

FCA calls for stability – and no separate state-based franchising laws

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Stability and uniform national laws should be a focus of consideration of business needs as political negotiations for the Government of Australia over the next three years are thrashed out among Liberal, Labor, Independents and the Greens.

Franchising, and the small business sector more broadly, needed policies to stimulate investment and promote growth; not saddle it with more regulation, the representative of the \$130 billion franchising sector, the FCA, said today.

FCA Executive Director Steve Wright said the FCA would be asking the Greens and the Independents to give serious thought to small business issues in their deliberations.

“We need stability – we have just had a long review of franchising rules and the Government implemented what it called sweeping reform on 1 July. We don’t need the regulatory debate reopened. And we certainly do not want different rules applying in different States, as is currently being proposed by Labor in South Australia,” Mr Wright said.

The SA franchise sector is being threatened by a proposed new set of State-based franchising rules which have drawn strong opposition from leaders in the South Australian and national franchising sector. A FCA member survey found 95% opposition to the proposed changes and franchisor, franchisee and supplier members of the FCA have petitioned the SA Government against it.

Mr Wright said franchising had been regulated nationally for its entire 30-year history in Australia.

“To suggest different rules for SA was a ‘Back to the Future’ move which harked back to the days when South Australia had a narrow-gauge railway system, at odds with the rest of the country,” Mr Wright said.

“Obviously this is not good for economic efficiency or business investment in SA. And this is precisely what our survey found -- 84% of respondents told us they believed the proposed rules would detract from the value of franchise systems in SA. Close to 80% indicated that if implemented, the legislation would influence their attitudes towards investment in the state.”

The FCA objected to the SA franchising bill when it was introduced by SA MP Tony Piccolo in the last SA Parliament (before the last state election).

“There is no upside to this legislation – it would be disastrous for franchisors, franchisees and damaging to the South Australian economy broadly,” Mr Wright said.

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