



2 August 2018

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Commerce Commission
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By email robert.deuchars@comcom.govt.nz

Dear Robert

Review of Regulated National Roaming Service

Thank you for the opportunity to comment on the Commission's review as to whether there are reasonable grounds to deregulate the specified National Roaming service under the Telecommunications Act 2001.

Wholesale and retail mobile market competition has fundamentally shifted since 2001 when the specified National Roaming service was introduced, with further significant development occurring since the Commission's last periodic review in 2013.

To complement their own build, mobile entrants today can roam and co-locate on three nationwide mobile networks – Vodafone, Spark and 2Degrees.

The extent of competition and other market development means that it is unlikely the specified National Roaming service will ever need to be used. While the ongoing need for a regulated backstop is questionable, we accept the Commission's draft conclusion that would see the current National Roaming service remain in the Act.

The remainder of this letter sets out the key developments in the mobile market, which largely address the previous concerns identified by the Commission.

Wholesale Mobile Market has developed significantly

Historic concerns about competition to provide roaming services, and the ability to move between roaming providers, no longer applies.

(1) All networks operate using consistent technology

Today, the three mobile networks use consistent technology. In 2001 when the service was originally regulated, New Zealand's two mobile networks used different technology - Vodafone with GSM and Spark with CDMA. Because all networks today use consistent technology, there is no longer a barrier to switching between roaming providers over time.



(2) *Multiband handsets allow churn between networks*

Today, multi-band smartphones are low cost and represent the majority of phones sold. In its 2013 review, the Commission was concerned that 2Degrees could not migrate to roaming with Spark because its 900MHz and 2100MHz network was incompatible with 2Degrees and Vodafone's 850MHz and 2100MHz networks. The proliferation of multiband handsets today removes this issue.

The Commission was also concerned at the time that multi-band phones were expensive and priced from \$500 upwards.¹ Multi-band phones are now the majority of handsets sold, with a wide variety of devices across the range, such as Vodafone's Smart E8 which retails for \$89.

(3) *2Degrees no longer provides 2G services*

The Commission has previously expressed concern that 2Degrees relied on Vodafone's network because Spark did not offer a 2G network, and 2Degrees had a high proportion of customers on legacy 2G devices. In 2013, the Commission considered that 2Degrees had chosen its technology, and once it had made a choice of Vodafone as a roaming partner, the two providers [Vodafone and Spark] were no longer practical substitutes.²

This concern is no longer relevant. 2Degrees decided to stop selling 2G phones in 2015 and switched off its 2G network in March 2018.³ In addition to our 3G & 4G networks, Vodafone continues to operate a 2G network. We would not expect any future entrant to invest in older generations of technology.

(4) *700MHz spectrum allocation decided*

At the time of the 2013 review, the outcome of the 700MHz Digital Dividend was not known. The Commission noted that the 700MHz auction provided an opportunity for a new entrant to purchase spectrum, and that a new mobile provider may require a national roaming arrangement to roll out its network on the 700MHz spectrum.

This concern is no longer relevant. The spectrum was auctioned off to Vodafone, Spark and 2Degrees. There were no new entrant bidders for this spectrum.⁴

¹ Commerce Commission, *Final Decision on whether to investigate omitting National Roaming from part 3 of Schedule 1*, 20 September 2013, para. 15

² *ibid*, para. 17

³ <https://www.2degreesmobile.co.nz/help-and-support/mobile/products-and-services/what-you-need-to-know-about-2g/>

⁴ Commerce Commission, *Final Decision on whether to investigate omitting National Roaming from part 3 of Schedule 1*, 20 September 2013, para. 15



Vodafone Commercial National Roaming Services

Vodafone has provided commercial national roaming services to 2Degrees since 2007. This has enabled 2Degrees to provide nationwide services since launch. As 2Degrees notes in its submission on 5G spectrum roadmap:

2Degrees is now at the stage of completing its national network – now with c.98% population coverage on its own network.⁵

Vodafone continues to provide national roaming to 2Degrees on a commercial basis.

New entrant, BlueReach, “*is in the process of developing an LTE network that can be readily converted, over time, to 5G.*”⁶ BlueReach give their current coverage as Auckland, Hamilton, Tauranga, Rotorua, Napier, Hastings, Palmerston North, Wellington, Nelson and Christchurch.⁷

We note the significant existing coverage achieved without roaming services, and expect that BlueReach would have the ability to commercially negotiate national roaming between all three national mobile networks.

Colocation and NESTF simplify and reduce network deployment costs

The barriers to deploying mobile network nationwide continue to reduce. Today there is an active and established co-location market between mobile networks and includes RBI sites.

Similarly, the National Environment Standard for Telecommunications Facilities (NESTF) has been developed to make it considerably faster, easier and cheaper to deploy mobile infrastructure.

Conclusion

The historic concerns raised by the Commission regarding the ongoing need for regulated National Roaming have largely been addressed. We expect that roaming deals can continue to be agreed on a commercial basis, with or without the regulated National Roaming service in place. However, we see no harm in the Commission’s draft conclusion to retain the regulated service as a backstop.

⁵ 2Degrees, *Submission on MBIE 5G Spectrum consultation*, p.8

⁶ BlueReach, *Submission on MBIE 5G Spectrum consultation*, p.3

⁷ <http://www.blureach.co.nz/coverage.html>



However, the extent of competition and development in the market does also mean that the Commission could be cautious in reviewing or amending the scope of the existing national roaming regulation in the Act, which is sufficient in light of current competition.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Chris Abbott', is located below the 'Yours sincerely' text.

Chris Abbott
Head of Public Policy & Government Relations