

Form G
Commonwealth of Australia
Competition and Consumer Act 2010 — subsection 93 (1)
EXCLUSIVE DEALING NOTIFICATION

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)

N98949 Floor Stores Franchising Pty Ltd ACN 007 406 939 trading as and referred to in this Notification as Solomons Flooring.

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

Floor Stores Franchising Pty Ltd ACN 007 406 939 (**Solomons Flooring**) is the franchisor of the Solomons Flooring network and is in the business of:

- granting Solomons Flooring franchises to Solomons Flooring franchisees (**Franchisees**) throughout Australia, on terms set out in the franchise agreements between Solomons Flooring and the Franchisees (**Franchises**);
- operating the franchise network, which currently consists of 59 stores operating in Victoria, ACT, NSW, Queensland, South Australia and Western Australia; and
- supplying goods and services to the Franchisees.

The business operated by the Franchisees specialises in the sale of carpets, rugs, flooring products and other related products to retail customers using the systems, name and trade marks specified by Solomons Flooring (**Franchised Business**).

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

Andrea Pane
Piper Alderman
Level 24, 385 Bourke Street
MELBOURNE VICTORIA 3000

2. Notified arrangement

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

The proposed arrangement relates to window furnishing products including “made to measure” blinds and shutters to be branded “Solomons Flooring” and related products such as brackets, fitting screws, chain stops and chain safes as specified by Solomons Flooring for inclusion in the Solomons Flooring approved range of products (**Window Furnishing Products**).

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

Solomons Flooring has granted Franchises to Franchisees and will grant Franchises to Franchisees in the future on the condition that the Franchisees:

- obtain all their product requirements from Solomons Flooring; and
- do not purchase products from any person other than Solomons Flooring without the prior written consent of Solomons Flooring.

If Solomons Flooring cannot supply the products ordered by the Franchisees, the Franchisees can purchase those products from another supplier, provided that the products and the alternative supplier have first

been approved by Solomons Flooring, until such time as Solomons Flooring can supply those products.

The conduct to which this Notification relates is the requirement for the Franchisees to acquire the Window Furnishing Products from suppliers approved by Solomons Flooring (**Approved Suppliers**).

See also section 2 of the attached Submissions.

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)

Franchisees who have been granted a Franchise by Solomons Flooring to operate the Franchised Business.

- (b) Number of those persons:

- (i) At present time:

59 Franchisees.

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

2 new Franchisees are expected to join the Solomons Flooring network within the next year.

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

See section 3 of the attached Submissions.

4. Public benefit claims

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

See section 4 of the attached Submissions.

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

See section 4 of the attached Submissions.

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)

See section 5 of the attached Submissions.

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)

See section 6 of the attached Submissions.

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

See section 6 of the attached Submissions.

7. Further information

Name, postal address and contact telephone details of the person authorised to provide additional information in relation to this Notification:

Andrea Pane
Piper Alderman
Level 24
385 Bourke Street
MELBOURNE VIC 3000

Dated..... *1 March 2016*

Signed by/on behalf of the applicant

Andrea Pane
.....
(Signature)

ANDREA CAROLINA PANE
.....
(Full Name)

PIPER ALDERMAN, SOLICITOR FOR APPLICANT
.....
(Organisation)

PARTNER
.....
(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.

FLOOR STORES FRANCHISING PTY LTD
ACN 007 406 939
EXCLUSIVE DEALING NOTIFICATION
SUBMISSIONS TO THE AUSTRALIAN COMPETITION AND CONSUMER
COMMISSION (ACCC)

1. Notification

The submissions contained in this document (**Submissions**) support the exclusive dealing notification (**Notification**) lodged by Solomons Flooring Pty Ltd ACN 007 406 939 (trading as and referred to in the Notification and these Submissions as Solomons Flooring) with the ACCC.

Floor Stores Franchising Pty Ltd ACN 007 406 939 (**Solomons Flooring**) is the franchisor of the Solomons Flooring network and is in the business of:

- granting Solomons Flooring franchises to Solomons Flooring franchisees (**Franchisees**) throughout Australia, on terms set out in the franchise agreements between Solomons Flooring and the Franchisees (**Franchises**);
- operating the franchise network, which currently consists of 59 stores operating in Victoria, ACT, NSW, Queensland and Tasmania; and
- supplying goods and services to the Franchisees.

