



Our reference: DOC13/5132

Ms C Chou  
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Dear Ms Chou

**IPART ISSUES PAPER, DECEMBER 2012 – REVIEW OF RENTAL ARRANGEMENTS FOR COMMUNICATION TOWERS ON CROWN LAND**

As one of the agencies administering communication tower site leases and licences on Crown land the National Parks & Wildlife Service (NPWS) welcomes IPART's review of rental arrangements for communication tower sites.

The NPWS is primarily concerned to see that the current review will ensure that rentals applying for communication sites on Crown land are fully reflective of the rates that are being achieved in the commercial marketplace consistent with government policy. Please find enclosed a copy of the NPWS's submission which addresses the matters raised in IPART's Issues Paper dated December 2012.

Please contact Mr Stuart Schramm, Director Business Reform and Development on (02) 9585 6308 or Mr Vince Rago, Manager Business Operations Unit on (02) 9585 6363 should you require any further information.

Yours sincerely

**Ann King**  
**Head of National Parks and Wildlife Service**

18 February 2013

# **IPART ISSUES PAPER 2012 - NPWS SUBMISSION TO THE IPART REVIEW OF RENTAL ARRANGEMENTS FOR COMMUNICATION TOWER SITES ON CROWN LAND**

## **INTRODUCTION**

The National Parks and Wildlife Service (NPWS) of the office of Environment and Heritage, Department of Premier and Cabinet welcomes the opportunity to make this submission to IPART's review of rental arrangements for Crown land communication tower sites in NSW. The submission is confined to the questions posed in the IPART Issues Paper, December 2012.

NPWS is a part sponsor of the IPART review, along with the Crown Lands Division of Catchment and Lands, Department of Primary Industries (Crown Lands) and Forests NSW and supports IPART in its efforts to bring an independent view on this matter to ensure licence fees and rentals on Crown land are reflective of the prevailing whole of market conditions in respect of communication sites. The NPWS is also concerned to see that any current "under pricing" of rentals on Crown land resulting from IPART's 2005 determination that rentals should reflect a "conservative" view of prices at that time are appropriately addressed in the current review to ensure equity of market pricing for Crown land sites in comparison to other commercial sites.

### **1 What has driven the increase in the number of sites, leases or licences since 2005? Will the demand for sites, leases or licences continue to increase over the next 5 years?**

Insofar as the NPWS is concerned the increase in the number of licences and leases since the initial 2005 IPART Report has primarily stemmed from a proactive program to licence/lease existing sites that were previously unformalised. The great majority of these sites had been inherited from the Department of Lands/Crown Lands Office and Forests NSW as part of land transfers for new park additions. The strategy also included the licensing of co-users consistent with the 2005 IPART review.

The principal recommendations in the 2005 IPART Report provided an opportunity for the NPWS to negotiate with tenants/occupants in a structured process and help to resolve, in the main part, the more contentious issues around licence fees/rents, tenure term and occupancy conditions. To ensure a consistent and transparent approach the three affected agencies appointed a Working Group to oversee the implementation of the review. To the extent that was possible, having regard to the different legislative provisions each agency administers, agreement was reached on the key fundamental conditions that would be contained in the agreements to be granted by the agencies. The NPWS considers that certainty and consistency of conditions and IPART's endorsement of a pricing regime for communication sites assisted greatly in the high and prompt take up of licences/leases by both primary users (tower owners) and co-users.

In terms of increasing demand for communication sites, since 2005 there have been only 2 new "greenfield" communication sites constructed on NPWS administered lands by communication providers. Similarly, to date, there has been a relatively small number of new co-user installations (estimated to be approximately 15) approved for placement on existing towers.

