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To: Mr Hatfield

Company: Australian Competition & Consumer Commission

Fax Number: 02 6243 1199

From: Yazni Ariff

Date: 12th September 2005 Pages (including cover sheet): 15

RE: **JUICE STATION FRANCHISING PTY LIMITED**
A.C.N. 096 549 147
(VOLUNTARY ADMINISTRATOR APPOINTED)

**AUST. COMPETITION &
CONSUMER COMMISSION**
CANBERRA
13 SEP 2005

Mr David Hatfield
Adjudication Branch
Australian Competition & Consumer Commission
470 Northbourne Avenue
DICKSON ACT 2602

Fax number: 02 6243 1199

12 September 2005

Dear Mr Hatfield

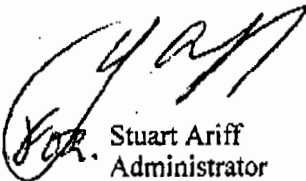
RE: JUICE STATION FRANCHISING PTY LIMITED
A.C.N. 096 549 147
(ADMINISTRATOR APPOINTED)
NOTIFICATIONS N31192 AND N31144 - DRAFT NOTICE

I refer to the ACCC's draft notice dated 24 August 2005 in respect of the above notifications ("Draft Notice").

I attach, pursuant to paragraph 6.6 of the Draft Notice, a written submission on behalf of Juice Station Franchising Pty Ltd (Administrator Appointed) in response to the Draft Notice.

Please do not hesitate to contact me if you have any questions arising from the attached submission.

Yours faithfully,
JUICE STATION FRANCHISING PTY LIMITED
(ADMINISTRATOR APPOINTED)


Stuart Ariff
Administrator

Legal\100997951.1

Juice Station (Holdings) Pty Ltd (Administrator Appointed)

Submission on Draft Notice dated 24 August 2005 in respect of notifications lodged by Juice Station Franchising Pty Ltd (N31192, N31144)

1. Executive summary

In the twelve months to 30 June 2005, a total of approximately 3.9 million Juice Station bottles were supplied to the 21 franchisee-operated and 3 company-owned Juice Station outlets which operated during that period.

In the relevant period, there have been some quality assurance and temporary stock out issues with Juice Station bottles. This has been at a time of financial instability for the franchisor.

The Australian Competition and Consumer Commission ("**Commission**") has, since 12 July 2005, received complaints from three franchisees about bottle quality, safety and supply issues under the Juice Station franchise system. The Commission had not received any complaints prior to that date.

These complaints have been made in the context of a heated dispute between the complaining franchisees and the franchisor on a range of issues.

Juice Station understands that at least 14 of its remaining franchisees wish to continue under the current franchise system in order to obtain the benefits of that system, including the aggregate cost saving which arise from the joint purchasing of bottles and other materials.

Juice Station has implemented enhanced quality assurance measures to ensure bottle quality. These measures of themselves provide additional benefits to franchisees as they will ensure greater product quality in the future. The franchise system itself allows bottle quality issues to be dealt with swiftly and centrally by the franchisor who, unlike individual franchisees, has a level of purchasing power with the manufacturer.

Juice Station believes that on an objective evaluation of the evidence, there has been no material change in circumstance which would warrant the Commission revoking the third line forcing notification under which the Juice Station franchise system currently operates. While there have been some bottle quality issues, the steps which have been taken and are to be taken by Juice Station address those issues and the Commission should therefore allow the notification to stand.

2. Status of Juice Station Group

Juice Station (Holdings) Pty Ltd and its related entities went into voluntary administration on 8 June 2005. Mr Stuart Ariff of Stuart Ariff Insolvency Administrators ("**Administrator**") was appointed as administrator of the group.

3. Overview of original notification

3.1 The original notifications

The notification which became N31144 ("**Notification**") was lodged with the Commission on 18 April 2002 by Juice Station Franchising Pty Ltd ("**Juice Station**"). Legal immunity for the notified conduct came into effect on 2 May 2002.

A later notification, N31192, was lodged by Juice Station on 13 September 2002. This notification incorporated changes to the arrangements for the purchase of fruit stock only.

