

Confidential Restriction on Publication Claimed in Part

Statement in support of application for merger authorisation

**RE: TELSTRA CORPORATION LIMITED AND TPG TELECOM LIMITED
ARRANGEMENT FOR THE SHARING OF ACTIVE INFRASTRUCTURE AND
SPECTRUM IN REGIONAL AUSTRALIA (APPLICATION)**

Statement on behalf of TPG Telecom Limited

Statement of: Iñaki Berroeta Aurrecoechea

Address: Level 1, 177 Pacific Highway, North Sydney, NSW 2060 Australia

**Occupation: Chief Executive Officer and Managing Director, TPG Telecom
Limited**

Date: 15 August 2022

PUBLIC VERSION

This document contains information confidential to TPG Telecom Limited and its related bodies corporate, which is marked in [REDACTED]

Index of exhibits

Tab No.	Document	Document ID	Publication restriction
Exhibit IB-1			
1.			Whole
2.			Whole
3.	Australian Financial Review article, 'Optus makes billion dollar regional push', 11 August 2017	N/A	No
4.			Whole
5.			Whole
6.			Whole
7.			Whole
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A. INTRODUCTION

1. I am the Chief Executive Officer (**CEO**) and Managing Director (**MD**) of TPG Telecom Limited (**TPG**).
2. I am authorised to make this statement on TPG's behalf.
3. I am not authorised, nor do I intend to, waive legal professional privilege on behalf of TPG in relation to any subject referred to in this statement, and nothing in this statement ought to be construed as constituting a waiver of privilege.
4. On 21 February 2022, Telstra Corporation Limited (**Telstra**) and TPG entered into three commercial agreements:
 - a. MOCN Service Agreement dated 17 February 2022;
 - b. Spectrum Authorisation Agreement – MOCN Area dated 17 February 2022; and
 - c. Mobile Site Transition Agreement dated 17 February 2022,(together, the **Agreements**) (**Proposed Transaction**).
5. I have reviewed the confidential version of the application made by Telstra and TPG for merger authorisation under Part VII of the *Competition and Consumer Act 2010* (Cth) (**CCA**), for TPG's grant to Telstra for use of spectrum (under the Spectrum Authorisation), deemed pursuant to section 68A of the *Radiocommunications Act 1992* (Cth) (**Radiocommunications Act**) to be a merger within the meaning of section 50 of the CCA (**Application**).
6. I have also reviewed the Applicants' response to Optus' interested party submission (Tranche 2) (**Applicant Response**), including Confidential Annexure E, which contains a confidential submission made by TPG in relation to its likely counterfactual (**Confidential Submission**).
7. Exhibited to me at the time of signing this statement and marked 'Exhibit IB-1' is a bundle of documents. In this statement I refer to each document by reference to the relevant tab number in that exhibit. All documents in Exhibit IB-1 are confidential to TPG except for the document at Tab 3.
8. All capitalised terms in this statement which are not otherwise defined in this statement adopt the same meaning given to them in the Application.
9. As CEO and MD of TPG, and as a member of TPG's Board of Directors (**Board**), I was involved in the strategic assessment and decision-making relating to the Proposed Transaction, including the decision approving TPG's entry into the Proposed Transaction.
10. The matters set out in this statement are based on my personal knowledge, including as a result of:
 - a. my knowledge of TPG's business and operations based on my experience with TPG and Vodafone Hutchison Australia Pty Limited's (**VHA**) business;
 - b. my membership of TPG's Board and as a member of TPG's Executive Team;
 - c. my knowledge and experience gained from previous roles held overseas at telecommunication providers;

- d. my participation in discussions relating to the Proposed Transaction; and
- e. my participation in discussions relating to alternative options to the Proposed Transaction.

B. BACKGROUND

- 11. I hold a Masters of Science in Telecommunications from Bilbao Superior School of Telecommunications Engineering in Spain and a Masters of Business Administration from Henley Management College in the United Kingdom.
- 12. I began working in the telecommunications industry in 1995, when I joined Airtel Moviles (Spain). I then worked at Airtouch International from 1997, before moving back to Airtel Moviles in 2001. Both of these organisations were subsequently acquired by the Vodafone Group.
- 13. From 2004 to 2014, I was employed by Vodafone Group and held the following roles:
 - a. October 2004 to July 2007, Head of Sales – Northern Region for Vodafone Spain;
 - b. July 2007 to December 2010, CEO of Vodafone Malta; and
 - c. December 2010 to February 2014, CEO of Vodafone Romania.
- 14. In March 2014, I commenced as CEO of VHA.
- 15. On 13 July 2020, VHA and the former TPG Telecom Limited merged and VHA was renamed TPG Telecom Limited. Consequently, I became the CEO and MD of the merged TPG group. In this role, I am responsible for overseeing the strategic direction and operations of TPG. I report directly to the Board and am assisted by the members of the TPG Executive Team who report to me. I regularly communicate with my direct reports and other TPG staff members regarding issues that are material to TPG, including strategic network initiatives, such as the Proposed Transaction.
- 16. As a result of my experience, I have a detailed understanding of the telecommunications industry, including commercial mobile arrangements and investments in mobile infrastructure.

