

Review of Co-location on Cellular Mobile Transmission Sites

Final report on whether Mobile Co-location should be omitted from
Schedule 1 of the Act

The Commission

Tristan Gilbertson
Nathan Strong
Loretta Lovell

Date

27 October 2026



Associated documents

Publication date	Reference	Title
28 August 2006	N/A	<u>Schedule 3 Investigation into the extension of regulation of designated and specified services – Final Report</u>
11 December 2008	ISBN 978-1-869452-68-1	<u>Standard Terms Determination for the specified service Co-location on cellular mobile transmission sites</u>
16 September 2011	N/A	<u>Final Decision on whether to investigate omitting certain Designated and Specified Services from Schedule 1 under Clause 1(3) of Schedule 3 of the Telecommunications Act 2001</u>
5 July 2016	ISSN 1178-2560	<u>Review of Designated and Specified Services under Schedule 1 of the Telecommunications Act 2001</u>
12 May 2021	ISSN 1178-2560	<u>Review of Services in Schedule 1 of the Telecommunications Act 2001</u>
17 June 2025	ISBN 978-1-99-133262-2	<u>Framework for reasonable grounds assessment</u>
23 September 2025	ISBN 978-1-99-133281-3	<u>Co-location on Cellular Mobile Transmission Sites Review – Draft decision paper</u>
24 February 2026	ISBN 978-1-991414-55-7	<u>Review of Co-location on Cellular Mobile Transmission Sites - Reasonable grounds assessment final decision</u>
23 July 2026	ISBN 978-1-997321-52-1	<u>Draft report on whether Mobile Co-location should be omitted from Schedule 1 of the Act</u>

Glossary

Table of terms and abbreviations

The Act	The Telecommunications Act 2001
Commission	The Commerce Commission
Minister	The Minister responsible, as defined in section 5 of the Act
MNO	Mobile network operator
Mobile Co-location	Co-location on cellular mobile transmission sites, as described in Schedule 1 of the Act
MVNO	Mobile virtual network operator—an operator that provides mobile telecommunications services but does not have much infrastructure so buys services from an operator with a full mobile network
OIA	Official Information Act 1982
RAN	Radio access network - is the radio segment of the cellular network, made up of antennae, radios and controllers (known as baseband units)
RAN sharing	A technique employed by RCG to allow all three MNOs access to the capacity of RCG cell sites
RCG	Rural Connectivity Group - the infrastructure provider appointed by the government to bring 4G wireless broadband, 4G voice calling and 3G mobile service to rural New Zealand under the Rural Broadband Initiative Phase 2 and the Mobile Black Spot fund
TowerCo	Specialist asset management company which owns and operates cellular mobile transmission sites
TUANZ	The Technology Users Association New Zealand

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Executive summary

X1 Final recommendation

- X1.1 Our final recommendation is that the co-location on cellular mobile transmission sites service (**Mobile Co-location**) should be omitted from Schedule 1 of the Telecommunications Act 2001 (**Act**).

X2 Nature of this recommendation

- X2.1 On 23 July 2026, we published our draft recommendation that Mobile Co-location should be omitted from Schedule 1 of the Act.
- X2.2 Mobile co-location enables a mobile network operator (**MNO**) to install mobile network transmission and reception equipment on another MNO's tower.

X3 Assessment framework

- X3.1 We applied economic and legal frameworks consistent with recent Schedule 3 investigations.
- X3.2 The economic framework is a forward-looking framework, incorporating current and expected market developments, which involves four steps:
- X3.2.1 Description of the service—understanding how regulated Mobile Co-location is used in delivering services.
 - X3.2.2 Identification of alternatives—assessing substitutes such as roaming, co-siting,¹ RAN sharing, and TowerCo access.
 - X3.2.3 Competition assessment—evaluating whether these alternatives provide sufficient competitive constraint.
 - X3.2.4 Alignment with section 18 purpose—comparing outcomes with and without regulation to determine which best promotes competition for the long-term benefit of end-users.
- X3.3 The legal framework requires us to undertake the investigation within statutory timeframes once reasonable grounds are established, and to assess whether our recommendation best promotes competition for the long-term benefit of end-users, taking into account efficiency, investment incentives, and forward-looking market conditions.²

¹ Co-siting is a situation where the Access Seeker locates its transmission and reception equipment in close proximity to the Access Provider's equipment (ie, on the same property), but not on the same tower (ie, co-location).

² The Act, section 18.

- X3.4 The scope of this Mobile Co-location investigation does not extend to amendments, such as adding a new service or amending the description of an existing service.

X4 Key findings

X4.1 Market structure has evolved significantly

MNOs (Spark, One NZ, 2degrees) have divested tower assets to TowerCos, which now own and operate much of the infrastructure.

X4.2 Commercial incentives are present

TowerCos are incentivised to maximise tower utilisation and actively promote co-location without regulatory obligation.

X4.3 Alternative technologies and arrangements have expanded

RAN sharing (notably via the Rural Connectivity Group) provides shared access to infrastructure, particularly in rural areas.

Roaming and co-siting also remain viable substitutes.

X4.4 Coverage overlap has increased

MNOs now have largely co-extensive coverage, reducing reliance on co-location for expansion.

X4.5 Future network needs differ

Network densification for technologies like 5G is less dependent on traditional co-location sites.

These developments indicate that effective competitive constraints exist without regulatory support.

X5 Submissions on our draft recommendation

- X5.1 We received two submissions on our draft recommendation to omit Mobile Co-location from Schedule 1 of the Act.

- X5.2 One NZ agreed with our draft recommendation. One NZ reasoned that Mobile Co-location regulation is no longer fit for purpose because tower infrastructure is now largely owned by independent TowerCos, which have strong commercial incentives to maximise occupancy and facilitate access.

- X5.3 The Technology Users Association New Zealand (**TUANZ**) did not agree with our draft recommendation. TUANZ expressed concern that long-term agreements between TowerCos and incumbent MNOs could create barriers for new entrants. It recommended retaining regulatory safeguards by amending current regulation to capture TowerCos or establishing alternative oversight mechanisms if the service is removed from Schedule 1.

X6 Overall conclusion

- X6.1 Having considered these submissions, our final view is that continued regulation of Mobile Co-location is no longer necessary to promote competition for the long-term benefit of end-users.
- X6.2 Market evolution means that competition and access outcomes are now likely to be maintained through commercial arrangements rather than regulation. In particular, TowerCos have sufficient commercial incentives to allow and promote mobile co-location.
- X6.3 If competition concerns are identified through our ongoing market monitoring work, regulatory intervention remains an option available to us.

