Date Introduced: 29 February 1984
House: House of Representatives
Presented by: Hon. M.J. Duffy, MP, Minister for Communications

Short Digest of Bill

Purpose

To provide the legislative framework for AUSSAT Pty Ltd.

Background

In 1977 the National Communications Satellite Task Force was established by the Government to investigate the feasibility of a domestic satellite system. The Task Force produced a report in July 1978 with the recommendation that the planning of an Australian satellite system proceed immediately. In October 1979, the Fraser Government announced its decision-in-principle to establish an Australian communications satellite system. Detailed planning for the system was undertaken to ensure that the technical specifications and overall satellite design satisfied the special communication needs of Australia, particularly remote and isolated communities. The Government identified the Overseas Telecommunications Commission as the interim owner and manager of the satellite system pending the formation of AUSSAT. AUSSAT Pty Ltd was incorporated in November 1981 as a wholly government-owned company. AUSSAT's Memorandum of Association provided for the sale of some shares to the private sector. In October 1980, the Government had announced that it would float 49 per cent of AUSSAT's equity on the share market. The Hawke Government, in its Economic Statement of May 1983, accepted this policy 'in principle'. However, in July 1983, Caucus recommended that this decision be overturned and that the management of the satellite system be integrated with Telecom. The Australian Telecommunications Employees' Association (ATEA) was also adamant that AUSSAT be merged with Telecom in order to prevent competition.
In a press release, dated 15 November 1983, the Minister for Communications announced that the Government decided to retain AUSSAT as a separate Commonwealth-owned company which would operate as a commercial, tax-paying enterprise. The Government also decided that Telecom would be invited to purchase up to 25 per cent of the Government's shareholding in AUSSAT. The Minister stated that this decision revoked the earlier decision that AUSSAT would be converted to a public company with 49 per cent of the Government's shareholding being offered for sale.

This Bill, together with the Satellite Communications (Consequential Amendments) Bill 1984, provides for the Government's decision regarding the ownership and management of AUSSAT.

Main Provisions

By clause 5, the Act will apply to AUSSAT notwithstanding anything in AUSSAT's Memorandum of Association.

Clause 6 outlines the primary object of AUSSAT, namely to carry on business, in accordance with sound commercial principles, of operating a satellite telecommunications system for Australia and providing satellite facilities for use in neighbouring regions. It is the intention of Parliament that the telecommunications system provided by Telecom and that the satellite telecommunications system provided by AUSSAT will, together, provide the national telecommunications network for Australia (clause 7).

By clause 8, the Directors of AUSSAT are to ensure, as far as practicable, that AUSSAT will be able to meet the requirements for space satellite facilities for the maintenance of air navigation, for use by the Australian Broadcasting Corporation and for Telecom to provide telephonic services in remote areas and emergency services. Furthermore, in the performance of their duties, the Directors are required to pay regard to the intention of Parliament and the obligations of international law.

By clause 9, AUSSAT is not required to provide services without charge.

AUSSAT cannot be converted to a public company (clause 10). Under clause 11 shares in AUSSAT are only to be held by the Commonwealth, Telecom or a person holding
shares as a trustee for the Commonwealth. Of the issued shares, 25 per cent may be sold to Telecom with the Minister's approval. Shares will have equal voting rights.

AUSSAT may not be voluntarily wound up or wound up by its shareholders except in accordance with a resolution passed by both Houses of Parliament (clause 12).

AUSSAT is not authorised to provide public switched telephone services or public switched data services (clause 13). This clause prevents AUSSAT from competing directly with Telecom.

By clause 14, AUSSAT or a person entitled to use facilities in an AUSSAT satellite may erect, maintain, or operate telecommunications installations for purposes related to the use of the satellite system.

AUSSAT satellite facilities are not to be used for the purpose of carrying on a business of providing a telecommunications service by an ineligible person. Fines will be imposed.

For further information, if required, contact:

15 March 1984

Education and Welfare Group
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