



MEDIA RELEASE

SENATOR THE HON NICK SHERRY

Minister for Small Business
Minister Assisting on Deregulation
Minister Assisting on Tourism

WA FRANCHISING DECISION GOOD FOR INDUSTRY STABILITY

The decision of the West Australian State Liberal Party Room not to proceed with radical new legislation to regulate the franchising industry has been welcomed by Small Business Minister, Senator Nick Sherry.

The move, reported in the media today, by the WA Liberals to reject a piecemeal state based approach recognises that a national approach to franchising makes sense and will deliver the best outcomes for franchisees, franchisors and the entire Australian economy.

“I hope similar moves in South Australia will be reconsidered in light of WA’s decision,” Senator Sherry said.

“The decision provides greater certainty for franchise businesses in WA and national franchise systems that operate in WA.”

“They will no longer have to face the prospect of regulatory duplication and additional compliance burdens that could result from separate WA based franchising legislation.”

There are 69,900 franchise units in Australia with a total sales turnover for the entire sector estimated at \$128 billion.

“This is an extremely important part of the Australian economy. We have consistently maintained that a national approach is required. And we intend continuing on the path of a uniform, national system,” Senator Sherry said.

“The Australian Government is fully aware of the importance of reform in the franchising sector and has recently introduced a comprehensive set of considered and practical reforms.” These include:

- From 1 January 2011, the ACCC will have stronger powers to investigate and take action against breaches of the national Franchising Code of Conduct. These include rigorous new information gathering powers and the authority to issue public warning notices about rogue operators and to seek redress for all of those franchisees affected by a breach of the Code.
- The new Australian Consumer Law, which will also take effect nationally on 1 January 2011, will also give the ACCC and the State consumer bodies new powers to take action against misleading and deceptive conduct and unconscionable conduct towards small businesses, including franchisees.

- A range of amendments to the Franchising Code have also come into effect from 1 July 2010 to increase franchisor disclosure so that parties are more informed before they enter into a franchise agreement.

“Like all significant reforms, these changes need time to bed down and we should allow a proper period of time to evaluate their effects,” Senator Sherry said.

“To do this, and to provide the sector with stability and confidence, the Government doesn’t intend to review the code again before 2013.”

“The Australian Government and the States and Territories have already done a lot of good work in the franchising field and I look forward to working with all interested parties in the national interest.”

CANBERRA

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