Australian Government
Productivity Commission

Digital economy and competition policy

Commissioner Dr Stephen P. King

November 2026

pc.gov.au



Why are digital platforms different (for competition policy)?

- Often two-sided platforms – so a coordination game
- Involve data that can be used to improve services … or embed market power.

Two-sided markets and competition issues

Two-sided markets are not new

- Credit cards, Media and advertising , Shopping malls/department stores, Travel agents (Hotels.com. Booking.com), Mortgage brokers

But some are definitely new!

- Mobile operating systems, Online shopping platforms, Online streaming services

Chicken and the egg problem



Two-sided markets and competition issues

Two-sided markets are not new

- Credit cards, Media and advertising , Shopping malls/department stores, Travel agents (Hotels.com. Booking.com), Mortgage brokers

But some are definitely new!

- Mobile operating systems, Online shopping platforms, Online streaming services

Tipping and beliefs



Two-sided markets and competition issues

Two-sided markets are not new

- Credit cards, Media and advertising , Shopping malls/department stores, Travel agents (Hotels.com. Booking.com), Mortgage brokers

But some are definitely new!

- Mobile operating systems, Online shopping platforms, Online streaming services

The importance of single or multi-homing

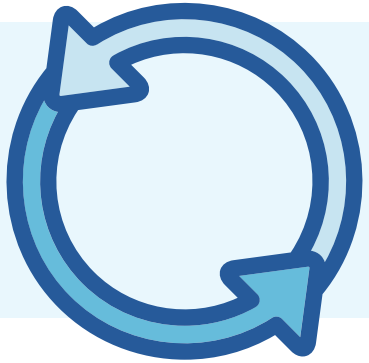


Data and competition issues

Data to create consumer lock-in



Data to create feedback loop



Digital platforms and competition issues:



Digital platforms and competition issues:

Mergers: Killer acquisitions, nascent competitors, serial acquisitions, mergers and data

Collusion: Use of algorithms, concerted practices

Abuse of market power:

- Contracts that reference rivals
- Abuse of 'position' in vertical supply chain
- Tying

Australian experience

Ex ante v *Ex post* rules for digital platforms

S46 of the *Competition and Consumer Act 2010*: A corporation with a substantial degree of power in a market from engaging in conduct that has the purpose, effect, or likely effect of substantially lessening competition.

Ex ante v *Ex post* rules for digital platforms

S46 of the *Competition and Consumer Act 2010*: A corporation with **a substantial degree of power in a market** from engaging in conduct that has the purpose, effect, or likely effect of substantially lessening competition.

Determine in advance

Ex ante v *Ex post* rules for digital platforms

S46 of the *Competition and Consumer Act 2010*: A corporation with a substantial degree of power in a market from engaging in **conduct** that has the purpose, effect, or likely effect of substantially lessening competition.

Define in advance

Ex ante v *Ex post* rules for digital platforms

S46 of the *Competition and Consumer Act 2010*: A corporation with a substantial degree of power in a market from engaging in conduct that has the **purpose, effect, or likely effect of substantially lessening competition**.

Per se offenses (sometimes!)

Ex ante v *Ex post* rules for digital platforms

Questions:

- Do laws focused on specific businesses and conduct risk obsolescence?
- Do specific laws really 'speed up' the legal process?
- Is a better approach to 'fix' the administration of the general competition rules?

The proposed Australian approach



Complementary tools

Consumer data right

Broader data access

Interoperability

Reducing switching costs

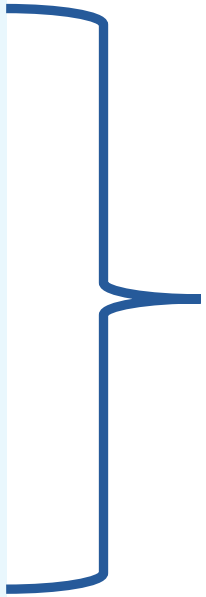
Complementary tools

Consumer data right

Broader data access

Interoperability

Reducing switching costs



These tools may help competition and economic growth – but are they solutions for anticompetitive behavior?

And finally … artificial intelligence



Take aways

- **Digital platforms raise a range of competition issues**
  - Most of these issues are not new
  - Competition issues still depend on case-by-case analysis
  - Some factors (e.g. the relevance of data) are intensified

- **It is very hard to pick in advance which digital platforms (and digital platform services) will create competition concerns – and which will not**
  - Determining sectors, providers and services that should be 'ex ante regulated' is an 'ex post' process

Take aways

- A good starting point for reform is the economic basis and administrative processes of existing competition laws
  - How do we design better competition laws for all businesses, not just digital platforms?
- There are a range of reforms that can help improve competition and productivity – but these are complements to competition laws, not substitutes in general
- Generative AI raises similar issues to (other) digital platforms – so most of the above also applies to AI regulation!

pc.gov.au

Contact: **communciations@pc.gov.au**