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22 December 2008

Dr Richard Chadwick
General Manager - Adjudication Branch
Australian Competition and Consumer Commission
PO Box 1199
Dickson ACT 2602

Dear Dr Chadwick

House Corporate Pty Ltd - exclusive dealing notification

Please find enclosed a proposed confidential and public register version of an exclusive dealing notification Form G lodged by House Corporate Pty Ltd (**House**) and a cheque for the associated lodgement fee of \$100.00.

It is not clear from the proposed arrangements with respect to the gift card program (as described on the enclosed Form G) that House's conduct will breach section 47 of the *Trade Practices Act 1974 (Act)*. However, in the interests of seeking certainty that the notified conduct will not be in breach of the Act, House lodges the enclosed exclusive dealing notification.

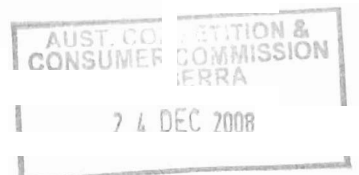
House would like to request that the text of the clauses in the House's franchise agreements, as well as the detailed description of House's current and proposed gift voucher procedures, be excluded from the public register in accordance with section 95(2) of the Act. House makes this request given the confidential nature of the commercial arrangements between House and its franchisees and its business processes and operations. The relevant sections of the Form G are included in red in the confidential version and have been excluded from the proposed public register version.

If you have any queries in respect of the lodgement of the notification or the request that certain information be excluded from the public register, please contact Nadia Cooke on (03) 9274 5229.

Yours sincerely

Nadia Cooke
Solicitor
Direct +61 3 9274 5229
nadia.cooke@dlaphillipsfox.com
Encl

Fleur Gibbons
Partner



Form G

Commonwealth of Australia

Trade Practices Act 1974 — subsection 93 (1)

NOTIFICATION OF EXCLUSIVE DEALING

To the Australian Competition and Consumer Commission:

Notice is hereby given, in accordance with subsection 93 (1) of the *Trade Practices Act 1974*, of particulars of conduct or of proposed conduct of a kind referred to subsections 47 (2), (3), (4), (5), (6), (7), (8) or (9) of that Act in which the person giving notice engages or proposes to engage.

1 Applicant

(a) Name of person giving notice:

House Corporate Pty Ltd (**House**) N93734

(b) Short description of business carried on by that person:

House has developed a business system and image for the retail of kitchen, dining and home wares and related accessory products. House both retails these goods and is franchisor to a network of House franchisees who retail the goods.

(c) Address in Australia for service of documents on that person:

General Manager
House Corporate Pty Ltd
425 St Kilda Road
Melbourne VIC 3000

Notified arrangement

(a) Description of the goods or services in relation to the supply or acquisition of which this notice relates:

House is proposing to introduce an electronic gift card program (**Gift Card Program**), whereby plastic gift cards will replace the existing paper-based gift voucher system. It is intended that the Gift Card Program will operate across the entire House network.

This notice relates to the supply of services associated with the Gift Card Program. These include, for example, payment processing and account reporting services.

(b) Description of the conduct or proposed conduct:

House provides to franchisees a franchise and the right to establish and operate a House business using the trade mark, logos, business and trade names, House business systems and image and other intellectual property (**House System and Image**) on condition that franchisees acquire services

associated with the House Gift Card Program from ReD Prepaid Cards Australia Pty Ltd (ReD).

The pro-forma House franchise agreement (**Pro-forma Agreement**), along with the House Operations Manual, allows House to introduce the Gift Card Program. Clause 21.2(1) of the Pro-forma Agreement provides:

Restriction of Publication of Part Claimed

EXCLUDED FROM
PUBLIC REGISTER

The Pro-forma Agreement provides that House may amend the Operations Manual. Clause 21.3 states:

Restriction of Publication of Part Claimed

EXCLUDED FROM
PUBLIC REGISTER

The House Operations Manual details House's current gift voucher policy. House proposes to amend the Manual to require franchisees to participate in the Gift Card Program.

3 Persons, or classes of persons, affected or likely to be affected by the notified conduct

- (a) Class or classes of persons to which the conduct relates:
Franchisees of House.
- (b) Number of those persons:
- (i) At present time: 96
 - (ii) Estimated within the next year: 110
- (c) Where number of persons stated in item 3 (b) (i) is less than 50, their names and addresses:
Not applicable.

