

Submission on the proposed RANCo joint venture

Response to the Commerce Commission's Statement of Preliminary Issues
One NZ and 2degrees

Date 20 October 2026

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1 Executive summary

- 1.1 Monopoly Watch NZ (MWNZ) supports the proposed RANCo joint venture. It offers a credible way to strengthen 2degrees, improve the economics of network upgrades and make all three operators compete harder for customers, particularly in the business, enterprise and government segments. These are the segments that will deliver productivity gains for New Zealand enterprises. Market structure matters, but counting three brands or three sets of radio equipment does not tell us how effectively those businesses can compete. Our support is directed to better services and sustained competitive pressure, with the Commission applying the statutory test for clearance. We urge the Commission's investigators in this inquiry to understand how much the industry has changed and evolved. Today's mobile industry bears no resemblance to the industry of 1999.
- 1.2 Tex Edwards's car and handset comparison, reproduced in Part II, explains the investment problem. A car can remain useful for decades with maintenance and modest electronic upgrades. Mobile networks must continually fund new equipment, capacity and software as customers' use changes. RANCo can spread some of that cost across more customers while One NZ and 2degrees retain their own spectrum, core networks and commercial businesses. A better-equipped 2degrees has room to grow in business, government and premium services, putting pressure on Spark as well as One NZ. Some 44% of New Zealanders drive a car more than 15 years old, and nearly 20% drive one more than 20 years old. No one uses a handset more than nine years old, and no radio equipment on a cell tower or in a cabinet is more than ten years old. ***The industry is in a capex frenzy, and that capex has to be paid for.***
- 1.3 The proposal nevertheless removes independent radio-network decisions. The Commission should establish that each parent can still compete on price, wholesale access, service and innovation, and can fund additional capability without its rival holding it back. Shared information must be confined to operating the network. Coverage, resilience and the treatment of retired sites also matter. Spark remains an alternative buyer for equipment and services, but a global manufacturer and a local maintenance business have different options. Procurement savings should improve delivery without eroding essential supplier capability.
- 1.4 Our recommendation is to assess the venture against realistic, funded plans without it and to connect the savings to competitive conduct. That includes examining investment, debt and dividends across the incumbents and 2degrees. Overseas sharing arrangements provide useful evidence about workable design; satellite services add a developing source of choice. Neither replaces the need to establish that this transaction is not likely to substantially lessen competition. New Zealand retains regulatory and spectrum-policy powers, but the structure should preserve effective rivalry from the outset. Part IV answers the ten consolidated questions. This industry differs from others not only in its capital intensity and pace of technological change, but also because government regulates and controls spectrum, and can therefore fix, redesign or alter competitive settings at regular intervals.

2 Tex's experience and the pace of change

2.1 Tex's experience of founding 2degrees is central to this submission. The photographs below connect the long process of entry with the much faster pace of technological change. They are his practical explanation of why a third operator needs the capital and operating arrangements to keep challenging the incumbents.¹

2.2 His account starts with the car: "In the same time I have driven the same car, which was brand new on the day I bid for the 1800 MHz spectrum, and Avis eventually gave it to me. I upgraded the electronics for \$800 (Apple CarPlay, navigation system, rear backing camera etc)." His description of the other side of the comparison is equally direct: "The mobile phone industry is hell: every short while upgrades come and utility in the industry improves."

Tex's photographs and the cost of keeping technology useful

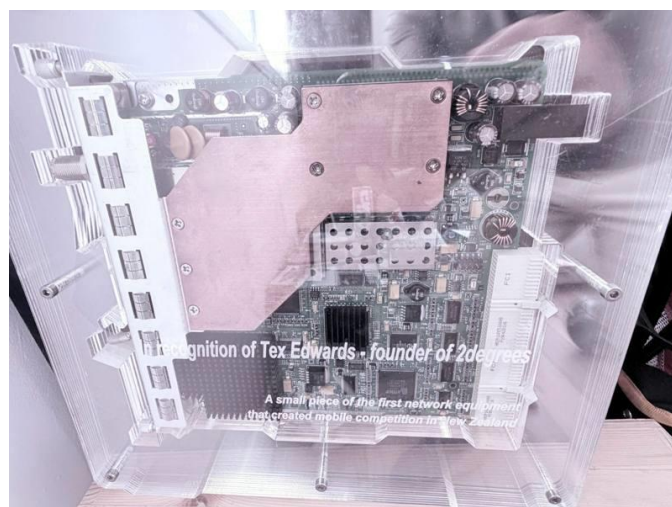
Photograph	What it shows for RANCo
	Entering the market required more than spectrum Tex's newspaper clipping records the early development of the third operator. Buying spectrum began the task; financing construction and obtaining the operating inputs took much longer. Sharing and access arrangements were part of making entry workable.
	The old handset and cheques A cheque meant writing on paper and taking it to a bank branch (<i>a shop like facility where real breathing people talked to customers</i>). The old handset offered a much narrower service than today's smartphone. Digital services have saved customers time and inconvenience, while increasing what the underlying network must carry.
	The same car as the market moves on The car appears beside a newer Aston Martin. <i>2Degrees has paid no dividends, and doesn't issue Aston Martin cars to its staff.</i> Tex has kept the same vehicle while mobile services have moved through several technological generations. An older car can still perform its basic task; a mobile network must keep pace with changing demand.