3.2 Conduct notified

The conduct described in those notifications included a requirement for the franchisees of Juice Station to purchase fruit, bottles and labels from Juice Station Pty Ltd¹ and to purchase fruit juicing machines and certain fit-out from nominated suppliers.

3.3 Business need for conduct

At the time of the first notification (N31144), the fruit juice retailing market was described in the notification as a "highly competitive market with a large number of participants".

The requirement to purchase stock and ancillary products from the franchisor or from nominated suppliers was seen by Juice Station at the time of the Notification as essential to the successful operation of the franchise network for reasons including:

- (a) the need to maintain the same standard of quality in all franchised businesses;
- (b) the importance of maintaining the quality and consistency of fruit juices being supplied by all franchisees; and
- (c) the need to maintain for Juice Station an image which is instantly recognisable by its customers (which required similar fit-outs for all stores and the same range of bottles and labelling).

The benefits said to arise from the third line forcing requirements for the purchase of bottles and labels were that:

In order to have a consistent image across the franchising system there needs to be a particular style and size of bottles and a certain type of labelling. This consistent image is integral to the success of the franchise system.

3.4 Public benefits from conduct

Juice Station saw a number of public benefits arising from the notified conduct at the time:

- (a) group deals for supplies mean that fruit can be obtained by franchisees at lower prices, who in turn can supply fruit juices at cheaper prices to the public;
- (b) supply of fruit to franchisees should be of a higher and more consistent quality;
- (c) the uniformity which will result will mean that Juice Station can promote and advertise and produce as a group, avoid running single and independent promotions and be consistent with recommended pricing for its juices and promotions;
- (d) control over the source of supply helps Juice Station to ensure prompt and consistent delivery of fruit, bottles and labels to franchisees, and ultimately the public.

4. Material change in circumstances

The issue of the Draft Notice by the Commission appears to have been prompted by receipt of complaints about the quality of bottles supplied to franchisees. Since the Notification came into effect in April 2002, three complaints have been received by the Commission from Juice Station franchisees. Two written complaints were received by the Commission prior to issue

¹ Note: there was a typographical error in the original notification which referred to "Fruit Station Pty Ltd".

of its Draft Notice. One complaint raised two incidents which occurred in January and February 2005. Another raised more recent concerns. The Commission has also received a complaint subsequent to the issue of the Draft Notice but that complaint relates to different subject matter than the other two.

In its Draft Notice at 5.2, the Commission specifically recognises that some public benefit can arise from what it calls "*common franchise arrangements*", being arrangements to enable consistency of product appearance and flavours, appropriate product quality and volume discounts achievable through centralised ordering.

The Commission goes on to say in 5.3 and 5.4 that such benefits must be significantly discounted in circumstances where:

- (a) there is significant concern that the bottles franchisees are being forced to purchase may not be fit for purpose;
- (b) where product safety issues have been raised; and
- (c) where franchises have not always been able to access bottles from the nominated supplier.

The Draft Notice suggests that the Commission has formed the view that the circumstances referred to above exist based on two complaints it has received from franchisees. The first was a letter from Mr Ahmed Kilani, the franchisee of the Burwood Juice Station outlet dated 12 July 2005 ("**Kilani complaint**"). The second was a letter from Ms Kelly Spagnol, part owner and manager of Campbelltown and Market City Juice Stations, dated 5 August 2005 ("**Spagnol complaint**"). These complaints are on the Commission's public register.

The Administrator is aware that shortly after the issue of the Draft Notice the Commission received a further complaint from a third franchisee, being the franchisee of the Miranda Juice Station outlet. That franchisee complains of finding cockroaches in boxes of Juice Station bottles supplied to him ("**Miranda Complaint**").

5. Veracity of complaints made

5.1 Overview

Clearly the complaints made to the Commission raise matters of significant concern.

