



House of Assembly

Tuesday, 23 November 2010

FRANCHISE LAWS

Mr PICCOLO (Light) (15:37): Today I wish briefly to bring the house up to date with some progress being made across the country regarding the reform of franchise laws, which is something that has been debated in this house on a number of occasions, and also reported through the Economic and Finance Committee. Today I wish to speak in support of a member of the WA parliament, Mr Peter Abetz MLA for Southern River. I understand that Mr Abetz is the brother of a more famous senator from the—

An honourable member: Eric.

Mr PICCOLO: Eric Abetz, that is correct. Mr Abetz is a member of the Liberal Party in Western Australia and probably not known for his more progressive views; that would be a fair comment. Peter is quite a conservative chap. I have met Peter and we have one thing at least in common: we believe that small business and mum-and-dad investors in the franchise sector should be

provided with some reasonable level of protection against rogue franchisors.

On 13 October this year, the member for Southern River introduced a private member's bill into the Legislative Assembly in WA to provide for a fairer playing field for franchisees. The bill was similar (but not identical) to the private member's bill I introduced late last year in this place. The bill goes a bit further than mine in two regards. However, that reflects the circumstances in WA. I indicate my strong support for the actions of that member in WA and I think what he is doing is both honourable and required in that state, as it is in this state. What he is trying to do is to ensure that there is some fairness for franchisees.

The bill has received support from the Labor opposition in that state but it has been strongly opposed by the Franchise Council of Australia—surprise, surprise. More importantly, it has received some opposition from members of the Liberal government in WA. I will quote from the second reading explanation of the Franchising Bill 2010 to give you a flavour of what the bill is about and to point to why Mr Abetz has introduced the bill:

However, there are a small but significant number of rogue franchisors in the market who are undermining confidence in the franchising sector by their unethical and predatory conduct. This leads to ordinary mum and dad investors losing everything through no fault of their own.

At the heart of this ongoing problem in the franchise industry is the lack of real reform that addresses the fundamental inequities that exist between franchisees and franchisors and the abuses of those inequities by rogue franchisors.

Mr Abetz goes on to say that understandably there is a difference of power in the franchisor-franchisee contract to allow the franchisor to adjust the business model, which he does not disagree with, and I agree as well. However, it is that disparity in power and also lack of redress that franchisees have that is the major issue. So, the member from WA is quite correct. What his bill seeks to do is to provide some protection for franchisees.

Mr Abetz goes on to say that good franchisors are already dealing in good faith, namely fairly, honestly and reasonably and cooperatively, and they already adhere to those provisions of the franchisee code of conduct. The people who oppose this bill are the people who want carte blanche to basically stomp over little mum and dad business owners in WA.

Some of the things that have been said by the FCA and some other franchisors are outrageous in the extreme. One franchisor, the QSR Group, which owns the Red Rooster, O'Porto and Chicken Treat brands, in other words, your takeaway businesses in WA, says that he will move his businesses away from WA to the eastern states because the eastern states

franchisors will have a competitive advantage.

I am not sure you can move your takeaway business to an eastern state. Does that mean that we will have mail order hot chicken and chips? Will they send it by post to you? They are making outrageous comments to scare the government over there not to support this. What they want is carte blanche, as I said, to do as they like. The chief executive Mr Mark Lindsay is quoted as saying:

We are concerned that the good faith aspects of the bill will result in potential litigation (by franchisees).

That is the nub of it: they do not want franchisees to have the ability to fight back and protect themselves. It should be allowed. Franchisors can do it. If you are breached by a franchisor your franchise is closed up. I would support this bill and ask members to support the Liberal member in WA in his endeavours.

Time expired.