



Australian Karting Association (NSW) Inc

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23rd November 2009

Mr. Tim O'Reilly
Secretary
Lismore Kart Club
PO Box 3035
SOUTH LISMORE NSW 2480

Dear Tim

Re: Anti-competitive arrangement by AKA NSW

Following civil proceedings instituted by the Australian Competition and Consumer Commission ("ACCC"), the Federal Court of Australia has found that the Australian Karting Association (NSW) Incorporated ("AKA NSW") and three AKA NSW members made an anti-competitive arrangement at the annual general meeting of AKA NSW which was held on 19th July 2008.

The Court has declared that AKA NSW engaged in anti-competitive conduct (contravening the Competition Code of New South Wales ("the Competition Code")) by making an arrangement:

- to fix the minimum price for the hire of kart circuits by AKA NSW clubs (which is said to substantially lessen competition); and
- to prevent, restrict or limit the hire of kart circuits by AKA NSW club to non-AKA members by imposing a condition that the non-AKA members pay at least the minimum price (which is an exclusionary provision);

and later giving effect to the above arrangement.

The Competition Code has the same provisions as the Trade Practices ACT 1974 (Cth), but applies to individuals and non-trading associations such as AKA NSW clubs.

One of the Court's orders is that AKA NSW must write to each member to notify them of the outcome of these proceedings and to inform them of the illegality of making and giving effect to arrangements which substantially lessen competition or contain an exclusionary provision.

AKA NSW has been ordered to pay a penalty of \$10,000 and to pay a contribution to the ACCC's costs. The Court has also granted injunctions restraining AKA NSW from making

arrangements of this kind in the future and has ordered that AKA NSW establish a trade practices compliance program.

If as an AKA NSW member you:

- agree with other AKA NSW members to a minimum or set price for the hire of kart circuits;
- agree with other AKA NSW members to prevent, restrict or limit the hire of kart circuits by AKA NSW clubs to a particular class of persons on particular conditions; or
- give effect to an agreement set out above,

you may be in breach of the Competition Code and may be liable to pay fines of up to \$10,000,000 for a company or \$500,000 for an individual, as well as damages for any loss that is caused.

You can obtain further information about the ACCC's proceedings against AKA NSW and the Trade Practices Act 1974 / Competition Code from the ACCC website at www.accc.gov.au.

Yours sincerely

Simon Whiting
President
Australian Karting Association (NSW) Inc.