



WISPA New Zealand

Po Box 38037, Christchurch 8842

Phone: 0274503504

Email: chair@wispa.org.nz

Website: <http://wispa.nz>

14 February 2022

SUBMISSION TO THE COMMERCE COMMISSION on Statement of Preliminary Issues: Vocus and 2degrees

Introduction

WISPA.NZ is an industry group launched in 2017 to represent the interests of commercial Wireless Internet Service Providers (WISPs). Our membership currently includes 33 WISPs.

Members collectively service an estimated 70,000 end users, predominantly in hard-to serve rural areas. Our service quality and affordability are comparable with mid-city fibre.

Many WISPA-NZ members have business to business relationships of varying types with both Vocus and 2 Degrees.

1. Comments on the likely competitive effects of the Proposed Merger.
 - a. WISPA-NZ surveyed its membership to ascertain their individual views on the merger and this has formed the basis of the opinions in this submission.
2. In response to para 15.1 of the Statement of Preliminary Issues, "retail supply of fixed-line voice and broadband services to consumers and small business customers".
 - a. WISPA-NZ members expressed no strong views but the association notes that the merger would be unlikely to negatively affect our members in this regard. We believe the merger is unlikely to result in significantly greater competition due to the high number of retail service providers already operating in this market segment offering a variety of pricing options, packages and bundles.
3. In response to para 15.2 of the Statement of Preliminary Issues, "retail supply of mobile phone services"
 - a. Members generally took a positive view of the effects of the merger on the retail phone services market. The predominating view of members is that the merger will increase competition in this area. Members believe the merger will create a much stronger third player and enable it to thrive given the already very competitive nature of the marketplace.
4. Wholesale implications of the merger.
 - a. Both applicants are active in the wholesale internet services market. A merger between two sellers in a market the size of New Zealand's will have the effect of reducing choice for ISPs seeking connectivity services. There are possible unilateral

effects that could arise for our members given their size relative to others in the market.

Along with IP transit and other upstream services whose availability in the market are ubiquitous, the services purchased from both applicants by our members include the use of both applicant's own DSL and UFB handovers and phone services in the case of 2 Degrees.

Being able to purchase these handover and VoIP connections as a managed service enables our smaller members to offer broadband options to their markets outside the well-known WISP type connections. The availability of these wholesale handover services to small ISPs adds to the richness and competitiveness of the New Zealand fixed line broadband market. It allows the participation in the market of those who could otherwise not afford to have a presence due to the costs of a dedicated handover with Chorus.

- b. The MVNO market in New Zealand is an emerging service. Several of WISPA-NZ's members are resellers on Spark or Vodafone's MVNO platforms. There is at least one member who resells Vocus' s MVNO service.

WISPA-NZ would like to see the New Zealand MVNO market continue to evolve to the point our members and other retailers can offer mobile services that are truly competitive with the MNOs while allowing a fair margin for retailers. At present the MVNO market appears to be characterised by very low margins for retailers and a poor selection of service offerings when compared to the MNOs offering them.

WISPA-NZ recommends a condition be placed on the merger that the parties engage with prospective MVNO retailers to develop a workable MVNO model that results in mobile plans that will meet the retail market.

Yours sincerely,

Glenn Hutton

On behalf of WISPA-NZ committee.