

INDEPENDENT PRICING AND REGULATORY TRIBUNAL

PUBLIC FORUM ON REVIEW OF RENTALS  
FOR COMMUNICATION TOWERS ON CROWN LAND

Roundtable discussion

Tribunal Members:

Mr Peter Boxall - Chairman

Mr James Cox

Mr Simon Draper

Secretariat Member:

Ms Chen Chou

Held at IPART Offices, Level 8, 1 Market Street  
Sydney, NSW

On Monday, 18 March 2013, at 2.30pm

.18/3/2013 1

Transcript produced by Merrill Corporation

---

1 OPENING REMARKS

2  
3 THE CHAIRMAN: Thank you all for coming. Let's get  
4 started. First I'd like to welcome you to this public  
5 roundtable on IPART's "Review of the rental arrangements  
6 for communication towers on Crown land."  
7

8 I'm Peter Boxall. I'm the Chairman of IPART. And I'm  
9 joined today by my fellow Tribunal Members - Jim Cox, on my  
10 left, who is also IPART's CEO, and Simon Draper on my  
11 right, who is a Tribunal Member. Assisting the Tribunal  
12 today is the IPART secretariat member, Chen Chou.  
13

14 I would like to take this opportunity to thank all  
15 those who have taken a considerable amount of time and  
16 trouble to make a submission to this review. Stakeholder  
17 submissions are available to the public on our website.  
18 All submissions received are being carefully considered by  
19 us in developing our findings and recommendations, we  
20 will also consider matters raised in the course of today's  
21 proceedings.  
22

23 The purpose of today's roundtable is for us to seek  
24 more information through a structured discussion. It will  
25 allow interested parties the opportunity to comment on  
26 matters arising from our issues paper, and from the  
27 submissions that we've received. On the agenda today are  
28 two main sessions:  
29

30 *Session 1: Definition and treatment of*  
31 *strategic sites and location categories;*  
32

33 *Session 2: Number of user categories and*  
34 *treatment of infrastructure providers and*  
35 *co-users.*  
36

37 The secretariat will provide a short presentation before  
38 each session to outline the issues. I will then ask for  
39 comments from the participants at the table, and then from  
40 members of the audience. I will endeavour to give everyone  
41 who wishes to do so an opportunity to speak.  
42

43 I should advise you that today's hearing will be  
44 recorded by our transcribers. Therefore, to assist the  
45 transcribers, I ask on each occasion you speak, you  
46 identify yourself and, where applicable, your organisation,  
47 before speaking. I also ask that you speak clearly.

.18/3/2013 2 OPENING REMARKS  
Transcript produced by Merrill Corporation

1  
2 A copy of the transcript will be made available on our  
3 website next week.  
4

5 So now, without further ado, I turn to the secretariat  
6 to provide a short presentation for the first session.  
7 Chen.  
8

9 Session 1: Overview, definition and treatment of strategic  
10 sites and location categories  
11

12 MS CHOU: Thank you. As background to the discussion  
13 today, I will go through, first of all, the terms of  
14 reference for this review. I will go through that fairly  
15 quickly.  
16

17 The Government asked IPART to, firstly, advise on  
18 revisions to the fee schedule to reflect fair market base  
19 commercial returns, and in the issues paper we refer to  
20 these as "standard sites". The Government also asked us to  
21 recommend principles to guide rental rates for strategic or  
22 high value sites, and we refer to these as "strategic  
23 sites", and the government also asked us to consider the  
24 government's preference for a fee schedule that is simple,  
25 transparent and cost reflective.  
26

27 Now, I'll go through very quickly at a high level the  
28 guiding principles that we've set out for the review, and  
29 they have been outlined in the issues paper.  
30

31 So there are four principles - market return, administrative  
32 efficiency, transparency, and consistency. In the  
33 submissions that we have received, there have been a  
34 number of stakeholders who have stated that rentals should  
35 be based on a percentage of land valuation, or percentage  
36 of turnover. I just want to address this point briefly.  
37

38 The principles for the review are guided by the terms  
39 of reference, which is set by the Government, and the  
40 Government has outlined in the terms of reference a  
41 preference for market based commercial returns. So for  
42 this review we are using market evidence to guide us in  
43 setting the rental rates for the fee schedule. And we have  
44 asked BEM Property Consultants to actually look into the  
45 market evidence and provide recommendations to us in  
46 setting the market rentals for the fee schedule, and their  
47 report will be available when we release our draft report

.18/3/2013 3 SESSION 1  
Transcript produced by Merrill Corporation

1 in late April.  
2  
3 Now, the first topic of today is the "Definition and  
4 treatment of strategic sites". In the issues paper we  
5 raise the question, given the current arrangement which  
6 is - we have split sites into standard sites and strategic  
7 sites, so there are some sites where it's more beneficial  
8 to have a negotiation process to arrive at market return,  
9 and there are other sites where it's more beneficial and  
10 cost effective to just refer to a fee schedule.  
11  
12 So currently if a site meets the current definition - which  
13 is up on the screen at the moment - we've recommended  
14 a negotiation take place, as per the 2005 review, but we're  
15 asking the question now should the number of sites subject  
16 to negotiation be minimised given the cost versus benefits,  
17 so should we look at the current definition of strategic  
18 sites, to make sure it covers the right characteristics,  
19 and should the number of sites be minimised in terms of  
20 negotiational process, cost and benefits.  
21  
22 In the submissions, a number of stakeholders have said  
23 strategic value is not linked to the number of users, and  
24 negotiations can be costly and time-consuming, and there  
25 can be many attributes to strategic sites. For example,  
26 topography - so level of elevation, and closeness to  
27 highways.  
28  
29 What we want to explore further is, is it actually  
30 going to be too complex to define a strategic site, and if  
31 we remove the definition of a strategic site, what about  
32 having the option to negotiate on any site if either party  
33 wishes to, and also an open tender process - is that  
34 possible for new sites? If we maintain the concept of a  
35 strategic site, is it more transparent to publish a list of  
36 specific sites that could be subject to negotiation?  
37  
38 The second topic today is "Location categories". In a lot of  
39 the submissions that we have received, the issues raised  
40 was inconsistent application of medium location category,  
41 so that's what I concentrated on in terms of the slide  
42 today. There were, in terms of different definitions used  
43 by the government agencies - one government agency has  
44 used a definition for location category of within local  
45 government area of population more than 10,000, another  
46 agency has used 12.5km radius of some regional centres  
47 that have been specified.

1  
2 In the submissions there were also other options that  
3 have been proposed - for example, within 10km of specified  
4 regional centres, or within 10km of specified rural  
5 highways. There's also the definitions that have been used  
6 by the Australian Communication and Media Authority.  
7  
8 And what is clear from the submissions is that  
9 population density seems to be an important factor in the  
10 definition. We want to explore whether it's more  
11 transparent to define medium density using X kilometre  
12 radius from specified towns, and given the diversity of  
13 regional New South Wales, can you apply one kilometre  
14 radius to be reasonably applied cross all of  
15 New South Wales?  
16  
17 THE CHAIRMAN: Okay. Thank you very much, Chen.  
18 What I'm planning to do is ask for contributions from  
19 around the table. If you could keep your contribution to  
20 three or four minutes, given we have a very large audience  
21 today, that would be appreciated.  
22  
23 Would somebody like to kick off - maybe somebody from  
24 the private sector, Telco. Bob?  
25  
26 MR JOICE: Yes, thanks. There's a commonality between all  
27 the communication site users. They provide a service to  
28 the broader community of New South Wales, to enhance  
29 social cohesion, to support the protection and operation of  
30 infrastructure, to provide emergency services, and to  
31 provide common communication networks.  
32  
33 The value of those sites in themselves is not a significant  
34 determinant at present in the assessment of the rents.  
35 Now, it's Telstra's view that the discriminatory pricing that  
36 exists today needs to be corrected. Now, the current regime  
37 has been manipulated by some of the land management  
38 agencies, to protect previous rental streams.  
39  
40 Now, it was very clear from the previous IPART review,  
41 the intent was for medium density - that it was for  
42 townships of 10,000 or more, and yet we have two of the  
43 agencies still demanding that it applies to the entire  
44 LGAs, and the case of DPI, an agreement was struck at the  
45 time, a radius of 12.5km from the regional centre, the  
46 centre of the regional centre.  
47

1 Now, when you look at LGAs of 10,000 or more - the  
2 example I've used previously is the Shire of Moree Plains.  
3 Now, Moree is the capital of that LGA, has a population of  
4 6,500 people. The LGA has a population of some 15,000  
5 people, so it's captured in the 10,000, and the area of the  
6 township is some 18,000 square kilometres. It's larger  
7 than Northern Ireland, and there's not many people, and  
8 yet the expectation is that the carriers will pay the medium  
9 rate. Now, it's just ridiculous. We provide networks to  
10 that community, at an excessive price when we use Crown  
11 land.

12  
13 Now, the determinative of strategic sites is  
14 intriguing, because it would assume that as soon as they -  
15 an operator, communications group, picks a hilltop and  
16 another one says, "Well, I'll share that infrastructure",  
17 it becomes strategic for some reason. Yet if they choose  
18 to operate from two distinct hilltops, neither of those  
19 particular hilltops could become strategic.

20  
21 It is not the land itself that is strategic, it is the  
22 expenditure of capital and building roads, bringing power,  
23 building the tower, and in some cases bringing the  
24 transmission fibre to that particular site, which has some  
25 commercial opportunity for other co-users. So I can't  
26 stress strongly enough the view that there is no such thing  
27 as a strategic site. There may be strategic investments  
28 made by the tenants, but the land itself is of little  
29 consequence.

30  
31 THE CHAIRMAN: Thanks, Bob. Somebody else? Dugald.

