

1995

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

TELECOMMUNICATIONS (CARRIER LICENCE FEES)
AMENDMENT BILL 1995

EXPLANATORY MEMORANDUM

(Circulated by the authority of the Minister for Communications and the Arts,
the Hon. Michael Lee MP)



Telecommunications (Carrier Licence Fees) Amendment Bill 1995

OUTLINE

The purpose of the Telecommunications (Carrier Licence Fees) Amendment Bill 1995 is to enable the 'telecommunication standardisation' component of Australia's contribution to the International Telecommunication Union (ITU) to be recovered through carrier licence fees payable by telecommunications carriers from 1 July 1995.

The ITU is a United Nations specialised agency which is concerned with international cooperation in the use of telecommunications and the radio frequency spectrum. It establishes agreements and recommended world standards for telecommunications and radiocommunications services.

Currently, telecommunications licence fees only recover the public-interest regulatory costs incurred by the Australian Telecommunications Authority (AUSTEL), and the total fees payable by the carriers must not exceed the appropriation provided to AUSTEL for the previous financial year. Carrier licence fees are payable on 1 July 1995. Inclusion of the ITU contribution in carrier licence fees is in addition to AUSTEL's appropriations and will exceed the amount able to be collected under the current legislation. An amendment to the *Telecommunications (Carrier Licence Fees) Act 1991* is therefore necessary to enable the full recovery of the 'telecommunication standardisation' component of the ITU contribution from carriers from 1 July 1995.

Australia's ITU contribution for a given calendar year is paid prior to the commencement of that year. The amount of the ITU contribution is likely to change every year. The amount to be recovered from carriers for telecommunications sector activity will depend upon the level of the total ITU contribution (which is set in Swiss Francs and is subject to exchange rate variation) and the share ascribed to the telecommunication standardisation sector of ITU activity.

The Bill provides for an amount to be determined under the regulations as the proportion of the Commonwealth's contribution to the total budget of the ITU for a calendar year that is attributable to matters relating to telecommunication standardisation.

It is proposed to amend the Telecommunications (Carrier Licence Fees) Regulations to prescribe a procedure for determining the additional fee before 1 July 1995 in order for the ITU contribution to be included in the carrier licence fees due on that date and on 1 July of each succeeding year in respect of a general telecommunications licence or a public mobile licence.

FINANCIAL IMPACT

The financial impact of the proposed amendments on carriers will be to increase the annual amount payable in licence fees by a total of approximately 1 million dollars. The cost will be shared by carriers on the basis of their share of telecommunications traffic.

NOTES ON CLAUSES

Telecommunications (Carrier Licence Fees) Amendment Bill 1995

Clause 1 - Short title etc.

This clause provides for the citation of the *Telecommunications (Carrier Licence Fees) Amendment Act 1995*.

This clause also provides that in the amending Act, "Principal Act" means the *Telecommunications (Carrier Licence Fees) Act 1991*.

Clause 2 - Commencement

This clause provides for the amending Act to commence on the day on which it receives the Royal Assent.

Clause 3 - Repeal of section and substitution of new section

This clause provides for the repeal of section 6 of the Principal Act and for the substitution of a new section 6.

Section 4 of the Principal Act provides that the holder of a general telecommunications licence or of a public mobile licence must pay to the Commonwealth, on each 1 July that occurs while the licence is in effect or within 12 months after it ceases to be in effect, a fee of an amount determined in accordance with the regulations as in force immediately before that 1 July.

Section 6 of the Principal Act provides that the total of the fees that become payable under the Principal Act on 1 July in a financial year must not exceed the total of all amounts appropriated, in respect of the immediately preceding financial year, for the purposes of AUSTEL.

Proposed new section 6 will enable the recovery of the 'telecommunication standardisation' component of Australia's contribution to the International Telecommunication Union through carrier licence fees from telecommunications carriers from 1 July 1995.

As a result of proposed new section 6, the total of the fees that become payable on 1 July will not be able to exceed the sum of:

- (a) all amounts appropriated, in respect of the immediately preceding financial year, for the purposes of AUSTEL; and
- (b) an amount determined, under the regulations, to be the proportion of the Commonwealth's contribution to the ITU budget that is attributable to matters relating to telecommunications standardisation.

It is proposed to amend the Telecommunications (Carrier Licence Fees) Regulations to prescribe a procedure for determining the additional fee before 1 July 1995 in order for the ITU contribution to be included in the carrier licence fees due on that date and on 1 July of each succeeding year in respect of a general telecommunications licence or a public mobile licence.

Clause 4 - Application

This clause provides that the amendment to section 6 of the Principal Act made by section 3 of the amending Act will apply in respect only of fees payable on 1 July 1995 or on 1 July of each succeeding year in respect of a general telecommunications licence or a public mobile licence.