

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>

Glossary

Table of terms and abbreviations

The Act	The Telecommunications Act 2001
Commission	The Commerce Commission
MNO	Mobile Network Operator
Mobile Co-location	Co-location on cellular mobile transmission sites, as described in Schedule 1 of the Act
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
RBI	Rural Broadband Initiative
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
STD	Standard Terms Determination
TowerCo	Specialist asset management company which owns and operates cellular mobile transmission sites

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Executive summary

- X1 The Commerce Commission (**the Commission**) is required to consider, at intervals of not more than 5 years, whether there are reasonable grounds to commence an investigation into whether 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 Mobile Co-location enables a Mobile Network Operator (**MNO**) to install mobile network transmission and reception equipment on another MNO's tower. We last reviewed Mobile Co-location in 2021, and are required to consider if there are reasonable grounds to commence an investigation by 12 May 2026.
- X3 In recent years, Spark, One NZ and 2degrees have sold their tower assets to specialised asset management companies (**TowerCos**) who own and operate cellular mobile transmission sites. The sales included long-term lease arrangements for space on the towers.
- X4 The Rural Connectivity Group (**RCG**) has continued to extend coverage for all MNOs with their Radio Access Network (**RAN**) sharing sites. This alternative to Mobile Co-location has resulted in greater coverage across rural New Zealand for all three MNOs, providing 4G wireless broadband, 4G voice calling and 3G mobile services to more rural consumers in underserved areas.
- X5 In our view, these developments could have a significant impact on the requirement for the regulated Mobile Co-location service.
- X6 Our draft decision is that there are reasonable grounds to commence an investigation to determine whether to omit Mobile Co-location from Schedule 1 of the Act.
- X7 This document summarises the reasons for our draft decision and seeks your comment. Submissions should be sent to Toni Shuker, Manager Regulatory Rules and Compliance at telecommunications@comcom.govt.nz and are due by 5pm 21 October 2025.

Chapter 1 Introduction

Purpose and structure

- 1.1 This paper sets out our draft decision under clause 1(3) of Schedule 3 of the Act on the existence of reasonable grounds to commence an investigation into whether Mobile Co-location should be omitted from the list of specified services in Schedule 1 of the Act, under section 66(b) of the Act.
- 1.2 To deliver competitive retail telecommunications services, retail service providers may require access to wholesale services. A number of wholesale services are subject to limited or no competition. In such cases, access to these services may be mandated under the Act (in Schedule 1) to promote competition for the long-term benefit of end-users.¹
- 1.3 Market evolution over time can lead to increased competition, changes in market preferences, or technological change. These developments can mean that it may no longer be necessary to mandate access to a regulated wholesale service.
- 1.4 As such, the Act requires that the Commission consider,² at least every five years, whether there are reasonable grounds for commencing an investigation into whether the services should be omitted from Schedule 1. We refer to this type of investigation as a “Clause 1(3) Investigation”.

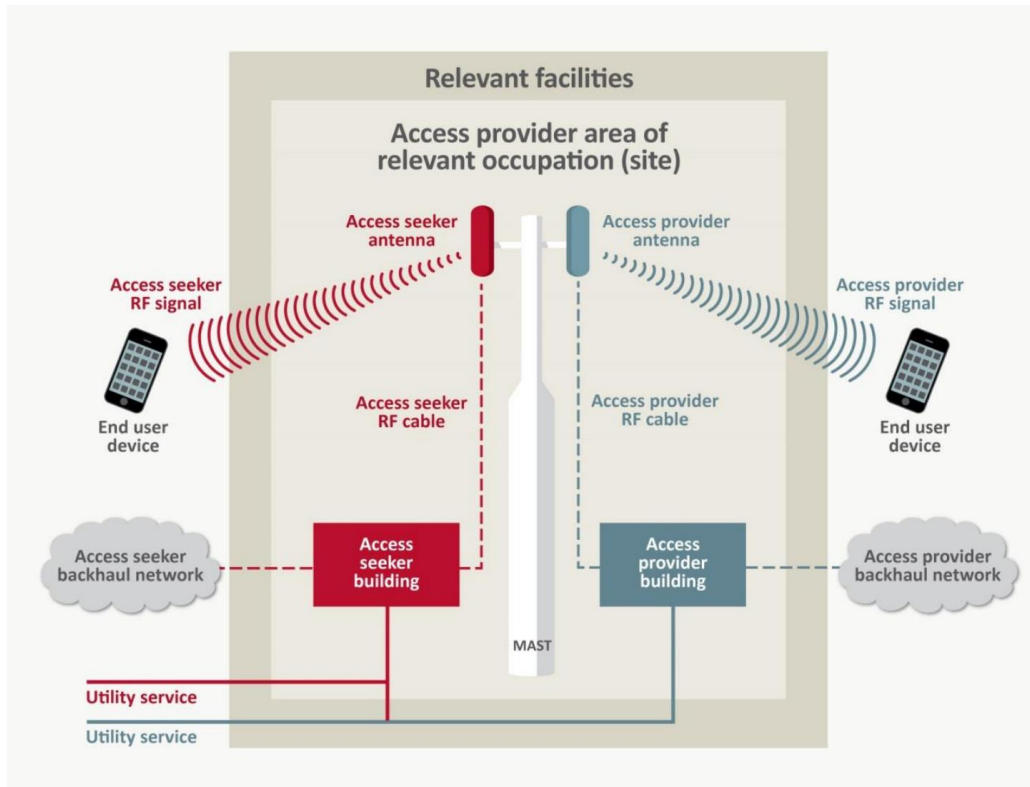
Mobile Co-location and its regulatory background

