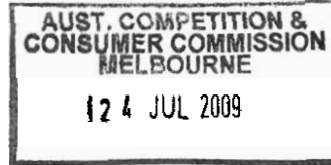


Your Ref:  
Our Ref: AJP:AZW:2868409  
Contact: Adam Walker  
Direct Line: +61 3 9252 2515  
Direct Email: awalker@vic.gadens.com.au  
Partner: Antoine Pace



ABN 29 991 935 627

Level 25  
Bourke Place  
600 Bourke Street  
Melbourne Vic 3000  
Australia

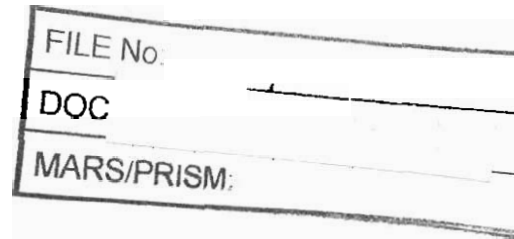
GPO Box 48  
Melbourne Vic 3001

DX 304 Melbourne

tel +61 3 9252 2555  
fax +61 3 9252 2500

www.gadens.com.au

24 July 2009



**DELIVERY BY HAND**

Adjudication Branch  
Australian Competition and Consumer Commission  
Level 35, Melbourne Central Tower  
360 Elizabeth Street  
MELBOURNE VIC 3000

Dear Sir/Madam

**Collins Booksellers Pty Ltd and Collins Book City Pty Ltd  
Exclusive Dealing Notification (Third Line Forcing)**

We act for Collins Booksellers Pty Ltd and Collins Book City Pty Ltd.

Please find enclosed:

1. Form G Notification; and
2. a cheque for \$100.00 made payable to **Australian Competition and Consumer Commission** in payment of the lodgement fee.

If you have any questions, please contact Adam Walker using the details at the head of this letter.

Yours faithfully

Antoine Pace  
for GADENS LAWYERS

# 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.

PLEASE FOLLOW DIRECTIONS ON BACK OF THIS FORM

### 1. Applicant

- (a) **Name of person giving notice:**  
(Refer to direction 2)

N94052  
N94053  
Collins Booksellers Pty Ltd ACN 114 315 007 (**Collins Booksellers**) in its own capacity and on behalf of Collins Book City Pty Ltd ACN 127 821 961 (**Collins Book City**) as its ultimate holding company.

- (b) **Short description of business carried on by that person:**  
(Refer to direction 3)

Collins Booksellers Pty Ltd and Collins Book City are the franchisor of the “Collins Booksellers” and the “Collins Book City” book retail chains respectively. The Collins Booksellers franchise system is separate from the Collins Book City franchise system, however both conduct their business in the same market described in paragraph 5.

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

Attention: Mr Adam Walker, Gadens Lawyers, Level 25, 600 Bourke Street,  
Melbourne, Victoria 3000

### 2. Notified arrangement

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

Books, periodicals, greeting cards, gift cards and wrapping, stationery (**Book Shop Products**).

- (b) **Description of the conduct or proposed conduct:**  
(Refer to direction 4)

The proposed conduct comprises:

- a term of Collins Booksellers offering and supplying “Collins Booksellers” franchises, including franchises currently on foot, that the franchisee will

acquire Book Shop Products for that franchise from Collins Booksellers' preferred suppliers; and

- a term of Collins Book City offering and supplying "Book City" franchises, including franchises currently on foot, that the franchisee will acquire Book Shop Products for that franchise from Collins Book City's preferred suppliers.

**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:**

*(Refer to direction 5)*

All current and future franchisees of Collins Booksellers and Collins Book City throughout Australia.

**(b) Number of those persons:**

**(i) At present time:**

Collins Booksellers: 35

Collins Book City: 27

**(ii) Estimated within the next year:**

*(Refer to direction 6)*

Up to 80 in total

**(c) Where number of persons stated in item 3(b)(i) is less than 50, their names and addresses:**

Not applicable.