Public benefit claims

- (a) Arguments in support of notification:
- A gift voucher system assists franchisees to make sales. The proposed electronic Gift Card Program will:
- reduce the administrative burden on franchisees;
 - reduce risks of theft and fraud;
 - allow franchisees to promote gift cards more successfully; and

- allow collation of national sales data.

The Gift Card Program will also reduce the administrative burden on House of facilitating a gift voucher system across the House network of stores.

Finally, the Gift Card Program will improve the durability of the vouchers for consumers.

(b) Facts and evidence relied upon in support of these claims:

To be successful, a gift voucher system requires the participation of all stores in the sales network.

Under the Gift Card Program, the gift cards will be plastic cards, as opposed to printed gift vouchers. The cards will facilitate electronic funds transfer between franchisees for the purposes of the Gift Card Program.

Restriction of Publication of Part Claimed

EXCLUDED FROM
PUBLIC REGISTER

5 Market definition

Provide a description of the market(s) in which the goods or services described at 2 (a) are supplied or acquired and other affected markets including: significant suppliers and acquirers; substitutes available for the relevant goods or services; any restriction on the supply or acquisition of the relevant goods or services (for example geographic or legal restrictions):

The market for the services associated with the Gift Card Program would appear to be a national market for the provision of prepaid cards, or possibly a broader market for payment processing services.

ReD is one of a number of suppliers of the services associated with a gift card program. These suppliers include for example Loyalty Magic, Indue Ltd and Datavantage Corporation (a subsidiary of MICROS Systems Inc).

6 Public detriments

- (a) Detriments to the public resulting or likely to result from the notification, in particular the likely effect of the notified conduct on the prices of the goods or services described at 2 (a) above and the prices of goods or services in other affected markets:

House submits that there will be no detriment to the public as a result of the notified conduct.

- (b) Facts and evidence relevant to these detriments:

A number of retail businesses currently use plastic gift cards, and House anticipates the number of retail businesses that utilise these cards will increase in future. The suppliers of these services provide services to a range of businesses, and thus have a number of potential customers other than the House network to which to sell their services.

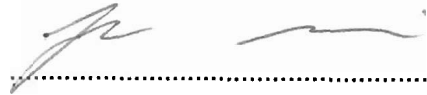
Further information

- (a) Name, postal address and contact telephone details of the person authorised to provide additional information in relation to this notification:

Ms Stacey Pettit
Corporate Lawyer
Century Plaza Group
Level 63, 101 Collins Street
Melbourne VIC 3000

Dated..... 22 December 2008

Signed on behalf of the applicant



(Signature)

PHILIP GIBSON

DLA PHILIP GIBSON

150 William Street, Melbourne

(Full Name)

An Australian Legal Practitioner within the meaning of the Legal Profession Act 2004

(Organisation)

Partner

(Position in Organisation)

DIRECTIONS

- 1 In lodging this form, applicants must include all information, including supporting evidence that they wish the Commission to take into account in assessing their notification.

Where there is insufficient space on this form to furnish the required information, the information is to be shown on separate sheets, numbered consecutively and signed by or on behalf of the applicant.

- 2 If the notice is given by or on behalf of a corporation, the name of the corporation is to be inserted in item 1 (a), not the name of the person signing the notice, and the notice is to be signed by a person authorised by the corporation to do so.
- 3 Describe that part of the business of the person giving the notice in the course of the which the conduct is engaged in.
- 4 If particulars of a condition or of a reason of the type referred to in section 47 of the *Trade Practices Act 1974* have been reduced in whole or in part to writing, a copy of the writing is to be provided with the notice.
- 5 Describe the business or consumers likely to be affected by the conduct.
- 6 State an estimate of the highest number of persons with whom the entity giving the notice is likely to deal in the course of engaging in the conduct at any time during the next year.
- 7 Provide details of those public benefits claimed to result or to be likely to result from the proposed conduct including quantification of those benefits where possible.
- 8 Provide details of the market(s) likely to be affected by the notified conduct, in particular having regard to goods or services that may be substitutes for the good or service that is the subject matter of the notification.
- 9 Provide details of the detriments to the public which may result from the proposed conduct including quantification of those detriments where possible.