



## PARLIAMENTARY JOINT COMMITTEE ON CORPORATIONS AND FINANCIAL SERVICES

### Media release

## Inquiry into Franchising in Australia

14 March 2019

The committee has completed its inquiry into franchising in Australia.

A decade ago, the committee's inquiry into franchising identified relatively isolated opportunistic behaviour by franchisors. The current inquiry has identified something much worse: systematic exploitation of some franchisees by a subset of franchisors and a regulatory framework that does not provide adequate protection against such practices.

The existing regulatory framework and Franchising Code of Conduct were developed on the assumption that adequate disclosure would be sufficient to allow franchisees to protect themselves from opportunistic behaviour and power imbalances.

Disclosure and transparency are still necessary, but are insufficient to protect franchisees operating small businesses against the abuse of contractual power by some franchisors.

The committee is therefore proposing substantial changes to the Franchising Code of Conduct and to the responsibilities and powers of the ACCC.

Recommended regulatory changes address: disclosure, franchise registration, supplier rebates, whistleblower protections, unfair contract terms, cooling off periods, exit rights, collective action, dispute resolution, binding commercial arbitration, alignment of industry codes, churning, education, and leasing arrangements.

The recommendations are designed to lift standards and conduct across the industry and to rebuild confidence in franchising in Australia.

The committee acknowledges the many franchisors with profitable franchise systems that treat franchisees fairly. In developing its recommendations, the committee has been mindful to avoid imposing unnecessary burdens on those franchisors, and to strike an appropriate balance between the legitimate business interests of both franchisors and franchisees.

Further information on the inquiry is available by contacting the committee Chair, the Hon Mr Michael Sukkar MP on (02) 6277 4847 or (03) 9874 1711, or the committee's website [www.aph.gov.au/joint\\_corporations](http://www.aph.gov.au/joint_corporations).