

FILE No:

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MARS/PRISM:

Form G

Commonwealth of Australia

Trade Practices Act 1974 — subsection 93 (1)

NOTIFICATION OF EXCLUSIVE DEALING

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 subsections 47 (2), (3), (4), (5), (6), (7), (8) or (9) of that Act in which the person giving notice engages or proposes to engage.

PLEASE FOLLOW DIRECTIONS ON BACK OF THIS FORM

1. Applicant

- (a) Name of person giving notice:
(Refer to direction 2)

N95225

The Police Department Employees' Credit Union Limited ABN 95 087 650
799 (PCU)

- (b) Short description of business carried on by that person:
(Refer to direction 3)

PCU is a credit union which was initially established for members of the law enforcement services and their families, but is now open to all persons.

PCU supplies to its customers, being natural persons and companies, a range of retail banking products and services.

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

c/- Robert Neely
Henry Davis York
44 Martin Place
Sydney NSW 2000

2. Notified arrangement

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

Variable interest rate home loan to be marketed by PCU as a low cost home loan.

Services offered by the Customs Officers Association Australia ("COA") to their members, including industrial, legal, administrative and welfare support services.

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- (b) Description of the conduct or proposed conduct:

PCU proposes to launch a new Basic Home Loan product ("BHL Product"), a variable interest rate home loan which is to be marketed as a low cost home loan.

The BHL Product is being offered exclusively to members of the COA. Loan officers will conduct checks to verify that applicants are members of the COA.

An existing customer of the PCU who is not a member of the COA is not eligible to apply for the BHL Product.

The COA provides services to members, including (but not limited to): employment, industrial and administrative support services.

(Refer to direction 4)

3. Persons, or classes of persons, affected or likely to be affected by the notified conduct

- (a) Class or classes of persons to which the conduct relates:
(Refer to direction 5)

Members of the COA.

- (b) Number of those persons:

- (i) At present time:

The PCU estimates that the COA has approximately 5500 members.

- (ii) Estimated within the next year:
(Refer to direction 6)

The PCU estimates that within the next year the COA will have approximately 6000 members.

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

Not applicable.

4. Public benefit claims

- (a) Arguments in support of notification:
(Refer to direction 7)

The notified conduct will be of benefit to the public for the following reasons:

- it may reduce the costs to customers of a home loan product and may allow customers to repay their mortgages more quickly, as the interest rate is currently up to 0.62% cheaper than similar products offered by PCU's major competitors;
- it is being offered in response to a similar product currently available to members of the COA and has been priced competitively; and
- it will promote competition in the relevant markets by encouraging other providers of banking products and services to offer similar low cost home loan products.

- (b) Facts and evidence relied upon in support of these claims:

PCU's standard variable interest rate for home loans is currently 7.24% pa which is significantly lower than the major competitors in the market whose current standard variable interest rates are as follows:

- Commonwealth Bank - 7.81%
- ANZ - 7.80%
- National Australia Bank - 7.67%
- Westpac - 7.86%

5. Market definition

Provide a description of the market(s) in which the goods or services described at 2 (a) are supplied or acquired and other affected markets including: significant suppliers and acquirers; substitutes available for the relevant goods or services; any restriction on the supply or acquisition of the relevant goods or services (for example geographic or legal restrictions):
(Refer to direction 8)

Australian retail home loan market.

6. Public detriments

- (a) Detriments to the public resulting or likely to result from the notification, in particular the likely effect of the notified conduct on the prices of the goods or services described at 2 (a) above and the prices of goods or services in other affected markets:
(Refer to direction 9)

The notified conduct will not cause any detriment to the public or lessen competition in the markets for the relevant products and services as:

- (a) there is no element of forcing in the proposed arrangement as eligible customers are likely to be existing members of the COA;
 - (b) there is no cost to the customer in acquiring services from the COA if they are existing members;
 - (c) it is arguable that membership of the COA does not entitle members to acquire services from the relevant union "in trade or commerce";
 - (d) a customer not eligible for the BHL Product is not precluded from entering into an arrangement with another credit union or bank and terminating the relationship with PCU at any time;
 - (e) the process and arrangements are replicating what customers may achieve by using other credit unions and banks who offer similar home loan products; and
 - (f) there are various competitors in the market for home loan products and for banking products and services and there are many competitors.
- (b) Facts and evidence relevant to these detriments:
Not applicable.

7. Further information

- (a) Name, postal address and contact telephone details of the person authorised to provide additional information in relation to this notification:

Name: Robert Neely

Ph: (02) 9456 6290

Postal Address: Henry Davis York
44 Martin Place
Sydney NSW 2000

Dated.....15/12/10.....

Signed by/on behalf of the applicant



(Signature)

ROBERT NEELY

(Full Name)

HENRY DAVIS YORK

(Organisation)

PARTNER

(Position in Organisation)

DIRECTIONS

1. In lodging this form, applicants must include all information, including supporting evidence that they wish the Commission to take into account in assessing their notification.

Where there is insufficient space on this form to furnish the required information, the information is to be shown on separate sheets, numbered consecutively and signed by or on behalf of the applicant.

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. Describe that part of the business of the person giving the notice in the course of the which the conduct is engaged in.
4. If particulars of a condition or of a reason of the type referred to in section 47 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. Describe the business or consumers likely to be affected by the conduct.
6. State an estimate of the highest number of persons with whom the entity giving the notice is likely to deal in the course of engaging in the conduct at any time during the next year.
7. Provide details of those public benefits claimed to result or to be likely to result from the proposed conduct including quantification of those benefits where possible.
8. Provide details of the market(s) likely to be affected by the notified conduct, in particular having regard to goods or services that may be substitutes for the good or service that is the subject matter of the notification.
9. Provide details of the detriments to the public which may result from the proposed conduct including quantification of those detriments where possible.