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WISPA NZ Submission One NZ & Dense Air Acquisition

Introduction

WISPA NZ welcomes the opportunity to make this submission on the proposed acquisition of Dense Air's New Zealand spectrum assets by One New Zealand.

WISPA NZ as a collective association of Wireless operators throughout New Zealand represents spectrum users and delivers connectivity to more than 70,000 homes and businesses in regional New Zealand. Spectrum is our life blood, which enables our members to be able to provide high quality connectivity to end users.

Spectrum availability

As our members serve predominantly rural / regional markets where the density of population is lower, however the costs to service those populations is much higher. Access to clean spectrum is critical to wireless operators, being able to provide services that are both competitive and of a high quality to users.

Availability of spectrum to be used by wireless operators that can provide an acceptable return on investment and deliver the current and future needs of those served, is absolutely critical, however under current policy settings is difficult to obtain.

Globally, the finite radio spectrum is controlled in the most part by the largest mobile operators, to service their mobile network customers. New Zealand is no different, current policy settings make it difficult for entities outside of 3 main operators to obtain sufficient spectrum to compete other than in some of the most difficult locations, such as rural New Zealand.

Mobile operators also have spectral assets that in most cases are suitable only for urban environments or short distances from a tower, much of this spectrum is not feasible in a “mobility” or mobile based FWA model for rural / regional environments.

This often means large swaths of spectrum go unused throughout New Zealand, when a Mobile operator has a national spectrum right. This means significant resources are wasted, this has long been a concern that WISPA since its inception has voiced, unfortunately only limited traction with the government has been made around this ensuring spectrum targeted at regional wireless operators is made available.

Making use of the spectrum

WISPA NZ would strongly recommend that in the case of Dense Air , any acquisition be weighed with the lens of does this further a competitive market or does it just bolster much of the same which limits scarce resources into the hands of only a few entities and prevents either new entrants in the market or innovative regional operators from growing.

The WISP model challenges some of the norms of spectrum wastage, this is due to its fixed wireless access model using LOS (line of sight) or NLOS (near line of sight) where spectrum assets that mobile operators can only deploy on high density sites with short end user/mobile user distances, can be used by Wireless operators in rural settings to provide long distance connectivity, example being:

Mobile networks using X spectrum can provide usable FWA (fixed wireless access) coverage or mobile user coverage inside a 5km range whereas a WISP wireless operator can use X spectrum and provide connectivity at 20Km plus.

Whilst this is a good example above of rural/regional use, especially with FWA, in urban environments Wireless operators are unable to truly compete due to access to sufficient spectrum, MNO's have obtained and control the vast majority of spectrum that is able to be used in urban environments, there are also further spectrum resources expected to be obtained by MNO's in new spectrum bands being released soon, that lock down huge amounts of spectrum to MNO's only.

The current policy settings and existing spectrum allocations mean that new entrant/s or existing providers wishing to grow into the mobility & FWA market are prevented from entering due to the availability of spectrum to create a network. As the aforementioned spectrum allocations continue to occur, the competitive advantages of having new entrants to the market are further eroded.

WISPA NZ has concerns around further spectrum being amalgamated into an existing MNO network that further reduces the ability for new or even existing smaller providers outside of the 3 main MNOs, being able to compete in urban and rural areas.

Can it benefit New Zealand having additional market players?

WISPA NZ supports the concept of new entrant/s or preferably the enabling of existing smaller regional operators to be able to compete more effectively throughout New Zealand both in rural and urban markets. Wireless connectivity has tremendous potential in New Zealand's connectivity market, enabling more competition can untap more of this potential.

Anecdotal evidence would suggest that globally, having more than 3 major operators in the market is good for the market, enabling innovation, uptake and better use of the spectral resource,

From our limited research increasing the number of entrants is a good thing in general:

Increased Competition: A higher number of MNOs fosters more intense competition. Research indicates that with more players in the market, there's greater pressure for competitive pricing, improved service quality, and innovation in products and services to attract and retain customers. A study by the International Telecommunication Union (ITU) found that increased competition led to lower prices and improved service quality in various markets.

Consumer Choice and Options: Having more MNOs gives consumers a wider array of choices for mobile plans, services, and technologies. This often leads to more tailored offerings to suit diverse needs, including varied data plans, pricing structures, and service packages.

Innovation and Technological Advancement: With multiple operators striving to gain a competitive edge, there's a greater incentive to invest in research, development, and technological innovation. A study published in the Journal of Industrial Economics suggested that higher competition levels among operators tend to drive technological progress and innovation in the mobile telecommunications sector.

Market Efficiency and Network Quality: A competitive market often leads to improvements in network quality and infrastructure. MNOs may invest more in expanding coverage, enhancing network speeds, and deploying advanced technologies to stay ahead in the competition, ultimately benefiting consumers.

Regulatory Implications: Regulatory bodies often advocate for maintaining at least four MNOs in a market to ensure healthy competition. Studies, such as those conducted by the European Competitive Telecommunications Association (ECTA), have highlighted the importance of policies that support a minimum number of operators to preserve competition and consumer welfare.

Summary

WISPA NZ clearly sees the benefit of more competition in our market and would prefer that further spectrum is not added to the resources of one of our largest operators, without all feasible options being exhausted first.

WISPA NZ supports the enabling of regional providers who are innovative and agile operators, being able to compete not just in the more difficult to reach places but also in some of our more densely populated areas as well, thus bolstering competition, consumer choice and a more rounded use of the resource.

Nga Mihi

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