The relatively small demand for new sites on NPWS administered lands should not be viewed as being indicative of the “state of the market” and needs to be considered in the context of the constraints contained in the *National Parks and Wildlife Act 1974* (the Act) to grant licences/leases for new communication sites. Having regard to the reasons why lands are reserved under the Act the provisions of section 153D (enabling power to grant licences or leases for telecommunication purposes) generally discourages the installation of new sites on park. For new sites to be successful proponents must demonstrate the absence of practical alternate sites outside of a park as a condition of a nine part assessment criteria. In this sense the NPWS is not in a position to proactively market or promote the availability of sites and NPWS lands are viewed as the “last resort” option by carriers and other communication providers. For these reasons the statistics that are to be provided by Crown Lands and Forests NSW may provide a better gauge of market interest and demand for communication sites on Crown land.

In regard to potential new sites, the NPWS currently has 4 enquiries for new telecommunication sites within metropolitan parks. At this stage these proposals have not been approved. The proponents must submit the required environmental assessment documentation for assessment prior to the grant of any approval/licence. The NPWS also has approximately 6 enquiries from NBN for installations in country areas.

Notwithstanding the foregoing comments the NPWS considers there will be an increasing demand for communication sites on NPWS lands due to the suitability/topography of some of those lands and the increased demand and use of data transmission (smart phones & tablets with higher mobile use for web browsing), coverage intolerance of ‘blackspots’ (infill locations needed for networks in difficult reception locations), increased capacity needs and the NBN roll out.

## **2 Do you agree with IPART’s proposed principles for this review? Are there other factors IPART should consider?**

With the qualifications noted the NPWS generally supports the proposed principles for this review which seek to balance administrative efficiency while attaining proper market based returns. The proposed principles are as follows :-

- market return: rentals should be based on the market’s willingness to pay for the site or facility, taking into account land values, terms and conditions of use
- administrative efficiency: arrangements for determining rentals should be simple to administer and cost effective
- transparency: rentals should be calculated in a manner that is clear and easily understood
- consistency: arrangements for determining rentals should be applied consistently across different land management agencies.

The NPWS notes that in its initial 2005 report IPART advocated and subsequently proposed that licence fees/rentals should reflect a conservative view of the market prices prevailing at that time. Consistent with Government policy and Treasury guidelines licence fees/rents for the use of Crown land should not be diminished in any way and must fully reflect the market and be comparable to private sector/commercial

arrangements and those in place with other government instrumentalities such as Sydney Water Corporation, Roads and Maritime Services, TransGrid, State Rail etc.. The NPWS contends that a conservative approach towards the setting of licence fees/rentals is not warranted in this review.

The suggestion by IPART that land values will be taken into account is not supported as it does not properly and adequately reflect the benefits realised by the licensee/lessee for the use of the site particularly where the occupancy is of a commercial nature. The argument that rentals for telecommunication occupancies should reflect the land values in rural and remote parts of the state is likely to be promoted by the commercial communication providers.

If land values are to be used then the market evidence of the benefits derived by both tower owners from their occupation of public land for telecommunication purposes must be disclosed along with their turnover figures. The majority of the NPWS commercial portfolio is based on a market based rent or percentage of turnover (whichever is the greater). Turnover based rentals are commonplace in both government and private sector commercial licences/leases. If there is to be a reliance on land values for determining licence fees/rentals then this must be supplemented with appropriate commercial disclosure requirements and gross turnover figures to ensure government receives a true market return for the use of Crown land.

The NPWS also notes and concurs with the position of Crown Lands in regard to the provisions of sections 143 of the Crown Lands Act and S14i of the Valuation of Lands Act which state that the market rent for a lease or licence will have regard to any restrictions, conditions or terms to which it is subject. The purpose of communication is clearly a key condition and this will not be reflected in using the land values of adjoining land that has been assessed for another purpose. The principle of high and best use must be paramount in the methodology to value Crown land communication sites.