32  
33 MR GLASGOW: Well, unsurprisingly, we share the same  
34 view as Telstra on this. And, again, getting to the issue of  
35 strategic sites, what defines a strategic site - is it the  
36 site actually on that hilltop, is it the site down below  
37 the hilltop, talking to that site? Again, we have a  
38 similar sort of view on this, and we actually hold to the  
39 opinion that there is no such thing as a strategic site.

40  
41 THE CHAIRMAN: Okay. Thanks, Dugald. Anybody  
42 else? Yes, Howard.

43  
44 MR GAME: Howard Game, just to reinforce what's been said,  
45 but I make the observation that in the telco world - and I  
46 would argue in most communications - what we provide is a  
47 network. There's no such thing as a value on an individual

1 site. People don't buy our services because we have  
2 service in a particular locality, they buy our services for  
3 the totality of the network, and that includes sites that  
4 are perceived to be of strategic value in locations of  
5 assumed high usage, and lots of locations where there's  
6 very little usage, but an expectation that a service will  
7 be available.

8  
9 THE CHAIRMAN: Thanks, Howard. How about one of  
10 the land management agencies. Donal.

11  
12 MR O'SHEA: Donal O'Shea from the Department of  
13 Trade and Investment and Crown Lands.

14  
15 We have a view that there are strategic sites. The  
16 sites are strategic because of the reasons that Bob  
17 mentioned - the significant investment in that site, the  
18 scale of the site, the choice of that site - the  
19 topography. The number of users is an indicator of the  
20 value of that site to the different players.

21  
22 If I look at some of the sites that we would class as  
23 strategic, there are a broad spectrum of television  
24 broadcasters, telco providers, emergency services - quite a  
25 broad spectrum of users who derive - who find it  
26 beneficial to locate on that site.

27  
28 The sites are remote. They're visible. They occupy  
29 the highest point near to highways or near to built-up  
30 areas. The opportunity to have an alternative location is  
31 rare. There is a scarcity to them, and there is a value to  
32 them. We don't want to get rates that are not fair. We  
33 believe that it is in the industry's interest to disclose  
34 their rental fees or their charges that they levy, so that  
35 we can have the comparative data to come up with a fair  
36 market return.

37  
38 We believe that the current definition of strategic  
39 sites of eight or more users is a valid criterium. We  
40 believe that it could be stretched further to include  
41 aspects such as topography, or the variety of users. But  
42 to say that some sites are not strategic, is not something  
43 I agree with.

44  
45 I think also that the sites are strategic to different  
46 players on the same site. There are broadcasters and there  
47 are national providers for which the sites are strategic.

1 I don't believe the sites are strategic for some other  
2 players who may be regional or smaller in their profile.  
3  
4 THE CHAIRMAN: Okay. Thanks, Donal. Jim.  
5  
6 MR WALLIS: It's Gary Wallis from Broadcast Australia.  
7  
8 THE CHAIRMAN: I'm sorry.  
9  
10 MR WALLIS: Apologies, Jim couldn't be here today, so I  
11 have taken his seat.  
12  
13 Broadcast Australia have the view that there is no such  
14 thing a strategic site. There are a number of reasons why  
15 users aggregate at a particular point. And it may well  
16 be for a number of reasons that a site is where it is, and  
17 is not in the preferred location. So that could come simply  
18 down to topography. To run, you know, an effective  
19 site, you need to get vehicular access to that. So it  
20 might be the strategic site - if there is such a thing - might  
21 well be located, you know, 500 metres down a ridge,  
22 but it's simply not practical to get there.  
23  
24 So that reflects just one compromise. It's made in  
25 relation to where you establish your site, and it's also  
26 reflective of the compromises that others will make. It  
27 might well be that everyone wants to be 500 metres down,  
28 you know, that ridge, but basically can't get there. So  
29 what they'll do is they'll choose to go sacrifice some  
30 coverage or some other amenity that they are after, and  
31 to - and share costs and, you know, make other decisions  
32 that are their own to make, and share that site - none of  
33 which actually go to any of the particular site in question  
34 having any strategic value to drive their decision.  
35  
36 THE CHAIRMAN: Thanks, Gary. How about another  
37 land management agency? Stuart.  
38  
39 MR SCHRAMM: Thank you. We actually share the view of  
40 DPI, that there are strategic sites - number of users, the  
41 topography absolutely, where people actually share sites to  
42 factor into the networks to extend your networks from  
43 those strategic sites or through those strategic sites. So we  
44 think there is very much a view for that. And it's  
45 important we actually get a fair market return for what we  
46 own as those strategic sites.  
47

1 THE CHAIRMAN: Okay. Thanks, Stuart. Stephen.  
2  
3 MR CHOQUENOT: Peter Choquenot, ATI. Steve sends  
4 his apologies.  
5  
6 THE CHAIRMAN: Sorry, what's your second name?  
7  
8 MR CHOQUENOT: Choquenot.  
9  
10 THE CHAIRMAN: Thank you.  
11  
12 MR CHOQUENOT: We are a relatively small carrier, unlike  
13 the large national carriers. Our view is that there are no  
14 strategic sites, merely convenient sites. I think the land  
15 management organisations are possibly confusing the  
16 infrastructure on the sites with the actual site itself.  
17  
18 Inevitably, when we choose a site it's due to the  
19 existing infrastructure which has been put there typically  
20 by one of the private companies that's been renting a bit  
21 of land off the landowner effectively. And trying to  
22 optimise your position, the compromise you come to is  
23 based purely on cost.  
24  
25 If we run into a site that's too expensive, we'll work five sites  
26 to go around it, which we can manage the costs on. What  
27 this has done to us at the moment is make management  
28 of those costs almost impossible when we go near Crown  
29 Land. So, you know, for the last three years blanket  
30 rule is don't go near a site that's owned by the Crown.  
31 Build, instead. And that creates friction within,  
32 obviously, communities and within our customer base.  
33  
34 THE CHAIRMAN: Okay, thanks, Peter. David.  
35  
36 MR McKEAN: Just to follow up that point. One thing  
37 that we make clear in our submissions, that there's different  
38 markets that the Tribunal needs to consider. So there's  
39 access to land, which is one thing; but access to tower  
40 infrastructure is a very different market, with a very  
41 different risk profile, and a return profile; and then the  
42 third market is the actual - the radio networks, or the  
43 broadcast transmission networks that come from those sites.  
44  
45 So I think it's very important that we understand what  
46 market we're in, and what market is being regulated,  
47 because the market is the access to land. It's not access

1 to the tower infrastructure, which has a very different  
2 profile. So that's important.

3  
4 The other point that we would like to make just at the  
5 start is that Crown Castle has entered into a number of  
6 arrangements in accordance - for better or worse - in  
7 accordance with the principles that IPART laid down  
8 following its 2005 review. And it's important for any  
9 investor that it can operate with certainty in a market,  
10 because there are a lot of risks associated with these  
11 assets. So we just say upfront, in relation to anything  
12 that we're going to talk about, that all the arrangements  
13 that have been entered into in good faith are honoured,  
14 and that - that was certainly something that was  
15 IPART on the last occasion, so we'd like that repeated as  
16 recognised by part of this review.

17  
18 THE CHAIRMAN: Okay. Thanks, David. Now, Martin.

19  
20 MR McLEOD: Thank you. I represent the Australian  
21 Radio Communications Industry Association, as well as  
22 my own business.

23  
24 The Association doesn't support the notion of strategic  
25 sites, much like everybody else here. Our argument is that  
26 strategic sites in themselves, if they exist, can  
27 predominantly be used by government radio users in any  
28 case, so the issue then becomes one of commercial reality  
29 that says that if the government occupies - the seven or  
30 eight government departments occupy a site, then private  
31 enterprise is disadvantaged by the fact that there's other  
32 people there.

33  
34 That just doesn't work for our industry. Most of our  
35 guys are very small players in a big market, and we  
36 struggle to fund the costs that are put upon us by IPART.

37  
38 THE CHAIRMAN: Okay. Thank you. Yes.

39  
40 MR RAYNER: Thanks, Mr Chairman. Ken Rayner, St  
41 George Amateur Radio Society.

42  
43 We are a volunteer non-profit organisation. Our  
44 requirements for communication towers on Crown land  
45 are probably a little bit different from some of the  
46 communication we've had here today, in that we have  
47 predominantly repeaters on these sites, radio repeaters,

1 which we use for a variety of purposes, including training  
2 research development, volunteering, emergency and hobby.

3  
4 These repeaters cover big areas. We have got one site at  
5 Mount Bindo, covers the whole Sydney metropolitan area,  
6 and out into the west. So the popular - and it's located  
7 within Lithgow council, which has a population in excess of  
8 10,000 people, and we would be quite concerned if that  
9 site, which is in the middle of nowhere, except for a whole  
10 bunch of trees, was qualified as being a medium density  
11 type area.

12  
13 From our point of view, because of the range of the  
14 repeater, radius and nearby town populations, from our  
15 point of view is probably a little bit on the irrelevant  
16 side, given the broad coverage of those repeaters.

17  
18 Now, I believe that Glen Innes repeater is in the same  
19 situation, where the population that that actually serves  
20 is substantially lower than the actual population within  
21 the geographical area. Thank you.

22  
23 THE CHAIRMAN: Thanks very much, Ken. How about  
24 another land management agency? Mark, TransGrid.

25  
26 MR BRITTON: Mark Britton, TransGrid. Probably people  
27 would know TransGrid is a state owned corporation. We  
28 manage the transmission network in New South Wales.  
29 The prime use of the radio communication sites for us is  
30 around our regulated business, and it's around protection  
31 and control of our assets.

32  
33 It's primarily a network that interconnects, and it's  
34 a ring around the State, back to our major control centres.  
35 In terms of strategic sites, what may be strategic to  
36 TransGrid could be completely unstrategic to anybody  
37 else, because, really, we're about interconnectivity of our  
38 network, and getting from some of our remote substations  
39 back to our regional centres and our control centres, and  
40 it's a mesh of network that gets back to a single location.

