

Dr Richard Chadwick  
General Manager, Adjudication Branch  
Australian Competition and Consumer Commission  
Level 20  
175 Pitt Street  
Sydney NSW 2000

26 August 2011

Our ref 608/15255/80087827

Dear Dr Chadwick

**Woolworths Limited: third line forcing notification**

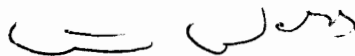
We act for Woolworths Limited (**Woolworths**).

Please find enclosed on behalf of Woolworths:

1. a Notification of Exclusive Dealing (Form G) by each of Woolworths and the following five Woolworths subsidiaries:
  - (a) Australian Independent Retailers Pty Ltd ;
  - (b) Dick Smith Electronics Pty Limited;
  - (c) Masters Home Improvement Australia Pty Ltd
  - (d) Blue Mountains Hardware Pty Ltd;
  - (e) John Danks and Son Proprietary Limited; and
2. the applicable lodgement fee of \$600 (being \$100 per applicant).

Woolworths understands that the issuers of the Woolworths-branded insurance products (referred to in the attached Form G) will each be lodging separate notifications in respect of related conduct.

Yours sincerely



**Kirsten Webb, Partner**  
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## Form G

Commonwealth of Australia  
*Competition and Consumer Act 2010 — 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 *Competition and Consumer Act 2010*, 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)

This notification is made on behalf of the following corporations:

- N95535 (i) Woolworths Limited ABN 88 000 014 675 and each of the following subsidiaries of Woolworths Limited:
- N95536 A. Australian Independent Retailers Pty Ltd ABN 66 004 678 675;
- N95537 B. Dick Smith Electronics Pty Limited ABN 34 000 908 716;
- N95538 C. Masters Home Improvement Australia Pty Ltd ABN 21 066 891 307
- N95539 D. Blue Mountains Hardware Pty Ltd ABN 75 131 802 465;  
and
- N95540 E. John Danks and Son Proprietary Limited ABN 64 004 037 049,

together referred to in this notification as **Woolworths**.

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

Woolworths Limited is an Australian retail company listed on the ASX. Woolworths conducts a number of businesses including the operation of retail outlets for food and grocery, liquor, petrol, general merchandise, consumer electronics, home improvement and hardware, the operation of online businesses and the provision of financial services.

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

Woolworths Limited  
1 Woolworths Way  
Bella Vista NSW 2153

## 2. Notified arrangement

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

It is proposed that Woolworths will establish two related alliances:

- (i) A general alliance - between Woolworths Limited, The Hollard Insurance Company Pty Ltd ABN 78 090 584 473 (**HIC**) and Swiss Reinsurance Company ABN 43 007 479 941 (**Swiss Re Co**) which will govern the development, implementation, management, operation and administration of general insurance policies bearing a brand owned or operated by Woolworths, to be issued by HIC.
- (ii) A life alliance - between Woolworths Limited, Swiss Re Life & Health Australia Limited ABN 74 000 218 306 (**Swiss Re Life & Health**), Hollard Financial Services Pty Ltd ABN 53 128 692 884 (**HFS**) and Hollard Administration Services Pty Ltd ABN 12 112 196 148 (**HAS**) which will govern the development, implementation, management, operation and administration of life insurance policies bearing a brand owned or operated by Woolworths, to be issued by Swiss Re Life & Health.

For the purposes of this notification, HIC, HFS and HAS will be referred to together as "**Hollard**" and Swiss Re Co and Swiss Re Life & Health will be referred to together as "**Swiss Re**".

The purpose of the two related alliances is to develop, implement, manage, operate and administer insurance programs under which, amongst other things, Hollard and Swiss Re will each respectively provide services to customers by issuing general insurance and life insurance policies bearing a brand owned or operated by Woolworths (**Branded Insurance Products**).

The proposed arrangement relates to:

- (iii) services provided by Hollard and/or Swiss Re in issuing the respective Branded Insurance Products; and
  - (iv) goods and/or services provided by Woolworths to customers of Woolworths (including those who are or become Woolworths Everyday Rewards members) who acquire the Branded Insurance Products.
- (b) Description of the conduct or proposed conduct:  
(Refer to direction 4)

Customers of Woolworths (including those who are or become Woolworths Everyday Rewards members) who acquire a Branded Insurance Product will be entitled to receive benefits from one or more of Woolworths, Hollard or Swiss Re (such as entitlements to discounts on premiums payable in relation to a Branded Insurance Product or accrual of points redeemable for certain goods/services, vouchers and/or entitlements to discounts, special gift offers or bonus offers) (**Benefits**).