In evaluating, as it is required to do under section 93(3A) of the *Trade Practices Act 1974* ("**Act**"), whether the public detriment of the notified conduct outweighs its public benefit, the Commission needs to take into consideration the fact that the conclusion reached in its Draft Notice has the capacity to significantly disrupt the Juice Station franchise system and to affect the large number of franchisees who have voluntarily agreed to, and are happy to continue under, the current franchise system.

Given that impact, Juice Station submits that the Commission must be satisfied to a relatively high level of confidence as to the evidence it has before it of public detriment.

There has never been a question of the conduct which is the subject of the Notification giving rise to any substantial lessening of competition, or any other competitive detriment. The only detriment which is put forward is based on the recent complaints about bottle quality and supply of bottles.

It is essential, therefore, that in determining whether the alleged public detriment outweighs the public benefit from the arrangements, the Commission must consider:

- (a) the veracity of the complaints made; and

- (b) the steps which have been taken by the Administrator to rectify any problems which may exist with the safety or quality of Juice Station bottles, and the measures being adopted to prevent future problems.

The second of these issues is dealt with in section 6 below.

A number of factors impact on the veracity of the complaints which have been made. The Commission needs to consider these factors in order to determine the scope and source of the problems raised in the complaints which have been made.

5.2 Second-hand knowledge of complaints

The Kilani complaint purports to be on behalf of a number of Juice Station franchisees but it does not specify which ones.

The Kilani complaint relies primarily on two specific incidents in which customers have complained about quality or safety issues with Juice Station bottles. Neither of those incidents took place at Mr Kilani's own store and therefore his knowledge of those incidents is at best second-hand.

5.3 Out of date complaints

The key incidents referred to in Mr Kilani's letter of complaint to the Commission took place in February and March of 2005. These issues were not raised with the Commission until 12 July 2005.

5.4 Relationship between Juice Station and Franchisees

Juice Station has been in financial difficulty for some time. As noted in section 2 above, the group went into voluntary administration on 8 June 2005.

The financial situation of Juice Station has not facilitated a good relationship between Juice Station and its franchisees. Indeed a number of franchisees are in dispute with Juice Station.

Please see Confidential Attachment 1 to this submission for further details.

5.5 Inconsistent behaviour by franchisees

In spite of complaints about bottle quality, one complaining franchisee has, on several occasions, approached Food Plastics Co. Pty. Ltd. ABN 33 007 191 077 ("Food Plastics"), the manufacturer of Juice Station bottles, seeking to obtain supplies of bottles direct from Food Plastics.

Further information is provided in Confidential Attachment 1 to this submission

5.6 Purpose for which bottles are supplied: manual filling

All Juice Station franchisees are provided with the same bottles by the franchisor. Those bottles are supplied by the franchisor to the franchisees on the reasonable expectation that they will be used in accordance with the franchise system. The Juice Station franchise system involves the on-premises manual filling of bottles with freshly made juice products. The bottles which are supplied by Juice Station to its franchisees are of merchantable quality and are fit for the purpose contemplated by the franchise system, namely manual filling.

Juice Station has no objection to the use of automated filling lines being used by its franchisees. That is not, however, contemplated by the franchise system and the bottles are not supplied by Juice Station for that purpose. Juice Station is not in a position to ensure that bottles are appropriate for the types of automated filling systems which franchisees may choose to use outside of the Juice Station system. If a franchisee chooses to adopt an

automated filling line, then the franchisee should ensure that the line is suitable for the bottles supplied under the system to which it has agreed to adhere.

5.7 The distribution chain - possible sources of contamination

The complaints made to the Commission assert that the manufacturer is responsible for the faults the complainants identify.

However, owing to the way in which a bottle moves from the Food Plastics factory to the consumer, it is not possible to attribute some of the complaints made, as set out in section 4 above, directly to the manufacturing process with any level of confidence. Issues which Juice Station does not believe to be directly attributable include the presence of cockroaches in boxes.

Details of the production and packaging process are set out in more detail in section 6.2 below. Bottles leave the Food Plastics factory in boxes of between 280 and 550 bottles (depending on bottle size). The bottles are inside large plastic bags lining corrugated cardboard shipping boxes. Boxes are fully sealed with tape prior to leaving the Food Plastics factory.

