

9 November 2016

Ms Susan Brown
New Zealand Commerce Commission
PO Box 2351
Wellington 6140

BY EMAIL

Dear Susan

**RE: VODAFONE/SKY
Letter of Unresolved Issues (LOUI) dated 31 October 2016**

We refer to the earlier submissions made by Fetch TV in respect of this clearance application.

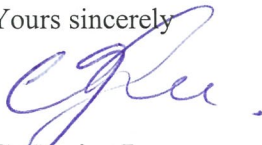
The purpose of this letter is to confirm that Fetch TV remains strongly of the view that the Proposed Merger will result in a substantial lessening of competition in the relevant markets identified by the Commission.

We take the opportunity to re-emphasise two points canvassed in some detail in our submission and that of Axiom Economics on behalf of Fetch TV.

First, Fetch TV firmly believes that in the counterfactual, a very likely scenario is that Sky will itself take steps to become a provider of broadband (see clause 2.3 of the Axiom Economics submission). We believe that the Commission should consider this scenario in addition to those which are referred to in paragraph 15 of the LOUI. In the counterfactual, the emergence of Sky as a broadband provider (ISP), competing directly with Vodafone is in our view likely to result in an increase in competition as Vodafone (and Spark) in the pay TV market will likely need to construct and provide its own pay TV offering.

Second, it is axiomatic to Fetch TV's submissions that integrated triple play ("bundled") offerings are an inevitability in the New Zealand market as they are in other markets throughout the world because they offer ISPs a key opportunity for growth in an already mature broadband market. Paragraph 27 of the LOUI notes that "few customers in New Zealand currently purchase multi-play bundles". Fetch TV's response to this statement is that international experience shows that in the factual, a combined Vodafone and Sky entity will make available a bundled offering of broadband and content services. That bundled offering will be highly attractive to the consumer for all the reasons canvassed in our submission, will drive customers to the merged entity and which will result in a substantial lessening of competition in the market for residential fixed line broadband services and by extension, mobile services.

Yours sincerely



Catherine Lee
General Counsel
Fetch TV