¹ Tex Edwards "Nordic Regulator Views on RAN-Sharing Joint Ventures" (MWNZ research note and commentary, 18 October 2026), personal account and accompanying photographs. Quotations and historical recollections in this Part are attributed to Edwards.

Photograph	What it shows for RANCo
	The Lexus service team celebrating 20 years of reliable motoring, there are no 20 year old technology components in a mobile network other than the Steel towers , and concrete tower bases
	The car can still be serviced and operated. The only real differences are Apple CarPlay, navigation and a rear-view camera, all fitted for \$800.

A leaving present from the core network

2.3 When Tex left the 2degrees management team, his leaving present was not a new car , yacht or plane, but a piece of the core network: a CPU card from the original core switch, pictured below. It illustrated first hand how quickly core technology changes. The equipment that created mobile competition in New Zealand was retired and replaced long ago, while the car Tex hired from Avis for a 3-month period when he bid for spectrum is still on the road after Avis eventually gave the car to him .



The original core-switch CPU card, presented to Tex on leaving 2degrees: “In recognition of Tex Edwards – founder of 2degrees. A small piece of the first network equipment that created mobile competition in New Zealand.”

- 2.4 The dividend record over the same period is equally telling. Spark and One NZ (formerly Vodafone) paid NZD \$9.2 billion in dividends over the preceding 15 years; 2degrees paid none. The challenger's cash has gone into building and renewing its network.

The 1999 handset and how far the industry has come

- 2.5 The newspaper clipping below shows Tex, then head of Econet Wireless New Zealand, holding a 1999 handset as the company was cleared to launch New Zealand's third mobile network. That handset made calls and little else; today's smartphone is the customer's bank, map, camera and office. Every step between the two required new radio equipment, software and capacity, and each operator has paid for those steps separately.



"Small fry opens up phone market": Econet boss Tex Edwards with a 1999 handset. Picture: Martin Sykes.

- 2.6 That distance is the point of this submission. Combining the radio access networks of One NZ and 2degrees in RANCo means the capital for each new generation can be raised against a larger customer base and the equipment deployed once rather than twice. Capex can be financed and deployed more efficiently, leaving each parent more to spend on competing for customers.



An \$800 electronics upgrade

Tex added Apple CarPlay, navigation and a reversing camera to keep the car useful. Network upgrades operate at a different scale: radio equipment, software, power and transport capacity across many sites. Sharing can reduce repeated expenditure where the same equipment would otherwise be installed twice.

Latest upkeep on 20 October 2026

The new invoice records a 2000 vehicle with 234,778 km. The warrant inspection, headlight polish and labour total \$181.25 including GST. It is a current illustration of modest upkeep on the same old car, not an estimate of its lifetime ownership costs.²

QUANTITY	ITEM	PRICE	TOTAL
1	WOF	82.61	82.61
1	Headlight Polish	25.00	25.00
0.5	Hours of Labour	100.00	50.00
SUBTOTAL		\$	157.61
GST		\$	23.64
BALANCE DUE		\$	181.25

Photographs supplied by Tex Edwards. Selected invoice extracts are reproduced above.

2.7 The point is the different pace and scale of renewal. The handset is now the bank branch, map, camera and, for many people, the office. Households and businesses save time, but providing that convenience requires continuing network expenditure. Generations of equipment can coexist, and not every handset change requires a new radio. Even so, a national operator must keep improving capacity and capability. There is no \$800 upgrade for a national mobile network.

2.8 Tex also recalls that buying spectrum did not produce a functioning network. Roaming, co-location, termination rates, portability and even numbering required separate work. Customer acquisition and handset subsidies competed for funds with network construction. In 2008, when 2degrees (then NZ Communications) sought a RAN-sharing agreement similar to RANCo, the incumbent sent a decorated Vietnam War veteran who spent the meeting discussing his war experience while the entrant needed operating arrangements settled. In effect, real progress towards competition was obstructed. Tex has every respect for former service personnel and is mindful of the horror of that war, but it was a memorable experience.

