



tuanz

TECH USERS ASSOCIATION

**SUBMISSION ON THE APPLICATION TO MERGE
RADIO ACCESS NETWORK ELEMENTS TO
CREATE "RANCO"**

21 October 2026

A submission to the Commerce Commission in regards to the Statement of Preliminary Issues (SoPI) on the application for clearance under Section 66 of the Commerce Act 1986 by Two Degrees Mobile Ltd and One NZ Ltd.

Introduction

1. TUANZ is pleased to submit in relation to the Statement of Preliminary Issues (SoPI) published by the Commerce Commission on 1 October 2026 regarding the application for clearance under Section 66 of the Commerce Act 1986 by Two Degrees Mobile Limited, Two Degrees Networks Limited (together, 2degrees), and One New Zealand Group Limited (One NZ) to merge their active Radio Access Networks (RAN) into an incorporated 50/50 joint venture entity ("RANCo"). This submission is a Public Version and contains no confidential information.
2. Our address is PO Box 65503, Mairangi Bay, Northshore 0754 or Level 7, 62 Victoria Street West, Auckland Central. Our email address is office@tuanz.org.nz and our website can be found at <https://www.tuanz.org.nz>.
3. **Please note that from time to time, TUANZ prepares submissions on matters where our position may not align with the individual views or positions of all our members, and some members may disagree with the views expressed herein. To ensure transparency, we provided an advance copy of this submission to those members we consider have a relevant interest in the subject of this Submission (listed in Appendix A). We note that neither 2degrees nor One NZ have commented on the substantive matters raised in this Submission. Members of TUANZ may of course lodge submissions directly with the Commission which reflect different perspectives from this TUANZ submission.**

The Technology Uses Association of NZ Inc (TUANZ)

4. TUANZ is the association for the users of digital technology and connectivity which is in its 40th year since incorporation. We are unique - **we believe there is no other group or organisation that is representative of the people and organisations that are the end users of digital technologies in the manner that TUANZ is. We value our independence and will always seek to speak for users without undue influence.**
5. Our members want to see a lift in the digital economy along with the continued development of strong markets across the technology and connectivity sectors providing real choice for end users – whether corporations or consumers. We seek a national drive to leverage the opportunities that we have with our world leading digital networks. **Our**

vision is that all businesses and individuals in Aotearoa will have unrestricted access to the technology and services needed to thrive; no one misses out on the opportunities in technology and digital engagement is safe and inclusive for all.

6. TUANZ position is consistent and clear: **The availability of competitively priced, good quality, fast connectivity in all parts of NZ is a critical economic enabler for the future of the NZ economy.**
7. TUANZ is a not-for-profit membership association with over 150 members, predominantly large organisations with a strong dependency on digital technology and connectivity as well as small enterprises and individual members. These small businesses and residential users are the customers of our large corporate members, who are just as focused on the quality of their customers' connectivity as their own.

Summary

8. Since 2009, when 2degrees launched as an independent operator, New Zealand's retail mobile market has been disciplined by three distinct, physical nationwide mobile networks. This three-network structure broke the historical duopoly and drove significant improvements in affordability, coverage, and service quality for Kiwi consumers and enterprises.
9. The proposed RANCo joint venture represents a fundamental structural shift. By combining the active Radio Access Networks of 2degrees and One NZ into a single operational entity, the transaction collapses New Zealand's physical mobile infrastructure layer from three independent networks to two.
10. As the independent voice representing end-users of digital technology across New Zealand, TUANZ advocates for strong, competitive connectivity markets. Our primary mandate is ensuring that regulatory settings lower barriers to entry, foster continuous innovation, and protect end-users from potential market failures.
11. In this submission, TUANZ presents five core observations and recommendations for the Commission's assessment under Section 66.

Understanding the Statutory Context: Section 66

12. We recognise that under Section 66 of the Commerce Act 1986, the Commission's jurisdiction is strictly binary: it must grant clearance if it is satisfied that the proposed acquisition will not have, or would not be likely to have, the effect of substantially lessening competition in a market, and it must decline clearance if it is not so satisfied.
13. Unlike telecommunications regulators operating under broader administrative regimes in other jurisdictions, the Commerce Commission **cannot grant conditional clearance subject to ongoing behavioural undertakings, pricing caps, or outcome-controlling covenants** (such as enforceable promises regarding rural investment or price guarantees).
14. The Commission can only clear a transaction that raises competition concerns if the applicants submit formal structural remedies (such as statutory divestments or an amended transaction scope carving out specific geographic markets or asset classes). Consequently, TUANZ urges the Commission to evaluate the application strictly on its structural merits, treating aspirational public benefit statements as non-binding.

Evaluating the Commercial and End-User Upsides

15. TUANZ recognises that deep active infrastructure sharing can deliver tangible technical, economic, and consumer benefits when structured appropriately:
 - a. Accelerated Next-Generation (5G Standalone / 6G) Rollouts: Mid-band 5G (3.5 GHz) and future 6G require significant cell-site densification. Pooling capital expenditure through RANCo eliminates redundant hardware spend across duplicate cell sites, potentially accelerating the national rollout of 5G Standalone architecture and low-latency network slicing by 18 to 36 months.
 - b. Regional Coverage Expansion & Rural Digital Equity: In provincial and rural New Zealand, commercial returns often fail to sustain multiple competing physical active networks. Combining active footprints allows 2degrees customers to access One NZ's regional sites and One NZ customers to leverage 2degrees' provincial base stations. This expanded active grid can enhance the capacity and reach of 5G Fixed

Wireless Access (FWA) broadband, providing a high-speed alternative to copper or satellite for farming businesses and rural communities.

