

Office Brisbane
Contact Wenny Lim
Direct Line 07 3001 9231
Email w.lim@clarkekann.com.au
Your ref C2008/1684
Our ref jdt:wyl:405623



16 March 2010

General Manager
Adjudication Branch
Australian Competition and Consumer Commission
GPO Box 3131
Canberra ACT 2601

Dear Sir/Madam

Notification of Exclusive Dealing: Good Price Pharmacy Group

We act for Good Price Pharmacy Franchising Pty Ltd ("GPPF") and Good Price Pharmacy Management Pty Ltd ("GPPM").

On 15 October 2008, we lodged on behalf of GPPM a Notification of Exclusive Dealing N93623 in relation to stock purchasing arrangements for franchised "Good Price Pharmacy Warehouse" stores. Legal immunity was granted by the ACCC on and from 29 October 2008. A copy of the letter from the ACCC dated 24 October 2008 notifying GPPM of this fact is attached.

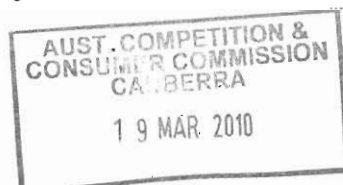
Following an internal restructure of the Good Price Pharmacy Group:

1. GPPF has been established as the new franchising entity within the Good Price Pharmacy Group; and
2. GPPM will provide management services to non-franchised stores.

Franchised stores (managed by GPPF) and non-franchised stores (managed by GPPM) are required to purchase products from authorised suppliers.

Accordingly, we attach the following for your consideration:

1. Form G (Notification of Exclusive Dealing) by GPPF;
2. Form G (Notification of Exclusive Dealing) by GPPM; and
3. cheques totalling \$200, being the lodgement fees for the notification by each of GPPF and GPPM.



BRISBANE
LEVEL 7
300 QUEEN STREET
BRISBANE 4000
GPO Box 2249
BRISBANE 4001
AUSTRALIA

TEL: 61 7 3001 9222
FAX: 61 7 3001 9299

SYDNEY
LEVEL 5
19 PITT STREET
SYDNEY 2000
PO Box R232
ROYAL EXCHANGE
NSW 1225
AUSTRALIA

DX 10148
STOCK EXCHANGE - SYDNEY NSW

TEL: 61 2 9336 8600
FAX: 61 2 9336 8699

www.clarkekann.com.au

Please contact Wenny Lim of this office on 07 3001 9231 if you have any queries.

Yours faithfully



John Toigo
Partner
Corporate & Commercial

RECEIVED

28 OCT 2008



Australian
Competition &
Consumer
Commission

GPO Box 3131
Canberra ACT 2601

23 Marcus Clarke Street
Canberra ACT 2601

tel: (02) 6243 1111
fax: (02) 6243 1199

www.accc.gov.au

Our Ref: C2008/1684
Contact Officer: Simon Mitchell
Contact Phone: 03 9290 6909

24 October 2008

John Toigo
Partner
ClarkeKann Lawyers
Level 7, 300 Queen St
Brisband QLD 4000

Dear Mr Toigo

**Exclusive dealing notification N93623 lodged by
Good Price Pharmacy Management Pty Ltd**

I refer to the above third line forcing notification lodged with the Australian Competition and Consumer Commission (the ACCC) on 15 October 2008. The notification has been placed on the ACCC's public register.

Good Price Pharmacy Management Pty Ltd (GPPM) proposes to offer franchise agreements to potential franchisees of Good Price Pharmacy Warehouses outlets on condition that the franchisee agrees to:

- purchase various pharmaceutical, health and beauty products from authorised suppliers and
- maintain such products in such quantities as GPPM may reasonable require from time to time.

A franchisee wishing to make purchases from a supplier other an authorised supplier must obtain approval from GPPM.

Legal immunity conferred by the notification came into force on 29 October 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.

This assessment has been made on the basis that GPPM, in promoting the franchise arrangement, will ensure that potential franchisees are appropriately informed of the terms and conditions governing the franchise arrangement. The ACCC takes this opportunity to remind GPPM of its obligations to prospective franchisees under the Franchising Code of Conduct, in particular its duty of disclosure of all relevant conditions of 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.

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 contact Simon Mitchell on 03 9290 6909.

Yours sincerely

A handwritten signature in dark ink, consisting of a large, stylized capital 'R' followed by a horizontal line extending to the right.

