



Appropriation (Regional Telecommunications Services) Bill 2005-06

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Appropriation (Regional Telecommunications Services) Bill 2005-06

Date Introduced: 7 September 2005

House: House of Representatives

Portfolio: Finance and Administration

Commencement: Royal Assent

Purpose

To appropriate \$219.218 million to the Department of Communications, Information Technology and the Arts (DCITA) for subsidies to certain regional telecommunications programs as part of the privatisation of Telstra.

Background

The broader context of the Bill is the subsidisation of regional telecommunications as part of the sale of Telstra. For additional information, see the Bills Digests for the *Telecommunications Legislation Amendment (Future Proofing and Other Measures) Bill 2005* and the *Telecommunications (Carrier Licence Charges) Amendment (Industry Plans and Consumer Codes) Bill 2005*.

The other Bills in this suite of legislation are the *Telecommunications Legislation Amendment (Competition and Consumer Issues) Bill 2005* and the *Telstra (Transition to Full Private Ownership) Bill 2005*.

According to the second reading speech, the funding is for two programs:

- the Higher Bandwidth Incentive Scheme, and
- the Connect Australia program.

Higher Bandwidth Incentive Scheme

The Higher Bandwidth Incentive Scheme (HiBIS) is an on-going program, which provides internet service providers with incentive payments to supply higher bandwidth services in regional areas at prices comparable to those in metropolitan areas. HiBIS is part of the Government's contribution to the [National Broadband Strategy](#)¹ and was established in response to a recommendation of the [Regional Telecommunications Inquiry](#) (the Estens Inquiry).² Service providers receive \$1540 for connecting premises with faster internet services over a digital telephone line or \$3300 for premises without such access. Providers

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are required to use the payments to reduce the price of services or to help offset the cost of providing services to regional areas without such access. The Bill seeks additional funding of \$67 million in 2005-06 because of 'higher levels of demand', according to the Minister's second reading speech.

In its Portfolio Budget Statements, DCITA includes HiBIS as an 'administered' item, in outcome 3, under the heading of 'Regional Telecommunications Inquiry response'.

Connect Australia

Connect Australia is a new program, which Senator Hon. Helen Coonan (Minister for Communications, Information Technology and the Arts) [announced](#)³ on 17 August 2005. The program has [four elements](#):⁴

- *Broadband Connect*: \$878 million will be provided to expand broadband services
 - according to the Minister's second reading speech, broadband connect will be based on HiBIS but will introduce 'refinements' to encourage providers to increase the areas they service, and to 'limit the possibility of providers recovering more than the legitimate capital costs of installing broadband infrastructure'. The Minister did not, however, elaborate on how this will be achieved
- *Clever Networks*: \$113 million will be provided to roll out new broadband networks to improve the delivery of health, education and other services
- *Mobile Connect*: \$30 million will be provided to extend terrestrial mobile coverage to areas where they can be commercially maintained and continue satellite handset subsidies for other areas
 - *Mobile Connect* will 'build on' the [Regional Mobile Phone Programme](#)⁵ (which was established with \$40.6 million over three years from 2001-02) and will subsume the Satellite Handset Subsidy Scheme (which subsidises the purchase of mobile satellite phones by people living in areas beyond CDMA or GSM terrestrial mobile coverage), and
- [Backing Indigenous Ability](#):⁶ \$90 million will be provided for telephones, internet and videoconferencing in remote indigenous communities and improved indigenous radio and television.

The Bill seeks funding of \$148.8 million in 2005-06 for the broadband connect and the mobile connect elements.

Connect Australia also falls within DCITA's outcome 3.

The Bill also seeks around \$3.5 million in 2005-06 for departmental expenses, that is, for the cost to DCITA of administering the programs.

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Main Provisions

The Bill is to all intents and purposes, identical with [Appropriation Act \(No. 1\) 2005-06](#),⁷ with the definitions and wording of most clauses in the Bill the same as in that Act. The Bill's legal effect is thus very similar to an annual appropriation Act. The main differences in the Bill follow.

Clause 3, which contains definitions, includes a definition of 'Portfolio Supplementary Estimates Statements'. They are the documents—akin to the Portfolio Budget Statements—that DCITA published, and which provide information about the appropriation in the Bill. Clause 3 also defines 'Portfolio Budget Statements' to mean those presented in relation to *Appropriation Act (No. 1) 2005-06* and *Appropriation Act (No. 2) 2005-06*.

Clause 11 deals with Comcover receipts and relates to section 13 of *Appropriation Act (No. 1) 2005-06*. Agencies pay premiums to Comcover to cover, for example, physical injuries that agency employees incur. Comcover pays agencies for any successful claims against Comcover. Section 13 of *Appropriation Act (No. 1) 2005-06* provides that any amount that Comcover pays to an agency is added to that agency's funds. In the words of section 13, the Comcover payments are added to an 'available item'. In effect, clause 11 provides that Comcover receipts are added to an available item in **Schedule 1** of the Bill.

Schedule 1 sets out the services for which funds are appropriated. The main feature of Schedule 1 appears on page 15 of the Bill where it shows that a total of \$219.218 million will be appropriated to DCITA's Outcome 3. This is split between \$3.459 million for departmental expenses and \$215.759 million for administered items.

Endnotes

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- 1 http://www.dcita.gov.au/tel/internet_and_broadband_services/overview_of_internet_and_broadband_services/a_national_broadband_strategy
 - 2 <http://www.telinquiry.gov.au/rti-report.html>
 - 3 http://www.minister.dcita.gov.au/media/media_releases/connect_australia_-_a_plan_to_future_proof_telecommunications
 - 4 http://www.dcita.gov.au/_data/assets/pdf_file/30296/FACT_SHEET_Connect_Australia.pdf
 - 5 http://www.dotars.gov.au/dept/budget/regional/2003_2004/communications.aspx
 - 6 http://www.dcita.gov.au/newsroom/media_releases/telstra_sale_to_benefit_indigenous_broadcasting
 - 7 <http://scaleplus.law.gov.au/html/pasteact/3/3712/top.htm>

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