

# Review of Co-location on Cellular Mobile Transmission Sites

Final decision on whether to commence an investigation under clause 1(3) of Schedule 3 of the Telecommunications Act

Reasonable grounds assessment final decision

Date: 24 February 2026



## Associated documents

Publication date	Reference	Title
28 August 2006	N/A	<a href="#">Schedule 3 Investigation into the extension of regulation of designated and specified services – Final Report</a>
11 December 2008	ISBN 978-1-869452-68-1	<a href="#">Standard Terms Determination for the specified service Co-location on cellular mobile transmission sites</a>
16 September 2011	N/A	<a href="#">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</a>
5 July 2016	ISSN 1178-2560	<a href="#">Review of Designated and Specified Services under Schedule 1 of the Telecommunications Act 2001</a>
12 May 2021	ISSN 1178-2560	<a href="#">Review of Services in Schedule 1 of the Telecommunications Act 2001</a>
17 June 2025	ISBN 978-1-99-133262-2	<a href="#">Framework for reasonable grounds assessment</a>
23 September 2024	ISBN 978-1-99-133281-3	<a href="#">Co-location on Cellular Mobile Transmission Sites Review – Draft decision paper</a>

## Glossary

### Table of terms and abbreviations

<b>The Act</b>	The Telecommunications Act 2001
<b>Commission</b>	The Commerce Commission
<b>MNO</b>	Mobile Network Operator
<b>Mobile Co-location</b>	Co-location on cellular mobile transmission sites, as described in Schedule 1 of the Act
<b>RAN</b>	Radio Access Network - is the radio segment of the cellular network, made up of antennae, radios and controllers (known as baseband units)
<b>RAN sharing</b>	A technique employed by RCG to allow all three MNOs access to the capacity of RCG cell sites
<b>RBI</b>	Rural Broadband Initiative
<b>RCG</b>	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
<b>STD</b>	Standard Terms Determination
<b>TowerCo</b>	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 periodically required to consider whether there are reasonable grounds to investigate 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 concluded that there are reasonable grounds to investigate the potential deregulation of this service. We received three submissions on our draft decision. Two supported our draft decision to investigate the potential deregulation of this service, and one was silent on our decision but noted that if Mobile Co-location regulation remains, it will need to be amended to capture TowerCos.<sup>1</sup>
- X7 Our final 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.

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<sup>1</sup> These submissions can be found on our website: <https://www.comcom.govt.nz/regulated-industries/telecommunications/projects/review-of-co-location-on-cellular-mobile-transmission-sites/>

# Chapter 1 Introduction

## Purpose and structure

- 1.1 This paper sets out our final 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(1)(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.<sup>2</sup>
- 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,<sup>3</sup> 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

