



20 December 2022

Open Letter to the Prime Minister of Australia,  
The Hon Anthony Albanese, MP

Dear Prime Minister

I ask that you take action to protect Australian Franchisees, by establishing a public register of Franchisee feedback which scores Franchise businesses annually on their support and treatment of Franchisees, and also that you act to protect Franchisees against gross mistreatment, as in the G.J Gardener Homes case.

Australia is one of the most Franchised nations in the world, with some 1,100 Franchisors and over 65,000 Franchisees. The sector is worth \$172 billion and employs over 560,000 people. Despite this, Franchisees, which are mostly small businesses, have little protection from predatory and unscrupulous Franchisors.

In the GJ Gardener Homes case, the Franchisor is accused of trying to seize control of Master Franchise rights without proper compensation. Franchisees and Master Franchisees invest significant time and money to build valuable businesses, and it is not fair or just to have these taken away.

The Franchising Code does little or nothing to protect Franchisees, despite several parliamentary inquiries. The Disclosure Document is a dense and legalistic document that would challenge a trained lawyer. I know of NOT ONE Franchisee who has read it in full. The requirement to have a contract checked by a lawyer is meaningless, since most contracts are so grossly unfair to Franchisees and in addition give no clues as to the actual support provided. The only positive aspects of the Code are the requirements to list current and previous Franchisees, and to take disputes to Mediation.

I propose that the Australian Government commission an impartial polling agency to poll each Franchisee annually, on a strictly confidential basis, asking simple questions such as whether their income or overall support is good, satisfactory, or poor. The exact questions would be developed in consultation with Franchisees and Franchisors. Franchisors would be required

to provide a complete list of Franchisees, pay for the poll, and steer all potential Franchisees to the website.

The aggregate results would be displayed on a public website, giving Franchisors a powerful incentive for good service, and warning potential Franchisees against poor Franchisors.

This is not a difficult or costly operation. Jim's Group has been conducting such surveys annually for more than 15 years, polling electronically and then following up with phone calls to achieve a 90% response rate. I have proposed this system to several Inquiries into the Franchise industry over many years, without success.

Franchisees also deserve better protection. They should have the right to sell their business at a fair market price to any suitable purchaser. They should be able to veto changes to their Manuals by majority vote.

They should also have the right to go independent or join a rival system at minimal cost. There should be a quick and effective system to enforce such rights, without massive legal costs.

These are not radical or anti-business ideas. I founded and now run the largest Franchise chain in Australia, with nearly 5,000 Franchisees. I am convinced that following these principles is a key reason for our success. These changes would be good for Franchisees, good for the industry, and good for Australia.

Prime Minister, the Australian Labor Party was founded to look after the needs of the underdog. You head a new government with a mandate for change. I appeal to you to live up to your founding principles.

I welcome the opportunity to meet with you or members of your government, to provide further detail.

A handwritten signature in black ink that reads "Jim Penman". The signature is written in a cursive, flowing style with a large initial 'J'.

Jim Penman

CEO, Jim's Group