

Protection for franchisees

Small business owners who sign up to run a franchise would gain greater protection against their franchisors under reforms urged yesterday by both sides of politics, preparing the ground for federal government reforms next year.

For the first time franchisors would incur fines if they breached an industry code of conduct, giving the competition regulator greater scope to punish those who treat their franchisees too harshly.

A bipartisan parliamentary inquiry also called for franchisees to gain greater rights over how their franchise agreement could be terminated — a major source of tension between big franchise networks and individual store operators.

The conclusions are certain to influence Small Business Minister Craig Emerson, who is responsible for the Franchising Code of Conduct which is enforced by the Australian Competition and Consumer Commission under the Trade Practices Act.

The Joint Committee on Corporations and Financial Services, chaired by Labor MP Bernie Ripoll, handed down the report yesterday after five months of inquiry that included accounts of franchise operators being pressured by franchisors.

Franchisors including KFC, Eagle Boys, 7-Eleven, McDonald's, Australia Post, Cheesecake Shop and Hungry Jacks all made submissions to the inquiry.

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