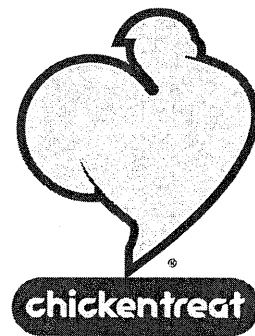


Hanco Stirling Pty Ltd  
t/a Chicken Treat Stirling  
8/51 Cedric Street  
STIRLING WA 6021  
Phone: 0417 940 501  
Email: [steve@hanco.com.au](mailto:steve@hanco.com.au)



Date 13 January 2011

Mr Timothy Hughes  
Principal Research Officer  
Economics and Industry Standing Committee  
Level 1, 11 Harvest Terrace  
West Perth WA 6005

**Submission to the Economics and Industry Committee in relation to the Inquiry into the Franchising Bill 2010**

Dear Timothy

I have been involved in franchising in Western Australia since 1983, I was a franchisee (for 8 years) of Chicken World and Big Rooster, a franchisor of CHOOKS fresh & tasty (for 19 years) and now I am a franchisee of Chicken Treat, a WA based franchise system.

I have been involved with the Franchise Council of Australia since 1995 and was State President for 5 years and also sat on the National board during that time.

I have a Diploma in Business (Franchising) and was awarded The Paddy Thompson Award in 2007 for my contribution to the Franchising industry in Western Australia.

Over the years I have been able to meet with many people in franchising, including franchisees, franchisors and consultants and in doing so I have been able to not only gain contacts but more importantly to be able to gauge how franchising is going across Australia.

After a trip to the USA last year I can say that Franchising in Australia is very healthy and the statistics that I have seen indicate that we have the lowest rate of dispute in the world.

I believe that any introduction of a bill to govern Franchising in Western Australia would be a backward step.

Franchising is well regulated federally and it does not require further regulation.

I have not had any complaints about any systems in Western Australia, and I believe that any persons or companies that have supposedly put cases to the author of the bill should be named so that the franchise community may have some say.

I believe that state legislation will ensure that legal compliance will be ramped up by franchisors and therefore franchisees will be spending valuable productive time actually fighting compliance issues unnecessarily. This will be a major cost which also could include fines if not compliant etc.

I believe that business values will decrease dramatically, and demand for small businesses will diminish.

There will be no doubt that Franchise Systems will not want to set up in Western Australia, and some existing systems will certainly look to set up Head Office elsewhere.

I cannot see why our sector should be penalized by unwanted and unnecessary legislation when 2 enquiries and both political parties have all agreed it is not required.

I understand that it is also proposed that this legislation will be retrospective which would be another minefield to administer and has certainly makes for major uncertainty in the market place.

With respect to any provision for Good Faith I believe that this is not something that can be legislated for, as is the case for leasing, however if there is real understanding of how Franchising works then the major 8 points of a franchise need to be understood by all parties before any decisions are taken.

Education is the key and is what was agreed by both state political parties following enquiries, however this must be made mandatory, otherwise many people will continue to enter into agreements with their eyes closed. Thus we

all know happens every day in many transactions that are outside of franchising.

I would also point out that although prior to the Code of Conduct, a system called Cut Price Deli which had over 100 franchisees, was brought to its knees by 2 Rogue Franchisees, and the Franchisor and the Franchisees all lost their businesses. One would think that this type of scenario would not happen today with the code and good mediation.

I would also ask whether Mr Chris Bothams, who headed up the 2008 WA Enquiry into Franchising, has been asked to comment, as when I spoke with him recently he advised that he had not been contacted by any of the proponents of the bill and he was not at all in favour of separate state legislation.

I also had the opportunity to speak with a representative of Competitive Foods and when asked what this was all about, his comment was this has nothing to do with Franchising, but has everything to do with the war between Yum Corporation and Competitive Foods with relation to Pizza Hut and Domino's.

I believe that already the small business operator takes the brunt of over regulation, over taxing (payroll tax) and bureaucratic inefficiency.

I would be very happy to assist any committee in order to provide good adequate Federal legislation which suits all parties

Yours faithfully



Stephen Russell Hansen  
Franchisee  
Chicken Treat Stirling