

16 November 2015

Australian Competition and Consumer Commission
PO Box 12241
George Street Post Shop
BRISBANE QLD 4003



Dear Sir/Madam,

FORM G NOTIFICATION OF EXCLUSIVE DEALING

I am the General Counsel for ASC Master Franchise Pty Ltd ACN 153 138 268, the Franchisor for the Australian Skin Clinics group.

I enclose the Form G Notification of Exclusive Dealing for your attention. The lodgement fee of \$100 has been paid by way of electronic funds transfer to the ACCC Administered receipts account.

Evidence of payment of the lodgement fee is **enclosed** for your attention.

Would you please consider and process the notification at your earliest convenience.

Yours faithfully



Melissa Ayre
General Counsel

Encl.

18 NOV 2015

Form G

Commonwealth of Australia
Competition and Consumer Act 2010 — 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 *Competition and Consumer Act 2010*, 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)

ASC Master Franchise Pty Ltd ACN 153 138 268 (“Franchisor”)

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

The Franchisor operates a business as franchisor to a network of franchisees which operate businesses involving the supply of cosmetic and aesthetic services (“the Franchise Services”) to customers using the business system, image, trademarks and other intellectual property that will be licensed to them (“Australian Skin Clinics Franchise”).

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

ATTN: General Counsel
ASC Master Franchise ACN 153 138 268
Level 1, 87-89 Upton Street
BUNDALL Q 4217

2. Notified arrangement

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

The notification relates to the acquisition of skincare and associated products by franchisees in order to supply the Franchise Services to customers, including particular types of products listed in the schedule as Category A Products.

- (b) Description of the conduct or proposed conduct:

Background

A related entity of the Franchisor, Australian Skin Clinics Pty Ltd ACN 123 038 264, has conducted a cosmetic and aesthetic business since 1996.

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Deborah Jane Farnworth-Wood (the director of Australian Skin Clinics Pty Ltd ACN 123 038 264) decided to expand the existing business by granting franchises. The Franchisor offers franchise agreements to franchisees. In consideration of the Franchisee executing the Franchise Agreement, Franchisees:

- (i) will be granted a franchise to operate their cosmetic and aesthetic business using the Australian Skin Clinics brand and system;
- (ii) the Franchisee will have access to ongoing support from the Franchisor;
- (iii) the Franchisee will have access to additional services that may be provided by the Franchisor from time to time (at an additional, user pays cost) including training and educational services relating to the cosmetic and aesthetic industry;
- (iv) the Franchisee will gain access to obtain the Approved Products from the Designated Supplier at a competitive price negotiated by the Franchisor. The Franchisor has negotiated a supply arrangement with the Designated Supplier in relation to the supply of Approved Products, particularly skincare and associated products.

Classification of Products

The Franchisor will specify a list of products that are Approved Products and may add or remove products from that list from time to time.

Designated Supplier

The Franchisee must otherwise purchase all Approved Products as listed in the Schedule "A" from the Designated Supplier.

The Franchisor will derive income from the rebates paid to it by the Designated Supplier. This rebate will be calculated based on the value of the purchase of products made by Franchisees within the franchise network. The rebate is disclosed to Franchisees in the Disclosure Statement.

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)

- (i) Australian Skin Clinics franchisees; and
- (ii) the Designated Supplier.

(b) Number of those persons:

- (i) At present time: 18
- (ii) Estimated within the next year:
(Refer to direction 6)

Estimated within the next year: 45

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

See Schedule "B"

4. Public benefit claims

(a) Arguments in support of notification:

(Refer to direction 7)

The proposed conduct is likely to have the following benefits to the public by:

- (i) providing franchisees with access to products at competitive price due to the enhanced bargaining and negotiating power of the Franchisor. This in turn allows franchisees to offer competitive prices to the end consumer;
- (ii) promoting business efficiency by ensuring that franchisees have access to products of a minimum standard and quality which gives them more time to focus on running their businesses and may provide franchisees a competitive advantage in the retail market;
- (iii) helping to ensure that the products are a consistently high quality are available to the end consumer;
- (iv) improving the supply of better information to end consumers to permit informed choices of selecting products and services. Franchisees will be more skilled in their knowledge of the products and will be able to offer a higher level of service and standard of care; and
- (v) broadly allowing Franchisor to control quality, manage and maintain the Australian Skin Clinics brand.

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

Skinstitut skincare holds an SPF 50+. It carries TGA approval to carry this skin protection factor rating, making it of high quality within the market.