C. TPG'S BUSINESS ACTIVITIES

- 17. I have reviewed Section 1.3 (paragraphs 4-5) of the Application which describes the business activities of TPG. These paragraphs are, to my knowledge, accurate.
- 18. I have reviewed section 5.3(C) (paragraphs 85-89) of the Application which describes TPG's current network and coverage (including its 3G roaming agreement with Optus), the effect of the Australian Government's Security Guidance on TPG's mobile network roll-out, and its network plans prior to the Proposed Transaction. These paragraphs are, to my knowledge, accurate.

19. 


20. [REDACTED] Optus and VHA:

a. [REDACTED]

b. entered into a 2G and 3G domestic roaming agreement (**3G Roaming Agreement**) in the area covering 80% to [REDACTED] of the Australian population. At the time, the 3G Roaming Agreement extended VHA's total population coverage from around 94% (for VHA's own network) to [REDACTED] (with Optus Roaming). Given the expansion of TPG's mobile network in the past decade, TPG's mobile network reaches 96% of the population without Optus' 3G roaming and [REDACTED] with Optus' 3G roaming.

[REDACTED]

21. [REDACTED]

22. [REDACTED]

23. [REDACTED]

24. Optus ultimately decided to build its own regional network and, in mid-2017, announced that it would independently commence a large-scale investment program to increase the size of its regional mobile network by 500 sites, upgrade its existing 2,000 sites to 4G, increase capacity, and invest in satellite small cell technology. A copy of an Australian Financial Review article 'Optus makes billion dollar regional push' dated 21 July 2017 is at is at **Tab 3** of Exhibit IB-1.

25.

[REDACTED]

[REDACTED] on 5 September 2016, the ACCC announced its intention to conduct a domestic mobile roaming declaration inquiry. On 23 October 2017, the ACCC issued its final decision not to declare regional domestic mobile roaming service (**ACCC Final Decision**).

26.

[REDACTED]

27.

[REDACTED]

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[REDACTED] the Federal Government issued its security guidance, effectively banning Huawei from being used in 5G networks in Australia, [REDACTED]

[REDACTED]

29.

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Optus Roaming Agreement

31.

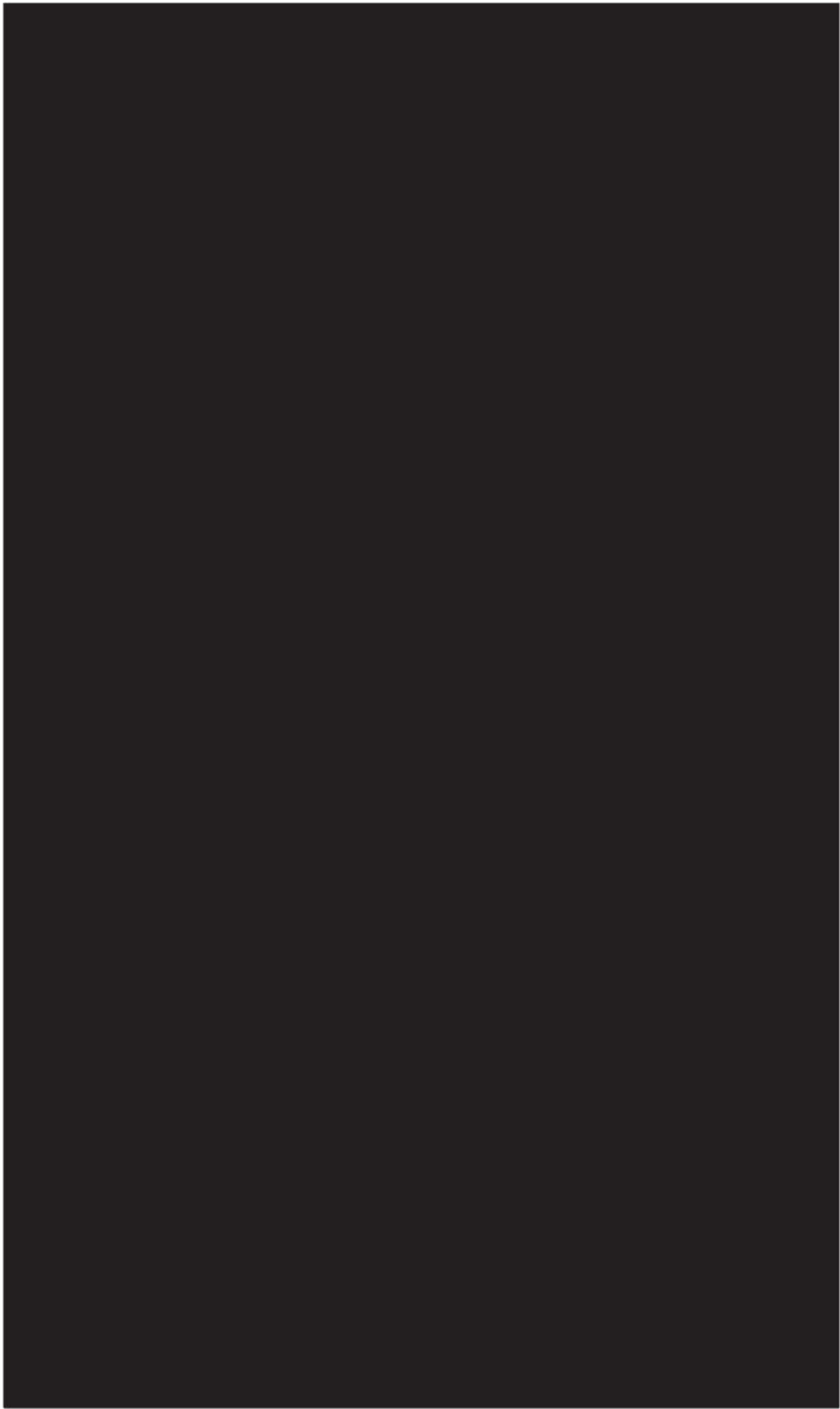
The 3G Roaming Agreement currently extends TPG's network population coverage from around 96% to [REDACTED]. The geographic 3G coverage gained from the Optus roaming is

