

1986

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

TELEVISION LICENCE FEES AMENDMENT BILL 1986

EXPLANATORY MEMORANDUM

(Circulated by authority of the Minister
for Communications, the Hon. Michael Duffy MP)

OUTLINE

The Television Licence Fees Amendment Bill 1986 is to make amendments to the Television Licence Fees Act 1964 to support provisions contained in the Broadcasting Amendment Bill 1986 dealing with equalisation of commercial television services.

The Broadcasting Amendment Bill makes provision for Multi-Channel Service (MCS) Permits to be granted in conjunction with certain commercial licences, permitting the transmission of extra services. The amendments in the Fees Bill provide that where a licensee holds an MCS permit, earnings under the MCS permit are to be added to earnings under the head licence for the purposes of calculating the licence fee payable on the head licence.

The amendments add a power to make regulations providing for rebates of fees to licensees. This will allow for financial incentives proposed to be offered to licensees moving towards aggregation.

The Bill also amends the definition of "gross earnings" which is fundamental to the calculation of fees for all commercial television licences. The definition is simplified in that "gross earnings" are limited to earnings from televising advertisements or other matter. This avoids a reference which existed in the previous provision to earnings "otherwise in respect of matter broadcast pursuant to the licence". This reference has caused problems of interpretation.

Financial Impact Statement

Proposed rebates of licence fees associated with equalisation have been estimated at \$22 million.

The effect of the amendment related to defining "gross earnings" will be a small loss in revenue arising from the narrower definition of assessable earnings (a few percent only).

Estimated costs for the equalisation program are set out in the Explanatory Memorandum for the Broadcasting Amendment Bill 1986.

NOTES ON CLAUSES

Clause 1 - Short Title etc.

Formal. This provision sets the short title of the proposed Act and provides that the Television Licence Fees Act 1964 is referred to as the Principal Act.

Clause 2 - Commencement

Clause 2 provides that the new provisions will commence on a date fixed by Proclamation.

Clause 3 - Interpretation

Clause 3 amends section 4 of the Principal Act by substituting a new definition of gross earnings. The new definition takes account of earnings under an MCS permit. Further, under the new definition, "gross earnings" include only earnings from the televising of advertisements or other matter.

Section 4 is also amended by deleting an anachronistic definition of "photographic film".

Clause 4 - Licence Fees

Clause 4 adds a new sub-section 5(2) which provides for regulations dealing with rebates of fees payable by licensees.

Paragraph 4 (a) makes a consequential amendment to sub-section 5(1).

Clause 5 - Amount of Fees

Clause 5 amends section 6 to clarify that licence fees may still be payable after a licence ceases to be in force in respect of earnings during the currency of the licence. The scheme of the Principal Act is that fees become due on anniversaries of the grant of a licence and are based on earnings during a twelve-month period up to 30 June before that anniversary. It may therefore be up to 24 months after income is earned that a fee in respect of it becomes payable.

Collection of fees after termination of a licence will be important in relation to licences which are terminated under the consolidation process provided for in the new Division 6 of the Broadcasting Act 1942. Separate fees will be payable in respect of each licence involved in the consolidation process.

Clause 6 - Regulations

Clause 6 inserts a new section 8 which is a standard provision allowing for the making of regulations. This allows the making of regulations referred to in clause 4.

Clause 7 - Amendments of previous Act

Section 11 of the Television Stations Licence Fees Amendment Act 1985 provides for the continued application of the Television Stations Licence Fees Act 1964 (the previous Act) in relation to licences not yet converted to the new service-based licensing scheme. Clause 7 makes amendments to the previous Act corresponding to the amendments in Clause 3 and Clause 5.

Clause 8 - Application

Clause 8 provides that the new provisions apply to all licence anniversaries which occur after commencement of the new provisions.