

**ITEM 3 LEASE OF MT KEIRA TELECOMMUNICATIONS TOWER TO TELSTRA**

Telstra approached Council seeking to renew its lease in respect of part of Council’s Telecommunications Tower located at Mt Keira Summit Park, Queen Elizabeth Drive, Mt Keira.

This report outlines the details of this proposal and seeks Council’s approval to the Lease of the Equipment Shed within the fenced area as well as the right to maintain and operate the already installed equipment located on Council’s telecommunication tower.

**RECOMMENDATION**

- 1 Authority be granted for the lease to be entered into for Part Lot 1 DP875991, Mt Keira Telecommunications Tower, Mt Keira Summit Park, Queen Elizabeth Drive, Mt Keira to Telstra for four consecutive terms of five years each (totalling 20 years) in accordance with the terms set out in this report.
- 2 Council delegate to the General Manager the authority to finalise and execute the lease and any other documentation required to give effect to this resolution.
- 3 Council grant authority for the use of the Common Seal of Council on all documents relevant to this matter, should it be required to give effect to this resolution.

**REPORT AUTHORISATIONS**

Report of: Lucielle Power, Manager Property + Recreation  
 Authorised by: Kerry Hunt, Director Community Services - Creative and Innovative City

**ATTACHMENTS**

- 1 Telstra Site Map 1
- 2 Telstra Site Map 2

**BACKGROUND**

Telstra Corporation Limited currently holds a lease and licence in respect to Part Lot 1 DP 875991 Mt Keira Telecommunications Tower, Mt Keira Summit Park, Queen Elizabeth Drive, Mt Keira which expires on 30 October 2022. Telstra Corporation Limited has requested four x five-year consecutive leases on the terms and conditions outlined in the below proposal. This is a standard requirement of Telecommunication leases.

The subject land (Part Lot 1 DP875991) was reclassified from Community Land to Operational Land on 17 December 2010.

Under the provisions of the *Telecommunications Act 1997*, Telstra has the power to enter Council’s land and operate its equipment with or without a lease, should they choose to exercise their powers under the *Telecommunications Act 1997*. Telstra Corporation Limited, however, has agreed to enter the new consecutive lease terms based on the proposal set out below:

**PROPOSAL**

|                         |   |
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| Lessee                  | Telstra Corporation Limited<br>Director, Telstra Property<br>c/-JLL<br>Level 10, 242 Exhibition Street<br>MELBOURNE VIC 3000                      |
| Site Address/Lease Area | Part Lot 1 DP 875991 being part Folio Identifier 1/875991 being part of the premises that part of the Land hatched and marked ‘Works Area’ on the |

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|                                    | plan attached as 'Annexure 'B' and situated at Mt Keira Summit Park, Queen Elizabeth Drive, Mt Keira NSW   |
| Land Classification                | Operational Land   |
| Permitted Use                      | Installation, inspection, maintenance, construction, excavation, replacement, repair, renewal, alteration, upgrade, cleaning, operation, access to and from and removal of the Facility in accordance with this Lease including the exercise of any rights as set out in the Act.  |
| Term                               | Four consecutive leases of five years  |
| Commencement Dates                 | Lease 1: 31 October 2022<br>Lease 2: 31 October 2027<br>Lease 3: 31 October 2032<br>Lease 4: 31 October 2037   |
| Rental in first year               | \$57,432.67 per annum (plus GST)<br><br>During negotiations to renew it was agreed 'The amount payable on the Commencement Date will be equivalent to the rent payable on 30 October 2022 under the previous lease, plus a further increase of 5%.' This is in line with the previous Telstra Leases.  |
| Rent Reviews                       | Annually on the anniversary of the initial five-year term by fixed percentage increase of 3%<br><br>Commencement of Leases 2, 3 and 4 by fixed percentage increase of 5%<br><br>Annually on the anniversary throughout each consecutive lease by fixed percentage increase of 3%   |
| Subletting                         | Council will not agree to Telstra Corporation Limited subletting the lease/licensed areas without the prior written consent of Council   |
| Legal Costs and Lease Registration | Each party must bear their own legal fees and disbursements for the preparation, negotiation, and execution of the Lease.<br><br>Telstra Corporation Limited is responsible for registration of the lease and any costs associated with registration should they wish for the lease/s to be registered.  |
| Other Costs (outgoings)            | Telstra Corporation Limited is responsible for payment of any charges for separately metered services that are consumed by Telstra Corporation Limited.  |
| Insurance                          | Council requires the Lessee to affect the following insurance policies:<br><br>a) Public Liability Insurance for a minimum of \$20M;<br><br>b) Damage to the building and equipment on the land and the Tower and any property or things located upon the land including contents insurance for equipment installed by the Lessee: and<br><br>c) Workers Compensation Insurance.<br><br>Council's interest is to be noted on the Policies as owner of the land and for its respective rights and interests in the land. On the anniversary of the Lease term, or on request, the Lessee must produce evidence to Council of the current insurance policies. If the Lessee fails to maintain the required policies and recover the insurance premium from the Lessee as a charge under the Lease. |

