

**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 (6) or (7) of that Act in which the person giving notice engages or proposes to engage.

**1 Applicant**

(a) Name of person giving notice:

Notification is given by the following companies:

**Commonwealth Bank of Australia** ACN 123 123 124 of Level 7, 48 Martin Place, Sydney, NSW (the "Bank"); N93134

and

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

**Toll Couriers** Level 7, 380 St Kilda Road Melbourne VIC 3004 N93135

**CellarMasters** Corner Barossa Valley Way and Siegersdorf Road  
Tanunda SA 5352 N93136

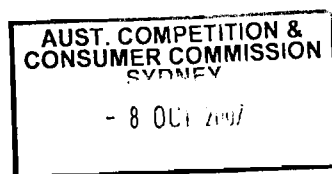
**Office Max** 636 Wellington Road Mulgrave, Melbourne, VIC. N93137

**Wish List** 93 Cook Street, Port Melbourne, 3207 N93138

**Priority Pass** GPO Box 9411, Hong Kong N93139

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

- The Bank provides banking and financial services, including credit card facilities, and holders of business credit cards issued by the Bank are offered an optional membership into the Bank's rewards program, the *Commonwealth Rewarding Business Program* ("**Program**").
- Toll Couriers is a provider of integrated logistics services aimed at delivery supply chain effectiveness for businesses through road fleets, warehousing, ships, air freight capacity, ports and rail rolling stock.
- Cellarmasters provides home delivered wine to customers Australia wide.
- Office Max provides office supplies and solutions to customers nation wide.
- Wish List is a gift retailer that operates online.
- Priority Pass provides airport VIP lounge access irrespective of the airline a customer uses or what class a customer travels in.



- (c) Address in Australia for service of documents on those persons:

Pauline Pereira  
General Manager  
Group Compliance – Group Risk Management  
Commonwealth Bank of Australia  
Level 8, 48 Martin Place  
Sydney NSW 2000

## 2 Notified arrangement

- (a) Description of the goods or services in relation to the supply or acquisition of which this notice relates:
- (i) The Bank offers credit cards to businesses for use in conducting their business (“**Cardholders**”). The Cardholders are eligible to utilise discounted good or services offered by the Reward Partners from time to time.
  - (ii) The Reward Partners offer the goods and services described in 1(b) above.
- (b) Description of the conduct or proposed conduct:

Cardholders will be offered from time to time through the Program newsletter and collateral marketing material, 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 Reward Partners are purchased in full or in part by a Cardholders using the Cardholder’s credit card linked to the Program.

The Reward 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 Cardholder, or that the Cardholder acquires the goods or services in full or in part by using the Cardholder’s credit card linked to 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 Reward Partners.

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

**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:

Cardholders and potential Cardholders.

(b) Number of those persons:

(i) At present time:

100,000

(ii) Estimated within the next year:

110,000

(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:**

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

- promote competition amongst service, credit card and reward 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.

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

Award programs in Australia allow members to use their credit cards to purchase goods and services. In return they gain a number of benefits:

- 1) In relation to the Program, members will on a regular basis be able to take advantage of consistent discounts, specific one-off discount offers and special promotional offers i.e. 10% off when you purchase at X store or receive X product when you spend X amount of money.
- 2) Other providers of business credit cards will be encouraged to provide similar offers and discounts which will have the flow on effect of increasing the ranges of offers and discounts that will be made available to members.
- 3) It will also encourage small businesses to use such business credit cards as an alternative to traditional lending.

Reward programs are very popular and are in high demand in the credit card market. As this program does not offer points based on a customer spend, and only provides discounts appropriate for business customers, this reward program will be of more benefit to business clients

## **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):**

Most banks in Australia offers a Reward program scheme in some form or another as part of their credit card offering. This includes National Bank of Australia, Citibank, ANZ, Westpac and of course the Bank. Banks offer a reward scheme for a number of reasons. The most significant being to encourage loyalty to their brand so that customers engage in the bank's services and products and in return members receive benefits for being in the program. Other factors include Partner affiliations which allow members to purchase goods at selected partners and in exchange earn or be able to receive goods or services at a discounted rate. There is a great deal of competition between banks as they attempt to offer new rewards in order to retain existing customers and acquire new customers.

## **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:**

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 Reward 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 Reward Partners are available for purchase by consumers independent of their membership in the Program.

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

As stated above most major card issuers offer a reward scheme to the general population and engage in vigorous competition for new and existing customers. Members of these schemes have a wide range of goods and services available to them as well as a wide range of card schemes to select from to suit their particular needs and desires. All card issuers offer varied levels of cards so that members can select which type of cards best suit their needs (e.g. some cards offer only selected reward offers while others offer greater variety).

**7 Further information**

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

Pauline Pereira  
General Manager  
Group Compliance – Group Risk Management  
Commonwealth Bank of Australia  
Level 8, 48 Martin Place  
Sydney NSW 2000  
Phone: (02) 9378 7993

Dated: 18 / 9 / 2007

Signed by/on behalf of the applicant

  
..... (Signature)

Pauline Pereira

General Manager, Group Compliance