² Seaview Motors Waiheke Ltd, invoice 22515 to Tex Edwards (20 October 2026), recording a 2000 vehicle, 234,778 km and \$181.25 including GST for the listed work. Relevant extracts are reproduced.

2.9 The commercial point is the cost of delay: an established operator already has the network and customers. Tex recalls raising network sharing as far back as 2008. RANCo should reduce the challenger's practical disadvantage while ensuring that neither parent acquires a new means of delaying the other.

3 The proposal and legal framework

The assets and decisions being shared

- 3.1 RANCo concerns the active radio access network: antennas, radio and base-station equipment, cables and associated power equipment that connect devices to a mobile network. It goes beyond sharing a mast. Under the proposed Multi-Operator Radio Access Network (MORAN) model, the parties share radio equipment while retaining separate spectrum and core networks. Their retail and wholesale businesses remain separate.³
- 3.2 The public application also excludes relevant backhaul and transport assets, Rural Connectivity Group points of presence and satellite assets. Those exclusions matter because they leave each operator with important investment and service choices. The Commission should check that the operative agreements preserve that freedom. A customer buys a connection that works; both the shared equipment and the independent services above it contribute to the result.

The legal test and the realistic alternative

- 3.3 The application seeks clearance under s 66 of the Commerce Act 1986. The Commission must be satisfied that the acquisition will not have, or be likely to have, the effect of substantially lessening competition in a market. Efficiencies matter where they improve competitive capability or incentives. This is different from the separate authorisation process, which can weigh public benefits against competitive detriment.⁴
- 3.4 *Commerce Commission v Woolworths Ltd* requires the likely position with the acquisition to be compared with the relevant position without it. The assessment must address a real and substantial risk of a substantial lessening of competition. *NZME Ltd v Commerce Commission*, an authorisation case, also explains the Act's concern with competition for the long-term benefit of consumers. The practical link here is between better network economics and stronger rivalry for customers.^{5,6}
- 3.5 The applicants' stated alternative is continued independent operation. The Commission should compare the venture with contemporary budgets, financing options, existing sharing and realistic alternatives. It should assume neither three equally resourced networks nor a failing 2degrees. MWNZ's argument is that a viable challenger could do more, sooner. Deployment already funded or legally required should not be counted again as a benefit of RANCo.⁷
- 3.6 The assessment should cover retail mobile services, including relevant fixed wireless services, wholesale mobile services and the procurement of RAN equipment and related services. Customer type, location and supplier alternatives may justify narrower analysis. A national average can conceal a loss of choice for an enterprise customer, a rural household or a regional contractor.⁸

³ Two Degrees Mobile Ltd, Two Degrees Networks Ltd and One New Zealand Group Ltd "Application for Clearance: RANCo" (public version, 25 September 2026) at [33]-[36], [138]-[139] and [174]-[175] (Application).

⁴ Commerce Act 1986, ss 1A, 47 and 66(3).

⁵ *Commerce Commission v Woolworths Ltd* [2008] NZCA 276 at [63]-[64] and [73]-[76].

⁶ *NZME Ltd v Commerce Commission* [2018] NZCA 389 at [43]-[53].

⁷ James Mellsop and Thomas Logchies "Competition Effects of RANCo" (NERA, 23 September 2026) at [2]-[15] (NERA Report), commissioned by the applicants' legal advisers.

⁸ Commerce Commission "Statement of Preliminary Issues: Proposed radio access network joint venture - 2degrees/One NZ" (1 October 2026) at [14]-[20] and attachment A (SoPI).

- 3.7 The Commission should also consider that the proposal still allows for substantial independent RAN owned by operators outside the RANCo agreement. If a large corporate campus, a university or a major rural deployment wants dedicated 5G or 6G coverage ahead of the shared rollout schedule, that network can still be built.
- 3.8 We urge the Commission to revisit the Feasey report and its own 2025 Telecommunications Monitoring Report, particularly page 252. There the Commission acknowledges that business and enterprise telecommunications services are not yet covered in the same depth as residential services, and that it intends to expand its research in this area. It is imperative that the Commission understands that 2degrees is markedly under-indexed and under-performing in the business and government markets. These are the markets where the most investment must take place, in core digital services and bespoke applications that run systems with complete data security, and they add the most to the country's productivity. 2degrees cannot be expected to say publicly that it is behind, or that its base is dominated by prepaid customers; its public statements are necessarily framed in marketing terms. After 15 years, this remains only a two-and-a-half operator market. RANCo would enable 2degrees to compete across all market segments. Also noteworthy is the exit of the Māori-owned Hautaki Trust from the share register, a consequence of the industry's relentless capex demands.
- 3.9 Why would One NZ admit 2degrees into RANCo, when it could continue to force 2degrees to spend all its receipts on capex rather than dividends? MWNZ sees five reasons:
- 3.9.1 One NZ wants to on-sell its network to fund data centres.
 - 3.9.2 It has not been able to drive 2degrees out of the market.
 - 3.9.3 One NZ is also behind Spark, so the venture changes the competitive dynamic.
 - 3.9.4 Direct-to-device satellite services are coming.
 - 3.9.5 Coverage has ceased to be a major differentiator.