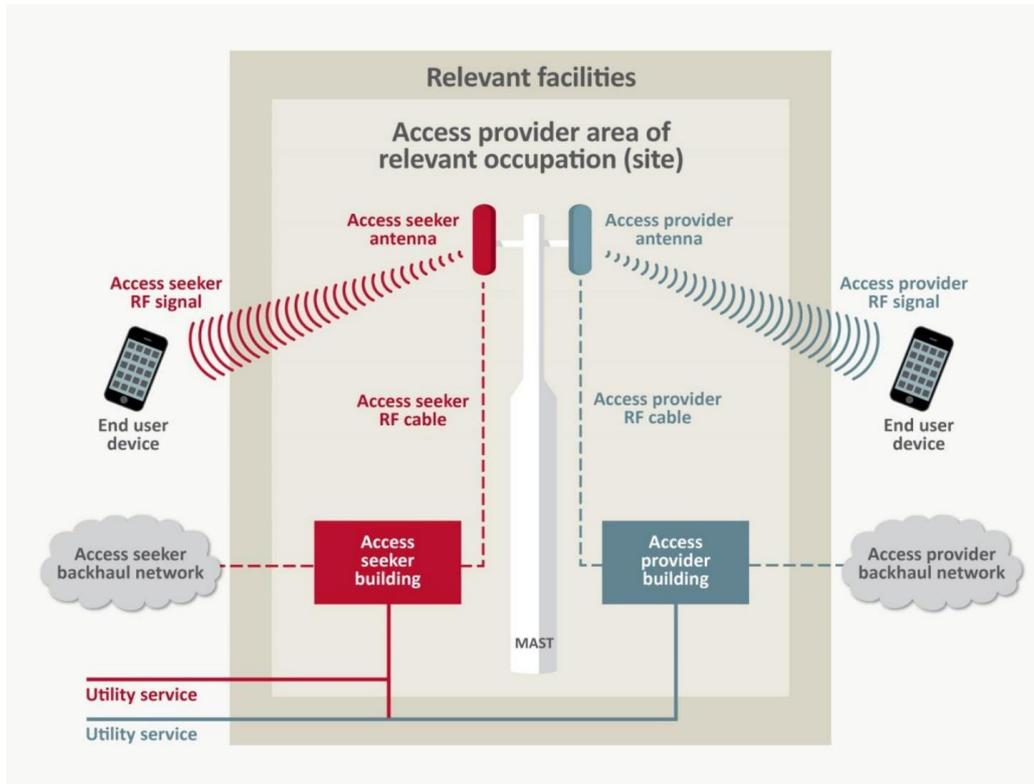
- 1.5 Mobile Co-location was included as a specified service in Schedule 1 of the Act when it was enacted in 2001. It enables an MNO to install mobile network transmission and reception equipment on the mast (tower) of another MNO, detailed in figure 1.1.

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<sup>2</sup> 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.

<sup>3</sup> 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.<sup>4</sup>

1.9.2 Our 2011 review concluded that Mobile Co-location should remain in Schedule 1.<sup>5</sup> 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.<sup>6</sup> 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.<sup>7</sup> The Ministry of Business, Innovation and Employment had reported that 154 cellular mobile transmission sites had been built under RBI1,<sup>8</sup> all of which allowed for the use of Mobile Co-location by competing operators.

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<sup>4</sup> Commerce Commission “[Schedule 3 Investigation into the extension of regulation of designated and specified services – Final Report](#)” (28 August 2006).

<sup>5</sup> 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).

<sup>6</sup> Commerce Commission “[Review of Designated and Specified Services under Schedule 1 of the Telecommunications Act 2001](#)” (5 July 2016).

<sup>7</sup> Commerce Commission “[Review of Services in Schedule 1 of the Telecommunications Act 2001](#)” (12 May 2021).

<sup>8</sup> 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.<sup>9</sup>
- 1.13 There is an existing Mobile Co-location standard terms determination, but this review is not concerned with the status of this.<sup>10</sup>

## Review process

- 1.14 Table 1.1 sets out the review process we have undertaken.

Milestone	Date
Draft decision published	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 (this paper)	24 February 2026

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<sup>9</sup> Clause 1(1) of Schedule 3.

<sup>10</sup> Commerce Commission “[Standard Terms Determination for the specified service Co-location on cellular mobile transmission sites](#)” (11 December 2008).

## Chapter 2 Final decision on the existence of reasonable grounds

### Chapter purpose and structure

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

### Final reasonable grounds assessment decision

- 2.2 Our final 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.<sup>11</sup> We have applied this framework to this reasonable grounds assessment of Mobile Co-location.

### Reasonable grounds assessment

- 2.4 Our draft decision was that there are reasonable grounds to commence an investigation to omit Mobile Co-location from Schedule 1.

