

One NZ submission on the Commission's review of the co-location on cellular mobile transmission sites draft decision paper

21 October 2025

Introduction

1. One NZ welcomes the opportunity to comment on the Commerce Commission's (**the Commission**) Review of Co-location on Cellular Mobile Transmission Sites: Reasonable Grounds Assessment Draft Decision paper.
2. We support the Commission's draft decision that there are reasonable grounds to commence an investigation into whether Mobile Co-location should be omitted from Schedule 1 of the Telecommunications Act 2001. In our view, the regulation is now redundant and should therefore be removed. The market has evolved substantially since co-location was first introduced as a specified service, and the original rationale for regulation no longer applies.
3. This submission outlines our reasons for supporting the Commission's position.

One NZ position

The market has evolved and regulation is no longer necessary

4. The Commission rightly recognises that the structure of the mobile market has changed profoundly over recent years. All three mobile network operators (**MNOs**) – Spark, One NZ, and 2degrees – have now divested their tower assets to independent specialist infrastructure companies (**TowerCos**). These entities are commercially incentivised to maximise tenancy and utilisation of their towers. Their business model is predicated on providing tower assets that are attractive to and meet the requirements of network operators, and to maximise utilisation of these assets by offering spare capacity where available to any entity that wishes to colocate.
5. As the Commission notes, 'TowerCos have commercial incentives to maximise the use of their towers,' and any new entrant 'could seek commercial arrangements with TowerCos to co-

locate on established sites.’¹ This reflects a well-functioning market dynamic that will see increasing competition between TowerCos and achieves the objectives once served by regulation, without the need for ongoing regulatory intervention. Regulation can only ever seek to operate as a proxy for conditions that might pertain in a workably competitive market. However, where market structure and incentives are conducive to workable competition then retaining regulation risks impeding or distorting competitive dynamics.

6. This view is shared by Richard Feasey in his recent report on the recommendations for telecommunications regulation in New Zealand. Feasey states: ‘TowerCos do not compete in the mobile services market and therefore have no incentive to deny access to their towers in the way that a vertically integrated mobile network operator would have ... there is no reason to expect an entrant to be prevented from obtaining access to towers in the absence of regulation and so no reason to retain co-location as a specified service.’²
7. In the Commission’s 2021 review of whether Mobile Co-location should remain a specified service in Schedule 1, it was noted that there had been continued use of co-location, particularly on Rural Broadband Initiative (RBI) sites. These sites have played an important role in extending coverage into rural and underserved areas, and all operators have benefited from the ability to co-locate infrastructure on them. However, the underlying commercial and contractual arrangements for RBI co-location already ensure ongoing access irrespective of regulation. Specifically, RBI co-location agreements provide that, should the regulatory designation be removed, the access provider will continue to make the RBI co-location service available to the access seeker on existing terms. These contractual arrangements are supported by commercial incentives on all parties to RCG arrangements (as the principal users of RCG sites) to support colocation where feasible in order to reduce the operating and maintenance costs of sites.

¹ Commerce Commission, Review of Co-location on Cellular Mobile Transmission Sites, Draft decision on whether to commence an investigation under clause 1(3) of Schedule 3 of the Telecommunications Act, 23 September 2025

² Richard Feasey, Recommendations for telecommunications regulation in New Zealand, A report for the Commerce Commission, 6 October 2025, p. 96

8. Accordingly, regulation is not required to preserve co-location on RBI sites. These arrangements are well-established, contractually robust, and commercially motivated, reflecting a mature market where the incentives to maintain co-location access are aligned with both operators' and end-users' interests.

Alternative mechanisms support market entry and competition

9. We agree with the Commission's assessment that there are multiple viable options for a provider wishing to operate a mobile network. These include domestic roaming, RAN sharing, and access to TowerCo infrastructure. RAN sharing, in particular, has become a significant mechanism enabling efficient network deployment, particularly through the Rural Connectivity Group (**RCG**), and is an effective alternative to co-location.

Regulatory definition is outdated and should not be expanded

10. We note the Commission's observation that the current definition of 'access provider' under Schedule 1 '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.'³
11. We agree this demonstrates that the regulation has not kept pace with market reality. However, we do not consider that an update to the definition is a necessary or appropriate response. Rather, it reinforces that the existing framework has outlived its purpose and should be removed altogether. Extending the regulatory definition to TowerCos would risk re-regulating a market that is already operating effectively on a commercial basis.

Infrastructure sharing is now a commercial imperative

12. More broadly across the industry, operators are increasingly incentivised to pursue voluntary infrastructure-sharing arrangements. Continuous growth in data demand and network densification requirements to meet the end user demand mean that operators must invest heavily and efficiently in infrastructure. Commercial sharing – whether through TowerCos,

³ Ibid.

RAN sharing, or other joint infrastructure deployment models – is now a rational and necessary part of telecommunications network investment strategies. Joint investment and deployment of infrastructure is likely to be pursued in many areas where capital scarcity or contention would otherwise lead to investment being scaled back, deferred or not proceeding at all. Such areas could include investment in additional fibre routes, including international connectivity. Return on these investments will continue to be premised on ‘enthusiastic wholesaling’ of network assets, at least where One NZ is concerned.

13. The existence of these arrangements shows that regulation is no longer required to promote competition or efficient outcomes in respect to infrastructure sharing. The market already provides strong incentives for infrastructure sharing to meet customer and coverage demands.
14. Please contact the following regarding any aspect of this submission.

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