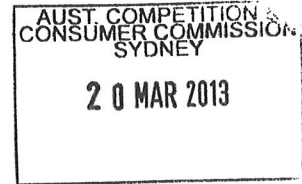


Our Ref: RHW:245277

20 March 2013

General Manager - Adjudication Branch
Australian Competition and Consumer Commission
Level 20
175 Pitt Street
SYDNEY NSW 2000



BY HAND

Dear Sir

Form G - Notification of Third Line Forcing Exclusive Dealing

We act for Police & Nurses Limited (**P&N Bank**) and enclose:

- (a) Form G – Notification of Exclusive Dealing for lodgement; and
- (b) a cheque on behalf of our client in the amount of \$100 in payment of the filing fee.

P&N Bank is a member-owned bank based in Western Australia. P&N Bank supplies financial services such as deposit accounts, non-cash payment services and credit facilities.

In order to promote its services and compete more effectively in the market, P&N Bank wishes to be able to cross promote services with marketing partners. This may involve offering customers discounts, allowances, rebates or credits on P&N Bank services where customers acquire certain products from a marketing partner. As an example, P&N Bank proposes to offer a \$200 rebate to consumers who switch their home loan to P&N Bank and insure their home with QBE.

P&N Bank believes that the proposed conduct will assist it to compete more effectively in a market dominated by the major banks which are vastly larger and more powerful than P&N. As P&N Bank possesses little or no market power in any market in which it competes, and since customers will always remain free to acquire relevant products from other suppliers, P&N Bank believes that no public detriment is likely to result from the proposed conduct.

If you require any further information to consider this notification, please do not hesitate to contact me.

Yours sincerely
HWL Ebsworth



Richard Westmoreland
Partner

Writer: Richard Westmoreland | (02) 9334 8717 |
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Postal: GPO Box 5408 Sydney, New South Wales 2001
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Facsimile: 1300 369 656 (Australia) | +61 3 8615 4301 (International)
DX: DX 129 Sydney

Brisbane
Canberra
Melbourne
Norwest
Sydney

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)

N96675 Police & Nurses Limited (ACN 087 651 876) (P&N Bank)

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

Provision of retail banking services, including home loans and other credit products.

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

Chief Risk Officer
P&N Bank
PO Box 8609
Perth BC Western Australia 6849

2. Notified arrangement

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

Retail banking services, including home loans and other credit products.

- (b) **Description of the conduct or proposed conduct:**
(Refer to direction 4)

P&N Bank may, from time to time, offer to give or allow discounts, allowances, rebates or credits in relation to the any of its services on condition that customers acquire goods or services, such as insurance, from a nominated marketing partner of P&N Bank.

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)

Customers and potential customers of P&N Bank.

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

- (i) **At present time:**

At the date of this notification, P&N had approximately 101,400 customers.

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

Unknown.

- (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 proposed conduct will generate public benefits as it will:

- (a) allow P&N Bank to provide discounts and other benefits that may not otherwise be available to customers who acquire products from P&N Bank's marketing partners; and
- (b) also assist P&N Bank to compete more effectively in a market dominated by the major banks, providing consumers with competitive options and helping to constrain the market power of the major banks.

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

Please refer to item 4(a) above.

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 services described at 2(a) are supplied in a range of retail banking markets which may be regional or national in scope.

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)

For the following reasons, the notified conduct will not be likely to give rise to any detriments to the public:

- P&N Bank accounts for only a small market share and possesses no market power in any of the markets in which it competes. For example, even in its home state of Western Australia, P&N Bank only accounts for in the order of 2.4% of finance for owner occupied residential housing. Nationally, its share of such finance is less than 0.4%. The markets in which P&N Bank competes are dominated by the major banks, meaning that P&N Bank is competitively constrained in all its activities. As a result, the notified conduct cannot confer

on P&N Bank any ability to "charge more or give less" in any area of its activities.

- The notified conduct will assist P&N Bank to differentiate its products and provide greater value to its customers. It will therefore assist P&N Bank to compete more effectively and help constrain the market power of the major banks with which P&N Bank is competing.
- Customers will not be under any compulsion to take up any of P&N Bank's offers with its marketing partners. Customers will remain free to choose their own supplier and not acquire goods or services from P&N Bank's marketing partners.

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

Please refer to item 6(a) above.

7. **Further information**

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

Richard Westmoreland
HWL Ebsworth
Level 14, Australia Square
264-278 George Street
Sydney NSW 2000
Phone: (02) 9334 8717
Email: rwestmoreland@hwle.com.au

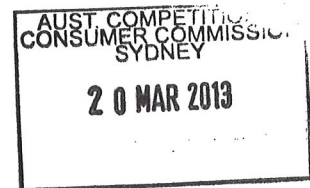


Dated: 20 March 2013

Signed on behalf of the applicant

A handwritten signature in blue ink, appearing to read "Richard Westmoreland".

Richard Westmoreland
Partner, HWL Ebsworth



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 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.