

1991

THE PARLIAMENT OF THE COMMONWEALTH
OF AUSTRALIA

HOUSE OF REPRESENTATIVES

TELECOMMUNICATIONS (UNIVERSAL SERVICE LEVY) BILL 1991

EXPLANATORY MEMORANDUM

(Circulated by authority of the Minister for Transport and
Communications, the Hon Kim C Beazley MP)



TELECOMMUNICATIONS (UNIVERSAL SERVICE LEVY) BILL 1991

OUTLINE

This Bill is part of the package of bills associated with the Telecommunications Bill 1991 which together implement the Government's decisions announced in the Prime Minister's statement of 8 November 1990 and the accompanying booklet "Micro-Economic Reform: Progress Telecommunications". The package of Bills provides for a major restructuring of the telecommunications industry in Australia.

This Bill imposes a levy on certain telecommunications carriers, as specified from time to time by the Minister, as a contribution to the costs of fulfilling the universal service obligation.

The universal service obligation is set out in clause 288 of the Telecommunications Bill 1991. The levy is imposed in connection with ensuring that standard telephone services and payphones are reasonably accessible to all people in Australia.

FINANCIAL IMPACT

The financial impact of the package as a whole is identified in the outline to the explanatory memorandum for the Telecommunications Bill 1991. The provisions of that Act provide for the calculation of the levy.

In brief, the levy is designed to share among the carriers on an equitable basis the losses that result from supplying loss making services in the course of fulfilling the universal service obligation. The total net cost of loss making areas will vary from year to year in response to new investment and traffic levels.

The relative contributions of participating carriers will depend on the carriers identifying loss making areas of their operations where they have a universal service obligation, the extent of those losses, and the amount of interconnect time between the carriers' trunk and international networks and all local access networks. Accordingly, it is impossible to quantify what amounts will be payable under the levy. It can be expected, however, that as the second general carrier's business grows, its contribution to cover the net cost of loss making services will increase.

ABBREVIATION

The following abbreviation is used in this explanatory memorandum:

new Bill: Telecommunications Bill 1991

NOTES ON CLAUSES

Clause 1 - Short title

This clause provides for the citation of the Telecommunications (Universal Service Levy) Bill 1991.

Clause 2 - Commencement

Clause 2(1) provides for the commencement of most of this Act on 1 July 1991.

Clause 2(2) provides for the preliminary clauses to commence on Royal Assent.

Clause 3 - Incorporation of Telecommunications Act 1991

This clause provides that this Bill is incorporated with, and is to be read in conjunction with, the Telecommunications Bill 1991. That Bill includes in Part 13 provisions relating to the assessment, collection and distribution of the Universal Service Levy.

Clause 4 - Participating carrier in relation to financial year

This clause enables the Minister to make a declaration that a particular telecommunications carrier is a participating carrier. A participating carrier which has a levy debit balance for a financial year has to pay a levy.

The requirement for a Ministerial declaration is included as all carriers which interconnect into the network should not necessarily be liable for the levy. For example, it is Government policy at present that only the general carriers should be subject to the levy arrangements, not the third mobile carrier.

Clause 4(2) makes a carrier in relation to which a declaration is in force at the end of a financial year a participating carrier in relation to that financial year.

Clauses 290(1) and (2) of the new Bill enable the Minister to declare a carrier to be the universal service carrier for Australia or for a specified service area.

Clause 4(3) prevents the Minister revoking a declaration that a carrier is a participating carrier while that carrier is a universal service carrier.

Clause 5 - Imposition of levy

This clause imposes a levy on the levy debit balance that a participating carrier has in relation to a financial year.

The clause should be read in conjunction with the relevant clause of the Telecommunications Bill 1991 (clause 301), which sets out the formula to be applied in calculating the levy. In general, the principle is that a levy would be payable only where a participating carrier's liability to contribute towards the net costs of fulfilling the universal service obligation exceeds that carrier's own net costs which it incurred itself.

Clause 6 - Amount of levy

This clause makes the amount of levy imposed the amount of the carrier's levy debit balance.

Clause 7 - Carrier liable to pay levy

This clause makes the carrier with a levy debit liable for payment of the levy.