The notified conduct is as follows:

- (i) Woolworths will offer to supply, and supply, Benefits to persons on condition that such persons acquire insurance services from one of

Hollard or Swiss Re (being the acquisition of a particular Branded Insurance Product); and

- (ii) Woolworths will not supply Benefits to persons who have not acquired insurance services from one of Hollard or Swiss Re (being the acquisition of a particular Branded Insurance Product).

**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)

The conduct relates to:

- (i) holders of a Branded Insurance Product;
- (ii) persons wishing to acquire a Branded Insurance Product;
- (iii) persons seeking Benefits who have not acquired a Branded Insurance Product or membership to the Woolworths Everyday Rewards program.

- (b) Number of those persons:

- (i) At present time:

None

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

Unknown but substantially more than 50.

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

N/A

**4. Public benefit claims**

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

The proposed conduct will provide the following benefits to the public:

- (i) the introduction of new insurance products in the form of the Branded Insurance Products, which will provide insurance customers with a broader range of insurance options offering alternative features and a range of value added benefits;
- (ii) the promotion of competition among authorised insurance providers, for example by prompting competitors of Hollard and Swiss Re in respect of the Branded Insurance Products to provide value added benefits to the benefit of their insurance customers;
- (iii) the promotion of competition in the pricing for products and services provided by competitors of Woolworths by encouraging them to make value-added offers to their customers; and

- (iv) the availability of Benefits (such as discounted goods and services) on an optional basis to holders or potential holders of the relevant Branded Insurance Products.

The significant public benefits outlined above outweigh any potential public detriment which may arise from the conduct.

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

The Benefits from Woolworths, Hollard and Swiss Re are valuable to many retail customers and the ability to choose to acquire them without additional charge may benefit the individual customer.

The Benefits and any terms and conditions applying to the Benefits will be clearly disclosed to customers. Any change in the Benefits offered or any additional Benefit will be notified to customers at the time any particular Benefits are made available to those customers.

## 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)*

The relevant markets are:

- (i) national or more localised retail market(s) for goods or services, including food, groceries, liquor, petrol, general merchandise, consumer electronics, home improvement and hardware and financial services (**Goods Market(s)**);  
and
- (ii) the national market(s) for the provision of insurance services including general insurance by insurers authorised under the *Insurance Act 1973* (Cth), life insurance by insurers registered under the *Life Insurance Act 1995* (Cth) and other related insurance products (**Insurance Market(s)**).

## 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 proposed conduct will have little or no public detriment.

- (b) Facts and evidence relevant to these detriments:

The proposed conduct will not substantially lessen competition in the relevant markets for the following reasons:

### **Goods Market(s)**

- (i) the retail market(s) for goods and services (including food, groceries, liquor, petrol, general merchandise, consumer electronics, home

improvement and hardware and financial services) is highly competitive and contains a large number of competitors; and

- (ii) customers not holding or applying for a Branded Insurance Product continue to have access to goods and services offered for sale by Woolworths at regular competitive prices and to special offers made available by Woolworths to its customers generally and specifically to persons who are or become Woolworths Everyday Rewards members from time to time.

**Insurance Market(s)**

- (i) competition in the Insurance Market(s) is vigorous and competitive;
- (ii) consumers will be able to acquire a Branded Insurance Product without being or becoming a Woolworths Everyday Rewards member; and
- (iii) consumers have a number of choices of insurance providers authorised under the *Insurance Act 1973* (Cth) and *Life Insurance Act 1995* (Cth).

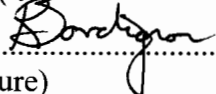
**7. Further information**

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

Rod Bordignon  
Group Legal Manager, Corporate and Commercial  
Woolworths Limited  
1 Woolworths Way  
Bella Vista NSW 2153

Dated..... 26 August 2011 .....

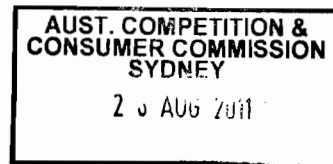
Signed by/on behalf of the applicant

  
.....  
(Signature)

R. BORDIGNON  
.....  
(Full Name)

WOOLWORTHS LIMITED  
.....  
(Organisation)

GROUP LEGAL MANAGER  
.....  
(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 *Competition and Consumer Act 2010* 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.