Chapter 1 Introduction and assessment framework

Purpose of the report

- 1.1 This report sets out our final recommendation to the Minister on whether Mobile Co-location should be omitted from Schedule 1 of the Telecommunications Act 2001 (**Act**) under section 66(1)(b) (the **Mobile Co-location investigation**).
- 1.2 We are required under Schedule 3 of the Act to prepare and deliver our final report into Mobile Co-location to the Minister by no later than 15 February 2027.³
- 1.3 The Minister may accept, reject or request clarification in respect of any aspect of our recommendation.

Structure of the report

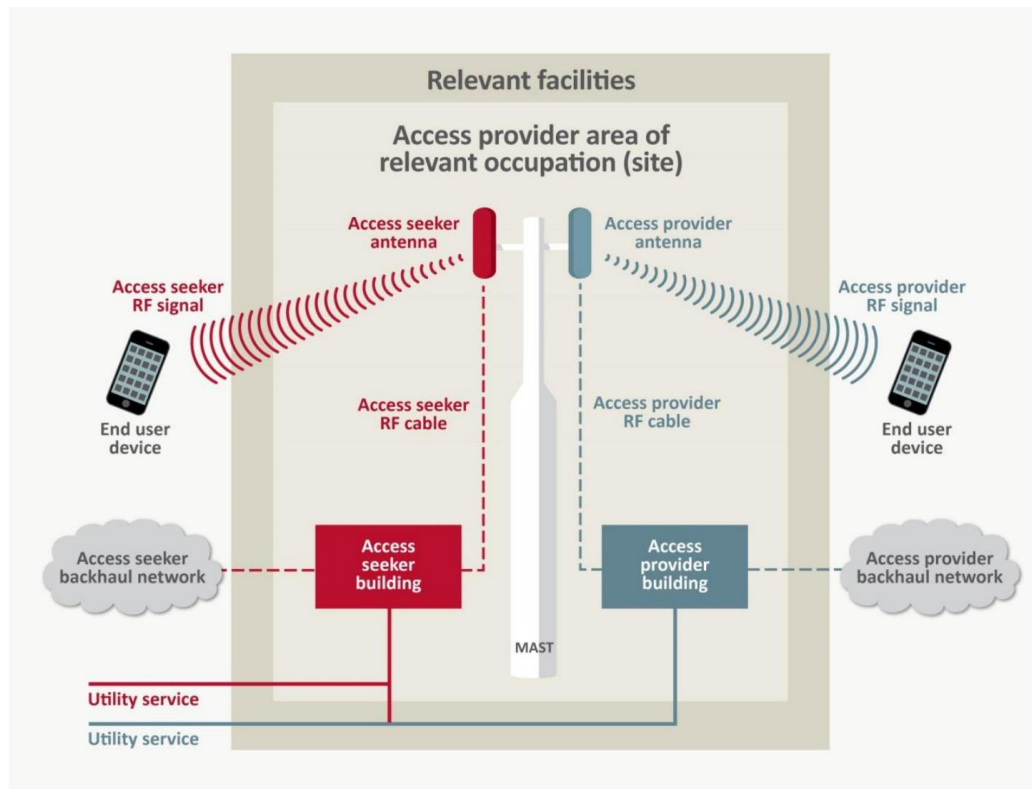
- 1.4 This paper is structured as follows:
 - 1.4.1 **Chapter 1** is an introduction which provides background to Mobile Co-location and Mobile Co-location regulation. It outlines the process for the Mobile Co-location investigation and the framework we have applied in reaching our final recommendation; and
 - 1.4.2 **Chapter 2** contains the analysis and rationale for our final recommendation on whether Mobile Co-location should be omitted from Schedule 1, and addresses submissions on our draft report.

Background

Mobile Co-location

- 1.5 Mobile co-location enables a mobile network operator (**MNO**) to install mobile network transmission and reception equipment on the mast (tower) of another MNO, as detailed in Figure 1.1.

³ 240 working days since public notice of the commencement of the investigation.

Figure 1.1 Mobile co-location description

- 1.6 In the past, entry into the mobile market tended to follow a ladder of investment, where the mobile virtual network operator and/or roaming arrangements were established, allowing the entrant to build a retail customer base. The entrant could then elect to invest further, shifting into network infrastructure through co-locating its equipment on towers owned by a third party and/or building its own towers.
- 1.7 Mobile co-location helped to promote competition in the mobile market by allowing the access seeker MNO to more easily expand the geographic footprint within which it could offer mobile services. Co-location facilitated expansion of new mobile infrastructure, particularly in more remote areas.

Mobile Co-location regulation

- 1.8 Mobile Co-location was included as a specified service in Schedule 1 of the Act when it was enacted in 2001. It was introduced to reduce barriers to entry and facilitate efficient network deployment.
- 1.9 At the time the regulation was introduced, MNOs owned and controlled the majority of cellular transmission sites. MNOs had limited commercial incentives to provide access to competitors, and in some cases may have had incentives to restrict access in order to protect their market position. Regulation was therefore necessary to enable access to existing infrastructure, reduce duplication of network assets, and support entry into the mobile market.

- 1.10 Regulated Mobile Co-location supported the entry of 2degrees into the New Zealand mobile market in 2009 by enabling it to deploy infrastructure more quickly and at lower cost. The regulation also supported the expansion of Spark's and One NZ's mobile coverage.
- 1.11 However, the structure of the market has since changed significantly since regulation was introduced. In 2023, MNOs divested ownership of their passive tower infrastructure to independent tower companies (**TowerCos**), Connexa and Fortysouth.
- 1.12 This structural change has important implications for the operation of the regulated service. The Schedule 1 definition of an "access provider" applies to persons who operate a cellular mobile telephone network. As TowerCos do not operate mobile networks, they are not captured by this definition. As a result, co-location on infrastructure owned by TowerCos falls outside the scope of the regulated Mobile Co-location service.
- 1.13 Accordingly, while mobile co-location continues to occur in practice on a commercial basis, the regulated Mobile Co-location service no longer applies to anyone. This distinction between mobile co-location (the activity) and regulated Mobile Co-location (the Schedule 1 service) is important for understanding the current effectiveness and relevance of the regulation.

Summary of the reasonable grounds assessment

- 1.14 Our reasonable grounds assessment found that significant changes have occurred in the market, including Spark, One NZ, and 2degrees selling their tower assets to independent TowerCos under long-term lease arrangements. As independent infrastructure owners, TowerCos naturally have an incentive to provide access, which was not the case when providers owned the towers.
- 1.15 Additionally, the Rural Connectivity Group (**RCG**) has expanded rural coverage through shared radio access network (**RAN**) sites, providing improved connectivity for under-served areas.
- 1.16 After consulting on our draft decision that there were reasonable grounds to commence an investigation into whether Mobile Co-location should be removed from Schedule 1 of the Act, we received three submissions. Two supported deregulation and one noted that any continued regulation should include TowerCos.⁴
- 1.17 On 24 February 2026, we published our final decision that there were reasonable grounds to commence an investigation into whether Mobile Co-location should be omitted from Schedule 1 of the Act.⁵

⁴ Submissions can be found on our [website](#).

