

N31629 - N31632

Commonwealth Bank of Australia  
ABN 48 123 123 124

Financial and Risk Management

Level 8  
48 Martin Place  
Sydney NSW 1155  
Australia

Telephone 02 9378 7930  
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Glenn Watts  
Executive Manager,  
Group Compliance

15 June 2006

Australian Competition and Consumer  
Commission  
GPO Box 3648  
Sydney NSW 2001



Dear Sir or Madam

**Commonwealth Bank, Carlson Marketing Group (Aust) Pty Ltd, Napoleon Perdis and Red Balloon Pty Limited – Notification of third line forcing exclusive dealing**

We enclose for lodgement an exclusive dealing notification. This notification updates a previous notification lodged with the Commission due to the addition of new partners. A cheque in payment of the total lodgement fee of \$1,300 is also enclosed.

If you have any questions in relation to this notification, please do not hesitate to contact me.

Yours faithfully

Glenn Watts

Executive Manager

Regulatory Compliance, Group Compliance

**FORM G**

Commonwealth of Australia  
*Trade Practices Act 1974 – Sub-section 93 (1)*  
**EXCLUSIVE DEALING  
 NOTIFICATION**

To the Australian Competition and Consumer Commission:

Notice is 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:**

Notification is given by the following companies:

N31629 Commonwealth Bank of Australia ACN 123 123 124 of Level 7, 48 Martin Place, Sydney, NSW (the "**Bank**");

and

the following companies referred together as the "**Bonus Partners**":

N31630 Carlson Marketing Group (Aust) Pty Ltd ABN 96 003 848 922 of Level 2, 33 Saunders Street, Pyrmont NSW ("**CMG**");

N31631 Napoleon Perdis Cosmetics Pty Ltd ABN 72 098 111 776 of 26 Queen Street, Chippendale, NSW, 2008 ("**Napoleon Perdis**"); and

N31632 Red Balloon Pty Limited ABN 13 097 376 442 of 24 Mullens Street, Balmain NSW ("**Red Balloon**").

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

The Bank provides banking and financial services, including credit card facilities, and holders of credit cards issued by the Bank are offered an optional membership into the Bank's loyalty program, Commonwealth Awards Program ("Program");

CMG is in the business of booking travel, accommodation and holiday packages;

Napoleon Perdis is a retailer of cosmetic and beauty products; and

Red Balloon arranges sells a range of adventure and lifestyle experiences for individuals and groups, and gift products.

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

c/o - Glenn Watts  
 Executive Manager,  
 Group Compliance  
 Commonwealth Bank of Australia  
 Level 8, 48 Martin Place

Sydney NSW 1155

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

The Bank offers credit cards and optional membership into the Program. Members of the Program ("Members") who earn points in the Program may redeem those points for goods, services, vouchers and airline loyalty program points;

The Bonus Partners offer the goods and services described in 1(b) above.

**(b) Description of the conduct or proposed conduct**

Members earn points in the Program from some use of their Bank issued credit cards. The Bank will provide additional points ("Bonus Points") to Members who purchase goods or services from Bonus Partners.

Members will be offered from time to time through the Program newsletter and collateral marketing material, Bonus Points and other non-cash benefits (for example, the right to enter into a trade promotion, and the provision of additional goods or services at a discounted price or without charge) (referred to from this point as "Benefits") where specific goods and services and specific packages of goods and services offered by individual Bonus Partners are purchased in full or in part by a Member using the Member's credit card linked to the Program.

Bonus Partners propose to give or allow, or offer to give or allow, a discount or allowance in relation to the supply of products and services, or to supply or offer to supply the goods or services at a particular price, or to supply or offer to supply particular goods, services or Benefits in relation to the supply of the products or services, on the condition that a person is either a Member, or that the Member acquires the goods or services in full or in part by using the Member's credit card linked to the Program.

The proposed conduct will have little or no public detriment.

The proposed conduct will not lessen competition in the relevant banking and financial services markets. Competition in the relevant markets is vigorous and consumers will continue to have the choice from a large number of credit card issuers with their associated loyalty programs. As the markets are extremely competitive, any decision by consumers on which credit card and loyalty program to use can be made solely on an assessment of the merits of each issuer's product.

The proposal will also not lessen competition in the industries of the Bonus Partners as each of these industries is highly competitive, which enables consumers to make choices based on the price, value and quality of the products and services offered. Goods and services offered by the Bonus Partners are available for purchase by consumers independent of their membership in the Program.

The proposed conduct will be of benefit to the public as it will:

- promote competition amongst credit card and loyalty program providers and prompt competitors of the Bank to provide pro-competitive value added benefits to the benefit of their loyalty program members; and

- promote competition and place downward pressure on pricing for products and services provided by the competitors of the Bonus Partners;

The significant public benefits outlined above outweigh any potential public detriment considered to arise from the conduct.

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

Members and potential Members.

**(b) Number of those persons**

1.4 million

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

Not applicable

**4. Name and address of person authorized by that person giving this notice to provide additional information in relation to this notice:**

Glenn Watts  
Executive Manager,  
Group Compliance  
Commonwealth Bank of Australia  
Level 8, 48 Martin Place  
Sydney NSW 1155

**Should the Commission wish to make any enquiries about the conduct described in this notification, the Commission is respectfully requested to contact Glenn Watts in the first instance, prior to doing so.**

Dated: 14 June 2006

Signed on behalf of the person giving this notice



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Glenn Watts  
Executive Manager, Group Compliance



[Back of Form]

#### DIRECTIONS

1. If there is insufficient space on this form for the required information, the information is to be shown on separate sheets, numbered consecutively and signed by or on behalf of the person giving the notice.
2. If the notice is given by or on behalf of a corporation, the name of the corporation is to be inserted in item 1 (a), not the name of the person signing the notice, and the notice is to be signed by a person authorised by the corporation to do so.
3. In item 1 (b), describe that part of the business of the person giving the notice in the course of which the conduct is engaged in.
4. If particulars of a condition or of a reason of the type referred to in subsection 47(2), (3), (4), (5), (6), (7), (8) or (9) of the *Trade Practices Act 1974* have been reduced in whole or in part to writing, a copy of the writing is to be provided with the notice.
5. In item 3(a), describe the nature of the business carried on by the persons referred to in that item.
6. In item 3(b)(ii), state an estimate of the highest number of persons with whom the person giving the notice is likely to deal in the course of engaging in the conduct at any time during the next year.

#### NOTICE

If this notification is in respect of conduct of a kind referred to in subsection 47(6) or (7), or paragraph 47(8)(c) or (9)(d), of the *Trade Practices Act 1974* ("the Act"), it comes into force at the end of the period prescribed for the purposes of subsection 93(7A) of the Act ("the prescribed period") unless the Commission gives a notice under subsection 93A(2) of the Act within the prescribed period, or this notification is withdrawn.

The prescribed period is 21 days (if this notification is given on or before 30 June 1996) or 14 days (if this notification is given after 30 June 1996), starting on the day when this notification is given.

If the Commission gives a notice under subsection 93A(2) of the Act within the prescribed period, this notification will not come into force unless the Commission, after completing the procedures in section 93A of the Act, decides not to give a notice under subsection 93(3A) of the Act. The notification comes into force when that decision is made.

If this notification is in respect of conduct of a kind referred to in subsection 47(2), (3), (4) or (5), or paragraph 47(8)(a) or (b) or (9)(a), (b) or (c), of the Act, it comes into force when it is given.