



Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB Post Office NSW 1230

11th June 2013

**Response to the Draft Report
Regarding the Rental Arrangements for Communication Towers on Crown Land.**

This submission is presented by ATI Australia Pty Limited (ATI) and its wholly owned subsidiary Wireless Broadband Engineering Pty Ltd (WBE).

IPART's stated task is to form a view on a rental arrangement that is market reflective, administratively efficient and transparent. The principles of the Draft Report fail entirely to address the fact that the outcome must be market reflective.

The Draft Report fails to take into account and address the fundamental business and economic conditions which exist in the radio communications industry. This industry has a multi layered operational and economic structure in which many entirely diverse and separate business models operate in parallel.

Willingness to pay was a stated criterion for consideration in the review process. Many participants in the telecommunications industry who provide services to their customers through radio equipment mounted on communication towers have no willingness or ability to be more specific, have no actual financial capacity (or ability) to pay the proposed increased fees.

Adopting a "one size fits all" approach particularly to the fees paid by users and co-users may be administratively efficient and transparent however it is wrong to apply this across the entire spectrum of the radio communications industry. Doing so will seriously disadvantage the many businesses which operate in a profit low margin environment and which rely entirely upon low cost radio communications for their existence.

These businesses provide services to their customers for which it is not possible to extract a premium or price increase in order to pass on or recover the very substantially increased Crown Lands co-user fees which will result from the application of the recommendations as they are presently set out in the Draft Report.

IPART appear not to acknowledge that co-users already pay high tower rental fees to tower owners (primary users) in order to mount antenna equipment on communication towers. The economic value and therefore the valuation of the site in terms of the cost/benefit to a co-user must take into account the totality of the cost to the co-user of occupying or placing equipment on a radio communications tower. Not to take this into account is a fundamental failure to apply the basic principles of valuation.

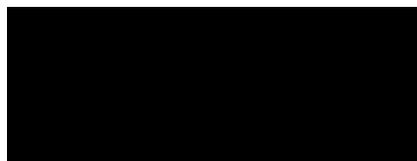
The scale of the proposed fees does not reflect any market prices that our company has seen and we dispute that they are reflective of market values for the use of tower sites and in particular for the co-use of towers in the radio communications industry. The proposed Crown Lands fees exceed the cost of our business renting antenna space on many subject towers by more than 100% and therefore cannot possibly be representative of market value.

Furthermore, businesses which use communications towers and who cannot afford to pay the increased Crown Lands fees do not have any option available to them other than to close their businesses. Most co-users have fixed term contractual arrangements with primary users (tower owners) to rent tower spaces and may not be able to quit the towers due to their inability to pay high Crown Lands fee.

It would appear that applying the principles of the Draft Report will result in a very substantial increase in revenue to Crown Lands which would appear to be in the range of 50% – 90%. This was not stated as an objective of the review process. In our view is not sustainable in the radio communications industry which is facing the immediate challenge of competing with the NBN for the provision of cost effective communications services to our customers.

It is our conclusion that IPART should reconsider the issues of classification of high, medium and low density sites, the scale of fees and how those fees are applied of those to both primary users and in particular to co-users in order to take into account the broad range of economic circumstances of the many and varied operators in the radio communications industry.

Put frankly, the outcomes proposed in the Draft Report will cause hardship to many large and small businesses in the telecommunications industry which will lead to business closures and loss of many jobs. Inevitably it will remove the opportunity for innovation and make the telecommunications market less competitive at a time when it is essential to offer alternatives to the NBN.



STEPHEN HANDLEY

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