[REDACTED]

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D. BACKGROUND ON MOBILE NETWORK INFRASTRUCTURE AND SPECTRUM

42. I have reviewed sections 5.1 and 5.2 (paragraphs 63-77) of the Application (except information that is confidential to Telstra) which contains an overview of mobile networks in Australia. These paragraphs are, to my knowledge, accurate.

43. I have reviewed paragraphs 171 and 175 of the Application, except for information confidential to Telstra, which state that TPG estimates its national market share for the supply of retail mobile services (by weighted count of products) to be [REDACTED], and market share within the 17% Regional Coverage Zone (by SIOs serviced) to be [REDACTED]. These paragraphs are, to my knowledge, accurate.

Importance of regional coverage

44. In my role, I am familiar with the concerns raised with TPG, from time to time, by customers, MVNOs, dealers and regional groups in relation to the coverage and performance of TPG's mobile network in regional areas.

45. One of the ways in which MNOs and MVNOs compete in Australia is through the extent of their coverage. That is true across Australia. The extent of coverage is a concern both for residents in regional areas and for many metropolitan and peri-urban residents who travel in regional Australia for work, tourism and family reasons.

46. From the perspective of an MNO such as TPG, coverage needs to be provided in the areas where customers 'work, live and play' and the areas in-between. If a mobile service provider does not have coverage in a given geographic area, its customers will be unable to receive a mobile signal and therefore cannot be provided with mobile services whilst remaining in that area. Customers generally demand mobile connectivity when they go from one location to another and will be dissatisfied with a mobile network that cannot offer an adequate level of continuous coverage. Accordingly, coverage is a very significant aspect of competition between mobile service providers.

47. Coverage is an important factor for customers in metropolitan areas (0% to 67% population coverage area) and in smaller cities and major regional centres (67% to 80% population coverage area) when selecting a mobile service provider, as most customers want to be able to use their mobile service when travelling to other parts of Australia for work or leisure. Accordingly, in my view, being able to offer wide geographic coverage is a significant competitive advantage.

48. In my experience, TPG's (and VHA's) limited regional coverage has historically been, and continues to be, a significant barrier to TPG acquiring and retaining those consumer and enterprise mobile customers who value regional coverage, as well as wholesale mobile

customers who wish to offer mobile services as an MVNO to customers seeking coverage in regional areas.

- a. **Retail customers.** TPG's smaller network has been an impediment to its growth, with customer feedback indicating that TPG's network quality is poor, particularly due to urban fringe and regional coverage gaps. TPG's lack of coverage in regional areas is one of the biggest contributors to customers churning from TPG to other providers. [REDACTED]

- b. **Retail enterprise customers.** TPG's smaller network has also limited TPG's ability to compete for enterprise and government customers. This is because TPG is unable to offer the regional coverage that many enterprise and government customers need (particularly larger customers with national or state-wide operations). [REDACTED]

- c. **Wholesale customers.** TPG's limited regional coverage reduces TPG's attractiveness at the wholesale level, [REDACTED]

49.



