

FRANCHISE BUSINESSES — INQUIRIES

14. Hon GEORGE CASH to the parliamentary secretary representing the Minister for Commerce:

- (1) Is the minister aware of the recommendations of the “Inquiry into the Operation of Franchise Businesses in Western Australia”, released on 28 April 2008 and tabled in Parliament on 6 May 2008?
- (2) On what date did the state cabinet consider the report of the inquiry, and which of the recommendations did it support?
- (3) Does the minister support the submission made by the previous government on 18 July 2008 to the Franchising Code of Conduct inquiry, currently being conducted by the commonwealth Parliamentary Joint Committee on Corporations and Financial Services; and, if not, why not?
- (4) Given the potential closure of a number of franchise operations in WA due to the refusal of a franchisor to renew the franchise licence held by a franchisee, what action can the government take to amend the Fair Trading Act 1987 to incorporate equitable end-of-agreement arrangements?

Hon BARRY HOUSE replied:

I thank the member for some notice of this question.

- (1) Yes.
- (2) The current state cabinet has not yet considered the report of the inquiry. The minister is unable to comment on the cabinet deliberations of the former state government, but understands that a media release dated 23 May 2008 by the former Minister for Small Business, Margaret Quirk, announced that it had endorsed the inquiry’s report.
- (3) The minister has not had the opportunity to fully consider former Minister Quirk’s submission dated 18 July 2008 to the commonwealth Parliamentary Joint Committee on Corporations and Financial Services’ inquiry into the Franchising Code of Conduct.
- (4) The government is presently seeking advice from the State Solicitor on proposed amendments to the Fair Trading Act 1987 regarding unconscionability in connection with the decision to not renew a contract. The views of key industry stakeholders on the proposed amendments have also been sought. Although the government is conscious of the impact a refusal to renew a franchise agreement might have on a franchisee, it remains mindful of the risk of introducing or amending laws that might act as a disincentive to business investment in Western Australia.