41  
42 So some of the things that could drive a strategic site for  
43 TransGrid, which probably doesn't apply to anybody  
44 else at all, is our relationship to other repeater sites,  
45 and relationship to our substations and transmission  
46 networks.

1 THE CHAIRMAN: Thanks, Mark. We'll go to Tim.  
2  
3 MR SMITH: Hi, Shaun Smith from the telco authority. For  
4 the people who don't know, the Telco Authority is a  
5 statutory government authority that provides services to a  
6 number of government users, in particular law enforcement,  
7 emergency services agencies. We are here today both as a  
8 policy setting body, and also a service provider, and we  
9 also have some land that we own.  
10  
11 In regards to strategic sites - the Telco Authority doesn't  
12 support the introduction of strategic sites. Whilst it  
13 would seek to drive closer to market returns in some  
14 cases, we think that it compromises some of the other  
15 principles set out for the IPART methodology, in  
16 particular simplicity in transparency.  
17  
18 Some of the land use agencies have spoken about  
19 incorporation of highway modelling data, population,  
20 proximity to other sites - all of those things could be  
21 considered, but I think we would wind up with a scenario  
22 where it was so complex that people wouldn't be able to  
23 make investment decisions.  
24  
25 The other side of our concern around the introduction  
26 of strategic sites is with the eight user kind of benchmark  
27 for a strategic site, it really doesn't give certainty to  
28 carriers and other infrastructure providers for their  
29 investments long term. You can have a site that at the  
30 point of investment only has six or seven users, and  
31 there's about 48 of those across the State at the moment.  
32  
33 That quickly becomes a strategic with the addition of  
34 one or two more users. That then potentially affects the  
35 longevity of the investment that those carriers have made.  
36 The consideration there is what is the economic impact of  
37 actually having carriers not investing in rural and  
38 regional communities, not just the financial return to the  
39 State.  
40  
41 Thanks, Chair.  
42  
43 THE CHAIRMAN: Thanks, very much, Shaun. So I was  
44 going to ask some of the remaining people, and then ask  
45 Geoff from Forests New South Wales, as a land  
46 management agency, and then finally Richard from BEM  
47 Consultants. Okay.

1 So Tabcorp.  
2  
3 MR PARNELL: No further comments on this one.  
4  
5 THE CHAIRMAN: And you're not Max Carter.  
6  
7 MR PARNELL: No, I'm Brendan Parnell from Sky Sports.  
8  
9 THE CHAIRMAN: Sorry?  
10  
11 MR PARNELL: Brendan Parnell.  
12  
13 THE CHAIRMAN: Right. Thanks, Brendan. Des?  
14  
15 MR FOSTER: Well, there's an old Russian saying that it's  
16 easier to speak than to say something, and I think on this  
17 occasion I won't speak.  
18  
19 THE CHAIRMAN: Thank you. Much appreciated. I  
20 think now - you are right, Tim?  
21  
22 MR PEARSE: Yes.  
23  
24 THE CHAIRMAN: I think now if we move to Geoff from  
25 Forests New South Wales.  
26  
27 MR COGGINS: Thank you, Mr Chairman. Our position  
28 is very much the same as the other land management  
29 agencies. Our overriding concern, I think, is to achieve  
30 fair market returns for our sites, for the process by which  
31 the IPART review has been set up has aimed to achieve  
32 that, no problem.  
33  
34 THE CHAIRMAN: Thanks, very much, Geoff. Richard.  
35  
36 MR MONTAGUE: Thank you. In relation to strategic  
37 sites, our view is every site is made up of a contribution of  
38 land providers, a certain element of contribution, and the  
39 improvements upon that site will improve that site  
40 relative to what the particular use is.  
41  
42 In some cases the contribution of the land can be  
43 relatively minor, depending on the characteristics of that  
44 site. In some cases the contribution on the site can be  
45 relatively major. Some of the aspects that have been  
46 talked about earlier include such thing as access to  
47 population, topography, line of sight characteristics,

1 accessibility, power, and all of those things.  
2  
3 And, ultimately, our view in looking at the market  
4 evidence that is available out there, we interpret what is  
5 being negotiated in the marketplace. And the market says  
6 some sites are more valuable than others. Whether you call  
7 them strategic sites or high value sites or low value  
8 sites, there are relative values, which we try and  
9 interpret. And clearly some sites are more valuable.  
10  
11 One of the issues that we see here is we're talking  
12 about a schedule to cover a vast range of sites.  
13 And one size fits all doesn't suit every site. Hence, the  
14 schedule may work for a large number of sites out there,  
15 and I think our investigations suggest that it has worked  
16 in many cases.  
17  
18 However, some sites don't necessarily fit, and there's an  
19 argument between owners and tenants as to where the  
20 real value of that is. Ultimately, that leads to the  
21 negotiation aspect of any form of real estate - you know,  
22 when parties typically can't agree, the negotiator goes  
23 through a process.  
24  
25 So to cut a long story short - in our view there are  
26 high value sites - some call it strategic, some higher  
27 value - but the schedule won't necessarily look after those  
28 sites.  
29  
30 THE CHAIRMAN: Okay. Thanks very much, Richard. Okay.  
31  
32 It's an opportunity from the audience. If you would like to  
33 ask a question, please come up and identify yourself  
34 and the organisation with which you are affiliated.  
35 Somebody down there. No. Yes, down the back.  
36  
37 MR GIOVENCO: Look, it's Joe Giovenco from TX  
38 Australia. We own infrastructure in which the commercial  
39 broadcaster, national broadcaster stream from our  
40 facilities. I think the whole --  
41  
42 THE CHAIRMAN: Can I just get your first name?  
43  
44 MR GIOVENCO: Joe Giovenco.  
45  
46 THE CHAIRMAN: Thank you.  
47

1 MR GIOVENCO: TX Australia. The whole premise of a  
2 strategic site seems to be greatly flawed, as I've heard.  
3 The topography doesn't determine how strategic the site is.  
4 The infrastructure that has been provided by the  
5 infrastructure provider is what makes it strategic .  
6  
7 I thought the issue - or the government was very -  
8 utilising multiple users on the one facilities, whether  
9 having a proliferation of towers, having co-users on sites.  
10 So that is greatly encouraged. But we've got to be  
11 conscious that at the end of the day there's an  
12 infrastructure there which is not infinite in the amount of  
13 resources which you can put on to a tower or structure.  
14  
15 It seems quite flawed to me that somebody has created  
16 the structure fortuitously on a piece of land that might be  
17 geographically deemed as being strategic by government  
18 many years ago; have a relationship, a structure has been  
19 put on there, co-users have been encouraged to come to  
20 the particular site, and now there's a premise that they're  
21 going to be charged a co-user fee.  
22  
23 A lot of times what is installed in these towers could  
24 be minor telecommunication structures, ISB panels, to feed  
25 the community. It's a free-to-air service, a lot of these  
26 services, yet we seem to be trying to encourage a  
27 commercial rate.  
28  
29 If you talk about television services, there is actually  
30 nothing external that's put onto a restructure. It's all  
31 within the reserved area within the building, and they  
32 share a common feeder system and antenna system. So it  
33 seems odd where we're trying to feed the community with  
34 free-to-air television service, and we're trying to now  
35 reap a reward back with co-user fees. They're the points I  
36 want to make.  
37  
38 THE CHAIRMAN: Thank you, very much, Joe. Other  
39 questions or comments from the audience? No.  
40  
41 Anybody around the table like to make a follow-up  
42 comment or question?  
43  
44 Okay. Then let's move on to the second item on the  
45 agenda. Chen.  
46  
47 MR O'SHEA: Sorry, Mr Chairman. I don't think we have



1 discussed medium density. The discussion was predominantly  
2 around strategic sites and their location and definitions.  
3 I didn't address that, I'd like the opportunity to.

4  
5 THE CHAIRMAN: That's fine. That's great. Go ahead,  
6 Donal.

7  
8 MR O'SHEA: Yes. The initial definition of locations by  
9 IPART in 2005 review was quite clear for high density  
10 classifications, but was flawed for classified medium  
11 density sites.

12  
13 The Department of Trade and Investment worked very  
14 hard with the Mobile Carriers Forum to come up with a  
15 work-around until this review could take place. The  
16 work-around that was agreed was 12.5 kilometres from  
17 the centre of a town. We believe there is a better and more  
18 scientific independent measure of density using the  
19 Australian Bureau the Statistics data about areas and  
20 urban centres. That data is collected periodically, and  
21 updated and maintained separately.

22  
23 In our submission we propose that medium density should  
24 be, according to the urban centres, greater than 10,000,  
25 as identified by the ABS. And within a 30km radius  
26 of those centres. People aren't static. They move. They  
27 transition from work to play to holidays, and there is an  
28 expectation that, as Howard said, services will be  
29 available almost any time, anywhere.

30  
31 With that there are location identifiers where the medium  
32 category has been constrained by our work-around  
33 arrangement with the mobile carrier firm. As an example,  
34 we have 20% of our sites which are classified as high at  
35 the moment, based on the IPART definition. And only 10%  
36 are classified as medium density, with 70% as low. We  
37 believe that there is a better alternative. We have  
38 included that in our submission with the buffer zones.

39  
40 With that, the number of high density sites would remain  
41 as is, with 20%. The number of medium density sites  
42 would grow from the current 10% to 23%, with a residual  
43 of 50% in the low density classification. We also believe  
44 there's merit in extending buffer zones to areas which are  
45 outside New South Wales, but provide the benefit of  
46 density to those towers - for example, the ACT, the Gold  
47 Coast, and other areas that we have identified.

1  
2 There are incongruous situations, for example, where we  
3 have one iconic tower at Gan Gan. It coexists with a  
4 gorgeous lookout over the whole area of Port Stephens, and  
5 it nestles just in between a cluster of reasonable density  
6 locations, and is currently valued as low density, and it  
7 is a strategic site. Thanks.

