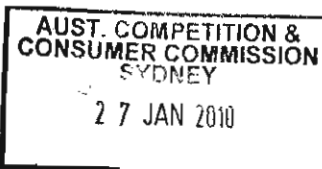


Deputy General Counsel – Competition
Jill Henderson



19 January 2010

Dr Richard Chadwick
General Manager
Adjudication Branch
Australian Competition and Consumer Commission
Level 7
Angel Place
123 Pitt Street
Sydney NSW 2001
adjudication@acc.gov.au

FILE No:
DOC:
MARS/PRISM:

Dear Dr Chadwick

Third Line Forcing Notification: Jetstar Airways Pty Limited

We are filing this notification on behalf of Jetstar Airways Pty Limited (Jetstar) a wholly owned subsidiary of Qantas Airways Limited (Qantas).

Enclosed with this letter is:

- a Form G exclusive dealing notification pursuant to section 93(1) of the Trade Practices Act 1974 (TPA); and
- a cheque for the sum of \$100, being the prescribed lodgement fee.

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

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

Notified Conduct

Jetstar Airways Pty Limited supplying or offering to supply airfares and/or other travel content at a particular price, or giving or allowing a discount or credit in relation to the supply of airfares and/or other travel content, in Australia via www.jetstar.com from time to time on condition that the customer has applied for a Jetstar-branded MasterCard issued by Macquarie Bank Limited ('Macquarie').

Competition Assessment

Relevant Markets

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

- the sale of airfares and other travel content through direct and indirect channels; and
- the provision of credit, debit and/or charge cards and other non-cash payment facilities.

The market for the sale of airfares and other travel content is highly competitive. Consumers can pay for airfares and other travel content directly through suppliers such as airlines, major hotels or through agents or other intermediaries. They can also acquire "packaged" airfare and travel content. This market includes on-line booking channels as well as more conventional "bricks and mortar" retail outlets.

The market for the provision of credit, debit and/or charge cards and other non-cash payment facilities is also equally competitive. Consumers have a number of services which they can acquire, including products provided by American Express and Diners Club, or similar products offered by large financial institutions on the Visa, Bankcard or MasterCard networks.

No Detriment

The notified conduct enables customers access to promotional offers including discounted airfares and other travel content at a particular price via jetstar.com during certain promotional periods if they have applied for a Jetstar MasterCard or Jetstar Platinum MasterCard issued by Macquarie. Customers are free to pay for the promotional offers by any available method on jetstar.com.

Customers will continue to be able to book and pay for the promotional offers through jetstar.com without acquiring the services of Macquarie. Similarly, customers of Macquarie remain free to pay for airfares and travel content from any vendor.

Net Benefit

The notified conduct will benefit the public as it will:

- provide customers with access to promotional offers including discounted airfares and other travel content on jetstar.com and therefore allow them to access lower-priced travel; and
- encourage other sellers to provide similar benefits and reduced prices for consumers.

If you have any further questions regarding this matter please call me on +61 2 9691 5799.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Jill Henderson', with a long horizontal flourish extending to the right.

Jill Henderson
Deputy-General Counsel - Competition

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)

N94453

Jetstar Airways Pty Limited ABN 33 069 720 243

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

Operation of international and domestic air travel and related services

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

Jill Henderson
Deputy General Counsel - Competition
Qantas Airways Limited
203 Coward Street
Mascot NSW 2020

2. Notified arrangement

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

The sale of airfares and other travel content and the provision of credit, debit and/or charge cards.

- (b) Description of the conduct or proposed conduct:
(Refer to direction 4)

Jetstar Airways Pty Limited supplying or offering to supply airfares and/or other travel content at a particular price, or giving or allowing a discount or credit in relation to the supply of airfares and/or other travel content, in Australia via www.jetstar.com from time to time on condition that the customer has applied for a Jetstar-branded MasterCard issued by Macquarie Bank Limited ('Macquarie').

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)

Customers who have applied for a Jetstar MasterCard or Jetstar Platinum MasterCard and who purchase airfares and/or certain other travel services in

Australia at jetstar.com. Customers will have access to the airfares and/or other travel content regardless of whether Macquarie approves the credit application. Customers will not be required to pay for those airfares and/or other travel services using a Jetstar MasterCard or Jetstar Platinum MasterCard.

(b) Number of those persons:

(i) At present time:

Approximately 300,000 passengers book through jetstar.com per month. Approximately 350,000 consumers have already applied for the Jetstar MasterCard or Jetstar Platinum MasterCard.

(ii) Estimated within the next year:

(Refer to direction 6)

Jetstar anticipates bookings per month to average approximately 300,000 per month over the next year. Jetstar anticipates an additional 100,000 consumers will apply for a Jetstar MasterCard or Jetstar Platinum MasterCard over the next year.

(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 notified conduct will benefit the public as it will:

- provide customers with access to promotional offers including discounted airfares and/or other travel content and therefore allow them access to lower-priced airfares and/or other travel services; and
- encourage other sellers to provide similar benefits and reduced prices for consumers.

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

See 2(b) above.

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)

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

- the sale of airfares and other travel content through direct and indirect channels; and
- the provision of credit, debit and/or charge and other non-cash payment facilities.

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)

We submit that there is no public detriment associated with the conduct. The notified conduct simply enables customers access to promotional offers including discounted airfares and/or certain other travel services in Australia from jetstar.com during certain promotional periods. Customers are free to pay for the particular offers including discounted airfares or travel content by any available method on jetstar.com.

Customers will continue to be able to book and pay for airfares and other travel services through jetstar.com without acquiring the services of Macquarie. Similarly, customers of Macquarie remain free to pay for airfares and other travel services from any vendor.

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

See 6(a) above.

7. Further information

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

Jill Henderson
Deputy General Counsel - Competition
Qantas Airways Limited
203 Coward Street
Mascot NSW 2020
Ph 02 9691 5799

Dated 19 January 2010

Signed by/on behalf of the applicant



Jill C Henderson

Qantas Airways Limited.

Deputy General Counsel – Competition

