



**SEAL-A-FRIDGE**

**13 14 79**

Manufacturers & Suppliers of Refrigeration Seals

The General Manger  
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**RE: Exclusive Dealing notification lodged by Seal-A-Fridge Pty Ltd and others.**

We wish to object to the granting of Exclusive Dealing, Third Line Forcing and Full Line forcing to Seal-A-Fridge and others because the likely benefit to SAF Franchisees and the public will not outweigh the likely detriment to SAF Franchisees and the public.

Requests for submissions:

Our opinions:

**1. The likely benefits claimed by the notifying parties:**

Claims that the franchisees and the public will benefit with lower prices is unsubstantiated. With exclusive dealing, there would be no guarantee that the Franchisor at a later stage will not increase his prices. With current competition it is more likely that prices of PVC extrusion and magnets can be kept competitive. Currently we are able to purchase our stock locally and be able to pick it ourselves saving on transport costs and without time delay as all stock is readily available.

The Franchisor's products will most likely be limited to supplies from Patricks Products ( who are unable to supply the full range of PVC extrusions) given his history with RBM and Austwide and his unwillingness to negotiate with them.

Claims of lower prices to the public are misleading given that the costs of PVC extrusion and magnets in our business represents a very small percentage of the overall costs of running the business. We have high overheads with advertising costs, service fees to the Franchisor not to mention day to day costs of petrol, telephone, vehicle running & maintenance etc.

The current competition in the market for PVC extrusion and magnets seems to be the most beneficial to everyone, ie RBM, Austwide and Patrick Products.

**The Domestic and Commercial Refrigeration Seal Specialists**

We have been using extrusion supplied by either RBM and Austwide, both companies have been in the business for decades, and have no reason to complain about the quality of product. Both companies manufacture their extrusions in Australia and if ever there is to a problem with the quality, it can be addressed immediately. With product sourced from overseas (as Patricks Products do) it will be a harder and lengthier process to address quality control.

Out of the few recalls we have had over the 8 years, 90% would have been due to damage caused by spillages or mishandling of the seal. Although we do not have specific figures, we can supply these if you wish. The products we use as supplied to us by RBM and Austwide are not of poor quality. We already have prompt and consistent delivery of supplies since we have the full range of products available within half an hour's drive and we don't have the added cost of transportation. This is a choice we would like to continue to have. This also applies to responsiveness to any product recall, which we have not had to do to date.

The exclusive dealing and third line forcing application by Seal-A-Fridge Pty Ltd and others will not provide the public with the cost effective alternative to purchasing a new fridge and improved refrigerator efficiency because Seal-A-Fridge and other companies/businesses of the same nature have been providing this for many years already.

## **2. The likely detriments from the arrangement.**

Franchisees will lose the right to source products that will be most beneficial to them. For example, Melbourne franchisees will have the added costs of freight and the highly likely possibility of a price increase in products. This price increase will have to be passed on to customers.

Franchisees will lose the benefit of technical assistance and support from their current suppliers. Past experiences have proven we do not receive technical assistance and support from our Franchisor.

## **3. The market or markets affected by this conduct**

There will be less competition and more likelihood of increase in prices of PVC extrusion and magnets. This will eventually have to be passed on to the customers.

RBM and Austwide provide the full range of products needed and will provide on demand. The Franchisor has previously stated that he does not intend to supply the full range. Instead we will have to apply for permission to obtain products from other suppliers. Why are some products suitable and others not if they are from the same "unauthorized" supplier? The Franchisor still has not provided a list of Authorised suppliers. Nor has the Franchisor provided written proof that Patricks Products materials meet the standards as outlined in the Operations Manual. Despite numerous requests for him to do so.

## **4. The effect of the conduct on competition in any relevant market, in particular whether there will be a substantial lessening of competition.**

The introduction of Patricks Products into the market resulted in wholesale price reductions. This benefit of the current competition in the market seems to be a win-win situation. Exclusive dealing will most likely reduce the competition and result in an eventual increase in wholesale prices and the franchisees and the public will be the losers.

In conclusion we would like to state that this application for exclusive dealing and third line forcing is not made with the Franchisees and the public's interests in mind. The introduction of supply of products, coinciding with the introduction of the Operations Manual and the enforcements of standards after seven years of not being there and the application for exclusive dealing and third line forcing by the Franchisor all adds up to financially benefiting the Franchisor. There are many more important issues at the moment that need to be addressed by the Franchisor which we as Franchisees are still waiting for.

We strongly oppose the Franchisor's and other parties' application and urge the ACCC to revoke this application.

**The Domestic and Commercial Refrigeration Seal Specialists**

We realise you have much information to sift through and no doubt much information has been duplicated by other submissions, if there is any additional information you require from us we will be happy to provide it.

We await your decision in anticipation.

Yours Sincerely,

Irene and Peter Malishev  
Seal-A-Fridge South Eastern Melbourne  
Victoria

**The Domestic and Commercial Refrigeration Seal Specialists**