

MEDIA RELEASE



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ACCC WON'T OPPOSE THE PROPOSED MERGER OF FOX SPORTS AND FOXTEL

The ACCC has decided to not oppose the proposed merger of Fox Sports and Foxtel after finding the transaction would not substantially lessen competition.

Currently, News Corporation (News) (ASX:NWS) owns 100 per cent of Fox Sports and owns Foxtel jointly with Telstra (ASX:TLS). Under the merger, Foxtel and Fox Sports will be brought together under common ownership, with News holding 65 per cent of the merged entity. Telstra will hold the remaining 35 per cent interest. The merged entity will also enter a number of agreements with Telstra.

"The ACCC won't oppose this merger after finding that the commercial incentives of Foxtel, Fox Sports, News, and Telstra will not be substantially altered. Therefore, the change in ownership structure is unlikely to substantially lessen competition," ACCC Chairman Rod Sims said.

"Foxtel and Fox Sports have a close and long-standing relationship, operating within the ownership of News and Telstra. Given News' current interests in both Foxtel and Fox Sports, it would be unlikely that Fox Sports would be made available to competitors of Foxtel in the absence of the merger."

The ACCC considered how the merger would affect a number of different markets and took into account feedback from a range of market participants in reaching this decision.

"We focussed on the acquisition of sporting content and concluded that the proposed merger was unlikely to substantially lessen competition in this market," Mr Sims said.

The ACCC also considered the effect of the merger and related agreements on the supply of triple play bundles of voice, broadband, and audio visual content by broadband and mobile providers. As part of the merger transaction, Telstra is appointed the exclusive telecommunications agent for Foxtel's digital products.

"An important consideration was that consumers will still be able to access Foxtel's digital products even if they acquire broadband or mobile services from Telstra's competitors. Also, generally, where triple play bundles are offered consumers still have to pay to acquire premium packages and there are alternative sources of content for other telecommunications suppliers wanting to offer triple play bundles," Mr Sims said.

Background

The ACCC review of the merger began on 12 October 2017.

Foxtel is Australia's largest supplier of subscription television services. Foxtel is a 50/50 joint venture between News and Telstra. Fox Sports operates a number of 24/7 sports channels that are shown on Foxtel and in licensed venues. Fox Sports is 100% owned by News.

Triple play bundles are offered by telecommunications suppliers and comprise bundled voice, and broadband services along with audio visual content, or access to audio visual content. A number of telecommunications suppliers currently offer triple play bundles.

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