- c. Environmental Sustainability & Site Rationalisation: Unifying active radio electronics onto a single modernised layer significantly cuts operational energy consumption across shared base stations. Removing redundant antennas and cabling also reduces wind-loading and visual clutter on passive towers managed by Connexa and Fortysouth.
- d. Preservation of Logical Core Autonomy: Because this is structured as a Multi-Operator Radio Access Network (MORAN), spectrum holdings, logical core networks, billing systems, product bundling, enterprise solutions, and customer service operations remain completely independent.

Examining End-User Risks and Competition Hazards

- 16. Alongside these potential efficiencies, the consolidation of two independent active radio networks into a shared platform serving ~60% of New Zealand's mobile connections introduces serious structural and consumer risks:
 - a. Rejection of Active Asset "Homogeneity": The applicants submit that active RAN assets are homogenous and irrelevant to competition. TUANZ's position is that this is not completely correct. Active radio engineering including massive MIMO beamforming, carrier aggregation, and cell-edge tuning is a core parameter of competitive differentiation. Collapsing this layer removes radio-level performance rivalry between 2degrees and One NZ.
 - b. The "Hold-Up" Risk in Network Upgrades: Technology roadmaps and capital expenditure within RANCo will depend on joint venture budgetary consensus. If one parent entity faces financial constraints or divergent commercial priorities, it could delay or veto network upgrades, potentially stranding both customer bases on an under-capitalised network grid.
 - c. Coordinated Effects & Cost Convergence: Operating an active duopoly (Spark vs. RANCo) with high cost commonality for active transmission reduces cost asymmetries between competitors. Converging operational costs lowers incentives to engage in aggressive price

discounting, creating natural focal points for tacit coordination and retail tariff stagnation.

- d. Wholesale Market Foreclosure & MVNO Squeeze: Independent Mobile Virtual Network Operators (MVNOs) are vital for retail price discipline and SME innovation. Moving from three independent active network hosts to two consolidates wholesale bargaining power, increasing the risk of margin squeeze for virtual operators.
- e. Systemic Infrastructure Resilience (Single Point of Failure): Migrating ~60% of mobile subscribers onto common active electronics, synchronised baseband software, and identical firmware creates a severe single point of failure. A corrupted firmware update, cyber incident, or natural disaster affecting a shared site severs connectivity for both 2degrees and One NZ customers simultaneously, eliminating active network redundancy during civil defence emergencies.

International Regulatory Context Overview

Jurisdiction & Benchmark	Regulatory Framework & Precedent	Relevant Market Reality & Guidance
Australia (ACCC)	Regional Sharing Cleared; Metro Sharing Restricted	The ACCC prohibited the Telstra/TPG regional deal due to market power entrenchment, but cleared the Optus/TPG deal across a 17% regional zone because sharing was excluded from metropolitan areas where infrastructure competition remains fully viable.
European Union (EC)	Revised Horizontal Guidelines (Para 265)	Active sharing is scrutinised under Art. 101. Requires mandatory independent cores, complete commercial autonomy, unilateral upgrade rights, independent spectrum, and audited information firewalls.
United Kingdom (CMA / Ofcom)	Uncoupling Urban Active	MBNL (EE/Three) and Beacon (Vodafone/VMO2)

	Layers	lowered rural costs but caused long-term upgrade disputes. Operators voluntarily uncoupled active sharing in major cities to compete independently on 5G speed and capacity.
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International Regulatory Context Overview

17. In light of these trade-offs and the statutory constraints of Section 66, TUANZ recommends that the Commerce Commission:
- a. **Rigorously Test the Balance under the Statutory SLC Framework:** Test whether the proposed nationwide active merger causes a Substantial Lessening of Competition across retail, wholesale, and upstream procurement markets, recognising that informal behavioural promises cannot cure an SLC under Section 66.
 - b. **Evaluate Geographic Structural Segmentation:** Consider international precedents such as Australia's ACCC Optus/TPG determination which show that active infrastructure sharing is pro-competitive primarily when confined to regional and rural zones where duplicate infrastructure is uneconomic, while maintaining three independent active networks in dense metropolitan areas preserves dynamic competition.
 - c. **Protect Wholesale Contestability & Independent MVNOs:** Carefully assess the impact of moving to an active wholesale duopoly, ensuring that independent virtual operators serving SMEs and consumers are not subjected to wholesale margin squeeze or reduced commercial access.
 - d. **Scrutinise Information Firewalls & Operational Autonomy:** If structural remedies are submitted by the applicants, insist on strict structural information firewalls and complete, unhindered unilateral rights for both carriers to deploy active infrastructure outside the joint venture without partner consent or penalty.
 - e. **Prioritise National Infrastructure Resilience:** Treat network redundancy, multi-vendor hardware diversity, and emergency inter-carrier roaming

protocols as critical considerations for end-user safety and economic continuity during major civil disruptions.

Final Comments

18. TUANZ urges the Commerce Commission to carefully weigh the potential capital and coverage efficiencies of the proposed RANCo joint venture against the long-term competition, resilience, and choice risks for New Zealand technology users. We welcome further engagement with the Commission as its assessment progresses.

Appendix A

Members we consider have a relevant interest in the matter.

- 2degrees
- One NZ