



2nd September 2008.

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

Mr Chairman,

On behalf of MEWS Property Maintenance, I am writing to express my support for changes to the laws covering franchising agreements in Australia, which I understand is the subject of your inquiry.

During the past five years, I have been able to grow the business as a result of successful relationships with many franchise based businesses, particularly franchisees. The cornerstone of that success has been my ability to develop stable and long-term relationships with franchisees and, in some cases, the franchisor.

However, I was most concerned at media reports of the forced closure of the KFC Rockingham store – operated continuously by Competitive Foods Australia Limited for 30 years – in November last year. Not only was I shocked at the impact of the closure on CFAL and its staff, but also the potential instability that such an action has within the market and on my business. I have been informed that there could be three more KFC stores scheduled to close late in 2008. As an owner operator I am concerned as this will have an impact on my business.

In discussion with CFAL, I have been made to understand that the laws need to be changed to stop the franchisors from unnecessarily intimidating franchisees.

I have been following this issue closely and am aware of the lack of provisions at a federal level through the Trade Practices Act and the Franchise Code Conduct and at a state level through the Fair Trading Act.

As a result I would strongly support the following changes:

1. Amendments to the Franchise Code of Conduct to include a provision requiring a franchisor to renew the franchise agreement on expiry, unless the franchisor had a good faith reason not to do so, and to include a provision requiring a franchisor to renew the franchise agreement on expiry, unless the franchisor had a good faith reason not to do so.
2. Changes to the Franchise Code of Conduct and the relevant State-based Fair Trading Act that ensures that a franchisee could take legal action to stop a franchisor from misusing its superior bargaining position and require a franchisor to act reasonably and in good faith in negotiating a renewal of a franchise agreement; and
3. Provisions in either the Franchise Code or the Trade Practices Act and the Fair Trading Act to require a franchisor to compensate a franchisee for the value of the franchise business if the franchise is not renewed.

I believe that in the broad public interest and to ensure equity and stability in the franchise industry that these changes be adopted by your inquiry as part of its recommendations to the Australian Government.

Sincerely,

NIGEL MILLWARD- Owner operator.