

Franchise Council of Australia welcomes expert report on franchising May 17 2013

The Franchise Council of Australia welcomes the outcomes and recommendations of the review of the Franchising Code of Conduct, conducted by franchising expert Alan Wein.

“This is the most comprehensive review undertaken of the Code since its introduction in 1998. Pleasingly, but not surprisingly, the Wein Report has found that the Australian franchise sector operates well, and the Franchising Code of Conduct is ‘a robust model’ and ‘generally operates effectively within a very dynamic and difficult economic environment’,” notes FCA Chairman Michael Paul.

“We look forward to working with the Government to ensure the Recommendations are implemented in a way that improves the regulatory framework, provides greater regulatory clarity and reduces compliance costs. In particular we look forward to Governments at all levels uniting behind a single consistent Federal regulatory framework for our dynamic sector,” he says.

The Wein Report noted that submissions to the Review were overwhelming in their support for the retention of a single, national regulatory scheme, stating that ‘evidence clearly indicates that a national system reduces duplication, red tape, uncertainty, compliance costs and ensures franchisors are in the best position to develop and maintain an effective national business model’.

Mr Wein also expressed his desire to see franchisors and franchisees have the benefits of pre-entry and ongoing education, noting he saw a strong role for the industry to play in this respect.

“We have championed franchising education, and would be delighted to have Government support to extend our pre-entry and ongoing educational initiatives,” Michael Paul says.

The Wein Report contains a total of 18 recommendations to Government, including the insertion of an obligation to act in good faith into the Code, and the introduction of civil pecuniary penalties for breaches of the Code to assist the ACCC to enforce Code compliance. The Franchise Council of Australia provided a comprehensive submission to the Review, and many of the Recommendations reflect suggestions made or supported by the FCA.

“We congratulate Alan Wein on his comprehensive and thoughtful analysis, and look forward to working with the Government on the educational initiatives, and to ensure the effective implementation of the Code amendments,” Michael Paul concluded.

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