EXPLANATORY STATEMENT
Issued by the authority of the Australian Communications Authority

TELECOMMUNICATIONS (EXEMPTION FROM ANNUAL CHARGE) DETERMINATION 2005

Telecommunications (Numbering Charges) Act 1997

Statutory basis

Section 18 of the Telecommunications (Numbering Charges) Act 1997 provides that if a carriage service provider holds an allocated number at the beginning of a day in April determined by the Australian Communications Authority (ACA), an annual numbering charge is imposed on that number. Subsection 22 (2) of the same act provides that the ACA may, by written determination, exempt a specified number from annual charge.

Purpose

The Telecommunications (Exemption from Annual Charge) Determination 2005 specifies the numbers that are exempt from annual charge.

Background

The Commonwealth Government has directed the ACA to collect a set amount of revenue each year from carriage service providers that hold telephone numbers. The ACA collects this revenue through the annual numbering charge process.

The ACA collects annual numbering charges in accordance with the provisions of the Telecommunications Act 1997, the Telecommunications (Numbering Charges) Act 1997, and determinations made by the ACA under those Acts.

The Office of Regulation Review has advised that a Regulation Impact Statement is not required for this determination.
NOTES ON SECTIONS

Section 1 – Name of Determination

This section provides that the determination is the Telecommunications (Exemption from Annual Charge) Determination 2005.

Section 2 - Commencement

This section provides that the determination commences on gazettal.

Section 3 – Revocation – Telecommunications (Exemption from Annual Charge) Determination 2003

This section revokes the Telecommunications (Exemption from Annual Charge) Determination 2003.

Section 4 - Definitions

This provision defines the terms used in the determination.

Section 5 sets out the purpose of the determination.

The section notes that annual charge is imposed on allocated numbers held by a carrier or carriage service provider on a day in April determined by the ACA.

The section also notes that the ACA may exempt numbers from annual charge under subsection 22 (2) of the Telecommunications (Numbering Charges) Act 1997. This determination specifies the numbers that are exempt from annual charge.

Section 6 specifies that community service numbers are exempt from annual charge.

Under the Telecommunications Numbering Plan 1997, made under section 455 of the Telecommunications Act 1997, community service numbers start with ‘110’ and ‘119’. Community service numbers are used by carriers and carriage service providers to provide access to information or assistance of significant community value without expectation of generating significant revenue.

Section 7 specifies that geographic numbers, other than those allocated to carriage service providers for the purposes of providing a standard telephone service to customers, are exempted from annual charge.

Geographic numbers used by carriage service providers for the purposes of providing a standard telephone service to customers are specifically exempt from annual charge under subsection 22 (1) of the Telecommunications (Numbering Charges) Act 1997. Given that geographic numbers used for the provision of a standard telephone service cannot generally be distinguished from geographic numbers used in connection with other services (such as mobile roaming or automated teller machines), it is impractical to impose charge on the latter numbers.
Section 8 specifies that international signalling point codes are exempt from charge.

International signalling point codes are not part of the Australian numbering resource (they are made available to carriage service providers by the ACA on behalf of the International Telecommunications Union). Carriage service providers do not derive any direct revenue through their use of the numbers.

Section 9 specifies that all telex numbers are exempt from annual charge.

The use of telex services is in long-term decline and, as a result, the costs of administering a charge on these numbers would outweigh the returns.

Section 10 specifies that the number range ‘18919’, used for Telstra’s ‘Country Calling Card’, be exempted from annual charge.

The ‘Country Calling Card’ is a prepaid calling card service, which Telstra has developed in conjunction with the ACA, DCITA and indigenous groups to address credit management and affordability issues which affect indigenous people.

The service will predominantly operate on lines going into homes in indigenous communities. The ACA is allocating a calling card service number to allow for calls to the service from payphones and community phones.

The exemption from ANC for this service is proposed for the 6 month trial period only. If the trial proves successful the Numbering Team will review whether this exemption should be extended for permanent service provision.

The impact on the ANC revenue base will be minimal. This is because although the ANC on the 5 digit number to be used for this service is $100,000.00, this amounts to less than 0.2 per cent out of a total of $60 million ANC revenue. It should be noted that as the largest holder of chargeable numbers, Telstra is both the CSP who will benefit from the exemption but will also be most affected by the higher base rate applying to other numbers. Consequently the overall impact on other CSPs will be limited.

Section 11 specifies that ENUM Service trial numbers should also be exempted from annual charge.

The ENUM Service trial numbers are not considered likely to generate significant revenue. This is because the purpose of the trial is to assess the feasibility and practicality of supplying ENUM Services in Australia, and will not involve full service rollout. Consequently it is unclear what level of revenue will be generated and, given establishment costs, whether or not participants in the trial will make a profit, break even or incur a loss.

The effect on the ANC revenue base of granting this exemption is considered minimal, this is because these numbers are specified at 10-digit length, and it is expected that up to several thousand numbers only will be allocated for the ENUM Service trial. Based on the total quantity of numbers liable for ANC, particularly at
much shorter digit length, the effect of the granting this exemption on the ANC base rate and the liability of individual CSPs to ANC is considered minor.