



ActewAGL
Always.

ActewAGL House 221 London Circuit Canberra ACT 2600 • GPO Box 366 Canberra ACT 2601
Telephone 13 14 93 Facsimile 02 6249 7237 www.actewagl.com.au

General Manager
ACCC Adjudications Branch
TransACT House
Northbourne Avenue
Dickson ACT 2602

N92501-N92503

"BY HAND"

23 May 2006

Dear Sirs,

Notification of proposed third line forcing conduct by AGL ACT Retail Investments Pty Ltd (ABN 53 093 631 586), ACTEW Retail Ltd (ABN 23 074 371 207) and TransACT Capital Communications Pty Ltd (ABN 23 093 966 888)

Please find **enclosed**:

- a notification lodged by AGL ACT Retail Investments Pty Ltd and ACTEW Retail Ltd;
- a notification lodged by TransACT Capital Communication Pty Ltd; and
- cheques totalling an amount of \$400.00.

The notifications are in respect of conduct proposed to be entered into by AGL ACT Retail Investments Pty Ltd and ACTEW Retail Ltd, and TransACT Capital Communications Pty Ltd relating to electricity, gas, fixed line and mobile telephony and ISP services in the greater Queanbeyan and Jerrabomberra regions in NSW.

The notifications seek statutory protection for each of AGL ACT Retail Investments Pty Ltd and ACTEW Retail Ltd and TransACT Capital Communications Pty Ltd in relation to the proposed conduct.

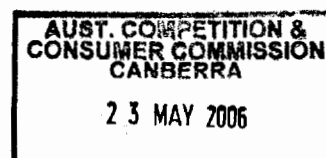
Pursuant to Regulation 28 and Schedule 1B of the *Trade Practices Regulations 1974* the cheques apply to the abovementioned notifications as follows:

- \$200.00 in relation to ACTEW Retail Ltd;
- \$100.00 in relation to AGL ACT Retail Investments Pty Ltd; and
- \$100.00 in relation to TransACT Capital Communications Pty Ltd

Please contact the writer if you have any queries in relation to this letter, the enclosed cheques or notifications.

Yours faithfully,

Kim Kilby
Legal Adviser
ActewAGL
Tel: (02) 6248 3536
Fax: (02) 6248 3377



N92501
(AGL AG Retail)
N92502
(ACTEW RETAIL)

FORM G
Regulation 9

COMMONWEALTH OF AUSTRALIA

Trade Practices Act 1974 – Sub-section 93(1)

EXCLUSIVE DEALING

NOTIFICATION

To the Australian Competition and Consumer Commission:

Notice is hereby given, in accordance with sub-section 93(1) of the *Trade Practices Act 1974*, of particulars of conduct or of proposed conduct of a kind referred to in sub-section 47 (6) or (7) of that Act in which the person giving notice engages or proposes to engage.

1. (a) Name of person giving notice:

AGL ACT Retail Investments Pty Limited and ACTEW Retail Limited, trading as "ActewAGL Retail" (ABN 46 221 314 841 ("ActewAGL")).

(b) Short description of business carried on by that person:

The business currently conducted by ActewAGL (and its related companies) includes the provision of:

- electricity and natural gas utility based in the ACT;
- supplier of electricity to customers in the ACT, and contestable customers outside the ACT;
- supplier of natural gas to ACT, Queanbeyan and Nowra and Capital Region customers (including the Bega Valley, Bombala, Boorowa, Cooma Monaro, Crookwell, Eurobodalla, Goulburn, Gunning, Harden, Mulwaree, Shoalhaven, Queanbeyan, Snowy River, Tallanganda, Tumut, Yarrowlumla, Yass and Young shires);
- supplier of water and sewerage billing services to ACT customers on behalf of ACTEW Corporation Ltd (network asset owner);

(c) Address in Australia for service of documents on that person:

ActewAGL House, 221-223 London Circuit, Canberra City, 2601

2. (a) Description of the goods or services in relation to the supply or acquisition of which this notice relates:

See Attachment A.

(b) Description of the conduct or proposed conduct:

See Attachment A.

3. (a) **Class or class of persons to which the conduct relates:**

Existing and potential residential customers of ActewAGL within greater Queanbeyan and Jerrabomberra in New South Wales.

