

THE
COFFEE
CLUB

Where will I meet you?

Mr. Peter Abetz
Minister for Trade and
Tourism
Parliament House
Canberra
ACT 2600
Australia

Dear Sir/Madam,

On behalf of *The Coffee Club* Group, a successful national and international franchise group, established in Queensland over 21 years ago, with franchised and/or company owned stores throughout Australia, including your own State, I am now writing to express our strong opposition to the Franchising Bill 2010 introduced by Mr. Peter Abetz, MLA.

We believe that the introduction of this Bill will have numerous negative consequences, short and long term. We do not believe that this Bill is necessary or even a prudent development for the Australian franchising industry.

The Australian franchising industry is already a highly regulated industry, with Federal legislation that provides all necessary protections, even more so now with the changes introduced last year following an intensive inquiry into this industry, to ensure fairness for all those involved within the sector.

Franchising as a national endeavour is rightly regulated nationally – and should stay that way. To start introducing additional and different state legislation will only result in increased confusion, conflict and compliance costs that will need to be passed onto customers. Every Franchise Agreement and related material will have to be reviewed and separate and additional documentation and/or processes will have to be established for the specific franchises impacted by this proposed State legislation. Given that Mr. Abetz says the Bill will apply to all existing agreements, all existing agreements will have to be reviewed, which will create uncertainty for situations not considered or taken into account when parties made their agreement. This means it will be more expensive for businesses to establish, grow and operate a franchise network and for franchisees to purchase, operate and sell their franchised business. Ability to get funding and/or other investment will also be more expensive and difficult.

We want to take this opportunity to make the following additional comments.

1. We have read and are aware of the Queensland Law Society submissions on this Bill. If lawyers are already having issues and concerns with this Bill, we can only imagine that the confusion, uncertainty and legal costs franchisors and franchisees are going to face will only increase.

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Dear Ms. [REDACTED]

My name is [REDACTED]

and I am the CEO of [REDACTED]

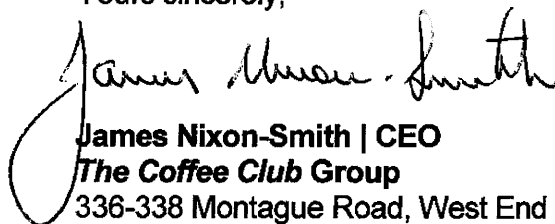
Thank you for [REDACTED]

regarding [REDACTED]

2. We have read and are aware of the International Franchise Association's submission, which detailed that from their experience they would not recommend this separate State regulation path. This group is coming from a position of experience on this issue, detailing the confusion, costs and problems a State based regulatory system has created.
3. It is likely that, as a result of the Bill in addition to the before mentioned increase in confusion, conflict and costs:
 - Interstate and international franchise brands will avoid expansion to or within the WA market;
 - Franchisees will have the value of their business significantly decreased due to the decrease in demand for franchise business and the uncertainty caused by the proposed laws.

In my opinion and that of *The Coffee Club* board, the franchising sector is performing well for the overall benefit of all parties, whether they are franchisors, franchisees, staff members, suppliers or the public. We believe that this bill will have overwhelmingly negative consequences for the franchising sector and a flow on negative impact on those industries and persons who deal or interact with the franchising sector, including staff members, suppliers and the general public.

Yours sincerely,



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