- 1.5 Mobile Co-location was included as a specified service in Schedule 1 of the Act when it was enacted in 2001. It enables an MNO to install mobile network transmission and reception equipment on the mast (tower) of another MNO, detailed in figure 1.1.

¹ Once a service is included in Schedule 1, regulated terms of access can (but don't need to) be given effect through a determination or standard terms determination. Regulated services are either designated or specified services. We are able to determine price and non-price terms for designated services. For specified services we are only able to determine non-price terms.

² Clause 1(3) of Schedule 3.

Figure 1.1 Mobile Co-location description



- 1.6 Entry into the mobile market tends to follow a ladder of investment, whereby mobile virtual network operator and/or roaming arrangements are established, allowing the entrant to build a retail customer base. The entrant can then elect to invest further, shifting into network infrastructure through co-locating their equipment on towers owned by a third party and/or building their own towers.
- 1.7 As such, Mobile Co-location can promote competition in the mobile market by allowing the access seeker MNO to more easily expand its geographical reach within which it can offer mobile services. Co-location can facilitate expansion of new mobile infrastructure, particularly in more remote areas.
- 1.8 Mobile Co-location is described in the Act as:
- 1.8.1 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—
 - (i) that are used for the transmission or reception of telecommunications via a cellular mobile telephone network; and

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

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

1.9 We have previously considered whether Mobile Co-location should remain as a specified service in Schedule 1:

1.9.1 Our 2006 investigation concluded that Mobile Co-location should remain in Schedule 1 as the absence of regulation would mean the established MNOs could deter or delay the entry and expansion of a third MNO.³

1.9.2 Our 2011 review concluded that Mobile Co-location should remain in Schedule 1.⁴ We noted that regulation promoted competition, efficiency, and more rapid deployment of competing infrastructure.

1.9.3 In 2016 we noted that there had been an increasing use of Mobile Co-location, and that such a service played a significant role in the deployment of new mobile sites and promoting competition.⁵ The ability to co-locate was likely to be particularly important for reaching more remote areas and when deploying new technologies.

1.9.4 In 2021 we noted there had been continued use of Mobile Co-location, in particular on Rural Broadband Initiative (**RBI**) sites.⁶ The Ministry of Business, Innovation and Employment had reported that 154 cellular mobile transmission sites had been built under RBI1,⁷ all of which allowed for the use of Mobile Co-location by competing operators.

³ Commerce Commission “[Schedule 3 Investigation into the extension of regulation of designated and specified services – Final Report](#)” (28 August 2006).

⁴ Commerce Commission “[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](#)” (16 September 2011).

⁵ Commerce Commission “[Review of Designated and Specified Services under Schedule 1 of the Telecommunications Act 2001](#)” (5 July 2016).

⁶ Commerce Commission “[Review of Services in Schedule 1 of the Telecommunications Act 2001](#)” (12 May 2021).

⁷ The Rural Broadband Initiative is a crown funded programme to provide fast broadband to the greatest number of under-served rural homes and businesses, and contribute towards achieving similar rates of access to fast broadband by rural homes and businesses across all regions of New Zealand. RBI1 is the first phase of the Rural Broadband Initiative which delivered 154 new cell sites, and upgraded 387 cell sites and 1242 cabinets across rural New Zealand.

