# Competition in evolving communications markets - Issues for smaller service providers

## Overview

The Australian communications sector is changing rapidly because of technological innovation, network improvements and rising consumer demand for data. We anticipate more change with expanded availability of fixed-line next generation networks such as the National Broadband Network (NBN), evolving mobile networks, including the development of 5G services, and the rise of the over the top services and the Internet of Things.

Recent market consolidation has resulted in the four largest vertically integrated fixed-line service providers supplying almost 95 per cent of retail voice and broadband services. It is not yet clear how this is affecting the dynamics of competition for fixed-line services, especially in retail competition on the NBN, and if there are economies of scale and other potential barriers to entry for smaller players.

There remain a large number of mobile virtual network operators reselling mobile services to consumers and offering alternative services to the three major mobile network operators.

We are interested to ensure that markets are competitive and include smaller fixed-line and mobile service providers offering differentiated products and services. This will help consumers to take advantage of, and benefit from, current and future developments in the communications sector.

## What we are doing?

Our role is to ensure that communications markets are competitive and working well for all consumers. More competition means a greater choice of suitable services and products at competitive prices and more options when selecting a service provider. Competitive markets are generally easier for new service providers to enter and have limited obstacles for smaller service providers.

We are undertaking a market study to consider how the Australian communications sector is changing. We want to identify where competition is working effectively and producing good outcomes for consumers. We are seeking to understand any issues or potential issues such as possible barriers to entry that could lessen competition and negatively effect consumers. We are particularly interested in the role of smaller service providers, including potential new entrants in this competitive landscape and the issues impacting them.

In particular, we would like smaller service providers supplying fixed-line and mobile services to help us better understand:

* If there are any impediments for smaller service providers in meeting the growing consumer (residential and business) demand for data and service quality on both the fixed-line and mobile networks
* If the migration to the NBN is providing sufficient opportunities for smaller fixed-line service providers to retain and attract subscribers
* If there are any barriers to entry for smaller service providers supplying fixed-line voice and broadband services on the NBN and other next generation networks and any other factors affecting the competitive supply of these services. In particular, whether there are any refinements to NBN pricing that could improve competition
* how many smaller service providers are using wholesale aggregation services for the NBN and whether these services are readily available and competitively priced and whether this is likely to lead to small service providers offering services in particular regions
* how the cost and availability of transmission services and internet interconnection impacts on the ability of smaller service providers to compete in downstream markets. Further, what alternatives smaller service providers have to exchange internet traffic or obtain access to larger networks
* If bundling content and broadband access and/or other communications services creates any competition concerns
* what obstacles there are to mobile virtual network operators providing competitive mobile voice and broadband services and what impact the development of Wi-Fi networks might have on competition. Further, what benefits mobile virtual network operators provide to consumers
* how fixed to mobile substitution is impacting competition in the fixed-line and mobile voice and broadband markets and whether it could result in further industry consolidation or changing needs for the regulatory arrangements
* whether the increasing use of cloud computing, data centres and software defined networking is impacting on the ability of smaller service providers to compete
* whether there are any other issues impacting the ability of smaller providers to compete.

## What do you think?

If you would like to participate in the market study we encourage you to provide a submission or respond to the smaller service provider questions available on the ACCC Consultation Hub by **Friday 14 October 2016**.

Alternatively, if you would like to raise a different issue/concern or would like to be kept up to date on the market study findings, please send us an email at commsmarketstudy@accc.gov.au.

You can also follow the ACCC on Twitter and LinkedIn for updates.