The business operated by the Franchisees specialises in the sale of carpets, rugs, flooring products and other related products to retail customers using the systems, name and trade marks specified by Solomons Flooring (**Franchised Business**).

2. Notified arrangement

The proposed conduct relates to window furnishing products including "made to measure" blinds and shutters to be marketed and branded "Solomons Flooring" and related products such as brackets, fitting screws, chain stops and chain safes as specified by Solomons Flooring for inclusion in the Solomons Flooring approved range of products (**Window Furnishing Products**).

Solomons Flooring has entered into agreements with suppliers to supply the blinds and shutters incorporating Solomons Flooring's trade marks and related products approved by Solomons Flooring to the Franchisees (**Approved Suppliers**). Under that agreement, the Approved Suppliers have agreed to directly supply the Window Furnishing Products to all Franchisees.

Solomons Flooring has notified the Franchisees of the arrangement and that they will be required to acquire the Window Furnishing Products from the Approved Suppliers.

There are a range of products offered by the Franchisees in the Franchised Business, a number of which are sourced and supplied by Solomons Flooring. Solomons Flooring has many years' experience in sourcing and selecting products and dealing with suppliers and so is well qualified to select the supplier of the Window Furnishings Products for the Solomons Flooring network and, being the franchisor of the Solomons Flooring network, to negotiate the terms of supply for the benefit of the Franchisees.

In selecting the Approved Suppliers, Solomons Flooring has taken into consideration:

- the quality of the Window Furnishing Products available from the Approved Supplier;
- the Approved Supplier's ability to consistently supply the volume of the Window Furnishing Products which Solomons Flooring expects will be required by the Solomons Flooring network to meet customer demand; and
- the Approved Supplier's ability to supply the Window Furnishing Products at competitive prices.

The quality of window furnishing products can vary significantly depending on supplier. It is important to Solomons Flooring and the Solomons Flooring network that:

- the Window Furnishing Products are of high quality and meet Solomons Flooring's standards;
- there is consistency in the Window Furnishing Products across the Solomons Flooring Network;
- there is consistency in supply of the Window Furnishing Products across the

Solomons Flooring network.

Given the Window Furnishing Products will be marketed and branded as "Solomons Flooring", Solomons Flooring submits that the proposed conduct is necessary to protect of the reputation of and value in Solomons Flooring and the Solomons Flooring network.

Solomons Flooring has determined that the Window Furnishing Products to be supplied by the Approved Suppliers will meet Solomons Flooring's standards and other requirements of Solomons Flooring and the Solomons Flooring network.

The retail window furnishings market in Australia, within which the Franchisees will operate, is highly competitive and Solomons Flooring submits that by the Franchisees entering this market, they will increase competition.

The acquisition of the Window Furnishing Products by all Franchisees from the Approved Suppliers should also result in greater certainty and efficiencies for the Approved Suppliers resulting in cost savings, which Solomons Flooring submits will result in more competitive prices to the Franchisees and ultimately to consumers in the retail window furnishings market in Australia.

As a result, Solomons Flooring expects that the proposed conduct will in fact promote competition in the retail window furnishings market in Australia as opposed to lessening competition.

The agreements with the Approved Suppliers will be reviewed periodically by Solomons Flooring.