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| <p>Maintenance of the Facility</p> | <p>The Lessee is responsible for all maintenance and repairs to the Lessee’s equipment on the Tower and to keep the premises and its facilities in good and safe repair and condition, free of rubbish and debris.</p> <p>The Lessee is also required to comply with Council’s Access Protocol and Induction Program and must give notice to Council of entry to the land for the purposes of planned maintenance and major maintenance activities. Any modification to the equipment within the Leased and Licenced Areas will also require Council’s consent and the Lessee will need to provide structural analysis reports, independent radiation hazard reports and site management plans along with safe work method statements as directed by Council.</p> |
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### CONSULTATION AND COMMUNICATION

All relevant divisions of Council were consulted, and no objections were raised.

The subject land (Part Lot 1 DP875991) was reclassified from Community Land to Operational Land on 17 December 2010, as such statutory notification requirements do not apply in relation to this Lease.

### PLANNING AND POLICY IMPACT

This report contributes to the delivery of Our Wollongong 2028 Goal 4 “We are a connected and engaged community” and Strategy 4.1.2 “High-speed broadband and communication is available across the city”.

### SUSTAINABILITY IMPLICATIONS

Telstra is Australia’s leading telecommunications company. Approval of the new lease and licence of the Land to Telstra will ensure the ongoing supply of telecommunications and technology services provided by Telstra to individuals, the community, business, and government in the Wollongong local government area. The existing location of Telstra services at the Mt Keira Telecommunications Tower, owned by Council, creates efficiencies in the long term by avoiding relocations of services and/potential works.

### RISK MANAGEMENT

Due diligence undertaken by Council officers will minimise any risk to Council by ensuring that Telstra Corporation Limited complies with Council’s standard requirements in respect to Work Health and Safety at this site and adherence to Council’s access protocols. In addition, the lessee has the experience and demonstrated capacity to meet the requirements of the proposed lease.

### FINANCIAL IMPLICATIONS

The proposed rent and fixed percentage increases defined in the proposed lease and licence with Telstra Corporation Limited will provide additional income to Council (total rental of \$304,917.84 plus GST over the first five-year term of the Lease). The annual rent reviews throughout the lease terms and at the beginning of each consecutive lease allow for significant increases in rental, and therefore income to Council, over the 20 years.

During negotiations to renew it was agreed ‘The amount payable on the Commencement Date will be equivalent to the rent payable on 30 October 2022 under the previous lease, plus a further increase of 5%. Therefore, the rent at the Commencement Date will be \$57,432.67 per annum (plus GST). This is in line with the previous Telstra leases.

Telstra also agreed as per its correspondence dated 29 January 2018, to contribute to an amount equivalent to 19% of the final construction cost of the permanent power supply to the Land up to a maximum amount of \$385,477.51 (GST Inclusive). The construction of the permanent power supply was completed by Council in 2019 on the basis that this agreement was reached with Telstra for the contribution.

## CONCLUSION

The negotiated term of five years plus four further five-year consecutive leases is favourable to Council. The income will increase the revenue generated from commercial leases and licenses, will formalise the tenure arrangements and assist Telstra Corporation Limited in meeting its telecommunications strategy for the Wollongong Local Government Area.