8  
9 THE CHAIRMAN: Thanks, very much, Donal. Anybody  
10 want to add further comment? Yes, Peter.

11  
12 MR CHOQUENOT: Yes, Peter from ATI. Donal, the  
13 problem with that approach is you're basing it all on mobile  
14 coverage. A lot of us don't give a toss about it. We are  
15 point to point. We are picking out sites. The population  
16 density has nothing to do with our business case.

17  
18 MR O'SHEA: Peter, I acknowledge there are different  
19 markets, and I would hope that the market evidence that  
20 is being gathered would reflect the differences in the  
21 markets. I don't believe there is one market, but I  
22 believe there are multiple markets, and I think the pricing  
23 needs to reflect that.

24  
25 THE CHAIRMAN: Thanks, Peter - Donal, sorry. Yes, Ken.

26  
27 MR RAYNER: Ken Rayner, St George Amateur. From our  
28 point of view, being a non-commercial operation, we  
29 probably wouldn't consider the density would be very  
30 appropriate, simply because the density of our users extends  
31 over a wide geographical area. Thank you, Mr Chairman.

32  
33 THE CHAIRMAN: Thanks, Ken. Anybody else around  
34 the table? Bob.

35  
36 MR JOICE: Yes, Bob Joice, Telstra. I disagree with any  
37 location category. It is entirely unnecessary. The value  
38 of the land should be the determinant, and land values  
39 increase as they get closer to populated centres, and  
40 diminish the further away from populated centres. So if  
41 the rent was determinant on the basis of the land value - a  
42 percentage of the land value - it will capture those sites  
43 in high density areas with a higher rental, and not punish  
44 those remote sites in low density areas. That's a simple  
45 formula. It's consistent, it's equitable, right, and we  
46 don't have arguments about proximity being 12.5km or  
47 30km from a centre. The value of the land is what we are

1 buying, the right to occupy that land.  
2  
3 THE CHAIRMAN: Thank you, Bob.  
4  
5 MR WALLIS: Mr Chairman, Gary Wallis from Broadcast  
6 Australia.  
7  
8 THE CHAIRMAN: Gary, yes.  
9  
10 MR WALLIS: I think what - I suppose what we have to  
11 acknowledge here is we're trying to determine what a  
12 market base return ought to be for land that's used. The  
13 Broadcast Australia, along with - I know Telstra shares a  
14 view, but there are others. I'm saying that that goes back  
15 in effect to the value of the land being employed, and  
16 some sort of return offered.  
17  
18 And it's our experience that sites in built-up areas, where  
19 there was an alternate highest and best use that was being  
20 excluded by our occupation use of it, does result in there  
21 being higher rents. To the extent that the user - sorry,  
22 the location categories are a proxy for trying to determine  
23 what higher rents are paid in what markets then, it is a  
24 rough means of achieving, you know, some sort of end  
25 towards what is the value of the land being employed.  
26  
27 So Broadcast Australia think that that's an area that should  
28 be looked into and investigated further. As to 30km  
29 from an urban area, I would find that that was sort of an  
30 extreme case to think that you could - well, 1km outside  
31 of, say, Dubbo, get a rental for the same amount as what  
32 you would 30km away. That doesn't strike me as sort of  
33 any sense reflective in any way of the value of the land  
34 being used.  
35  
36 THE CHAIRMAN: Okay. Thanks, Gary. Other  
37 comments? Martin.  
38  
39 MR McLEOD: Thank you. I just want to support Bob in  
40 his comments regarding the value of the land. My  
41 business -we've got a couple of lots of Crown land that we  
42 rent, and have down for 30, 40 years - well before mobile  
43 telephones came into existence. And one of those is  
44 located just outside of Muswellbrook, which would fall  
45 into the 10,000plus category.  
46  
47 Now, my land valuation for that site is \$10,000 -

1 that's the value of the land. And yet I put the tower on  
2 there, I put the building on there, and the rental that  
3 IPART gets is over \$20,000 a year.  
4  
5 THE CHAIRMAN: Just to clarify - IPART doesn't get  
6 rentals.  
7  
8 MR McLEOD: Sorry.  
9  
10 THE CHAIRMAN: Otherwise we wouldn't be sitting here.  
11  
12 MR McLEOD: The rental the government gets out of the  
13 IPART review, is in excess of \$20,000 a year because I have  
14 attracted clients to those sites. So it doesn't balance,  
15 guys, it just doesn't work, you know.  
16  
17 THE CHAIRMAN: Okay. Thanks, Martin. Other  
18 comments around the table?  
19  
20 MR McKEAN: Just a final point - and again supporting of  
21 what Bob has been saying. Just to use the analogy of  
22 Crown Castle and the market that it's in, which is tower  
23 infrastructure, and comparing that to Telstra. Crown  
24 Castle doesn't - I don't ask Bob how much revenue is being  
25 generated on that particular site to set a rental for that  
26 site. It's based on the access pricing for that tower  
27 infrastructure; and so, again, that comes back to  
28 understanding what market you're talking about. This is  
29 about access to land, not the sites.  
30  
31 THE CHAIRMAN: Okay. Thanks, David. Other  
32 questions or comments? Yes.  
33  
34 MR SCHRAMM: Stuart Schramm from National Parks. It  
35 comes back to, I guess, in my view, the market for having  
36 a tower in a particular location, the market for your users  
37 on Crown Castle towers, and the desire for Telstra or the  
38 likes to put a tower in a place.  
39  
40 You're not going to put a tower where there is no  
41 population, where there is no proximity to highway, and  
42 where there are no users. So there needs to be a  
43 differential on low, medium high and strategic sites for  
44 exactly that reason. And you're getting different rates on  
45 your towers because of the location and the access for each  
46 of those towers.  
47

1 THE CHAIRMAN: Thanks, Stuart. Bob.  
2  
3 MR JOICE: I'll just follow up on that comment. There's  
4 an assumption that every tower that Telstra builds is a  
5 mobile tower. That's not correct. We build a range of  
6 infrastructure, right. Yes, we do have mobile towers, and  
7 the mobile towers services a cellular area surrounding that  
8 particular tower. We built other towers called RTs, and  
9 they're radio transmission towers, which provide  
10 point-to-point service for the fixed line network, so in  
11 themselves they don't generate any revenue from the  
12 surrounding area - they carry traffic.  
13  
14 We may build repeaters which provide service to a  
15 small area - it doesn't generate any additional revenue.  
16 It extends the coverage. Then we have got smaller  
17 repeaters which are used as part of the fixed line network  
18 to remote homesteads out in rural Australia. Now, we can  
19 have a single customer who has a fixed line phone out in  
20 the paddocks. They have got a pole with an antenna on it,  
21 a dish, and that points to a Telstra dish probably in the  
22 range of 15-20km away.  
23  
24 That installation on Crown land services a single  
25 customer. It may generate maybe six to \$800 a year in  
26 revenue for Telstra. Yet the expectation is, "We'll pay  
27 \$8,000 plus to generate that revenue." It's just  
28 inequitable. Now, we have certain universal service  
29 obligations to attend to, and we do.  
30  
31 The legislation also obliges mobile carriers to  
32 co-locate where it's technically feasible, and not at an  
33 unreasonable cost. Now, if we're being ransomed an  
34 extraordinary fee for, say, a strategic site, that falls  
35 into an extraordinary cost, and we will build our own  
36 somewhere else.  
37  
38 So we have to look at what is the downstream benefit  
39 for the community of the New South Wales. Is it being  
40 served by trying to extract ransom rents from the occupier.  
41 I don't think it is.  
42  
43 THE CHAIRMAN: Thank you, Bob. Donal.  
44  
45 MR O'SHEA: Under the Crown Lands Act we have a  
46 requirement to determine the rent in accordance with the  
47 purpose of the lease or the licence. It's part of our

1 legislation. What we are doing here today is endeavouring  
2 to do that. The more market evidence that is made  
3 available, the more consistent and equitable the pricing  
4 will be.  
5  
6 These assets are valuable to the community. The money  
7 that is earned from these assets goes to support partially  
8 - almost half the money goes to fund the public reserve  
9 management fund, which provides services to 32,500  
10 reserves across the State. Some of the money does go to  
11 consolidated revenue. Within the Crown Lands portfolio,  
12 there are commercial occupancies, and there are community  
13 assets. We have a responsibility to maintain them all.  
14  
15 Like my colleagues around the table, who are  
16 interested in increasing their business and containing  
17 their costs, we have a responsibility to gain a fair market  
18 return so we can invest in the valuable public land across  
19 the State.  
20  
21 THE CHAIRMAN: Thank you, Donal. Any other  
22 comments or questions? Yes, Gary.  
23  
24 MR WALLIS: Mr Chairman, Gary Wallis from Broadcast  
25 Australia.  
26  
27 I would also like to point out - and I think it's  
28 section 143 that you're referring to.  
29  
30 MR O'SHEA: Yes.  
31  
32 MR WALLIS: That section also says that for the purposes  
33 of determining rent, the improvements on the site should be  
34 disregarded. So it does then sort of beg the question how  
35 you can begin to consider, you know, seeing things such  
36 as co-user fees, or the number of users on the site, without  
37 trampling those particular provisions - at least in respect  
38 of land under the Crown Lands Act.  
39  
40 THE CHAIRMAN: Thanks, Gary. Donal.  
41  
42 MR O'SHEA: We have a complex portfolio that includes golf  
43 courses, mariners, caravan parks, childcare centres. And,  
44 again, we use expert valuation advice to determine the  
45 market rent for the land used for the purpose. And that  
46 process does discount, does remove the improvements from  
47 that consideration, but does consider the purpose for which

