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Regulation 9

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-sections 47(6) or (7) of that Act in which the person giving notice proposes to engage.

1. (a) Name of person giving notice:

St John Ambulance Australia South Australia Inc ABN 42 947 425 570 (St John Ambulance (SA))

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

Not-for-profit, charitable provision of health care services including free first aid services at public and sporting events, first aid services in civil emergencies, conduct of first aid courses and provision of first aid kits and manuals.

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

Peter Gill
Chief Executive Officer
85 Edmund Avenue
UNLEY SA 5061

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

Provision of first aid courses and first aid kits.

(b) Description of the conduct or proposed conduct:

Background

St John Ambulance (SA) is a not-for-profit charitable organisation which provides, among other services, first aid courses and first aid kits to members of the public.

The following entities are members of Insurance Australia Group (IAG):

- CGU Insurance Limited ABN 27 004 478 371
- Insurance Australia Limited ABN 11 000 016 722
- SGIO Insurance Limited ABN 30 058 277 866

- SGIC General Insurance Limited ABN 68 069 065 158

jointly referred to as the **IAG Members**.

As a part of their business operations, the IAG Members, among other products and services, provide the following products and services to their policyholders:

- (i) home buildings insurance;
- (ii) home contents insurance;
- (iii) combined home buildings and contents insurance,

jointly referred to below as the **Relevant Insurance Products**.

As a part of a package of benefits that the IAG Members wish to offer policyholders over 50 years of age, an arrangement is proposed between the IAG Members and St John Ambulance (SA), whereby St John Ambulance (SA) will offer any person a discount on St John Ambulance's (SA) first aid courses and first aid kits (**St John's first aid products**) on the condition that the person is 50 years of age or older and has acquired any of the Relevant Insurance Products from any of the IAG Members (**50+ Policyholder**) or is a co-insured of a 50+ Policyholder in respect of the Relevant Insurance Product.

St John Ambulance (SA) understands that other benefits in the package referred to in the preceding paragraph are likely to include:

- a discount on home security systems provided by Insurance Australia Limited; and
- a discount on travel insurance provided by CGU Insurance Limited.

The package may also include limited free consultations provided by selected legal firms.

St John Ambulance (SA) understands that each of the entities offering these benefits proposes to lodge a separate notification with the Commission.

Notified Conduct

St John Ambulance (SA) provides notice of a proposal to provide a discount on St John's first aid products to 50+ Policyholders and persons who are a co-insured of a 50+ Policyholder in respect of the Relevant Insurance Product.

The notified conduct is proposed to take place throughout South Australia.

While St John Ambulance (SA) does not admit that the notified conduct constitutes a third line force within the meaning of section 47 of the Act, it lodges this notification for the avoidance of any doubt.

The prohibition on third line forcing is designed to prevent distortions in a target market (ie the third line market) caused by a supplier in another market using

whatever power it has to direct potential customers to a particular supplier in the target market.

The effect of any third line forcing in the present case will be relevantly insignificant for at least the following reasons.

- (i) The conduct will only apply in relation to persons who acquire any of the Relevant Insurance Products from any of the IAG Members.

Table 1 of Confidential Annexure A shows the total number of the Relevant Insurance Products policies issued by the IAG Members in 2002-2003 to persons of all ages.

Table 2 of Confidential Annexure A shows the IAG Members' estimated market shares in markets for the Relevant Insurance Products issued to persons of all ages in 2002-2003. The market shares show that the proportion of the market for the Relevant Insurance Products affected by the notified conduct is not significant.

- (ii) The conduct only affects persons 50 years of age or older, or co-insureds of such persons in respect of the Relevant Insurance Products, rather than all potential purchasers of the Relevant Insurance Products.
- (iii) St John Ambulance (SA) will continue to offer first aid products to persons who have not acquired the Relevant Insurance Products from any of the IAG Members.
- (iv) The IAG Members will continue to offer the Relevant Insurance Products to all persons whether or not those persons acquire first aid products. There is no obligation to acquire first aid products from St John Ambulance (SA) or any other person. Further, persons acquiring the Relevant Insurance Products from the IAG Members and who also wish to acquire first aid products are free to purchase them from any other organisation, rather than from St John Ambulance (SA), if they so wish.

(c) Benefits of the Proposed Conduct:

The proposed conduct will provide benefit, in the form of a discount on first aid courses and first aid kits, to members of the public over 50 years of age and their co-insureds.

The proposed conduct does not require any person to acquire first aid products. It does not preclude persons who have acquired any of the Relevant Insurance Products from an IAG Member and who wish to acquire first aid products from acquiring them from an organisation other than St John Ambulance (SA). Persons insured by the IAG Members are not required to deal with St John Ambulance (SA) and are free to make their own arrangements in regards to first aid courses and first aid kits.

St John Ambulance (SA) submits that the notified conduct will not involve detriment to the public, but rather will benefit the public.

4.

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

Persons who are 50 years of age or older and who acquire the Relevant Insurance Products from the IAG Members, and co-insureds of such persons in respect of the Relevant Insurance Products.

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

See paragraph 2(b) above.

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

N/A


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

Peter Gill
Chief Executive Officer
85 Edmund Avenue
UNLEY SA 5061


Telephone: (08) 8306 6990
Facsimile: (08) 8306 6995

Dated: 20th February 2004

Signed on behalf of the person giving this notice


.....
(Signature)


.....
(Full Name)


.....
(Description)

AUST. COMPETITION &
CONSUMER COMMISSION
SYDNEY

24 FEB 2004