**3 Does the current definition of a strategic site adequately identify sites that have strategic value? What are the characteristics of a strategic site that should be included in the definition? Please provide examples of sites that have strategic value but that do not meet the current definition of a strategic site.**

The 2005 IPART report recommended that for existing sites the following criteria should be used to identify high value strategic sites for which licence fees/rents should be determined through negotiation :-

- “Sites with more than 8 users, or
- Sites where the total current annual rent for the site (being the aggregate of rental to the primary user and of any co-user fees charged to co-users of that site) exceeds the highest fee for any single user in the fee schedule.”

The 2005 report (p8) notes that “each area of Crown land occupied by a primary user is considered to be a separate communication tower site; for example, if a second primary user occupies land adjacent to an existing communication tower site, the adjacent land would be treated as a separate site.”

Cabinet rejected this particular recommendation and it was agreed that the respective Ministers should have greater flexibility to determine high value strategic sites. The agency Working Group considered the matter further and while no specific criteria was developed to identify high value strategic sites it was generally felt that such sites should be subject to independent valuation to guide negotiations.

The NPWS acknowledges that while the current definition provides some guidance it is considered to be too narrow and fails to acknowledge that some strategic mountain tops have several towers but not all individual tower sites have 8 co-users. Factors such as geographic consideration giving broader coverage or network links, proximity to major highways/freeways, vehicle movements, population etc should also be considered in the identification of a high value site.

The inclusion of a defined rate or rates in the IPART Rent/Fee Schedule that would apply to high value strategic sites would assist in negotiating commercial terms with both primary users and co-users. Under the 2005 IPART recommendation for high value strategic sites, negotiation of commercial terms would have been dependent on an independent valuation process which would invariably have involved disputation with the tenant and potentially up to 3 valuations (one by the landlord, one by the tenant and a third party determination where agreement could not be reached) adding to the cost and time for completion of negotiations.

For administrative expediency the NPWS would support the inclusion of a category for high value strategic sites in the IPART Licence Fee/Rent Schedule provided the rates were supportable having regard to comparable market evidence and subject to regular reviews no longer than every 3-5 years. The other option is to allow agencies to determine licence fees/rentals for such sites by negotiation through independent valuation. However, it has been the NPWS's experience that carriers, broadcasters and infrastructure providers in particular tend to dispute valuations and protract negotiations when valuations are commissioned. The apparent lack of comparable market evidence and varying evidence across a broad spectrum of sites especially in country and regional centres has generally meant that valuers have relied on the IPART rates to determine site rentals.

Analysis of NPWS sites indicates that there are at least 9 sites which could qualify for high-value status but do not necessarily meet the criteria specified by IPART in 2005.

In summary the NPWS considers the definition of a high value strategic site requires further refinement. Comment on this aspect is dealt with by the NPWS in response to questions 5, 6 and 8 of IPART's Issues Paper.

#### **4 What are the costs of negotiating rental agreements? Do the benefits of rental rates agreed through a negotiation process outweigh the costs?**

The costs of negotiating licence/lease agreements have been considerable however, on balance, the implementation of the 2005 IPART report has been a productive and cost effective exercise for the NPWS. This premise is based on the increase the NPWS has been able to secure in revenue from communication occupations, being able to "lock in" tenancy arrangements for 20 years with corresponding future cash flow (with the ability to review fees/rent to market every 5 years) and the cost of lease administration. The

NPWS dedicated specific resources to fast track implementation of the new licensing/lease regime which primarily entailed:-

- Negotiating and agreeing on standard licence conditions for all primary users, Infrastructure Providers, and co-users and government/state owned corporations.
- Ground truthing each site and validating the status of occupancy arrangements and the scope to review such arrangements particularly where they were not on equitable commercial terms.
- Establishment of a database for sites and automated invoicing of licence fees and rental Reconciling invoicing, payments and outstanding amounts for authorised occupations.
- Agreeing with licensees/lessees on the classification of the occupancies based on the appropriate user and location classifications.

