



18 May 2006

AUST. COMPETITION &  
CONSUMER COMMISSION  
MELBOURNE  
11 8 MAY 2006

Australian Competition and Consumer Commission  
Level 35  
The Tower  
360 Elizabeth Street  
Melbourne Central  
Melbourne Vic 3000

FILE No:
DOC:
MARS/PRISM:

Dear Sir,

**Exclusive Dealing Notification by Esso Employees' Credit Union Ltd**

I enclose on behalf of Esso Employees' Credit Union Ltd -

- an exclusive dealing notification
- a cheque for \$1000, being the lodgement fee.

This notification is one of three related notifications to be submitted in relation to this dealing. The related notifications, from Allianz Australia Insurance Ltd and CUNA Mutual Life Australia, have been lodged separately through your Sydney office.

Please do not hesitate to contact me on (03) 9270 3088 if you have any queries.

Yours sincerely

**ESSO EMPLOYEES' CREDIT UNION**

Glenis Blincoe

**MANAGER, COMPLIANCE AND RISK MANAGEMENT**

**Esso Employees' Credit Union Ltd**

ABN 35 087 650 039 AFSLN 244 356

BSB 802-254

Telephone 1300 65 3328

Website [www.eecu.com.au](http://www.eecu.com.au)

**Melbourne**

Level 1, 12 Riverside Quay, Southbank Vic 3006

M GPO Box 4000, Melbourne Vic 3001

F 03 9270 3993

E [melbourne@eeecu.com.au](mailto:melbourne@eeecu.com.au)

**Sale**

113 Cunninghame St, Sale Vic 3850

M 113 Cunninghame St, Sale Vic 3850

F 03 5143 2716

E [sale@eeecu.com.au](mailto:sale@eeecu.com.au)

N40983

# 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(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 NOTICES ON BACK OF FORM)

1. (a) Name of person giving notice  
**Esso Employees' Credit Union Ltd ABN 35 087 650 039**

Note: *Separate related notifications are to be lodged by the two service providers involved in the arrangements -*

- *Allianz Australia Insurance Ltd, and*
- *CUNA Mutual Life Australia Ltd*

(b) Short description of business carried on by that person  
**Financial Services - Lending, dealing and advising in basic deposit products and non-cash payment facilities, arranging general and travel insurance.**

c) Address in Australia for service of documents on that person  
**Level 1,  
12 Riverside Quay, Southbank Vic 3006**

2. (a) Description of the goods or services in relation to the supply or acquisition of which this notice relates  
**Package of financial services as described in Attachment A.**

(b) Description of the conduct or proposed conduct  
**It is proposed to provide discounts on a range of services provided by the credit union and third party suppliers. It is optional whether the products are taken up or not but the discounts are only available if the customer also takes up the EECU Package for a fee of \$250 per annum (as described in Attachment A)**

3. (a) Class or classes of persons to which the conduct relates  
**Members of Esso Employees' Credit Union - those who are borrowing from the credit union and taking up related insurance services**

(b) Number of those persons--  
(i) At present time - **5,500 members**  
(ii) Estimated within the next year - **100 members**

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

4. Names and address of person authorised by the person giving this notice to provide additional information in relation to this notice. - **Glenis Blincoe**

**Esso Employees' Credit Union Ltd,  
Level 1, 12 Riverside Quay Southbank, Vic 3006.  
Tel 03 9270 3088      gblincoe@eecu.com.au**

Dated 17 May, 2006

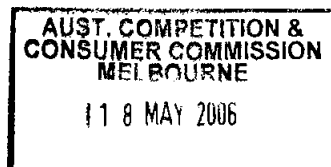
Signed by/on behalf of the applicant giving notice

*Glenis Blincoe*

Glenis Blincoe (Signature)

Manager Compliance (Full Name)

+ Risk Management (Description)



**Attachment A**  
**Form G – Exclusive Dealing Notification**

**1. Introduction**

- 1.1 This attachment contains the submission of Esso Employees' Credit Union Ltd ABN 35 087 650 039 ('EECU') in support of the attached notification of exclusive dealing lodged under section 93(1) of the *Trade Practices Act 1974*