⁵ Commerce Commission "[Review of Co-location on Cellular Mobile Transmission Sites - Reasonable grounds assessment final decision](#)" (24 February 2026).

Legal framework

Overview

- 1.18 This section sets out the legal framework we have applied when reaching our draft and final recommendation and highlights the key statutory provisions governing the Mobile Co-location investigation.

Requirement and process to undertake an investigation

- 1.19 Having established that there are reasonable grounds for commencing an investigation into whether Mobile Co-location should be omitted from Schedule 1 under section 66(1)(b), we commenced the investigation.
- 1.20 Following public notice of the commencement of the investigation, we must prepare a draft report and prepare and deliver a final report (this report) to the Minister within the statutory timeframe of 240 working days.⁶ Failure to comply with the statutory deadline does not invalidate the report.⁷

Statutory purpose and considerations

- 1.21 Schedule 3 investigations are governed by section 18 of the Act, which promotes competition in telecommunications markets for the long-term benefit of end-users of telecommunications services.
- 1.22 In conducting the Mobile Co-location investigation under clause 1(3) of Schedule 3, we must assess whether our recommendation best gives effect to section 18, having regard to:
- 1.22.1 the efficiencies that will (or will be likely to) result from any act or omission must be considered; and
 - 1.22.2 the incentives to innovate and invest, including the risks faced by providers of new, capital-intensive services.⁸
- 1.23 Our analysis is forward-looking, taking account of present and expected market conditions. Where relevant, we may compare these market conditions to those that existed when Mobile Co-location was first regulated.

⁶ The Act, Schedule 3 clause 4.

⁷ The Act, Schedule 3 clause 4(4A).

⁸ The Act, section 18(2) and (2A). The High Court in *Chorus Ltd v Commerce Commission* [2014] NZHC 690 at [34] observed that section 18(1) is the “dominant” provision in section 18, and subsections (2) (focusing on efficiencies) and (2A) (focusing on the investors’ incentives to innovate and risks) are “specified for the purpose of assisting analysis under section 18(1)”. In this sense, subsections (2) and (2A) are not isolated considerations on their own. Rather, they form part of the consideration of whether competition is promoted for the long-term benefit of end-users.

- 1.24 In making our recommendation we are required to:⁹
- 1.24.1 consider the purpose set out in section 18;
 - 1.24.2 if applicable, consider the additional matters set out in Schedule 1 regarding the application of section 18; and
 - 1.24.3 make the decision or recommendation that we consider best gives, or is likely to best give, effect to the purpose set out in section 18.

Scope

- 1.25 The scope of the Mobile Co-location investigation under clause 1(3) of Schedule 3 of the Act is limited to considering whether to omit Mobile Co-location (as a whole) from Schedule 1 (under section 66(1)(b) of the Act).
- 1.26 The scope of the Mobile Co-location investigation does not extend to amendments, such as adding a new service or amending the description of an existing service. Such alterations can only be considered under clause 1(1) of Schedule 3 of the Act if we are satisfied that there are reasonable grounds for an investigation to do so.¹⁰

Economic framework

Overview

- 1.27 This section sets out the economic framework we have applied in reaching our draft and final recommendation. This is the same economic framework that has been used in our other Schedule 3 investigations.
- 1.28 The economic framework we applied for the Mobile Co-location investigation includes four steps:
- 1.28.1 **Description of the service**—describing the regulated service, including where and how retailers use the service to offer retail services to end-users.
 - 1.28.2 **Identification of alternatives**—identifying alternative services that could act as close substitutes for the regulated service.

⁹ The Act, section 19.

¹⁰ Under clause 1(1) of Schedule 3, we may, on our own initiative or if requested to do so in writing by the Minister, commence an investigation into whether or not Schedule 1 should be altered in any of the ways set out in sections 66 or 67, if we are satisfied that there are reasonable grounds for an investigation into the matter. We refer to this type of investigation that results from our decision under clause 1(1) of Schedule 3 that there are reasonable grounds to investigate, as a 'Clause 1(1) Investigation', which is separate to the Mobile Co-location investigation under clause 1(3).

- 1.28.3 **Competition assessment**—analysing the extent to which competition from alternatives provides competitive constraint on the regulated service.
- 1.28.4 **Alignment with the purpose of the regulation – section 18**—comparing the factual (the future state with existing regulation) to the counterfactual (the future state without regulation) and considering which best gives effect to the purpose in section 18.
- 1.29 We consider evidence as to the current state of competition and anticipate, based on relevant evidence, whether this state (alongside any historical changes and trends) can be expected to continue into the future. We then anticipate how this future may be different as a result of potential alterations to Schedule 1.

Evidence for the investigation

- 1.30 We use evidence such as the following in the Mobile Co-location investigation:
- 1.30.1 the availability of alternatives;
 - 1.30.2 the prominence of alternative TowerCo arrangements compared to the regulated Mobile Co-location service; and
 - 1.30.3 whether alternatives represent a sufficiently close substitute to regulated Mobile Co-location (in terms of key price and non-price performance features).
- 1.31 This evidence for the final recommendation has been sourced from existing Commission data sources. Additionally, we have used information collected via voluntary information requests sent to known providers and access seekers of mobile co-location.
- 1.32 Where relevant, we have also used publicly available information, including public surveys, business announcements and disclosures.
- 1.33 Although our data sources were collated at different times, we have relied on the best available data and accounted for its currency in our analysis, including in response to submissions on the draft report.

Our process

- 1.34 Table 1.1 sets out the process that we have followed to date for the Mobile Co-location investigation.

Table 1.1 Process for the reasonable grounds assessment and investigation

Milestone	Date
Reasonable grounds assessment	

Draft reasonable grounds decision paper published	23 September 2025
Submissions published	3 November 2025
Final reasonable grounds decision published	24 February 2026
Investigation	
Draft recommendation published	23 July 2026
Submissions published	3 September 2026
Final recommendation published (this paper)	27 October 2026

Submissions on our draft recommendation and how we have addressed them

- 1.35 We have considered all feedback received in submissions and where relevant, reflected it in our analysis.
- 1.36 We received submissions from One NZ and The Technology Users Association New Zealand (**TUANZ**). One NZ supported our draft recommendation to omit Mobile Co-location from Schedule 1, submitting that the service no longer reflects the current market structure following the emergence of independent TowerCos and that commercial incentives now support efficient co-location outcomes without regulatory intervention.
- 1.37 In contrast, TUANZ opposed our draft recommendation, arguing that while TowerCos have incentives to maximise tower utilisation, long-term arrangements with incumbent MNOs may create barriers for future entrants and access seekers. TUANZ submitted that the exclusion of TowerCos from the definition of "Access Provider" should be addressed directly rather than used as a basis for removing regulation. It recommended that regulatory safeguards or alternative oversight mechanisms be retained to address potential future competition concerns.
- 1.38 We respond to these issues in Chapter 2, within the competition assessment.

