

Mr. Bernie Ripoll (MP)
and
The Committee Secretary,
Parliamentary Joint Committee on Corporations and Financial Services,
Department of The Senate

I would like to support the concerns submitted by our representative body, the Franchise Council of Australia; in relation to a number of inflammatory and inaccurate statements that have been made in Federal Parliament, and in a number of recent state enquiries. These statements present the Australian Franchising sector in a poor light, which is totally unsupported by the long history of our sector. I am sure that you don't need me to list the overwhelming evidence that clearly shows that the Australian Franchise Sector:

- 1) Is probably the most highly regulated in the world.
- 2) Generates amongst the highest contributions to GDP, business growth and participation, and employment; of any Franchising sector in the world.
- 3) Is a world leader in self regulation, education, business operating standards, industry/sector/government co-operation, etc. etc.
- 4) Operates at lower levels of disputation between principal and business operator than virtually any other business model.
- 5) Operates at substantially lower business failure rates than virtually any other business model.
- 6) Has been subjected to intensive and sustained scrutiny; including numerous Federal, State and Industry enquiries, reports and submissions; as well as being constantly subjected to media coverage ranging from the occasional informed reporting, to the more common short "sound bite" which is rarely supported by detailed factual information or offers any genuine right of reply to sector participants.

I urge the Committee to give all due consideration to the excellent submissions provided by the FCA; which make these points much more effectively than I can. My major concern is that the comments that inaccurate and often largely emotional comments that are made either in various parliaments, or in the media; have the capacity to cause significant harm to the vast majority participants in the Franchising sector, who are innocent of any wrongdoing. Quite apart from the damage to reputable brands built up over many years by Franchisors; the investments of tens of thousands of Franchisees and the employment of hundreds of thousands of employees, working in those franchises, are put at serious risk.

There are isolated cases of misconduct and financial failures do occur; as occurs in all business. But with direct involvement in 4 franchise systems over 23 years (as a Franchisee and a Franchisor executive); and active involvement across the sector in both Australia and NZ; I cannot stress enough how isolated these incidents are; and how berating the franchise sector and introducing more regulation, which is based on inaccurate perceptions, is counterproductive. Further regulation such as has been proposed recently; is not likely to provide any tangible benefits to Franchisees, and will create excessively onerous and commercially unworkable requirements on the sector. Australia is a country that encourages and

values both ethical behaviour and personal endeavour. Some of the proposed changes will do little to assist with the former, but will seriously restrict the latter.

Bernie, as a constituent in your electorate, I would be more than pleased to meet and provide a Franchisor perspective on the issues that have been raised; while at the same time being able, I believe, to show how Franchisees will not benefit from much of the current debate and calls for further regulation.

Regards.....