E. THE PROPOSED TRANSACTION

50. I have reviewed sections 6 and 7 (paragraphs 90-166) of the Application which contains an overview of the typical architecture of a mobile network and how the MOCN the subject of the Application works. These paragraphs are, to my knowledge, accurate.

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Key features of the Proposed Transaction

59. Some of the features of the Proposed Transaction that I consider to be particularly important for TPG, and which will improve its ability to compete to attract and retain retail (both consumer and enterprise customers) and wholesale mobile customers, are as follows.



a. Increased coverage

- i. The Proposed Transaction will provide TPG with coverage for 98.8% of the Australian population. This is an increase from TPG's existing coverage provided by its own network, which covers about 96% of the population. Further, TPG's depth of coverage in the area covering 81.4% to 96% of the

population will substantially increase from present, with the increased site density provided by the Proposed Transaction. The number of sites to which TPG has access in regional Australia will increase five-fold under the Proposed Transaction from around 725 sites to around 3,700 sites in the 17% Regional Coverage Zone. In terms of geographic coverage, TPG's existing 4G network covers around 650,000 square kilometres of Australia. With the MOCN, TPG's 4G network geographic coverage will more than double to around 1,500,000 square kilometres.

- ii. As explained in section D above, in my experience, the limited regional coverage of TPG's mobile network has been a significant barrier to acquiring and retaining retail, enterprise and wholesale customers. The increase in TPG's coverage will allow it to offer and market this coverage in competing more vigorously with Optus and Telstra at a retail level for both consumers and enterprise customers as well as at a wholesale level. TPG will be better able to compete for new customers who reside in metropolitan, peri-urban and regional areas by providing a competitively priced mobile service with coverage more comparable to that of Telstra. In addition, I consider that the Proposed Transaction will significantly reduce churn away from TPG's network noting that, as explained above, coverage has historically been, and remains, a significant reason for customer churn from TPG.

iii.


I consider 
that the Proposed Transaction provides TPG and its customers with:

1. broader coverage in many regional and rural areas compared with the coverage currently available under TPG's own network coverage and its coverage under the 3G Roaming Agreement; and
 2. higher quality coverage in many regional areas in the coverage zone where TPG currently has coverage on its own network or under the 3G Roaming Agreement. This higher quality coverage is a result of greater site density under the Proposed Transaction and the availability of 4G (and, as it is rolled out, 5G) under the Proposed Transaction in areas where TPG currently only provides 3G services. This increase in quality is illustrated by the coverage maps for Adelaide, where it can be seen that the Adelaide Hills region currently has low site density which density will materially increase under the Proposed Transaction
- iv. I consider that the increased and higher quality coverage that will be available to TPG customers as a result of the Proposed Transaction will benefit TPG's customers who:
1. reside in areas where TPG currently has no coverage even under the 3G Roaming Agreement;

2. reside in areas where TPG currently has no 4G or higher coverage (95%+ population coverage areas);
3. reside in the 80-96% areas where TPG's network is characterised by low site density as service quality will increase dramatically; and
4. travel in or through the 80%+ regions.

b. Access to 5G

- i. Under the Proposed Transaction, Telstra is required to make 5G available to TPG at a particular site in the 17% Regional Coverage Zone 6 months after the site was activated for 5G for Telstra customers, subject to some limited exceptions. This same staggered approach will also apply to any other future technology generation agreed to be added to the MOCN Services.
- ii. Some 5G sites will be immediately available to TPG on implementation of the Proposed Transaction, because 5G will have been deployed at that site for at least 6 months by that time. Further, in my experience, a 6 month difference in the parties' new 5G generation network launches in discrete geographic areas will not have a material impact on TPG's competitiveness vis-à-vis Telstra. TPG has, for example, typically lagged behind Telstra by more than 6 months in terms of technology and coverage in the 17% Regional Coverage Zone.
- iii. As explained further in section G below, the Proposed Transaction provides TPG with access to 5G in the 17% Regional Coverage Zone a number of years earlier than it would otherwise be able to deploy such technology itself or access it through an agreement with another MNO, and in some areas TPG would not have deployed 5G at all. It will also provide customers seeking 5G coverage in the 17% Regional Coverage Zone with a third alternative where currently only Telstra and Optus offer those services.
- iv. The ability to offer 5G mobile services in the 17% Regional Coverage Zone also increases TPG's competitiveness at the wholesale level, as it becomes more attractive to potential MVNOs


c. Control of core network

- i. Under the Proposed Transaction, TPG will maintain control over its mobile core network and is solely responsible for operating its core. This means that TPG retains control to make enhancements, upgrades, interconnection arrangements and to acquire any goods or services from third parties for the purpose of developing the core network.
- ii. Product plans and new products are built and controlled in the mobile core network. This means that under a MOCN arrangement, each party controls the plans and products they build in their mobile core network without the need for consent from, or configurations to the mobile core network of, the other party. Importantly, because Telstra's core network does not need to be configured for TPG to be able to offer new products, Telstra will not be

alerted to TPG's upcoming plans, including pricing structures and data bands.

