

8 August 2014

The General Manager
Adjudication Branch
Australian Competition and Consumer Commission

Email: adjudication@accc.gov.au

QOA Taxi Cover Pty Ltd Notification of exclusive dealing

We act for QOA Taxi Cover Pty Ltd ACN 165 604 731 (**QOATC**).

Attached is a Form G *Notification of exclusive dealing*.

The conduct the subject of the notification relates to conduct QOATC intends to undertake in the operation of a discretionary mutual fund to be established and known as QOA Taxi Cover (**Fund**).

The Fund is an unregistered managed investment scheme. When a member contributes money to the Fund, it is pooled together with other member's contributions. QOATC then manages the use of the contributions to pay benefits to members and meet the management, administration and operating costs of the fund (including the acquisition of insurance policies). Benefits of the Scheme include repairs to taxis following collisions (own damage or third party), public liability and personal accident cover to the drivers

In a discretionary mutual fund, members' entitlements are at the discretion of the trustee of the fund. In the case of the Fund, the trustee is QOATC. Each claim will be considered by QOATC on its merits and circumstances. QOATC has absolute discretion to refuse a claim. The discretion also allows QOATC to exercise its power so that in unexpected or special or unusual circumstances it may pay claims, which would ordinarily be excluded.

QOATC also has the discretion to decide whom to admit to membership and the discretion to decide whether or not to accept a member's application for membership. Only taxi operators are entitled to apply for membership of the Fund. Members of the Fund have the right to have a claim for cover considered by QOATC and QOATC has the discretion to grant a member's claim for cover.

It is important to note that an interest in the Fund is not a contract of insurance.

The conduct the subject of the Form G notification relates to benefits to be provided to members on the condition that they choose to have repairs to their taxis conducted by recommended repairers nominated by QOATC, or other repairers who are authorised on an ad hoc basis (collectively, Recommended Repairers).

The benefit is that if the insured chooses to have their taxi repaired by a Recommended Repairer, QOATC may exercise its discretion to cover the cost of all authorised repairs performed by the repairer (subject to any excess or deductible). If the member chooses not to have their taxi repaired by a Recommended Repairer, QOATC may not exercise its discretion to pay the repairer's quoted costs of the repair and may instead settle with the member for a cash sum that QOATC considers reasonable in accordance with the Product Disclosure Statement for the Fund.

Fees of \$100 have been paid by electronic funds transfer.

Please contact us if you have any queries.

CNM Legal

Sincerely



Chris Mee
Principal
CNM Legal

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E cmee@cnmlegal.com.au

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)

N97667 QOA Taxi Cover Pty Ltd ACN 165 604 731 (**QOATC**)

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

Discretionary mutual fund.

- (c) Address in Australia for service of documents on that person:
30 Staple Street, Seventeen Mile Rocks, QLD 4073

2. Notified arrangement

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

Benefits offered to members relating to their interests in the discretionary mutual fund to be operated by QOATC (**Fund**).

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

If the members choose to have their taxi repaired by a Recommended Repairer, QOATC may exercise its discretion to cover the costs of all authorised repairs performed by the repairer (subject to any excess or deductible). If the member chooses not to have their taxi repaired by a Recommended Repairer, QOATC may not exercise its discretion to pay the repairer's quoted costs of the repair and may instead settle with the member for a cash sum that QOATC considers reasonable in accordance with the Product Disclosure Statement for the Fund.

This benefit will be offered in accordance with the Product Disclosure Statement for the Fund.

(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)

Persons who are members of the Fund, which is limited to owners or licensees of a taxi.

- (b) Number of those persons:

- (i) At present time:

Nil.

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

400 to 500

- (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)

QOATC believes the following benefits will flow from the proposed conduct:

- Encouraging quality repairs to motor vehicles by repairers vetted by QOATC on the basis of workmanship and efficiency.
- Monetary and non-monetary benefits gained by the Fund (and, therefore, its members) from the volume of work supplied to recommended repairers including lower costs of repairs (volume discounts).
- Superior service standards resulting in faster repairs. In the case of taxis, this means understanding repair standards required and having the vehicles repaired at competitive rates and back on the road faster to reduce loss of income whilst the vehicles are being repaired. The standard repair timeframe even for major damage is less than 7 days. This is seen to be critically important by owner operators.

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

In addition to the facts set out in item 4(a), the management team of QOATC have been operating a taxi depot for many years and know and understand

the taxi industry. They have found that aggregating repair work with trusted quality repairers reduces costs of repairs and time off the road.

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 goods or services described in item 2(a) are supplied in a market for motor vehicle insurance, although the financial product provided is not insurance. The goods or services will be mainly supplied in south-east Queensland, although QOATC may expand into northern New South Wales in the future.

Other affected markets include the smash repair market.

Other suppliers include all suppliers of motor vehicle insurance.

Interests in the fund may only be acquired by taxi owners and licensees and generally members are located in south-east Queensland.

The estimated cost of repairs to members taxis may be \$400,000 to \$500,000 in the first year.

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)

QOATC is unaware of any detriment to the public that is likely to result from the notified conduct described in item 2(a), particularly given that:

- Members are not prevented from choosing their own repairer.
- The level of membership fees are not affected by QOATC's proposed conduct. QOATC does not propose to offer a discount on membership fees on the condition that the member will obtain repair services from a Recommended Repairer.
- The ultimate choice of repairer remains with the member.
- Even if a member chooses to have their vehicle repaired by a repairer other than a Recommended Repairer, QOATC may still provide the benefits. That is, QOATC may still exercise its discretion to provide the full cost of repair work performed by a repairer who is not a

Recommended Repairer. The basis of this assessment would be determined having regard to advice from a motor vehicle assessor appointed by QOATC.

It is likely that as a result of the conduct the price of membership in the Fund will be reduced due to lower costs of repair work.

There is also unlikely to be any lessening of competition in the marketplace, given the minute part of the population who will be affected by the proposed conduct. In any event, the benefits for members far outweigh any potential lessening of competition in the market.

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

Attached is a copy of the draft product disclosure statement for the Fund which states members will not be forced into using a Recommended Repairer.

7. Further information

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

Chris Mee
Principal
CNM Legal
GPO Box 1771 Brisbane QLD 4001
Email: cmee@cnmlegal.com.au
Phone: 07 3324 2960

Dated..... 8/8/14

Signed by/on behalf of the applicant


.....

(Signature)

Chris Mee
(Full Name)

CNM Legal
(Organisation)

Principal
(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 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.