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SEAL-A-FRIDGE

Fridge, Freezer & Coldroom Seals. Domestic & Commercial
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The General Manager
Adjudication Branch
Australian Competition and Consumer Commission
PO Box 1199
DICKSON ACT 2602

FILE No: Jan., 2nd., 2007.

DOC:

MARS/PRISM:

Re. Exclusive Dealing notifications lodged by Seal-A-Fridge Pty Ltd and others.

In considering this submission we ask the ACCC to examine the following factors.

1. The exclusive purchasing by Franchisees of rubber extrusion and magnet (supplies), from Seal-A-Fridge Pty Ltd (SAF), will have an adverse effect on the relationship built up by Franchisees with those companies who have traded directly with Franchisees over a number of years.

While the application indicates that any manufacturer may apply to be endorsed by SAF as an approved supplier this may or may not happen in a particular case. If, for example, Austwide were not approved by SAF then Franchisees may be severely disadvantaged if access to specialized lines was put at risk.

Austwide has served as a specialized and highly reliable supplier of a very wide range of both 'raw material' and 'manufactured' fridge seals. 'Raw material' is that product supplied in lengths of usually 4 metres to be cut and welded by a Franchisee in preparing a 'Fridge Seal'. A Franchisee needs to purchase these 4 metre lengths in bulk as well as 'dies' to facilitate the welding of raw extrusion.

In attending to a wide ranging market Franchisees often encounter makes and models for which they do not have raw material or suitable dies to manufacture a particular product. In these cases the seal is ordered from Austwide who specialize in the supply of such lines. This service includes the supply by Austwide of both domestic and commercial fridge seals.

In addition Austwide has been able to supply a more diverse range of raw material than has been available from SAF to date.

SAF has no intention, we believe, of becoming involved as a 'specialist' supplier of raw material or manufactured items. It is reasonable to assume that if Austwide were to lose the more lucrative bulk business then the access Franchisees currently enjoy to 'one off' items may be at risk.

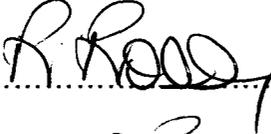
In addition to supplying fridge seals Austwide has developed as a valuable support base for Franchisees. This support includes an efficient 'no charge' service for information and advice backed by specialist knowledge acquired from many years in the industry. To our knowledge Special tools, welder dies etc. are available from Austwide but not from SAF.

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2. On the issue of price we offer 2 comments.

- a. Price lists presently available from SAF and Austwide are almost a photo copy of each other. When SAF entered the business of 'supply' the indications were that prices would be much lower than those available at the time. This has not happened.
- b. The average fridge seals on a 2 door domestic refrigerator require about 13 metres of material. (Rubber and magnet combined). The total cost of this material is about \$11.00. If the maximum discount of 15% quoted by SAF is available then we are looking at a saving of approx. \$1.65. If 5% is available then the saving is less than .60c per customer. Assuming this 'saving' is passed on to end users we cannot see this as being of any real savings benefit to end users.

Yours sincerely,

.....Robert Ross Rolley Date21.1.07.

.....Lynette Margaret Rolley Date21.1.07.

Robert Ross and Lynette Margaret Rolley
Franchisee
Seal-A-Fridge (Cairns)