

Parliamentary Joint Committee on Corporations and Financial Services

ANSWERS TO QUESTIONS ON NOTICE

19 November 2019

Question No: 002
Topic: FRANdata
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Question:

Question

Senator O'NEILL: I will ask some questions about Foodco. You would be familiar with Foodco. It carries the brands Muffin Break and Jamaica Blue. One of the things that's happened in the franchising business recently is that there's a new company that's set itself up called FRANdata. The cafe chains Muffin Break and Jamaica Blue, it claims, are two of the latest to be listed as high-performing brands through the Australian franchise rating scale. Are you aware of FRANdata?

Mr Price: I have no briefing in respect of FRANdata this morning. I'll just check with my colleagues if they're aware of FRANdata. No, they're not.

Senator O'NEILL: So it's not a regulatory arm of government—it's a private business that's making determinations about whether a company is of good standing or not?

Mr Price: Is there some form of star rating, like a TripAdvisor type of thing?

Senator O'NEILL: I'm not quite sure what it is. It certainly purports to be an independent source of information. But you are not aware of that in terms of—

Mr Price: For completeness, I'll take that on notice and see whether we've received any misconduct or breach reports, but, to be honest, that sounds like it's outside our jurisdiction.

Answer:

ASIC understands that FRANdata Australia Pty Ltd ACN 163 778 461 (trading as FRANdata):

- Is a private business, established in 2013 and is associated with FRANdata in the US;
- Collects and offers business information and analytics to service the franchise industry; and
- Offers a rating system for Australian franchise brands where franchisors pay a fee to be rated.

Ratings or reports by FRANdata are not approved or endorsed by ASIC. Parties considering doing business with FRANdata or using their information should make their own inquiries or seek advice before doing so.

FRANdata's [website](#) states it services:

1. Franchisors – to assist with funding arrangements, identify business opportunities, develop best practice standards and undertake custom market research projects for expansion;
2. Franchisees – to research, identify and evaluating superior quality brands for prospective business opportunities;
3. Lenders – to prepare credit reports to measure risk profile and business development opportunities;

4. Investors – to identify new deals, conduct due diligence and provide post acquisition support; and
5. Suppliers – to identify market opportunities, prospects and broader concept testing.

FRANdata has 3 directors: Darryn Mcauliffe (CEO), Darrell Martin Johnson and Karin Adcock (both members of FRANdata's Advisory Board).

The regulation of franchises generally is a matter for the ACCC.