(b) **Number of those persons:**

(i) **at present time:**

Nil, as the bundled product as outlined below has not yet been released to Queanbeyan and Jerrabomberra market. However, a similar bundled product (excluding mobile telephones) is currently in the market (see Notification N91614)

(ii) **estimated within the next year:**

The number of persons to which the proposed conduct will relate within the next year is not known, but it is likely to exceed 50.

(c) **Where number of persons stated in item 3(b)(i) is less than 50, their names and addresses:**

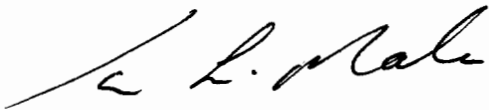
Not applicable.

4. (a) **Name and address of person authorised by the person giving this notice to provide additional information in relation to this notice:**

Mr Ian Male
Senior Legal Adviser
ActewAGL House
221-223 London Circuit
Canberra City ACT 2601

Date: 23/5/ 2006

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



Ian Male
Senior Legal Adviser
ActewAGL

ATTACHMENT A

1. EXECUTIVE SUMMARY

ActewAGL and TransACT Capital Communications Pty Limited (TransACT) intend entering into an agreement under which the parties will co-operate to contribute one or more of the services they supply to residential customers ("Customers") throughout greater Queanbeyan and Jerrabomberra in NSW. Customers may select various combinations of available services and will receive a rebate on the pricing applicable to the particular services.

ActewAGL is seeking statutory immunity under section 93 of the *Trade Practices Act 1974* for the proposed conduct. ActewAGL is aware that TransACT has also lodged a notification with the Commission to this effect.

2. CORPORATIONS INVOLVED

2.1 ActewAGL

ActewAGL Retail (ABN 46 221 314 841) is a partnership between ACTEW Retail Limited and AGL ACT Retail Investments Limited, subsidiaries of ACTEW Corporation Limited (ABN 86 069 381 960) (ACTEW) and the Australian Gas Light Company (ABN 052 167 405) (AGL) respectively.

ACTEW is a Territory Owned Corporation of the ACT Government. AGL is an energy company supplying energy products and services including natural gas, electricity and liquid petroleum gas to customers in Australia and overseas through various subsidiaries.

ActewAGL provides:

- electricity to customers in the ACT, and contestable customers outside the ACT;
- natural gas to ACT, Queanbeyan and Nowra customers;
- water and sewerage billing services to ACT customers on behalf of ACTEW Corporation Ltd (network asset owner); and
- dial-up and broadband internet service in partnership with TransACT Communications Pty Limited.

ActewAGL is authorised to supply natural gas to ACT and NSW customers, and electricity to customers in the ACT and NSW.

Further information regarding ActewAGL may be obtained from www.actewagl.com.au

2.2 TransACT Capital Communications Pty Ltd

TransACT Capital Communications Pty Limited (ABN 23 093 966 888) is a wholly owned subsidiary of TransACT Communications Pty Limited (ABN 32 091 752 297).

TransACT Communications Pty Limited is jointly owned by ACTEW Corporation Limited, TVG Transact Holdings Limited, SCA, AGL TransACT Pty Limited, Telent plc (formerly Marconi Corporation plc), Australian Capital Ventures Limited, Commonwealth Bank of Australia, MTAA Superannuation Fund (TransACT) Utilities Pty Ltd and Westscheme Pty Ltd.

TransACT Capital Communications Pty Limited owns and operates a broadband communications network in the Australian Capital Territory, which is capable of delivering voice, data and video (including subscription television).

In addition to the above, TransACT Capital Communications Pty Limited and ActewAGL Retail operate, in partnership, an ISP service trading as Grapevine (ABN 49 135 731 130).

Further information regarding TransACT Communications Pty Limited may be obtained from www.transact.com.au

2.3 Relationship of the Parties

ACTEW Corporation Limited has a 24.86% shareholding in TransACT Communications Pty Limited.

AGL TransACT Pty Limited has a 16.05% shareholding in TransACT Communications Pty Limited. AGL TransACT Pty Limited is wholly owned by The Australian Gas Light Company.

ActewAGL is a partnership between ACTEW Corporation Limited and the Australian Gas Light Company.

3. DESCRIPTION OF GOODS AND SERVICES IN RELATION TO WHICH THIS NOTICE RELATES

3.1 Description of the Services

The services to be supplied by each of ActewAGL and TransACT to Customers, and to which this notice relates, are as follows:

- ActewAGL services
 - Electricity
 - Gas
 - ISP services in partnership with TransACT
- TransACT services
 - Fixed line Telephony services
 - Mobile telephone service
 - ISP services in partnership with ActewAGL

4. PROPOSED CONDUCT

4.1 Summary of Proposed Conduct

ActewAGL and TransACT would invite Customers within greater Queanbeyan and Jerrabomberra to acquire services from each of the parties. Depending upon the specific services acquired, the Customer would be eligible for a rebate on the price of those services.

