



Record of oral submission to the ACCC

Matter name:	Telstra/TPG application for merger authorisation		
ACCC parties:	Sophie Mitchell (SM), Deric Flores (DF) Caylie McDonald		
Other parties:	Kogan Mobile <ul style="list-style-type: none">• David Shafer (DS) – Executive Director• Ron Gelberg (RG) – Director of Partner Care• Bianka Christou – Corporate Affairs & Investor Relations		
Merger authorisation no.:	MA1000021		
Date:	16 August 2022		
Time:	2:30 pm AEST		
Phone to <input type="checkbox"/>	Phone from <input type="checkbox"/>	Meeting <input type="checkbox"/>	Other <input checked="" type="checkbox"/>

ACCC staff met with representatives of Kogan to discuss their written submission in further detail. The following issues were discussed:

Overview of the Kogan Mobile business

1. Kogan Mobile was originally launched in 2012 through a supply arrangement with a Telstra wholesale distributor (ISPone). ISPone subsequently went insolvent in 2013. Kogan Mobile then made a deal with Vodafone (now TPG) to relaunch, which occurred in 2015. Kogan Mobile now have more than 400,000 active customers and are among the lowest price mobile plans in the country. Kogan.com has its own community of members, who are promoted Kogan Mobile plans. Kogan Mobile is a profitable business line.
2. Before Kogan Mobile went into business with Vodafone (now TPG), Kogan Mobile discussed relaunching with Optus but it was not a viable option. Kogan Mobile previously (in 2012/2013) used Telstra's 3G services under the ISPone arrangement but ISPone went out of business. Kogan Mobile then wanted to create a business model that eliminated the risk of the underlying provider going out of business by partnering directly with the owner of the mobile network.
3. TPG has confirmed that the Kogan Mobile network will be expanded to reflect the additional Telstra towers, if the deal goes ahead.
4. Kogan Mobile is not in a position to comment on how closely TPG and Optus compete in the wholesale market. Kogan Mobile's agreement with Vodafone is with their retail division, not their wholesale division. Kogan Mobile does not buy wholesale and repackage (like Amaysim used to do, prior to being acquired by Optus). Kogan Mobile have a brand licence arrangement where Vodafone is the

underlying provider of service, which operates under the Kogan Mobile brand. This is because Kogan Mobile consider themselves experts in digital marketing and associated services, not experts in telephone services.

5. Regional coverage is important for regional Kogan Mobile customers and Kogan Mobile customers who have a second home in a regional area or need to travel through those regions for work. Most members of the Kogan.com board don't use Kogan Mobile because they need to travel regionally for work. The growth rate of Kogan Mobile's business on the Telstra network (under ISPone) was much faster than on the Vodafone network. After 9 months on the Telstra network in 2012/2013, Kogan Mobile had 130,000-140,000 customers. After being on the Vodafone network for seven years, we have more than 400,000 customers.

Broad concerns

6. From a competition perspective, regional customers do not currently have a lot of viable choice. Kogan Mobile does not currently have expectations as to the impact of the proposed transaction on their customers, save to say that Kogan Mobile believes that the universe of potential customers (within the Kogan.com customer base) would be significantly expanded given the broader network offering covering a larger percentage of the population. It's difficult to model, but they may increase market share from competitors like Belong Mobile, Aldi Mobile, or Boost Mobile, which are MVNOs on the Telstra network.
7. At the moment, the prices MNOs or MVNOs provide do not differ, unless between regional areas and metro areas. The proposed transaction will likely benefit metro customers who also travel to regional areas in terms of choice, not price.
8. Kogan Mobile expressed doubt that if the proposed transaction goes ahead, Optus will not build more infrastructure in regional areas. Optus may try to organise a deal of their own to build more infrastructure. Optus may compete harder in terms of price to capture a greater portion of Telstra and TPG's metro market share. Kogan Mobile can see why Optus would be opposed to the proposed transaction, as it will shift from the MNO with the second largest network to the third largest. However, more Australians will be serviced as a result of the proposed transaction which will result in a greater public benefit for customers.
9. Absent the transaction, if TPG thought it was viable to build infrastructure in regional areas, it would have. There are many years of track record of what level of regional investment is viable for TPG.
10. Kogan Mobile has minimal concerns with Telstra's early access to 5G under the proposed transaction, as it will be in a similar position to TPG (in terms of access to Telstra's towers).

Comments about proposed transaction

11. Some of the key benefits that would impact Kogan Mobile resulting from the proposed transaction, include:
 - improved choice for metro customers who travel regionally
 - more customers will be serviced, which leads to greater public benefit given that Kogan Mobile is a low cost operator.
12. Kogan Mobile has no concerns and perceives no potential constraints in relation to the proposed transaction.