

Gametraders

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19th January 2011

WA Franchise Inquiry Submission.



Dear Sir/Madam,

RE PROPOSED WA FRANCHISING BILL

I refer to the proposed bill to introduce state based franchising legislation in Western Australia.

As a franchisor with 36 stores nationally I have closely watched the developments in WA and question the motivation behind the proposed legislation. Our view is that if a franchisee and a franchisor have a good relationship during the term of the agreement then there is no logical reason why the franchise agreement would not be renewed.

The fundamentals of succeeding in business are reasonably simple, it is a matter of weighing up the risks to the benefit and we consider state based legislation to be an impediment to doing business and a potential risk to our system. Our policy is that if the legislation is passed we will review any potential risk and impediments and will re-consider whether we open any more stores in WA.

Over the years I have become quite worn down by the huge amount of government regulation and compliance requirements. On top of this, we spend a great deal of time and money complying with the GST obligations of which our retail stores have had to effectively absorb.

If you really feel the need to make changes to the franchising code of conduct then this should be done when the next time the federal Government review the code.

There is already legislation in place under the trade practices act, franchising code of conduct and common law to address unconscionable conduct, this proposed legislation will simply make it more difficult and more costly to run a business in WA for the overwhelming majority of franchisors who care about their franchisees and act in good faith.

To make business more efficient and more competitive in the global economy we need seamless National legislation, having state based legislation is illogical and a step backwards for WA.

If government wishes to bring true benefit to retail franchisees in particular they should investigate the practices of some opportunistic landlords and the lack of disclosure in their disclosure documents which is very minimal compared to franchising disclosure documents.

Yours faithfully,

Mark Langford
Managing Director