Selection of the services is at the option of the Customer.

The level of rebate applicable to the various combinations of selected services is specified in the table below. Each of ActewAGL and TransACT will continue to independently determine the prices at which they sell their respective products and services.

Only selected TransACT mobile service plans will be eligible for the bundle. No rebate is applicable to the mobile service plan component of the bundle. However inclusion of an eligible TransACT mobile service will allow Customers, who would not have otherwise qualified, to obtain a bundle rebate. Also customers who include an eligible TransACT

mobile service in their bundle will be given one free TransMOBILE SIM connection. The offer is limited to one free SIM connection per bundle account. In relation to the free SIM connection, the customer will be initially charged \$15.95 for the SIM connection. When all bundle products become active, then \$15.95 will be credited to the customers TransACT account.

In addition, new bundle customers will be entitled to a free Privileges Card, valid for 2 years (retail price \$285).

Existing bundle customers (contracted under previous bundle contract arrangements) will be able to upgrade to the new bundles outlined in this application. Existing customers will not be eligible for the free Privileges Card and rebates on services that they have already obtained when they first sign up to the bundle.

In order to obtain the applicable rebate, the Customer must enter into a 24 month service agreement with each party from whom one or more of the services are obtained (noting that electricity is a required service in each bundle). The Customer may enter into a service agreement with ActewAGL (to acquire the ActewAGL services), TransACT (to acquire the TransACT services) and Grapevine (to access ISP services). Existing payment options would apply.

The price of each of the services will be readily apparent to the Customer. The Customer would receive a bill from each of ActewAGL and TransACT in relation to the selected services. In relation to Grapevine, the Customer has the option of direct debit or on-line payment.

The services would be jointly marketed by both ActewAGL and TransACT.

4.2 Rebate Scheme to be applied

The rebate to be applied to the available services is set out below:

E = Electricity, G = Gas, I = Internet (Grapevine), T = Phone (TransTALK), M = Mobile (TransMOBILE)

	ActewAGL rebate	Grapevine rebate	TransACT rebate	Privileges card
EGITM	\$55	6 months free internet access	\$25 plus 1 x free TransMOBILE SIM connection	Yes
EGIT	\$55	6 months free internet access	\$25	Yes
EGIM	\$50	6 months free internet access	1 x free TransMOBILE SIM connection	Yes
EGTM	\$55	-	\$25 plus 1 x free TransMOBILE SIM connection	Yes
EITM	\$25	3 months free internet access	\$25 plus 1 x free TransMOBILE SIM connection	Yes
EGI	\$50	6 months free internet access	-	Yes
EGT	\$55	-	\$25	Yes

	ActewAGL rebate	Grapevine rebate	TransACT rebate	Privileges card
EGM	\$50	-	1 x free TransMOBILE SIM connection	Yes
EIT	\$25	3 months free internet access	\$25	Yes
EIM	\$25	3 months free internet access	1 x free TransMOBILE SIM connection	Yes
ETM	\$25	-	\$25 plus 1 x free TransMOBILE SIM connection	Yes
EM	\$25	-	1 x free TransMOBILE SIM connection	Yes
EG	\$50	-	-	Yes
ET	\$25	-	\$25	Yes
EI	\$25	3 months free internet access	-	Yes
E	\$25	-	-	Yes

For ActewAGL services, the applicable rebate will appear as a credit on a Customer's electricity account, and natural gas if that service is selected. For TransACT services, the applicable rebate will appear as a credit on the Customer's telephony invoice. Rebates for ISP services will be credited to a Customer's ISP account.

New bundle customers will also be eligible for a free Privileges Card supplied by ActewAGL, valid for 2 years (retail price \$285).

In addition to the above, Customers will be eligible for the following fee waiver(s) if one or more of the services are included in a bundle contract as new service(s).

- Grapevine ISP connection fee, \$20
- TransACT standard telephone connection fees, (valued at \$150 (Phase 2 standard charge)).

4.3 Compulsory Requirement of TransACT Service

In order to qualify for the applicable rebate on TransACT telephony services and the free TransMOBILE SIM connection, a Customer is required to enter into a 24 month contract with TransACT.

