

FILE No:

DOC:

MARS/PRISM:

Australian Competition and  
Consumer Commission  
Level 35, The Tower  
360 Elizabeth Street  
Melbourne VIC 3000

18 December 2007



Dear Sir/Madam

## **Third Line Forcing Notifications - sub-sections 47(6) and (7) of the Trade Practices Act 1974**

I refer to Telstra's letter to the Commission dated 18 November 2003 ("**November 2003 Letter**"), and the Commission's letter to Amanda Bodger of Mallesons Stephen Jaques dated 15 January 2004 ("**Commission Response**").

### **November 2003 Letter and Commission Response**

The November 2003 Letter:

- (a) outlined conduct proposed to be engaged in by Telstra Licensed Shops that are operated by third parties under licence from Telstra, which conduct ("**Notified Conduct**") is summarised below; and
- (b) enclosed notices in relation to the Notified Conduct in accordance with sub-section 93(1) of the *Trade Practices Act (Cth)* 1974 ("**Trade Practices Act**").

The Commission Response notified Telstra that immunity from the Trade Practices Act came into effect in relation to the Notified Conduct on 3 December 2003, and that, on the basis of the information provided to the Commission, the Commission did not intend to take any further action in relation to the matter at that stage.

### **The Notified Conduct**

Telstra undertakes campaigns to promote its mobile and other telecommunications services from time to time. In accordance with the notices enclosed with the November 2003 Letter, certain Telstra Licensed Shop licensees currently participate in these campaigns by offering certain inducements to customers on condition that they acquire or agree to acquire telecommunications services or products, or particular telecommunications services plans from Telstra.

## **Subsequent Notification Letters and Commission Responses**

From time to time, Telstra appoints new licensees to operate Telstra Licensed Shops. When this occurs, Telstra lodges new notices in accordance with sub-section 93(1) of the Trade Practices Act on behalf of those entities.

Since the November 2003 Letter, Telstra has sent further letters to the Commission to lodge notices in respect of the Notified Conduct for new licensees appointed by Telstra. The Commission has notified Telstra that these entities have been granted immunity from the Notified Conduct and that the notices have been placed on the Commission's public register.

## **Notices for further new licensees**

This letter encloses one new notice that Telstra is lodging in accordance with sub-section 93(1) of the Trade Practices Act, on behalf of Chapelcom Holdings Pty Ltd (ABN 28 158 897 181), an entity recently appointed as a licensee by Telstra to operate Telstra Licensed Shops. Chapelcom Holdings Pty Ltd proposes to engage in the Notified Conduct.

Also enclosed is a cheque for \$100 for the fee payable in respect of the lodgment of the notice.

Please contact me on (03) 9643 4069 if you have any queries or comments.

Yours sincerely



Amanda Bodger  
Partner  
Direct Line +61 3 9643 4069  
Direct fax +61 3 9643 5999

**Form G**  
Commonwealth of Australia  
*Trade Practices Act 1974 - subsection 93(1)*  
**NOTIFICATION OF EXCLUSIVE DEALING**

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 subsections 47 (2), (3), (4), (5), (6), (7), (8) or (9) of that Act in which the person giving notice engages or proposes to engage.

PLEASE FOLLOW DIRECTIONS ON BACK OF THIS FORM

**1 Applicant**

- (a) Name of person giving notice:  
(Refer to direction 2)

Chapelcom Holdings Pty Ltd (ABN 28 158 897 181) N93246

Chapelcom Holdings Pty Ltd (ABN 28 158 897 181) ("TLS") operates a Telstra Shop under licence from Telstra and has been appointed by Telstra to promote the sale of, and extend the demand for, Telstra telecommunications services and related goods and services.

- (b) Short description of business carried on by that person:  
(Refer to direction 3)

TLS supplies a range of consumer products to retail customers. These include mobile phones, cordless phones, fax machines, phone card, software, hand held computers, data products and internet starter packs.

