

FORM G

Regulation 9

NO 31187

COMMONWEALTH OF AUSTRALIA

Trade Practices Act 1974 – subsection 93(1)

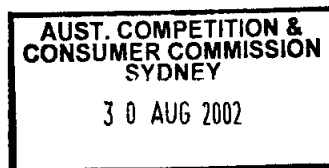
EXCLUSIVE DEALING: NOTIFICATION

To the Australian Competition and Consumer Commission:

Notice is hereby given, in accordance with subsection 93(1) of the *Trade Practices Act 1974*, of particulars of conduct or of proposed conduct of a kind referred to in subsection 47(2), (3), (4), (5), (6) or (7), or paragraph 47(8)(a), (b) or (c) or 9(a), (b), (c) or (d), of that Act in which the person giving notice engages or proposes to engage.

- 1. (a) Name of person giving notice:
Harvey World Travel Franchises Pty Limited ABN 65 059 507 587
("HWTF")
- (b) Short description of business carried on by that person:
Franchising of retail travel agencies
- (c) Address in Australia for service of documents on that person:
633 Princes Highway, Kogarah, New South Wales, 2217
- 2. (a) Description of the goods or services in relation to the supply or acquisition of which this notice relates:
Galileo computer reservation system
- (b) Description of the conduct or proposed conduct:
See attached page
- 3. (a) Class or classes of persons to which the conduct relates:
Franchisees of HWTF
- (b) Number of those persons:
 - (i) At present time:
370
 - (ii) Estimated within the next year:
375
- (c) Where number of persons stated in item 3(b)(i) is less than 50, their names and addresses:

FILE No:
DOC:
MARS/PRISM:



4. Name and address of person authorised by the person giving this notice to provide additional information in relation to this notice:
Timothy Dodds, Finance Director, 633 Princes Highway, Kogarah NSW
2217
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Dated 29th August 2002

Signed by/on behalf of the person giving this notice:



(Signature)

TIMOTHY DODDS

(Full Name)

FINANCE DIRECTOR

(Description)

DESCRIPTION OF PROPOSED CONDUCT

Harvey World Travel Franchises Pty Limited (“HWTF”) as part of its franchise system, provides to franchisees a comprehensive automation and associated technologies solution. The solution set changes from time to time as new technologies are researched and added to the system, and as new arrangements are negotiated. The current automation solution includes:

- Access to the Galileo Computer Reservation System (“CRS”)
- Client accounting system for travel agency front office accounting;
- Offsite data backup;
- Email, and related infrastructure incorporating virus protection and generic office@harveyworld.com.au email addresses.
- internet access
- corporate intranet site;
- Harvey World Travel Internet site;
- Preferred computer hardware buying arrangement for HWT specified hardware;
- Preferred high speed internet access telecommunications buying arrangement;
- Preferred telephony services buying arrangement;
- Preferred automation hardware leasing arrangement;
- Help desk and response centre facilities;
- Franchisee automation consulting services;
- Customer Relationship Management (CRM) System providing client database facilities and seamless group Management Information System data migration;
- Centralised marketing services utilising the CRM;
- Management Information System

As part of the complete Automation Solution provided by HWTF to franchisees, HWTF has contracted with Galileo to provide CRS arrangements to all its franchisees.

HWTF intends to require franchisees to utilise the Galileo CRS rather than the CRS of a competitor to Galileo. Franchisees will be required to execute an agreement with HWTF, pursuant to which HWTF will provide the franchisee with access to the Galileo CRS. HWTF will have a separate Distribution Agreement with Galileo. Incremental rebates will be available if the franchisee elects to utilise the other services offered by HWTF.

Under these arrangements HWTF is required to supply a number of services to Franchisees and Galileo which include:

- Negotiating and contracting arrangements for the Galileo CRS system;
- Provision of initial help desk response in relation to Galileo CRS operating problems;

- Billing and collection of access, communication and in some cases hardware leasing costs from franchisees on behalf of Galileo;
- Negotiating both pricing and functionality of new Galileo services and enhancements to Galileo-developed systems on behalf of franchisees;
- Calculation, and distribution of Galileo segment rebates to franchisees.

Currently, over 90% of HWT franchisees operate using the Galileo CRS system. As a result of the new arrangements contracted with Galileo, the level of support to franchisees and quality of the CRS and automation solution will be improved significantly. Further, significant improvements in the quality of the franchise system will derive through stronger Management Information System capabilities.

Access to and utilisation of the Galileo CRS by franchisees provides the following benefits to the public:

- Supporting a single CRS provider results in less onerous technical support requirements for HWTF which, in turn, reduces costs to franchisees. These lower costs are likely to ultimately benefit consumers.
- A single integrated franchise system delivers more sophisticated automation services at a decreased cost which, due to the extremely competitive nature of the travel industry, is expected to result in lower costs, wider choice and expanded information availability for consumers.
- Allows HWTF to negotiate with Galileo to achieve additional benefits, such as improved franchisee service support levels which will deliver more comprehensive and in-depth technology assistance .. This will allow franchisees to provide a better quality of and more timely service to the customer.
- The overall aim of the HWTF new franchising concept is to decrease costs for franchisees. Due to the extremely competitive nature of the travel industry, this is expected to result in decreased costs to consumers. Decreased costs for franchisees is also likely to have the effect of allowing more franchisees to stay in business, thus increasing competition in the retail travel industry.

As referred to above, the utilisation by franchisees of the Galileo CRS will also provide significant benefits to franchisees who comprise a class of the public. These include the following:

- Significant decrease in costs;
 - Improved quality of services;
 - Increased range of services;
 - Improved security (centralised data backup);
 - Standardised staff training and lower staff training costs;
 - Enhanced job mobility for employees within the network;
- and
- Decreased workload resulting from greater efficiency and better support.