Dr Richard Chadwick
General Manager
Adjudication Branch

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)

N94566

Good Price Pharmacy Franchising Pty Ltd ACN 138 595 034 ("GPPF").

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

GPPF has established a network of franchised pharmacies under the name "Good Price Pharmacy Warehouse" ("GPP Warehouse"), which offers a comprehensive range of pharmaceutical, health and beauty products and services.

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

ClarkeKann Lawyers
GPO Box 2249
Brisbane 4001

2. **Notified arrangement**

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

This notice relates to the arrangement entered into or to be entered into by GPPF with franchisees in which franchisees are required to:

- (i) purchase various pharmaceutical, health and beauty products from authorised suppliers; and
- (ii) maintain such products in such quantities as GPPF may reasonably require from time to time.

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

GPPF will negotiate deals with authorised suppliers for the supply of pharmaceutical, health and beauty products to each GPP Warehouse franchisee. The authorised suppliers will in each case be selected based on the following:

- (i) the products supplied are appropriate for sale in a GPP Warehouse;

- (ii) their ability to ensure efficient supply of the relevant products to all franchisees; and
- (iii) their ability to supply products at competitive rates.

Clause 8.2 of the franchise agreement entered or to be entered into with franchisees requires the franchisees to purchase goods and services from these authorised suppliers. The clause provides that:

- (i) *The Franchisor shall provide to the Franchisee a list of Authorised Suppliers, which may be updated or amended by the Franchisor from time to time. These suppliers have been chosen by the Franchisor because they provide to franchisees benefits such as the ability to service a large chain of shops, display and promotional support, efficient billing, rebates and discounts, product obsolescence protection and product liability warranties.*
- (ii) *A Franchisee wishing to make purchases from a supplier other than an Authorised Supplier must obtain approval from the Franchisor.*
- (iii) *If the Franchisor is satisfied in its absolute discretion, after investigation, that the new supplier will not detract from the Store Image, quality and pricing policies associated with the Store System and can offer significant benefits, that supplier may be listed by the Franchisor as an Authorised Supplier.*

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)

GPP Warehouse franchisees.

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

- (i) **At present time:**

3

- (ii) **Estimated within the next year:** (Refer to direction 6)

10

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

	Name of Business	Persons running the Business	Address
1.	Good Price Pharmacy Warehouse Coffs Harbour	Innes Pharmacy Management Pty Ltd	Shop 6, 150 Pacific Highway, Coffs Harbour, New South Wales 2450
2.	Good Price Pharmacy Warehouse Grafton	Madeleine Linger	Shop 1, Part 63-69, Prince Street, Grafton, New South Wales 2460

	Name of Business	Persons running the Business	Address
3.	Good Price Pharmacy Warehouse Burnie	Heartlands Pharmacies Pty Ltd	Corner Mount Street and Cattley Street, Burnie, Tasmania 7320

4. **Public benefit claims**

(a) **Arguments in support of notification** (*Refer to direction 7*)

- (i) The concept behind the GPP Warehouse franchise is that it is a "no frills", bulk buying discount "big box" pharmacy whose market differentiation is everyday low prices.
- (ii) By requiring GPP Warehouse franchisees to purchase from authorised suppliers, costs savings are passed on to the franchisees, who will in turn pass the savings to customers, ensuring that prices of goods and services across the franchised network remain competitive and in accordance with the GPP Warehouse concept.
- (iii) The proposed arrangement will ensure that the range and quality of products provided by GPP Warehouse franchisees will be consistent throughout the franchised network. Accordingly, customers that visit any of the franchised stores are assured of consistency of the range, brands and quality of goods.
- (iv) Business efficacy will be enhanced because franchisees do not have to source and negotiate deals regarding the supply of products individually.
- (v) The value of the business name will be increased because of the consistent range and quality of products.

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

As 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*)

- (a) The pharmacy retail services market including suppliers of pharmaceutical, health and beauty products who are not authorised suppliers of GPPF could be affected. However, the effectiveness of the operation of the GPP Warehouse franchise is reliant on the proposed arrangements set out in this notification.
- (b) Without the proposed arrangements, GPP Warehouse franchisees would be able to acquire products from suppliers of their choosing, and suppliers could compete for the businesses of the franchisees individually. GPPF does not consider that this would significantly increase the level of competition in the relevant market, but would tend to cause disparity between the products available from different franchisees and move away from the concept of the GPP Warehouse franchise.