4.4 Compulsory Requirement of ActewAGL Service

In order to qualify for the applicable rebate on ActewAGL services, a Customer is required to enter into a 24 month contract with ActewAGL.

4.5 Compulsory Requirement of Grapevine Service

In order to qualify for the applicable rebate on Grapevine services, a Customer is required to enter into a 24 month contract with Grapevine ISP.

4.6 Fixed Term Supply Agreement

The supply of services to a Customer is subject to a 24 month term. This lowers the running costs of providing available services by reducing overheads associated with Customer management. In order to meet associated administrative costs, an early contract termination fee will be payable by a Customer who terminates a service contract during the term. However this would be waived where it is no longer possible for TransACT, ActewAGL or Grapevine to provide the service(s) (eg where a Customer moves to an area that cannot be supplied by TransACT or ActewAGL).

4.7 Provision of Information to Customers

The bundle offer available to TransACT and ActewAGL Customers will be communicated through TransACT and ActewAGL call centres, press campaigns, the parties' respective websites and other means. TransACT and ActewAGL will ensure its Customers are aware of:

- the offer if the Customer elects to bundle services from TransACT, ActewAGL and Grapevine; and
- any terms and conditions applicable to the offer.

Customers will therefore be in full possession of all material relevant to a purchase decision prior to purchasing any services.

4.8 Privileges Card

The Privileges Card offers a variety of benefits and savings to recipients at over 200 leisure and entertainment venues in the Canberra region (as well as Sydney and Melbourne), including half price entry to major tourist attractions, savings of 20% to 50% at over 90 popular restaurants and cafes, low cost movie tickets at Canberra movie theatres and other benefits arranged by Privileges Card Pty Ltd as published at www.privileges.com.au/Canberra/index.html.

New customers signing on to a two year bundle contract will be entitled to a two year Privileges Card. These cards will be purchased by ActewAGL from Privileges Card Pty Ltd. A Privileges Card will be issued by ActewAGL to eligible customers. The Privileges Card will remain the property of the customer whilst the contract between ActewAGL and the customer remains active.

The Privileges Card will display the ActewAGL and TransACT logo. However the available benefits will be identical to the existing Privileges Card publicly issued by Privileges Card Pty Ltd.

Existing bundle customers who upgrade to the new bundled products outlined in this application, will not be eligible for the free Privileges Card.

5. PUBLIC BENEFITS

The impact of the proposed conduct is not such that, under the test laid down in section 93(3A)(b) of the *Trade Practices Act 1974*, the likely benefit to the public will be outweighed by the likely detriment to the public.

The proposed conduct would result in the following major public benefits:

- rebates applied to essential services;
- encouragement of significant investment in advanced local broadband communications infrastructure; and
- facilitation of competition within the telecommunications and energy industry.

5.1 Rewards applied to Essential Services

Persons who elect to purchase the available services will benefit from the application of rewards, as specified at paragraph 4.2. The specific rebate to be applied to the available services depends upon the combination of services selected by the Customer.

The proposed conduct will benefit Customers of electricity, gas, ISP and telephony services by providing them with a rebate on the services.

The electricity, gas, ISP, telephony and other telecommunications services will continue to be available to customers separately from ActewAGL, TransACT and Grapevine, and through other service providers.

5.2 Costs savings to customers

The bundling of an electricity supply contract with the services of TransACT and/or Grapevine should create a degree of stability in ActewAGL's electricity customer supply base allowing ActewAGL greater scope to secure more competitive electricity pricing.

5.3 Increased competition in the markets in which the ActewAGL services are supplied

ActewAGL believes the proposed conduct may provide Customers with an opportunity of acquiring services from ActewAGL at a lower price than the price currently charged by other competitors. This should, in-turn, stimulate competition in the supply of energy in Queanbeyan and Jerrabomberra and surrounding regions.

5.4 Competition within the Telecommunications Industry

The proposed conduct, through Grapevine, of the ActewAGL and TransACT partnership will promote the long term interests of telecommunications users by increasing competition in the telecommunications industry and promoting investment in advanced broadband communications infrastructure.

The proposed conduct will also encourage competition in the various markets in which other components of the services are supplied. For example, while qualifying for the rebate set out in paragraph 4.2, Customers may continue to have other services supplied by other energy providers or telecommunications companies.

