

16<sup>th</sup> May 2013

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

Dear Sir/Madam

Re- Review of Rental Arrangements for Communication Towers on Crown Land

I am somewhat disheartened by the recommendations made in the draft report dated April 2013. Either we failed to communicate correctly our business model or our industry is considered of little value and irrelevant.

Our original submission and attendance at the roundtable clearly highlighted the difficulty our business has with the costs associated with these rentals. The wash-up of the new recommendations is that local service providers now will have to pay the same as multi-national carriers being nearly 4 times the current rates. This is simply outrageous and completely uneconomical.

Gencom or any small business for that matter cannot afford to pay \$27093.00 per year for site rental. At that rate we will be forced to close sites down and tell our customers we can no longer support them. Who is going to provide sites with free access to community groups such as St John Ambulance, Marine Rescue, UHF CB Repeaters and Ham Radio Operators? They all rely on us to be able to perform their volunteer duties.

As an example we own a site at Mt Arthur near Muswellbrook. It's been there for 40 Years. The current return on investment on that site is 15%. This is based on a lands cost which is currently \$900.00 PA. Based on the proposed new costs this would result in an ROI of -19%. We may as well shut the business down, sack all the staff and save our money!

Another example is Russell Trig at Morisset where we have recently installed a building on an existing Crown Castle site and taken out a Dept. of Lands licence. Our investment there currently has an ROI of -45% which is projected to improve over the next 3 years to +8%. A marginal investment at best but deemed necessary to grow our business. Under the new regime the Lands cost would rise by another \$9000.00 per annum and at that we can never get a return. The whole exercise is uneconomic.

Both these examples are also considered to be potential high value sites which increases costs even more.

We are also critical of the BEM property report. Despite the fact that they contacted 47 different sources not one of them was a Local Service Provider. In a 45 page document there are barely 3 lines relating to Local Service Providers which states they have limited market evidence. Maybe they should have called a few around NSW and got some. I can assure you that we are all in the same boat and many regional companies are in a far worse position than we are.

At the end of the day we need a system that is fair and equitable and recognizes the uniqueness of the radio communications industry. We represent a very small sector of the overall market but customers prefer our method of communication over mobile phones predominantly because we have one to many ability and fixed cost operation. We provide critical services to coal mines, rail transport, ports, local government, Taxi's, Buses and construction industries. Where are these people going to go if we are not there? Certainly not to the NBN or Telstra!

Gencom like many other businesses invests in new technology to ensure we survive. We cannot make this investment if our operating costs are prohibitive as they would be under this plan. Ultimately it will sound the death knell to jobs both in this business and others like ours around the state. I am certain that no government wants to see jobs lost because of policy decisions which amount to greed. This proposal will see that happen.

Yours sincerely



Martin McLeod  
Managing Director