



**Australian  
Competition &  
Consumer  
Commission**

Our Ref: 54460  
Contact Officer: Tess Macrae  
Contact Number: (03) 9290 1835

GPO Box 3131  
Canberra ACT 2601

12 May 2014

23 Marcus Clarke Street  
Canberra ACT 2601

Mr Greg Hipwell  
Partner  
Norton Rose Fulbright Australia

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

[www.accc.gov.au](http://www.accc.gov.au)

By email: [greg.hipwell@nortonrosefulbright.com](mailto:greg.hipwell@nortonrosefulbright.com)

Dear Mr Hipwell

**Third line forcing notifications N97376 & N97377 lodged by The Hairhouse Warehouse Pty Ltd**

I refer to the above third line forcing notifications lodged with the Australian Competition and Consumer Commission (the ACCC) on 24 April 2014 and 30 April 2014. The notifications have been placed on the ACCC's public register.

Hairhouse Warehouse will supply its services as franchisor under the franchise agreement on the condition that franchisees purchase or acquire approved products from approved suppliers. Approved products include: hair and beauty products; products and equipment incidental to the provision of hair and beauty services; Hairhouse Warehouse branded merchandise and products; point-of-sale software and hardware; and other products and services unrelated to hair and beauty products and services.

Hairhouse Warehouse will also supply benefits to customers as part of the loyalty program on the condition that they purchase or acquire products or services from a Hairhouse Warehouse store (which may be franchised).

Legal protection conferred by the notifications commenced on 8 May 2014 in the case of N97376 and will commence on 14 May 2014 in the case of N97377.

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.

As with any notification, please note that the ACCC may act to remove the legal protection provided 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 Hairhouse Warehouse will disclose all relevant terms and conditions to prospective customers.

This assessment has also been made on the basis that Hairhouse Warehouse will disclose all relevant terms and conditions to current and prospective franchisees. In particular I note that Hairhouse Warehouse 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 do not hesitate to contact Tess Macrae on (03) 9290 1835.

Yours sincerely

A handwritten signature in blue ink, consisting of a stylized initial 'R' followed by a long horizontal line.

Dr Richard Chadwick  
General Manager  
Adjudication Branch