



**Australian
Competition &
Consumer
Commission**

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23 May 2014

Sachi Haga
Corporate Counsel
Summit Tyres Australia Pty Ltd
Level 1, 650 Mount Alexander Road
Moonee Ponds VIC 3039

By email: sachi.haga@sumitomocorp.co.jp

Dear Ms Haga

Third line forcing notification N97402 lodged by Summit Tyres Australia Pty Ltd

I refer to the above third line forcing notification lodged with the Australian Competition and Consumer Commission (the ACCC) on 9 May 2014. The notification has been placed on the ACCC's public register.

Summit Tyres Australia Pty Ltd (STA) proposes to offer franchises on condition that franchisees:

- a. acquire scrap tyre and automotive waste collection and disposal services (nominated approved services) from a nominated approved supplier.
- b. acquire a minimum percentage (55-80%) of "core products" (namely tyres and related products) from approved suppliers.

STA may nominate a product to be a core product at any time.

Legal protection conferred by the notification commenced on 23 May 2014.

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 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 STA will disclose all relevant terms and conditions to current and prospective franchisees. In particular I note that STA 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 Nikita Harrison on (03) 9658 6497.

Yours sincerely



Dr Richard Chadwick
General Manager
Adjudication Branch