The Skinstitut product range doesn't have perfumes or slip factor. Also, the product range is designed to suit the range of services that we offer in clinic, particularly our range of laser treatments.

In addition, the fact that Skinstitut is Australian made means that it is complementary for our branding.

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)

In broad terms, the markets can be reasonably identified as the market for the supply of skincare and associated products.

Australian Skin Clinics is a small market participant in the market for skin care products. There is a wide range of alternative skin care products available through beauty salons, department stores, grocery stores, pharmacies and online, who supply skin care products.

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)

The Franchisor does not consider that there will be any material public detriment. The market is highly competitive, and the Australian Skin Clinics network does not have a substantial market share. Products will be available from numerous sources, not just from Australian Skin Clinics franchisees, and competitive products will be available from these other sources if a consumer does not wish to purchase them from an Australian Skin Clinics franchisee.

In relation to the Franchisees, the Franchisor considers it will be more cost effective and efficient if the Franchisees purchase directly from the relevant suppliers rather than from the Franchisor. The Franchisor prefers not to make a margin on the product, but instead collect the supply rebates.

Further, any perceived anti-competition detriment will be negligible as:

- (i) the criteria upon which the Franchisor selects suppliers is based on the suppliers' ability to offer their franchisees products at competitive prices; and
- (ii) the aggregated bargaining and negotiation power of the Franchisor will allow franchisees to obtain the products at competitive prices.

(b) Facts and evidence relevant to these detriments:

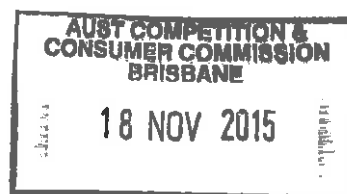
According to the Suncorp Bank: Cost of Living Series: The Cost of Looking Good Report dated October 2015, Australians aged 18 to 64 years old spend \$729 million on Skincare each month.

The total amount of Skinstitut sold across the Australian Skin Clinics, is approximately \$350,000 per month. This is a negligible amount, when compared to the volume of skincare sold Australia-wide.

7. Further information

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

Melissa Ayre
General Counsel
Phone: (07) 5509 0000
PO Box 8342
GCMC Q 9726



Dated.....10 November 2015.....

Signed by/on behalf of the applicant
.....
(Signature)
Deborah Farnworth-Wood
(Full Name)

ASC Master Franchise Pty Ltd ACN 153 138 268
(Organisation)

Sole Director
(Position in Organisation)

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 *Competition and Consumer Act 2010* 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.

Schedule "A" Approved Products

Product	Size
Glycolic Cleanser 12%	200ml
Glycolic Cleaner 12% - Professional Size	750ml
Gentle Cleanser	200ml
Gentle Cleanser – Professional Size	750ml
L-Lactic Cleanser	200ml
L-Lactic Cleanser – professional Size	750ml
Glycolic Scrub 14%	200ml
Glycolic Scrub 14% - Professional Size	750ml
Enzymatic Micro peel	75ml
Enzymatic Micro Peel – Professional Size	200ml
Vitamin C 100%	10g
Retinol	30ml
Ultra Firming Eye & Neck Cream	30ml
Eye Believe	30ml
Even Blend Serum	30ml
Multi-Active Mist	100ml
Multi-Active mist – Professional Size	375ml
Multi-Active Oil	50ml
Multi-Active Oil – Professional Size	150ml
Rejuvenate 15	30ml
Moisture Defence Oily Skin	50ml
Moisture Defence Normal Skin	50ml
Moisture Defence Dry Skin	50ml
Hydrating Mask	75ml
Hydrating Mask – Professional Size	200ml
Repair Balm	50ml
Age Defence 50+	75ml
Age Defence SPF 50+ - Professional Size	200ml
Laser Aid	200ml
Laser Aid – professional Size	750ml
Revitalising Kit (Glycolic Cleanser 50ml, Even Blend Serum 30ml, Age Defence 50+ 75ml & Retinol 30ml)	
Restorative Kit (Gentle Cleanser 50ml, Rejuvenate 15 30ml, Enzymatic Micro Peel 75ml & Laser Aid 50ml)	
Starter Kit (L-Lactic 50ml, Glycolic Scrub 50ml, Multi Active Mist 100ml & Age Defence SPF 50+ 75ml)	
Skinstitut Sample Pack 40 x samples of Glycolic Scrub 14%	1 bag containing pack of 40
Skinstitut Sample Pack (Glycolic Cleanser, L-Lactic Cleanser, Gentle Cleanser, Glycolic Scrub, Age Defence) (1 bag free for each \$1,500 of product, max 4 bags)	1 bag containing pack of 40
Skin Inject DNC Homecare	0.25mm
Skin inject DNC Professional	0.5mm
Skin inject DNC Professional	1.0mm
Skin Inject DNC Professional	1.5mm
Ageless Peel Professional	50ml
Peel Accelerator Professional	375ml
Purple Peel Professional	200ml
Brochure Skinstitut	Pack of 50