4 Responses to the ten questions

Consumer welfare

Would the proposed RANCo joint venture improve consumer welfare in New Zealand?

- 4.1 MWNZ considers that it can. Sharing radio investment across more traffic can make a capacity upgrade economic sooner and improve the challenger's ability to win customers. The gain may be a better connection for the same bill, an additional credible business tender, a better wholesale offer or a competitive response from Spark. These are concrete routes to consumer benefit; savings in the venture's accounts are only the starting point.
- 4.2 The Commission's 2025 monitoring reported average modelled 5G population coverage of 51%, against approximately 99% for 4G. These are historical operator averages, not a current combined-coverage map. They show why broad 4G availability did not finish the investment task. RANCo's value should be tested against the timing and location of additional coverage and capacity.⁹
- 4.3 NERA's account of a 2023 cross-country study reports significant service-quality improvements from active sharing, without statistically significant reductions in price, profit or capital expenditure. That supports a quality mechanism, rather than a promise that every retail bill will fall. The Commission should also examine rural and indoor reception, busy routes, low-cost plans and sites proposed for retirement, so that national averages do not conceal customers who lose.¹⁰

The competitive role of the RAN

How important are RAN assets to competition in wholesale and retail mobile services?

- 4.4 RAN assets remain essential to coverage, capacity and reliability. Competition also depends on spectrum, core networks, software, security, service support and price. Tex's point is that customers increasingly expect basic coverage and choose between more sophisticated services. The Commission should assess which choices RANCo combines and which remain genuinely independent.
- 4.5 "Coverage is a given" describes a customer expectation, not uniform performance. Rural roads, indoor reception, congestion and latency can still distinguish operators. Feasey discusses converging coverage but warns that sharing can itself remove the incentive to differentiate. His rural example is useful: where separate deployment would not occur, sharing can create service choice. The same conclusion needs evidence when applied to an urban area with existing independent networks.¹¹

⁹ Commerce Commission 2025 Telecommunications Monitoring Report (29 June 2026) at 180-184, especially 181-183. The report distinguishes average modelled population coverage from landmass coverage; these are 2025 observations, not measurements of coverage on the date of this submission.

¹⁰ NERA Report, appendix at [25]-[29], discussing Pantelis Koutroumpis, Pau Castells and Kalvin Bahia "To share or not to share? The impact of mobile network sharing for consumers and operators" (2023) 65 Information Economics and Policy. This submission relies on NERA's account of the study and distinguishes the results for active and passive sharing.

¹¹ Richard Feasey Telecommunications Regulation in New Zealand (6 October 2025) at [257]-[259], 97-98. This is the author's analysis, not a finding on this transaction.

4.6 Wholesale independence must be practical. A mobile virtual network operator (MVNO) should still be able to seek competing offers from One NZ and 2degrees without either host needing its rival's commercial approval. Common radio scheduling or upgrade decisions must not frustrate those offers. Fixed wireless customers also require attention because their household traffic may compete for capacity with mobile users.

Prices and the quality of service

Would the loss of competition between One NZ and 2degrees enable higher prices or reductions in quality, service or innovation?

4.7 The loss of independent radio-investment decisions is real. MWNZ's case is that better infrastructure economics can strengthen retail competition if each parent retains the means and incentive to pursue customers. The charging formula is therefore central. An excessive charge for extra traffic may discourage a lower-priced plan; economical incremental capacity may make winning that traffic more attractive.

4.8 *Vodafone Hutchison Australia Pty Ltd v Australian Competition and Consumer Commission* provides a limited analogy. The Federal Court considered how improved financial capacity could support competition, and distinguished variable-cost reductions from fixed-cost savings. The former can affect pricing more directly; the latter can release cash for investment. The case concerned a full Australian merger and a prospective entrant, so its conclusion cannot decide this venture. Its treatment of funding and incentives is nevertheless useful.^{12,13}

4.9 A practical test is a time-sensitive enterprise tender. If 2degrees needs additional capacity and One NZ does not want to fund it, can 2degrees proceed on workable terms and in time to bid? The same must be true for One NZ. The public application identifies discretionary deployment rights. Their engineering requirements, price, lead times and dispute process determine whether those rights preserve competition.¹⁴

Coordination and information

Would the joint venture make coordination more likely, more complete or more sustainable?

