



# News Release

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## Macquarie/National Grid Wireless merger

The Competition Commission (CC) will allow the completed acquisition by Macquarie UK Broadcast Ventures Limited (MUKBV) of National Grid Wireless Group (NGW), subject to the agreement of a package of measures to protect the interests of their customers.

In its final report on the merger, published today on the [CC website](#), the CC finds that the deal would lead to a substantial lessening of competition in the provision of broadcast transmission services to television and radio broadcasters. The merger combines Arqiva (a subsidiary of MUKBV) and NGW, which are the only two integrated terrestrial broadcast transmission companies in the UK. The CC has concluded that the loss of rivalry between them could be expected to lead to higher prices and lower service quality. This finding confirms the provisional findings, which were published in November 2007 (see provisional findings [news release](#)).

The merged company will therefore be required to agree a package of measures with the CC, including price reductions for customers on new and existing contracts and the appointment of an adjudicator to resolve disputes. The CC has decided that the proposed measures will be effective in addressing the adverse effects of the acquisition, whilst preserving the benefits that could arise from the acquisition, including reducing the risks associated with the digital switchover process and passing back cost savings to customers. However, if suitable undertakings cannot be agreed, then the CC will order a substantial divestment of the NGW business acquired under the deal.

Inquiry Chairman, Diana Guy, said:

We are very conscious that this is a unique situation given the critical importance of digital switchover and the possibility that a substantial divestment could jeopardize this process, and result in extra costs for customers.

Customers have told us that the proposed measures would be the best way to address the effects of the loss of competition and ensure that they receive immediate benefit from the substantial cost savings and synergies arising from the merger. We have also recognized that Ofcom is the sectoral regulator and will play a role in the implementation and support of the proposed measures.

However, this decision is dependent on satisfactory undertakings being agreed and, if suitable undertakings cannot be agreed, we will require a substantial divestment.

Arqiva's proposed package of behavioural remedies will ensure that approximately £165 million is passed back to broadcast customers as a result of the merger (net present value, calculated to 2020). The proposed package of measures includes:

- an immediate price discount of 17 per cent to all radio broadcast customers;
- an immediate price discount of 3.25 per cent to all analogue and low-power Digital Terrestrial Television (DTT) customers;
- a price discount to high-power DTT customers worth £44 million through to 2020 and £72 million to 2032 (net present value);
- renewals and new contracts to be based on the same prices and terms as existing contracts or determined on cost-oriented and fair, reasonable and non-discriminatory (FRND) terms;
- an annual audit of digital switchover costs to ensure that costs are appropriately incurred, allocated and recorded; and
- the appointment of an industry adjudicator to resolve disputes, in particular ensuring that new services are offered on cost-oriented and FRND terms.

In addition to the monitoring of any undertakings by the Office of Fair Trading (OFT), the CC notes and supports Ofcom's suggestion that, in due course, it is likely to conduct its own market review of the provision of broadcast transmission services under the Communications Act 2003.

### **Notes for editors**

1. Terrestrial television is currently broadcast in the UK in both analogue and digital form. However, the industry is engaged in a major process of re-engineering to enable a complete switchover from analogue television to DTT by 2012, under a process known as Digital Switchover (DSO).
2. Broadcast transmission services include network access (NA) and managed transmission services (MTS). NA involves combining the output from transmitters and broadcasting the combined signal from antennae located on masts and other structures owned by Arqiva and NGW. MTS is a package of services including network design, procurement and installation of transmitters, network monitoring, quality assurance of the signal and maintenance of the equipment.
3. The parties have in the past competed in relation to broadcast transmission services which are provided to broadcasters as a single service (MTS/NA), including NA to the other party's sites as necessary. As each of Arqiva and NGW has a monopoly in relation to NA at its own sites, Ofcom has regulated the provision of NA.
4. The Enterprise Act 2002 empowers the OFT to refer to the CC completed or proposed mergers for investigation and report which create or enhance a 25 per cent share of supply in the UK (or a substantial part thereof) or where the UK turnover associated with the enterprise being acquired is over £70 million.
5. The Macquarie/National Grid Wireless inquiry Group consists of four members: Diana Guy (Group Chairman), Laurence Elks, Jill Hill and John Smith.

6. The CC has a 24-week period in which it is required to publish its report, which may be extended by no more than eight weeks if it considers that there are special reasons why the report cannot be published within that period.
7. The merger was referred by the OFT on 8 August 2007. The CC extended the deadline for publication of the final report due to the complexity of the remedies process.
8. Further information on the CC and its procedures, including its policy on the provision of information and the disclosure of evidence, can be obtained from its website at: [www.competition-commission.org.uk](http://www.competition-commission.org.uk).
9. Enquiries should be directed to Siobhan Allen or Rory Taylor on 020 7271 0242 (email [siobhan.allen@cc.gsi.gov.uk](mailto:siobhan.allen@cc.gsi.gov.uk) or [rory.taylor@cc.gsi.gov.uk](mailto:rory.taylor@cc.gsi.gov.uk)).