

Tuesday, February 22, 2011

## **Abetz bill gets a resounding ‘no’**

Abetz bill will cost jobs and investment – national and WA Legal and Government authorities warn of concerns; franchising communities say they do not want it.

Parliamentary Submissions overwhelmingly oppose campaign for intrusive new laws.

Only two franchisees support the bill.

State and national legal and Government bodies and the overwhelming majority of WA franchising businesses have voted ‘no’ to the private member’s bill raised by WA backbencher Peter Abetz.

About 90 per cent of submissions to the WA Parliamentary inquiry, created to examine the Abetz bill, are opposed.

About 120\* submissions were made to the inquiry conducted by the Economics and Industry Committee of the WA Parliament.

The bill is purported to help franchisees, but as of today’s count, only two franchisees made submissions in favour of it.

In contrast, 19 franchisees made submissions against the bill. Five ex-franchisees supported it.

Among the dozen bodies expressing their concerns with the bill are the Law Council of Australia, the WA Law Society, the Queensland Law Society, the Federal Government Department of Innovation and Industry, the WA Commerce Department, The WA Small Business Development Corporation, the University of NSW, the Asia Pacific Centre for Franchising Excellence, the National Retail Association, the Shopping Centre Council of Australia and the Franchise Council of Australia (FCA).

One of the nation’s pre-eminent trade practices, competition and consumer protection experts, Mr David Lieberman, also made a submission opposed to the bill. Mr Lieberman is a former commissioner of the ACCC and was a member of the Expert Panel appointed by the Federal Government to look into franchising regulation in 2009/10.

FCA Executive Director Steve Wright said the submissions were proof that Mr Abetz had failed to undertake any meaningful consultation prior to introducing his bill.

“It is a poor reflection on due process,” Mr Wright said. “It has the hallmarks of vested interest campaigning rather than responsible policy development.



FRANCHISE COUNCIL OF AUSTRALIA

# Franchise Council of Australia Media Release

“Any serious attempt at consultation would have immediately detected the widespread opposition to this bill – and to the regressive concept of introducing State-based legislation in a nationally operating, comprehensively regulated and successful sector,” Mr Wright said.

Australia’s richest franchise owner, Jack (Hungry Jack’s) Cowin, admitted on Perth radio last week that he had been conducting a long-running campaign to have the law changed because he is in dispute with the franchise brand owner of the 50 KFC stores he owns in WA.

Mr Cowin closed the KFC store he owns in Rockingham four years ago. He is understood to have reached the end of his 30-year operating agreements with a number of other KFC stores he owns in WA, though these continue to operate, with the permission of the global owner of KFC, Yum! Brands.

Mr Wright said the submissions to the WA Government committee made it clear what should happen to Mr Abetz’s bill.

“The Abetz bill should be scrapped,” he said.

“Its motivation has been questioned in Parliament, its contents are ill-considered and counter-productive and its potential consequences are considerable.

“If implemented, it would lead to a sudden and damaging drop-off in investment and employment in the WA small business sector. And it could be years before this was recovered, potentially costing the WA economy hundreds of millions of dollars of active business spending and employment.

“And for what reason? Mr Cowin’s commercial motivation is easily understood but that is not a reason Mr Abetz or the WA Parliament should support it.

“Mr Abetz has made no attempt to bring evidence of problems in the franchising sector to the WA Parliament, yet he calls for dramatic change to the way the sector is regulated – and he wants the changes to apply retrospectively.

“The WA Liberal Government rejected the push for this type of legislation in 2009 and the Labor Government did so in 2008. At the time, (Labor) Small Business Minister Margaret Quirk declared the sector in a good state of health.

“This third time around, nothing has changed in the WA franchising scene; now is the time for serious policy decisions, not political expedience that will cost WA jobs and investment.”

\*Submissions have closed, but as of today, the committee is understood to be yet to upload a handful of submissions, which should take the total to about 120.

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