As far as possible, in the interests of equity and transparency, the NPWS has insisted on a standard lease/licence document with all tenants. Some very minor variations have been negotiated with some tenants to accommodate their peculiar circumstances or status/corporate nature, however, the NPWS has not departed from its fundamental conditions such as indemnities, tenure structure and term, environmental conditions, sub-tenancy arrangements etc. On this basis the NPWS has been able to achieve wide acceptance from its tenants to date. Once standard licence/lease templates have been concluded with specific tenants new agreements or renewal of arrangements with such tenants has been a relatively straight forward process.

It is recognised that a principal objective of the 2005 IPART review was to propose an administrative licensing/leasing regime that was simplified, transparent and robust to achieve a number of objectives for Crown land agencies including streamlining arrangements, securing cost efficiencies in the management and administration of communication sites. In this respect the NPWS considers the outcomes have been achieved.

**5 Should the definition of strategic sites be revisited to reduce the number of sites that would be subject to negotiation? If so, should an additional category be introduced in the fee schedule to capture the majority of strategic sites?**

The NPWS is of the view that the definition of strategic sites should be revisited to reflect key criteria that determine the commercial value of the site. Criteria to consider include the following.

- Coverage. Coverage to major towns/regional centres, major roads (NSW Roads and Maritime Services (RMS) data on traffic volumes) or areas of high visitation (eg Kosciuszko National Park)
- Relationship of the site to other sites
- Number of users. The mountain top as a whole should be considered rather than the number of users at an individual tower site because there are situations where there are multiple towers (eg, 8 towers at Yarrahapinni) but only one tower has 8 or more users. All tower sites on the same mountain top should be classified in the same location/strategic category.
- Type of users. The presence of users such as telecommunications and data carriers and commercial broadcasters is generally indicative of strategic value

- Topographically significant locations where there are few alternatives or sites providing greater line of sight and network coverage (reducing costs for the provider)
- Accessibility – existing services, ease of access, etc
- Environmental value. The national parks system has been afforded special status by the NSW Parliament due to its important conservation and heritage values and its safeguard is highly sought by the community. There is a sound argument that licence fees and site rentals in national parks should in fact attract a premium rate. This is especially important for sensitive areas such as mountain tops/ridges which, while affording excellent transmission coverage for communication towers, impose considerable impacts on the environment. In addition having towers on Crown land is less controversial in terms of community expectations that they will not be located near residential areas, schools etc.

The definition of strategic sites will depend on the approach taken to define High, Medium and Low sites. If the definition of High, Medium and Low continues to be based on a simplistic population density model then it is essential that the definition of strategic sites identifies key commercial criteria to ensure that fair commercial market returns are obtained for such sites and they are not merely categorised as Low or Medium. If a site is classified as Low based on population density but satisfies any of the strategic site criteria, as a minimum it should be considered Medium.

The NPWS supports the introduction of an additional category in the Licence Fee/Rent schedule to capture strategic sites and considers cost and time savings could be achieved in lease/licence negotiations where licence fees/rentals for such sites are predetermined.

**6 What changes, if any, would you suggest to the factors to consider when negotiating strategic sites as recommended by IPART in 2005?**

The NPWS has suggested some principles to consider for strategic sites in its response to question 5.

**7 What is the current market evidence on rentals by location? Does the market evidence still indicate that in general, higher rentals are charged for sites closer to metropolitan areas or population centres than regional and other areas?**

There is no comparable market evidence to suggest that the current IPART Fee/Rental Schedule (based on 2005 report CPI adjusted) for High, Medium and Low density locations reflects market rates. There is some evidence to support the view that the prices are less than market rates being achieved by Councils in some locations, other government instrumentalities such as Sydney Water Corporations and the private sector. Prior to the IPART Fee/Rent Schedule rents for communication towers in the Sydney Metropolitan area were generally higher in 2005 than the fees/rent now set by the schedule in 2012. There is evidence that rates charged by some council's for towers currently exceed the IPART rates in metropolitan areas.

