

16 March 2026

Hon Paul Goldsmith
Minister for Media and Communications
Parliament Buildings
Wellington

Dear Minister

Mobile Termination Access Service (MTAS) – Final recommendation

Please find enclosed the Commerce Commission's final report on whether the Mobile Termination Access Service (MTAS) should remain a regulated service under Schedule 1 of the Telecommunications Act 2001 (Act).

Following our investigation under Schedule 3 of the Act, the Commission recommends that MTAS be **omitted from Schedule 1**. In our view, deregulation is now the approach most likely to promote competition in telecommunications markets for the long-term benefit of end-users, consistent with the purpose of the Act.

MTAS was introduced as a regulated service in 2010 to address competition concerns in a voice-centric mobile market. At that time, high termination rates and strong on-net pricing differentials were disadvantaging new entrants and distorting competitive outcomes.

Regulation of termination rates played an important role in supporting the development of effective competition, including the establishment of 2degrees as a third nationwide mobile network operator.

Since then, telecommunications markets have evolved significantly. In particular:

- The retail mobile market is now more mature, with three established nationwide mobile network operators, and broadly symmetric traffic between networks;
- Retail competition has shifted toward data, speeds, network coverage and quality, with voice and SMS typically included within unlimited bundles;
- Internet-based communication services now provide widely used alternatives for voice and messaging; and
- The use of traditional voice and SMS services continues to decline.

These developments indicate that the market conditions leading to regulation have materially changed and that regulation has achieved its intended purpose.

In our view, termination services would continue to be supplied on commercially negotiated terms that reflect underlying costs, if MTAS were deregulated. No provider is likely able to sustain conduct that would disadvantage smaller providers or harm consumers following deregulation.

During consultation we received submissions reflecting a range of perspectives on the potential effects of deregulation. The Commission has carefully considered those views alongside the broader evidence on market developments and competitive dynamics.

Consistent with the requirements of Schedule 3 of the Act, our assessment considers MTAS as a whole and evaluates whether continued regulation remains necessary to promote competition for the long-term benefit of end-users.

In our view, MTAS is no longer central to supporting effective competition, and will become increasingly less relevant in the future. Traditional voice and SMS services are expected to continue their downward trend, while over-the-top and data-based communication services will continue to capture a growing share of end-user communication. These technological and behavioural shifts reduce the importance of MTAS in shaping competitive dynamics and mean that competition in the relevant markets is likely to continue without regulation.

Having regard to current and expected market conditions, the Commission's view is that regulation is no longer required to achieve the purpose of the Act, and we therefore recommend that MTAS be omitted from Schedule 1.

We would be pleased to provide any clarification or further information that may assist you in considering this recommendation.

Yours sincerely

Tristan Gilbertson
Telecommunications Commissioner

Encl.

Final report on whether MTAS should be omitted from Schedule 1 of the Telecommunications Act 2001