

Deacons

FILE No:

DOC:

MARS/PRISM:

RACV Tower
485 Bourke Street
Melbourne Vic 3000
Australia
GPO Box 4592
Melbourne Vic 3001
DX445 Melbourne
Tel +61 (0)3 8686 6000
Fax +61 (0)3 8686 6505
www.deacons.com.au

Other Offices

Brisbane
Canberra
Perth
Sydney

Independent Affiliated Firms

Hong Kong
Indonesia
Malaysia
People's Republic of China
Singapore
Taiwan
Thailand
Vietnam

18 January 2006

Mr Scott Gregson
General Manager
Adjudication Branch
ACCC
PO Box 1199
Dickson ACT 2602

Your Ref: N40940/Jaime Norton
Our Ref: RBL:SDB:2577980

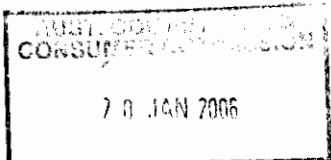
Dear Mr Gregson

Third line notification no. N40490 lodged by Victoria Electricity Pty Ltd (VE)

I refer to your letter dated 8 December 2005.

In response to the queries raised in your letter, we make the following comments:

1. We agree that it does not appear that the agents are acquiring goods or services from Direct Connect Australia Pty Ltd (DCA) in agreeing to refer customers to DCA but, given that notification of third line forcing was required in respect of the provision of membership services by REIV, we elected to adopt a cautious approach in also notifying the arrangement between DCA and the REIV members to the ACCC. In our view, the arrangement is correctly characterised as the provision of referral services by the agent to DCA in return for the payment of a commission (in certain instances).
2. In response to your queries in the second last paragraph of your letter, we are instructed as follows:
 - (1) the referrals are not to VE but to DCA, a wholly owned subsidiary of VE, which arranges for the connection of the customer to a variety of utility service providers;



- (2) the referral arrangement is non-exclusive and the REIV members may refer customers to other utility services providers or to other connection service providers; and
- (3) the REIV members do provide DCA material to the customers. However, the REIV members also enter into a confidentiality and privacy agreement with DCA (to protect DCA's confidential information) so that it cannot be said that the REIV member's sole task is to provide DCA material to the customer.

If you have any further queries about the arrangement between DCA and REIV members, please contact Shane Bilardi on the number below.

Yours faithfully



Richard Lewis
Partner
Deacons

Contact: Shane Bilardi
Direct line: +61 (0)3 8686 6577
Email: shane.bilardi@deacons.com.au