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LABOR LEADS FRANCHISING REFORM FOR SMALL BUSINESS

Federal Labor is leading the way on meaningful and practical reform of Australia's \$180 billion franchising sector, which has seen franchisees exploited and left many Australian families facing financial ruin.

Labor will today introduce the Franchising Laws Amendment (Fairness in Franchising) Bill 2020, which seeks to restore fairness to the franchising sector, and deliver on changes the sector has clearly been in need of.

It has taken the Morrison Government over a year to fully respond to the bipartisan Parliamentary Committee on Corporations and Financial Services – Fairness in Franchising report released in early 2019. From all accounts from a number of stakeholders, their response is underwhelming.

Labor's Private Senator's Bill will ensure that franchisors who take advantage of hard working Australian small business franchisees through poor conduct and exploitative behaviour can receive penalties of up to \$10 million. This is substantially more than those proposed by the Morrison Government and will bring the penalties in line with the Australian Consumer Law.

For far too long this Government has stood by and watched the horror stories so common in the franchising sector. No one can forget the unscrupulous behaviour of franchisors like 7-Eleven, meanwhile the Government is trying to make it harder for class actions to go ahead,

including the potential case against Michel's Patisserie.

Labor's Bill will ensure that the ACCC has the power to stamp out this behaviour and ensure a fair and equitable system for all.

The Fairness in Franchising Bill will also empower the Small Business and Family Enterprise Ombudsman (ASBEFEO) to recommend arbitration so that companies cannot drain families of their assets by dragging out disputes in the courts.

We have seen just recently a large multinational company take advantage of the power imbalance that exists between them and Holden car dealers. Labor's Bill will ensure a level playing field so that all parties can move forward when disputes occur.

The recession has seen more businesses than ever hit the wall and without proper regulation Labor is afraid these practices of exploitation will continue.

Unfortunately, this Government continually overpromises and underdelivers.

Labor understands small business. We don't need another inquiry, we don't need another taskforce, roundtable or consultation. We need meaningful action now.

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