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# ***ACCC Communications Market Study Issues Paper – deadline looming...***

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## ***In brief***

The Australian Competition and Consumer Commission (ACCC) has embarked on a market study looking at competition and efficiency in the communications sector. As part of this study, the ACCC has released the ‘*Competition in evolving communications markets*’ Issues Paper (Issues Paper).

Speaking in Melbourne today, ACCC Chairman Rod Sims called for industry comment on telecommunications regulatory issues. Stakeholder input will help identify the key developments in the sector and the key areas the ACCC should examine as part of the market study. This will help define the scope of the market study and the resulting report due in November 2017.

Written submissions on the proposed areas of inquiry outlined in the Issues Paper are due by 14 October 2016.

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## ***In detail***

The communications sector has experienced rapid, wide-ranging and transformational change in the past decade driven by changes in technology, market structure and consumer preferences.

In undertaking the market study, the ACCC intends to review all aspects of the communications sector including (a) telecommunications infrastructure; (b) fixed-line, broadband and mobile service providers; and (c) online service platforms.

The ACCC is seeking stakeholder comments as to the key developments in the sector to help set the scope of this industry-wide review. The Issues Paper outlines several important categories of ongoing change that may impact market efficiencies and competition, including:

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- **Consumer trends:** consumers now expect affordable, seamless connectivity and have changing needs including, for example, data storage and mobility,
  - **Service trends:** the availability of information provided to consumers and the increasing use of “bundling” by service providers,
  - **Emerging services:** the growth of, and market disruption caused by, Over the Top (OTT) services such as social media, internet-based messaging and content streaming services / video on demand, which use the Internet as a delivery platform. These OTT services are creating both challenges and opportunities for retail telecommunications service providers particularly with the bandwidth usages and requirements,
  - **Internet of things and machine-to-machine communication:** developing technologies which are dependent on telecommunications and may impact the market in future,
  - **Fixed-line and broadband services:** declining demand for fixed-line services, the impact of NBN pricing (including CVC charges) and the impact of the NBN on traditional fixed-line services,
  - **Mobile voice and broadband services:** these are robust and competitive markets likely to experience change in the future, including as a substitute for fixed-line services, and
  - **Core networks and transmission services:** increasing internet traffic and the opportunity for traffic ‘peering’, and the impact of this on core networks and transmission services.

Ultimately, the ACCC seeks to:

- understand the key trends and changes in the communications market and their likely impact on market efficiency and competition
- consider the effect of structural change in the Australian communications sector on market efficiency, competition and innovation
- consider whether lack of transparency and product comparability, costs, or other factors impede competitive outcomes, and
- make findings as to the requirements for the ACCC to address material issues, including changes to regulations or regulatory focus in the coming five years.

### ***The takeaway***

The ACCC’s market study looks to be a comprehensive review of all aspects of the communications sector aimed at better informing the ACCC about trends and emerging issues in the communications markets, and shaping its medium-term policy for regulation of the sector.

Most businesses will be directly or indirectly impacted by changes on the communications market. Those that operate in, or are reliant upon, communications networks, products and services should consider the market changes affecting them and whether they wish to engage with the ACCC as part of its consultation process.

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We see a number of key issues that will have wide ranging implications, particularly in relation to industry consolidation and M&A activity, facilities access, NBN pricing, assessment of anti-competitive behaviour and consumer protection.

This market study will be a year-long review with a draft report due in July/August 2017 and a final report expected in November 2017.

The consultation period for the Issues Paper closes on 14 October 2016 and we can expect further consultation in the lead up to the release of the draft and final reports.

### ***Let's talk***

For a deeper discussion of how these issues might affect your business, please contact:

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