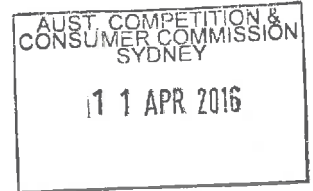


HARRIS CARLSON



FILE No:
DOC:
MARS/PRISM:

Our Ref: ADH:REE:215047
Email: reytan@harris-carlson.com.au
Phone: 03 8680 5305
Your Ref:

6 April 2016

Australian Competition & Consumer
Commission
GPO Box 3648
SYDNEY NSW 2001
Attention: Adjudication

Express Post

Dear Sir/Madam,

**Re: Notifications – Exclusive Dealing – Magic Hand Car Wash Franchisor
Pty Ltd**

We act for Magic Hand Car Wash Franchisor Pty Ltd ACN 101 257 023.

Please find enclosed a Third Line Forcing Notification (Form G) together with a cheque for \$100.00 being the lodgement fee.

Please contact our office if you have any enquiries relating to the Notification.

Yours faithfully

Rachelle Eytan
Associate
Harris Carlson Lawyers

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)

N99047 Magic Hand Car Wash Franchisor Pty Ltd ACN 101 257 023 ("**MHCWF**").

(b) Short description of business carried on by that person:

(Refer to direction 3)

MHCWF is in the business of granting to third parties ("**MHCWF Franchisees**") the right to operate a retail outlet of the MHCWF business ("**Franchised Business**") on such terms set out in a franchise agreement between the parties. The Franchised Business involve the sale and supply of hand car wash and detailing services.

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

Harris Carlson Lawyers, Level 14, 350 Queen 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:

This notification relates to the acquisition by MHCWF Franchisees of goods and services approved or nominated, or which may be approved or nominated by MHCWF including:

- Consumables including cleaning materials, cleaning products and chemicals, detailing products, air fresheners, printed items, stationery, promotional material, coffee, soft drinks and cafe merchandise along with any equipment used in the conduct of the Franchised Business including car wash equipment, computer system, software and other equipment nominated by MHCWF from time to time (collectively referred to as the "**Goods**"); and
- Such services as MHCWF Franchisees are required to acquire from third party service providers including consultancy services, bookkeeping services, store fit-out and development services and information technology services (collectively referred to as the "**Services**").

(b) Description of the conduct or proposed conduct:

Refer to Section 1 of attached Annexure A.

(Refer to direction 4)

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)

MHCWF Franchisees (or persons who will become MHCWF Franchisees) who are granted the right to operate Franchised Businesses pursuant to a franchise agreement with MHCWF.

(b) Number of those persons:

(i) At present time: 44

(ii) Estimated within the next year: 15

(Refer to direction 6)

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

1	Esharson Pty Ltd 190 High St Belmont VIC 3216
2	Prestway Pty Ltd Casey Shopping Centre Corner Narre Warren Cranbourne Road and Littlecroft Avenue, Narre Warren Victoria 3805
3	Thygrace KK Pty Ltd 2 Hood Street Collingwood VIC 3066
4	Magic Endings Pty Ltd 2 Huon Park Drive Cranbourne North VIC 3977
5	Sahajanand Pty Ltd 1021 Burwood Hwy Ferntree Gully VIC 3156
6	A P Donnellan Investments Pty Ltd (ATF The A P Donnellan Trust) 40-46 McMahons Road Frankston VIC 3199
7	Swish Car Wash Pty Ltd 1557 High Street Glen Iris VIC 3146
8	Chauhan Brothers Pty Ltd 127c Canterbury Rd Heathmont VIC 3135

