

Our Ref: C2008/641
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**Australian
Competition &
Consumer
Commission**

19 May 2008

Mr Steven Crea
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Dear Mr Crea

Third line forcing notification N93394 lodged by Healthy Habits Franchising Pty Ltd

I refer to the above third line forcing notification lodged with the Australian Competition and Consumer Commission (the ACCC) on 17 April 2008. The notification has been placed on the ACCC's public register.

Under the notified conduct, Healthy Habits Franchising Pty Ltd proposes to require Healthy Habits franchisees to purchase a variety of goods and services from particular third party suppliers.

Legal immunity conferred by the notification came into force on 1 May 2008.

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. In this regard, I note your advice that potential franchisees are made aware of the restrictions on their ability to acquire products and services in the franchise disclosure document which is provided to franchisees prior to entering into the franchise agreement.

As with any notification, please note that the ACCC may act to remove the immunity afforded by the notification 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.

I draw 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 an agreement with a third party supplier.

A copy of 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 Joanne Palisi on (02) 6243 1323.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Richard Chadwick'.

Dr Richard Chadwick
General Manager
Adjudication Branch