As part of its radio network upgrade the NPWS has been faced with significantly increased licence fees/rental as a tenant (in most cases as a co-user) on commercial operated sites including those on Crown land. The extent of the rentals imposed on the

NPWS by some of the commercial providers suggests that the IPART rates are below market.

The NPWS understands there is ongoing reluctance on the part of the major communication providers to reveal their rental and commercial arrangements with co-users and landlords especially those on privately owned freehold land. A number are apparently subject to confidentiality clauses (where they are not subject to a registrable lease) which will make securing market evidence more difficult.

It can be reasonably be contended that the failure of the communication providers to provide commercial market evidence suggests that the evidence available would support the view that the current IPART rates are below market. IPART may be able to secure market evidence from the major providers if they give an assurance that such information will be kept in strict commercial confidence for the purpose of this review only and that it will not be publicly released. The NPWS considers that licence fees/rentals should be set to reflect the highest rates currently being achieved in the marketplace and the onus should be on the communication providers to justify any reduction in such rates.

**8 What are the implementation issues with applying the definition of high, medium and low location categories as per the 2005 Review? What are implementation issues specifically associated with the definition of medium locations applied by Parks and Wildlife and Catchments and Lands?**

The 2005 IPART review recommended using 3 location density categories high, medium and low. The definitions of the location categories within the fee schedule are:-

- High –greater metropolitan areas of Sydney (local council areas in the inner and outer Sydney area which includes Penrith and Camden local councils but excluding the Blue Mountains), Central Coast (local council areas of Gosford and Wyong), Newcastle (local council areas of Newcastle and Lake Macquarie) and Wollongong
- Medium – major regional centres with populations greater than 10,000 (as defined by the local council)
- Low – rest of NSW

The interpretation and application of the Medium location category has been problematic.

The agencies initially interpreted medium density as any Local Government Area with a population greater than 10,000. This provided a consistent and transparent approach, better reflected the current licence fees/rental rates being obtained at that time and was in keeping with the approach adopted by IPART for the defining high density sites. The NPWS has achieved wide acceptance of this position and concluded numerous agreements with broadcasters, infrastructure providers, state owned corporations, local councils, budget sector agencies and Telstra based on this definition. The Mobile Carriers Forum (MCF) however, challenged this approach which resulted in Crown Lands adopting an alternative approach to define medium density sites based on a certain distance buffer from a town with a population of more than 10,000 for its sites.



As the NPWS had already negotiated acceptable licence and commercial terms with the majority of its current tenants and for the reasons set out above the NPWS and Forests NSW agreed to continue to apply the LGA boundaries in determining the “medium density” location category. NPWS was mindful of the statement made by IPART that “It was not our intent that the entire population of local government areas, especially those located at a considerable distance from a city or town, would always be included in the threshold calculation.” Accordingly, NPWS has used its discretion in applying the LGA threshold where it can be demonstrated that the site is more appropriately categorised as low considering relevant factors such as the coverage, the nature of the facility, the number and type of users and the current rental fee. NPWS has also sought expert independent valuation advice on criteria to assist in clarifying medium and low categories sites.

It is recognised that during the 2005 IPART review agencies did not provide sufficiently detailed data of current site locations and rentals to enable IPART to understand that a narrow interpretation of Medium density location would result in significantly lower licence fees/rents than those being paid at the time by numerous tenants in regional areas. It is submitted that IPART’s intention was not to reduce licence fees/rents being widely achieved at that time by agencies but rather to better reflect prevailing market conditions.

It is the NPWS’s view that if the medium density category is based on an arbitrary distance for an Urban Centre with a population greater than 10,000, there is a risk that high-value/ strategic sites on NPWS lands would be classified as Low. For example, the Yarrahapinni site is just over 30km from the nearest major regional centre (Kempsey) identified by Crown Lands in its model. It is, however, a key site with 8 towers and numerous co-users. If the site was classified as Low, there would be a significant decrease in the licence fees/rentals currently being obtained from users at this site.

