

Cartridge World Australia Pty Ltd, notification N93727, N93728, N93729 and N93779 – summary of submissions excluded from the public register

The submissions summarised below were excluded from the public register at the request of the parties providing the submissions. The Australian Competition and Consumer Commission (ACCC) has prepared this summary of some parts of these submissions so that the views of the parties making these submissions can be included on the public register.

The ACCC received ten submissions from interested parties, predominantly Cartridge World franchisees, that were excluded from the public register at the request of the party making the submission. These submissions are summarised below.

The ACCC also received a number of submissions that were placed on the public register. The views expressed by interested parties in submissions that were placed on the public register are not included in the summary below.

Summary of submissions excluded from the public register

All ten submissions were critical of the conduct the subject of the notifications and a number of submissions suggested that the conduct would reduce the competitiveness of Cartridge World franchises and competition in the market more generally.

Many of the submissions raised concerns that:

- Stock items required to be purchased from approved suppliers are available from non-approved suppliers at substantially lower prices (in some cases, it was submitted, less than half the price of an approved supplier). It was submitted that the consequence is increased price to consumers and reduced competitiveness of franchisees.
- Products are available from alternative suppliers that are either identical to or of equivalent quality to stock items supplied by the approved suppliers. It was submitted that original equipment manufacturer products, office equipment, office supplies etc are identical regardless of the supplier.
- The requirement to source products through approved suppliers can increase freight costs for franchisees as approved suppliers are located a considerable distance from some franchisees.
- There are products that are not available from the approved suppliers necessitating the use of non-approved suppliers. Franchisees submit that they need to be able to source all products requested by customers in order to live up to the promotion of Cartridge World as a “One Stop Shop for all your printer needs”.
- Some non-approved suppliers stock new release items more quickly than approved suppliers.

- A number of franchisees support having an approved supplier list but feel the current list is inadequate. Franchisees submit that there is not sufficient choice of suppliers on the approved supplier list and that the number of approved suppliers has halved since 2004.
- Attempts to get suppliers added (or returned) to the approved supplier list have on occasion not received a response from Cartridge World.
- There are suppliers that meet the requirements stipulated by Cartridge World that Cartridge World has not added to the approved supplier list.
- The time frames required to get a supplier approved or to obtain permission from Cartridge World to purchase a stock item from a non-approved supplier do not allow franchisees to supply a customer who needs a stock item quickly.
- Cartridge World Supplies, owned by Cartridge World, is a major approved supplier and two other approved suppliers, Dynamic and Toner Warehouse, are owned by the same person. Franchisees submit that this further limits competition between suppliers.
- Some Cartridge World Supplies stock items are of a poor quality and fail to meet the requirements set by Cartridge World.

Individual, or in some cases a small number of franchisees, also submitted that:

- Franchisees have little involvement in the selection and review of approved suppliers. Franchisees suggest including an elected franchisee representative(s) in the supplier selection panel.
- Cartridge World Supplies could become the only approved supplier of some stock items.
- Rebates are being paid to Cartridge World by suppliers and the rebates are not being distributed to the benefit of franchisees.
- Cartridge World's intellectual property requirements make it difficult for suppliers to become approved suppliers, and that existing suppliers may not meet these requirements.