**4. Public benefit claims**

**(a) Arguments in support of notification:**

*(Refer to direction 7)*

- Enables group buying when dealing with wholesalers, which facilitates:
  - lower prices to franchisees thereby resulting in:
    - a more vigorous competitor in the increasingly concentrated retail book market; and
    - franchisees having capacity to more aggressively discount prices or otherwise generally reduce prices payable by the ultimate consumer;
  - franchisees being able to access benefits negotiated by Collins Booksellers/Collins Book City with the supplier; and

- franchisees having access to established distribution networks.
- Consistency of product offering across all Collins Booksellers and Collins Book City franchises.
- Enables group wide promotions to be conducted across the network, which are an essential component of the marketing program.
- Ease of operation of franchised businesses as the sourcing of supplies does not have to be negotiated by each franchisee separately.

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

The cost savings associated with group buying will assist Collins Booksellers and Collins Book City as vigorous competitors in an increasingly concentrated market. For the reasons set out in paragraph 6 below, there is no significant detriment to the public as a result of the proposed conduct. Any minimal detriment is outweighed by the public benefits outlined above.

**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):**

*(Refer to direction 8)*

Collins Booksellers and Collins Book City agree with the definition of the market as described in the ACCC's *Public Competition Assessment* dated 27 February 2008 in respect of the proposed acquisition by A&R Whitcoulls Group Holdings Pty Ltd (ARW) of Borders Australia Pty Ltd (Borders) (collectively, **REDgroup Retail**).

Collins Booksellers and Collins Book City note that their collective share of national sales share is significantly small, around 3%, when compared to REDgroup Retail, Dymocks, department stores and discount department stores (collectively, the **Major Book Market Participants**).

## 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:**

*(Refer to direction 9)*

It is submitted that there is no significant detriment to the public as a result of the proposed conduct for the following reasons:

- There is no anti-competitive effect on the end customer, as the majority of cost savings associated with group buying will be passed on to the customer.
- The anti-competitive effect on wholesale suppliers, other than those nominated as approved suppliers by Collins Booksellers/Collins Book City, is insignificant given the relatively small share of the market that Collins Booksellers and Collins Book City comprises. Further, suppliers who are not nominated may submit a proposal to Collins Booksellers and Collins Book City to be appointed as a preferred supplier. Collins Booksellers/Collins Book City may approve or nominate other suppliers in the event of a more attractive offering.
- Whilst the conduct restricts the franchisees' discretion to select suppliers, the cost savings associated with bulk purchasing far outweigh the limited number of suppliers from which goods and services may be acquired. Further, the cost savings enable the franchisees to stay competitive in a market where they collectively hold a small amount of the market share comparative to the Major Book Market Participants.

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

- Bulk purchasing from suppliers ensures favourable terms for all franchisees. Further, this also results in the acquisition of titles in promotional catalogues, often at a reduced retail price.
- There is open competition to become an approved supplier as all suppliers proposals will be considered to ensure franchisees are receiving the most favourable terms, benefits of which will be passed on to their customers.

**7. Further information**

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

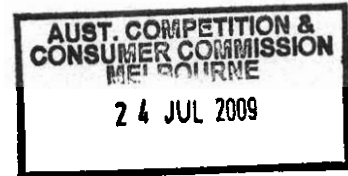
Mr Adam Walker, Senior Associate, Gadens Lawyers, Level 25, 600 Bourke Street,  
Melbourne, Victoria, 3000 (Telephone: 03 9252 2515; Facsimile: 03 9252 2500;  
Email: awalker@vic.gadens.com.au)

Dated: 23 July 2009

Signed by/on behalf of the applicant

*Gadens Lawyers*

Gadens Lawyers, for and on behalf of  
Collins Booksellers Pty Ltd and Collins Book City Pty Ltd



## 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.