

Joint Standing Committee on Corporations and Financial Services

Inquiry into

Franchising Code of Conduct

Supplementary Submission
from

Ray Borradale

11 September 2008

[Original Submission dated 18 August 2008]

40A Ashmole Road
Redcliffe
Queensland 4020

07 3883 4053
0408 415161
itu70522@bigpond.net.au

This supplementary submission is offered in response to the Committee's decision to censor parts of my original submission and references to the role of the Franchise Council of Australia.

Pure franchising is not a difficult concept to understand. It delivers a win/win/win relationship where one party [the franchisee] pays for the cornerstones of franchising and another [the franchisor] delivers the cornerstones of franchising. Typically these cornerstones are brand investment value, group advertising and purchasing benefits, business support and training and operational tools and industry expertise. Consumers win where they get a consistency of quality and value as benefits from franchising cornerstones.

Franchising creates competition and fends off the large multinationals that would dominate every facet of consumer spending and the employment conditions of all Australians. It contributes to a healthy society.

But as in all walks of life the inherent weakness of the human soul has produced thieves and bullies driven by greed. They've been around since man realised he had to eat. History shows us that there will be those who have more and who use that strength to gather about them those that protect their position and exploit the weak.

In franchising the protectors have successfully convinced lawmakers and even sections of the industry and the media that the industry doesn't need protecting and to introduce reform would stifle the industry and negatively affect the industry's contribution to the Australian economy.

Franchisees, and common sense, will not accept that protection from thieves and bullies within an industry can damage that industry and would argue that effective law protects the reputation of franchising ensuring the long-term health of the economic contribution.

In rogue franchising the protectors that drive the argument against reform belong to the all powerful corporate legal industry. We now have a situation where all franchisors have become puppets to a legal industry that is the true beneficiary of every aspect of human life including greedy franchising.

What would be kept secret is the incredibly huge revenue gained from the contribution of lawyers to the maintenance of the "status quo" in rogue franchising. Many good franchisors have been convinced they are under attack simply because franchisees want to eliminate the thieves and the bullies from this industry. This is not true.

The corporate legal industry has the real power. It has the financial strength to lobby and corrupt. They demean the victims and over-complicate the issues and the ability to provide effective law. The gullible have been sold the performance of professionals.

I spoke with my local MP recently and suggested that if ladders were dangerous and had the potential to destroy almost 6% of the lives, and families, of those that used them we would not outlaw ladders but we would legislate change to ensure the safety of ladders. And it wouldn't be difficult unless lawyers developed a revenue stream that justified the "statically insignificant" numbers of victims and convinced busy and deliberately confused lawmakers that ladder sales would suffer.

Existing franchising law is immoral and those who would perpetuate the lack of protection are immoral. Anecdotal evidence of the damage is all that can be relied on because everything else is concocted. The decision for lawmakers comes down to whether they need to ignore what the immoral portray as the "statistically insignificant".

This isn't as complex an issue as has been sold and the cost of the fix will be considerably low and less than the cost of ongoing conflict and damage to the franchising industry.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Ray Borradale', written in a cursive style.

Ray Borradale
11 September 2008