



**Australian
Competition &
Consumer
Commission**

Our Ref: C2005/1621
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19 October 2005

Mr Stuart Ariff
Stuart Ariff Insolvency Administrators
GPO Box 2520
Sydney NSW 2001

Juice Station Franchising notifications N31192 and N31144

Dear Mr Ariff

I am writing to you in your role as administrator appointed for Juice Station Franchising Pty Limited.

As you are aware, a pre-decision conference was held to discuss the ACCC's Draft Notice with respect to the Juice Station notifications on 23 September 2005 in Sydney. At the conference, franchisees generally acknowledged that the incidence of physical problems with bottles had fallen significantly in recent times, although there were ongoing concerns regarding the timeliness of bottle supply.

Franchisees also raised issues they have had regarding shop fit out and the supply of fruit, pursuant to the notified conduct.

Up until the time the Draft Notice was issued, the ACCC considers the notified conduct was unlikely to have been delivering a net public benefit. The net detriment from bottle related issues alone appears to be increased significantly when the shop fit out and fruit supply issues raised at the Conference and in subsequent submissions are taken into account.

In your responses to date, you have provided advice as to measures being taken to address issues of concern. While encouraging, the ACCC is not yet in a position to be able to conclude that the likely benefits from the notified conduct will outweigh any detriments.

Given the significant detriments that have occurred in the past and ongoing concerns expressed by franchisees, the ACCC asks Juice Station to provide to it in writing by 1 December 2005, a detailed description of the measures it has introduced to ensure the problems experienced by franchisees in the past do not continue and some comments on the experience to that date of those new measures. Juice Station should also set out how the notified arrangements will deliver public benefits that outweigh any detriment.



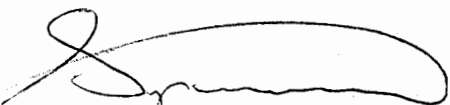
The ACCC will also be interested to hear the views of franchisees at that time as to how any new arrangements are working in practice. The ACCC will then be in a position to make an informed assessment as to whether to revoke the notifications or to allow them to stand.

I would note that should any significant concerns arise prior to 1 December 2005, particularly product safety issues, the notifications will be reviewed and potentially revoked immediately.

A copy of this letter will be placed on the public register.

Should you wish to discuss any aspect of this matter, please contact David Hatfield on 02 6243 1266.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Scott Gregson', with a large, sweeping flourish extending to the right.

Scott Gregson
General Manager
Adjudication