The proposed conduct therefore does not reduce the choice available to Customers as it allows them to construct packages of telecommunications services and energy services from a range of providers.

6. PUBLIC DETRIMENT

It is ActewAGL's view that there will be no detriment to the public arising from the proposed conduct. The markets affected by the proposed conduct are those of electricity, gas, telecommunications and internet services.

6.1 No lessening of competition in energy supply

The electricity and natural gas markets in NSW are fully contestable with numerous suppliers of both gas and electricity.

ActewAGL believes there will be no lessening of competition given the number of energy suppliers in and around NSW, the large customer base of many of those suppliers, and that full retail contestability has already occurred in the NSW with retailers being seasoned operators within a contestable environment.

In ActewAGL's view, it is open to other energy retailers to offer a similar bundling of services with other telecommunication and/or internet service providers within the energy market of NSW.

6.2 No Lessening of Competition in the Internet Services Market

The Grapevine partnership between ActewAGL and TransACT (launched 19 April 2005) only has a small share of the internet market.

Grapevine competes with numerous local ACT (iiNet, Netspeed, Apex, Cyber One, Broadband Unlimited, Interact Broadband) and national internet service providers (Telstra, Optus).

The bundled services will not be detrimental to competition given the large number of other internet service providers, and the highly competitive nature of this market.

6.3 ActewAGL is dedicated to customer protection

ActewAGL is committed to ensuring that all customers and potential customers are provided with ample information relevant to the decision to purchase electricity and natural gas.

ActewAGL strives to ensure that its managers, representatives and approved dealers are aware of their responsibilities under the *Trade Practices Act 1974* and their obligations to protect both the competitive process and the interests of consumers.

ActewAGL holds trade practices training sessions for its staff at which issues of consumer protection are discussed. ActewAGL also provides a trade practices compliance guide to employees emphasising these issues.

6.4 Conduct Voluntary

It should be noted that the proposed conduct would be voluntary on the part of the Customer. The services will be available separately from TransACT, ActewAGL and Grapevine.

FORM G
Regulation 9

COMMONWEALTH OF AUSTRALIA

Trade Practices Act 1974 – Sub-section 93(1)

EXCLUSIVE DEALING

NOTIFICATION

To the Australian Competition and Consumer Commission:

Notice is hereby given, in accordance with sub-section 93(1) of the *Trade Practices Act 1974*, of particulars of conduct or of proposed conduct of a kind referred to in sub-section 47 (6) or (7) of that Act in which the person giving notice engages or proposes to engage.

1. (a) Name of person giving notice:

TransACT Capital Communications Pty Limited
(ABN 23 093 966 888)

(b) Short description of business carried on by that person:

The business currently conducted by TransACT (and its related companies) includes the provision of:

- fixed line and mobile telephone services to customers within the footprint of the TransACT network within the ACT and NSW;
- subscription television services to customers within the footprint of the TransACT network within the ACT and NSW;
- network access to a range of internet service providers who provide services to customers within the footprint of the TransACT network within the ACT and NSW;
- pre-select telephony services to all customers within the ACT and surrounding regions of NSW.

(c) Address in Australia for service of documents on that person:

TransACT Capital Communications Pty Limited
3rd floor, TransACT House
470 Northbourne Avenue
Dickson ACT 2602

2. (a) Description of the goods or services in relation to the supply or acquisition of which this notice relates:

See Attachment A.

(b) Description of the conduct or proposed conduct:

See Attachment A.

ATTACHMENT A

1. EXECUTIVE SUMMARY

TransACT Capital Communications Pty Limited (TransACT) and ActewAGL intend to enter into an agreement under which the parties will co-operate to contribute one or more of the services they supply to residential customers ("Customers") throughout greater Queanbeyan and Jerrabomberra in New South Wales. Customers may select various combinations of available services and will receive a rebate on the pricing applicable to the particular services.

TransACT is seeking statutory immunity under section 93 of the *Trade Practices Act 1974* for the proposed conduct. TransACT is aware that ActewAGL has also lodged a notification with the Commission to this effect.

2. CORPORATIONS INVOLVED

2.1 TransACT Capital Communications Pty Ltd

TransACT Capital Communications Pty Limited (ABN 23 093 966 888) is a wholly owned subsidiary of TransACT Communications Pty Limited (ABN 32 091 752 297).

