



Australian Government

Department of Broadband, Communications and the Digital Economy

Competition limits on the sale of digital dividend (700 megahertz) and 2.5 gigahertz spectrum

Regulation Impact Statement

Addendum

On 2 February 2012, the Minister for Broadband, Communications and the Digital Economy issued Directions to the Australian Communications and Media Authority (ACMA), under subsection 60(10) of the *Radiocommunications Act 1992*, to impose the following competition limits for the 700 MHz and 2.5 GHz bands:

- no person or specified group of persons can use more than 2 x 20 MHz in the 2 x 45 MHz of spectrum available in the 700 MHz frequency band (703-748 MHz and 758-803 MHz), and
- no person or specified group of persons can use more than 2 x 40 MHz in the 2 x 70 MHz of spectrum available in the 2.5 GHz frequency band (2500-2570 MHz and 2620-2690 MHz).

The Australian Communications and Media Authority is scheduled to hold an auction for 700 MHz and 2.5 GHz spectrum in April 2013, referred to as the digital dividend auction.

The Minister's decision to impose the above competition limits was based on advice from the Australian Competition and Consumer Commission (ACCC). The competition limits have been imposed to prevent the spectrum being monopolised. The ACCC's advice noted that the decision between a 2 x 20 MHz or 2 x 25 MHz competition limit for the 700 MHz band is contested and becomes a matter of judgement.

Further consideration has been given to the amount of the competition limits to accommodate potential changes in market conditions. It is proposed that the quantum of the competition limits for the 700 MHz band is amended to 2 x 25 MHz to enable greater flexibility in terms of different market scenarios, without precluding a new entrant yet still preventing the spectrum from being monopolised. The amended limits will ensure that all 700 MHz can be acquired in a wider range of scenarios.

An increase to the competition limits from 2 x 20 MHz to 2 x 25 MHz for the 700 MHz band is considered appropriate and will continue to ensure an appropriate balance is maintained between competition in the downstream markets and economic efficiency.