

# MEDIA RELEASE



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## **Telstra's proposed acquisition of majority stake in Fetch TV not opposed**

The ACCC will not oppose the proposed acquisition of 51.4% of Media Innovations Holdings Pty Ltd (Fetch TV) by Telstra Corporation Ltd (ASX:TLS).

Telstra and Fetch TV both supply content aggregation services through set-top-boxes. Telstra supplies Telstra TV with eligible Telstra retail broadband services and Fetch TV supplies set-top-boxes to broadband retailers to supply as an add-on to broadband services, and directly to consumers through select retail stores.

The ACCC's review focussed on whether Telstra would have the ability and incentive to foreclose competing broadband retailer's access to Fetch TV.

"Our investigation found that entertainment offerings are one important way for broadband retailers to differentiate themselves from competitors," ACCC Commissioner Liza Carver said.

"However, Fetch TV does not appear to be critical or a 'must have' aspect for Telstra's retail broadband competitors to offer consumers a competitive retail broadband service."

"With this in mind, it is unlikely the proposed transaction would lead to Telstra foreclosing rival broadband providers," Ms Carver said.

Several broadband retailers, including those that offer Fetch TV, also supply other entertainment offerings or other inclusions. For example, SubHub by Optus allows customers to combine and save on subscription video on-demand services like Netflix.

Optus, the third largest broadband retailer and a customer of Fetch TV, has paused offering new Fetch TV services to broadband customers.

"Less than 10 per cent of retail broadband customers in Australia acquire Fetch TV services from their retailer and there are a growing number of ways in which consumers access and consume entertainment content, including through smart TVs without the use of a Set-top-Box," Ms Carver said.

The ACCC also considered the overlap between Telstra TV, Fetch TV and Foxtel, which is 35% owned by Telstra. The ACCC concluded that Telstra TV, Fetch TV and Foxtel would continue to face competition from other technologies and differentiated services such as smart TV's and hardware devices such as Amazon Firestick, Google Chromecast, Apple TV and gaming consoles.

"While Telstra is the largest broadband retailer in Australia, we have carefully examined the facts and circumstances of this acquisition as well as changes in the way consumers access entertainment. We have concluded that this acquisition is unlikely to result in a substantial lessening of competition," Ms Carver said.

Further information is available at: [Telstra Corporation Ltd - Media Innovations Holdings Pty Ltd \(Fetch TV\)](#)

**Notes to editors:**

In considering the proposed acquisition, the ACCC applies the legal test set out in section 50 of the Competition and Consumer Act.

In general terms, section 50 prohibits acquisitions that would have the effect, or be likely to have the effect, of substantially lessening competition in any market.

**Background**

Telstra is listed on the ASX and provides retail broadband and telephony services (including fixed line and mobile). Telstra also offers customers Telstra TV, a proprietary and branded internet protocol television provider content service accessed via a set-top-box. Telstra also distributes and has a 35% interest in Foxtel.

Fetch TV is an Australian internet protocol television provider and offers a set-top-box that allows customers to rent and purchase movies, watch free-to-air television channels and access a number of linear pay television channels through subscription packages.

Fetch TV is a wholesale supplier to broadband retailers such as Optus, iiNet, Westnet, Internode, Dodo, iPrimus and Aussie Broadband which typically offer Fetch TV as an add-on service. Fetch TV also directly distributes through select electronics retailers (such as JB Hi-Fi, Harvey Norman and The Good Guys).

Fetch TV is currently 95% owned by Malaysian subscription TV provider Astro All Asia Networks, with the remaining 5% held by Fetch TV's management. With Telstra's 51.4% acquired interest in Fetch TV, Astro All Asia Networks will hold the remaining 48.6% interest in Fetch TV.

'Set-top-boxes' are hardware-based devices that enable users to access and view content through a television.

'Linear pay TV channels' are paid content channels consumed at a set time on a set channel, such as National Geographic and E! Entertainment. Content owners that provide aggregated content as linear pay TV channels also often distribute non-linear content through on-demand platforms such as Netflix.

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