- iii. Therefore, from TPG's perspective, the Proposed Transaction affords TPG a high degree of flexibility and autonomy to differentiate its products and services and continue to operate its own mobile core network where its key service-differentiation functionality lies. Such product differentiation is a key way in which TPG competes with Telstra, Optus and the MVNOs.

d. Non-discrimination principles

- i. The Proposed Transaction contains important non-discrimination principles, such that Telstra is not permitted to discriminate between the treatment of, and quality of service provided to, TPG's end users and Telstra's retail customers. The non-discrimination obligations mean that TPG will automatically derive any benefits Telstra makes to its RAN in the 17% Regional Coverage Zone.
- ii. The non-discrimination principles apply only to 'retail-grade' services. However, 'retail-grade' services make up all of the mobile services TPG supplies to Government and enterprise customers. This means that the services currently supplied by TPG to enterprise and Government customers would be covered by the non-discrimination obligations. Accordingly, I do not believe that this will limit TPG's ability to compete with Telstra for the vast majority of enterprise and government customers, particularly given the improved coverage under the Proposed Transaction and TPG's access to 5G on an expedited basis. All services that TPG currently offers to its enterprise and government customers in metropolitan areas today will be able to be offered by it in the 17% Regional Coverage Zone following the Proposed Transaction.
- iii. The non-discrimination principles also do not apply to Narrowband Internet of Things (NBIoT) and FWA services. This was a pragmatic position to reach by the parties 



In my opinion, these exceptions to the non-discrimination obligations will not have any material impact on TPG's ability to compete, particularly because all of TPG's consumer and business customers receive exactly the same quality of service on TPG's network.

e. Seamless handover between networks

- i. The handover between the MOCN and TPG's own network will be seamless. Seamless handover refers to the ability to maintain connectivity when switching from one network to another. It is possible under MOCN architecture because the core network does not differentiate between the radio access sites of the different operators. In roaming arrangements, the absence of seamless handover results in a very poor customer experience.

60. The pricing under the Proposed Transaction was also heavily negotiated by TPG to ensure that it would be able to compete on value following the Proposed Transaction. In particular, it was important for TPG that the charges it would pay Telstra are sustainable, given continually increasing data usage growth, and the issues faced in respect of the fixed usage charge under the 3G Roaming Agreement with Optus. I consider that a key benefit to the pricing under the Agreements is the fact that, in relation to the data cost, a mechanism exists in the Agreements that adjusts the per GB charge [REDACTED]

61. [REDACTED]

62. In addition to the features set out above, it is my view that the Proposed Transaction is strategically and commercially valuable from TPG's perspective, because it allows TPG to monetise unused and underutilised spectrum, is non-exclusive and enables TPG to concentrate its greenfield investments in metropolitan and peri-urban regions of Australia.

a. Monetisation and utilisation of spectrum

- i. In regional Australia, TPG has a relatively small number of sites (around 750), has not rolled out 5G and has a small share of supply (around [REDACTED] in the 17% Regional Coverage Zone). This means that TPG's low-band spectrum is presently under-utilised, as this is suitable for use in regional areas where TPG has a small presence – TPG's 700 MHz spectrum is used on only [REDACTED] sites in the 17% Regional Coverage Zone. It also means that TPG's native 5G spectrum (3.6GHz) is presently not being used.
- ii. The pooling of the parties' spectrum under the Proposed Transaction is an efficient method of utilising and monetising TPG's unused and underutilised spectrum holdings in the 17% Regional Coverage Zone, resulting in increased capital efficiency and reducing the overall operating expenditure of TPG's mobile network in these low population density areas.
- iii. The fees TPG receives from Telstra for the use of its spectrum also assist in offsetting the charges payable by TPG under the Agreements. [REDACTED]

[REDACTED] This is discussed further at paragraph 84 below.

b. Non-exclusivity and greenfield developments

- i. A key component of the Proposed Transaction is that it is not exclusive. The non-exclusive nature of the Proposed Transaction provides TPG with flexibility and an opportunity to pursue complementary deals that will further augment the commercial uplift of the Proposed Transaction, [REDACTED]

- ii. Access to the MOCN in the 17% Regional Coverage Zone also enables TPG to concentrate its greenfield investments [REDACTED] to the metropolitan and peri-urban regions of Australia, which will improve TPG's network quality and reputation in these areas. [REDACTED]

[REDACTED] This will improve TPG's network quality in metropolitan and peri-urban regions.

