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Regulators Put Another Kibosh on TPG/Vodafone Decision Date

By Reid Wells, J.D. Candidate 2020 | March 8, 2019

The Australian Competition and Consumer Commission's website once again serves as a burial ground for the TPG/Vodafone merger. Regulators have dropped the provisional date to approve TPG Telecom LTD's proposed merger with Vodafone Group PLC's Australian arm.

This is the latest in a series of delays by the Commission. The Commission reportedly needs more information from both parties before it can set a new date. The ACCC is concerned that the proposed merger would reduce competition and raise prices, just as regulators are concerned about the proposed T-Mobile/Sprint merger in the States.

Four players dominate Australia's mobile telecommunications industry, including TPG and Vodafone. Unsurprisingly, the proposed merger triggers antitrust concerns. Should the merger not go through, TPG would need to offer cheaper mobile plans with larger data allowances in order to compete with Vodafone. Consumers would appreciate this as much as the Australian government. However, Vodafone's chief executive has a more optimistic opinion of the merger. He claims that the resulting entity would give other market leaders — such as Telstra and Optus — a reason to cut costs. Another win for consumers.

The $15 billion "merger-of-equals" would result in a major rival to Telstra and Optus. Vodafone shareholders would end up with 50.1% of the resulting company, and TPG shareholders would own the other 49.9%. The icing on the cake? The two companies also signed a joint venture agreement to purchase a 5G spectrum at an upcoming government auction. Competition down, high-speed up.

The two companies hope for a merged entity capable of a fixed and mobile offering. But, the merger was expected to go through in 2019. With recent delays, the future of the proposed telecom giant remains to be seen.