Requirement to review Mobile Co-location regulation

- 1.10 We are required to review each Schedule 1 service at least every five years, starting from the time the service came into force. As Mobile Co-location was last reviewed in May 2021, we must complete the current review by 12 May 2026.
- 1.11 This review is limited to considering whether there are reasonable grounds for commencing an investigation into whether Mobile Co-location should be omitted from Schedule 1 of the Act.
- 1.12 We can also, on our own initiative, commence an investigation into whether or not Schedule 1 should be altered in any of the ways set out in sections 66 and 67 if we are satisfied that there are reasonable grounds for such an investigation.⁸
- 1.13 There is an existing Mobile Co-location standard terms determination, but this review is not concerned with the status of this.⁹

Next steps

- 1.14 Table 1.1 sets out the next steps in the review process.

Milestone	Indicative date
Draft decision published (this paper)	23 September 2025
Submissions on draft decision due	5pm 21 October 2025
Cross-submissions on draft decision due	5pm 13 November 2025
Final decision published	By May 2026

Information for interested parties on making a submission

- 1.15 We are seeking submissions on our draft decision by 5pm 21 October 2025. We intend to seek cross-submissions and these will be due by 5pm 13 November 2025.
- 1.16 You should address your responses to:
- 1.16.1 Toni Shuker (Manager, Regulatory Rules and Compliance);
- 1.16.2 c/o Telecommunications@comcom.govt.nz.

⁸ Clause 1(1) of Schedule 3.

⁹ Commerce Commission “[Standard Terms Determination for the specified service Co-location on cellular mobile transmission sites](#)” (11 December 2008).

- 1.17 Please include “Mobile Co-location - Submission” in the subject line. We prefer responses to be provided in a file format suitable for word processing in addition to PDF file format.

Confidentiality

- 1.18 The protection of confidential information is something that we take seriously. If you need to include commercially sensitive or confidential information in your submission, you must provide us with both a confidential and public version of your submission that are clearly identified. We intend to publish the public version of all submissions we receive on our website.
- 1.19 You are responsible for ensuring that commercially sensitive or confidential information is not included in a public version of a submission that you provide to us.
- 1.20 All submissions we receive, including any parts of them that we do not publish, can be requested under the Official Information Act 1982 (**OIA**). This means we would be required to release material that we do not publish unless good reason existed under the OIA to withhold it. We would normally consult with the party that provided the information before we disclose it to a requester.

Chapter 2 Draft decision on the existence of reasonable grounds

Chapter purpose and structure

- 2.1 This chapter sets out our draft decision on whether there are reasonable grounds to commence an investigation to omit Mobile Co-location from Schedule 1.

Draft reasonable grounds assessment decision

- 2.2 Our draft decision is that there are reasonable grounds to commence an investigation into whether Mobile Co-location should be omitted from the Act.

Assessment framework

- 2.3 We previously published a Framework for reasonable grounds assessments paper.¹⁰ We have applied this framework to this reasonable grounds assessment of Mobile Co-location.

Reasonable grounds assessment

Description of Mobile Co-location

- 2.4 We described Mobile Co-location in paragraph 1.8.
- 2.5 In essence, Mobile Co-location enables a cellular network operator to share another cellular network operator's tower, renting space to mount their own antennae to connect to their own equipment.

Alternative services

- 2.6 There are a number of options for a provider looking to operate a network. Roaming on another provider's network (none of their own equipment but subject to a price negotiated and agreed by the host provider) is an option.
- 2.7 The traditional alternatives to Mobile Co-location have thus been co-siting,¹¹ or if there was no suitable existing site available, for the access seeker to build their 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.

¹⁰ Commerce Commission "[Framework for reasonable grounds assessments](#)" (17 June 2025)

¹¹ 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).