3. Persons, or classes of persons, affected or likely to be affected by the notified conduct

VIC		
1.	NEIL & VANESSA HAASE	893 LATROBE ST, DELACOMBE, VIC 3356
2.	SUZY & VINCE TASKOVSKI	68b DONCASTER RD BALWYN NORTH 3104
3.	SIMON RAHANI	835 NEPEAN HWY, BENTLEIGH VIC 3204
4.	JOE & SUE EDMONDS	39 - 41 KEILOR ROAD, ESSENDON VIC 3040
5.	HARRY HASHEMI	48 FRANKSTON / DANDENONG RD, DANDENONG VIC 3175
6.	MICHAEL SHIFERSON	467 BRIDGE ST, RICHMOND VIC 3121
7.	BRENTON WIGHT	173 ARGYLE ST, TRARALGON VIC 3844
8.	TERRY BEKS	1050 RAGLAN ST, WARRNAMBOOL VIC 3280
9.	SCOTT & MELISSA DAVIES DAVIES	CNR. PENOLA & WIRELESS RD, MT. GAMBIER SA 5290
10.	TODD & KRISTY MACKENZIE	41 HIGH ST, WODONGA VIC 3690
11.	PAUL LARDNER & TRENT DOWNIE	350 MELBOURNE RD, NTH. GEELONG VIC 3220
12.	CAMERON MORRIS	1420 HIGH ST, MALVERN VIC 3144
NSW		
13.	HARRY SMILEY & MARYAM SHIRAZI	76 PARRAMATTA ROAD, ANNANDALE NSW 2038
14.	DEAN BROWN	SHOP G, 72 BATT ST, PENRITH NSW 2751
15.	JOHN COTTERELL	40 GLADSTONE ST, CANBERRA ACT 2609
16.	CASSANDRA LANGLEY & JUDITH MURRAY	100 ERSKINE ST, DUBBO NSW 2830
17.	PETER & MARINELLA HOOD	2/14 BARRALONG RD, ERINA NSW 2250
18.	NAMI AFSHARI	SHOP 38, 8 VICTORIA AVE, CASTLE HILL NSW 2154
19.	MATT BALFOUR	1 VIEWBROOK CLOSE, SEVEN HILLS, NSW 2147
20.	ROBERT BLASCHKA	73 ELIZABETH ST, TIGHES HILL NSW
21.	GEORGE KASSIS / DAVID HADEED	610 WILLOUGHBY RD, WILLOUGHBY, NSW. 2068

22.	JOHN HANNA	1/13 CAMERON PLACE, ORANGE NSW 2800 211 WINDSOR RD, MCGRATHS HILL NSW
23.	JOSHUA IUS	
SA		
24.	PAT & CARMEL LEONELLI	322B GRANGE RD, FINDON SA 5023 GAWLER HOMEMAKER CENTRE 3/485 MAIN NORTH ROAD EVANSTONSA 5116 TENANCY 34, GCHMC, 750 MAIN NORTH RD, GEPPS CROSS SA 5094 304 THE PARADE, KENSINGTON SA 5068 12/941 MARION ROAD MITCHELL PARK SA 5043 981 NORTH EAST ROAD, MODBURY SA 5029 30 MAURICE RD, MURRAY BRIDGE SA 5253
25.	DARRYL MEWETT	
26.	TROY BARNES	
27.	SCOTT & SABRINA BALDWIN	
28.	MATT WILKINSON	
29.	STEPHEN CHANDLER	
30.	STEVEN HANN	
31.	PAT HYNES	
32.	NIC RUSSELL	
33.	DAVE & DEBBIE SMITH	
WA		
34.	PAUL & STEPHEN DIXON	SHOP 2, 83 to 87 LOCKYER AVE, ALBANY WA 6330 52 ERINDALE RD, BALCATTWA 6021 38-44 ALBERT ST, BUSSELTON WA 6280 SHOP 2, 1270 ALBANY HWY, CANNINGTON WA 6107 718 JOONDALUP DRIVE, JOONDALUP WA 6027 203 BOULDER ROAD, KALGOORLIE WA 6430 5B, KULIN WAY, MANDURAH WA 6210 T2, 35 EXHIBITION DRIVE, MALAGA WA 6090 2/ 143 HIGH RD, WILLETTON WA 6155 83-85 FROBISHER RD, OSBORNE PARK WA 6017
35.	BRUCE & FRAN MCGREGOR	
36.	MARTY & MICHELLE KEUNING	
37.	ANDREW & HEATHER MCLEOD	
38.	COLM & PHILOMENA KANE	
39.	MARK & ALLISON O'TOOLE	
40.	PETER & MICHAEL SMITH	
41.	YUKI WONG	
42.	DANIEL CONNELLY	
43.	KEITH BROMFIELD	