4.10 Shared budgets, forecasts and repeated contact can make it easier to anticipate a rival's conduct. Coordination could concern prices, delayed upgrades, wholesale terms or avoiding particular customers. The smaller operator still has customers to win, and the parents retain different spectrum and commercial strategies. Those incentives support rivalry, but the Commission must also examine whether the venture creates new ways to monitor or restrain it.

4.11 RANCo needs information to operate the network. It does not need future retail prices, customer bids, margins or acquisition strategies. Information protocols should restrict access to operationally necessary data, with segregated commercial personnel, audit trails and a clear response to breaches. Even aggregated reporting may expose a large new customer or launch. Board reporting should not give a parent access to its rival's commercial plans.

¹² *Vodafone Hutchison Australia Pty Ltd v Australian Competition and Consumer Commission* [2020] FCA 117 at [10], [86], [835]-[836] and [864]-[865].

¹³ *Vodafone Hutchison Australia Pty Ltd v Australian Competition and Consumer Commission* [2020] FCA 117 at [885]-[893], especially the distinction at [893] between variable-cost reductions and fixed-cost savings.

¹⁴ Application at [40], [174]-[175] and [210], including the discretionary site request regime and information protocols identified at [175]. Material governance terms are redacted in the public version.

- 4.12 The least willing investor should not set the pace for both businesses. Deadlock, funding default, discretionary builds and exit provisions must leave each parent able to act. European guidance identifies separate cores, independent spectrum and commercial strategies, limited information exchange and freedom to deploy independently as relevant safeguards. These are useful design questions for the Commission, rather than an overseas safe harbour.¹⁵

Spark as a customer for suppliers

Would Spark remain an effective alternative route to market for suppliers of RAN assets and related services?

- 4.13 Spark remains a substantial independent purchaser with a network to maintain and upgrade. RANCo would therefore not be the only route to national mobile-network work. That is meaningful for suppliers able to compete for such contracts, and Spark has a reason to seek competitive equipment and service offers. That independent purchasing also matters for emergency resilience.
- 4.14 However, an alternative customer is useful only where its business is realistically contestable. The Commission should examine tender frequency, compatibility, security requirements and existing vendor commitments. A global manufacturer has different alternatives from a maintenance team working in one region. Other domestic or overseas customers should count only where they offer credible demand. The parents' ability to procure additional capability outside RANCo may preserve another route to market.

Procurement and existing suppliers

How would the joint venture affect suppliers, including equipment providers, installation and maintenance businesses, and infrastructure providers?

- 4.15 Joint purchasing can reduce duplicate equipment, improve scheduling and support a more predictable deployment programme. Supplier revenue may fall where unnecessary work disappears. The concern is whether buyer power instead reduces investment, service quality or future choice. A lower invoice is beneficial only if the capability customers rely on remains available.
- 4.16 Equipment tenders require scrutiny of vendor compatibility, software support and switching costs. Installation and maintenance require scrutiny of regional workforce capacity, response times and continuity during migration. A saving that leaves too few people to repair the network can become a cost to customers. The Commission should distinguish these procurement markets and assess the alternatives available to each group of suppliers.
- 4.17 Power and site obligations also affect what can genuinely be saved. Removing active equipment does not necessarily end a tenancy or release all associated costs. Useful surplus sites or access rights should remain available where ownership, leases and engineering permit. Savings should be net of migration, stranded commitments and disposal costs. Reduced power use and equipment duplication can improve the network's economics, but those gains must be demonstrated.

¹⁵ European Commission Guidelines on the applicability of Article 101 of the Treaty on the Functioning of the European Union to horizontal co-operation agreements [2023] OJ C259/1 at [265], reproduced in the Application at [174]-[175]. The European guidance is used as a practical comparator, not as New Zealand law.

New technology and adoption

How would the joint venture affect suppliers of new technologies and adoption of those technologies?

- 4.18 A larger, funded deployment programme can bring new technology into use sooner. Arthur D. Little’s analysis identifies avoiding duplicated future capex as a reason to agree sharing before a major rollout. Conversely, one common vendor choice can exclude an alternative supplier from a larger part of the market. Trial rights, contract duration, technical interfaces and independent deployment rights will determine which effect is stronger.¹⁶
- 4.19 The venture should also deal fairly with one parent funding an upgrade that the other later uses. If the first mover bears the cost while the other waits and benefits, the incentive to invest first weakens. The Commission should test the allocation of additional capacity and costs against that example, rather than treating a formal right to request an upgrade as sufficient.
- 4.20 **Low-earth-orbit satellites belong in this assessment of technological change.** The application excludes satellite assets, and 2degrees reports investment with AST SpaceMobile. EchoStar’s announced spectrum agreements with SpaceX also demonstrate the scale of interest in direct-to-cell services. These developments may widen choice, initially where terrestrial coverage is weak, while sometimes relying on partnerships with existing operators.^{17,18}
- 4.21 Satellite broadband using a terminal and direct-to-handset service have different capabilities. Capacity, compatible devices, indoor reception, spectrum and price will govern substitution. MWNZ does not rely on a forecast that satellites will replace 75% of the RAN by 2037. A service valuable in remote areas may remain a limited substitute for dense urban traffic. Future possibilities should inform the assessment without being assumed to cure a present loss of competition.