### Overview of submissions

- 2.5 We received submissions on our draft decision from three parties: 2degrees, Connexa and One NZ.<sup>12</sup> We have considered these submissions in coming to our final decision.
- 2.6 Connexa and One NZ supported our draft decision that there are reasonable grounds to commence an investigation to omit Mobile Co-location from Schedule 1.
- 2.7 2degrees noted that if Mobile Co-location regulation is maintained, it would need to be amended to ensure TowerCos are captured.
- 2.8 The submissions noted that the structure of the mobile market has changed as all three MNOs have sold their tower assets to independent TowerCos. TowerCos have strong incentives to enable Mobile Co-location efficiently and have been effective in facilitating Mobile Co-location without regulation.
- 2.9 We did not receive any cross submissions.

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<sup>11</sup> Commerce Commission “[Framework for reasonable grounds assessments](#)” (17 June 2025)

<sup>12</sup> These submissions are available on our website: <https://www.comcom.govt.nz/regulated-industries/telecommunications/projects/review-of-co-location-on-cellular-mobile-transmission-sites/>

## Description of Mobile Co-location

- 2.10 We described Mobile Co-location in paragraph 1.8.
- 2.11 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

- 2.12 Providers have several options when it comes to operating a mobile network. One approach is to roam on another provider's network, which involves using none of their own infrastructure. This arrangement depends on a commercially negotiated agreement with the host provider.
- 2.13 The traditional alternatives to Mobile Co-location have thus been co-siting,<sup>13</sup> 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.
- 2.14 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.
- 2.15 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.
- 2.16 In July 2022, Spark announced the sale of 70% of its TowerCo (Spark TowerCo) to the Ontario Teachers' Pension Plan Board.<sup>14</sup> 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 of its remaining stake in Connexa.<sup>15</sup>

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<sup>13</sup> 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).

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

<sup>15</sup> 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.

- 2.17 One NZ also announced the sale of its passive tower infrastructure in July 2022.<sup>16</sup> 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.
- 2.18 In December 2022, 2degrees announced the sale of its passive tower infrastructure to Connexa.<sup>17</sup> 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.
- 2.19 Schedule 1 of the Act describes Mobile Co-location’s access provider as:
- Access provider: Every person who operates a cellular mobile telephone network*
- 2.20 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.
- 2.21 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.<sup>18</sup>

## Competition from alternatives

- 2.22 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.
- 2.23 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.<sup>19</sup> We expect there to be little future demand for Mobile Co-location as an economical way of extending coverage areas.

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<sup>16</sup> One NZ “[Vodafone to sell its passive mobile tower assets to InfraRed Capital Partners and Northleaf Capital Partners alongside Infratil reinvestment](#)” (18 July 2022).

<sup>17</sup> 2degrees “[2degrees announces sale of tower assets for \\$1.076bn](#)” (15 December 2022).

<sup>18</sup> Under clause 1(1) of Schedule 3 of the Act.

<sup>19</sup> “[Government hits major rural connectivity milestone](#)” (18 April 2023).

- 2.24 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.<sup>20</sup>
- 2.25 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.
- 2.26 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.<sup>21</sup>
- 2.27 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**

- 2.28 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.
- 2.29 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.
- 2.30 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. 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.
- 2.31 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.

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<sup>20</sup> See provider coverage maps, [Spark](#), [One NZ](#) and [2degrees](#).

<sup>21</sup> 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.

2.32 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 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).

## **Final decision and next steps**

2.33 Having considered the submissions on our draft decision, our final decision under clause 1(3) of Schedule 3 of the Act is that there are reasonable grounds to commence an investigation into whether Mobile Co-location should be omitted from Schedule 1 of the Act under section 66(1)(b).

2.34 We must commence the investigation no later than 15 working days after the date of this decision,<sup>22</sup> and give public notice of the commencement of the investigation.<sup>23</sup> We must prepare a draft report and then must prepare and deliver a final report to the Minister within 240 working days of giving the public notice of the commencement of the investigation.

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<sup>22</sup> The Act, cl 1(5) of sch 3.

<sup>23</sup> The Act, cl 1(6) of sch 3.