Boxes of bottles for use in Juice Station outlets in NSW (where all complaints have arisen) are loaded into a semi-trailer at the Food Plastics outlet and delivered to a warehouse in Sydney owned by a courier company (two different companies have been used since Juice Station began operations post November 2004). The boxes remain in that warehouse until they are delivered by that courier company to franchisees.

Once delivered to franchisees, the path taken by the bottles differs from franchisee to franchisee. Some store boxes in store rooms which they lease, some in their cool rooms where they keep their fruit, others put them in their retail outlet, others may leave them in shopping centre loading docks for a period of time.

Bottles are not usually used directly from the boxes. Franchisees typically, having opened a box, put some of the bottles from that box into a smaller plastic container from which the bottles are taken to be filled. The remaining bottles may stay in the box (in the outlets, store rooms etc) and may not be sealed. In the case of the stores owned by Juice Station, employees were directed to seal the bag if any bottles remained in it unused.

It follows, therefore, that there is scope for the contamination of bottles with vermin such as cockroaches at a number of points in the chain including parts of the chain for which the franchisees are responsible. Obviously these issues are of concern to Juice Station and it has in the past, and continues, to take measures to address these issues. They are not, however, issues which should impact on the Commission's decision as to whether or not the Notification should be revoked.

The complaint made by Mr Webb referred to in section 4 above is the first complaint of which Juice Station is aware relating to cockroaches in boxes.

Juice Station's NSW Operations Manager visited the Miranda outlet on the day the complaint was made by Mr Webb (1 September 2005). He inspected four previously unopened boxes of bottles which had been delivered to the Miranda outlet two days earlier. Of those four, three had no evidence of cockroaches in them. The fourth had one cockroach the size of a pinhead inside the box, but outside the plastic bag in which the bottles are contained. Further, there was evidence of cockroaches of all sizes in the storeroom in which the boxes were being held.

Juice Station has previously advised Mr Webb that his storeroom should be fumigated regularly. It is our understanding that in spite of this advice Mr Webb has not fumigated his storeroom since he began operating the Miranda Juice Station outlet several months ago. However, it is our understanding that Mr Webb fumigated his premises on 12 September 2005.

6. Investigation of quality issues - Manufacturer

6.1 Inspection of manufacturer's premises

Juice Station bottles are manufactured for Juice Station by Food Plastics which is located at Tullamarine in Melbourne.

Representatives of the Administrator attended the Food Plastics premises on 1 September 2005. A meeting was held with the Manager Director of Food Plastics and one of his fellow directors. The Managing Director provided a tour of the premises and the manufacturing plant.

6.2 Overview of the manufacturing process

Four sizes of bottle are manufactured for Juice Station: 225ml, 275ml, 400ml and 450ml. Approximately 50-60% of all of the bottles manufactured for Juice Station by Food Plastics are the 275ml size. It's understood that virtually all complaints made about bottles relate to the 275ml bottles.

These bottles are manufactured by Food Plastics on blow moulds which are used exclusively to manufacture Juice Station bottles.

Bottles are manufactured on one of two machines. The first type used is a smaller machine. It operates by releasing a continuous tube of hot plastic through the machine. To make a bottle, the mould closes around this tube and air is blown into the mould to form the bottle. A hot knife comes across to cut the continuous tube of plastic in order to separate it from each bottle made.

A second machine, known as a Reciprocating Screw Blow Moulder, is also used. It has a larger capacity than the smaller machine. Rather than release a continuous tube of hot plastic, this machine releases the hot plastic tubing intermittently. This avoids the need for the hot knife used in the smaller machine as there is no need to cut the bottle, once blown, from the continuous flow of plastic.

Whichever machines is used, once the bottle is blown the plate in which the mould is housed itself knocks off the excess plastic on the ends of the bottle, and the bottle is carried on a conveyer belt through to a labelling machine which automatically labels each bottle, before directing them into boxes lined by plastic bags. Once a box is full (an automatic counter is used), the plastic bag is folded over to close it and the box is sealed. A sticker recording size of bottles, date of manufacture and shift of manufacture is applied to the outside of the box. The bottles are then ready for shipping.