Spark as a competitor

What competitive constraint would Spark provide and how might it respond to a stronger 2degrees?

- 4.22 Tex calls the present structure a “two-and-a-half operator market”. He is describing unequal commercial strength. The Commission’s monitoring identifies 2degrees as established but smaller than the two incumbents. Sharing can reduce the cost disadvantage of supporting national radio infrastructure from a smaller customer base, making the third operator a more effective challenger.¹⁹

¹⁶ Karim Taga and Ventsislav Dimitrov “Network sharing in the 5G era” (Arthur D. Little, November 2020), executive summary and section 1 <www.adlittle.com>.

¹⁷ Application at [35]-[36]; 2degrees Group Ltd FY26 Annual Update (September 2026) at 4-5 and 10-11 (AST SpaceMobile investment).

¹⁸ EchoStar Corporation “EchoStar Announces Spectrum Sale and Commercial Agreement with SpaceX” (8 September 2025); and “EchoStar Agrees to Sell Full Unpaired AWS-3 Spectrum License Portfolio to SpaceX” (6 November 2025) <ir.echostar.com>.

¹⁹ Commerce Commission 2025 Telecommunications Monitoring Report (29 June 2026) at 213-216, Tables 5.4-5.6 and Figure 5.14.

- 4.23 2degrees identifies business, enterprise and government as a growth priority and reports a broad share of less than 10% across those segments. This is the company's own measure, not a Commission-defined mobile market share. It nevertheless shows the commercial incentive to grow. Better radio capability could help 2degrees qualify for tenders in which national performance, service support and sophisticated applications are required.²⁰
- 4.24 Spark may respond by investing, sharpening prices or improving service. Customers can gain from that response even if they do not switch. Spark's discomfort would not itself prove consumer benefit, just as a reduction in its margins would not itself establish harm. The Commission should examine tenders, switching and network plans, while also testing the closeness of competition between One NZ and 2degrees. Stronger competition against Spark must not conceal a material loss of rivalry between the partners.

Funding upgrades and paying dividends

How would the joint venture affect continuing capital requirements and the ability to fund upgrades?

- 4.25 Tex's car comparison comes back to the capital bill. Operators must fund new generations and continuing capacity growth within each generation. Investors assess the cash flows and risks that support those commitments. Spreading radio costs across more traffic can bring forward a project that would have weak standalone economics. The Commission should compare funded investment programmes and the timing of improvements, not simply totals of proposed spending.
- 4.26 Barclays' RANCo research explains the investor attraction: operating savings, capital efficiency and possible changes in asset valuation. Those mechanisms support the investment case, but the European models are not forecasts of New Zealand savings. A higher valuation can reflect efficiency or expectations of softer competition. MWNZ's case depends on better economics making it worthwhile for the parties to keep competing.²¹
- 4.27 The dividend inquiry should run from the incumbents through to 2degrees. Appendix A brings together the available public figures, with their different accounting bases made clear. The Commission should reconcile investment, leases, interest, debt movements and distributions over several years, then compare those uses of cash with and without RANCo. A missing dividend disclosure is not evidence that no distribution occurred.
- 4.28 Investors require a return; dividends are not inherently inconsistent with investment. Equally, a capital-shortage argument deserves scrutiny where substantial cash is returned to owners. Debt reduction may improve funding capacity, while a larger distribution may do little for customers. The question is what the transaction changes in each parent's ability and incentive to improve its offer, after integration costs and existing commitments are included.

²⁰ 2degrees Group Ltd FY26 Annual Update (September 2026), "Letter from the CEO" and "Our strategy", at 4-5 and 10-11. The business, enterprise and government share is the company's own broad measure, not a Commission-defined mobile market share.

²¹ Barclays "European Telecom Services: Consolidation 2.0 — Sizing the RanCo opportunity" (26 June 2025), at 1-2 and the section "RanCos: Quantifying the upside, addressing the complexities". This is investment research using illustrative European models, not an estimate of the New Zealand proposal's savings.

Public powers and safeguards

Would the joint venture weaken public control over market structure?

