



**Australian Competition & Consumer Commission**

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Our Ref: C2003/773  
Your Ref: TS/371435\_1  
Contact Officer: Stefanee Lovett  
Contact Phone: (02) 6243 1359

3 July 2003

Mr John Groppoli  
Partner  
Deacons  
GPO Box P1225  
PERTH WA 6744

Dear Mr Groppoli

**Re: Third line forcing notification N70366,  
Lodged by Amalgamated Food & Poultry Pty Ltd**

I refer to the above third line forcing notification lodged with the Australian Competition and Consumer Commission (the Commission) on 16 June 2003.

You have described the conduct as a Red Rooster franchisee being required to purchase all secret products and non-secret products to be used and supplied in the Red Rooster business from Amalgamated Food & Poultry Pty Ltd (AF&P) or suppliers approved by AF&P. Legal immunity provided by the notification commenced on 20 June 2003.

On the basis of the information provided, it is not intended that further action be taken in this matter at this stage.

The Commission would however be concerned should the choices of supply to franchisees be limited to the extent that franchisees in certain regions faced significant additional costs, for example, freight.

The Commission however notes that although the notified conduct specifies that Red Rooster franchisees may only purchase secret and non-secret products from either AF&P or approved suppliers, there is provision for franchisees to nominate other suppliers to be included in the list of approved suppliers. The Commission considers that this is a positive step in allowing franchisees the ability of purchasing goods from suppliers who may offer them favourable trading terms and conditions. The Commission believes that this safeguard would be significantly weakened when the standards applied to the approval of additional suppliers are



overly restrictive. In this regard, the Commission would be concerned if other suppliers were not granted approval status because of unreasonable or unjust standard levels.

Please note that the Commission may act to remove the immunity afforded by this notification at a later stage if it is satisfied that the likely benefit to the public from the conduct will not outweigh the likely detriment to the public from the conduct. In particular, should the Commission be aware of concerns similar to those discussed above, it would be likely to review the matter.

This letter has been placed on the Commission's public register. If you wish to discuss any aspect of this matter, please do not hesitate to contact Stefanee Lovett on (02) 6243 1359.

Yours sincerely

The image shows two handwritten signatures. The first signature is a stylized, blocky 'T' with a horizontal bar across the top and a vertical line extending downwards. The second signature is a more fluid, cursive-style signature that appears to start with a large 'C' followed by several loops and a final flourish.

Tim Grimwade  
General Manager  
Adjudication Branch