
From: Glenn Hulkes [REDACTED]
Sent: Wednesday, 8 June 2022 1:34 PM
To: Merger Authorisations
Subject: Movecom Pty Ltd: MA1000021 – Telstra TPG Spectrum Transaction – submission

To the ACCC,

I am writing in support of the application by TPG Telecom and Telstra in respect of their MOCN Service Agreement. Movecom is a TPG/Vodafone Business Partner, and as such has a keen interest in ensuring that our customers can benefit from the proposed transaction.

In addressing the specific feedback the ACCC is seeking:

- As a TPG/Vodafone business partner, with over 20 years experience in the Australian telco industry, there are various factors a customer considers when deciding on a mobile network operator. In our experience, our customers who travel within regional Australia are currently less price sensitive, as the network experience differs significantly between Telstra and the other operators. The MOCN agreement would result in the network experience of both Telstra and TPG/Vodafone customers being equivalent, thereby ensuring that differentiation on price, service offerings and inclusions becomes a larger factor. When the networks are equivalent, pricing and inclusions must necessarily be competitive in order to attract and retain customers.
- Movecom currently only offers TPG/Vodafone's mobile voice and data services. Our expectation of the pricing impact of the MOCN agreement is that they would remain largely unchanged, or that any changes are not directly driven by the agreement itself. The main reason for this is that the majority of the revenue and infrastructure generated by these products is still located within the major metropolitan areas. If anything, the efficient use of the resources involved in the transaction should place downwards pressure on costs, and subsequently prices for consumers.
- The non-price aspects of competition under the MOCN agreement should also be beneficial to consumers. By ensuring that there is more than one provider with the same network coverage, speed and service quality capabilities, customers will be offered more choice.
- In our experience, for customers that are based in the regions or regularly travel within the regional areas of Australia, Telstra is considered to have the most reliable network coverage when compared to both TPG/Vodafone and Optus. This is obviously due to their significant investment in the regions over a long period of time. Without the MOCN agreement, customers that rely on this coverage essentially have no other choice at the moment than to connect with Telstra. Without the approval of the MOCN agreement, an uneconomical investment in TPG's own network would be required in order to compete at a similar scale. As we understand it, the inefficiencies of this are the main reason the agreement has been entered into. The investment required would not only be uneconomical – and as a result potentially not being committed to by TPG – but would also take many years to eventuate, all the while continuing to restrict customers' ability to choose an alternative carrier.
- While the Telstra network currently has significantly better coverage in regional Australia than the other 2 network operators, Optus is in clear second place, with a reasonable distribution of infrastructure of ~2,500 sites compared to TPG's ~725. Optus also continues to make significant investments in their regional distribution. This will continue to provide an alternative to both the TPG and Telstra products in the marketplace.
- In our view, all of the benefits outlined by the applicants are inevitable should the MOCN agreement be approved by the ACCC. The extent of these benefits is somewhat determined by confidential commercial

information as it relates to the operations of each of the applicants. However, the most relevant from a consumer perspective is that TPG's network coverage in the regions would be equivalent to Telstra's. Potential detriments to this deal purported by Optus are that Telstra will face less competition and gain control over spectrum. However, this seems to imply either a misunderstanding of the deal, or an attempt to instil fear over the deal in order to constrain TPG/Vodafone from being able to compete with both Optus and Telstra. The proposed deal is not a combination of Telstra and TPG as suggested by Optus, rather an agreement to utilise certain resources. Product offerings will remain under the control of each provider. Indeed, it has been reported that Optus themselves have explored similar arrangements with TPG with negotiations not being fruitful in the past.

- In addition to the consumer choice and other benefits resulting from the MOCN agreement, one that has not been mentioned in the application is the potential for increased small business employment. As mentioned at the outset, Movecom is a TPG/Vodafone Business Partner, a small business facilitating the employment or economic activity of approximately 10 people, serving business customers largely based in Metro areas. Under current arrangements, there is no real incentive for a TPG or Vodafone business partner to establish a presence in the regions, due to a lack of competitiveness compared to Telstra and Optus. Indeed, the current Vodafone retail footprint does not extend past the major population centres. If the MOCN agreement were to proceed, there would potentially be an opportunity for Movecom, TPG, or another TPG/Vodafone business partner to establish a presence in the regions, in order to service the customers that now have a real choice of provider. These newly established businesses would in turn provide employment to people in regional areas, further improving the outcomes of the agreement.

We look forward to the approval of this agreement, the benefits it will bring to consumers, and the opportunities it represents for many small businesses.

Kind Regards

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