date for submissions is **COB Friday 5 June 2009** and may be made by email: economicresearch@acma.gov.au or post:

**Economic Research Section
Australian Communications and Media Authority
PO Box 13112 Law Courts
Melbourne VIC 8010**

Electronic submissions in Microsoft Word or rich-text format are preferred. Please direct any questions about this discussion paper to Richard Scheelings, ACMA's Principal Economist: **03 9963 6828** or richard.scheelings@acma.gov.au.

This discussion paper and the discussion paper about proposals for changes to arrangements in the 400 MHz band are the final in a series of papers ACMA released in the lead-up to its annual radiocommunications conference, Radcomms09, held in Sydney on 29 and 30 April.

All are available on the ACMA website www.acma.gov.au and include the following:

A discussion paper, *Release of 3.6 GHz Band for Wireless Access Services (WAS)*—in regional and remote areas of Australia. Go to About ACMA: News and media centre: Issues for comment.

The following two papers (whose release was reported in *ACMASphere* Issue 40 — April), both of which will guide ACMA's planning and management of radiofrequency spectrum:

***Revised Principles for Spectrum Management*. Go to For licensees & industry: Licensing & regulation > Radiofrequency spectrum: Radiocommunications licensing > Licensing principles > Principles for spectrum management.**

and

***Five-year Spectrum Outlook 2009–2013*. Go to For licensees & industry: Service & technical requirements Radiofrequency spectrum: Radiofrequency planning > Five-year Spectrum Outlook 2009–2013.**

The discussion paper, *Spectrum Licensing Technical Frameworks Review*. Go to About ACMA: News & media centre > Issues for comment > Review of spectrum licensing technical frameworks. Comments are invited in response to this paper on page 14.