

**From:** Steve Hansen [REDACTED]

**Sent:** Friday, 19 September 2008 12:50 PM

**To:** Committee, Corporations (SEN)

**Subject:** Franchise Enquiry

Committee Secretary, Parliamentary Joint Committee on Corporations and Financial Services, Department of the Senate, PO Box 6100, Parliament House, Canberra ACT 2600.

To Whom It May Concern;

I wish to reinforce the concerns of our representative body, The Franchise Council of Australia, regarding emotional and inaccurate statements that have been made in Federal Parliament and in State inquiries regarding conduct in the Australian franchising sector.

The FCA has made well-researched and considered submissions to the WA and SA inquiries on behalf of members. I trust the Corporations Committee will take these thorough submissions into account rather than rely on the emotive and inflammatory hearsay which has been presented in the House of Representatives recently.

In my experience in business and life, emotive attacks do not support thoughtful and positive solutions. The aggressive style of such attacks often masks a lack of substance. My view is that the real substance is the success of franchising. People in business and wanting to get into business are voting with their feet every day. Disputes occur, yes – they always will. But they are a very small percentage. Trying to change the rules in the ways suggested in Parliament recently will, in my view, only serve to undermine the whole sector – to the detriment of franchisors and franchisees.

Education is paramount and as a franchisor we have always explained how the franchise term works and what happens at the end of a term. This is implicit in agreements, however practical written explanations with diagrams assist new franchisees in actual understanding. They are also informed as to how this is aligned to leasing, and the how the law works in the case of leases.

The important part is that both parties understand that at the end of term the goodwill of the business belongs to the franchisor, and for the franchisee to protect their interests, they should negotiate the next term. That term will usually not be denied providing that the franchisee is willing to pay the franchise fee for the term, in the same fashion as they did when they commenced in the business, and that they agree to pay for any image upgrade that is required for the group, and that they are compliant with the system.

It should be noted that the major complainants requesting this enquiry through their political allies could have done as above, however they elected not to. Their real issues actually have nothing to do with the franchise sector and are commercial realities. In fact the sector and the governments have been used to run their own agenda and we

have had numerous people willing to listen and in effect have many hours and dollars expended, when the situation could have been handled commercially. It will be even more pronounced if there is an agreement between those parties in the near future, and an enquiry is taking place for little or no reason.

In franchising to date, since the inception of the code of practice, most have been working together building systems that are good for all parties. The trade that is derived from franchised businesses is growing dramatically, and the transparency and goodwill being established in franchising cannot be seen in any other form of business in this country.

I think that our politicians are uninformed and we would encourage more open discussion with what is actually happening, rather than Enquiries for the agendas of those that need to comply and get on with it.



Small business and franchising actually needs assistance from government in the form of support and assistance to grow their businesses and in turn employ more people.

Yours faithfully,

---

*Steve Hansen*

Chief Chook  
CHOOKS fresh & tasty  
Encouragement Centre

Web: [www.chooks.com.au](http://www.chooks.com.au)