1 the land is used.  
2  
3 THE CHAIRMAN: Thank you, Donal. Any other  
4 comments around the table.  
5  
6 MR GAME: Mr Chair, Howard Game, Optus, again. It just  
7 seems to me that we are all arguing the same point. We are  
8 all arguing that the rent ought to be based upon the value  
9 of the property. The most direct and the common private  
10 practice method for determining market value, the way  
11 that we all determine market value when we buy our  
12 property ourselves, is to look at what others pay in the  
13 market, and to look at land values.  
14  
15 The suggestion that we're making here is that the value  
16 - the rent that New South Wales Government earns is  
17 based upon the value of the land. Nothing more or  
18 nothing less.  
19  
20 THE CHAIRMAN: Okay, thanks, Howard. Anybody  
21 else? Yes, Joe.  
22  
23 MR GIOVENCO: Joe Giovenco from TX Australia.  
24  
25 I just want to reiterate the - how services, how  
26 infrastructure is used for television. Typically an  
27 infrastructure on Crown land you have typically five  
28 services - so you have had the two national service, as  
29 well as the three commercial services.  
30  
31 And, again, a number of the sites are purely for  
32 infill sites - to fill a small geographical area which  
33 would otherwise not get free-to-air television. A number  
34 of areas also are overlaps, so you would have eight  
35 services - the three regional as well as the five metro  
36 services.  
37  
38 The reason why they're co-located onto the one  
39 infrastructure is so the poor little viewer only has the  
40 one antenna pointed in the one geographic location,  
41 otherwise there could be a fragmentation, with everyone  
42 pointing at a number of different sites. So it would seem  
43 again a folly, that the mere fact that we're using the one  
44 infrastructure to provide eight services of free-to-air  
45 television - that there's going to be an impost or a  
46 pay-user fee. Thank you.  
47

1 THE CHAIRMAN: Thank you, Joe. Anybody else?  
2 Maybe Richard, would you like to make some comments?  
3  
4 MR MONTAGUE: Thank you. In terms of the location  
5 categories, our view is, again, we're looking at a schedule  
6 here. And the schedule provides for high, medium and low.  
7 But clearly that isn't going to reflect the value of every  
8 individual site that is within that schedule. You're going  
9 to have something which is - examples are being given  
10 earlier where you might have a western New South Wales  
11 Local Government area, where the schedule won't work  
12 particularly well for a certain site.  
13  
14 At the same time you may have a site which is more  
15 valuable than what the density category suggests it may be.  
16 So, again, it won't work. Again, our view, I think, we see  
17 the schedule as trying to apply itself to a range of sites,  
18 or the majority of sites to New South Wales, but there are  
19 some sites which don't fit that schedule, and maybe there's  
20 a need to negotiate them separately. That's how we would  
21 see the location aspect.  
22  
23 Part of the discussion has been in terms of ultimately  
24 what will someone pay for a site, and reference to land  
25 values is one means of establishing that. Ultimately, what  
26 we are looking at is simply what the market is telling us.  
27 In our work we have made exhaustive inquiries to the  
28 marketplace at large, to a range of users. We haven't got  
29 responses from all users. And so we have attempted to  
30 glean whatever information is readily available out there  
31 in the marketplace. But in our view the market, whilst it  
32 may directly look at the value of land, it more directly  
33 looks at - it is negotiating individual sites on a  
34 site-by-site basis.  
35  
36 Generally speaking, sites close to population areas will  
37 have more values than sites which are further removed.  
38 However, in our experience, they don't typically reflect  
39 the underlying value of that site.  
40  
41 THE CHAIRMAN: Okay. Thank you, Richard. Okay.  
42 Any final comments before we move on to the next item  
43 on the agenda? Yes. Peter, and then Bob.  
44  
45 MR CHOQUENOT: Yes, I thought that last comment was  
46 very interesting - that the value of the sites, or the amount  
47 being paid doesn't reflect the underlying value of the

1 land. I think the overwhelming reason that can be given  
2 for that is because we're driven by infrastructure, not by  
3 the land. Typically I can pick - when I pick a repeater  
4 site that we use, I can pick any one of 50 sites we use.  
5 I'll go with the one with the tower, the people that will  
6 talk sensibly, the people who will talk dollars and cents  
7 that made sense for the application we're using.

8  
9 And where the land is really trivial in the whole scheme  
10 of things. It boils down to the infrastructure. So there  
11 are these two elements which are quite disparate, and  
12 the value of the land is very much an underlying  
13 importance, but it's not in any way making the decision as  
14 to where we go and who we go with when we spend our  
15 money on repeater sites.

16  
17 THE CHAIRMAN: Thanks, Peter. Bob.

18  
19 MR JOICE: Bob Joice, Telstra. Regrettably, the last  
20 IPART review in 2005, whilst not universally accepted by  
21 the three land management agencies in its entirety, has  
22 been cherry-picked by other agencies and local councils,  
23 and they use this as the floor on which to move upwards.  
24 Right. So it has an inflationary spiral effect on the  
25 rents which the carriers or other users may have  
26 negotiated for individual sites at arm's length.

27  
28 Now, regrettably because of the size of the land  
29 ownership in New South Wales by the Crown, the pricing  
30 effectively acts as a fixed rate for a monopoly. We have  
31 regrettably few alternatives in lots of these areas, so we  
32 can't test it by going to other areas. Where we can, we  
33 do. Invariably we don't pick Crown land, we'll go to  
34 someone else because it's cheaper. Thanks.

35  
36 THE CHAIRMAN: Thanks, Bob. All right. Let's move on  
37 to the next item on the agenda. Chen.

38  
39 Session 2: Number of user categories and treatment of  
40 infrastructure providers and co-users

41  
42 MS CHOU: Thank you. Now, the next topic we'd like to  
43 discuss is "User categories".

44  
45 In the issues paper we raised the question of whether  
46 it was possible to reduce the number of user categories to  
47 just three. The issue that we're looking at here is

1 efficiency versus accuracy, so the more categories you  
2 have, the more market reflective it is - but it is less  
3 efficient. And the less categories you have, it is also  
4 more competitive neutral.

5  
6 Now, in the submissions that we received there were  
7 quite a wide range of options that were proposed. Some of  
8 them I've listed there. So some submissions have  
9 suggested, yes, reducing the number of categories; but  
10 others have said we need to differentiate between, for  
11 example, large and small telecommunication companies,  
12 differentiating between a commercial carrier versus a  
13 non-commercial carrier, and between high versus low  
14 powered narrowcast services.

15  
16 So the issue for us to decide is what is a reasonable  
17 balance. As I said - more categories is more reflective of  
18 market but fewer categories might be more efficient and it  
19 provides more competitive neutrality.

20  
21 "Treatment of infrastructure providers" - in the 2005 review,  
22 we provided a discount for infrastructure providers  
23 of 30% relative to primary users. The reasoning for that  
24 was infrastructure providers do not derive benefit from  
25 communications activity.

26  
27 Some submissions from stakeholders have said there is  
28 no basis for a discount for infrastructure providers, and  
29 we would further like to explore the question of whether  
30 infrastructure providers should be treated differently to  
31 primary users.

32  
33 And on the issue of co-users, there's currently a discount  
34 of 50% for co-users relative to primary users, to encourage  
35 co-location. Again, a range of submissions from  
36 our stakeholders. Some have said to abolish co-user fees,  
37 others have said the discount for co-user fees should  
38 remain.

39  
40 What we'd like to explore is there are two sort of  
41 arrangements in the marketplace. There's the current  
42 arrangement where we have - the landowner have an  
43 arrangement with the primary user, and arrangements  
44 with subtenancies, so that the rentals at the moment reflects -  
45 the rental and the fee schedule reflects the value to the  
46 landowner from deriving a rate from the primary user. But  
47 under a headlease arrangement, the rental fees would

1 reflect a higher value, being the value to the primary  
2 users, and the primary user's ability to sublease, if you  
3 will.

4  
5 So there are two arrangements in the marketplace, and  
6 potentially both can be used. And potentially a headlease  
7 arrangement is more suitable for a negotiation on strategic  
8 sites.

9  
10 THE CHAIRMAN: Thank you, Chen. Anybody like to  
11 kick off on this topic? Yes.

12  
13 MR McKEAN: David McKean, Crown Castle.

14  
15 Just to just deal with the discount for infrastructure  
16 providers and co-users as one topic, if you like. The  
17 regulatory regime that's been accepted in Australia - it's  
18 a practice that's accepted by Federal/State and Local  
19 Government, is to encourage co-location on existing  
20 infrastructure. So we don't have an inefficient  
21 duplication of infrastructure.

22  
23 The community wants the services they can get from  
24 towers, but they don't want more towers than are actually  
25 required. So when you look at the current regime, the  
26 level of the discount for infrastructure providers already  
27 discriminates against infrastructure providers, and it's  
28 just a - it's actually a simple maths.

29  
30 If Dugald has got a tower, Vodafone, a VHA tower, what  
31 he will pay is 100% of the primary user fee for the rental  
32 for that site, but if Crown Castle buys that tower from  
33 VHA, what it has to pay - the total rent that's payable -  
34 is 70% of that fee for Crown Castle, plus 50% for  
35 Vodafone's use as a co-user. So a simple change of  
36 ownership to an infrastructure provider, changes that  
37 number from 100% to 120%. It's just maths.

38  
39 And so if you were to remove the discount for infrastructure  
40 providers, you would be going from 100% to  
41 150% in terms of the total cost to, effectively, Crown  
42 Castle as the owner of that site. So we would say that  
43 currently there needs to be a 20% reduction in - 20%  
44 increase in the discount to actually have a  
45 non-discriminatory impact on Crown Castle's ownership  
46 of the tower.

1 And the benefit is that because we are competitively  
2 neutral in the market, all other things being equal, we  
3 want to get people on the towers, and that's providing  
4 services to the community, and that's consistent with  
5 regulatory policy. So that's the first point.