44.	CHRIS ARMSTRONG	SHOP 3 / 146 GREAT EASTERN HWY, MIDLANDS WA
QLD		
45.	JOHN & DESLEY DWYER	1-9 ENTERPRISE ST, BUNDABERG QLD 4670
46.	BRIAN RUNDLE & CYNTHIA BROWN	PLAZA 200, SHOP 7, 200 MULGRAVE RD, CAIRNS QLD 4870 (Cnr Aumuller St)
47.	ANN & JUSTIN DOWSETT	77 REDLAND BAY RD, CAPALABA QLD 4157
48.	SHAUN MIHAN	SHOP 1, THE PRECINCT, 88 BEACH RD, HERVEY BAY QLD 4655
49.	IAN GILMOUR	222 MT. CROSBY RD, TIVOLI QLD 4306
50.	BERNIE & KAREN HUDSON	UNIT 5, 579 KESSELS ROAD MACGREGOR. QLD. 4109
51.	DEAN & BERNADETTE DYER / PETER & KATRINA HANSEN	133 SYDNEY ST, MACKAY QLD 4740
52.	DONNA TEGGINS	SHOP 17, SUNSHINE H/C, 72 MAROOCHYDORE RD, MDRE, 4558
53.	IAN YOUNG	1/ 6 VENTURE DRIVE, NOOSAVILLE QLD 4566
54.	TATIANE DE LUCA	5/482 STAFFORD RD, STAFFORD QLD 4053
55.	GEOFF & KAYE WHITE	1/128 SOUTH PINE ROAD. BRENDAL. QLD 4500
56.	KEN & LOUISE DUDLEY	25 PRESCOTT ST, TOOWOOMBA QLD 4350
57.	MARILYN SPEERSTRA	185 INGHAM RD, TOWNSVILLE QLD 4810
58.	MICHAEL LAWRENCE	SHOP 1 RIVENDELL SOUTH TWEED HEADS 2486
59.	HEIDI & ROB FARHI	CNR. WATERVIEW & NICKLIN WAY, WARANA QLD 4575

4. Public benefit claims

Solomons Flooring submits that the proposed conduct has a number of public benefits.

The retail window furnishings market in Australia, within which the Franchisees will operate, is highly competitive. The introduction of the Window Furnishing Products

into the Franchisees' product range will result in more choice for retail customers of blinds and shutters which, in turn, Solomons Flooring submits should increase competition in this market and more competitive prices for consumers in this market.

Solomons Flooring submits that it has significantly greater experience and, given the volumes of products the Solomons Flooring network is likely to acquire, bargaining power, than an individual Franchisee in sourcing and selecting products and negotiating with suppliers and so is able to source for the Franchisees high quality Window Furnishing Products from a reputable supplier at competitive prices. Solomons Flooring submits that this will result in the Franchisees being more competitive in the retail window furnishings market in Australia, in terms of range and quality of products as well as price.

Solomons Flooring has many years' experience in sourcing and selecting products and dealing with suppliers. Solomons Flooring has used that experience to select the Approved Suppliers, on the basis that the Approved Suppliers and the Window Furnishings Products will meet the standards and other requirements of Solomons Flooring and the Solomons Flooring network, including that the Approved Suppliers will be able to supply the volume of Window Furnishings Products required by Solomons Flooring Franchisees at competitive prices. Solomons Flooring submits that the proposed conduct will result in the Franchisees being able to offer high quality Window Furnishing Products at competitive prices to meet customer demand, which will benefit the Franchisees and ultimately consumers in the retail window furnishings market.

Solomons Flooring submits that by Solomons Flooring negotiating with the Approved Suppliers, as opposed to each individual Franchisee negotiating with the Approved Suppliers, there are business efficiencies for the Franchisees, which should result in the Franchisees being able to devote that time to improving other aspects of the Franchised Business, which benefits the Franchisees as well as the Franchisees' customers.

The Solomons Flooring network has been operating in Australia for over 20 years and the reputation of Solomons Flooring and the Solomons Flooring network is

paramount. Given the Window Furnishing Products will be branded "Solomons Flooring", Solomons Flooring will in selecting the suppliers want to ensure that the Window Furnishing Products are of the highest quality and the Approved Suppliers are reputable and can supply the Window Furnishing Products to meet demand within the Solomons Flooring network, so as to protect the reputation and value of the Solomons Flooring brand and business as well as the Solomons Flooring network, which benefits the Solomons Flooring network as well as consumers in the retail window furnishings market.

By being part of the Solomons Flooring network, the Franchisees have the benefit of Solomons Flooring's long standing reputation and brand recognition in Australia as well as assistance from Solomons Flooring in the marketing and operations of the Franchised Business. Solomons Flooring submits that these benefits make the Franchisees more competitive in the retail window furnishings market in Australia resulting in greater competition, which ultimately benefits the consumers in that market.

