

Tuesday, 11 June 2013

**Review of communication towers on Crown land**  
Independent Pricing & Regulatory Tribunal of New South Wales  
PO Box Q290,  
QVB Post Office NSW 1230

Dear Sir

**Re- Comment on the Draft Report of rental arrangements for communications towers on Crown land**

Master Communications and Electronics is a Sydney based company that has been in the Two Way Radio business since 1968. We are a key local supplier for NSW State Government entities and commercial business across NSW, we would be defined as a local service provider.

The IPART Draft Report raises a number of problems for our company.

It should be noted that all our comments relate to the Two Way radio market and the impact that this legislation has on our business. The market metrics of the Two Way Radio business are completely different to other technology stake holders and needs to be treated as such.

The report seeks to lump all industry sectors into the same arrangements and ignores the fact that there are a number of diverse markets operating from radios sites.

The proposed fee schedules and co-user fees are not even close to market reflective. How is it possible that the Government proposes an annual tax that is greater than the market price for the service itself?

## Standard Sites

IPART has recommended a 4 tiered rental system for sites based on Sydney, high , Medium and low locations with high value sites treated as specials cases.

This completely ignore the years of market evidence collected by the Australian Communications & Media Authority based on the price that can be charged for Two Way Radio spectrum.

There is low demand for these services in regional areas and this is reflected in the ACMA licence fees, the low density price for spectrum is 10% of city pricing and remote density is 5%.

Information and maps can be found at

[http://www.acma.gov.au/webwr/\\_assets/main/lib410206/eastern2.jpg](http://www.acma.gov.au/webwr/_assets/main/lib410206/eastern2.jpg)

<http://www.acma.gov.au/theACMA/About/Making-payments/Apparatus-licence-fees/apparatus-licence-fees-acma#schedule>

## High Value Sites

There are clearly some sites that have high value to due to their location. However intrinsic in the value of any site is the level of investment made to supply infrastructure and to make it available to the market.

A large number of the declared High Value sites have poor infrastructure and do not present options for service providers to install equipment. What incentive is there for infrastructure providers to invest in towers when under this system such a high level of taxation is placed on the users?

This goes against the NSW Government Telco Authorities written and verbal submissions. One of the key road blocks for the Telco Authority is the lack of suitable tower infrastructure in NSW. The services supplied by this infrastructure are used by key public safety user groups such as the Ambulance, Police and Fire Agencies.

It should also be noted that the list of proposed high value sites for the Two Radio Industry are just not viable.

**In our view the only basis that is fair is for all regional sites to be charged at a much lower rate than proposed. The new fees will simply drive all site users to other less expensive options.**

### Co-User Fees

There seems to be a fundamental miss understanding of what a co-user is in the Two Way Radio industry.

For many sites a typical cellular co-user is a service provider that requires a separate shelter and uses more crown land.

In the case of a local Two Way Radio service provider a typical co-user adds radio equipment worth between two and 10 thousand dollars into an existing shelter. No extra land or resources are required and in many cases not even new antennas are required on the tower as the industry shares many resources.

The typical market return for these services in a city site is \$ 12000 per annum and in regional areas is likely to be less than \$ 8000 per annum.

Under the proposed plan the co-user fee for sites for local service providers increases to

Sydney \$ 16,255, High \$ 13546, Medium \$ 7525 and Low \$ 3600 per annum.

How is this possible that the Government intends to charge more than the entire market value of any category of service for the Two Way Radio industry?

How is our industry supposed to continue providing services at a loss?

What are we supposed to do with the long term tower contracts we have committed to?

### Co-User Fees Budget Funded

Many users on sites are NSW Government agencies. Any price increases must be passed onto these users and this further erodes the viability of some sites, in some cases agencies are the only customers on a site. Evidence has been provided to IPART that demonstrates that some small site owners have lost these customers and been forced to close down sites.

If this is happening under the current site cost regime what do you think will happen if the costs sharply increase?

Why is IPART proposing the make the situation worse and to put even further stress on regional Two Way Radio business's?

### Multiple Users Sharing

We note that under recommendation 24 that IPART accept that where multiple users share the same equipment located on a tower this should be classed as one co-user and pay 1 rent.

We submit that considering the current practice of charging all ACMA licence holders a co-user fee that this statement needs to be clarified and made very clear what the intent is.

How will it be determined that users are sharing equipment on the tower. As we have demonstrated in the case of the Two Way Radio industry it is common place to share shelter space, surely that would be a more relevant measure of land usage.

### Summary

The proposed changes to site rentals seek to place all industries on the same playing field. This seems like a worthy objective however it places our business and the Two Way Radio industry on the same playing field as Telstra, It seeks to compare mobile phone carriers with SME's across NSW.

Where is the equity in these proposed arrangements, how can the taxpayer funded consultant's report simply deny the existence of the Two Radio industry in two lines stating that no one could be found to talk to?

During the first public hearings IPART asked for comments from stake holders. There was a unanimous agreement from all infrastructure providers that given a choice no new investment on crown land would take place. If that was the sentiment then how will increasing costs lead to the NSW Government signing more users onto sites?

If IPART truly want rental arrangements that are market reflective, administratively efficient and transparent than these proposals need a major re-think.

Yours faithfully

Hamish Duff  
Managing Director