TransACT Communications Pty Limited is jointly owned by ACTEW Corporation Limited, TVG Transact Holdings Limited, SCA, AGL TransACT Pty Limited, Telent plc (formerly Marconi Corporation plc), Australian Capital Ventures Limited, Commonwealth Bank of Australia, MTAA Superannuation Fund (TransACT) Utilities Pty Ltd and Westscheme Pty Ltd.

TransACT Capital Communications Pty Limited owns and operates a broadband communications network in the Australian Capital Territory, which is capable of delivering voice, data and video (including subscription television).

In addition to the above, TransACT Capital Communications Pty Limited and ActewAGL Retail operate, in partnership, an ISP service trading as Grapevine (49 135 731 130).

Further information regarding TransACT Communications Pty Limited may be obtained from www.transact.com.au

2.2 ActewAGL

ActewAGL Retail (ABN 46 221 314 841) is a partnership between ACTEW Retail Limited and AGL ACT Retail Investments Limited, subsidiaries of ACTEW Corporation Limited (ABN 86 069 381 960) (ACTEW) and the Australian Gas Light Company (ABN 052 167 405) (AGL) respectively.

ACTEW is a Territory Owned Corporation of the ACT Government. AGL is an energy company supplying energy products and services including natural gas, electricity and liquid petroleum gas to customers in Australia and overseas through various subsidiaries.

ActewAGL provides:

- electricity to customers in the ACT, and contestable customers outside the ACT;
- natural gas to ACT, Queanbeyan and Nowra customers;
- water and sewerage billing services to ACT customers on behalf of ACTEW Corporation Ltd (network asset owner); and
- dial-up and broadband internet service in partnership with TransACT Communications Pty Limited.

ActewAGL is authorised to supply natural gas to ACT and NSW customers, and electricity to customers in the ACT and NSW.

Further information regarding ActewAGL may be obtained from www.actewagl.com.au

2.3 Relationship of the Parties

ACTEW Corporation Limited has a 24.86% shareholding in TransACT Communications Pty Limited.

AGL TransACT Pty Limited has a 16.05% shareholding in TransACT Communications Pty Limited. AGL TransACT Pty Limited is wholly owned by The Australian Gas Light Company.

ActewAGL is a partnership between ACTEW Corporation Limited and the Australian Gas Light Company.

3. DESCRIPTION OF GOODS AND SERVICES IN RELATION TO WHICH THIS NOTICE RELATES

3.1 Description of the Services

The services to be supplied by each of TransACT and ActewAGL to persons and to which this notice relates are as follows:

- TransACT services
 - Fixed line Telephony services
 - Mobile telephone service
 - ISP services in partnership with ActewAGL
- ActewAGL services
 - Electricity
 - Gas
 - ISP services in partnership with TransACT

4. PROPOSED CONDUCT

4.1 Summary of Proposed Conduct

TransACT and ActewAGL would invite Customers within greater Queanbeyan and Jerrabomberra to acquire services from each of the parties. Depending upon the specific services acquired, the Customer would be eligible for a rebate on the price of those services.

Selection of the services is at the option of the Customer.

The rebate applicable to the various combinations of selected services is specified in the table below. Each of TransACT and ActewAGL will continue to independently determine the prices at which they sell their respective products and services.

Only selected TransACT mobile service plans will be eligible for the bundle. No rebate is applicable to the mobile service plan component of the bundle. However inclusion of an eligible TransACT mobile service will allow Customers, who would not have otherwise

qualified, to obtain a bundle rebate. Also customers who include an eligible TransACT mobile service in their bundle will be given one free TransMOBILE SIM connection. The offer is limited to one free SIM connection per bundle account. In relation to the free SIM connection, the customer will be initially charged \$15.95 for the SIM connection. When all bundle products become active, then \$15.95 will be credited to the customers TransACT account.

In addition, new bundle customers will be entitled to a free Privileges Card, valid for 2 years (retail price \$285).

Existing bundle customers (contracted under previous bundle contract arrangements) will be able to upgrade to the new bundles outlined in this application. Existing customers will not be eligible for the free Privileges Card and rebates on services that they have already obtained when they first sign up to the bundle.

In order to obtain the applicable rebate, the Customer must enter into a 24 month service agreement with each party from whom one or more of the services are obtained (noting that electricity is a required service in each bundle). The Customer may enter into a service agreement with ActewAGL (to acquire the ActewAGL services), TransACT (to acquire the TransACT services) and Grapevine (to access ISP services). Existing payment options would apply.