**2. Background**

- 2.1 EECU is an authorised deposit-taking institution under the *Banking Act 1959* and is also an Australian Financial Services licensee. The business carried out by EECU includes lending, dealing and advising in basic deposit products and non-cash payment facilities, arranging general insurance, travel insurance and consumer credit insurance.
- 2.2 EECU acts as agent for Allianz Australia Insurance Limited ('Allianz') and CUNA Mutual Life Australia Limited ('CUNA Mutual') the insurance companies through whom the insurance services are provided.

**3. EECU Package**

- 3.1 Members of EECU may apply for an EECU Package, which then entitles them to a number of optional benefits, which include discounts on several services - some of which are discounts on insurance provided by third parties.
- 3.2 After paying the \$250 package fee (which is an annual charge) the member is then entitled to take up any of the components of the package - which includes the following:
- An EECU mortgage secured loan with no set-up costs.
  - Discount (currently 0.10%) on EECU's standard mortgage loan interest rate.
  - Pre-approved \$5,000 EECU overdraft facility.
  - \$100.00 discount, paid by EECU, on Consumer Credit Insurance premium (if taken) -. *Insurance is with a third party provider nominated by EECU – to be limited to either CUNA Mutual or Allianz.*
  - 10% discount on Home and Contents Insurance -*with third party - Allianz*
  - Waiving of the following EECU fees - progress payment, further advances, contract variations, loan switching and personal loan application.
- 3.3 It is optional for members to choose which of the products from the package they require (none is reliant on the other to obtain the discount), however they must purchase the EECU package to receive the discounts.

**4. Benefits**

- 4.1 EECU members who choose to take up the package will benefit as they have the opportunity for savings, not only on the EECU discounted loan rate and fee waivers but also as a result of the discounts on insurance available as part of the package.

*Public benefits of the conduct*

- 4.2 There are a number of similar packages available in the marketplace. As a result, the public generally benefits by paying lower insurance premiums overall as a result of the trend to offer discounts for insurance when bundled with other financial products.

**5. Effect on Competition**

- 5.1 EECU has only 5,500 members of whom only a small proportion (estimated at approximately 100 per year) is likely to take up the package. While they must purchase an EECU product in order to obtain discounts on third party insurance services, these members represent an extremely small section of the overall market.

- 5.2 The effect of the behaviour of such a small number would not have a significant anti-competitive effect. In addition to this, there are a number of similar options and packages already available in the wider market within Australia, which also offer other competitively-priced choices to individuals in the market for insurance services.
- 5.3 It is considered that the conduct is in fact pro-competitive and offers public benefits because:
- EECU customers holding an EECU package will be offered a benefit in the form of cheaper home and contents insurance (refer related notification lodged by Allianz) and discount, paid by EECU, on consumer credit insurance - if taken out with either CUNA Mutual or Allianz.
  - The conduct will promote competition, as it will encourage competitors in the markets of EECU, Allianz and CUNA Mutual to offer discounts of a similar nature.

**6. Conclusion**

- 6.1 The package provides public benefits (to EECU members) who have the opportunity to 'bundle' products save money on fees and insurances associated with their EECU loan.
- 6.2 The anticipated take up of 100 individuals per annum is insignificant when considered in the context of the size of the market in Australia
- 6.3 The ACCC's register of Authorisations and Notifications contains a number of notifications of conduct involving the bundling of products (similar to EECU's proposed package) from different markets such as financial services and insurance.
- 6.4 As discussed above, it is considered that
- The public benefit from the notified conduct is expected to far outweigh any potential public detriment.
  - There are a number of similar packages already available in the marketplace that offer discounts on insurance (this may be considered an example of competitive forces in operation in response to this activity).
  - The ACCC should therefore not oppose the notified conduct and should allow the notification to stand, without issuing notice under section 93(3A) of the *Trade Practices Act 1974*.