

Response to the Commerce Commission's Statement of Preliminary Issues relating to the joint venture application to own and operate the radio access network assets currently owned by Two Degrees and One NZ

19.10.2026

1. Introduction

- 1.1 This submission is presented by Tuatahi First Fibre Limited (**Tuatahi**) in response to the Commerce Commission's statement of preliminary issues issued after receiving an application for a new joint venture to own and operate the radio access network (**RAN**) assets currently owned by Two Degrees Mobile Limited and Two Degrees Networks Limited (together, **2degrees**) and One New Zealand Group Limited (**One NZ**) (the **Application**). The Application proposes the establishment of a new joint venture company (**RANCo**), jointly owned by 2degrees and One NZ, which would own and operate the relevant RAN assets currently owned and operated separately by 2degrees and One NZ.
- 1.2 The focus of this response is that the Application principally analyses the proposed RANCo through the lens of mobile markets. Tuatahi's wholesale fibre services sit at an important intersection between mobile infrastructure, fixed wireless access (**FWA**) services and fixed-line fibre broadband.

2. Current state and statutory position

- 2.1 2degrees and One NZ are both considered *tier 1* retail broadband providers who:
- (a) acquire wholesale fibre access services to supply retail fibre broadband services, and fibre backhaul services to support their mobile networks; and
 - (b) use their respective mobile networks to supply FWA services which compete directly with fibre broadband.

The RANCo joint venture could therefore change the competitive conditions and incentives relevant to both of those activities.

- 2.2 We have not formed a view on whether the statutory clearance test is satisfied. However, we consider further investigation is warranted in relation to FWA and fibre competition (section 4), fibre backhaul (section 3), geographic effects and the parties' continuing ability and incentive to compete independently (section 5).
- 2.3 The Application treats FWA as part of the mobile market because it uses the same mobile infrastructure, spectrum and core network. We believe that does not address demand-side substitution where an end-user can choose between FWA and fibre. The Commission should therefore test whether RANCo materially changes FWA cost, capacity or coverage and, in turn, competition in fixed.
- 2.4 Without RANCo, 2degrees and One NZ independently plan and fund their RAN investment. Under RANCo, material infrastructure would be jointly owned, planned and operated. On that basis, we encourage the Commission to test not only their contractual right to deploy independently, but their economic incentive and practical ability to do so.

3. Backhaul

- 3.1 The Application states that backhaul connects mobile PoPs to the core and is supplied using fibre and microwave by multiple providers, including One NZ's EonFibre, Chorus and other LFCs. It identifies upstream markets comprising RAN assets, installation and maintenance services, and passive hosting, and also states that RANCo will acquire backhaul services from 2degrees, One NZ and third parties. What the Application does not explain is what will happen to 2degrees' and One NZ's current independent procurement of fibre backhaul following establishment of RANCo.
- 3.2 The Commission has been informed that the demand side of the New Zealand fibre backhaul market is concentrated across the three MNOs (Spark, One NZ and 2degrees) – who are considered to be significant, sophisticated and repeat purchasers.¹ If RANCo consolidates part of that demand, the Commission should consider whether the acquisition of fibre backhaul and transmission services constitutes a relevant upstream market which has not identified or acknowledged in the Application.
- 3.3 In responding to the Commission's fibre deregulation review, Chorus noted that customers test the market at the end of contract terms and seek competitive prices from alternative transport (backhaul) providers.² We think that is relevant to assessing whether replacing two independent purchasers with a single purchaser to co-ordinate that procurement increases buyer power and reduces competitive tension. We also encourage the Commission to consider potential effects on investment incentives and decisions on where to expand or improve services, products, innovation, service quality and resilience.
- 3.4 Backhaul services are highly location-specific, and competitive conditions may differ materially by route or region. A supplier capable of providing backhaul elsewhere in New Zealand is not necessarily an effective alternative for a particular PoP. The Commission should therefore consider the technically and commercially viable alternatives available at individual sites or within relevant geographic areas. That assessment should also look at whether any alternative provider has capacity – and an economic and timely path to increase capacity – to meet the relevant demand. Submitters
- 3.5 The information we suggest the Commission obtain to test these matters is set out at paragraph 6.2 below.

4. Fibre and FWA competition

- 4.1 The competitive context is very different to the mobile-only framework described in the Application. Tuatahi operates a wholesale-only fibre access network, and we are subject to statutory and regulatory constraints which limit our ability to participate downstream. Retail service providers (RSPs), including 2degrees and One NZ, consume our wholesale fibre services while simultaneously competing with us for fixed-broadband customers using vertically integrated mobile and FWA propositions.³
- 4.2 We can change our wholesale prices, products, incentives and service terms, but we do not control the retail fibre price or whether a wholesale saving is passed through to the customer – which is a decision made by the RSP. The Commission should therefore consider whether RANCo changes not only the relative cost and capacity of FWA, but also the incentives of 2degrees and One NZ when deciding how to price, promote and supply retail fibre and FWA services to end-users.

¹ NERA Economic Consulting, *Review of the draft Transport deregulation decision* (report prepared for Chorus), 16 Sept 2026 at [37]-[40], pp 12-13; Chorus, *Submission on Fibre Deregulation Review - Transport, Point-to-point and Co-location & Interconnection Services Draft Recommendations Report*, 17 Sept 2026 at [88]-[95], pp 16-17.

² Chorus, *Submission on Fibre Deregulation Review - Transport, Point-to-point and Co-location & Interconnection Services Draft Recommendations Report*, 17 Sept 2026 at [82.2], p 15.

³ Chorus, *Submission on Fibre Deregulation Review - Transport, Point-to-point and Co-location & Interconnection Services Draft Recommendations Report*, 17 Sept 2026 at [44]-[46], pp 8-9.

