



**Australian
Competition &
Consumer
Commission**

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Our Ref: C2006/1308
Contact Officer: Kelvin Binning
Contact Number: (02) 6243 1351

11 August 2006

Mr Eddie Scuderi
Corrs Chambers Westgarth
Level 35
Waterfront Place
1 Eagle St
BRISBANE QLD 4000

Dear Mr Scuderi

**Re: Third line forcing notifications N50185 and N50186 lodged by
Southern Group Pty Ltd**

I refer to the above third line forcing notifications lodged by Southern Group Pty Ltd (Southern Group) with the Australian Competition and Consumer Commission (ACCC) on 11 July 2006.

You have described the notified conduct as follows:

- Southern Group proposes to enter into agreements with its franchisees that require the franchisees to acquire goods used from time to time in the course of the franchised business from suppliers by Southern Group (N50185).
- Southern Group also proposes to enter into agreements with distributors that require the distributors to acquire goods used from time to time in the course of the Southern Group's franchisees' franchised businesses from manufacturers or wholesalers identified by Southern Group (N50186).

Legal immunity provided by the notifications commenced on 25 July 2006.

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

As with any notification, please note that the ACCC may act to remove the immunity afforded by these notifications 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 addition, in respect of this conduct, I bring to your attention the requirements under the Franchising Code of Conduct and in particular, the requirement for a franchisor to disclose in the Franchise Disclosure Document any commission or rebate received through and agreement with a third party supplier.

Finally, in the event that current franchisees have existing arrangements with non-approved suppliers, I seek your advice as to the manner in which the Southern Group intends to apply the new arrangements to such franchisees.

This letter has been placed on the ACCC's public register. If you wish to discuss any aspect of this matter, please do not hesitate to contact Kelvin Binning on (02) 6243 1351.

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 Branch