The price of each of the services will be readily apparent to the Customer. The Customer would receive a bill from each of TransACT and ActewAGL in relation to the selected services. In relation to Grapevine, the Customer has the option of direct debit or on-line payment.

The services would be jointly marketed by both TransACT and ActewAGL.

4.2 Rebate Scheme to be applied

The level of the rebate to be applied to the available services is set out below:

E = Electricity, G = Gas, I = Internet (Grapevine), T = Phone (TransTALK), M = Mobile (TransMOBILE)

	ActewAGL rebate	Grapevine rebate	TransACT rebate	Privileges card
EGITM	\$55	6 months free internet access	\$25 plus 1 x free TransMOBILE SIM connection	Yes
EGIT	\$55	6 months free internet access	\$25	Yes
EGIM	\$50	6 months free internet access	1 x free TransMOBILE SIM connection	Yes
EGTM	\$55	-	\$25 plus 1 x free TransMOBILE SIM connection	Yes
EITM	\$25	3 months free internet access	\$25 plus 1 x free TransMOBILE SIM connection	Yes
EGI	\$50	6 months free internet access	-	Yes
EGT	\$55	-	\$25	Yes

	ActewAGL rebate	Grapevine rebate	TransACT rebate	Privileges card
EGM	\$50	-	1 x free TransMOBILE SIM connection	Yes
EIT	\$25	3 months free internet access	\$25	Yes
EIM	\$25	3 months free internet access	1 x free TransMOBILE SIM connection	Yes
ETM	\$25	-	\$25 plus 1 x free TransMOBILE SIM connection	Yes
EM	\$25	-	1 x free TransMOBILE SIM connection	Yes
EG	\$50	-	-	Yes
ET	\$25	-	\$25	Yes
EI	\$25	3 months free internet access	-	Yes
E	\$25	-	-	Yes

For TransACT services, the applicable rebate will appear as a credit on the Customer's telephony invoice. For ActewAGL services, the applicable rebate will appear as a credit on a Customer's electricity account, and natural gas if that service is selected. Rebates for ISP services will be credited to a Customer's ISP account.

New bundle customers will also be eligible for a free Privileges Card supplied by ActewAGL, valid for 2 years (retail price \$285).

In addition to the above, Customers will be eligible for the following fee waiver(s) if one or more of the services are included in a bundle contract as new service(s).

-
- Grapevine ISP connection fee, \$20
- TransACT standard telephone connection fees, (valued at \$150 (Phase 2 standard charge)).

4.3 Compulsory Requirement of TransACT Service

In order to qualify for the applicable rebate on TransACT telephony services and the free TransMOBILE SIM connection, a Customer is required to enter into a 24 month contract with TransACT.

4.4 Compulsory Requirement of ActewAGL Service

In order to qualify for the applicable rebate on ActewAGL services, a Customer is required to enter into a 24 month contract with ActewAGL.

4.5 Compulsory Requirement of Grapevine Service

In order to qualify for the applicable rebate on Grapevine services, a Customer is required to enter into a 24 month contract with Grapevine ISP.

4.6 Fixed Term Supply Agreement

The supply of services to a Customer is subject to a 24 month term. This lowers the running costs of providing available services by reducing overheads associated with Customer management. In order to meet associated administrative costs, an early contract termination fee will be payable by a Customer who terminates a service contract during the term. However this would be waived where it is no longer possible for TransACT, ActewAGL or Grapevine to provide the service(s) (eg where a Customer moves to an area that cannot be supplied by TransACT or ActewAGL).

4.7 Provision of Information to Customers

The bundle offer available to TransACT and ActewAGL Customers will be communicated through TransACT and ActewAGL call centres, press campaigns, the parties' respective websites and other means. TransACT and ActewAGL will ensure its Customers are aware of:

- the offer if the Customer elects to bundle services from TransACT, ActewAGL and Grapevine; and
- any terms and conditions applicable to the offer.

Customers will therefore be in full possession of all material relevant to a purchase decision prior to purchasing any services.

4.8 Privileges Card

The Privileges Card offers a variety of benefits and savings to recipients at over 200 leisure and entertainment venues in the Canberra region (as well as Sydney and Melbourne), including half price entry to major tourist attractions, savings of 20% to 50% at over 90 popular restaurants and cafes, low cost movie tickets at Canberra movie theatres and other benefits arranged by Privileges Card Pty Ltd as published at www.privileges.com.au/Canberra/index.html.

