

Telstra and TPG application for merger authorisation for proposed spectrum sharing in regional Australia – National Australia Bank (NAB) Submission

NAB appreciates the opportunity to provide a submission on the acquisition proposed by Telstra and TPG of 5G spectrum as well as the network sharing arrangements proposed within the Multi-Operator Core Network (MOCN) agreement.

NAB supports the agreements proposed and sees benefit for NAB and consumers more generally resulting from the arrangements.

NAB is one of the four major banks delivering financial services across Australia and as such has a distributed branch network and workforce across the continent.

Mobile communications are a critical service for NAB in maintaining contact with customers and colleagues alike.

NAB has a multi-provider approach for mobile services, which includes Telstra and Vodafone for supply of mobile plans and hardware.

While mobile phone communications are front of mind in discussion on mobile service provision, NAB's current and future use of mobile data services for technology supporting Branches and regional offices are an emerging opportunity.

<p>How mobile service providers currently compete, including whether they seek to differentiate on price, network coverage and quality, product and service offerings and inclusions, and whether the MOCN arrangement will impact this competition</p>	<p>NAB's guiding principle in sourcing of mobile services centres on achieving competitive tension between providers to achieve improved outcomes for NAB.</p> <p>Telstra have historically differentiated themselves on very broad coverage at a premium price. The coverage model is appealing for NAB in enabling staff and Branch functions across the country in a consistent manner.</p> <p>Vodafone's strengths centre on capital city metropolitan communities. Vodafone differentiates itself with product inclusions and competitive pricing which help NAB broaden adoption and volume of mobile users.</p> <p>For NAB, the MOCN deal presents opportunities to broaden mobile consumption by regional staff as well as staff travelling to regional Australia by introducing more affordable options.</p> <p>Further, options to reduce risk due to a single-supplier reliance in Branch systems can be introduced.</p> <p>Overall, NAB's view is that the MOCN will create more competition for a greater and more geographically dispersed population.</p>
<p>Likely impact of the MOCN arrangement on prices, including mobile services, fixed bundles and data services</p>	<p>NAB expects downward pressure on pricing is the most likely outcome resulting from the MOCN.</p> <p>All major Telco providers have opportunity to differentiate their offerings using price and bundle levers.</p> <p>NAB expects a positive outcome of the MOCN will be the ability to further diversify supply of services, particularly those in Branches, but also with large NAB staff groups that travel.</p>

	<p>The diversity in supply outcome creates a situation where additional backup capabilities can be made available where this opportunity can't be achieved today. Adding communication backup channels assists NAB in strengthening resiliency, therefore 'uptime' for NAB customers.</p> <p>The MOCN appears to increase competition in this respect, not lessen it.</p>
<p>Likely impact of the MOCN arrangement on non-price aspects of competition, including product and service offerings, contracts, network coverage, bundling options, speed, customer service and service quality</p>	<p>The potential for influence on customer service as a differentiator between suppliers increases with the implementation of the MOCN.</p> <p>Managing tens of thousands of services from day-today operational fulfilment and support through to billing is a challenging task that requires close interaction between NAB and the suppliers.</p> <p>Potential exists for both Telstra and TPG Vodafone to provide new and/or improved customer service outcomes for NAB and NAB employees.</p> <p>In addition, changes to existing terms on inclusions such as data, international dial and roaming are also potential outcomes available to both providers in presenting competitive options.</p>
<p>How closely TPG and Telstra currently compete, or would be likely to compete in the future, absent the MOCN arrangement</p>	<p>The absence of the MOCN would limit the ability to increase the number of mobile-connected staff. To an extent, this creates a self-imposed limitation on 'digitising' NAB staff, impacting their efficiency in supporting NAB customers.</p> <p>Availability of technology services in Branches depends on communication links, an increasing number of which are delivered by mobile services. The future of 5G networks suggests mobile communications will increase in importance, meaning the diversity in supplier networks also becomes increasingly necessary for redundancy.</p>
<p>Likelihood of other competitors expanding their network coverage and quality to constrain the services provided by Telstra and TPG under the MOCN arrangement</p>	<p>Competing head-to-head on coverage is a possible or potential response from the remaining major mobile competitor, however alternate responses which increase competition in terms of quality of services or product differentiation are also possible.</p>
<p>Extent and likelihood of public benefits and detriments, claimed by the applicants or otherwise, arising from the MOCN arrangement; and</p>	<p>The most obvious and talked about aspect of the MOCN is the regional and urban fringe coverage that will become available to TPG Vodafone. However, the improvement and uplift in capacity and quality of service that Telstra achieves through the additional 4G/5G spectrum they acquire from TPG Vodafone provides benefit to consumers of the Telstra network everywhere.</p> <p>A pathway for Mobile Virtual Network Operators (MVNOs) using the TPG Vodafone network also expands to regional and urban fringe, encouraging further competition.</p>
<p>Any other competition issues relevant to the ACCC's consideration of the proposed arrangement</p>	<p>NAB supports the MOCN and the spectrum acquisition proposed and is excited by the opportunities it will provide for NAB, but also the general mobile communications market.</p>