9	Singh Group Pty Ltd Highpoint Shopping Centre 120-200 Rosamond Road Level 2 Carpark Maribyrnong VIC 3032
10	United Innovations Pty Ltd 428 Old Geelong Road Hoppers Crossing VIC 3029
11	Shree Ganesh Australia Pty Ltd 330 Cranbourne Road Karingal VIC 3199
12	Handwash Enterprises Pty Ltd 895 High Street Kew East VIC 3102
13	A partnership of discretionary trusts ABN 86 214 951 127 comprised of Verga Investments Corporation Pty Ltd (ATF Verga Investment Trust), Mark Anthony Verga and Belinda Jane Verga (ATF the M & B Verga Family Trust) and Zumbo Five Investments Pty Ltd (ATF Zumbo Five Discretionary Trust) 1007-1009 Plenty Road Kingsbury VIC 3083
14	Betdol Pty Ltd 18-42 Racecourse Road North Melbourne VIC 3051
15	RGR Pty Ltd Corner Cooper & High Streets Outdoor Carpark Epping VIC 3076
16	Mansa Devi Pty Ltd Corner Cooper & High Streets Undercover Carpark Epping VIC 3076
17	EZL Pty Ltd Corner Derrimut & Heaths Roads, Shop B014, Undercover Carpark Werribee VIC 3030
18	Werribee MB Pty Ltd Corner Derrimut & Heaths Roads, Shop PAD006, Undercover Carpark - Werribee VIC 3030
19	Jaluma Group Pty Ltd Roxburgh Park Shopping Centre 250 Somerton Road, Roxburgh Park VIC 3064
20	Stankira Pty Ltd (ATF Goryasa Trustee Fund) The Glen - Blue Level and The Glen – Yellow Level 235 Springvale Road, Glen Waverley VIC 3150

21	Kesar Katar Pty Ltd Victoria Gardens 620 Victoria Street Ground Level Carpark Richmond VIC 3121
22	Mann Sandhu Pty Ltd Watergardens Town Centre 399 Melton Highway, Undercover Carpark, Taylors Lakes VIC 3038
23	Sarkaria MB Pty Ltd Westfield Airport West 29-35 Louis St Airport West VIC 3042
24	Leaap Investments Pty Ltd (ATF A & M Zumbo Discretionary Trust) and Joseph Mark Verga And Fiona Michelle Verga (ATF J & F Verga Family Trust) Westfield Doncaster 619 Doncaster Rd Level 2 Carpark and Lower Level Car Park Doncaster VIC 3109
25	Sherylsonz Pty Ltd Westfield Geelong 95 Malop Street, Undercover Carpark, Geelong VIC 3220
26	Toor MB Pty Ltd Westfield Plenty Valley Shop PAD 5/6, 415 McDonalds Road and Shop PAD 9, 415 McDonalds Road Mill Park VIC 3082
27	Carindale MB Pty Ltd Westfield Carindale Outdoor and Undercover 1151 Creek Rd Carindale QLD 4152
28	Clinton Capital Pty Ltd Mt Pleasant Shopping Centre Shop CP001, Mt Pleasant Shopping Centre, Cnr Phillip St & MacKay-Bucasia Road, Mt Pleasant QLD 4740
29	Malwa Associates Pty Ltd 216-218 North East Road Klemzig SA 5087
30	Shidoshi Investments Pty Ltd Westfield Marion 297 Diagonal Road, Oaklands Park SA 5046
31	Tea Tree Car Wash Pty Ltd Westfield Tea Tree Plaza 976 North East Road Modbury SA 5092

32	West Lakes Car Wash Pty Ltd Westfield West Lakes 111 West Lakes Boulevard, West Lakes SA 5021
33	Eastlands Hand Car Wash Pty Ltd Eastlands Shopping Centre 1 Bligh Street Rosny Park TAS 7018
34	Northgate Car Wash Pty Ltd Northgate Shopping Centre 387-391 Main Road Glenorchy TAS 7010
35	Magic Nasbar Pty Ltd Cockburn Gateway 816 Beelair Drive, Underground Carpark, Success WA 6164
36	Mijo Enterprises Pty Ltd Galleria Shopping Centre 14 Old Collier Road, Morley WA 6062
37	Krishna Perth Pty Ltd Midland Gate Shopping Centre 274 Great Eastern Highway, Midland WA 6056
38	Raju Brothers Pty Ltd 97 North Lake Road, Myaree WA 6154
39	The Rub Enterprises Pty Ltd 69 Stirling Highway, North Fremantle WA 6159
40	Paris Van Java Pty Ltd 350 Charles Street, North Perth WA 6006
41	JRCR Enterprises Pty Ltd 78-80 Canning Hwy, Victoria Park WA 6100
42	Kaushal Brothers Pty Ltd Westfield Carousel 1382 Albany Hwy, Cannington WA 6107
43	Juniper Enterprises Pty Ltd Westfield Innaloo Cnr Scarborough Beach Rd and Ellen Stirling Blvd, Innaloo WA 6021
44	Paulden (WA) Pty Ltd 1239 Albany Highway, Bentley WA 6102

4. Public benefit claims

(a) Arguments in support of notification:

(Refer to direction 7)

Refer to Section 3 of attached Annexure A.

