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6th February 2007

VIA EMAIL costrecovery@acma.gov.au

Manager
Funding Review
Finance and Facilities Branch
Australian Communications and Media Authority
PO Box 13112 Law Courts
Melbourne VIC 8010

Dear Manager

Free TV Australia (**Free TV**) is the peak body representing all commercial free-to-air television licensees in Australia.

Free TV welcomes the opportunity to make a submission in response to the paper entitled "Cost Recovery arrangements on services provided by the Australian Communications and Media Authority", January 2007.

Free TV understands that a periodic review of ACMA's cost recovery arrangements is necessary. Free TV is concerned that the costs proposed in this particular review seem inordinate and the basis for the proposed increases lacks transparency.

Free TV's particular areas of concern are:

1. Substantial increases in broadcasting charges;
2. Imbalance between costs for telecommunication activities and broadcasting activities;
3. Proposed increase in the hourly rate;
4. Implementation Plan Fees;
5. TOBN licence renewals;
6. Amateur's exams.

We do not make any comment in relation to the other costs detailed in Table 1 of the paper.

1. Substantial increases in broadcasting charges.

We note that increases for broadcasting activities range up to 1044% for a price-based allocation of a transmitter licence for open narrowcasting. However the paper does not outline why such increases are required nor does it provide detail as to the components constituting the cost. Such an increase is, in our view, inordinate and no justification for such an increase is provided in the paper. Examples of other substantial increases includes a 865% increase in fees for an opinion on category of broadcasting service from \$1,275 to \$12,300 and a 392% increase for an opinion on control from \$2,500 to \$12,300. We also note that there has been an across the board increase for the renewal of licences, again without explanation as to the reasons such an increase is required.

2. Imbalance between costs for telecommunication activities and broadcasting activities.

In contrast to the across the board increases for broadcasting charges, many charges for telecommunications activities are set to fall. The paper, however, does not provide an explanation for the divergence in treatment for telecommunications and broadcasting charges. We do note however that the public inquiry deposit has received an increase of 20% from \$37,000 to \$44,280. As the payee for such inquiries is inevitably not the telecommunications provider, but a competitor, potential competitor or member of the public, such an increase may act as a disincentive for public enquiries.

3. Proposed increase in the hourly rate.

The 9% increase in the hourly rate from \$150 to \$164 has not been explained in the paper and in our view is very high by industry standards. We are also concerned at the use of the hourly rate as a basis in many of the costs detailed in Table 1. In particular, hourly rates do not always encourage efficiency and when they are uncapped, can result in higher costs than anticipated or warranted by the work required.

4. Implementation Plan Fees

We are concerned that the levying of charges for implementation plan fees, for example, is contrary to the policy behind cost recovery. Broadcasters are required by law to lodge implementation plans which are then assessed by ACMA. This is not an activity from which the broadcaster benefits and it follows then that the costs should not be recoverable by ACMA from the broadcaster.

5. TOBN licence renewals

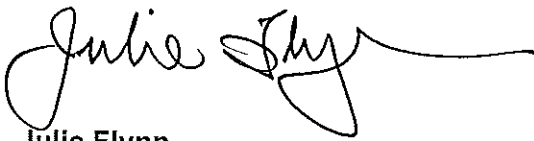
We are concerned at both the basis for calculation for a TOBN licence renewal fee and the rate of increase. The rate of increase of 11% (from \$221 to \$246) is well above CPI however there is no justification provided in the paper. Further, on the basis of an hourly rate of \$164, the licence renewal fee involves 1.5 hours of work for ACMA clerical staff. We query whether this amount of time is required to effectively copy the broadcasters TOBN licence, redate it and dispatch the invoice.

6. Amateur's exams

The fee for service of conducting/assessing part of an Amateur exam has risen between 321% (from \$13.00 to \$55) and 659% (from \$9.00 to \$68). These substantial fee increases may act as a disincentive in an already constrained labour market for RF technicians.

We are happy to meet with you to discuss our concerns and the new costs proposed by ACMA. Please contact my office on (02) 8968 7100 in this regard.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Julie Flynn', with a long horizontal flourish extending to the right.

Julie Flynn
Chief Executive Officer