Chapter 2 Final recommendation on whether to omit from Schedule 1

Purpose and structure

- 2.1 This chapter sets out our final recommendation on whether Mobile Co-location should be omitted from Schedule 1 of the Act, and the reasoning for that recommendation.
- 2.2 This chapter is structured as follows:
 - 2.2.1 our recommendation;
 - 2.2.2 description of Mobile Co-location and how it is used **(step 1)**;
 - 2.2.3 assessment of whether Mobile Co-location should be omitted from Schedule 1, through:
 - a. identification of alternatives **(step 2)**;
 - b. competition assessment **(step 3)**; and
 - c. testing alignment with the purpose in section 18 **(step 4)**.

Recommendation

- 2.3 Our final recommendation is to omit Mobile Co-location from Schedule 1 of the Act.

Description of Mobile Co-location (step 1)

- 2.4 Regulated Mobile Co-location is defined in the Act as:¹¹

Co-location on cellular mobile transmission sites

A service that enables co-location of cellular mobile telephone network transmission and reception equipment (including any necessary supporting equipment on or with the following facilities (relevant facilities)):

(a) any towers, poles, masts, or other similar structures—

that are used for the transmission or reception of telecommunications via a cellular mobile telephone network; and

that are owned, managed, or leased by the access provider:

¹¹ The Act, Schedule 1, Part 3.

(b) *all sites, buildings, or utility services that are associated with the kinds of structures referred to in paragraph (a)*

2.5 Schedule 1 of the Act describes Mobile Co-location's access provider as:¹²

Access provider: Every person who operates a cellular mobile telephone network

2.6 As already noted, the access provider definition in the Act does not capture TowerCos as they do not operate a cellular mobile network.

Identification of alternatives (step 2)

2.7 In determining whether or not to recommend that Mobile Co-location be omitted from Schedule 1 of the Act, we have assessed the level of competition within the relevant markets.

Tower Companies

2.8 Tower divestiture has significantly reduced the relevance of regulated Mobile Co-location as the infrastructure used for mobile co-location now falls outside the scope of the regulated service. As such, co-location that occurs on towers owned by TowerCos is an alternative to regulated Mobile Co-location.

2.9 Globally, MNOs have been selling their passive infrastructure to tower companies (TowerCos) to free up capital for investments like 5G.¹³ In New Zealand, Spark and 2degrees sold their towers to Connexa, and One NZ sold its towers to Fortysouth.

2.9.1 In July 2022, Spark announced the sale of 70% of its TowerCo (Spark TowerCo) to Connexa.¹⁴ The sale included a 15-year right of use, including rights of renewal, and a build commitment of 670 towers over the next 10 years.

2.9.2 Spark's remaining 30% stake in Connexa was diluted to 17% following Connexa acquiring 2degree's tower assets in June 2023.¹⁵ Spark TowerCo was renamed Connexa in November 2022, and, in December 2024, Spark announced the sale of its remaining stake in Connexa.¹⁶

¹² The Act, Schedule 1, Part 3.

¹³ OECD "[Financing broadband networks of the future](#)" (June 2024), page 4.

¹⁴ Spark "[Spark announces sale of 70% of TowerCo business for \\$900 million](#)" (12 July 2022).

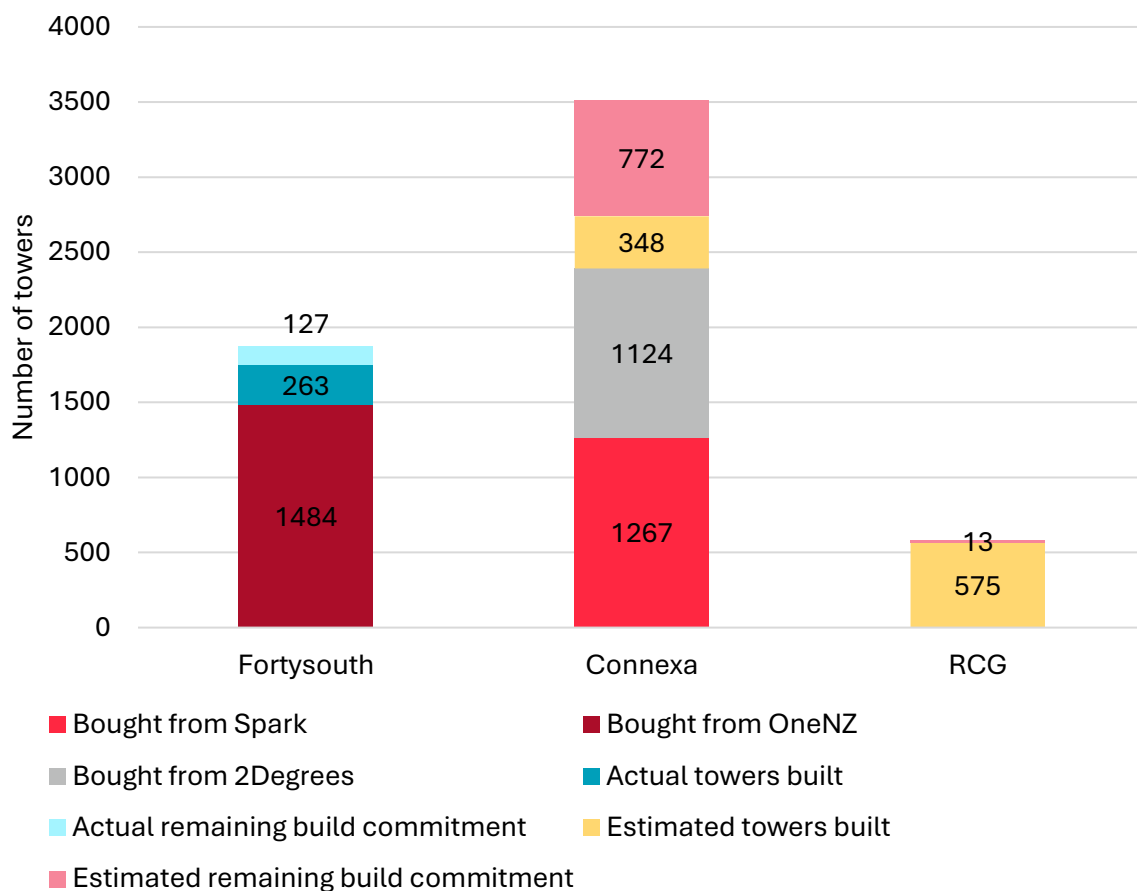
¹⁵ 2degrees "[Connexa completes acquisition of 2degrees' passive mobile tower assets](#)" (22 June 2023).