**9 Are there alternative definitions for location categories that are better supported by market evidence or are simpler to administer? What would market evidence support as thresholds for high, medium and low location categories?**

The coverage of a site can be quantified and is a key factor in determining the value of a site. The population of towns and the location of major roads within the area of coverage could be used to assist in defining high, medium and low sites.

The Annual Average Daily Traffic volume for roads can be obtained from RMS data. Population data can be obtained from the ABS. Threshold values for these factors could be determined for High, Medium and Low sites.

The NPWS is hopeful that IPART’s consulting valuers’ investigations into prevailing market arrangements will better assist IPART’s deliberations on this matter.

**10 Are there implementation issues with the current categories of users or occupancies in general?**

The NPWS has not encountered any major implementation issues with the current user categories and we regard that the current list of categories has been practical and administratively expedient to use.

The RFS, which is a budget sector agency, has contended on a number of occasions that it should be treated as “a community based” organisation rather than a budget sector agency. Given the relatively low rates applied under the latter user category all Crown land agencies have resisted treating the RFS differently.

The NPWS has also followed Crown Lands and applied the minimum rate determined pursuant to the *Crown Lands Act* 1989 (currently about \$400.00 per annum) for community based organisations rather than the \$100.00 recommended by IPART. A minimum fee of \$400.00 is still regarded as nominal taking into account the cost of administration of such sites.

Consistent with IPART’s 2005 review, the majority of licence fees/rents have been subject to CPI increases. The only exceptions that have been made is that some tenants have requested a fixed escalation rate rather than CPI to assist in their forward budgeting. Where fixed rates have been agreed to the rate has been set at 5%. At the time an option for renewal is exercised (every 5 years) the rate has been brought back to reflect the prevailing CPI adjusted rate.

**11 Can the categories of users be reduced, for example, into the 3 broad categories of commercial enterprises (including government businesses), budget funded sector and community based organisations? What user categories are used by other lessors of communication tower sites?**

The current user category has not proven to be problematic but the NPWS welcomes any opportunity to simplify or improve the current arrangements.

It is the NPWS’s understanding that commercial carriers, infrastructure providers and some other communication providers do not differentiate on user categories and their pricing regime is primarily based on the extent/degree of equipment placed on the tower, location of equipment and access to sheds/storage areas.

**12 On what basis would we calculate the amount of community service obligation for government businesses or concessions for budget funded and community based organisations?**

The NPWS notes that the differential pricing structure in IPART’s 2005 Licence Fee/Rent Schedule is based on the notion that setting rates for different users reflects the users capacity to pay and factors in the commercial benefits that are realised by the users of the site. In this sense it is reasonable to understand why rates for commercial carriers are set higher than, for example, a government budget sector agency or community-based organisation.

The NPWS recognises that charging commercial orientated government users such as government trading enterprises (GTE) and state owned corporations (SOC) market prices similar to commercial users provides for a more level playing field. However, it may be argued that many government agencies particularly inner budget sector agencies such as the RFS, Ambulance Service, Police, Government Radio Network, NPWS etc should not be required to pay market based licence fees/rents that are comparable to commercial communication providers given their outputs have no commercial downstream benefit.

Where community organisations can demonstrate that their service is not for profit and supports community and social objectives then there would appear to be a strong case to continue differential pricing. However, any fees/rents levied should at least reflect cost recovery and be based on the minimum rent that is payable pursuant to the *Crown Lands Act 1989* (currently about \$400.00 per annum).

The NPWS considers IPART is best credentialed to comment and report on the extent pricing needs to reflect community service obligations. IPART should define how community services obligations are to be defined and reflected in the pricing regime.

