



Record of oral submission to the ACCC

Matter name:	Telstra/TPG proposed spectrum sharing		
ACCC parties:	Merger Investigations: Ninad Kulkarni, Eado Varon, Caylie McDonald		
Other parties:	Air Voice Telecom (Vodafone Dealer) <ul style="list-style-type: none">• Jay Vasani (Managing Director)		
File Number:	MA1000021		
Date:	5 September 2022		
Time:	2:00 pm AEST		
Phone to <input type="checkbox"/>	Phone from <input type="checkbox"/>	Meeting <input type="checkbox"/>	Other <input checked="" type="checkbox"/>

The ACCC met with Air Voice Telecom (**Air Voice**) to discuss its written submission in relation to the Telstra/TPG merger authorisation application. The following issues were discussed.

Overview of the Air Voice business

1. Air Voice started in 2012 and there are 33 Vodafone branded retail outlets under management across Australia (in all states except Victoria). Air Voice do have enterprise customers, but it is only a small percentage of their business.
2. Air Voice considers that TPG/Vodafone are quite competitive and have a presence in regional areas. Telstra is arguably the strongest network in regional areas. Operating in regional Australia is expensive and the biggest barrier to investment. Customers are influenced by coverage and price. There are customers in areas of Cairns who choose to stay with TPG/Vodafone because it offers lower prices in comparison to Telstra. However, if these customers had to travel more, they would likely be with Telstra as Vodafone's coverage is not as widespread. A lot of the regional stores have tight margins. Air Voice had to recently close its Bunbury store due to financial constraints.
3. Air Voice customers are very interested in the 5G rollout because most customers have 5G compatible phones. Air Voice has four stores in the Newcastle area and currently there is 20 minutes of travel between Newcastle and Glendale where travellers will not have consistent coverage with Vodafone. If the proposed transaction was to go ahead, 5G rollout may be more viable because of network sharing. Air Voice's most common complaint is lack of coverage.
4. Air Voice cannot comment on whether its entry into regional areas was impacted due to the competitiveness of their pricing. That is because Air Voice regional stores were already opened and established. They were not brand new. However, many Air Voice regional stores have since closed due to no longer being financially viable.

Comments about proposed transaction

5. Air Voice considers that the benefits of the proposed transaction are not limited to more competitive pricing. It will mean more choice for regional customers as TPG will become a third viable option. Reception and coverage generally will also improve.
6. Air Voice considers that customers are very loyal to Telstra due to their widespread coverage. Loyalty is very important, and many new customers of TPG/Vodafone are initially very hesitant to switch. Many companies consider TPG/Vodafone's services due to the competitive price point, but it usually takes 6-8 months for customers to switch. For enterprise customers of Telstra to switch to TPG, it would need to continue offering competitive pricing. In metropolitan areas, that is how TPG currently wins customers.
7. Air Voice considers that the proposed transaction will be good for pricing competition. It will motivate Optus to offer more competitive pricing too. Although TPG have made no commitments, Air Voice does not believe TPG will increase its prices as it will be unwilling to lose customers.
8. Air Voice is not sure what TPG will do if the proposed transaction does not go ahead. It speculates customers will be disappointed. Regional customers are entitled to greater choice and Air Voice does not believe the transaction will impact Optus' investment in regional areas.
9. Some of the key benefits that would impact Air Voice resulting from the proposed transaction, include:
 - more competitive pricing
 - greater access and choice for regional customers
 - better coverage for all regional customers
 - Optus becoming more competitive with their pricing