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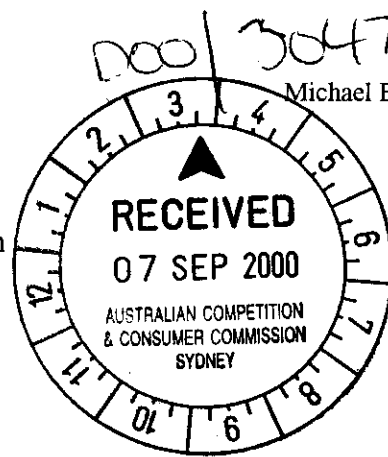


TRESS COCKS & MADDOX
LAWYERS, AUSTRALIA

SYDNEY ▲ MELBOURNE ▲ BRISBANE

7 September 2000

Tim Grimwade
Acting General Manager of Adjudication
Australian Competition & Consumer Commission
470 Northbourne Avenue
DICKSON ACT 2602



Contact:
Michael Bracken - Partner
9228 9431

Our Ref:
006752

Dear Mr Grimwade

ENDEAVOUR CREDIT UNION LIMITED - EXCLUSIVE DEALING NOTIFICATION

We act for Endeavour Credit Union Limited (*Endeavour*) in relation to their notification of proposed potential third line forcing conduct.

Please find attached an Exclusive Dealing Notification from Endeavour. The notification relates to Endeavour's proposal to offer a new financial services package known as the "Complete Home Loan Package" ("the Package").

A customer who takes up the Package will receive a discount off the application fee (the fee will be waived) for specified new Endeavour housing loans. A customer is only entitled to the discounted application fee if they also acquire one of a number of policies of insurance from a list of insurers nominated by Endeavour. As part of the Package customer must also choose 2 of 3 other financial product options each issued by Endeavour.

Endeavour wishes to offer the Package to meet customer demand for home loan packages and to compete with similar packages offered by its competitors.

Endeavour believes that the proposed Package will not result in any public detriment given the competition in the relevant market. Endeavour further submits that if there is any detriment, Endeavour believes that it would be outweighed by the benefits to the public in the form of lower effective prices for financial products and having a single liaison point for acquiring the home loan and insurance products.

LEVEL 20, 135 KING STREET, SYDNEY NSW 2000, AUSTRALIA
POSTAL ADDRESS: GPO BOX 7085, SYDNEY NSW 2001, AUSTRALIA
TELEPHONE: (61 2) 9221 2744. DX: 123 SYDNEY. FAX: (61 2) 9221 4988.
Internet Home Page: www.tcm.com.au

MELBOURNE OFFICE: LEVEL 9, 469 LATROBE STREET, MELBOURNE VIC 3000, AUSTRALIA. TELEPHONE: (61 3) 9602 9444. DX: 402 MELBOURNE. FAX (61 3) 9642 0382.
BRISBANE OFFICE: LEVEL 27, 1 EAGLE STREET, BRISBANE QLD 4000, AUSTRALIA. TELEPHONE: (61 7) 3002 5000. DX: 248 BRISBANE. FAX (61 7) 3002 5001.

A MEMBER OF THE AMERICAN LAW FIRM ASSOCIATION - ALFA INTERNATIONAL
LIABILITY LIMITED BY THE SOLICITORS SCHEME, APPROVED UNDER THE PROFESSIONAL STANDARDS ACT 1994 (NSW)



If you have any questions about the notification please do not hesitate to call me.

Yours faithfully

Michael Bracken
Partner
Email: msb@acm.com.au

encl.

1:MHC-006752-004.DOC/MHC

FORM G
COMMONWEALTH OF AUSTRALIA
Trade Practices Act 1974 – Subsection 93(1)

**EXCLUSIVE DEALING
NOTIFICATION**

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 in subsection 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.

(PLEASE READ DIRECTIONS AND NOTICE ON BACK OF FORM)