¹⁶ Spark "[Spark announces sale of remaining shares in Connexa](#)" (12 December 2024).

2.9.3 One NZ also announced the sale of its passive tower infrastructure in July 2022.¹⁷ The new TowerCo formed from this sale is Fortysouth. The sale included a 20-year master services agreement, with extension rights, and a commitment for Fortysouth to build 390 additional sites over the next 10 years.

2.9.4 In December 2022, 2degrees announced the sale of its passive tower infrastructure to Connexa.¹⁸ The sale included a 20-year agreement to secure access to existing and new towers along with a build commitment of 450 sites over the next 10 years.

Figure 2.1 Towers built and remaining build commitment as at March 2026



Sources: Commission analysis of public reports from Connexa, Fortysouth and RCG

¹⁷ One NZ [“Vodafone to sell its passive mobile tower assets to InfraRed Capital Partners and Northleaf Capital Partners alongside Infratil reinvestment”](#) (18 July 2022).

¹⁸ 2degrees [“2degrees announces sale of tower assets for \\$1.076bn”](#) (15 December 2022).

- 2.10 Collectively, these agreements provide long-term certainty of access to critical mobile infrastructure and establish binding build commitments that support ongoing network expansion. They also define the pricing arrangements that MNOs will pay their respective TowerCo providers over the duration of the agreements, covering both sole occupancy sites and co-location arrangements, including for sites yet to be constructed.¹⁹
- 2.11 The agreements further set out the processes through which MNOs and TowerCos will agree on the development of new sites, including how decisions are made and delivered. The build commitments provide a structured framework for future network rollout and investment.²⁰

RAN

- 2.12 As technology has advanced, RAN sharing has recently become another practical alternative to regulated Mobile Co-location. RAN sharing allows capacity at a cell site to be ‘shared’ (shared spectrum via a Multi-Operator Core Network arrangement) meaning less investment in infrastructure is required. RAN sharing has been used by RCG to extend the mobile footprint into remote and ‘blackspot’ areas, providing all three MNOs with coverage.
- 2.13 The proposed RANCo arrangement between One NZ and 2degrees, currently under assessment, suggests that industry participants are increasingly pursuing a range of commercial infrastructure sharing arrangements beyond traditional co-location services.²¹

Roaming

- 2.14 Providers have several options when it comes to operating a mobile network. One approach is to roam on another provider’s network, which involves relying on none of their own infrastructure. Roaming could be used as a full substitute for network deployment, but more commonly it is used as a way to extend coverage and fill gaps where a provider’s own infrastructure is unavailable or not yet deployed. This arrangement depends on a commercially negotiated agreement with the host provider. National Roaming remains a regulated service under the Act, providing a potential backstop for new mobile network entrants that have begun deploying their own infrastructure but require access to broader network coverage while expanding their footprint.

¹⁹ Commerce Commission “[Determination - Connexa Limited and Two Degrees Networks Limited and Two Degrees Mobile Limited \[2023\] NZCC 10](#)” (4 May 2023), page 7.

²⁰ Commerce Commission “[Determination - Connexa Limited and Two Degrees Networks Limited and Two Degrees Mobile Limited \[2023\] NZCC 10](#)” (4 May 2023), page 7.

²¹ Commerce Commission “[Clearance sought for 2degrees and One NZ to form joint venture to operate radio access network assets](#)” (1 October 2026).

- 2.15 While roaming may support market entry or geographic expansion, it does not provide the same degree of infrastructure control as co-location.

Co-siting

- 2.16 A traditional alternative to regulated Mobile Co-location has been co-siting,²² or if there was no suitable existing site available, for the access seeker to build its own site. Co-siting and building new sites can offer benefits in terms of control and coverage. However, these both increase overall costs and time to deliver compared to sharing a site, and there may be no suitable new site available. Often the best sites are already occupied, so building a new site can yield inferior coverage and increased costs. While co-siting is not as close a substitute as TowerCo-based co-location arrangements, it nevertheless provides an alternative deployment pathway and contributes to the overall competitive constraint on infrastructure access.

Competition assessment (step 3)

- 2.17 In assessing whether Mobile Co-location should be omitted from Schedule 1 of the Act, we have taken into account the present and expected market conditions, including the level of competitive constraint on the provision of mobile co-location.

Regulation facilitated a third market entrant

- 2.18 Mobile Co-location regulation was introduced to facilitate the entry of a new market participant by reducing barriers to network deployment. We consider that the regulation has achieved the intended outcome. The regulation has supported the establishment of 2degrees as a credible third MNO and contributed to improved competitive outcomes.

Evolving deployment and site demand drives sharing arrangements

- 2.19 The nature of network deployment has evolved since the regulation was introduced. For example, we expect MNOs to deploy 5G infill to cover gaps between existing sites in locations that include street-level urban assets.²³ Existing cell site locations are not likely to be suitable for this purpose.²⁴
- 2.20 At the same time, increasing site density has strengthened incentives to share infrastructure, as co-location is often more efficient than duplicative build.

²² Co-siting is a situation where the access seeker locates its transmission and reception equipment in close proximity to the access provider's equipment (ie, on the same property), but not on the same tower (ie, co-location).

²³ Such as lampposts, utility poles, bus shelters, advertising panels, building facades, and rooftops.

²⁴ See provider coverage maps, [Spark](#), [One NZ](#) and [2degrees](#).

- 2.21 Mobile coverage across the three MNOs is now broadly comparable. Recent rural and ‘black spot’ coverage, funded through the Government’s Rural Broadband Initiative programme and delivered by RCG, has driven extensive RAN sharing, enabling all operators to serve their retail customers from the same site and same set of equipment.²⁵ This demonstrates that RAN sharing can be achieved between mobile operators to deliver successful outcomes to market participants and consumers. We expect there to be little future demand for regulated Mobile Co-location in light of these developments.
- 2.22 Looking ahead, emerging technological developments, such as using low earth orbit satellites as cell towers, could reduce the need for terrestrial cell sites and thus further reduce the need for regulated Mobile Co-location. This trend is reflected in the emergence of satellite-to-mobile services in New Zealand, including partnerships between Starlink and mobile operators.

