USO Eligible Revenue Return process for 2008–09

For the current claim period, 186 licensed telecommunications carriers are liable to pay the Universal Service Obligation (USO) levy and will need to lodge an Eligible Revenue Return (ERR) by 29 September 2008.

The universal service obligation (USO) ensures that standard telephone services and payphones are reasonably accessible to all people in Australia on an equitable basis. The USO subsidy is funded by the telecommunications industry.

The Minister for Broadband, Communications and the Digital Economy sets the amount of the USO subsidy for each claim year after requesting advice from ACMA. The 2007–08 USO subsidy was just over $145 million.

Each carrier that has held a licence for all, or part, of the financial year prior to the claim period—2007–08 for the current claim period—is required to contribute to the funding of the universal service subsidy for that period.

To determine each carrier's contribution to the USO levy, ACMA uses the telecommunications earnings of a carrier in the previous financial year. Each year, carriers are required to submit ERRs to allow ACMA to calculate each carrier's contribution to the USO subsidy.

A carrier's contribution is based on its eligible revenue as a proportion of total industry eligible revenue.

Eligible revenue is all telecommunications industry sales revenue earned by a carrier during the part of the eligible revenue period—the 2007–08 financial year for the current claim period—for which a carrier licence was held, minus certain deductions.

Allowable deductions include telecommunications sales revenue earned from:

- overseas activities
- selling, renting, installing, insuring or maintaining customer equipment
- providing the content of a content service
- constructing, installing or maintaining; or managing the construction, installation or maintenance of the infrastructure of a telecommunications network
- inter-carrier input payments—for example, interconnection payments.

While USO funding is simple in concept, there are a number of practical issues that can make the completion of an ERR seem complex. The ERR has quite a few sections to accommodate a variety of company sizes and corporate structures. Smaller carriers will often find that most of the ERR does not apply to them.

Where a number of carriers are part of a consolidated group, they may submit their ERRs singly or collectively (based on the consolidated financial statement).

Where a parent body controls more than one entity earning telecommunications revenue, and one of those entities holds a carrier licence, a proportion of the telecommunications sales revenue of the related entities must be included in the carrier's ERR.

The proportion depends on the percentages of the carrier and other telecommunications revenue earning entities in the group owned by the parent body.

The ERR must generally be accompanied by an audit report. However, ACMA is aware that an audit report is a disproportionate expense for many smaller carriers. Carriers are able to apply for an audit report exemption. In assessing ERRs for the 2007–08 claim period, ACMA granted more than 50 audit report exemptions.

Guidance notes for completing the ERR are available on the ACMA website at <www.acma.gov.au> (go to For licensees & industry: Licensing & regulation > Telecommunications: Telecommunications regulation > Universal service regime > Universal Service Obligation > Funding of the USO and DDSO > Eligible Revenue Portal 2007–08).

For further information on this process, contact ACMA's Resources & Industry Section on <uso.err@acma.gov.au> or telephone (02) 6219 5518.