

# MEDIA RELEASE



Australian  
Competition &  
Consumer  
Commission

**24 AUGUST 2017**

## **ACCC WILL NOT OPPOSE BIRKETU AND ILLYRIA'S PROPOSED ACQUISITION OF TEN**

The ACCC has announced that it will not oppose Birketu Pty Ltd (Birketu) and Illyria Nominees Television Pty Ltd's (Illyria) proposed joint bid to acquire Ten Network Holdings Limited (Ten) (ASX: TEN).

Birketu, owned by Bruce Gordon, and Illyria, owned by Lachlan Murdoch, propose to each acquire a 50 per cent interest in Ten, and to operate it as a joint venture entity. Mr Gordon and Mr Murdoch have links with a number of media assets in Australia.

"The ACCC considers that this deal is unlikely to result in a substantial lessening of competition in any relevant market, despite it lessening competition via a greater alignment of Mr Murdoch's, Mr Gordon's, and Ten's interests," ACCC Chairman Rod Sims said.

The ACCC does not have significant concerns about the potential for overlap between Mr Gordon's WIN interests and Ten as the networks are broadcast in separate geographic areas.

"Our review focussed on how the transaction would result in an expansion of Murdoch interests in Australian media, when they already have a significant influence in newspapers, Foxtel, radio, and television production," Mr Sims said.

"We considered whether the acquisition would significantly reduce competition, by causing a reduction in the quality and range of news content, or increasing the negotiation power of the combined Ten/Foxtel/News Corporation."

The ACCC considered feedback from a wide range of market participants, including broadcasters, sports rights holders, independent content producers, and advertisers.

"On the issue of the effect on competition in the supply of news services, the ACCC took into consideration competition from news providers on other media platforms and in particular, the other free-to-air networks, given Seven and Nine have a stronger position in the market than Ten. Ten news in particular suffers the lowest news ratings of the three commercial networks and has a relatively small online presence," Mr Sims said.

"The ACCC also considered the effect on competition in the acquisition of sports rights and other types of content. The parties will continue to face competition from the remaining free-to-air networks as well as streaming services for the acquisition of content."

In assessing the effect on the advertising market, the ACCC took into account that Ten and Foxtel are already commercially aligned through their MCN joint venture. MCN acts as an agent for both Foxtel and Ten to sell advertising.

"The ACCC is not oblivious to the fact that significant influence can be exerted through partial shareholdings and family connections, however the ACCC did take into consideration that this is a proposed 50 per cent acquisition by Illyria," Mr Sims said.

"Even though incentives to compete may be weakened if the proposed acquisition proceeds, Ten and Foxtel/News Corporation will remain competitors in a number of markets and will be subject to our competition laws which prevent them from making anti-competitive agreements."

"While this transaction will result in some reduction in diversity across the Australian media landscape, we have concluded it would not substantially lessen competition, which is the test the ACCC is required to assess acquisitions against," Mr Sims said.

"The Australian media market is becoming increasingly concentrated and we will continue to closely examine future media mergers in light of the impact any future loss of competition may have on both choice and quality of news and content produced for Australian audiences."

Further information is available on the public register: [Birketu Pty Ltd and Illyria Nominees Television Pty Limited - proposed joint bid for interests in Ten Network Holdings Limited](#).

## **Background**

Birketu is wholly owned by Bruce Gordon and currently owns approximately 15 per cent of the shares in Ten. Mr Gordon controls WIN Corporation (WIN), a private Australian media company, which owns commercial television broadcasting licences across Australia. Birketu and WIN hold 14.97 per cent of the issued capital in Nine Entertainment Co. Holdings Limited.

Illyria is wholly owned by Lachlan Murdoch and currently holds 7.44 per cent of the ordinary shares in Ten. Mr Murdoch is Co-Chairman of News Corporation and Executive Chairman of 21st Century Fox. Mr Murdoch holds various interests in News Corporation, 21<sup>st</sup> Century Fox, Fox Sports Australia, Foxtel, Endemol Shine and the Nova Entertainment Group.

Ten and its subsidiaries hold commercial television broadcasting licences in Sydney, Melbourne, Brisbane, Adelaide and Perth. Ten operates three-free to-air channels (Ten, Eleven and One) and Tenplay, a multiplatform online catch up service for certain programs. Ten also has a 24.99 per cent interest in Multi-Channel Network, an advertising business that acts as Ten's advertising sales representative. Ten was put into voluntary administration on 14 June 2017 and receivership on 1 July 2017.

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