



Dr Stephen Gale
Telecommunications Commissioner
Commerce Commission
44 The Terrace
Wellington 6140

By email

28th July 2017

Dear Stephen

I am writing to you in relation to the letter of the 8th June 2017 sent to yourself by the Hon Simon Bridges, Minister for Communications in relation to his interest in a review of the mobile telecommunications market. TUANZ is supportive of this expression of interest in the Commission undertaking a review.

TUANZ has previously expressed in meetings with the Commission our desire to see a wide ranging review undertaken of the New Zealand mobile telecommunications market. We also included this call as part of our submissions to the Government's Telecommunications Act 2001 Review process.

In our submission of the 3rd November 2015 we made the following observations.

Mobile Competition

Since the Act was originally passed we have seen continued investment by the two major mobile networks in initially extending coverage, and more latterly in the upgrading of the networks for greater speeds. The two major players have continued to compete with one another, but we suggest it has generally been head to head competition with each other.

We have also seen the arrival of a third mobile network operator, but that only came about after significant challenges around gaining spectrum and a workable roaming agreement were overcome. They also lacked the capability to be a full service player until they recently purchased a well established fixed line broadband provider.

In our view, we have seen no successful Mobile Virtual Network Operators develop within the New Zealand marketplace.

During our consultation with members, it was expressed that we are unlikely to see the investment in a fourth mobile network. To see increased innovation within this mobile marketplace, New Zealand needs more than three MNOs it needs a fully functioning MVNO environment with the competition that will bring.

We believe that, for the long term benefits for end users, there should be an independent review of the wholesale mobile market around all aspects, from roaming to MVNOs, through all forms of infrastructure sharing. The aim should be to ensure that the right access and incentives are in place

and could be undertaken by the Commerce Commission similar to other investigations it has undertaken.

This would also have hopefully a positive impact of the continued improvement in mobile coverage for rural New Zealand through ensuring all forms of infrastructure sharing are available where needed.

We reiterated these views in a second submission dated 2nd September 2016 (available on our website). While we recognise there has been some movement in the MVNO market space in particular, our submissions support the Minister's letter in this area.

Since the date of those submissions we have consulted further with our members and it has become apparent that there is concern amongst them that the rates paid for calls made from mobile devices to toll free numbers (Mobile Origination) remain high when compared with the regulated rates for Mobile Termination. With the growth in the use of mobile devices to access services from organisations such as banks and government departments, these organisations are seeing significant increases in the cost of providing this which could lead to end users being unable to access services they may be entitled to.

We reiterate our previous suggestion that it is time for the Commission to use its monitoring powers under the Telecommunications Act to undertake a wide ranging and comprehensive review of the mobile telecommunications market with the view to ensuring it is delivering the competitive outcomes that are to the benefit of end users. We propose a broad review as there may be other specific issues that are raised during the process, as well as identifying areas where our market is operating well.

We look forward to working with the Commission on any future review.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Craig Young', with a stylized flourish extending to the left.

Craig Young
Chief Executive

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