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

Refer to Section 3 of attached Annexure A.

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)

Refer to Section 4 of attached Annexure A.

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)

Refer to Section 5 of attached Annexure A.

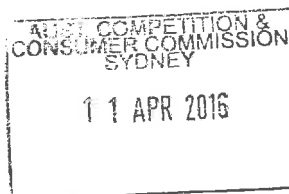
(b) Facts and evidence relevant to these detriments:

Refer to Section 5 of attached Annexure A.

7. Further information

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

Andrew Harris
Harris Carlson Lawyers
Level 14, 350 Queen Street
Melbourne, Victoria 3000
(03) 8680 5380



Dated: 6 April 2016

Signed by/on behalf of the applicant:

.....
(Signature)

ANDREW HARRIS
DIRECTOR
HARRIS CARLSON LAWYERS

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.

ANNEXURE "A"
Commonwealth of Australia
Competition and Consumer Act 2010 — subsection 93(1)
NOTIFICATION OF EXCLUSIVE DEALING

1 DESCRIPTION OF THE CONDUCT OR PROPOSED CONDUCT:

(Refer to paragraph 2(b) of Form G)

1.1 The conduct to which this notice relates is the requirement for MHCWF Franchisees to acquire certain of the Goods and Services described in paragraph 2(a) of Form G, from suppliers approved by MHCWF ("**Approved Suppliers**").

1.2 MHCWF Franchisees will be granted the right to operate Franchised Businesses on the condition, among other things, that they agree to:

1.2.1 use certain Goods and Services nominated by MHCWF from time to time in the conduct of the Franchised Business; and

1.2.2 only acquire those Goods and Services from MHCWF (or its associates) or the Approved Suppliers.

1.3 Details of:

1.3.1 the Goods and Services which MHCWF Franchisees are required to acquire from an Approved Supplier; and

1.3.2 the Approved Suppliers;

are (or will be) set out in an operations manual which MHCWF provides (or will provide) together with updates from time to time to all MHCWF Franchisees.

2 PURPOSE OF THE CONDUCT OR PROPOSED CONDUCT:

2.1 The purpose of the proposed conduct referred to in clause 1.1 is not to lessen competition in the relevant market or markets but to:

2.1.1 ensure consistency in the Goods and Services provided to MHCWF Franchisees which in turn ensures consistency in customer experience regardless of which Franchised Business a customer attends;

2.1.2 ensure a certain standard of quality of the Goods and Services provided to MHCWF;

2.1.3 ensure that Goods and Services provided to MHCWF Franchisees meet MHCWF standards and specifications;

- 2.1.4 protect the integrity, value and reputation of MHCWF and the MHCWF system through consistency and quality;
- 2.1.5 ensure consistency in the nature and quality of the fit out and equipment used in the Franchised Business and the overall service delivery and business efficiency of the Franchised Business; and
- 2.1.6 ensure that MHCWF Franchisees are able to acquire the Goods and Services at competitive prices through the power of bulk buying, making MHCWF Franchisees more competitive in the market and ensuring that MHCWF Franchisees' potential profitability is maximised.

3 PUBLIC BENEFIT CLAIMS

(Refer to paragraph 4 of Form G)

- 3.1 MHCWF submits that the proposed conduct will have considerable public benefit.
- 3.2 The purpose of the proposed arrangement is not to substantially lessen competition.
- 3.3 MHCWF Franchisees gain a number of benefits from being part of the MHCWF system:

3.3.1 High Quality Services

MHCWF has the ability to source high quality Goods and Services at a more favourable price than if MHCWF Franchisees individually sourced Goods and Services of comparable quality. Access to better buying prices enhances the MHCWF Franchisees' likelihood of operating profitably and will enable MHCWF to control to a greater extent the condition and quality of the services made available to consumers.