New industry structure and incentives support competitive outcomes

- 2.23 At the time regulation was introduced, incentives to provide access to infrastructure were limited, and in some cases absent. Regulation was therefore required to address these incentives and facilitate infrastructure access.
- 2.24 Industry structure has since changed materially. The divestment of passive infrastructure to tower companies has aligned incentives toward maximising site utilisation and tenancy. We consider that this has substantially reduced the likelihood that access would be withheld for strategic reasons. As a result, regulation is unlikely to promote competition.
- 2.25 TowerCo mobile co-location arrangements include a range of incentives that encourage shared use of infrastructure and efficient investment, such as pricing discounts, cost-sharing mechanisms, and support for upgrades that increase multi-tenant capacity.²⁶ Pricing and support structures also reflect competitive market dynamics, helping to promote efficient outcomes and incentivise further mobile co-location.
- 2.26 Competitive discipline is driven by the terms negotiated within the MNO and TowerCos service agreements themselves, including pricing structures, service level commitments, and processes for delivering new sites.

²⁵ NZ Government “[Government hits major rural connectivity milestone](#)” (18 April 2023).

²⁶ Commission data.

- 2.27 Our 2023 Determination on Connexa’s application to seek clearance to acquire tower infrastructure assets from 2degrees determined that the acquisition would enhance competition.²⁷ The determination highlighted that the proposed agreement between Connexa and 2degrees contained provisions relating to both price and quality of services.
- 2.28 This determination also found that while Spark may have some incentive to influence Connexa in its favour, it is unlikely to have the ability to disadvantage competitors. Contractual protections, Connexa's commercial incentive to remain a neutral provider, and the availability of alternative infrastructure providers significantly reduce the risk of foreclosure or discriminatory access.²⁸
- 2.29 As part of our analysis, we engaged with 2degrees, Connexa, and other market participants to test the accuracy of the information provided at the time of the acquisition and our expectations of subsequent market behaviour. We consider that this information and those expectations have been confirmed.
- 2.30 Incentives are reflected in observable market outcomes. Planned network expansion and upgrade programmes further reinforce the presence of a competitive and dynamic market, with ongoing initiatives to expand co-location capacity through infrastructure upgrades and improved site identification processes.²⁹ Together, these developments indicate that TowerCos are actively innovating and investing to support shared use of infrastructure, reducing the need for regulatory intervention.
- 2.31 MNOs have also indicated that there are planned investments to expand their network footprint through upgrades to existing sites. Their responses highlighted investments aimed at enhancing service capability, capacity, and resilience, demonstrating that the market is achieving competitive and innovative outcomes without using the regulated service.
- 2.32 Evidence from international markets supports this view, with TowerCos achieving higher co-location ratios than MNOs.³⁰ We expect that this will be reflected in the New Zealand market and note that both TowerCos offer co-location services to all three MNOs as well as a range of non-MNOs. This indicates commercial incentives exist to support co-location beyond the regulated Mobile Co-location service.

²⁷ Commerce Commission “[Determination - Connexa Limited and Two Degrees Networks Limited and Two Degrees Mobile Limited \[2023\] NZCC 10](#)” (4 May 2023), page 5.

²⁸ Commerce Commission “[Determination - Connexa Limited and Two Degrees Networks Limited and Two Degrees Mobile Limited \[2023\] NZCC 10](#)” (4 May 2023), page 22

²⁹ Infrastructure New Zealand, “[Delivering Next Generation Infrastructure](#)” (June 2025), page 11; HICL “[Enriching lives through infrastructure](#)” (27 May 2026), page 26.

³⁰ EY Parthenon “[The economic contribution of the European tower sector](#)” (February 2022), page 15.

There has been no regulatory intervention since TowerCos commenced operations

- 2.33 No parties have been subject to Mobile Co-location regulation in the past three years.³¹ Over this period, we have not observed evidence of systemic access issues or disputes that would suggest regulation remains necessary or should be amended to capture TowerCo arrangements. This is consistent with growth in TowerCo infrastructure and ongoing build programs which have expanded opportunities for mobile co-location.
- 2.34 Instead, market participants have successfully negotiated commercial agreements without regulatory intervention, indicating that the market is functioning effectively, consistent with our observations of the MNO – TowerCo service agreements. This provides evidence that access arrangements can be achieved commercially without recourse to the regulated service.

Today's market structure supports new entrants

- 2.35 In our view, any fourth entrant to the mobile market in New Zealand would likely have opportunities to seek commercial arrangements with TowerCos to co-locate on established sites. This reflects the commercial incentives TowerCos have to increase co-location on their towers.
- 2.36 Accordingly, deployment of new technologies or a new market entrant would not be dependent on a regulated co-location service, because TowerCos will likely be competing to offer tower space to any access seekers.³²
- 2.37 RAN sharing presents a further viable option for a new entrant. It has already been used to extend coverage in remote areas and could allow a new entrant to scale efficiently by leveraging existing infrastructure.
- 2.38 A 'thick mobile virtual network operator (**MVNO**)' (an operator that manages key network elements such as its own core network and customer systems) could also enhance competition by offering differentiated and expanded services to consumers.³³ Entry of a thick MVNO could be supported by RAN sharing, access to wholesale services, roaming or infrastructure sharing, without relying on Mobile Co-location regulation.

³¹ Since tower infrastructure was divested from MNOs to TowerCos.

³² For example, in April 2024 in Australia, TPG Telecom and Optus signed an active sharing agreement where Optus will provide TPG Telecom with access to its regional radio access network and they will share spectrum to deliver services. Optus "[TPG Telecom and Optus sign network sharing agreement marking new era of mobile services for regional Australia](#)" (29 April 2024).

³³ Commerce Commission "[Mobile Market Study – Findings](#)" (26 September 2019), page 72.

- 2.39 If there were a new entrant to the market and we were considering how best to facilitate its entry, it is unlikely that we would consider regulated Mobile Co-location an effective method of doing so. While entry barriers in mobile markets remain significant, access to passive tower infrastructure is unlikely to be a material barrier to entry given TowerCos' incentives to add tenants and maximise utilisation.

We expect commercial incentives to endure

- 2.40 We consider that the conditions that supported the introduction of Mobile Co-location regulation are unlikely to re-emerge. Entry has been achieved, infrastructure supply has expanded, and incentives are now more closely aligned with efficient access due to the significant market change that occurred when MNOs divested their tower assets to TowerCos.
- 2.41 Ongoing network densification is likely to reinforce these incentives. In this context, we consider that commercial arrangements will continue to deliver efficient outcomes without regulatory intervention.
- 2.42 Taken together, the evidence suggests that the market conditions that originally justified Mobile Co-location regulation have materially changed. Infrastructure ownership has shifted to TowerCos whose commercial incentives favour access and utilisation. Alternative mechanisms for network expansion and coverage have expanded. We have not observed evidence that access constraints are preventing competitive outcomes. Accordingly, we consider that competition in mobile markets is unlikely to depend on the continued availability of the regulated Mobile Co-location service.

