

16 July 2002

Regional Director  
New South Wales  
Australian Competition & Consumer  
Commission  
Level 5, Skygarden  
77 Castlereagh Street  
Sydney NSW 2000  
**By Hand**

ABN 47 702 595 758  
The Chifley Tower  
2 Chifley Square  
Sydney NSW 2000  
Australia  
Tel 61 2 9230 4000  
Fax 61 2 9230 5333  
*Correspondence*  
GPO Box 50  
Sydney NSW 2001  
DX 105 Sydney  
www.aar.com.au

Dear Sir

**Third Line Forcing Notifications**

We enclose two notices under s93(1) of the Trade Practices Act (being related notifications) together with a cheque for \$1,200. If you require any additional information in relation to the notices please contact me on 9230 4994 or, in my absence, Carolyn Oddie on 9230 4203.

Yours faithfully  
  
**Catherine Parr**  
Partner  
Catherine.Parr@aar.com.au  
Tel 61 2 9230 4994



**Our Ref** CPPS:205017677

cpps S0110961328v1 205017677 16.7.2002

Sydney  
Melbourne  
Brisbane  
Perth  
Gold Coast  
Port Moresby  
Singapore  
Hong Kong  
Jakarta  
Shanghai  
Bangkok  
Phnom Penh

**FORM G**

Regulation 9

**COMMONWEALTH OF AUSTRALIA**

*Trade Practices Act 1974 - Sub-section 93(1)*

**EXCLUSIVE DEALING:**

**NOTIFICATION**

To the Australian Competition & 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) or (7), of that Act in which the person giving notice engages or proposed to engage.

1. (a) **Name of person giving notice:**  
Westpac Life Insurance Services Limited (ABN 31 003 149 157)
- (b) **Short description of business carried on by that person:**  
Insurance Services
- (c) **Address in Australia for service of documents on that person:**  
C/- Catherine Parr  
Allens Arthur Robinson,  
Level 17, Chifley Tower,  
2 Chifley Square  
Sydney, NSW 2000
2. (a) **Description of the goods or services in relation to the supply or acquisition of which this notice relates:**  
Income protection insurance
- (b) **Description of the conduct or proposed conduct:**  
See Attachment A.
3. (a) **Class or classes of persons to which the conduct relates:**  
Consumers of the products referred to in 2(a) above.
- (b) **Number of those persons:**  
Substantially greater than 50.
- (c) **Where number of persons stated in item 3(b)(i) is less than 50, their names and addresses:**  
Not applicable.

**FORM G - continued**

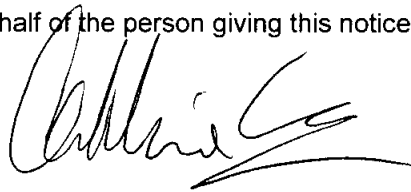
**4. Name and address of person authorised by the person giving this notice to provide additional information in relation to this notice:**

Catherine Parr  
Allens Arthur Robinson  
Level 17, Chifley Tower  
2 Chifley Square  
SYDNEY NSW 2000

Dated: 16 July 2002

Signed on behalf of the person giving this notice:

(Signature)



CATHERINE PARR

PARTNER, ALLENS ARTHUR ROBINSON

solicitors for the person giving  
this notice

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## ATTACHMENT A

### Description of Proposed Conduct for Exclusive Dealing Notification

#### Background

Westpac Banking Corporation (the **Bank**) provides a range of financial services to its customers, including loans, deposit accounts, credit cards, personal loans and financial advice.

Westpac Life Insurance Services Limited (**Westpac Life**) is a wholly owned subsidiary of the Bank which provides products including income protection insurance to insure against a wide range of defined events in relation to periods for which the insured may be unable to continue their employment.

The Hospital Contributions Fund Australia Ltd (**HCF**) is a non profit Australian health benefit fund which itself or through its subsidiaries provides a range of health and ancillary benefits including sickness, accident and life insurance products.

#### Proposed Conduct

It is proposed that the Bank will offer to customers of HCF a pricing advantage on a range of products and services including home loans, investment property loans, personal loans, credit cards, transaction accounts, term deposits and financial planning. For example, the pricing advantage might be:

- waiver of one or more repayments on a home or investment property loan of a principal amount which is below a specified limit;
- waiver of the annual package fee on a package which offers special pricing for loans of not less than a certain amount;
- waiver of a monthly service fee on a transaction deposit account;
- waiver of the annual card fee on certain credit cards;
- bonus interest on certain term deposits;
- a reduced interest rate and/or waiver of an establishment fee on a personal loan;
- a cash incentive payment for customers who switch from another financial service provider; and/or
- a discount on the cost of preparation of a financial plan.

The Bank's proposal is the subject of a separate, but related, notification under section 93(1) of the Trade Practices Act 1974.

In conjunction with the Bank's offer Westpac Life will offer to customers of HCF a discount on annual premiums for income protection insurance.

We are instructed that the objective of the arrangements between the Bank, Westpac Life and HCF is:

- from HCF's perspective, to offer its members benefits and advantages which extend beyond its core products to reinforce the value of HCF membership; and

- from the perspective of the Bank and Westpac Life, to promote the range of financial products and services offered by them and increase the awareness of customers, and prospective customers, of the special benefits which can be obtained from a relationship with the Westpac Group.

Westpac Life is able to offer the advantageous pricing on income protection policies because the arrangements reached between the Bank and HCF are likely to introduce a large number of new customers.

#### **Section 47(6) and (7)**

It is possible that the proposed conduct described above might involve conduct of the kind in Sections 47(6) or (7) of the Trade Practices Act in that Westpac Life may not offer the same pricing advantage on an equivalent policy to a customer who is not also a member of HCF.

However Westpac Life does offer reduced premiums under other offers and to other customers with particular profiles from time to time, so it is not the case that these or similar benefits can only ever be obtained if the customer is also a member of HCF.

#### **Public Benefit**

The proposed conduct is not anti-competitive. Offering the package is intended to stimulate demand for financial products offered by the Bank and Westpac Life and for membership of HCF (an objective consistent with current federal government policy of encouraging private health fund membership).

Westpac Life's income protection products are available independently of the proposed arrangements. Customers are free to choose, on the normal commercial basis of quality and price, whether to obtain a "standard" policy with Westpac Life or to join HCF and obtain the benefits referred to above. Customers are also free to choose, if they do join HCF, whether they take out insurance with, or take any other product or service from, the Bank or Westpac Life or not.

The proposal does not lead to any loss of transparency in the pricing of individual products or services. Customers are able to make an informed decision on the offer.

The proposal is of benefit to individuals who have a need for financial services and are or want to be members of HCF as it offers genuine cost savings on what most customers could obtain if they take out equivalent insurance with Westpac Life separately. Accordingly, the proposal will serve to increase competition.

Given that each of Westpac Life, the Bank and HCF has numerous competitors offering numerous competing products there is no likelihood that the proposed conduct will lessen or substantially lessen competition.