



14 May 2007

Mr Scott Gregson
General Manager – Adjudication Branch
Australian Competition and Consumer Commission
Level 7, Angel Place
123 Pitt Street
Sydney NSW 2000

Dear Mr Gregson

Third Line Forcing Notification – Jetstar Airways Pty Limited

I am filing this notification on behalf of Jetstar Airways Pty Limited (**Jetstar**), a subsidiary of the Qantas group of companies.

Enclosed with this letter is:

- an exclusive dealing notification pursuant to section 93(1) of the Trade Practices Act 1974 (**TPA**); and
- a cheque for the sum of \$100, has been provided in advance of this letter.

This notification is lodged in respect of conduct that may technically amount to third line forcing and contravene sections 47(6) and 47(7) of the TPA.

Set out below is a detailed description of the proposed conduct and reasons why Jetstar believes the ACCC should not serve a notice under s 93(3A) of the TPA.

Notified Conduct

This notification concerns a proposed promotional campaign Jetstar intends to run with MasterCard Asia/Pacific (Australia) Pty Limited (**MasterCard**), whereby Jetstar will offer a discount off the total booking price of certain Jetstar travel bookings on the condition that the customers pay for such bookings using their MasterCard credit card.

The offer applies to a specified number of travel bookings that are:

- for Jetstar air travel or holiday services commenced and completed within a specified period; and
- made and paid for during a specified period using a MasterCard credit card.

The proposed promotional campaign is designed to reward holders of a MasterCard credit card who purchase travel from Jetstar using their MasterCard credit card during a specified period.

Competition Assessment

Relevant Market

The markets likely to be relevant to the notified conduct are the markets for:

- the provision of air travel and holiday services to Australian or international destinations; and
- the provision of consumer credit card, charge card and other payment facility services.

The market the provision of air travel and holiday services to Australian or international destinations is highly competitive. When it comes to booking holiday travel services, consumers have a number of

product options available to them with well over 25 international airlines servicing a range of international destinations and Jetstar, Virgin Blue, Qantas and Regional Express servicing most domestic destinations. Tiger Airways has also announced its intention to commence domestic operations this year.

The market for the provision of consumer credit card, charge card and other payment facility services in Australia is also highly competitive. Consumers have a number of product options available to them, including products provided by Diners, Amex, or similar products offered by large financial institutions on the Visa, Bankcard or MasterCard networks.

No Detriment

As indicated in the Guide to Authorisation and Notification for Third-line Forcing Conduct (February 1998), the ACCC will be more concerned about anti-competitive detriment where customers are forced to purchase a second product.

The notified conduct does not involve the forced purchase of a second product. Jetstar customers remain free to obtain air travel and holiday services from Jetstar without having to acquire credit card services from MasterCard.

Net Benefit

The notified conduct is intended to reward customers who use their MasterCard to purchase Jetstar air travel or holiday services during the specified promotional periods with a specified discount off the total cost of their booking.

We note that MasterCard is a popular form of electronic payment in Australia, where there are approximately 7.3 million MasterCard cardholders. This means that the offer is open to a significant proportion of the Australian public.

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

- provide consumers who make the choice to pay using their MasterCard with a lower-priced holiday travel option; and
- encourage competitors to provide similar benefits and reduced prices for consumers.

If the Commission requires any further information or has any questions regarding this Notification, please do not hesitate to contact me or Jill Henderson, Deputy General Counsel – Competition (02 9691 5799).

Yours sincerely



Brett Johnson
General Counsel

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

1. (a) Name of person giving notice:

N92913

Jetstar Airways Pty Ltd (ABN 33 069 720 243) (**Jetstar**)

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

Operation of international and domestic air travel and related services.

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

Brett Johnson
General Counsel
Qantas Airways Limited
Building A, Level 9
203 Coward Street
Mascot NSW 2020

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

Domestic and international air travel and related services.

(b) Description of the conduct or proposed conduct:

Jetstar proposes to run a series of promotional campaigns, offering a discount on certain Jetstar travel bookings made and paid for during a specific promotional period on the condition that consumers pay for such bookings using their MasterCard credit card.

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

MasterCard credit card holders who book travel and pay for that travel using their MasterCard during the specified promotional periods.

(b) Number of those persons –

(i) At present time:

As at the date of this notification, unknown.

(ii) Estimated within the next year:

As at the date of this notification, unknown

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

Not applicable

4. Names and address of person authorised by the person giving this notice to provide additional information in relation to this notice:

Brett Johnson
General Counsel
Qantas Airways Limited
Building A, Level 9
203 Coward Street
Mascot NSW 2020

DATED this 14th day of May 2007

SIGNED for and on behalf of **Jetstar Airways Pty Limited**



.....
Brett Johnson
General Counsel
Qantas Airways Limited

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 sub-section 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 sub-section 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 sub-section 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 sub-section 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.