

Form G
Commonwealth of Australia
Competition and Consumer Act 2010 ---- Sub-section 93(1)
EXCLUSIVE DEALING
NOTIFICATION

To the Australian Competition and Consumer Commission:

Notice is hereby given, in accordance with sub-section 93(1) of the *Competition and Consumer Act 2010*, of particulars of conduct of a kind referred to in sub-section 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)

N99168 **NOVALE BATHROOMS CORPORATE PTY LIMITED (ACN 612 394 055)**

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

BATHROOM AND LAUNDRY RENOVATIONS

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

**C/- BAYBRIDGE LAWYERS
SUITE 106, LEVEL 1
109 PITT STREET
SYDNEY NSW 2000**

2. Notified arrangement

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

SEE THE ANNEXURE TO FORM G

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

SEE THE ANNEXURE TO FORM G

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

- (b) Number of those persons;

- (i) At present time:

0

- (ii) Estimated within the next year:

(Refer to direction 6)

NOVALE BATHROOMS CORPORATE PTY LIMITED ESTIMATES THAT APPROXIMATELY 38 FRANCHISEES WILL BE AFFECTED BY THE NOTIFIED CONDUCT WITHIN THE NEXT FIVE YEARS

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

NOT APPLICABLE

4. Public benefit claims

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

SEE THE ANNEXURE TO FORM G

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

SEE THE ANNEXURE TO FORM G

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 THE ANNEXURE TO FORM G

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 THE ANNEXURE TO FORM G

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

SEE THE ANNEXURE TO FORM G

7. Further information


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

BIANCA SEVASTOS
BAYBRIDGE LAWYERS
106, LEVEL 1
109 PITT STREET
SYDNEY NSW 2000

TEL: 02 8413 3682
FAX: 02 9223 4655

Dated 22/6/2016

Signed by/on behalf of the applicant


(Signature)

Alex Johnson
(Full Name)

Novale Bathrooms
(Organisation)

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 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 to Form G

Exclusive Dealing Notification-Third Line Forcing

NOVALE BATHROOMS CORPORATE PTY LIMITED (A.C.N. 612 394 055)

1. INTRODUCTION

Novale Bathrooms Corporate Pty Limited (ACN 612 394 055) ("**Novale**") operates a franchise system involving the operation of a bathroom and laundry renovation business and associated products from a defined premises to customers by using Novale's system.

2. BACKGROUND

There are currently no Novale franchisees in Australia.

Novale will grant its prospective franchisees a non-exclusive licence to operate Novale franchises in Australia using the Novale Name, the Novale Trade Marks, the Novale System and other Intellectual Property in accordance with the terms of the Novale franchise agreement ("**Franchise Agreement**"), a draft copy of which is attached to this Annexure as **Confidential Schedule 1**. All relevant terms are defined in **clause 1.1** of the Franchise Agreement.

The Franchise Agreement confers on the franchisee the right to supply a range of Approved Products, to use the Business Name, and to provide the services associated with the Novale System. These include the Intellectual Property and the method and image of conducting a Novale Business. Also included (but not limited to) are manuals, services, products, know-how, experience, expertise, techniques, promotional and management systems owned by Novale.

3. MARKET DEFINITION

Novale is operating in the bathroom and laundry renovation market in Australia. As there are a significant number of competitors in this market, Novale is unable to provide an exhaustive list of key competitors. Some competitors are Harvey Norman Bathroom Renovations, Jim's Bathrooms, Oxford Bathrooms and Fred Rose Bathrooms.

Since the market is large, Novale's market share would be insignificant and, obviously, its share of the general impact on the overall market would be even smaller still.

The expected growth in its small franchised network is not expected to significantly affect this market share in the foreseeable future.

4. DESCRIPTION OF THE CONDUCT OR PROPOSED CONDUCT

(a) The Approved Suppliers

- (i) In accordance with the Novale System and **clause 9.1 and 9.2** of the Franchise Agreement (a copy of which section is attached to this Annexure as **Confidential Schedule 1**), Novale requires franchisees to use only the Nominated Suppliers for the provision of the following products and/or services as listed in the Operations Manual (which may be amended by Novale from time to time):

- Bathware and tapware
- Toilets
- Baths, showers, vanities, spas, basins and other similar items
- Cupboards and storage

- Mirrors
 - Flooring and tiles
 - Hooks and rails
 - Exhaust Fans
- (ii) The Nominated Suppliers are in the business of supplying goods and services which are of a quality, consistency and type that Novale considers essential to the successful operation of a Novale franchise, as well as the proper maintenance of the Novale brand (refer to **paragraph 5**). Novale lists the Nominated Suppliers in its Operations Manual which will be made available to each of its franchisees. Novale may vary, add or delete any and all Nominated Suppliers from time to time.

(b) The Conduct

Franchisees are required to purchase the approved products ("**Approved Products**") from the Approved Suppliers only ("**Conduct**").

5. PUBLIC BENEFIT AND DETRIMENT

The provision of Novale's goods and services is a competitive market with a large number of participants at the retail level. Novale considers that the requirement to purchase the Approved Products from the Approved Suppliers and provide the Nominated Services is essential to the successful operation of the franchise network, for reasons that include the quality and consistency of the Approved Products, the uniformity of Novale's offering to the market, public safety and restaurant market reputation and brand value.

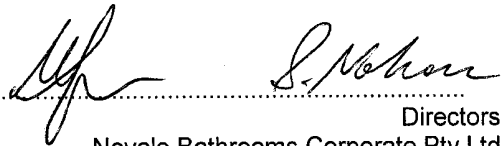
(a) Public Benefit

Novale considers that the public benefit to be derived from the Conduct outweighs any public detriment, for the following reasons:

- (i) consistency of the quality and safety of the Approved Products being sold to the public, particularly given the consumable nature of the products;
- (ii) control over the suppliers used for the relevant Approved Products assists Novale to:
 - (A) secure group buying deals with the Nominated Suppliers, resulting in significantly lower purchase prices for Franchisees, who in turn can supply the Approved Products to the public at a lower and more competitive price; and
 - (B) control and manage the supply chain to ensure assurance regarding accurate and timely delivery times, quality of products and services and supplier accountability, and
- (iii) uniformity over product and service ranges will allow Novale franchisees to advertise products and services as a group, thereby avoiding an inconsistent market presence and consumer uncertainty as to the type and quality of Novale's offering.

(b) Public Detriment

We see no public detriment arising from the Conduct. Prices for both franchisees and customers will be lower with the Conduct than without. If a particular prospective franchisee was in any way concerned about the "restriction" on purchase of supply, there are many other franchise opportunities in the Market that are available to the prospective franchisee, ensuring that this Conduct must remain fair and reasonable if franchisees are to be recruited in this space.

Two handwritten signatures in black ink, one on the left and one on the right, positioned above a dotted line.

Directors
Novale Bathrooms Corporate Pty Ltd
9 June 2016