Analysis of submissions

- 2.43 We received submissions from TUANZ and One NZ on our draft recommendation to omit Mobile Co-location from Schedule 1 of the Act.
- 2.44 Submitters generally agreed that the mobile infrastructure market has changed significantly since Mobile Co-location was first regulated, particularly following the divestment of passive mobile infrastructure to independent TowerCos. However, they differed on whether these developments support deregulation.
- 2.45 One NZ supported our draft recommendation and submitted that the current regulatory framework no longer reflects market realities, TowerCos have incentives to maximise co-location, and retaining obligations that no longer align with market structure may create unnecessary complexity and uncertainty.³⁴

³⁴ One NZ "[Submission on draft Mobile Co-location recommendation report](#)" (20 August 2026), page 1.

2.46 One NZ also noted that, should competition issues arise after deregulation, new regulation specifically designed to fit the current market would likely be more effective at addressing any issues than adapting current regulations.³⁵

2.47 TUANZ did not support omitting Mobile Co-location from Schedule 1. Its submission made three key recommendations:

2.47.1 Maintain regulatory backstops.

2.47.1.1 TUANZ considered that a regulatory backstop remains valuable to protect against future competition concerns and to preserve a credible threat of regulatory intervention.³⁶

2.47.1.2 It submitted that, without a regulatory backstop, long-term contractual arrangements between TowerCos and incumbent MNOs could create barriers to access for future entrants and other access seekers through non-price restrictions, delays, capacity constraints, and pricing structures that favour incumbents.³⁷

2.47.2 Trans-Tasman and international alignment

2.47.2.1 New Zealand should continue to monitor international developments, including developments in Australia, and suggested that the Commission consider whether the current definition of "Access Provider" should be updated to better reflect the emergence of independent TowerCos.³⁸

2.47.3 Mandated ongoing monitoring

2.47.3.1 If Mobile Co-location is removed from Schedule 1, the Commission should establish an ongoing monitoring regime to identify any emerging competition concerns and provide an evidential basis for future intervention if required.³⁹

³⁵ Ibid, page 2.

³⁶ TUANZ "[Submission on draft Mobile Co-location recommendation report](#)" (20 August 2026), page 3.

³⁷ Ibid, page 4

³⁸ TUANZ "[Submission on draft Mobile Co-location recommendation report](#)" (20 August 2026), page 4.

³⁹ Ibid, page 6.

- 2.48 We have carefully considered these submissions. While we acknowledge the historical role Mobile Co-location played in supporting competition and network expansion, we consider that market conditions have changed materially since the service was introduced. In particular, TowerCos are not captured by the current definition of "Access Provider" and therefore are not subject to the regulated service. Further, the market is now structured around TowerCos. As a result, Mobile Co-location regulation is no longer aligned with the structure of the market or necessary to facilitate access in the manner needed when regulation was first introduced. It therefore no longer provides the regulatory safeguards or credible threat of intervention identified by TUANZ.
- 2.49 The removal of Mobile Co-location from Schedule 1 would not preclude future regulatory intervention. The Act provides a mechanism for new services to be added to Schedule 1 through a Schedule 3 investigation where this is necessary to address identified competition concerns, providing an effective regulatory backstop.
- 2.50 We have not observed evidence that current commercial arrangements are creating systemic access barriers or preventing market entry or expansion, nor did we receive submissions from any non-MNOs that raised issues with their ability to access infrastructure owned by TowerCos. The available evidence indicates that TowerCos have strong incentives to maximise tenancy and infrastructure utilisation by serving multiple customers, including both MNO and non-MNO users.⁴⁰ We therefore consider that retaining Mobile Co-location regulation may not best promote competition for the long-term benefit of end-users.
- 2.51 We also note that concerns relating to capacity reservation and tenancy ratios fall outside the scope of the current regulated Mobile Co-location service. The existing regulatory framework does not include provisions governing the reservation or prioritisation of site capacity, nor does it regulate tenancy ratios. Accordingly, these concerns would not be addressed by retaining the current Mobile Co-location regulation. Any consideration of alternative or expanded regulatory mechanisms is out of scope of this investigation and would require the Commission to trigger a separate regulatory investigation.

⁴⁰ Our determination noted that the TowerCos' business plans incentivise them to offer existing and prospective customers competitive price and non-price terms to win business. It also noted that the non-discrimination clauses in Connexa's managed infrastructure services agreement (**MISA**) with Spark and 2degrees would not prevent Connexa from offering competitive prices to any MNO or to other customers in the future. Commerce Commission "[Determination - Connexa Limited and Two Degrees Networks Limited and Two Degrees Mobile Limited \[2023\] NZCC 10](#)" (4 May 2023), pages 14-15.

- 2.52 We have also considered TUANZ's submissions regarding the scope of the "Access Provider" definition, and the need for post-implementation monitoring. While these issues are relevant considerations, we do not consider that they alter our assessment that the current market is functioning effectively without reliance on the regulated service. Importantly, the scope of this Mobile Co-location investigation is limited to whether Mobile Co-location should remain listed in Schedule 1 and does not consider any changes to the service description or the addition of new services. Existing statutory mechanisms provide appropriate means to monitor market developments and address future competition concerns should they arise.⁴¹
- 2.53 We consider that, if competition concerns were to emerge following deregulation, a tailored regulatory response designed for the current market conditions would likely address those concerns more effectively than modifying the current regulatory framework.
- 2.54 Additionally, TUANZ encouraged alignment with the Australian Competition and Consumer Commission (**ACCC**) which has noted regulatory gaps created by the emergence of TowerCos. While the ACCC's work is informative, differences in industry structure and regulatory frameworks, including Australia's retention of some tower assets by Telstra and varying regulatory treatment of tower-owning entities, limit the extent to which Australian outcomes can be relied on when assessing the need for regulatory intervention in New Zealand.⁴² We also note that other developed countries, including the EU and USA are relying on competition and market incentives rather than direct regulatory controls.⁴³

Alignment with the purpose of the regulation – section 18 (step 4)

- 2.55 Under the section 18 purpose, we must consider whether the regulation best promotes competition in the telecommunications markets for the long-term benefit of end-users.
- 2.56 We have considered whether Mobile Co-location should be omitted from Schedule 1 of the Act, based on the information before us. We consider that continued regulation of Mobile Co-location is no longer necessary to best promote competition in the mobile market for the long-term benefit of end-users.

⁴¹ See paragraphs 2.70 - 2.71.

⁴² Telstra, an MNO, has retained some tower ownership, particularly of smaller and non-shareable structures. Additionally, the application of Australia's regulatory framework depends on whether an entity holds a carrier licence or belongs to a carrier company group. As a result, tower-owning entities are regulated by different parts of Australia's Telecommunications Act, including one entity that falls outside of their regulations. Australian Competition and Consumer Commission "[Regional mobile infrastructure inquiry – Final report](#)" (July 2023), pages 21 and 66.

