



ZURICH

D01/26620



Adjudication Branch
Australian Competition & Consumer Commission
PO BOX 1199
DICKSON ACT 2602



Date 14 August 2001

McMillan Shakespeare Australia Pty Limited - Third Line Forcing Notification

Dear Sir/Madam

Please find enclosed a third line forcing notification lodged on behalf of McMillan Shakespeare Australia Pty limited ("McMillan Shakespeare"), together with a cheque in the amount of \$100.00, representing the applicable lodgment fee.

As you may be aware, McMillan Shakespeare is a member of Zurich Financial Services Australia Group. If you have any queries in relation to this notification, or require further information, my contact telephone number is (02) 9391 1041.

Thank you for your assistance with this matter.

Yours sincerely

Zurich Financial Services
Australia Limited
ABN 11 008 423 372

Aaron Evans
Legal Counsel & Assistant Company Secretary
Zurich Financial Services Australia Limited

Level 8, Zurich House
5 Blue Street, North Sydney NSW
2060

PO Box 677
North Sydney NSW 2059

DX 10531, North Sydney

Telephone +61 2 9391 1111

Direct phone +61 2 9391 1041
Direct fax +61 2 9391 1106
E-mail aaron.evans
@zurich.com.au

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

1. (a) Name of person giving Notice

McMillan Shakespeare Australia Pty Limited (ACN 082 449 036) of Level 4, 321 Exhibition Street, Melbourne, Victoria (“McMillan Shakespeare”).

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

McMillan Shakespeare is engaged in the business of providing salary-packaging services to consumers on behalf of their employers.

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

Mr Aaron Evans
Zurich Financial Services Australia Limited
Level 8, “Zurich House”
5 Blue Street, North Sydney NSW 2060

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

The following services provided by McMillan Shakespeare are the subject of this notification:

- (i) McMillan Shakespeare provides a service that facilitates the ability of its clients’ employees to purchase goods and services for household or domestic use, directly from the employee’s salary packaged funds. Payments for those goods and services are made by McMillan Shakespeare directly to the supplier from the employee’s packaged funds, in accordance with the instructions of the employee.

- (ii) McMillan Shakespeare will provide a service that facilitates the ability of its clients' employees to purchase meals and entertainment services directly from their employer's funds. This service is offered to clients who are eligible to claim an exemption or rebate from Fringe Benefits Tax under the *A New Tax System (Fringe Benefits) Act 2000*. Payments for meal entertainment expenses are made directly by McMillan Shakespeare to the National Australia Bank from the clients' funds.

National Australia Bank Limited offers VISA credit account facilities to businesses and consumers.

2. (b) Description of conduct or proposed conduct

McMillan Shakespeare proposes to simplify the administration of salary packaging services and meal entertainment for the benefit of its clients and their employees. Under the current arrangement, employees must complete expense forms and submit those forms to McMillan Shakespeare for processing, before expenses are paid. This administrative requirement can cause delays and impair the employees' ability to make payments promptly.

The proposal is that employees of McMillan Shakespeare clients will be entitled to purchase goods and services for household or domestic use directly from their salary packaged funds, using a 'Salary Packaging VISA Card' issued by the National Australia Bank. Similarly, employees of some McMillan Shakespeare clients will be entitled to incur meal entertainment expenses using a 'Meal Entertainment Payment VISA Card.' McMillan Shakespeare will promptly meet the expenses charged to employee VISA Cards in accordance with its arrangement with the National Australia Bank.

The main advantage of the proposed arrangement is that employees will no longer be required to complete additional paperwork prior to meeting their expenses from packaged funds. McMillan Shakespeare clients and their employees will not be liable for interest charges if their VISA cards are used in accordance with the applicable terms and conditions. Other benefits of the proposed arrangement for McMillan Shakespeare clients include:

- Fast and simple administration of salary packages;
- The opportunity to package a wider range of expense benefits; and
- Improved access to salary packaged funds for employees.

It is not the intention of McMillan Shakespeare to force employees of its clients to acquire a VISA card facility from the National Australia Bank. For clients and their employees who choose not to acquire a VISA card from the National Australia Bank, McMillan Shakespeare will continue to offer packaging of household or domestic goods and services and meal entertainment under the existing arrangements. The conduct of McMillan Shakespeare will in no way prevent or hinder clients or their employees from acquiring credit card facilities of any kind from an institution of their choice.

McMillan Shakespeare will be required to apply considerable administrative resources to processing transaction data, transferring funds and maintaining the service on a daily basis. For this reason, it is not commercially viable for McMillan Shakespeare to offer employees of its clients the opportunity to participate in the program by using cards issued by a competing financial institution.

The introduction of the proposed Salary Packaging VISA Card and the Meal Entertainment VISA Card will generate significant efficiency gains and other benefits to consumers. It is our view that the proposed arrangement has a pro-competitive effect on the salary packaging market. This initiative should increase pressure on McMillan Shakespeare's competitors to offer new, innovative and lower cost services in order to maintain existing market shares.

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

Customers of McMillan Shakespeare Australia Pty Limited

3. (b) Number of those persons

- (i) At present time: Offers will be made to existing clients.
- (ii) Estimated within the next year: Offers will be made to prospective clients.

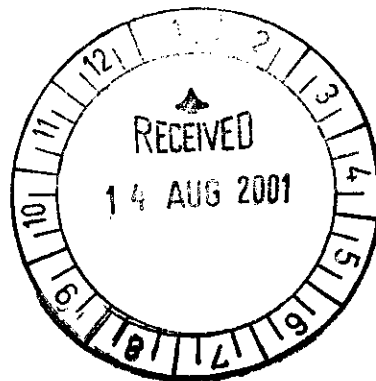
3. (c) Where number of persons stated in item 3(b)(i) is less than 50, their names and addresses.

Not applicable

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

Mr Aaron Evans
Zurich Financial Services Australia Pty Limited
Level 8, Zurich House
5 Blue Street
NORTH SYDNEY NSW 2060

Dated 14 August 2001



Aaron Evans
Aaron Evans
Company Secretary
McMillan Shakespeare Australia Pty Limited