6  
7 Obviously, if you remove the incentives towards  
8 co-location, what you are just going to get is that - first  
9 of all, I have a market-based approach, which will mean  
10 that it's actually more efficient, from an economic point  
11 of view, just to build new towers, obviously, and then  
12 ultimately it will be more difficult for government radio  
13 networks, et cetera, to access sites at reasonable fee,  
14 that are negotiated with open-access providers. So there's  
15 a negative impact at every end of the, I guess, the market.

16  
17 So they would be my opening remarks.

18  
19 THE CHAIRMAN: Thank you, David. Yes, somebody  
20 else. Ken.

21  
22 MR RAYNER: Ken Rayner, St George.

23  
24 Regarding the three categories - or the categories  
25 that you are talking about categorising users into,  
26 St George will be quite happy to be in the community-type  
27 arrangement, because we are a volunteer organisation.

28  
29 However, we are a bit concerned from the point of view  
30 of how rents would then be calculated on the site, given  
31 that basically you are looking at market return,  
32 administration efficiency, transparency and consistency. I  
33 would suggest that there may be some scope to extend that  
34 into community and social impacts, as well as emergency  
35 requirements on the site to be taken into consideration.

36  
37 Thanks Mr Chairman.

38  
39 THE CHAIRMAN: Thanks, Ken. Anybody else around  
40 the table? Peter.

41  
42 MR CHOQUENOT: Peter from ATI again. Look, reduction  
43 of the number of user categories and lumping, for example,  
44 Telcos all together is just ridiculous. We are a small  
45 organisation with turnovers of hundreds of thousands of  
46 dollars. We'd be lumped in with Telstra. Unless there was  
47 a significant scaling within each category, then, you know,

1 it just makes absolutely no economic or financial or  
2 administrative sense to do that.  
3  
4 We're a pure co-user as well. We don't own sites. I  
5 would argue, as an external observer, that lumping people  
6 like Crown Castle, who are site owners but not site users,  
7 with people who are both site users and site owners just,  
8 again, doesn't make any sense whatsoever.  
9  
10 In terms of being a co-user, we tend to be a price taker on  
11 the sites. We have got commercial arrangements with  
12 Crown Castle, Telstra, TransGrid, Broadcast Australia,  
13 less with Optus, but all of these things are commercial  
14 negotiations and overlaying that, every decision point  
15 now is, "Is it on Crown land?", and, bang, it's on Crown  
16 land, "What else have we got? It's as quick as that, the  
17 decision.  
18  
19 THE CHAIRMAN: Thank you, Peter. Dugald.  
20  
21 MR GLASGOW: I'm not clear, I don't understand how,  
22 say, the provider of the land can actually get a bite of a  
23 co-user fee, it can actually charge a co-user fee. When  
24 you take into account Broadcast Australia - Broadcast  
25 Australia might build a tower that's capable of taking five  
26 users, but they've invested. That tower costs a lot more  
27 than a tower that will only take one user.  
28  
29 Broadcast Australia might then also build an equipment  
30 room that can take five users, but that equipment room is a  
31 whole lot more expensive than a room that can only take one  
32 user, yet we come along, we pay for the rental on the  
33 tower, and then also - we've got to also pay Crown Lands  
34 for being a co-user on that tower. I'm not sure I  
35 understand the logic there.  
36  
37 THE CHAIRMAN: Thanks, Dugald. Des.  
38  
39 MR FOSTER: Yes, Des Foster from ANRA. We would  
40 strongly oppose reducing the number of categories, or  
41 even leaving them as they are.  
42  
43 Our unfortunate experience was that when the time came, it  
44 was impossible to fit either category of our members, high  
45 power and low power, into the table of fees. That is  
46 partly because, of course, we were not aware of the report,  
47 the original review, and I think IPART wasn't aware

1 of the existence of narrowcasters - they just don't fit in.  
2 It was a case of trying to put square pegs in round holes.  
3  
4 Now, we did attempt, in accordance with the review's  
5 recommendations, to negotiate with the Lands Department,  
6 but that proved - in the end it proved impossible. We  
7 believe the only way we can solve our problem is to have a  
8 category, or one or two categories, for our two types of  
9 broadcasters. So we certainly oppose reducing or leaving  
10 the number static.  
11  
12 There was another aspect I think which we should - it falls  
13 within the ambit of IPART - is the matter of negotiation  
14 over such disputes. We and Lands, both acting with  
15 goodwill I've no doubt, we just couldn't reach agreement,  
16 we couldn't reach a compromise. And it seems to  
17 me that there must be some circuit-breaker in a case like  
18 that, that the process for resolving those negotiations has  
19 got to be transparent, it's got to be subject to quite a  
20 clear criteria, and it has to be fair.  
21  
22 THE CHAIRMAN: Thank you, Des. One of the land  
23 management agencies. And then - Donal. Then Stuart.  
24  
25 MR O'SHEA: Thanks, Mr Chairman. We believe that  
26 there is scope to refine the user categories. We believe that  
27 there is an opportunity to maybe bundle some of the more  
28 commercial categories into one commercial category. We  
29 also recognise that there are many markets, and that there  
30 are regional players, and there are players who occupy  
31 quite a different market from others or  
32 telecommunication market. That should be recognised.  
33  
34 The 30% discount on infrastructure providers always  
35 confused me as well, Dugald. One is that you could have  
36 a large network provider getting a 30% discount, and the  
37 30% discount was on the highest value of the co-user, not  
38 on a set fee - so he could get quite an arbitrary charge in  
39 that area.  
40  
41 We oversaw that it was incongruous that that 30% in  
42 discount should apply to an infrastructure provider, yet  
43 the primary user who was getting the dually derived  
44 benefits of a communications provider, and also a  
45 leaseholder, should - that wasn't recognised in the fee  
46 schedule. Maybe the classification of strategic sites would  
47 go some way towards addressing that, but I would also

1 like to follow up on Des's point, that we don't want to end  
2 up in a Mexican standoff forever. We need some ability to  
3 resolve these matters, and a circuit-breaker with a clearly  
4 defined negotiation path and resolution path based on  
5 market.

6  
7 Underpinning all of this - I think it is really  
8 important that IPART are doing this review, and that the  
9 market evidence we will have, because it is the market  
10 evidence that should determine the rents and what's  
11 happening there. If we are attempting to shoehorn a fee  
12 schedule blindly, we will get inequities, and we will get  
13 distortions. We have made available - all of our material  
14 is available, and I will encourage the industry to make  
15 their material available, because it needs to be an  
16 informed process.

17  
18 THE CHAIRMAN: Thanks, Donal. So next will be Stuart,  
19 and then Brendan, is it? Thank you.

20  
21 MR SCHRAMM: Thank you. Stuart Schramm from  
22 National Parks again.

23  
24 Just to use Crown Castle's example of the tower, the sale of  
25 a tower from VHA to Crown Castle, and the pure  
26 mathematics going from 100% to 120% - we need to  
27 actually factor in - and it goes back to the market evidence  
28 - the number of co-users that you will actually then put  
29 onto that tower if, in fact, those sales do happen.

30  
31 And to confirm the market evidence and what the  
32 rentals that people are paying for co-locating on that one  
33 tower, it's really, really important for the valuers to  
34 understand how that might work, and then to work out  
35 the pure mathematics, rather than just a single tower or  
36 single telco selling one tower to Crown Castle.

37  
38 So that market evidence of what's happening more  
39 broadly, and as Donal has actually stated, we've provided  
40 all of our evidence, and all of our numbers. We would  
41 welcome the same from industry to actually inform that  
42 valuation.

43  
44 THE CHAIRMAN: Thanks, Stuart.

45  
46 MR McKEAN: Can I respond to that, because it seems to  
47 be, perhaps, a question?

.18/3/2013 30 SESSION 2  
Transcript produced by Merrill Corporation

1  
2 THE CHAIRMAN: Sure.

3  
4 MR McKEAN: The reason we don't provide that material  
5 is (a) it's confidential; and (b) it's related to access  
6 pricing for the tower. It's got nothing to do with the  
7 land.

8  
9 So what I was talking about was the rental for the access  
10 to the land, and I think we're again straying in this  
11 area that the land management agencies own the tower.  
12 They don't own the tower. The tower is owned by the  
13 infrastructure provider, not the land provider.

14  
15 THE CHAIRMAN: Thank you, David. Brendan.

16  
17 MR PARNELL: Thank you, Mr Chairman. Brendan  
18 Parnell from Sky Sports Radio.

19  
20 As Des said, we're not inconsistent on our views on  
21 this. Unfortunately, the 2005 IPART review didn't capture  
22 the narrowcasters, and our strong view is there should be  
23 a  
24 category included, particularly - or mainly for the high  
25 power over the narrowcaster.

26 The history of our business, in our view, is it's very much  
27 a community service. When ABC shut down national  
28 racing service in 1998, there was a parliamentary inquiry  
29 which supported a HPON network to ensure the  
30 community received that radio service.

31  
32 If there wasn't to be a category, and we were again grouped  
33 with commercial, we'd have to review our operations  
34 in New South Wales, because running 104 of these around  
35 New South Wales, it's a significant impost on our business.  
36 Thank you.

37  
38 THE CHAIRMAN: Thank you, very much, Brendan. Bob?

39  
40 MR JOICE: Bob Joice, Telstra. Unsurprisingly, I don't  
41 believe there should be any more than one user category.  
42 Right. One user category, each occupant paying a  
43 percentage of the land value they occupy. You occupy a  
44 lot of land, you pay a higher rent. You occupy a smaller  
45 piece of land, you pay a smaller rent.

