

15th July 2016

RE: Proposed merger of Vodafone NZ Ltd and Sky Network Television Ltd

Dear Sirs,

I am writing this to give weight to the argument that the proposed merger of Vodafone and Sky would be anti-competitive and not of benefit to New Zealanders.

This is of my own experiences with Sky and their lack of innovation to date in a changing market.

I had been a Sky customer since their launch in NZ and had faithfully upgraded to the new equipment Sky introduced to the market as they grew their digital service. The change to digital service would be the last great innovation and foresight by Sky.

Before the introduction of high speed internet connections and streaming services, in my opinion, Sky took advantage of its superior position in the Television market. This was reflected in Sky's willingness to offer cheap joining fees and discounts to new customers, but would not make equivalent offers to existing customers. For example, even after being a Sky customer for more than 10 years, I was still required to pay a fee to relocate to new premises and when upgrading equipment did not get to participate in the discounts offered to non-Sky customers.

With the introduction high speed internet and access to streaming services such as Netflix, Sky became less relevant to my household. The last bastion for Sky for us was their dominance in sports coverage. When Sky lost the coverage of the PGA and LPGA golf and this was instead offered as a streaming service by Coliseum, I cancelled the Sky service and took up the Coliseum offering.

I still like to follow the All Blacks and when Sky offered their Fan Pass, I bought a pass to watch an All Black test match. The Fan Pass service was absolutely unwatchable, it was highly pixelated, often stopped and would buffer for long periods. I complained to Sky and they claimed that they were using one of the best streaming services in the world but accepted that it was not a good experience for me or the others than had also complained. I tried the Fan Pass service at a later date and found it was not much better at that time either. No so pixelated, but had a jerkiness to the motion which made it difficult to watch.

I have a 100Mbps fibre Internet connection and stream Netflix shows in high definition without issue, so it is definitely the technology used by Sky that is questionable.

Unfortunately, this year, Coliseum lost their coverage of the PGA and LPGA golf and it went back to Sky. In NZ to watch golf live there is now no legal option other than Sky TV. I resorted to re-subscribing to Sky to watch the golf. I am now required to pay more than \$100 per month to watch the golf in high definition as opposed to paying Coliseum \$199 per year. The Coliseum service was a

superior service to the Sky broadcasting model. Coliseum not only allowed viewing of live golf on may devices, but also held past events for a period of time that could be streamed on demand.

Given the changing market and Sky's lack of innovation, it is hard to imagine that given more of a monopoly with the purchase of Vodafone NZ that they would be inclined to innovate.

During Sky's operation over the last 20 years, I have not known them to decrease their prices even when facing a changing market.

introduction of services such as Fan Pass are trifling and of poor quality. Knowing that there are many superior streaming services available and given the quality of the Fan Pass service, it is hard not to be sceptical and presume that Fan Pass is low quality on purpose.

The sport that Sky make available free to air via Prime is also of questionable quality and interest. For example, with a golf tournament, only the first 2 days of competition are offered on Prime TV. The important days of the tournament are not free to air.

I note that into today's newspaper article in the Taranaki Daily news, that Sky claim to the Commerce Commission that they would not hike the price up for non-Vodafone customers. This is obviously not the case, I called Sky this week on another matter and was offered a \$10 per month discount if I changed my broadband services to Vodafone. In other words, Sky already charges \$10 per month more to non-Vodafone customers than to Vodafone customers.

I believe that Sky have always shown and continue to show an unwillingness to be competitive and provide cost effective, innovative services to NZ. Sky enjoy their monopoly on sports coverage and unabashedly take advantage of their hold on the market at every opportunity.

To give Sky access to a large portion of Internet and cellular services would seem to be the last thing that we would want in NZ to maintain a healthy competitive market.

Yours faithfully