In conclusion, Solomons Flooring submits that, as a consequence of the benefits provided by Solomons Flooring to the Franchisees and the benefits of the proposed conduct, consumers in the retail window furnishings market in Australia will benefit in the form of greater competition at the retail level, higher quality products, better prices and increased service levels for consumers.

There are also a number of benefits to be gained by the Approved Suppliers from the proposed conduct. The Approved Suppliers will have greater certainty as to demand within the market and increased sales within each Approved Supplier's business should result in business growth for the Approved Suppliers, enabling the Approved Suppliers to further invest in their business. The proposed conduct should also result in greater economies of scale and efficiencies within each Approved Supplier's business. Solomons Flooring submits that this should result in better quality products and more competitive prices for Solomons Flooring Franchisees as well as other customers of the Approved Suppliers, increasing competition and resulting in lower prices to consumers in the retail window furnishings market in Australia.

5. Market definition

Solomons Flooring submits that the relevant market for the supply of the Window Furnishing Products is the wholesale market for the supply of window furnishing products, which includes the blinds as well as curtains, awnings, shutters and shades and related products in Australia.

Based on investigations made by Solomons Flooring, the wholesale market is highly competitive and there are a number of suppliers to this market. IBISWorld published a market research report in March 2015 stating that there are roughly 160 businesses involved in the window coverings manufacturing market. This number is generally consistent with the membership numbers of the Blinds Manufacturer's Association of Australia ("BMAA") which has over 100 members. However, we note that BMAA is a voluntary association and some of its members include retailers, installers and other service providers to the blinds manufacturing industry.

Solomons Flooring submits that the relevant market for the acquisition of the Window Furnishing Products is the retail market for the supply of window furnishing products and related products in Australia. This market is closely related to the wholesale market and Solomons Flooring submits that some of the research results referred to above relates to the retail market. This market is also highly competitive and has many suppliers including large and small businesses, some of which offer only window furnishing products and related products, whilst others offer these and other household and domestic products (eg. manchester).

Solomons Flooring submits that there are a number of substitute products available in the wholesale and retail markets referred to above.

Solomons Flooring is not aware of any restrictions on the supply or acquisition of window furnishing products and related products in the wholesale and retail markets referred to above.

6. Public detriments

Solomons Flooring submits that there is no public detriment that results from the proposed conduct.

Solomons Flooring submits that the proposed conduct will not lessen competition in either the wholesale or retail markets referred to above and will instead increase competition.

The agreements with the Approved Suppliers will be reviewed by Solomons Flooring periodically to ensure that the Window Furnishing Products and the Approved Suppliers meet the standards and other requirements of Solomons Flooring and the Solomons Flooring network.

Solomons Flooring will not be restricted in its dealings with competitors of the Approved Suppliers. Solomons Flooring may appoint different suppliers, to the Approved Suppliers, of the Window Furnishing Products to Franchisees from time to time. In determining whether to appoint different suppliers to the Approved Suppliers, Solomons Flooring will consider such things as quality of Window Furnishing Products, ability to supply the volume required and price.

Given the number of suppliers in, and highly competitive nature of, the wholesale and retail markets referred to above and substitute products available, the Approved Suppliers and Franchisees will want to ensure that they offer high quality products to meet the required demand at competitive prices.

The Approved Suppliers are also able to supply products similar to the Window Furnishing Products to competitors of the Solomons Flooring network.

Solomons Flooring submits that the proposed conduct will result in higher quality window furnishing products being supplied to consumers in the retail window furnishings market in Australia, with better service and at better prices.

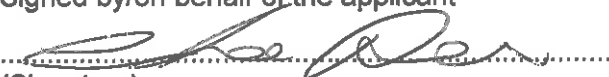
In conclusion, Solomons Flooring submits that the proposed conduct will increase

competition in the wholesale and retail markets referred to above and result in a number of benefits to the public.

To the extent that the proposed conduct contravenes section 47 of the Act, Solomons Flooring submits that the public benefits resulting from the proposed conduct outweigh any public detriment which may be caused by the proposed conduct.

Dated.....1 March 2016.....

Signed by/on behalf of the applicant



(Signature)

ANDREA CAROLINA PARNÉ

(Full Name)

PIPER ALDERMAN, SOLICITOR FOR APPLICANT

(Organisation)

PARTNER

(Position in Organisation)