

16 June 2022

Sam Holmes
New Zealand Commerce Commission
By email: Sam.Holmes@comcom.govt.nz

Dear Sam

Kinetic NZ Holding Ltd and NZB Holdco Ltd Merger Application ('Application')

First, on its face, a merger of two large operators obviously has the potential to lead to price increases and reductions in service levels. We calculate the two parties would account for more than █% across Auckland (in terms of fleet and in-service kms), and that the two largest operators postmerger would account for more than █%. This is a high level of concentration, and they are Auckland-wide metrics and hence the issues are likely to be more acute in some areas. That said, we accept the key issue is the extent to which the merger affects the level of competition at future tender rounds.

Obviously, the merging parties have a number of advantages relative to other operators and potential entrants, including because of their ownership of/access to assets such as depots, and incumbency more generally. █

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Further, while we are working through the issues, the impacts of this merger are likely to be different in different areas, even within Auckland. For instance, the parties' depots may mean that they are particularly close competitors for certain units because other operators may be less inclined, or less able, to bid aggressively for a particular unit as a result of the costs to them of servicing those routes. Accordingly, we would appreciate meeting with the Commission to discuss these concerns.

Yours sincerely

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