- 2.8 As technology has advanced, RAN sharing has recently become another practical, and often preferred, alternative to Mobile Co-location. RAN sharing allows capacity at a cell site to be ‘sliced’ (shared spectrum) 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.
- 2.9 Further, since the last review there had been a significant development in the market. In 2022 Spark, One NZ and 2degrees announced the sales of their passive tower infrastructure.
- 2.10 In July 2022, Spark announced the sale of 70% of its TowerCo (Spark TowerCo) to the Ontario Teachers’ Pension Plan Board.¹² Spark retained a 30% stake. 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. Spark TowerCo was renamed Connexa in November 2022, and, in December 2024, Spark announced the sale remaining stake in Connexa.¹³
- 2.11 One NZ also announced the sale of its passive tower infrastructure in July 2022.¹⁴ InfraRed Capital Partners and Northleaf Capital Partners each purchased a 40% stake with Infratil Limited holding the remaining 20%. 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.
- 2.12 In December 2022, 2degrees announced the sale of its passive tower infrastructure to Connexa.¹⁵ 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.
- 2.13 Schedule 1 of the Act describes Mobile Co-location’s access provider as:
- Access provider: Every person who operates a cellular mobile telephone network*
- 2.14 Such an access provider definition does not capture tower companies, who now own the towers in respect of which access obligations apply and, as a result, these arrangements are not currently regulated.

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

¹³ Spark “[Spark announces sale of remaining shares in Connexa](#)” (12 December 2024). Sparks’ remaining 30% stake in Connexa was diluted to 17% following Connexa acquiring 2degree’s tower assets in December 2022.

¹⁴ One NZ “[Vodafone to sell its passive mobile tower assets to InfraRed Capital Partners and Northleaf Capital Partners alongside Infratil reinvestment](#)” (18 July 2022).

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

- 2.15 Therefore, if the evidence suggests that regulation of Mobile Co-location services is still required, we would likely need to investigate amending the service description of Mobile Co-location (eg, the definition of access provider) to align with these market developments.¹⁶

Competition from alternatives

- 2.16 In assessing whether there are reasonable grounds to commence an investigation, we have taken into account the present and expected market conditions, including the level of competitive constraint on the provision of Mobile Co-location.
- 2.17 The three MNO's networks now all have similar coverage areas. Recent extension of coverage into rural and 'black spot' areas has largely been government funded through RCG sites, which utilise RAN sharing to enable all three MNOs to use the sites.¹⁷ We expect there to be little future demand for Mobile Co-location as an economical way of extending coverage areas.
- 2.18 Mobile Co-location could be required to assist in the geographic spread of new mobile technologies (eg, 5G). However, sites for 5G deployment are generally required for 'densification' (ie, filling in the gaps between sites where the service has a shorter range than before), and the locations of existing cell sites are not likely to be suitable for this purpose.¹⁸
- 2.19 In our view, any fourth entrant to the mobile market in New Zealand could seek commercial arrangements with TowerCos to co-locate on established sites. TowerCos have commercial incentives to maximise the use of their towers.
- 2.20 RAN sharing also likely provides an alternative approach. 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.¹⁹
- 2.21 Future 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 Mobile Co-location.

Alignment with the Section 18 purpose

- 2.22 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.

¹⁶ Under clause 1(1) of Schedule 3 of the Act.

¹⁷ "[Government hits major rural connectivity milestone](#)" (18 April 2023).

¹⁸ See provider coverage maps, [Spark](#), [One NZ](#) and [2degrees](#).

¹⁹ 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.

- 2.23 We have considered whether an investigation is warranted on an objective basis, based on the information before us. We have had regard to the purpose in section 18 and whether there is at least a realistic possibility 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.
- 2.24 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 draft decision. While there may be some costs borne by mobile providers in facilitating access to towers, we expect this to be minimal and recoverable from the access seeker in any case.
- 2.25 Our view is that the costs of undertaking an investigation and any costs that would result from the omission of Mobile Co-location would likely also be minimal.
- 2.26 In our judgement, and since the information before us suggests that mobile market conditions have evolved significantly, there is a realistic possibility that 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 are likely to 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).

Draft decision and next steps

- 2.27 Our draft decision under clause 1(3) of Schedule 3 of the Act is that there are reasonable grounds to commence an investigation to omit Mobile Co-location from Schedule 1 of the Act.
- 2.28 We are seeking views on our draft decision.
- 2.29 After considering submissions, we will publish our final decision under clause 1(3) of Schedule 3 of the Act on whether to investigate omitting Mobile Co-location from Schedule 1 of the Act.
- 2.30 If our final decision is the same as our draft decision, we must commence the investigation no later than 15 working days after making that decision.²⁰

²⁰ Clause 1(5) of Schedule 3 of the Act.