- 4.3 Tuatahi does not suggest those regulatory settings are themselves matters for determination in this clearance process. The relevant question is whether RANCo, by sharing or reducing an important infrastructure costs and increasing FWA capacity or coverage, changes 2degrees' and One NZ's costs or incentives to supply broadband in a way that would not occur without RANCo.

5. Competition matters requiring further assessment

No.	Competition issue	Tuatahi's submission	Relevance to the Commission's assessment
1.	FWA / fibre substitution and market definition	The Commission should test whether the relevant downstream market adequately captures demand-side substitution between FWA and fibre. For an end-user, both may be alternative ways of obtaining broadband at the same premises.	The Application treats FWA as part of the mobile market because it is delivered over mobile infrastructure. We believe that approach does not fully capture broadband competition between FWA and fibre services that compete for the same customer.
2.	Common RAN investment and independent deployment	The Commission should distinguish between the contractual right to deploy independently and the economic incentive to do so. It should test whether deployments likely to occur without RANCo would still occur once both 2degrees and One NZ are committed to funding the shared RAN.	The Application relies on unilateral deployment rights as preserving competition. Those rights may provide less constraint if independent duplication becomes materially less economic after RANCo is established.
3.	Effect of RANCo on FWA competition	The Commission should assess whether RANCo lowers the cost or increases the capacity of 2degrees' and One NZ's FWA services, and whether that changes their incentives to supply FWA rather than fibre.	LFCs can change wholesale terms but do not control retail fibre pricing or customer technology choice. Those decisions sit with the RSP, including where the RSP supplied FWA.
4.	Backhaul market definition and procurement	The Commission should assess whether RANCo will aggregate or co-ordinate the 2degrees' and One NZ's demand for fibre backhaul and whether that gives rise to a relevant upstream acquisition market or buyer-power issue.	Backhaul assets remain outside RANCo, but procurement may not. The Application acknowledges that RANCo will acquire backhaul from 2degrees, One NZ and third-party providers, including Chorus and LFCs.
5.	Buyer power and geographic conditions for backhaul	The Commission should determine whether 2degrees and One NZ currently procure backhaul independently and whether RANCo would replace those arrangements with a single or co-ordinated buyer.	Competitive conditions may be local or regional. Buyer power may be greater at sites where there are few technically and commercially viable alternative backhaul suppliers.
6.	RANCo perimeter and future activities	The Commission should clarify RANCo's proposed role in backhaul procurement, its ability to expand that role or undertake third-party RAN sharing, and the governance controls applying to any material expansion.	The Application contemplates third-party network-sharing arrangements, making RANCo's potential future scope relevant to the competitive assessment.

No.	Competition issue	Tuatahi's submission	Relevance to the Commission's assessment
7.	Information sharing and co-ordinated effects	The Commission should assess what commercially sensitive information must be shared through RANCo and whether the proposed information protocols adequately limit access to and use of that information.	RAN planning may involve traffic, demand, capacity and deployment information that could reveal future FWA or broadband strategy and increase transparency between 2degrees and One NZ. This is relevant to the Commission's coordinated-effects assessment.
8.	Less weight to be placed on overseas / NERA evidence	Overseas experience may inform the Commission's assessment, but does not determine the competitive effects of this transaction in New Zealand's fibre and FWA environment.	The NERA evidence is mixed: the cited 2023 study found positive quality and coverage effects but no statistically significant price, profit or capex effects, while the Czech example concerns a different geo-split model.
9.	Wholesale mobile / MVNO competition	The Commission has identified wholesale mobile supply as a relevant area of inquiry. We support the Commission testing whether RANCo's common ownership and operation of a substantial part of 2degrees' and One NZ's mobile network infrastructure changes 2degrees or One NZ's incentive or practical ability to compete independently for MVNO and other wholesale mobile customers, notwithstanding their separate ServCo arrangements.	2degrees and One NZ are not only retail competitors. They also provide wholesale access enabling other MVNO brands to compete in downstream mobile and potentially fixed-wireless markets. Common RAN cost, capacity and coverage decisions could affect the economics of wholesale mobile supply, even where MVNO customer relationships, pricing and wholesale strategy formally remain outside RANCo.

6. Conclusion and further information

- 6.1 Tuatahi considers there are material questions concerning fixed-broadband competition and fibre backhaul which are not fully addressed by analysing the transaction principally within the mobile markets identified in the Application.
- 6.2 We encourage the Commission, before determining whether it can be satisfied that the statutory clearance test is met, to obtain further information concerning:
- (a) the factors 2degrees and One NZ use when deciding whether to supply a customer fibre or FWA, including relative input costs, network capacity and customer economics;
 - (b) evidence of demand-side substitution between FWA and fibre, including the geographic areas in which FWA has materially affected fibre uptake or churn;
 - (c) the extent to which changes in wholesale fibre pricing or incentives are reflected in retail fibre pricing, acquisition offers or other customer benefits;
 - (d) whether RANCo's expected increase in 5G coverage or capacity is likely to materially expand the addressable market for FWA or otherwise change the competitive position of FWA relative to fibre;
 - (e) the factual and counterfactual procurement of fibre backhaul, including current suppliers, the number and location of relevant sites (PoPs), existing capacity and

resilience requirements, and whether RANCo would aggregate demand or materially change those requirements;

- (f) in addition to the contractual, also the economic ability and incentive of 2degrees and One NZ to undertake independent RAN investment outside RANCo; and
- (g) the information that must be exchanged to plan and operate RANCo, and the effectiveness of the proposed information barriers.

6.3 Given the short consultation period, we encourage the Commission to seek further industry evidence and extend the timetable if required. Tuatahi would be willing to provide information on wholesale fibre and backhaul within its network footprint.