46  
47 Now, most of the non-major telcos occupy a small

.18/3/2013 31 SESSION 2  
Transcript produced by Merrill Corporation



1 footprint. If they have a tower on it, it will occupy a  
2 smaller footprint than a broadcaster. Right. That's an  
3 equitable method of determining reject. Now, some of you  
4 may be aware from the Telstra submission, this is going to  
5 be tested this year in the Federal Court of Australia.  
6 Telstra has initiated proceedings against the Crown Land  
7 authority in Queensland, DERM, and the assessment of  
8 what is discriminatory under the pricing model adopted in  
9 Queensland will be tested. And we're pretty confident  
10 we're going to win.  
11  
12 Now, in Queensland they adopted a simple formula.  
13 South-east Queensland, didn't matter what it was or  
14 where it is - there's some seven LGAs of south-east  
15 Queensland. From 2010, 15 grand, increasing at 5%. For  
16 the rest of Queensland, no matter where it is, 10 grand.  
17 Now, that's just ridiculous, because we've got the evidence  
18 from the Crown Land authority.  
19  
20 In a huge majority of the cases, the rents being  
21 charged exceeds the freehold value of the land by  
22 multiples, by orders of magnitude. Right. Land up in the  
23 golf country worth \$50 - they want \$10,000, right. And  
24 what does this provide? A link service to a remote  
25 Aboriginal community. It's nonsense. So this will be  
26 tested this year, and once that determination is made by  
27 the Federal Court of Australia, it will be published, and  
28 any authority which is conducting itself in a  
29 discriminatory fashion, which is in breach of the  
30 Telecommunications Act, Clause 44, will be offered an  
31 opportunity to review their pricing, provided with a copy  
32 of the case.  
33  
34 You have got to go back to land value - the equitable use  
35 of it, the proportional use of it - that's fair and  
36 reasonable. Picking up rents out of thin air or tainted  
37 evidence is not the way to go.  
38  
39 THE CHAIRMAN: Thank you, Bob. Howard.  
40  
41 MR GAME: Howard Game, Optus. I'm concerned that we  
42 seem to be discussing rents on the basis of perceived ability  
43 to pay, as opposed to economic use of the property. To the  
44 extent that there are government organisations or volunteer  
45 or community-based organisations that can't afford to pay  
46 market rates - whether it's for land on a property owned by  
47 the Crown authority, or any other form of land occupancy -

1 that's something the government can choose to subsidise in  
2 a transparent manner.  
3  
4 We occupy land. The value should be based upon the  
5 value of that land. Optus's return on investment over the  
6 last couple of years has shrunk - I'm sure no one around  
7 the table is suggesting that on that basis now Optus should  
8 pay less. Vodafone, in the last year or two, had the  
9 misfortune to lose money, not make a profit. Is anyone  
10 suggesting that somehow now Vodafone should not pay?  
11 Of course not.  
12  
13 What it should be based upon is not any perceived  
14 value or ability to pay, but the value of the property  
15 you're occupying. To the extent that you need to subsidise  
16 or because it's a government agency or community or  
17 volunteer, that's done transparently through a budget  
18 process, not by some distorted rental regime.  
19  
20 THE CHAIRMAN: Thank you very much, Howard.  
21 Other comments around the table?  
22  
23 MR O'SHEA: If I could make one closing comment?  
24  
25 THE CHAIRMAN: Donal.  
26  
27 MR O'SHEA: The Crown Lands Act requires us to take  
28 into account the use to which the land is being put. That's  
29 across all of our leases and licences. We haven't  
30 exclusively used it for telecommunication towers. It is  
31 part of our legislation, and it's something that we apply.  
32  
33 The rentals that we derive should not be based on the  
34 capacity to pay. We don't want that. What we want are  
35 the rents to be based upon the benefits derived from the  
36 use of the land. They are separate things, and there can be  
37 a relationship between the derived benefits and the  
38 capacity to pay, but the capacity to pay is not a  
39 consideration, although it has been used here.  
40  
41 To attempt to allocate to the Crown the lowest  
42 possible opportunity cost of the land - remote,  
43 inhospitable, rural - for a strategic site, is not an  
44 option that we consider to be in the interests of the  
45 community.  
46  
47 THE CHAIRMAN: Thank you, Donal. Anybody else  
around the

1 table?  
2  
3 MR McLEOD: Mr Chair.  
4  
5 THE CHAIRMAN: Yes, Martin.  
6  
7 MR McLEOD: Doesn't work, so I'll speak up. I believe  
8 from the Australian Radio Communications Industry  
9 Association's perspective, or ARCIA, our members don't  
10 believe that there should be any co-user fees attributed to  
11 the use particularly for two-way radio services.  
12  
13 Many of our agreements go back 30, 40 years, as  
14 previously stated; we take up a small amount of land; we  
15 provide community services to the likes of the amateur  
16 radio fraternity, St John Ambulance and whatever - and  
17 we don't charge for those services. And government  
18 shouldn't either.  
19  
20 The fact that we've invested the money in producing  
21 these sites and maintaining these sites well before  
22 telecommunications services, such as mobile telephones,  
23 came into effect, really means that we don't have the  
24 customer base that these guys do. In some situations we  
25 might have four or five customers. That's the total  
26 revenue we get from that radio site. We don't have  
27 thousands and thousands and thousands of users.  
28  
29 So in many cases, the charges that are being levied upon  
30 us by government are in excess of what we charge our  
31 customers ourselves, for the provision of the service on  
32 the site. Now, that's affecting us because we're losing  
33 income, we're losing customers, they're going to other  
34 technologies. So we simply can't afford to pay, or our  
35 customers can't afford to pay the co-user fees that are  
36 being levied. Thank you.  
37  
38 THE CHAIRMAN: Thank you, Martin. Anybody else?  
39 Jeff from Forests.  
40  
41 MR COGGINS: I have got no further comment to add on  
42 that, thank you.  
43  
44 THE CHAIRMAN: Thank you. Dugald.  
45  
46 MR GLASGOW: If a site is developed as - for a  
47 telecommunications - as a telecommunications site, then

1 it's fulfilled that use. Therefore, why, if four or five  
2 other operators come on and use that particular site, can  
3 the government ask for a co-user fee?  
4  
5 THE CHAIRMAN: Thank you, Dugald. Shaun.  
6  
7 MR SMITH: Just in relation to the co-user fees, I think  
8 one of the things that we need to bear in mind is that  
9 government is also a large user of commercial  
10 infrastructure, and whilst we might get a market return,  
11 that includes - that provides a return to some of the land  
12 using agencies, I would hate to see a structure develop  
13 that then required us to invest in capital because we can't  
14 access it for the private sector, when they've already  
15 afforded that capital.  
16  
17 THE CHAIRMAN: Thanks, Shaun. Gary.  
18  
19 MR WALLIS: Gary Wallis, Broadcast Australia. We have  
20 a lot of difficulty with the concept of, you know, a fee  
21 determined on the basis of the benefit derived from the  
22 land. As a matter of fact, we got into some quite interesting  
23 conversations with LPMA, as they were then, in our  
24 negotiations, where proposed that customers who had no  
25 presence at all on the site, were to be subject to levies by  
26 LPMA because they were - ACMA had licensed them to  
27 have their spectrum broadcast from a particular site.  
28  
29 So if you were to take that to its sort of illogical  
30 conclusion, you could end up with, you know, me being a  
31 Telstra customer - in effect having to have a licence with  
32 LPMA, because I gained some benefit from Telstra out of  
33 its infrastructure being on the tower. So it led to some  
34 potentially ridiculous sorts of outcomes.  
35  
36 So I think we've to keep the ourselves firmly, sort of, really  
37 here in common sense. I don't think there's anything  
38 going under the Crown Lands Act, in my reading,  
39 that sort of suggests that there's this concept of the  
40 benefit that needs to be contemplated.  
41  
42 I also have - or Broadcast Australia, I should say -  
43 also has difficulties with the concept of co-users. In  
44 effect, it implies that you're entitled to multiple returns  
45 for the same parcel of land. But it's at that point that I  
46 suppose - I express a word of cautioning in that the timing  
47 of this review aligns with the rent review mechanisms that

1 have been incorporated in a whole series of documentations,  
2 I understand, that are industry wide. And that being the  
3 case, you're sort of considering concept of co-users and  
4 infrastructure providers, and how they might and might  
5 not operate together, has the potential to unsettle the whole  
6 basis of which all of the use of Crown land has been pulled  
7 together.

8  
9 I think for the industry in particular there needs to  
10 be confidence that arrangements that were entered into in  
11 good faith are honoured. So to the extent that there is a  
12 review of co-user fees, and other uses, then I think that's  
13 worthwhile, but it needs to be on the basis that  
14 arrangements that were entered into in good faith are  
15 protected and aren't sort of unsettled by use of the IPART  
16 process.

17  
18 THE CHAIRMAN: Thanks, Gary. As you might know, the  
19 procedure is that we provide advice to the Government, and  
20 then the Government decides on implementing it. And so  
21 issues about arrangements having been entered into in good  
22 faith, and the other changes to the reviews are something  
23 that the Government will no doubt take on board.

24  
25 Other comments or questions? Anybody from the floor -  
26 sorry, Brendan.

27  
28 MR PARNELL: Just a further point just around the - I  
29 think Donal's comment about the benefit derived being a  
30 key driver behind this. From our perspective, having a  
31 narrowcast licence, we're not able to commercialise our  
32 product, and therefore the benefits derived are extremely  
33 limited. And we've got a broadcast services direction,  
34 which I think was 2001, which talks about our limitation on  
35 content. So for our benefits to be derived, it's very much  
36 - in some of these areas there's probably more sheep than  
37 people that want to listen to races, but that's part of our  
38 business to providing that service in those communities.

39  
40 THE CHAIRMAN: Thank you, Brendan. David.