63. TPG also carefully negotiated its ability to exit the Proposed Transaction if it becomes in TPG's commercial interests to do so. As set out in paragraph 194 of the Application, the Proposed Transaction preserves TPG's ability to exit the Agreements after 10 years (or after any optional extensions exercised by TPG) and provides a transition-out period of up to 36 months at TPG's election. This is an important element of the Proposed Transaction for TPG for the reasons set out in that paragraph of the Application.
64. In my view, the Proposed Transaction provides TPG with a number of other benefits which will improve its ability to compete for customers in regional areas. In particular, the Proposed Transaction enables TPG to provide:
- a. a retail consumer FWA service over the MOCN for use at a single premises in the coverage area. The service is only supplied over the 3.6GHz spectrum band on a 5G standalone basis. As a result, TPG will be better placed to compete with nbn and the other MNOs in the provision of retail broadband services; and
- b. a Narrowband Internet of Things (NBIoT) SIO service within the coverage area to capable devices. The service is supplied using 700MHz spectrum.

65. The Proposed Transaction also includes fixed nbn fallback terms which enable TPG to provide a customer with a failover 4G mobile broadband data service, speed restricted to 12 Mbps, which will operate in the short period until nbn is connected and during periods of outage of the fixed nbn service. The service will be available for TPG customers at premises in the coverage area which have a primary fixed broadband service supplied by nbn over fibre, HFC or copper network.

F. TPG'S COMMERCIAL RATIONALE

66. I have reviewed section 2.5 (paragraphs 26-37) and paragraphs 180 and 187(a) of the Application which describe TPG's commercial rationale for the Proposed Transaction. As CEO and MD of TPG, and a member of TPG's Board, I confirm that those paragraphs are, to my knowledge, accurate.
67. The Proposed Transaction aligns with TPG's ambitions for regional Australia and will enable TPG to deliver regional coverage that rivals its competitors within a timeframe and in a manner not otherwise commercially viable for, or available to, TPG. It will deliver substantial and immediate commercial benefits to TPG (as explained in paragraphs 59-62 above) which I consider to be superior to alternatives that may be available to TPG, in particular: (i) a [REDACTED] 4G roaming agreement with Optus [REDACTED]; or (ii) a targeted build of potentially around [REDACTED] new sites in the 80% - 96% population coverage area over the next 10 years (targeted at more highly populated towns and holiday hotspots) (**Targeted Build**). These alternatives are discussed in Section G below. [REDACTED]
68. I consider that the Proposed Transaction will significantly enhance TPG's ability to compete for retail consumers, enterprise and government customers and wholesale customers, as noted in paragraph 59 and 64 above.
69. [REDACTED]
70. As discussed in paragraph 62, the Proposed Transaction also allows TPG to realise the value of its unutilised or underutilised spectrum, which reduces the substantial capital investment and operating costs that would otherwise be associated with meaningfully expanding its regional coverage. In addition, as set out in paragraph 62, the Proposed Transaction enables TPG to focus its greenfield [REDACTED] developments on the metropolitan and peri-urban regions to increase TPG's network quality in these areas.



G. COUNTERFACTUAL

71. I have reviewed section 3.2 (paragraphs 44-60) of the Application, which describes what TPG would do if the Proposed Transaction were to not proceed. That section has been supplemented and clarified in the Counterfactual Submission. Taken together, section 3.2 (paragraphs 44-60) of the Application and the Counterfactual Submission reflect my views and, to the best of my knowledge, the views of the TPG Board, as to what TPG would do if the Proposed Transaction did not proceed. My knowledge of the views of the TPG Board in this respect are based on my discussions with members of the Board, including at Board meetings.

72. For TPG, I consider that there are three possible alternatives to the Proposed Transaction;

- a. entering into a wholesale agreement with Optus to extend its coverage in the 80%+ coverage area;
- b. a targeted expansion of its own network in the 80%+ coverage region (i.e. the **Targeted Build**); or
- c. expanding its own network to seek to match Telstra or Optus' coverage (**Full Build**).

73. For the reasons set out in section 3.2 of the Application and paragraphs 6-7 and section 2 of the Counterfactual Submission, I am of the view that:

- a. TPG has no financial case to sustain a Full Build in regional and rural areas;
- b. 
- c. assuming that TPG and Optus could successfully negotiate a regional network sharing arrangement if the Proposed Transaction does not proceed, I consider this would most likely involve a 4G roaming arrangement for at least 

