

COMMONWEALTH OF AUSTRALIA

Trade Practices Act 1974 - Subsection 93(1)

N 41021

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:
R.A.C.V. FINANCE LIMITED ACN 004 292 291 ("RACV FINANCE")

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

(c) Address in Australia for service of documents on that person:
550 PRINCES HIGHWAY NOBLE PARK VICTORIA 3174
2. (a) Description of the goods or services in relation to the supply or acquisition of which this notice relates:
CAR AND PERSONAL LOANS

(b) Description of the conduct or proposed conduct:

RACV FINANCE WILL FROM TIME TO TIME OFFER DISCOUNTS (BASED ON YEARS OF MEMBERSHIP OR OTHER CRITERIA) AND/OR OTHER SPECIAL OFFERS ON ITS CAR AND PERSONAL LOANS TO MEMBERS OF THE ROYAL AUTOMOBILE CLUB OF QUEENSLAND LIMITED ("RACQ") AND THE ROYAL AUTOMOBILE CLUB OF TASMANIA LIMITED ("RACT").
3. (a) Class or classes of persons to which the conduct relates:
MEMBERS OF RACQ AND RACT THAT TAKE OUT CAR AND PERSONAL LOANS WITH RACV FINANCE

(b) Number of those persons – 550
(i) At present time: CONDUCT HAS NOT COMMENCED
(ii) Estimated within the next year:

(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:
JAMES DOWNING, 550 PRINCES HIGHWAY NOBLE PARK VICTORIA 3174

Dated: AUGUST 2006

Signed on behalf of the person giving this notice


JAMES DOWNING
GENERAL MANAGER, R.A.C.V. FINANCE LIMITED

DIRECTIONS

1. If there is insufficient space on this form for the required information, the information is to be shown on separate sheets, numbered consecutively and signed by or on behalf of the person giving the notice.
2. If the notice is given by or on behalf of a corporation, the name of the corporation is to be inserted in item 1(a), not the name of the person signing the notice, and the notice is to be signed by a person authorised by the corporation to do so.
3. In Item 1(b), describe that part of the business of the person giving the notice in the course of which the conduct is engaged in.
4. If particulars of a condition or of a reason of the type referred to in subsection 47(2), (3), (4), (5), (6), (7), (8) or (9) of the *Trade Practices Act 1974* have been reduced in whole or in part to writing, a copy of the writing is to be provided with the notice.
5. In item 3(a), describe the nature of the business carried on by the persons referred to in that item.
6. In item 3(b)(ii), state an estimate of the highest number of persons with whom the person giving the notice is likely to deal in the course of engaging in the conduct at any time during the next year.

NOTICE

If this notice is in respect of conduct of a kind referred to in subsection 47(6) or (7), or paragraph 47(8)(c) or (9)(d), of the *Trade Practices Act 1974* ("the Act"), it comes into force at the end of the period prescribed for the purposes of subsection 93(7A) of the Act ("the prescribed period") unless the Commission gives a notice under subsection 93A(2) of the Act within the prescribed period, or this notification is withdrawn.

The prescribed period is 21 days (if this notification is given on or before 30 June 1996) or 14 days (if this notification is given after 30 June 1996), starting on the day when this notification is given.

If the Commission gives a notice under subsection 93A(2) of the Act within the prescribed period, this notification will not come into force unless the Commission, after completing the procedures in section 93A of the Act, decides not to give a notice under subsection 93(3A) of the Act. The notification comes into force when that decision is made.

If this notification is in respect of conduct of a kind referred to in subsection 47(2), (3), (4) or (5), or paragraph 47(8)(a) or (b) or 9(a), (b) or (c), of the Act, it comes into force when it is given.

NOTIFICATION APPLICATION - SUPPORTING SUBMISSION

This submission supports a notification of exclusive dealing lodged by R.A.C.V. Finance Limited ACN 004 292 291 ("RACV Finance") with the Australian Competition and Consumer Commission ("the Commission") on August 2006 in accordance with section 93(1) of the Trade Practices Act 1974.

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 Finance will from time to time offer discounts (based on years of membership or other criteria) and/or other special offers on its car and personal loans to members of The Royal Automobile Club of Queensland Limited ("RACQ") and The Royal Automobile Club of Tasmania Limited ("RACT").

2. Relevant products and markets

RACV Finance has arrangements with RACQ and RACT whereby it provides car and personal loans to RACQ and RACT members and customers under the RACQ and RACT brands. RACQ operates predominantly in Queensland and RACT operates predominantly in Tasmania.

The market for car and personal loans in both States is highly competitive. RACV Finance does not have a significant share of the relevant market in either State.

RACQ and RACT offer membership-based road service products in their respective States. RACQ and RACT are significant providers of road service in their respective States.

3. Public Benefits

The proposed conduct is a competitive response by RACV Finance and RACQ and RACT. It allows consumers who are or become members of RACQ or RACT to receive a discount on the standard interest rate for a car or personal loan offered by RACV Finance and/or other special offers in relation to a car or personal loan offered by RACV Finance.

Consumers are not compelled to acquire one product to obtain the other. The products can be obtained separately albeit without the interest rate discount or other special offer on car or personal loans offered by RACV Finance available to members of RACQ or RACT.

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.

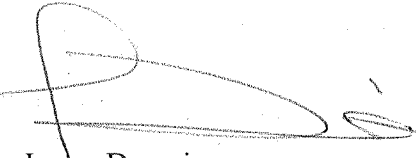
5. Assessment

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.


James Downing
General Manager
R.A.C.V. Finance Limited

August 2006