6.3 Bottle quality issues and steps taken

Both Juice Station and Food Plastics have been aware that some problems have been experienced with Juice Station bottles in late 2004/early 2005. Both parties have, however, taken, and continue to take, steps to rectify the problems which have been identified.

(a) *Loose plastic in bottles*

After it became aware of bottles containing small pieces of loose plastic being found in some of the bottles supplied to Juice Station in early 2005, Food Plastics took immediate steps to identify the cause of that problem. Food Plastics determined that this problem was a problem which could only occur when the first of the machines described above is used to manufacture the bottles. In the process where the hot knife cuts off the continuous plastic tubing, if a clean cut is not made it is possible, although rare, that a piece of hot plastic will fall into the bottle as it is made. Usually this piece, being hot, will stick to the side of the bottle wall or to the

base. When filled with liquid, such as fruit juice at the franchisees' premises, this plastic may dislodge.

Between about late September 2004 and early January 2005, Food Plastics trialled use of the Reciprocating Screw Blow Moulder to manufacture 275ml Juice Station bottles. Use of this machine eliminates the risk of loose plastic "dropping" into the bottles because there is no need to cut the plastic with a hot knife.

Food Plastics returned to using the smaller machine due to a reduction in Juice Station's requirements. In order to address the risk that machine posed, Food Plastics recently implemented a requirement that the "hot knives" used by this machine to cut the continuous stream of plastic be sharpened every 2 hours. Previously the knives were sharpened every 8 hours. Sharpening the knives every two hours reduces the risk of the knife not cutting cleanly and the risk of a piece of plastic falling into the bottles.

Food Plastics produced approximately 8 million bottles for customers other than Food Plastics in the last year and has not received any complaints about loose plastic inside bottles from any of those customers.

(b) *Sharp lips on bottles*

One of the most consistent complaints by franchisees has been either sharp or severed lips of bottles, or as to excess plastic around the lids causing difficulties in sealing the bottles.

Again, Juice Station understands that complaints about this problem have been almost exclusively with the 275ml Juice Station bottles.

The Managing Director of Food Plastics has identified the mould itself as the cause of these problems as Food Plastics does not have similar issues with its own generic bottles which are produced on the same machines.

He has stated that, given 50-60% of all Juice Station bottles have been produced using this mould, there is a potential that the mould has become worn.

Food Plastics sent this mould to its toolmaker in August 2005 with instructions to carry out modifications which will produce bottles which have similar lips to Food Plastics' generic bottles given Food Plastics has not had similar problems raised by customers with respect to those bottles.

The refurbished and altered mould was returned to Food Plastics on 8 September 2005 testing will be undertaken in the week of 12 September before it is returned to production.

6.4 Additional precautions adopted by Food Plastics

Food Plastics has ceased manufacture of the 275ml bottles at this time. No bottles of this size have been shipped to franchisees without manual inspection by the manufacturer or by Juice Station since Food Plastics became aware of the Commission's concerns expressed in its Draft Notice of revocation. Manufacture will only recommence once the mould is returned to production after testing.

A manual check of approximately 27,000 275ml Juice Station bottles which Food Plastics had in stock has been carried out. That check did not reveal any bottles with pieces of plastic inside the bottles (either loose or fixed). The only problems found were isolated examples of discoloured, dented or slightly misshapen bottles. Those bottles have been removed from the stockpile. In the view of the Managing Director of Food Plastics, none of the problems identified would give rise to public safety concerns.

6.5 Quality control measures Implemented by Food Plastics

Operating and packing staff at the Food Plastics factory are trained to continually check bottles as they are made.

A more detailed inspection takes place every hour. Details of this quality assurance inspection are recorded. A copy of the form which is completed by Food Plastics' staff is attached. One of the checks involves weighing the bottle. Each size bottle must fall within a particular weight range, for example the correct weight for a 275ml Juice Station bottle is 16g +/- 1g. Consistency in the weight of the bottles ensures a consistent thickness is achieved.