1.	<p>(a) Name of person giving notice</p> <p>Endeavour Credit Union Limited (ABN 45 087650 020) 545 Kent Street SYDNEY NSW 2000</p> <p>(b) Short description of business carried on by that person</p> <p>Banking and financial services including deposit taking activities and lending for personal or business purposes.</p> <p>(c) Address in Australia for service of documents on that person</p> <p>c/o Michael Bracken Tress Cocks & Maddox Level 20, 135 King Street SYDNEY NSW 2000</p>
2.	<p>(a) Description of the good or services in relation to the supply or acquisition of which this notice relates</p> <p>Products and Services supplied by Endeavour Credit Union being banking and financial services, financial products, at-call deposits, transaction accounts, cheque accounts, credit accounts, term deposits home loans, credit cards.</p> <p>Products and Services supplied by Swann Insurance (Aust) Pty Ltd (Swann Insurance) being insurance and financial services and products being mortgage protection and consumer credit insurance.</p> <p>Products and Services supplied by Royal & Sun Alliance Insurance Australia Ltd (Royal & Sun) being insurance and financial services and products in particular home and contents insurance, home insurance, personal property insurance, commercial insurance and personal insurance.</p> <p>Products and Services supplied by Western QBE Insurance Ltd (Western QBE) being insurance and financial services and products being home and contents insurance, home insurance, personal property insurance, commercial insurance and personal insurance.</p> <p>Products and Services supplied by CGU Insurance Ltd (CGU) being insurance and financial services and products in particular home and contents insurance, home insurance, personal property insurance, commercial insurance and personal insurance.</p>

(b) Description of the Conduct or proposed conduct

It is proposed that Endeavour will offer a reduced standard one year fixed interest rate and waive the standard application fee for specific new housing loans supplied by Endeavour on the following terms:

- (i) the customer has or opens a transaction account with Endeavour;
- (ii) the customer chooses one of a number of insurance products including a home and/or contents insurance policy, mortgage protection insurance from a list of insurers nominated by Endeavour being Swann Insurance, Western QBE, Royal and Sun Alliance, CGU; and
- (iii) the customer chooses any 2 of the following options at the time of acquiring the home loan:
 - a Visa credit card issued by Endeavour;
 - an Endeavour direct credit service to pay wages directly into the customer's Endeavour account;
 - an Endeavour automatic loan repayment service to repay the package home loan from the customer's Endeavour account.

It is possible that the proposed conduct may contravene Section 47(6) in that:

Endeavour will give or allow a discount by waiving the application fee for specific Endeavour home loans on condition that the customer acquire an insurance product (supplied by entities other than Endeavour) and 2 of 3 product options listed above, as part of its Complete Home Loan Package.

It is possible that the proposed conduct may contravene Section 47(7) in that:

Endeavour may not offer the same level of discount on the application fee for a specific home loan if a customer does not take the Complete Home Loan Package which includes products supplied by entities other than Endeavour Credit Union.

Endeavour believes that the proposed conduct will provide a public benefit:

- for customers who have a need for the products, the Complete Home Loan Package offers a genuine saving on the total price of the products if they were acquired separately rather than as part of the package;
- for customers generally, the convenience of one liaison point for a home loan/insurance product package.

The discount off the application fee is not exclusive to the Complete Home Loan Package. Endeavour offers discounts off its home loan application fees to existing customers who meet specific profiles under other offers. These customers do not have to take the Complete Home Loan Package to get a discount on the application fee.

Customers are not obliged to take the Complete Home Loan Package. All products in the offer can be acquired separately and independent of the other. Customers are free to choose individual products or take the package on a normal commercial basis. Existing customers may obtain the reduced standard one year fixed interest rate on specific new housing loans without taking the Complete Home Loan Package. Pricing is transparent as the price of individual products is not affected by the package and customers can make an informed choice about acquisition of individual products either as part of the package or individually.

Customers will be offered the same interest rate on the specific Endeavour home loans which make up the Complete Home Loan Package irrespective of whether they obtain the loan as part of the package.

Endeavour believes that the proposed conduct is not anti-competitive. The Complete Home Loan Package is similar to numerous other home loan packages being offered by Endeavour's competitors.

Endeavour operates in a competitive financial services market with many providers and competition is vigorous. Accordingly Endeavour's conduct will not lessen or substantially lessen competition in the market for relevant financial products and insurance products.

Endeavour does not have substantial market power in the relevant market and estimates its approximate market share of the home loan market is

It is unlikely that there will be detriment to the public from the proposed conduct and in any event it would be outweighed by benefit to the public in the form of savings to customers through a lower effective price of financial products and a single liaison point for acquisition of financial products and services.

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

The conduct relates to offers to be made initially to existing customers of Endeavour and then to the public generally.

(b) **Number of those persons:**

(i) **At present time**

Offers will be made to existing members of Endeavour who already have an account with Endeavour. The estimated number of customers who will be receiving the offer in the next 2 months

(ii) **Estimated within the next year**

It is envisaged that the offer will be widened to the public generally within the next 12 months.

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

Not applicable.

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

Michael Bracken
Tress Cocks & Maddox
Level 20, 135 King Street
SYDNEY NSW 2000

Dated: 7 September 2000

Signed on behalf of the person giving this notice



Michael Stephen Bracken
Solicitor

FOLIOS

RESTRICTION OF PUBLICATION

Claimed

Granted

Decision Pending

market Share figures & customer numbers .