

FACT SHEET

Rental arrangements for communications towers on Crown land

Based on *Review of rental arrangements for communications towers on Crown Land – Draft Report – April 2013*

In October 2012, the Government asked IPART to conduct a review and make recommendations on rental arrangements for communication infrastructure and equipment located on Crown land. IPART had previously conducted a review into rental arrangements in 2005.

IPART has released its draft report on rental arrangements for communications towers on Crown Land. The full report and the report of our consultants BEM Property Consultants (BEM) are available on IPART's website (www.ipart.nsw.gov.au).

We are seeking comments on our draft report. You may make a submission via the IPART website. The deadline for submissions is **11 June 2013**.

Background

At present, there are over 700 recorded communication tower sites (and over 2,200 associated leases and licences) on land administered by the 3 NSW land management agencies – Catchments and Lands, National Parks and Wildlife Service and Forestry Corporation.

Most Crown land telecommunications tower sites are located in regional or rural areas. These sites range from strategic elevated locations with significant owner-invested infrastructure, to small communication devices attached to third party infrastructure.

IPART's pricing approach

Our findings in this review takes into account the market evidence and practice on rentals for communication towers as presented by BEM.

We have recommended the following rental arrangement:

- ▼ A published fee schedule by location for standard sites. This fee schedule will cover the majority of sites and is based on market evidence. We have recommended one rent for all users in each of 4 location categories. The fee schedule is accompanied by a schedule of rebates for eligible users at the Minister's discretion.
- ▼ An open tender or negotiation process for high value sites. These sites that have certain characteristics, for example, high elevation line of site and proximity to major highways. The draft report lists potential high value sites and we are seeking comments on whether these sites should be considered high value sites.

Fee schedule

(\$2013/14)	Sydney	High	Medium	Low
Rent	\$32,511	\$27,093	\$15,051	\$7,224

Based on market evidence, we recommend 4 location categories, with higher rents being charged for Sydney metropolitan locations.

Separately, we also recommend a schedule of rebates for eligible users, at the Minister's discretion.

(\$2013/14)	Sydney	High	Medium	Low
Community groups	\$32,069	\$26,650	\$14,608	\$6,781
Budget funded sector	\$26,009	\$21,674	\$12,041	\$5,779
Local service providers	-	-	-	\$4,214

Note: local service providers are defined as operators providing services in the low location category as defined in this review.

Note that prices are based on Consumer Price Index projections for 2013/2014 which will be updated for the Final Report.

For existing users, we recommend that the fee schedule be implemented from the next rent review date, but be phased in gradually over 5 years from that date to take into account the impact on users.

With the new schedule being gradually implemented, land agencies revenue from communication towers is expected to increase by about 2.5% each year, excluding the effects of inflation, for the next 5 years (based on the current number of sites).

Treatment of co-users and infrastructure providers

For co-users we have recommended that the current 50% discount remain. The co-user discount encourages co-location.

For infrastructure providers, we recommend the 30% discount from the fee schedule be gradually removed over 5 years after the end of the next review date. The fee schedule provides for 1 level of rent for all users and does not distinguish between users with different operating or business models.