- 4.29 RANCo does not remove competition law, telecommunications regulation or spectrum policy. These functions sit with different institutions. The Commerce Commission exercises its statutory competition and telecommunications roles; Ministers and MBIE's Radio Spectrum Management have spectrum allocation and management functions. The Commission should not be described as controlling all spectrum or having an unlimited power to redesign the market.
- 4.30 The parties' retention of separate spectrum is a positive feature. The Commission should nevertheless check that their contracts do not indirectly restrict competitive deployment or acquisition. Public powers have legal thresholds and procedures, and rebuilding lost independent infrastructure can be costly. They should support a sound structure, rather than serve as a promise to repair the transaction later.
- 4.31 The safeguards drawn from overseas experience must fit New Zealand's legal route. Section 69A permits disposal undertakings in acquisition clearance and authorisation, while excluding other undertakings for those purposes. The Commission should assess the durable protections inherent in the venture's binding design and use legally available remedies where needed. MWNZ does not propose a generic package of behavioural clearance conditions.²²

5 Conclusions and recommendations

- 5.1 MWNZ supports clearance on the basis that RANCo can strengthen the challenger and the continuing investment needed to serve customers. We ask the Commission to reach and explain its decision through the following steps.
- 5.2 First, compare the applicants' realistic funded plans with and without the venture. Identify what is additional or accelerated, where customers benefit and what migration and stranded costs must be paid. Existing obligations and already-funded deployment should remain in the baseline.
- 5.3 Second, test competition through actual decisions: an enterprise bid, an MVNO offer, an independently funded upgrade and a disputed deployment. Examine charging, information access and decision rights. Establish that both parents can pursue these opportunities without their partner being able to frustrate them.
- 5.4 Third, assess effects that aggregate savings can conceal. These include local coverage and resilience, the availability of repair capacity and useful sites, supplier alternatives and the loss of close competition between the applicants. Reconcile the applicants' investment and distributions so that the funding argument can be tested.
- 5.5 Finally, apply the statutory clearance test to that evidence. If the Commission is satisfied that the acquisition will not have, or be likely to have, the effect of substantially lessening competition, it should grant clearance. Tex's practical point is that a challenger needs the means to challenge. We support a RANCo that provides those means while keeping One NZ, 2degrees and Spark competing for New Zealand customers.

²² Commerce Act 1986, s 69A(1)-(2). Subsection (1) concerns disposal of assets or shares; subsection (2) excludes other undertakings for s 66 or s 67 purposes.

6 Appendix A Investment and distributions

6.1 The following public FY26 figures provide a starting point for examining the uses of cash from the incumbents through to 2degrees. Amounts are in New Zealand dollars. Different year ends, business perimeters and reporting definitions prevent a direct ranking of payout or investment intensity.

Operator and period	Reported capex	Dividend or distribution	Context
Spark Year to 30 June 2026	\$467m excluding spectrum FY25 \$429m	16 cents per share ordinary dividend declared FY25 25 cents	Group expenditure, including activities beyond mobile.
One NZ Year to 31 March 2026	\$246m FY25 \$270m	Approximately \$180m distributed to Infratil	Net debt \$1,493m FY25 \$1,438m. Distribution category requires reconciliation.
2degrees Year to 30 June 2026	\$165.8m excluding spectrum	Comparable dividend figure not disclosed in the annual update reviewed	Net operating cash flow \$255.0m. This is not distributable cash.

6.2 We urge the Commission to review the dividends paid by mobile operators over the last 15 years. They provide context for the structure 2degrees needs to secure this deal, and for why the ACCC did not oppose Optus–TPG regional sharing when Telstra–TPG had been turned down.

6.3 Spark’s capex is group expenditure excluding spectrum and is not a cash-payment figure. Its ordinary dividend is expressed in cents per share declared for the year, not total cash distributed. The figures cannot be used directly to calculate a dividend-to-investment ratio.²³

6.4 One NZ’s distribution is the amount reported as paid to Infratil, rather than Infratil’s own shareholder dividend. Its classification, debt and capex should be reconciled to the operating company’s accounts and the assets entering RANCo.²⁴

6.5 2degrees’ update reports selected metrics and does not disclose a comparable dividend figure. Operating cash flow less capex is not necessarily distributable cash. *The Commission should obtain accounts covering shareholder distributions and related-party flows, and separate mobile and RAN investment from other activities for both applicants.*²⁵

²³ Spark New Zealand “H2 FY26 Detailed Financials” (August 2026) at 1 and 8 <investors.sparknz.co.nz>.

²⁴ Infratil Annual Report 2026, “One NZ”, key financials; Infratil “Full Year Results for the year ended 31 March 2026” (26 May 2026), NZX announcement 473284 <new.nzx.com>.