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

Amanda Bodger  
Mallesons Stephen Jaques  
Level 50, Bourke Place  
600 Bourke Street  
Melbourne VIC 3000  
Tel: 9643 4069

**2 Notified arrangement**

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

TLS will offer a range of telecommunications and related goods or services (including mobile phones, cordless phones, fax machines, phone cards, software, hand held computers, data products and internet starter packs) ("**TLS Products**") and/or promotional goods or services (including vouchers, cinema tickets, electrical goods and accessories and food items) ("**Promotional Products**") to

customers on condition that they acquire telecommunications services and/or related goods or services from Telstra.

(b) Description of the conduct or proposed conduct:

TLS proposes to:

- (i) supply or offer to supply a TLS Product and/or Promotional Product to retail customers on the condition that the customer acquires or agrees to acquire telecommunications services or products or particular telecommunications services plans from Telstra;
- (ii) refuse to supply or refuse to offer to supply a TLS Product and/or Promotional Product to retail customers for the reason that the customer has not acquired or has not agreed to acquire telecommunications services or products or particular telecommunications services plans from Telstra;
- (iii) give or allow or offer to give or allow a discount, allowance, rebate or credit in relation to a TLS Product and/or Promotional Product to retail customers on the condition that the customer acquires or agrees to acquire telecommunications services or products or particular telecommunications services plans from Telstra.

*(Refer to direction 4)*

**3 Persons, or classes of persons, affected or likely to be affected by the notified conduct**

(a) Class or classes of persons to which the conduct relates:

*(Refer to direction 5)*

Retail customers (including small and medium enterprise customers).

(b) Number of those persons:

(i) At present time:

Substantially greater than 50.

(ii) Estimated within the next year:

*(Refer to direction 6)*

Substantially greater than 50.

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

Not applicable.

**4 Public benefit claims**

(a) Arguments in support of notification:

*(Refer to direction 7)*

The proposed conduct will be of benefit to the public because it will allow retail customers to acquire TLS Products and/or Promotional Products at a discount or at no cost.

- (b) Facts and evidence relied upon in support of these claims:

TLS Products include mobile phones, cordless phones, fax machines, phone cards, software, hand held computers, data products and internet starter packs. Promotional Products include vouchers, cinema tickets, electrical goods and accessories and food items. These are valuable products to many consumers and the ability to acquire them at a discount or no cost may be a significant benefit to the individual consumer.

## 5 Market definition

Provide a description of the market(s) in which the goods or services described at 2 (a) are supplied or acquired and other affected markets including: significant suppliers and acquirers; substitutes available for the relevant goods or services; any restriction on the supply or acquisition of the relevant goods or services (for example geographic or legal restrictions):

*(Refer to direction 8)*

There are a number of markets that may be relevant including the markets for the supply to retail consumers of phones (fixed and mobile), fax machines, hand held computers and other similar communications devices.

These markets are characterised by strong competition. There are several leading retailers of these products as well as many smaller competitors.

## 6 Public detriments

- (a) Detriments to the public resulting or likely to result from the notification, in particular the likely effect of the notified conduct on the prices of the goods or services described at 2 (a) above and the prices of goods or services in other affected markets:

*(Refer to direction 9)*

There are no public detriments likely to result from the proposed conduct.

- (b) Facts and evidence relevant to these detriments:

The proposed conduct will not lessen competition because:

- (i) the retail markets for the TLS Products and Promotional Products are characterised by large numbers of competitors and very intense competition; and
- (ii) TLS does not have a substantial degree of market power in any relevant market.

The benefits from the proposed conduct will outweigh any possible detriment considered to arise from the proposed conduct.

7 **Further information**

- (a) Name, postal address and contact telephone details of the person authorised to provide additional information in relation to this notification:

Amanda Bodger  
Mallesons Stephen Jaques  
Level 50, Bourke Place  
600 Bourke Street  
Melbourne VIC 3000  
Tel: 9643 4069

Dated 18 December 2007

Signed by/on behalf of the applicant



(Signature)

A. K. BODGER

(Full Name)

MALLESONS STEPHEN JAQUES

(Organisation)

PARTNER

(Position in organisation)