41  
42 MR McKEAN: Just one more point. If there is going to be  
43 a change to the discount regime for infrastructure  
44 providers and co-users, I would suggest to the Tribunal  
45 they seek the views of Local Government, because  
46 essentially if the economic benefits of co-location are  
47 removed, and there are more towers that need to be built

1 across New South Wales, there is actually a cost to the  
2 community - both in terms of the community actually not  
3 wanting that, (a); but actually you have got to go through  
4 a planning process, and that's a burden on Local  
5 Government. And I notice that there's no Local  
6 Government agencies represented here.

7  
8 THE CHAIRMAN: Thanks, very much, David. We'll take  
9 that on board.

10  
11 Other questions or comments? Anybody from the  
12 audience? Yes. Third row, and then front row.

13  
14 MR McKENZIE: Ray McKenzie from the Mobile Carriers  
15 Forum. My members are already at the table, so I won't  
16 take much time. You've heard plenty from us already.

17  
18 I just want to comment on the notion of derived  
19 benefit, and I hear the argument that rentals should be in  
20 some way based on the benefit that's derived from the use.  
21 I also hear some sectors, community groups, saying that  
22 the benefit they provide through their community service  
23 entitles them to some sort of discount, which is reflected  
24 in the current regime.

25  
26 I just want to point out there are benefits that flow  
27 from all the services provided by the people who are  
28 gathered around the table today. I can't speak for the  
29 other industry groups, but I can speak for the mobile  
30 carriers - mobile communications sector. And just to give  
31 you an idea - right now we're going through a period of  
32 enormous expansion with the introduction of more  
33 advanced mobile communication services - in particular  
34 smartphones and mobile broadband.

35  
36 Mobile broadband categories is predicted to increase  
37 by a factor of 12, over the next few years, which is an  
38 incredible figure, but we actually see this being realised  
39 in a 90% year-on-year growth in that sort of traffic. That  
40 traffic is used, that data is used to good effect in  
41 producing commercial and economic productivity gains in  
42 the business sector, but also it's a very important way of  
43 social interaction and social benefit that the community  
44 enjoys.

45  
46 In terms of figures, in terms of economic benefit  
47 which we can measure - social benefit is a little bit more

1 difficult to measure - Access Economics released a report  
2 just recently, which showed figures of \$12 billion per  
3 annum in productivity benefit to the Australian economy.  
4  
5 Now, these are really significant figures, and if  
6 you're going to talk about benefit derived to the  
7 businesses, I am sure this is good for business, but it's  
8 also a challenge for business to get infrastructure built  
9 and deployed, and to provide those services. How do you  
10 discount the benefit they get by the benefit they provide -  
11 this sort of \$12 million per year into the economic  
12 productivity of the country - you need to discount that as  
13 well.  
14  
15 So it's a consideration for if you're going to try and  
16 squeeze the last dollar out of your rental here, and that  
17 results in a nonoptimal outcome from the deployment of  
18 infrastructure - in fact, the deployment of no  
19 infrastructure on some occasions - the downstream cost of  
20 that is many times greater than the dollar you have gained  
21 from the increased rental. Thank you.  
22  
23 THE CHAIRMAN: Thank you. I just missed your first name.  
24  
25 MR McKENZIE: Ray. Ray McKenzie.  
26  
27 THE CHAIRMAN: Thank you.  
28  
29 MR SKELLY: Alan Skelly from Marine Rescue New  
30 South Wales. I'm the CFO. We have an excellent  
31 relationship with DPI or Transport, or whatever they call  
32 themselves now. We also work very closely with Mack  
33 from Marine Area Command, police, and also RMS -  
34 Roads and Maritime. So we have 3,200 members  
35 providing a voluntary service in order to try to save lives  
36 on the water. We cover the whole of the New South Wales  
37 coast, and a few inland areas.  
38  
39 I think it's pretty important that the number of categories  
40 not be reduced. People should be able to argue into which  
41 category they fall. I'm interested in St George providing  
42 a fairly small service to, you know, sort of quite a lot of  
43 number of people, and also the CB radio people, also  
44 providing to a limited number of people. I think that is  
45 possibly an area that you can look at that people - the  
46 groups fall into a particular category, and there may be  
47 some subcategories within that as to how many

1 people they actually reach.  
2  
3 I think, from what I'm hearing, is that there are a  
4 lot of negotiations going on. It really would make a lot  
5 more sense if you know exactly how much you are going -  
6 up for, if you set up a tower, and you then negotiate with  
7 other co-users as to how it is funded.  
8  
9 The headlease agreements - we currently have some  
10 where properties are an excellent idea. At the moment we  
11 can have legal fees amounting to almost half of the very  
12 generous community-based amounts that we actually  
13 have to pay, which is only \$436 per site that we're on -  
14 which is pretty small, very generous. We would have to  
15 go out and do more fundraising to do that, to collect more  
16 money, but if we had to pay more.  
17  
18 But if you fall into that category, that's really  
19 excellent. There's a whole heap of people - SES, RSF, SL -  
20 Surf Life Saving - that fall into these sorts of  
21 categories. So if you can get into that category, it's  
22 good, but if we have to go through council or some other  
23 town user, they can charge us more than the amount as if  
24 we had to go through a tower that was done by transport.  
25 So I think that is sort of just things I'm interested in.  
26  
27 THE CHAIRMAN: Thank you.  
28  
29 MR SKELLY: Thank you.  
30  
31 THE CHAIRMAN: Des.  
32  
33 MR FOSTER: Could I just make the comment in response  
34 to that? And that is that it seems to me that all this talk  
35 of reducing the number of categories is not designed to  
36 deliver better services to users of Crown Land, or anybody  
37 else. It's to make the administrative task of the  
38 Department a bit easier. And I find it hard to weigh that  
39 up against what I would see as being just and equitable  
40 arrangements based on market value.  
41  
42 THE CHAIRMAN: Thank you, Des. Yes, Joe.  
43  
44 MR GIOVENCO: Thank you. Look, I've heard a number  
45 of times today the use of the term the "market" - sorry,  
46 what was it - "market perceived value", I think was the  
47 term - I can't recall the definition now.

1  
2 Now, this is a bizarre turn - "market expectations" or  
3 whatever. That is a bizarre term because at the end of the  
4 day we all have a relationship. We've entered into a lease  
5 or licence for access to a site for a permitted use.  
6 "Permitted use" is quite defined as either a  
7 telecommunications or a broadcast facility which would have  
8 a number of services. The existing agreement are in place,  
9 the services haven't changed - they're a long-term  
10 agreement for a number of years, and now we're trying to  
11 re-organise the line in the sand and say, "Now, because  
12 you've got five services", nothing has changed mind you,  
13 "there should be a co-user fee."

14  
15 I think we need to be careful of anything that is  
16 retrospective on existing licence and leases that are in  
17 place. Again, I'll reiterate in the private enterprise,  
18 notwithstanding that you have market evidence - "market  
19 evidence" was the term I was after. I'm not sure where  
20 you're getting this market evidence. It certainly doesn't  
21 exist with private landowners on the top of high-rise  
22 buildings. Thank you.

23  
24 THE CHAIRMAN: Thank you, Joe. Anybody else? Yes.

25  
26 MR DUFF: Good afternoon. My name is Hamish Duff,  
27 from Master Communications.

28  
29 We are a two-way radio company based in Sydney. We  
30 also work all over New South Wales for public safety  
31 agencies. We are completely in disagreement about the  
32 co-user fee. For our industry this has been the worse  
33 thing possible. It has driven many customers away from  
34 our sites.

35  
36 Many of our companies that we deal with, such as  
37 Vertel, have actually shut sites down because of the  
38 co-user fee. Because the users typically are looking for a  
39 competitive price, when the co-user fee has come onto the  
40 site, they've simply relocated their services to another  
41 site, and that site has become nonviable. So there are  
42 many sites in New South Wales where the two-way radio  
43 industry has simply removed their services.

44  
45 The second comment I would like to make is that I work  
46 personally a lot with public safety agencies like Fire  
47 Brigade and Ambulance. And in regional New South Wales,

1 the lack of proper infrastructure is the biggest impediment  
2 to proper telecommunication services. There are many,  
3 many hills and sites out there where there are multiple sites  
4 all over the place, all of a low quality. This has a  
5 direct impact on the quality of services provided to the  
6 community - be it for fire fighting, all the community  
7 services that are required.

8  
9 This is why there is technical and community  
10 expectation that we get our act together, and we have  
11 proper infrastructure, and this particular treatment of the  
12 leasing and co-user fees is an impediment to that process.  
13 Thank you.

14  
15 THE CHAIRMAN: Thank you, Hamish. Yes.

16  
17 MS PARKER: I'm Jennifer Parker from Warrumbungle  
18 Shire Council. I just want to reiterate what Hamish  
19 was just saying. The biggest problem we've had recently,  
20 not discarding the fees we have got to pay for these sites,  
21 is access to them.

22  
23 We have got sites where we couldn't get fire access  
24 when we had the disaster up there recently, and it's  
25 something that needs to be addressed. We are all paying  
26 fees for these sites, but sometimes the access into them is  
27 just impossible. And as Crown Land, it is part of their  
28 procedures - they are supposed to put money back into the  
29 sites, but sometimes that's not happening.

30  
31 CONCLUDING REMARKS

32  
33 THE CHAIRMAN: Thank you, Jennifer. Any other  
34 questions or comments? No.

35  
36 Well, thank you all very much for coming, and for your  
37 contributions. And we will take the points on board in  
38 preparing our draft findings. It's been of great benefit  
39 to us.

40  
41 And so in terms of the process from here, we'll now work  
42 on producing a draft report. This will outline and explain  
43 our draft recommendations. We plan to release our  
44 draft report in late April, and after considering  
45 submissions in response to the draft report, we will then  
46 provide the Government with our final report by July 2013.

1 And I just also would like to remind you that the  
2 transcript from today will be on IPART's website within the  
3 next week. Thank you all very much.

4  
5 AT 4PM, THE TRIBUNAL WAS ADJOURNED  
ACCORDINGLY

6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47