

# News Release

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# Tony Piccolo MP

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## Proposed Franchise Law Changes “Inadequate” says State MP

**Proposed changes by the Federal Government to the Franchising Code of Conduct, while welcome, are “significantly inadequate” according to franchising reformer South Australian State Labor MP, Tony Piccolo.**

Mr Piccolo recently announced he would seek the support of the South Australian Parliament to introduce State based laws to provide a “fairer and more competitive” environment for franchisers.

Mr Piccolo said he has received State Labor Caucus approval to draft legislation to reform franchising to the extent possible within the existing Federal and State arrangements.

“I will be pursuing State based law reform in view of the Federal Minister’s recent announcements” said Mr Piccolo.

Mr Piccolo said that while the proposed changes are welcome they will not lead to any significant changes to the practices of rogue franchisors and still leave franchisees at their mercy.

Mr Piccolo has argued that the code needs to be amended to incorporate:

- ❖ Good faith dealing
- ❖ Certainty around end of term arrangements
- ❖ Improved dispute resolution provisions, including some compulsory arbitration provision
- ❖ Penalties for breaches of the Code

Mr Piccolo said the proposed changes only addresses one of the key areas of reform required.

“It is unfortunate that the Minister has cherry picked from the recommendations made by the Federal Committee”

“The proposed changes to the Trade Practices Act are a positive step but highly inadequate”

“The changes rely heavily on the ACCC taking on a more proactive and interventionist role. This hasn’t happened to date and there is no evidence to suggest that this would improve in the future”

“The random audits sound like a good idea, but they should be happening already and will add little to the compliance strategy”

“Proposed public warnings are desirable, but is a case of acting after the horse has already bolted” warned Mr Piccolo.

Mr Piccolo said the reasons given for not introducing “good faith dealing” were not convincing.

“The courts have already determined that an implied duty of good faith dealing already exists.

“It is not a huge leap to make that “implied” duty into a positive “explicit” requirement”

“Overall the proposed changes are very disappointing”

“And for the Minister to establish yet another process to look into other provisions is really just a cruel joke to those franchisees who are being screwed over by rogue and unscrupulous franchisors”

Mr Piccolo anticipates that the Bill will be introduced into State Parliament later this month or early December.

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