6.6 Pest inspection

Food Plastics has a contract with a pest control company to check their factory on a monthly basis. Food Plastics has not had any reports of cockroaches at its premises.

7. Discussions with Operations Manager

7.1 Meeting with NSW Operations Manager

Representatives of the Administrator met with Juice Station's NSW Operations Manager ("Operations Manager") on 2 September 2005 to discuss issues of bottle quality.

7.2 Outline of position

Juice Station appointed an Operations Manager for NSW in November 2004. The position was created to improve communication between NSW franchisees and Juice Station management which was located in Melbourne and to assist NSW franchisees with any operational issues they may have had.

In addition to looking after franchisees in NSW, the Operations Manager has also had a supervisory role with respect to the two company-owned Juice Station outlets in NSW, being the outlets at Eastgardens and Chatswood (which are now closed).

From November 2004 the Operations Manager has had very regular contact with most NSW franchisees, both in person and by telephone.

7.3 Franchisees' problems with bottles

By way of background, the structure of the Franchise Agreement is such that there is a significant proportion of the payment to the franchisor based on the number of bottles supplied and sold by the franchisee. It follows that Juice Station's experience has been that there is a high degree of sensitivity by franchisees about issues relating to bottles.

Juice Station's Operations Manager recalls that there was an increase in franchisee communications around January/February 2005 raising issues with holes in bottles and slivers of plastic around the lips of bottles.

On receipt of such problems, he would try, where possible, to sight the defective bottles and would report both to Juice Station head office and to Food Plastics. His contact with Food Plastics was with its Managing Director, and was initially by telephone but also later by email.

When they could be ascertained, the Operations Manager would provide Food Plastics with the details of the box from which the defective bottles came.

The Operations Manager has received isolated complaints about higher levels of defects. For example, a complaint from Kelly Spagnol that a box of about 450 275ml bottles contained 7 bottles with severed plastic on the lip of the bottle. He promptly reported such defects to Food

Plastics both orally and by email. The Operations Manager is not aware of any verified report from any of the franchisees reporting a defect rate at a level of 45%, nor is he aware of any occasion in the company-owned stores of such a level of defects.

For a period there was a complaint in about February 2005 about bottles being too thin but the Operations Manager was not aware the problem was continuing. Only Ms Spagnol has raised recent concerns with the thickness of bottles and only she has ever raised the issue of that preventing the bottles from being used. As set out in the Spagnol complaint, it appears these problems arose with the use of an automated filling machine which no other franchisee uses.

When some bottle quality issues arose in July 2005, all franchisees were made aware of the situation and were asked to monitor bottle quality issues.

Both Juice Station (and in turn Food Plastics) have systems in place where franchisees (and in turn Juice Station) can claim a credit for defective bottles. If the defect rate were high, Juice Station would expect to have received significant requests for credits for those bottles. Juice Station's records indicate that is not the case.

7.4 Operations Manager's experience in company owned stores

As a result of problems notified by franchisees with bottles produced by Food Plastics in December 2004, checking mechanisms were put in place. All bottles produced in mid-February were hand checked prior to distribution to franchisees.

Juice Station did its own checking of bottles from January 2005 batches received in its company-owned stores. The Operations Manager himself checked 4 cartons of the January batches and found only two bottles per box (where each box contained between 280 and 550 bottles) with any major problems (for example, holes in the bottles).

Staff at the Eastgardens store, owned by Juice Station, were required to make records of any problems with bottles over the period January 2005 to February 2005, to detect if there was an unacceptably high level of quality issues with bottles received at its stores.

An example of the data recorded is as follows:

Bottle Size (ml)	Production Date	Shift	Total bottles in box	Bottles with Holes	Other problems	Total problems
225	10 Jan	N	550	-	-	Nil
450	14 Jan	D	280	-	1	1
275	18 Jan	D	450	3	-	3
450	19 Jan	D	280	-	-	Nil
450	19 Jan	D	280	-	-	Nil
275	8 Feb	D	450	-	-	Nil

The problems identified in that sample give an overall defect rate of 0.17%, or at worst 0.33% if only the 275ml bottles are considered.