- (c) It is expected that GPP Warehouses will face strong competition from other pharmacies, and accordingly there is a very large part of the market that is available to be accessed by suppliers who are not authorised suppliers of GPPF.
- (d) It should be noted however, that suppliers are able to negotiate with GPPF to become authorised suppliers of the GPP Warehouse franchise.

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)**

GPPF does not consider that there is likely to be any significant detriment to the public as a result of this notification because:

- (i) the public is able to take advantage of the benefits flowing from the consistent range of products and promotions across all GPP Warehouses; and
- (ii) market supply of the pharmaceutical, health and beauty products will not be significantly affected because consumers who do not wish to purchase the products available from GPP Warehouses have the option to purchase the products elsewhere.

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

Not applicable

7. **Further information**

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

John Toigo
Partner
ClarkeKann Lawyers
GPO Box 2249
Brisbane 4001
Telephone: 07 3001 9222
Facsimile: 07 3001 9299
Email: j.toigo@clarkekann.com.au

DATED 16 March 2010

Signed on behalf of the applicant



John Toigo
Partner, ClarkeKann 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*)

N94567 Good Price Pharmacy Management Pty Ltd ACN 130 365 801 ("GPPM").

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

GPPM provides management services to "Good Price Pharmacy Warehouse" bulk discount pharmacy stores ("GPP Warehouse"), which offer a comprehensive range of pharmaceutical, health and beauty products and services.

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

ClarkeKann Lawyers
GPO Box 2249
Brisbane 4001

2. Notified arrangement

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

This notice relates to the arrangement entered into or to be entered into by GPPM with the proprietors of GPP Warehouses in which the proprietors are required to:

- (i) purchase various pharmaceutical, health and beauty products from authorised suppliers; and
- (ii) maintain such products in such quantities as GPPM may reasonably require from time to time.

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

GPPM will negotiate deals with authorised suppliers for the supply of pharmaceutical, health and beauty products to each GPP Warehouse store. The authorised suppliers will in each case be selected based on the following:

- (i) the products supplied are appropriate for sale in a GPP Warehouse;

- (ii) their ability to ensure efficient supply of the relevant products to all GPP Warehouses; and
- (iii) their ability to supply products at competitive rates.

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)

Proprietors of GPP Warehouses.

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

- (i) **At present time:**

18

- (ii) **Estimated within the next year:** (Refer to direction 6)

25

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

Name of business	Name	Address
Queensland		
Good Price Pharmacy Ashmore	Hanh My Luu Amanda Jane Seeto	Central Park Plaza Shop 3, Central Park Avenue Ashmore QLD 4214
Good Price Pharmacy Warehouse Booval	Selection First Pty Ltd	214 Brisbane Road Booval QLD 4304
Good Price Pharmacy Warehouse	Anthony Yap GPP Cannon Hill Pty Ltd	Homemaker City Shop 5B, 1881 Creek Road Cannon Hill QLD 4170
Good Price Pharmacy Warehouse Carrara	Chemist First Pty Ltd	Shop T03 Coco's Shopping Centre Carrara QLD 4211
Deagon Pharmacy	Anthony Yap	Deagon Market Square Shop 13, 79 Braun Street Deagon QLD 4017
Good Price Pharmacy Warehouse Gympie	Annaben Pty Ltd	24 Mary Street Gympie QLD 4570
Costigan's Good Price Pharmacy Warehouse	Patrick Gerard Costigan Cheryl Ann Costigan	227 Adelaide Street Maryborough QLD 4650

