

Our ref: RT:2201450

23 November 2023



Mr. Jack Foley  
Analyst | Competition Exemptions | Mergers, Exemptions and Digital  
Australian Competition & Consumer Commission  
Level 25, 32 Turbot Street  
Brisbane QLD 4000  
[Jack.Foley@accc.gov.au](mailto:Jack.Foley@accc.gov.au)

Dear Jack,

**Bakers Delight - AA1000650 - Request for clarification regarding significant capital expenditure**

We refer to your email of 17 November 2023 regarding the potential application of the significant capital expenditure provisions in the Franchising Code of Conduct (the Code).

We do not believe the conduct raises any issues under the Code for the following reasons:

1. Franchisees are not being asked to purchase and install any new hardware (other than new EFTPOS). The costs of the Pinpads are approximately [CONFIDENTIAL] per device (one per point of sale device) being device cost of [CONFIDENTIAL] (excluding GST) as one off payment and a monthly warranty cost of [CONFIDENTIAL] per month per device. Under the current solutions the EFTPOS devices are rented for a fee of [CONFIDENTIAL] per month with National Australia Bank and approximately [CONFIDENTIAL] per month from the Commonwealth Bank of Australia.
2. Software development and rollout is being funded by Bakers Delight.
3. Franchisees pay software licence fees for the current software and the licence fees for the new software. The fees for the new system are in line with the fees paid for the existing solution, except franchisees with multiple point of sale devices will pay per point of sale device. The overall Technology Fee per Bakery which includes the POS software licence costs will range between [CONFIDENTIAL] per month plus GST except for those Bakeries with more than two point of sale devices.
4. With the new EFTPOS Payment service provider the average transaction fees paid will be lower than for the current service resulting in an overall cost reduction for franchisees (considering hardware purchase, rental and transaction fees).

It is Bakers Delight's view that the additional costs to be incurred by franchisees are not significant and do not constitute significant capital expenditure to which the Code applies. The adoption of the new services (EFTPOS and POS) will reduce the costs for most Bakeries and provide them with enhanced point of sale and EFTPOS capabilities to enable efficiencies and future business growth.

In any event please note Bakers Delight relies on clause 30(2)(a) of the Code and discloses possible significant capital expenditure in the Bakers Delight Disclosure Document. The following disclosure is contained in the current Bakers Delight Disclosure Document:

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**MST Lawyers**

545 Blackburn Road, Mount Waverley VIC 3149 Australia  
PO Box 858 Bakers Delight, 2201450, 078, docx Australia  
[www.mst.com.au](http://www.mst.com.au)

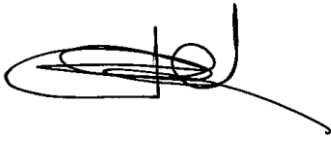
Telephone: +61 3 8540 0200  
Facsimile: +61 3 8540 0202  
Email: [mst@mst.com.au](mailto:mst@mst.com.au)

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Please contact the writer if any further information is required or if you have any further queries.

Yours sincerely



**Raynia Theodore**

Principal

Direct Line: +61 3 8540 0242

Email: raynia.theodore@mst.com.au

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**MST Lawyers**

545 Blackburn Road, Mount Waverley VIC 3149 Australia  
PO Box 858 Bakersdoon 2201450 078.docx Australia  
www.mst.com.au

Telephone: +61 3 8540 0200  
Facsimile: +61 3 8540 0202  
Email: mst@mst.com.au

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