

The Lucky Charm

Where every day's your lucky day!



Shop 11 The Vale Shop Ctre
Warton Road
Canningvale WA 6155
Ph: 08 9456 2945
E: canningvale@theluckycharm.com.au

24 January 2011

Dear Committee members,

I am strongly opposed to the Franchising Bill 2010.

I believe this Bill will have negative direct consequences for the franchising sector and for my business as well.

I believe the Bill will end up costing me more in terms of legal requirements I have to deal with, and that the value of my business could also be hit.

The Bill will create confusion. We currently have one set of rules for franchising; we don't want another set. It is difficult to keep up to date with legal requirements as it is now. To introduce another set of rules will only make this worse. And add to the cost of legal bills.

In my view, this Bill will provide a new platform for argument between franchisors and franchisees. I do not think this will be constructive. Arguments are expensive and time consuming. They are a distraction from doing business.

But my biggest concern is that at the end of the day, I may have a business that is worth less if I want to sell it.

Can you tell me certainly that if you introduce this Bill that the value of my business will be enhanced? Surely that is the ultimate test. If this Bill is good for franchising, then the value of my business should increase as a result of it.

Unfortunately, I believe the reverse is true. I believe this Bill will increase uncertainty. Threats of big fines that could apply to franchisors and franchisees make people wary - franchisors, franchisees and the potential new franchisees.

If franchisors are wary, they will either take action inside the system to give themselves more comfort - and who will bear the brunt of that? - or they will pass on costs for increased argument. Either way, franchisees may well find themselves worse off.

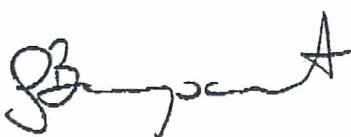
If franchisees are wary, maybe they will try to take action against franchisors in their own interests - to get a commercial edge. If they do that and the system has to pay, what effect does that have on the other members of the system, the other franchisees? I can't see how it can be positive.

And if potential new franchisees are wary, what effect is that going to have on their willingness to invest? If a potential buyer for my business is wary, are they going to pay top dollar? I doubt it.

I would rather see Government effort and money put into making it easier for small businesses to make money. Rules and regulations don't increase profitability. Too many rules is a drag. A drag on time and money. Rules which are unclear are a recipe for higher costs in my business, not higher profits.

If you want to improve things for franchisees - and for small business owners generally - cut red tape, stop imposing tax collection jobs on us and get rid of payroll tax. And do something about stopping landlords and banks from taking me to the cleaners. If you ask me, they are the rogues.

Yours sincerely,


NICHOLAS JOHN BARAGWANATH