



Australian  
Competition &  
Consumer  
Commission

Our Ref: Trackit 46694  
Contact Officer: John Rouw  
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7 September 2011

Tamra Seaton  
Partner  
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By email: [tamra.seaton@nortonrose.com](mailto:tamra.seaton@nortonrose.com)

Dear Ms Seaton

**Third line forcing notification N95515 lodged by Red Rooster Pty Ltd**

I refer to the above third line forcing notification lodged with the Australian Competition and Consumer Commission (the ACCC) on 11 August 2011. The notification has been placed on the ACCC's public register.

Under the notified arrangement, Red Rooster Pty Ltd proposes to require Red Rooster franchisees to use and acquire Point of Sale systems and software and Services, as defined in the notification, from third-party suppliers who have been approved by Red Rooster.

Legal immunity conferred by the notifications commenced on 25 August 2011.

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

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

This assessment has been made on the basis that Red Rooster will disclose all relevant terms and conditions to current and prospective franchisees. In particular I note that Red Rooster is required to comply with the disclosure requirements of the Franchising Code of Conduct in relation to the notified arrangement. 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 contact John Rouw on (03) 9290 1402.

Yours sincerely



Dr Richard Chadwick  
General Manager  
Adjudication Branch