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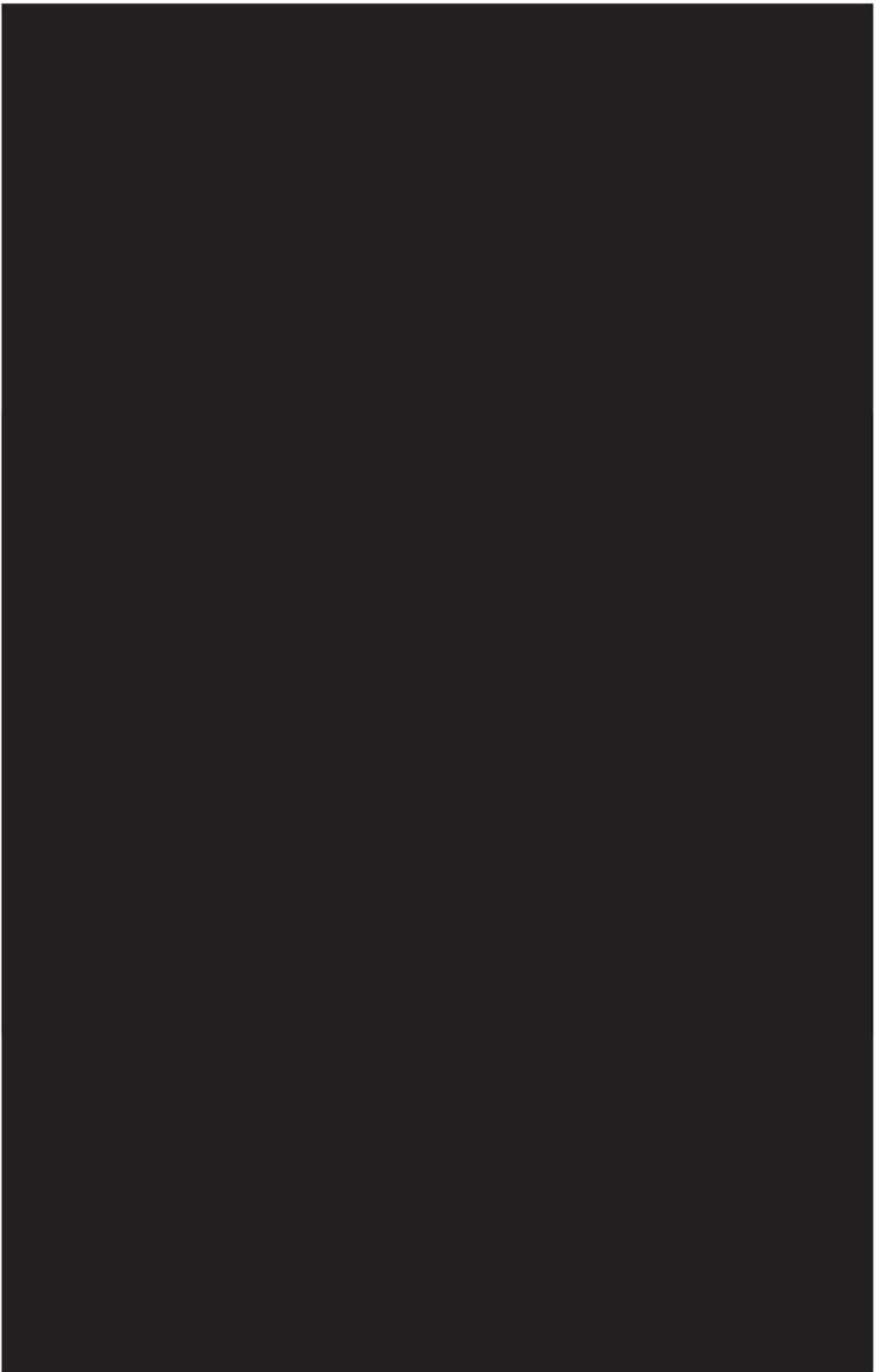
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H. PROPOSED TRANSACTION WILL ENHANCE TPG'S ABILITY TO COMPETE TO A MORE MATERIAL EXTENT THAN A ROAMING ARRANGEMENT WITH OPTUS OR TARGETED BUILD

81. I consider that the Proposed Transaction offers superior strategic, financial and commercial outcomes for TPG than any potential alternative scenario for extending into the 17% Regional Coverage Area. Compared with [REDACTED] a [REDACTED] roaming agreement with Optus:

- a. The Proposed Transaction will provide TPG with greater coverage (~1.5 million km² [REDACTED]). Even if TPG could negotiate [REDACTED] population coverage with Optus [REDACTED]. Even on this basis, there would be fewer MNOs competing to provide services in [REDACTED] population areas and fewer MNOs able to advertise coverage over [REDACTED].
- b. The Proposed Transaction will provide TPG with regional 5G coverage in a much shorter period of time than under any alternative agreement with Optus due to Optus' need to upgrade its sites to 5G [REDACTED].
- c. The mechanics of the MOCN arrangement in the Proposed Transaction means that TPG will retain control over its mobile core network, from which it is able to control the quality and functionality, and thereby differentiate its services and product offerings and readily adapt to changing market conditions through new products and plans. Under a roaming arrangement with Optus, TPG's services would be restricted by the service description set by Optus (including quality levels), and any changes to TPG's product plans (e.g., data caps at which throttling is initiated) would have to be approved and implemented by Optus. Therefore, TPG would have significantly less autonomy and

control, limiting its ability to compete on product differentiation [REDACTED]

