



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

DCC	
MARS/PRIS	

"BY HAND"

27 March 2007

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, fixed line and mobile telephony and ISP services in New South Wales.

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

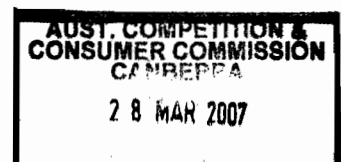
Pursuant to Regulation 28 and Schedule 1B of the *Trade Practices Regulations 1974* the cheques apply to the abovementioned notifications as follows:

- \$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



FORM G

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

NOTIFICATION OF EXCLUSIVE DEALING

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.

PLEASE FOLLOW DIRECTIONS ON THE BACK OF THIS FORM

1. Applicant

(a) **Name of person giving notice:**

N92873

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. Notified Arrangement

(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. 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:

Existing and potential residential customers of TransACT in the greater Queanbeyan and Jerrabomberra regions of New South Wales within the footprint of the TransACT Network.

(b) Number of those persons:

(i) at present time:

Nil as the bundled product has not yet been released to market, however a similar bundled product is in the market (see Notifications N92626, N92627 and N92628).

(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. Public Benefit claims

(a) Arguments in support of notification

See Attachment A.

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

See Attachment A.

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)

See Attachment A.

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 at 2(a) above and the prices of goods or services in other affected markets.

See Attachment A.

(b) Facts and evidence relevant to those detriments

See Attachment A.

7. Further information

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

Dianne O'Hara
Company Secretary
TransACT Capital Communications Pty Ltd
PO Box 1006
Civic Square ACT 2608

Telephone: 6229 8080

Date: **27** March 2007

Signed by / on behalf of the applicant:



Dianne O'Hara
TransACT Capital Communications Pty Limited
Company Secretary

DIRECTIONS

1. In lodging this form, applicants must include all information, including supporting evidence that they wish the Commission to take into account in assessing their notification.

Where there is insufficient space on this form to furnish the required information, the information is to be shown on separate sheets, numbered consecutively and signed by or on behalf of the applicant.

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. Describe that part of the business of the person giving the notice in the course of the which the conduct is engaged in.

4. If particulars of a condition or of a reason of the type referred to in section 47 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. Describe the business or consumers likely to be affected by the conduct.

6. State an estimate of the highest number of persons with whom the entity giving the notice is likely to deal in the course of engaging in the conduct at any time during the next year.

7. Provide details of those public benefits claimed to result or to be likely to result from the proposed conduct including quantification of those benefits where possible.

8. Provide details of the market(s) likely to be affected by the notified conduct, in particular having regard to goods or services that may be substitutes for the good or service that is the subject matter of the notification.

9. Provide details of the detriments to the public which may result from the proposed conduct including quantification of those detriments where possible.

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 discount and rebate on the pricing applicable to the ActewAGL 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 Ltd (ABN 23 093 966 888) is a wholly owned subsidiary of TransACT Communications Pty Ltd (ABN 32 091 752 297).

TransACT Communications Pty Ltd is jointly owned by ACTEW Corporation Limited, TVG Transact Holdings SPRL, Alinta ATA Pty Limited, Australian Capital Ventures Limited, MTAA Superannuation (TransACT) Utilities Pty Ltd, Prime Television Limited and Westscheme Pty Limited.

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

2.2 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, Jerrabomberra 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

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
 - 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 in one of the valid combinations (“Bundle”) set out in the table at paragraph 4.2. The Customer would be eligible for a discount and rebate on the price of the ActewAGL services included in the Bundle.

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

The level of discount and 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 or discount is applicable to the mobile service plan, ISP or telecommunications components of the Bundle. However inclusion of these services (from the products eligible for a Bundle) will allow Customers, who would not have otherwise qualified, to obtain a free Privileges Card valid for 2 years (valued at \$329) (for more information about the Privileges Card see paragraph 4.8).

Existing bundle customers (contracted under previous bundle contract arrangements with ActewAGL and TransACT) will be able to upgrade to the new bundles outlined in this application. If the customer’s existing bundle contract has more than 3 months remaining, then early termination administration fees will apply for termination of the bundle contract. However, if they are in the last 3 months of the term of their existing bundle contract no such fees will apply. For these upgrading Bundle customers the free Privileges Card will be issued after the date on which their existing bundle contract was due to expire.

In order to obtain the applicable discount and rebate on ActewAGL services, 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 Discount and Rebate Scheme to be applied

The applicable discount and 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)

Offer	Valid combinations	Discount
E+ at least two additional services from TransACT or Grapevine	ETM, EIT, EIM, ETIM	<ul style="list-style-type: none"> ▪ 3% discount on E supply and consumption ▪ \$30 one-off rebate on E account ▪ Free 2 year Privileges Card (Valued at \$329)

The relevant discount and rebate will be applied to the Customer's electricity account.

Customers will also be eligible for:

1. a free Privileges Card supplied by ActewAGL, valid for 2 years (retail price \$329); and
2. waiver of the Grapevine ISP connection fee, (\$20) if ISP is included in the bundle contract as new service(s).

4.3 Compulsory Requirement of TransACT Service

The Customer is required to enter into a 24 month contract with TransACT.

4.4 Compulsory Requirement of ActewAGL Service

The Customer is required to enter into a 24 month contract with ActewAGL.

