



CMTLP Seminars

3. Spectrum and Radiocommunications

On the third day of the CMTLP seminars, the sharp increase in the proportion of dark suits in the audience, and the corresponding decrease in the number of women speakers, signalled that the topic was radiocommunications. Two main themes emerged.

A number of speakers attempted to come to grips with the new concept of spectrum licences, introduced as part of the market-based allocation principles in the *Radiocommunications Act 1992*. What sort of "property" does a licensee have in a spectrum licence? How secure is it - will it be renewed after the initial 10 year term? Will the market-based allocation system really bring about more efficient use of the spectrum? What principles will the Spectrum Management Agency (SMA) use to determine the prices for apparatus and spectrum licences?

On pricing and renewals, Christine Goode, Acting Spectrum Manager, and Roger Smith, head of the Business Directions Group of the SMA, conceded that there were many policy decisions yet to be made, which would eventually be outlined in a policy statement. In the meantime the SMA would be publishing an options paper on licence fees in early December, which would set a more rational and transparent basis for licence fees (there are currently 93 different categories).

Shortcoming of the Act

In an interesting paper solicitor Peter Leonard of Gilbert & Tobin (who act for Optus) pointed out that the Radiocommunications Act talked about efficient use of the spectrum, but didn't establish competition as an

objective of the market-based allocation system. The new legislation would allow - in fact encouraged - spectrum licensees to be spectrum brokers, but provided no mechanism for sanctioning anti-competitive behaviour such as buying up spectrum to keep competitors out. There was an apparent faith in the Trade Practices Commission as the tool for regulating such misuses of market power. In his view this faith sits oddly with the Hilmer Report's recommendation for a new general access regime in the face of the weakness of the Trade Practices Act 1974, particularly in the telecommunications area.

Future Uses of the Spectrum

The other main theme of the day was a debate about the likely future uses of the spectrum - whether for new communications applications (mobile telephones, data transmission), or broadcast/narrowcast, and how these competing uses would be decided - by market forces, administrative decision making, or both?

Users offered contrasting perspectives. In a contribution from the floor, Ross Ramsay from Optus (which as a carrier has interests in broadcasting as well as telecommunications) criticised broadcaster's claims for increased access to spectrum, pointing out that until recently very few efficiency gains had been made in spectrum use by broadcasters.

David Soothill from the ABC cast doubts on the expected migration of broadcast from over-the-air to cable delivery systems, pointing out that direct broadcast satellite tv was about to be introduced in the USA.

Dick Barton (FACTS) stressed the market and customer factor - that once applications move into the mass consumer market, it's extremely difficult to change the use for that bit of the spectrum; customers simply have too much invested in receiving equipment.

Barney Blundell (AAP, and chairman of FANSS, the Federation of Narrowcast and Subscription Services) predicted that 20 per cent of all telecommunications connections will be wireless by 2001.

Fred Brenchley predicted that while pay television will drive the broadband roll-out, digital radio and television will maintain demand for new spectrum uses.

And who will oversee the outcome of these competing uses? Discussion circled around various combinations of the ABA, the SMA, and "competition policy"; and underlying it all was considerable anxiety about management of technical standards, both for electromagnetic compatibility (reduction of interference), and for mass market consumer equipment. There was not an overwhelming sense of confidence in market forces. □

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