

1987

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

TELEVISION LICENCE FEES AMENDMENT BILL (NO.2) 1987

EXPLANATORY MEMORANDUM

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

OUTLINE

The Television Licence Fees Amendment Bill (No.2) 1987 ("the Bill") is to make amendments to the Television Licence Fees Act 1964 ("the Principal Act") to improve arrangements relating to the assessment and collection of licence fees from companies licensed to broadcast commercial (including remote) television services. The amendments complement amendments made in the Broadcasting Amendment Bill (No.2) 1987 and in the Television Licence Fees Amendment Bill 1987 (introduced and passed by the House of Representatives in the Budget sittings 1986 as the Television Licence Fees Amendment Bill 1986).

The Principal Act provides for substantial fees to be payable by commercial television licensees based on the gross earnings derived by the licensee company from activities related to broadcasting. The fees, which are payable on each anniversary of the original grant of the licence, are assessed as a percentage of the gross earnings during the accounting period preceding the anniversary. A sliding scale is provided so that the percentage rate increases for higher levels of gross earnings.

The Bill introduces the following change:

provision is made to allow for the calculation of licence fees based on an accounting period other than one year. This will apply where a licensee obtains approval under sub-section 123(2) of the Broadcasting Act 1942 to alter the dates of its annual accounting cycle.

Financial Impact Statement

Complementary amendments in the Television Licence Fees Amendment Bill 1987 related to defining "gross earnings" will result in a small loss in revenue arising from the narrower definition of assessable earnings (a few percent only).

Complementary amendments in the Broadcasting Amendment Bill (No.2) 1987 will provide for a small amount of additional revenue from penalty fees for late payment and will assist in ensuring collection of the full revenue due to the Commonwealth.

NOTES ON CLAUSES

Clause 1 - Short Title etc.

Formal

Clause 2 - Commencement

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

Clause 3 - Licence Fees

Clause 4 - Amount of Fees

Clauses 3 and 4 make formal amendments consequential on the insertion of new section 6A in the Principal Act by Clause 5.

Clause 5 - Change of Accounting Period - effect on fees payable

Clause 5 inserts in the Principal Act a new section 6A which covers the assessment of fees where a licensee changes accounting periods. The effect of a change of accounting periods is that at one anniversary the fee will have to be based on a period of more or less than one year.

The approach adopted in new section 6A is to take account of all earnings between the end of the last assessed accounting period and the end of the new account period as assessable gross earnings. For the purposes of determining what percentage rate should apply on the sliding scale set by the Principal Act, the gross earnings figure for that period (which may be more or less than one year) is converted to represent an annual rate. The percentage set in the Principal Act for that annual rate is then applied to the gross earnings for the period.

Paragraphs 6A(a) to (d) define the approach to be adopted for determining the period for which gross earnings are to be assessed. Paragraph 6A(e) imposes the same formulae for determining the applicable percentage rate as already apply, but adds a simple calculation to convert the gross earnings figure to an annual rate before application of the formulae.

Clause 6 - Amendments to the Television Stations Licence Fees Act 1964 in its continued application to old system Licences.

Clause 6 is a consequential provision to ensure that the amendments outlined above apply equally to television station licences which have not yet been converted to the new service-based licensing system under the Broadcasting and Television Amendment Act 1985. By virtue of section 11 of the Television Stations Licence Fees Amendment Act 1985, the Television Stations Licence Fees Act 1964 has continued application to such old system licences.

Clause 7 - Application

Clause 7 provides that the amendments in the Bill will apply to the assessment of fees at licence anniversaries occurring on or after the date of commencement of these provisions (see Clause 2).