²⁵ 2degrees Group Ltd FY26 Annual Update (September 2026), “Letter from the CFO” and “Financials FY26”, at 6-9 (PDF spreads 4-5) <www.2degrees.nz>.

7 Appendix B Overseas experience

7.1 International experience supports the feasibility of network sharing and identifies the decisions that must remain competitive. The examples below distinguish actual decisions from announced proposals. Their legal tests and market conditions differ from New Zealand's.

Finland

7.2 The Finnish authority's 2015 DNA–TeliaSonera decision concerned sharing in sparsely populated eastern and northern Finland. Commitments addressed wholesale access, sites, information exchange and the freedom to add capacity or features independently. The authority examined expanded cooperation again in 2025 and accepted replacement commitments. The useful lesson is that independent competitive choices need protection as the sharing arrangement develops.²⁶

Denmark and Sweden

7.3 The Danish regulator's account describes improved coverage and capacity, cost savings and continuing price reductions after Telia–Telenor sharing, together with access to redundant sites. Sweden's Net4Mobility is another substantial sharing example. These experiences show that separate service businesses can operate above shared infrastructure; they do not establish a universal two-network model or isolate sharing as the cause of every favourable outcome.^{27,28}

Australia

7.4 The ACCC did not oppose Optus–TPG regional sharing in 2024, having considered TPG's regional infrastructure constraints and the improvement in its competitive ability. Metropolitan networks remained independent and spectrum was shared. Its earlier rejection of Telstra–TPG, affirmed on review, shows why the parties and alternatives matter. The contrast supports a stronger-challenger argument only where the facts bear it out.^{29,30}

Norway and Italy

7.5 The 2026 Telia–ice and TIM–Fastweb + Vodafone announcements illustrate continuing investment interest in sharing. Announcements alone establish neither completed approval nor realised consumer benefits. Norway's spectrum review is particularly relevant to a venture combining two of three operators, but includes spectrum transfers unlike RANCo's stated design. Nkom's published material records scrutiny of coverage, spectrum use, wholesale coordination and access; it should not be described as an unconditional final competition approval.^{31,32,33}

²⁶ Finnish Competition and Consumer Authority "FCCA's decision ensures consumers benefit from network partnership between DNA and Sonera" (5 November 2015); and announcement concerning expanded DNA-Telia cooperation and replacement commitments (23 May 2025) <www.kkv.fi>.

²⁷ Morten Bæk, Director General of the Danish Energy Agency, "Balancing infrastructure sharing — The Danish experience" (ITU, 26 May 2020) <www.itu.int>.

²⁸ Taga and Dimitrov, above n 17.

²⁹ Australian Competition and Consumer Commission "ACCC will not oppose Optus and TPG regional mobile network and spectrum sharing" (5 September 2024) <www.accc.gov.au>.

³⁰ Australian Competition and Consumer Commission, above, "Background", recording denial of Telstra-TPG authorisation on 22 December 2022 and the Australian Competition Tribunal's affirmation on 21 June 2023.

³¹ Telia Company "Telia Norway and ice to combine mobile radio access networks" (2 February 2026).

³² TIM Group "TIM and Fastweb + Vodafone: RAN sharing agreement to accelerate the development of 5G in Italy" (7 January 2026) <www.gruppotim.it>.

³³ Norwegian Communications Authority (Nkom), consultation on Lyse-Telia spectrum transfers (8 June 2026); and "Overføring av frekvenstillatelse" (updated 9 September 2026) <nkom.no>.

8 Closing and About Monopoly Watch NZ

8.1 Thank you for considering the position of Monopoly Watch NZ.

Tex Edwards, Guy Grantham & Ruhamah Tsega

For Monopoly Watch NZ

[REDACTED]

Who we are

8.2 Monopoly Watch NZ is an independent, non-partisan New Zealand public policy and research group concerned with competition, market structure and regulatory capture in capital-intensive industries. Its work includes telecommunications, supermarkets, banking, electricity, fuel and airports. MWNZ draws on practical business experience, financial and economic analysis, and the experience of consumers, workers and suppliers. We advocate structures that permit effective entry, investment and rivalry for the benefit of New Zealanders.

8.3 *MWNZ is partly funded from the sale of Tex Edwards family office KLR International's 5% stake in 2degrees to PE firm Trilogy LLP over a 10 yr period , this sale receipt recovered the 8 figure cash investment & Personal Guarantees he made to secure 3rd party capital to get the start up going and secure Huawei infrastructure in association with his executive contribution he made over 16 years .*

8.4 *Guy , Ruhamah & Tex have researched RANCO shares , LEO Satellite technology and the Dividend flow of incumbent challengers and are available for a call with the Commission to answer questions*