4.5 Compulsory Requirement of Grapevine Service

The 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.

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:

- Discount/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 proposed conduct will benefit customers of electricity, ISP and telephony services by providing them with a discount and rebate on the electricity services.

All 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 the rebate and discount on their electricity 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 and electricity.

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

Grapevine competes with numerous local ACT (web one internet, Infinite Networks, Office Link, cbit Internet, Netspeed, Apex, Cyber One, Interact Broadband) and national internet service providers (Telstra, Optus, Dodo).

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.

FORM G

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

NOTIFICATION OF EXCLUSIVE DEALING

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.

PLEASE FOLLOW DIRECTIONS ON THE BACK OF THIS FORM

1. Applicant

(a) **Name of person giving notice:**

N92874 N92875
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. Notified Arrangement

(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. 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:

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

(b) Number of those persons:

(i) at present time:

Nil as the bundled product has not yet been released to market, however a similar bundled product is in the market (see Notifications N92626, N92627 and N92628).

(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. Public Benefit claims

(a) Arguments in support of notification

See Attachment A.

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

See Attachment A.

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)

See Attachment A.

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 at 2(a) above and the prices of goods or services in other affected markets.

See Attachment A.

(b) Facts and evidence relevant to those detriments

See Attachment A.

7. Further information


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

Ms Kim Kilby
Legal Adviser
ActewAGL House
221-223 London Circuit
Canberra City ACT 2601

Telephone: 6248 3536

Date: 27th March 2007

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


Kim Kilby
ActewAGL
Legal Adviser

DIRECTIONS

1. In lodging this form, applicants must include all information, including supporting evidence that they wish the Commission to take into account in assessing their notification.

Where there is insufficient space on this form to furnish the required information, the information is to be shown on separate sheets, numbered consecutively and signed by or on behalf of the applicant.

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. Describe that part of the business of the person giving the notice in the course of the which the conduct is engaged in.

4. If particulars of a condition or of a reason of the type referred to in section 47 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. Describe the business or consumers likely to be affected by the conduct.

6. State an estimate of the highest number of persons with whom the entity giving the notice is likely to deal in the course of engaging in the conduct at any time during the next year.

7. Provide details of those public benefits claimed to result or to be likely to result from the proposed conduct including quantification of those benefits where possible.

8. Provide details of the market(s) likely to be affected by the notified conduct, in particular having regard to goods or services that may be substitutes for the good or service that is the subject matter of the notification.

9. Provide details of the detriments to the public which may result from the proposed conduct including quantification of those detriments where possible.

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 ActewAGL 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 Ltd is jointly owned by ACTEW Corporation Limited, TVG Transact Holdings SPRL, Alinta ATA Pty Limited, Australian Capital Ventures Limited, MTAA Superannuation (TransACT) Utilities Pty Ltd, Prime Television Limited and Westscheme Pty Limited.

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

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
 - 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 in one of the valid combinations ("Bundle") set out in the table at paragraph 4.2. The Customer would be eligible for a discount and rebate on the price of the ActewAGL services included in the Bundle.

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

The level of discount and 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 discount or rebate is applicable to the mobile service plan, ISP or telecommunications component of the Bundle. However inclusion of these services (from the products eligible for a Bundle) will allow Customers, who would not have otherwise qualified, to obtain a free Privileges Card valid for 2 years (valued at \$329) (for more information about the Privileges Card see paragraph 4.8).

Existing bundle customers (contracted under previous bundle contract arrangements with ActewAGL and TransACT) will be able to upgrade to the new bundles outlined in this application. If the customer's existing bundle contract has more than 3 months remaining, then early termination administration fees will apply for termination of the bundle contract. However, if they are in the last 3 months of the term of their existing bundle contract no such fees will apply. For these upgrading Bundle customers the free Privileges Card will be issued after the date on which their existing bundle contract was due to expire.

In order to obtain the applicable rebate on ActewAGL services, 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 Discount and Rebate Scheme to be applied

The applicable discount and 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)

Offer	Valid combinations	Discount
E + at least two additional services from TransACT or Grapevine	ETM, EIT, EIM, ETIM	<ul style="list-style-type: none"> ▪ 3% discount on E supply and consumption ▪ \$30 one-off rebate on E account ▪ Free 2 year Privileges Card (Valued at \$329)

The relevant discount and rebate will be applied to the Customer's electricity account.

Customers will also be eligible for:

1. a free Privileges Card supplied by ActewAGL, valid for 2 years (retail price \$329); and
2. waiver of the Grapevine ISP connection fee, (\$20) if ISP is included in the bundle contract as new service(s).

4.3 Compulsory Requirement of TransACT Service

The Customer is required to enter into a 24 month contract with TransACT.

4.4 Compulsory Requirement of ActewAGL Service

The Customer is required to enter into a 24 month contract with ActewAGL.

4.5 Compulsory Requirement of Grapevine Service

The 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.

The Privileges 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.

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

The electricity, 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 discount and 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 markets in NSW are fully contestable with numerous suppliers of 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 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 (web one internet, Infinite Networks, Office Link, cbit Internet, Netspeed, Apex, Cyber One, Interact Broadband) and national internet service providers (Telstra, Optus, Dodo).

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.

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.