Skinstitut Patient Profile Pad	
Skinstitut Patient profile Pad, pack of 5	
Skinstitut Prescription Pad	
Skinstitut Prescription Pad, pack of 5	
Skinstitut Bags	Pack of 100
Skin-Inject DNC Brochures	Pack of 50

Schedule "B" Australian Skin Clinics Franchisees

Franchisee name and Business address	Business phone number
Australian Skin Clinics 7/151 Cotlew Street Ashmore, Gold Coast QLD 4214	(07) 5655 0511
Zest Products Pty Ltd Shop 1071, Level 1 Westfield Helensvale Helensvale QLD 4212	(07) 5580 4481
ASC Robina Pty Ltd Shop RT4164 Robina Town Centre Robina QLD 4230	(07) 5655 0522
ASC East Brisbane Pty Ltd Westfield Carindale Shop 1031, 1151 Creek Road, Carindale QLD 4151	(07) 3193 0000
A.S.C. Myer Centre Brisbane Pty Ltd Shop 195, 1st Floor, Myer Centre, Queen Street Mall, Brisbane	(07) 3193 1000
ASC Knox City Pty Ltd Level 1, Westfield Knox City Shopping Centre, 425 Burwood Hwy Wantirna South VIC 3152. Level 1	(03) 9081 0791
ASC Indooroopilly Pty Ltd Level 3 (near Myer) Indooroopilly Shopping Centre 322 Mogill Rd Indooroopilly QLD 4068	(07) 3193 1166
ASC North Lakes Pty Ltd Shop 1172 Westfield North Lakes Cnr Anzac Ave & North Lakes Dr. North Lakes QLD 4509	(07) 3050 1955

<p>ASC Chadstone Pty Ltd</p> <p>Shop B, 184 Chadstone Shopping Centre, 1341 Dandenong Road, Chadstone VIC 3148</p>	(03) 9081 0777
<p>ASC Emporium Australia Pty Ltd</p> <p>3rd floor of Emporium in Melbourne CBD at shop 3-006, 275-321 Lonsdale Street, Melbourne VIC 3000, Australia</p>	(03) 9081 0777
<p>ASC Highpoint Pty Ltd</p> <p>Shop 3183, Highpoint Shopping Centre, 120-200 Rosamond Road, Maribyrnong, Vic 3032</p>	1300 303 014
<p>ASC Bulimba Pty Ltd</p> <p>2/3, 210 Oxford Street</p> <p>Bulimba Qld 4171</p>	(07) 3193 3333
<p>ASC Tweed Heads Pty Ltd</p> <p>512/54 Minjungbal Dr</p> <p>Tweed Heads South NSW 2486</p>	(07) 5610 4000
<p>ASC Loganholme Pty Ltd as trustee</p> <p>Shop T12, Logan Hyperdome Cnr Pacific Highway & Bryants Road, Loganholme, QLD 4129</p>	(07) 3050 5990
<p>ASC Browns Plains Pty Ltd</p> <p>Shop G125, Grand Plaza Shopping Centre 27-49 Browns Plains Rd Browns Plains, QLD 4118</p>	(07) 3462 0222
<p>ASC Pacific Fair Pty Ltd</p> <p>Shop 1570, Pacific Fair Shopping Centre, Hooker Blvd. Broadbeach QLD 4218</p>	(07) 5655 0666
<p>ASC (Toowoomba) Pty Ltd</p> <p>Shop 20A, Grand Central Shopping Centre Cnr Margaret & Dent Street Toowoomba QLD 4350</p>	(07) 4548 0470
<p>ASC Elanora Pty Ltd ACN 608 189 635 as trustee for the ASC Elanora Trust</p> <p>Shop 214 The Pines Shopping Centre 13-31 Guineas Creek Rd Elanora QLD 4221</p>	Due to open 9 December 2015