New customers signing on to a two year bundle contract will be entitled to a two year Privileges Card. These cards will be purchased by ActewAGL from Privileges Card Pty Ltd. A Privileges Card will be issued by ActewAGL to eligible customers. The Privileges Card will remain the property of the customer whilst the contract between ActewAGL and the customer remains active.

The Privileges Card will display the ActewAGL and TransACT logo. However the available benefits will be identical to the existing Privileges Card publicly issued by Privileges Card Pty Ltd.

Existing bundle customers who upgrade to the new bundled products outlined in this application, will not be eligible for the free Privileges Card.

5. PUBLIC BENEFITS

The impact of the proposed conduct is not such that, under the test laid down in section 93(3A)(b) of the *Trade Practices Act 1974*, the likely benefit to the public will be outweighed by the likely detriment to the public.

The proposed conduct would result in the following major public benefits:

- rebates applied to essential services;
- encouragement of significant investment in advanced local broadband communications infrastructure; and
- facilitation of competition within the telecommunications and energy industry.

5.1 Rewards applied to Essential Services

Persons who elect to purchase the available services will benefit from the application of rewards, as specified at paragraph 4.2. The specific rebate to be applied to the available services depends upon the combination of services selected by the Customer.

The proposed conduct will benefit customers of electricity, gas, ISP and telephony services by providing them with a rebate on the services.

The electricity, gas, ISP, telephony and other telecommunications services will continue to be available to customers separately from both TransACT, ActewAGL and Grapevine and through other service providers.

5.2 Investment in Advanced, Local Communications Infrastructure

TransACT is currently deploying an advanced, fibre to the curb access network which is capable of providing a comprehensive range of narrowband and broadband telecommunications services.

The major services currently offered by TransACT to its customers throughout the ACT include:

- telephony services including basic access, local calls, long distance, fixed to mobiles calls, mobile calls and international calls;
- data services including dark fibre, leased lines, virtual private networks and high speed internet access;
- video services to support the broadcast of free to air television, subscription television and video on demand; and
- broadband and dial-up ISP services in partnership with ActewAGL.

TransACT is now seeking to further extend the reach of specified services to Customers within the regions surrounding the ACT, including greater Queanbeyan and Jerrabomberra.

TransACT is one of a small number of telecommunications enterprises that is making significant investment in the construction and deployment of advanced telecommunications infrastructure. TransACT customers within greater Queanbeyan and Jerrabomberra and the surrounding regions will continue to extract benefit from the provision of leading edge telecommunications facilities and services.

5.3 Competition within the Telecommunications Industry

Consistent with the stated policy objectives of the Federal Government, the proposed conduct will promote the long term interests of telecommunications users by increasing competition in the telecommunications industry and promoting investment in advanced broadband communications infrastructure.

The proposed conduct will also encourage competition in the various markets in which other components of the services are supplied. Depending upon the combination of services selected by the Customer, Customers could qualify for rebates and continue to have other services supplied by other energy providers or telecommunications companies.

The proposed conduct therefore does not reduce the choice available to Customers as it allows them to construct packages of telecommunications services and energy services from a range of providers.

6. PUBLIC DETRIMENT

It is TransACT's view that there will be no detriment to the public arising from the proposed conduct. The markets affected by the proposed conduct are those of telecommunications, internet services, electricity and gas.

6.1 No Lessening of Competition in the Telecommunications Market

TransACT competes with many other telecommunications providers operating in NSW. Similar services are offered by a range of other companies including but not limited to Telstra (telephony; dial up and broadband internet services; subscription TV), Optus and AAPT.

These companies currently offer bundled services which enable their customers who select a number of services to qualify for rebates.

The proposed conduct will not be detrimental to competition given the size and number of telecommunication operators, and the highly competitive nature of the telecommunications market to which the bundled services relate.

6.2 No Lessening of Competition in the Internet Services Market

The Grapevine partnership between TransACT and ActewAGL (launched 19 April 2005) only has a small share of the internet market. Grapevine competes with numerous local ACT (iiNet, Netspeed, Apex, Cyber One, Broadband Unlimited, Interact Broadband) and national internet service providers (Telstra, Optus).

The bundled services will not be detrimental to competition given the large number of other internet service providers, and the highly competitive nature of this market.

6.3 Conduct Voluntary

It should be noted that the proposed conduct would be voluntary on the part of the Customer. The services will be available separately from TransACT, ActewAGL and Grapevine.