

Wednesday, 3 March 2010

## **Government confirms “good faith” in franchising with sensible reforms and vows to ‘stop changing the code’**

Minister for Small Business Dr Craig Emerson, today released the long awaited report of an expert panel set up to look at specific areas of the franchise sector – and it is good news for franchisees and franchisors.

FCA Executive Director Steve Wright says “the FCA welcomes both the Government decision and the recommendations by the expert panel, especially the decision against creating both new rules for good faith or unconscionable conduct in the franchising code of conduct.

And we strongly endorse the Government confirmation of its November 2009 announcement that it does not intend to adopt the onerous new franchising rules which were suggested in the 2008/09 joint parliamentary inquiry into franchising.

The measures confirmed today are about improving what the Government has already acknowledged (about franchising), that it is a global standard-setter in terms of both business performance and regulation. The measures are about further enhancing franchisee confidence without the need for onerous compliance obligations or confusing rule changes which would do nothing but undermine investment in the sector and, ultimately, hurt both franchisor and franchisee.

In 2008 Dr Emerson gave the franchise sector a score of 8:5 out of 10 and last year the Chairman of the ACCC Graeme Samuel said, after a long running franchise system investigation, that “where there is smoke there is not always fire”. Today’s decision by the Government is a vote of confidence in the Australian franchising system and a victory for good sense and good policy in the dynamic but often overlooked small business sector.”

### **For more information, please contact:**

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