

FILE NO:
002/66846
MARS/PRISM:

COMMONWEALTH OF AUSTRALIA

N 40547

Trade Practices Act 1974 - Subsection 93(1)

**Exclusive Dealing: - Notification**

Form G

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), (c) or (d) of that Act in which the person giving notice engages or proposes to engage.

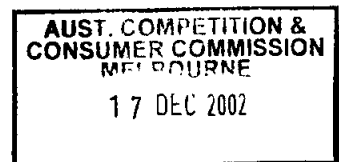
(PLEASE READ DIRECTIONS AND NOTICE ON BACK OF FORM)

1. (a) Name of person giving notice:  
RACV SALES AND MARKETING PTY LTD ACN 005 258 702 ("THE COMPANY")  
  
(b) Short description of business carried on by that person:  
THE COMPANY PROVIDES INSURANCE PRODUCTS AS AN AGENT, HOME SECURITY, DRIVING SCHOOL, TOURING AND TICKETING SERVICES AS WELL AS MARKETING AND RETAIL SERVICES FOR ROYAL AUTOMOBILE CLUB OF VICTORIA (RACV) LTD.  
  
(c) Address in Australia for service of documents on that person:  
123 QUEEN STREET MELBOURNE VICTORIA 3000
2. (a) Description of the goods or services in relation to the supply or acquisition of which this notice relates:  
RACV TRAVEL INSURANCE.  
  
(b) Description of the conduct or proposed conduct:  
  
THE COMPANY MAY OFFER SPECIAL BENEFITS, CONDITIONS AND DISCOUNTS ON RACV TRAVEL INSURANCE PRODUCTS TO MEMBERS OF ROYAL AUTOMOBILE CLUB OF VICTORIA (RACV) LTD ACN 004 060 833.
3. (a) Class or classes of persons to which the conduct relates:  
PERSONS PURCHASING RACV TRAVEL INSURANCE PRODUCTS.  
  
(b) Number of those persons -  
(i) At present time: 1000 per month  
(ii) Estimated within the next year: 15,000  
  
(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 this notice to provide additional information:  
JOHN SANDERSON, GENERAL MANAGER TOURISM AND TRAVEL, RACV SALES AND MARKETING PTY LTD, LEVEL 2, 550 PRINCES HIGHWAY NOBLE PARK 3174

Dated: 12 DECEMBER 2002

Signed on behalf of the person giving this notice

  
.....  
EXECUTIVE GENERAL MANAGER  
RACV SALES AND MARKETING PTY LTD



## NOTIFICATION APPLICATION - SUPPORTING SUBMISSION

**Submission in support of notification of exclusive dealing by RACV Sales and Marketing Pty Ltd (ACN 005 258 702) dated 12 December 2002 in accordance with section 93(1) of the Trade Practices Act 1974.**

This submission supports a notification of exclusive dealing lodged by RACV Sales and Marketing Pty Ltd ("RACV Sales and Marketing") with the Australian Competition and Consumer Commission ("the Commission").

In accordance with the Commission's *Guide to authorisation and notification for third line forcing conduct* (February 1998), this submission identifies the public benefits and detriment likely to result from the notified conduct. It also provides information on relevant products and markets.

### **1. The notified conduct**

RACV Sales and Marketing may provide special benefits, conditions and discounts on RACV Travel Insurance products to members of Royal Automobile Club of Victoria (RACV) Ltd ACN 004 060 833 ("RACV Ltd").

### **2. Relevant products and markets**

The first product is a travel insurance product and the second product is a motor vehicle breakdown assistance product based on membership. Both products are offered in Victoria only. RACV Sales and Marketing does not have a significant share of the travel insurance sales market in Victoria (its share is currently around 6%). RACV Ltd's share of a relevant market in Victoria is dependent on how broadly or narrowly that market is defined. Currently, RACV Ltd has around 1.3 million members.

### **3. Public Benefits**

The proposed conduct is a competitive response by RACV Sales and Marketing and RACV Ltd. It provides members of RACV Ltd who purchase RACV Travel Insurance products from RACV Sales Marketing with special benefits, conditions and discounts.

Consumers are not, however, compelled to acquire both products together and may purchase either product separately, albeit without receiving the special benefits, conditions and discounts on RACV Travel Insurance products from RACV Sales and Marketing.

### **4. Detriment**

There is no detriment associated with the proposed conduct. As a manifestation of competitive conduct in a highly competitive marketplace, the conduct is an initiative with demonstrable benefits for consumers.

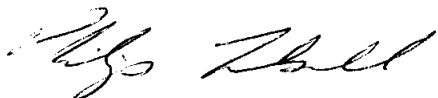
## 5. Assessment

The proposed conduct falls within the following description of third line forcing conduct noted by the Commission on page 17 of its *Guide*:

*“The Commission is unlikely to be concerned where potential purchasers have a genuine choice, based on quality and price, whether or not to purchase product A alone or to accept the supplier’s third line forcing terms for the package of products A and B.*

*In particular, third line forcing conduct under which customers can buy the package of products A and B at a real saving on the total price of the products bought separately in competitive markets, has positive benefits in terms of competition and consumer welfare and would not be opposed by the Commission.”*

For these reasons and based on the information provided in this submission and the Form G Notification which it supports, it is submitted that the notified conduct should not be opposed by the Commission.



Executive General Manager  
RACV Sales and Marketing Pty Ltd

12 December 2002