



# MEDIA RELEASE

## DR CRAIG EMERSON

Minister for Small Business, Independent Contractors and the Service Economy  
Minister for Competition Policy and Consumer Affairs  
Minister Assisting the Finance Minister on Deregulation

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Friday, 4 June 2010

### **GREATER CERTAINTY AND BETTER PROTECTION FOR FRANCHISEES**

Franchisees will have more protection and greater certainty in their dealings with franchisors under amendments to the Franchising Code of Conduct, Minister for Small Business Craig Emerson said today.

Dr Emerson said the amendments, aimed at protecting franchisees, mean franchisors are now required to disclose more information that franchisees need to make decisions about their businesses.

He said too many franchisees don't realise their agreements aren't necessarily ongoing.

"The amendments will require franchisors to give six months notice if they are not going to renew a franchise agreement," he said.

Dr Emerson said further amendments were designed to empower prospective franchisees when negotiating with franchisors.

"Franchisors will be required to disclose to prospective franchisees more information on unilateral contract variations or confidentiality obligations," he said.

"They will also have to make clear what kind of obligations the franchisee has in terms of future capital expenditure or whether there are any requirements to pay a franchisor's legal costs."

He said buying a franchise was an increasingly popular way of getting into business with more than 71,000 franchise agreements in place across the nation.

"Australian franchises employ more than 400,000 people and turn over around \$130 billion a year.

"By requiring disclosure upfront, potential franchisees have the information they need to decide whether the franchise is the right business for them," he said.

Dr Emerson said that in addition to these amendments, the ACCC has been given new powers to conduct random audits of franchisors. These audits will focus on ensuring franchisors comply with the law.

The amendments will come into effect on 1 July 2010.

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