



**Australian
Competition &
Consumer
Commission**

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Our Ref: C2007/25-04
Contact Officer: Jaime Martin
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7 March 2008

Ms Gail Hambly
Group General Counsel
Fairfax Media Limited
GPO Box 506
SYDNEY NSW 2001

By email: NDeDomizio@mail.fairfax.com.au

Dear Ms Hambly

**Eastern Suburbs Newspapers (Wentworth Courier) exclusive dealing
notification N90330 – submission from News Limited**

As you are aware, the Australian Competition and Consumer Commission (ACCC) issued a draft notice on 10 December 2007 proposing to revoke the above mentioned notification.

Broadly, the notification concerns arrangements whereby real estate agents are offered discounted real estate print display advertising in the Wentworth Courier on condition that they agree to place 75 per cent of their total advertising volume for property located in the eastern suburbs of Sydney with the Wentworth Courier.

The ACCC received two public submissions in response to the draft notice. A copy of the public submission received from News Limited on 12 February 2008 is attached. All public submissions are available from the ACCC's website (www.accc.gov.au) by following the public registers link.

The ACCC is currently considering submissions received in response to its draft notice, prior to making a final decision regarding its review of this notification. In this regard, Fairfax Media Limited (Fairfax) is invited to make a submission in response to any of the issues raised in News Limited's submission and the draft notice more generally. In particular, the ACCC would appreciate receiving further information from Fairfax on the following issues:

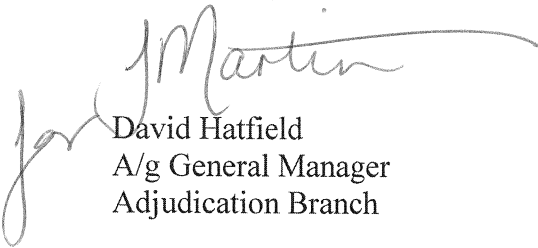
1. At page 13, News Limited submits that it is not the only publication to use proportional discounting for real estate advertising. Among other things, it claims that Fairfax Community Newspapers has also used a volume requirement in its contracts for real estate advertising in the St George and Sutherland Shire Leader. News Limited understands that between August 2005 and June 2007 real estate agents were offered a discount advertising rate on condition that they place 80 per cent of their total suburban real estate advertising spend with Fairfax Community Newspapers Pty Ltd. It believes that such arrangements continue to operate.
 - a) Please outline whether Fairfax has, or is currently, offering discounted real estate advertising rates to agents on condition that they agree to such a volume requirement. If so, please provide details of any such arrangement, including the proportion of the volume requirement, relevant publications, distribution areas and time period.
 - b) Please detail any other methods which are or could be used by Fairfax, or the industry more generally, to offer volume discounts to real estate agents without also placing a restriction on the volume of business they can offer competing publications. In your answer, please explain whether there are any practical limitations in doing so.
2. At page 5, News Limited submits that Domain East is a competitor for real estate advertising in the eastern suburbs, and it is a viable substitute to advertising in the Wentworth Courier. It claims therefore, that Domain East is a constraint on the Wentworth Courier's pricing.
 - a) The ACCC is interested in any further comments that Fairfax might have in response to this claim.
3. At page 19, News Limited submits the advertising contracts do not inhibit competitive responses from other suppliers of advertising space. In particular, it notes that Fairfax trialled distributing Domain East not only as an insert in the Sydney Morning Herald, but distributing it for free via letterbox delivery between late 2006 and early 2007.
 - a) Please confirm whether Fairfax conducted such a trial, the purpose of the trial and the reasons for discontinuing this method of distribution.

I would appreciate receiving your response by **Thursday, 20 March 2008**. As you are aware, persons lodging a submission with the ACCC may request that information included in the submission be excluded from the public register in certain circumstances. Guidelines for seeking exclusion from the public register are also attached.

A copy of this letter has been placed on the ACCC's public register.

Finally, I would also like to advise that due to internal restructuring there is a new project officer responsible for this matter. Should you have any questions please contact Jaime Martin on (03) 9290 1477 or at jaime.martin@acc.gov.au.

Yours sincerely


David Hatfield
A/g General Manager
Adjudication Branch