**13 What is the relevance of the development of new technologies for the user categories that were defined in the 2005 Review? What changes to user categories would better accommodate changing technologies?**

With the development of new technology new service/product providers may not necessarily fall within one of the existing user categories. Provision will therefore need to be made to allow flexibility to fit such technologies within IPART's recommended revised user category. Industry feedback may provide some further guidance.

The possible advent of joint ventures should also be examined and a pricing regime or guidelines established for such ventures. Joint ventures should not serve to reduce the rate of return to Crown land agencies.

**14 Should the National Broadband Network be added as an additional user category or can it be accommodated within the current user categories? Why?**

The NPWS has, to date, assessed new NBN applications in "Government Business Units and other commercial" definition category although no rental agreements with NBN have been concluded as yet. It is understood that Crown Lands has also adopted this position. The NPWS seeks advice from IPART as to the appropriateness of this category for NBN or whether a separate or new user category should be established having regard to NBN's product.

The NPWS has also been approached regarding the construction of a tower as part of the NSW Government Community Broadband Development (CBD) Program. This Program is to provide high speed broadband services to rural and regional communities with populations under 5,000. IPART should consider whether proposals of this nature require a separate user category and pricing in the Licence Fee/Rent Schedule.

**15 What are implementation issues from applying the 2005 fee structure for primary users, infrastructure providers and co-users?**

An implementation issue has arisen where one entity provides transmission services on behalf of another entity. In such cases, the tower owner/entity providing the transmission services argues that co-user licence fees should not apply as the entity benefitting from the transmission service does not own facilities on the tower. The NPWS has taken the view that where an entity has frequencies registered with the ACMA at the site, it should be treated as a co-user and charged the relevant fee.

Another issue is where a user occupies an area of land for an equipment shelter only and co-locates on an adjacent tower site. As such users directly occupy the land with an

equipment shelter (and may sublet their equipment shelter), they may be considered primary users rather than co-users.

**16 What is the current market evidence on discounts being applied to infrastructure providers and co-users?**

IPART's 2005 review recommended that rental for an infrastructure provider should be discounted by 30% (based on highest value user) and 50% for co-users. The NPWS is not aware of any comparable market evidence which suggests the rate of discounting is fair and reasonable or if it is indeed practised in the commercial marketplace.

The NPWS recognises IPART's original intent that discounting co-user fees would encourage co-location within the industry. In this connection the NPWS can understand that a measure of discounting co-user licence fees/rents can be justified. However, the application of the 50% discount to these users was not fully explained at the time and the NPWS questions whether the rate of discounting is appropriate having regard to commercial practice elsewhere.

The onus should be on the communication providers to justify why the current extent of discounting should continue based on market evidence elsewhere.

**17 What are the reasons for continuing to apply a discount to infrastructure providers and co-users? What would be the consequences of lowering or removing the discount for infrastructure providers and co-users from the current fee schedule?**

Please refer to the NPWS's response to question 16. Any discounting to infrastructure owners or co-users should only apply if this is commercial practice in the marketplace. Although the imposition of discounting arising from the 2005 review has facilitated the take up of co-user licences, it may also have led to significant losses in real revenue to Crown land agencies.

The NPWS welcomes the opportunity to reassess licence fees and rents for infrastructure owners and co-users on Crown land communication sites so they better reflect the commercial marketplace.

**Other issues**

**18 Should rental rates for Small Country Automatic Exchange (SCAX) sites come under the fee schedule for standard sites? If so, on what basis should we determine appropriate rental rates? Should SCAXs be considered as a separate category in the fee schedule?**

The NPWS supports the inclusion of SCAXs (Small Country Automatic Exchange) and repeater sites in the Licence Fee/Rent Schedule. The mobile carriers maintain that such facilities provide a different service to communication sites and a different pricing regime should apply. The NPWS considers IPART's consulting valuers should investigate what the commercial practice is in the communication marketplace and provide appropriate recommendations in its report back to IPART. Communication providers should be required to provide specific evidence to justify differentiation of approach and pricing.