82. The non-exclusive nature of the Proposed Transaction also provides TPG with flexibility and the opportunity to pursue complementary deals that will further enhance the commercial and financial benefits the Proposed Transaction, such as greenfield developments or expansion of the eJV with Optus in the 0-80% region. [REDACTED]

83. In recommending that TPG enter the Proposed Transaction, I reviewed [REDACTED]

84. [REDACTED]

85. [REDACTED]. I consider the Proposed Transaction to be the superior opportunity of those available to TPG to improve and expand its mobile coverage.

86. If TPG were unable to complete the Proposed Transaction and also unable to successfully negotiate an alternative arrangement with Optus on terms that TPG considers to be reasonable, TPG would have no option but to conduct the Targeted Build. In that scenario, TPG's coverage position would not be materially enhanced and it would continue to trail behind Telstra and Optus in terms of coverage with only around [REDACTED] sites in 80%+ coverage regions (an additional approximate [REDACTED] sites to its existing regional portfolio over ten years).

This would significantly hinder TPG's ability to compete for regional and rural customers (as well as metropolitan and peri-urban customers that value regional coverage) and not give rise to any of the benefits of the Proposed Transaction identified in paragraph 81. In my view, in this scenario, TPG would not compete with Telstra and Optus for retail customers requiring coverage in regional Australia or for wholesale customers seeking to offer mobile services as an MVNO.

87. I consider that, for the reasons set out in this section, TPG will be better placed to win market share from both Telstra and Optus under the Proposed Transaction than in any potential counterfactual, whether that is a roaming agreement with Optus [REDACTED] or a Targeted Build.

Signed by Iñaki Berroeta Aurrecoechea

A large black rectangular redaction box covering the signature of Iñaki Berroeta Aurrecoechea.

15 August 2022

Optus makes billion dollar regional push



Paul Smith *Technology editor*

Updated Jul 21, 2017 - 5.32pm,
first published at Jul 20, 2017 - 10.07pm

Optus, the country's second largest telecommunications provider has unveiled plans to pour \$1 billion into a widespread upgrade of its regional mobile network, in a move it described as one of the largest in Australia's history.

The plan was unveiled in a media briefing in Tamworth on Friday morning with Optus chief executive Allen Lew flanked by Deputy Prime Minister and Member for New England, Barnaby Joyce, where Optus is focusing a \$4.5 initiative alongside Vodafone to make upgrades.

Under the plan Optus will build 500 new mobile sites across regional and remote parts of Australia, which it said includes 114 sites under the Federal Government's Mobile Blackspots Program. It will also complete its 4G upgrade program toll upgrade more than 1800 sites from 3G to 4G technology, upgrade the 4G capacity in more than 200 sites and invest in its satellite small cell technology, which provides mobile voice and data services to remote areas of Australia.



Optus CEO Allen Lew said its regional investment was one of the largest in Australia's history. **Edwina Pickles**

The investment announcement comes just two months after The Australian Competition and Consumer Commission announced it would not force Optus and Telstra to share its regional infrastructure

[<http://www.afr.com/business/telecommunications/accc-will-not-force-telcos-to-share-networks-20170504-gvyyjf>]with rivals providers like Vodafone and TPG.

Mr Lew said the improved network infrastructure build would be completed by the end of June 2018. He said it would expand coverage and improve overall network performance for residents, businesses, and its wholesale partners, while also helping to build resilience in services that support public safety and emergency services during natural disasters.

It will see Optus catching up to Telstra, which uses its superior regional coverage as a major selling point against its rivals, and will give the likes of Vodafone and TPG more to do to convince Australians that they can use their phones anywhere they may be in Australia.

"This represents one of the single largest investments in regional mobile infrastructure in Australia's history," Mr Lew said.

"Optus is building out its mobile network in the places where people live, work and travel to ensure they can lead a vibrant online life. Importantly, we are densifying the mobile network to provide better download speeds for data-hungry applications such as video streaming."

In a statement Mr Joyce said Optus' investment added to the government's own funding made under the Mobile Blackspot Program and would see 37 new or upgraded mobile phone towers built in his electorate.

Deputy Prime Minister Barnaby Joyce was on hand to help Optus unveil its investment, as it focuses significantly on his electorate. **Alex Ellinghausen**

Paul Smith edits the technology coverage and has been a leading writer on the sector for 20 years. He covers big tech, business use of tech, the fast-growing Australian tech industry and start-ups, telecommunications and national innovation policy. *Connect with Paul on [Twitter](#).*
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