3.3.2 Better Buying Power and Increased Profitability

MHCWF Franchisees by themselves would have little or no ability to negotiate with Approved Suppliers the types of prices for Goods and Services which MHCWF is able (or will be able) to negotiate. In some instances, it is possible that MHCWF Franchisees may not be able to acquire Goods and Services at all from a particular supplier if they were to approach them independently.

Potential profitability of the MHCWF Franchisees' businesses will be improved as a result of MHCWF Franchisees being able to acquire Goods and Services at more competitive prices.

3.3.3 Increased Sales

By being part of the MHCWF system and adopting the branding of MHCWF, MHCWF Franchisees have group marketing power and market presence which they would otherwise not have and increase customer awareness of the business.

In addition, MHCWF undertakes marketing and promotional activities on behalf of the MHCWF group, increasing the profile of the Franchised Businesses within the relevant markets.

The branding of the Franchised Businesses and the group marketing will draw more customers to MHCWF businesses than if they were independents, resulting in increased sales.

3.3.4 Improved Management and Efficiency

MHCWF has experience in the hand car wash and detailing industry. MHCWF Franchisees will benefit from MHCWF providing them with systems and operating procedures to follow, thereby encouraging more efficient retail practices within the Franchised Businesses, increasing their competitiveness within the relevant markets.

Having the MHCWF Franchisees use Approved Suppliers for the Services in relation to computer hardware and software, payment systems and POS systems will ensure that communication and reporting between MHCWF and MHCWF Franchisees is as efficient as possible.

3.4 MHCWF submits that, as a consequence of the benefits provided by MHCWF to MHCWF Franchisees and the benefits of the proposed conduct, consumers in the relevant retail markets will benefit.

3.5 There are also a number of benefits to be gained by the Approved Suppliers from the proposed conduct. By being appointed as an Approved Supplier, the supplier will have some degree of certainty as to frequency of supply of Goods and Services required by MHCWF Franchisees. This in turn enables the Approved Suppliers to provide Goods and Services to MHCWF Franchisees at more competitive prices, increasing competition and resulting in lower prices to end consumers.

4 MARKET DEFINITION

(Refer to paragraph 5 of Form G)

4.1 MHCWF submits that the relevant market is the retail and wholesale market for the provision of the Goods and Services in Australia.

4.2 Based on investigations made by MHCWF, this market is highly competitive and there are many suppliers and recipients of the Goods and Services in the relevant market.

4.3 There are no restrictions including of a geographical or legal nature that affect the provision of the Goods and Services within the relevant market.

5 PUBLIC DETRIMENTS

(Refer to paragraph 6 of Form G)

- 5.1 The proposed conduct will occur within the highly competitive hand car wash and detailing industry. In that context, MHCWF submits that there is no public detriment that results from the proposed conduct.
- 5.2 MHCWF submits that the proposed conduct will not lessen competition in the market and will have a positive impact on consumers' retail experience in that it will ensure that the quality of services offered by MHCWF Franchisees is not compromised and is consistent across all MHCWF Franchisee businesses.
- 5.3 The proposed conduct will not prevent MHCWF Franchisees from dealing with other suppliers of the Goods and Services. Where MHCWF does not provide the Goods or Services, MHCWF may appoint different suppliers as Approved Suppliers from time to time (including any proposed alternate suppliers as may be nominated by MHCWF Franchisees for approval by MHCWF from time to time). In determining whether to appoint a supplier as an Approved Supplier, MHCWF will consider such things as the quality of their Goods and Services, ability to provide the required frequency of supply of Goods and Services and price.
- 5.4 Approved Suppliers will be able to contract with competitors of MHCWF Franchisees (excluding Goods and Services which are proprietary to the Franchised Business).
- 5.5 To the extent that the proposed conduct contravenes section 47 of the Act, MHCWF submits that the public benefits resulting from the proposed conduct outweigh any public detriment caused by the proposed conduct.