⁴³ See Attachment A.

- 2.57 Divestiture of towers means there has not been a regulated service in place for over three years. Absence of a regulated service has not given rise to any concerns that TowerCos should be regulated.
- 2.58 We consider that Connexa and Fortysouth face sufficient competitive constraint in passive infrastructure services markets from each other, and from small-scale suppliers. This is reflected in their incentives to increase co-location and evidence that both TowerCos continue to invest in new sites and co-location capacity. Neither TowerCo has exclusive access to any of the MNOs, and both rely on increasing tenancy to grow their revenue per site.
- 2.59 Therefore, the prominence of TowerCos in the market is unlikely to materially raise barriers to entry in downstream telecommunications markets, and access to passive infrastructure services is unlikely to be a significant barrier to entry. As such, we do not believe there is an argument to consider amending (through a separate statutory review process) Mobile Co-location regulation to bring TowerCos into scope.
- 2.60 The cost of regulation, along with the cost of undertaking an investigation, and the potential costs that would result from removing regulation are all relevant considerations in reaching our final decision. If Mobile Co-location were removed from Schedule 1, stakeholders would no longer incur costs associated with participating in future reasonable grounds assessments or investigations, including the provision of data and preparation of submissions.
- 2.61 In our judgement, and since the information before us suggests that mobile market conditions have evolved significantly, regulation of Mobile Co-location services is no longer necessary to best promote the section 18 purpose. We now see extensive and overlapping mobile coverage, and the use of alternatives which do not require site sharing (ie, RAN sharing). We also note that TowerCos have a commercial incentive to maximise the use of their assets (by increasing the number of tenants on their towers without the need for any regulatory obligation to do so).

Factual assessment (the future state with existing regulation)

- 2.62 Under the factual scenario, Mobile Co-location continues to be regulated under Schedule 1, allowing MNOs to install transmission and reception equipment on the towers of an access provider.
- 2.63 However, the definition of an access provider does not extend to TowerCos, which now own the tower infrastructure on which mobile co-location takes place. As a result, these arrangements currently fall outside the scope of regulation and regulation no longer applies to anyone.

- 2.64 Historically, Mobile Co-location regulation served as a mechanism to facilitate market entry by enabling any current or new MNO to access existing infrastructure. Although TowerCos are not captured by the current regulation, they have strong commercial incentives to promote infrastructure sharing and maximise tenancy ratios on their towers.
- 2.65 In this context, the continued application of regulation is unlikely to materially influence mobile co-location outcomes, particularly given that the infrastructure is now owned by entities beyond its scope.
- 2.66 Retaining regulation that no longer aligns with market structure may create unnecessary uncertainty and complexity for industry participants, without delivering corresponding regulatory benefits.

Counterfactual assessment (the future state without regulation)

- 2.67 The counterfactual scenario represents the Commission's view of what is likely to occur in the absence of regulation (ie, if Mobile Co-location was removed from Schedule 1). Since current regulation does not capture TowerCos, this assessment reflects the current market. In this scenario:
 - 2.67.1 TowerCos' commercial incentives to maximise tower utilisation, alongside the continued use of RAN sharing and the emergence of new technologies (eg, low earth orbit satellites), provide access and expansion opportunities within New Zealand's mobile market.
 - 2.67.2 We expect current trends such as overlapping MNO coverage areas, and a focus on network densification for new technologies (eg, 5G) to continue, reducing the role of mobile co-location as a mechanism for network expansion.
- 2.68 The removal of regulation is unlikely to negatively impact competition or end-user outcomes and would have limited direct impact on compliance obligations given its limited practical relevance. TowerCos' commercial incentives to maximise the number of tenants on their tower assets are likely to continue supporting co-location and efficient use of existing infrastructure.
- 2.69 Since our final recommendation is that continued regulation of Mobile Co-location is no longer necessary to best promote competition, it follows that the costs imposed by regulation may outweigh the benefits.

Post-implementation monitoring

- 2.70 If the Minister accepts our recommendation to omit Mobile Co-location from Schedule 1, the Commission would continue to monitor competition and market developments through its existing statutory functions including Annual Monitoring Reports and targeted market analysis undertaken in response to emerging developments, trends, or significant industry concerns.
- 2.71 Should evidence emerge that market conditions have changed or that competition concerns are arising, the Commission would have the ability to consider further action under the mechanisms available in the Act.

Overall assessment of the regulatory state that best gives effect to the purpose in section 18

- 2.72 Our final recommendation is that the regulation of Mobile Co-location is no longer necessary to best give effect to the purpose in section 18. Mobile market developments suggest that continued regulation of Mobile Co-location is unlikely to be necessary to promote competition and innovation.
- 2.73 The future state without regulation is better aligned with market realities while still ensuring continued competitive outcomes for end-users.
- 2.74 Therefore, our final recommendation is that Mobile Co-location is omitted from Schedule 1 of the Act.

Attachment A Summary of international trends

- A1 Internationally, TowerCos are generally subject to light-touch, commercially oriented regulatory frameworks. Most jurisdictions treat TowerCos as infrastructure providers rather than telecommunications operators, with limited sector-specific regulation.
- A2 In developed markets such as the European Union and United States, access to tower infrastructure and co-location services is primarily determined through commercial negotiation, with regulators relying on competition and market incentives rather than direct controls.
- A3 More interventionist approaches are observed in some emerging markets where competition is limited. These measures, such as licensing requirements, oversight of lease terms, or entry controls, tend to be targeted responses to specific access or competition concerns rather than system-wide regulation.
- A4 Tower markets can be concentrated, particularly in smaller or developing economies. Commercial arrangements between MNOs and TowerCos (eg, anchor tenancy agreements) can both reinforce and mitigate market power. The divestment of tower assets from MNOs to independent TowerCos has also created regulatory gaps in some jurisdictions, where TowerCos fall outside telecommunications-specific frameworks and access regimes.
- A5 Common challenges, such as planning and permitting constraints, are typically addressed outside telecommunications regulation. Market outcomes vary; in competitive areas, pricing is generally disciplined by demand and utilisation incentives, while in less competitive areas, pricing risks may arise but are often constrained by incentives to attract tenants.
- A6 Australia broadly reflects these international trends. The ACCC has noted the evolving role of TowerCos, although Telstra continues to retain some tower assets. It has also identified potential gaps in existing access regimes arising from the varying regulatory treatment of tower-owning entities and questioned whether current regulatory frameworks remain fit for purpose.
- A7 Overall, international experience supports a market-led approach, with limited direct intervention in mobile co-location. Regulatory measures, where used, are targeted and proportionate. This evidence is consistent with considering the removal of Mobile Co-location from Schedule 1.