On any view this is a very low level of defects.

From working at the company owned store in Chatswood over a period in Summer 2004/2005, the Operations Manager anecdotally reports that the aggregate number of defective bottles over a period of several weeks would only be in the order of 28, out of sales of 14,400 bottles during that period.

8. Discussions with non-complaining franchisees

Representatives of the Administrator have had discussions with other current franchisees. While there have been some difficulties with bottle quality and temporary stockouts from time to time, the Administrator believes that the non-complainant franchisees do not hold the same views as the complainants and, provided the improvements foreshadowed elsewhere in this submission are implemented, are willing to persist with the current franchise system arrangements. There are currently 14 franchisees who are expected to continue with the current system, notwithstanding the financial difficulties of the franchisor. This is from a total of 21 franchisees who have been in business in the last 6 months.

9. Further steps under consideration by Administrator

Please see confidential attachment 1.

10. Summary of submissions made

- (a) The complaints made to the Commission are on a small scale given the number of bottles supplied by Food Plastics to Juice Station. Any manufacturing process will have a certain level of defective products, but in this case that level appears to be very small.
- (b) Juice Station admits that there have been some quality assurance and temporary stockout issues with bottles since late 2004 but it, in conjunction with the bottle manufacturer, have taken, and continue to take, steps to address those issues.
- (c) Given the measures put in place by Juice Station and the manufacturer, the public benefits which arose at the time of the Notification remain unaltered.
- (d) The relevant complaints have been made in the context of a heated dispute between Juice Station and a number of its franchisees.
- (e) At least 14 (out of a total of about 21 franchisees) wish to continue under the current franchise arrangements. That system contemplates aggregate supply of bottles from a supplier nominated by Juice Station. The benefits derived from participation by all franchisees will be lost if the aggregate volume of bottle purchases falls owing to some franchisees electing to source bottles from other manufacturers.
- (f) Juice Station believes that the measures outlined in this submission (and in the Confidential Attachment) are sufficient to provide a proper basis for the Commission to conclude that the franchisees should not be deprived of the benefits of the system as presently established, including the benefits of aggregated purchasing power.

**EXCLUDED FROM
PUBLIC REGISTER**

Confidential Attachment 1

**EXCLUDED FROM
PUBLIC REGISTER**

FPC BLOW MOULDED CONTAINER QA TEST RECORD

Shift Day Afternoon Night Date _____

Machine _____ Container Type/Size _____ Colour _____

Time of Test		MOULD & CAVITY IDENTIFICATION								
		7	8	9	10	11	12	1	2	3
Finish	GOOD									
	POOR									
	DEFECT									
Bottle Weight 1										
Bottle Weight 2										
Bottle Weight 3										
Bottle Weight 4										
Visual Inspection										
Visual Inspection cont...										
Other Comments										

VISUAL INSPECTION

(record defect by #)

1. Contamination
2. Thin Walls
3. Webbed Handles
4. Stress Lines
5. Excess Flesh
6. Tear / Dent / Crease
7. Colour Lines
8. Rocker Bottoms
9. Warpage
10. Bad Seams
11. Water Marks
12. Weld Misalignment
13. Under blown Area
14. Nozzle Blockage
15. Uneven/Ragged Trial
16. Other

SHIFT (CONT)		MOULD & CAVITY IDENTIFICATION						
		4	5	6	7			
Finish	GOOD							
	POOR							
	DEFECT							
Bottle Weight 1								
Bottle Weight 2								
Bottle Weight 3								
Bottle Weight 4								
Visual Inspection								
Visual Inspection cont...								
Other Comments								

Machine lubrication

Under

- Tie bars
- Clump
- Thrust bearing
- Ball spline
- Trimmer

Time

MTTS

- Central points

Time

Act #1

- Central points

Time

Act #2

- Central points

Time

MACHINE HRS START	MACHINE HRS FINISH	TOTAL HRS RUNNING	BOTTLE COLOUR	TOTAL PRODUCED	Efficiency theoretical output	TIME

General comments: -