



**Australian
Competition &
Consumer
Commission**

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Our Ref: C2009/1072
Your Ref: PW:LK:281561
Contact Officer: Gina D'Ettorre
Contact Number: 03 9290 1483

19 June 2009

Mr Peter Wood
Wood Marshall Williams
PO Box 443
BROOKVALE NSW 2100

Dear Mr Wood

**Third line forcing notifications N94000 & N940001 lodged by
Drip Doctor Franchising Pty Ltd**

I refer to the above third line forcing notifications lodged with the Australian Competition and Consumer Commission (the ACCC) on 25 May 2009. The notifications have been placed on the ACCC's public register.

The Drip Doctor proposes to require franchisees to:

- acquire most if not all of the supplies of plumbing products from Reece Plumbing Pty Ltd, and
- adopt and use a banking and reporting system known as "Banklink" supplied by Accounting Sunshine Coast Pty Ltd (trading as On Line Accountants)

as a requirement of the franchising system.

Legal immunity conferred by the notifications commenced on 8 June 2009.

On the basis of the information you have provided, it is not intended that further action be taken in this matter at this stage.

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

This assessment has been made on the basis that the Drip Doctor will disclose all relevant terms and conditions to prospective franchisees. In particular I note that the Drip Doctor is required to comply with the disclosure requirements of the Franchising Code of Conduct in relation to the notified arrangements. Among other things, these specify that a franchisor must provide information to franchisees in its disclosure document about:

- any restrictions on acquisition of goods or services by the franchisee from other sources
- whether the franchisor or an associate will receive a rebate or other financial benefit from the supply of goods or services to franchisees, including the name of the business providing the rebate or financial benefit, and
- whether any such rebate or financial benefit is shared directly or indirectly with franchisees.

More generally I would note that the Franchising Code of Conduct also requires disclosure of:

- ownership by a franchisor or an associate of a franchisor of an interest in any supplier from which the franchisee may be required to acquire goods or services
- any restrictions by a franchisor on the goods or services that a franchisee may supply, and
- any restrictions on the persons to whom a franchisee may supply goods or services.

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 Gina D'Ettorre on 03 9290 1483.

Yours sincerely



Dr Richard Chadwick
General Manager
Adjudication Branch