Name of business	Name	Address
Good Price Pharmacy Warehouse Mount Gravatt	Hanh My Luu GPP Mt Gravatt Pty Ltd	Homemaker City Shop 9, 1290 Logan Road Mt Gravatt QLD 4122
Good Price Pharmacy Warehouse Oxley	Chemist Third Pty Ltd	Shop 3, The Zone 2118 Ipswich Road Oxley QLD 4075
Good Price Pharmacy Warehouse Robina	Anthony Yap	Robina Super Centre Shop RC12, 86 - 104 Robina Town Centre Drive Robina QLD 4226
Good Price Pharmacy Warehouse Rothwell	Chemist Second Pty Ltd	Shop 2, 439 - 443 Anzac Avenue Rothwell QLD 4022
Good Price Pharmacy Warehouse Stafford	Hanh My Luu Daniel Clementson	219 Stafford Road Stafford QLD 4053
Good Price Pharmacy Underwood	GPP Underwood Pty Ltd	The Zone Cnr Kingston & Compton Roads Underwood QLD 4119
<i>New South Wales</i>		
Good Price Pharmacy Warehouse Armidale	Anthony Yap	Armidale Plaza Shop 33 - 34, Corner Beardy and Danger Street Armidale NSW 2350
Good Price Pharmacy Warehouse McGraths Hill	Hanh My Luu	Shop 4A, 264 - 272 Windsor Road McGraths Hill NSW 2756
Good Price Pharmacy Warehouse Nowra	Good Price Pharmacy Nowra Pty Ltd	Homemaker Centre Shop 8, 28 Central Avenue South Nowra NSW 2541
Good Price Pharmacy Warehouse	Good Price Pharmacy Tamworth Pty Ltd	Homespace Centre Shop 6, Corner Greg Norman Drive and New England Highway Tamworth NSW 2340
<i>Tasmania</i>		
Good Price Pharmacy Warehouse Cambridge	Hanh My Luu	Shop A3, Harvey Norman Centre (Cambridge Park) 66 Kennedy Drive Cambridge TAS 7170

4. **Public benefit claims**

(a) **Arguments in support of notification** (*Refer to direction 7*)

- (i) The concept behind the GPP Warehouse store is that it is a “no frills”, bulk buying discount “big box” pharmacy whose market differentiation is everyday low prices.
- (ii) By requiring proprietors of GPP Warehouses to purchase from authorised suppliers, costs savings are passed on to the proprietors, who will in turn pass the savings to customers, ensuring that prices of goods and services across the Good Price Pharmacy Group remain competitive and in accordance with the GPP Warehouse concept.
- (iii) The proposed arrangement will ensure that the range and quality of products provided by each GPP Warehouse will be consistent throughout the Good Price Pharmacy Group. Accordingly, customers that visit any GPP Warehouse are assured of consistency of the range, brands and quality of goods.
- (iv) Business efficacy will be enhanced because proprietors of GPP Warehouses do not have to source and negotiate deals regarding the supply of products individually.
- (v) The value of the business name will be increased because of the consistent range and quality of products.

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

As 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*)

- (a) The pharmacy retail services market including suppliers of pharmaceutical, health and beauty products who are not authorised suppliers of GPPM could be affected. However, the effectiveness of the operation of a GPP Warehouse is reliant on the proposed arrangements set out in this notification.
- (b) Without the proposed arrangements, proprietors of GPP Warehouses would be able to acquire products from suppliers of their choosing, and suppliers could compete for the businesses of the proprietors individually. GPPM does not consider that this would significantly increase the level of competition in the relevant market, but would tend to cause disparity between the products available from different GPP Warehouses and move away from the concept of the GPP Warehouse.
- (c) It is expected that GPP Warehouses will face strong competition from other pharmacies, and accordingly there is a very large part of the market that is available to be accessed by suppliers who are not authorised suppliers of GPPM.
- (d) It should be noted however, that suppliers are able to negotiate with GPPM to become authorised suppliers to GPP Warehouses.

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*)

GPPM does not consider that there is likely to be any significant detriment to the public as a result of this notification because:

- (i) the public is able to take advantage of the benefits flowing from the consistent range of products and promotions across all GPP Warehouses; and
- (ii) market supply of the pharmaceutical, health and beauty products will not be significantly affected because consumers who do not wish to purchase the products available from GPP Warehouses have the option to purchase the products elsewhere.

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

Not applicable

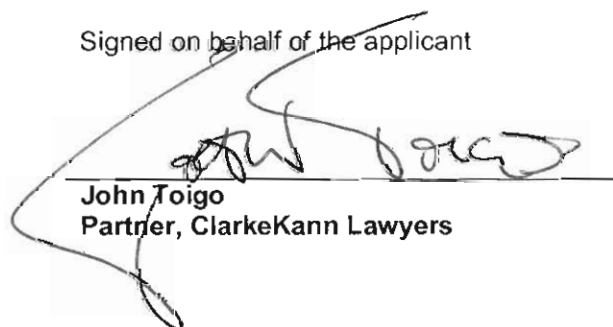
7. **Further information**

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

John Toigo
Partner
ClarkeKann Lawyers
GPO Box 2249
Brisbane 4001
Telephone: 07 3001 9222
Facsimile: 07 3001 9299
Email: j.toigo@clarkekann.com.au

DATED 16 March 2010

Signed on behalf of the applicant



John Toigo
Partner, ClarkeKann Lawyers