

**Raine & Horne Pty Limited**

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20<sup>th</sup> January 2011

Principal Research Officer  
 Government of Western Australia  
 PERTH WA 8000

Dear Sir

**Re: The Franchising Bill 2010**

Raine & Horne is a major participant in the franchising of real estate agency businesses with operations in every state and territory in Australia. We consider ourselves well versed in all aspects of franchising in the property sector.

We very strongly oppose the introduction of additional franchising legislation proposed under this bill. A summary of some of our objections to the enactment of the bill is as follows:

1. Compliance is already a major concern for franchisors. Whilst we all agree that some degree of governmental regulation may be beneficial to some franchisees we do not need, nor is it necessary, to introduce a new tier of regulation which overlaps and even duplicates existing federal legislation.
2. Compliance is an expensive and time-consuming obligation. Further compliance requirements will increase operating costs to franchisors who will be forced to recover these costs elsewhere resulting in higher costs for franchisees.
3. There is already substantial legislative protection for franchisees. Additional legislation is just not warranted. Our record of disputes is very low and below the national average.
4. The Federal Minister for Small Business's panel considered various aspects of franchising and determined that there was no need to introduce a statutory definition of "good faith". Surely the opinions of this highly regarded panel should be recognised.
5. If the bill is passed a new level of bureaucracy would be created at enormous initial and continuing cost to taxpayers. Solicitors are already rewarded handsomely by franchisors and franchisees for their services to the franchising sector and they will again profit greatly from new legislation. This will ultimately result in higher costs being passed on.
6. The introduction of automatic renewal of franchise agreements is flawed. Franchisors must still have the right to decide with whom they wish to do

business to protect not only their intellectual property but also their financial position.

7. The bill affords no right of appeal against a decision. This may lead franchisors to think again about continuing business in WA.

Raine & Horne supports fully the Franchise Council of Australia's objections to this proposed legislation.

Please take these comments into consideration and withdraw the bill from the Parliament.

Yours faithfully  
**RAINE & HORNE PTY LIMITED**



W G Joyner  
**Head of Franchise Administration**

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