

# Franchising & Networks

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## **Franchise legislation—have your say. Submissions close 21 November.**

The Ministry of Economic Development discussion paper on franchise legislation calls for submissions on this topic to be made by 21 November 2008.

At present franchising in New Zealand is unregulated meaning that only general business laws apply. This is not the case in Australia where franchise specific laws have existed since 1998.

Options proposed for regulation by the discussion paper are:

- a continuation of the status quo
- development of franchise specific legislation.

Franchise specific legislation may require:

- pre-contract disclosure
- compulsory mediation
- cooling off periods
- the opportunity for franchisees to take independent legal advice.

If franchise specific legislation results the implications could be wide-ranging. The new law could affect a wider range of businesses than many realise. The definition of what constitutes franchising could be crucial and may cover many types of distribution arrangements not currently considered franchises.

If legislation proceeds as per the discussion paper proposal compliance costs will be an issue for franchisors with the need to invest significantly in improved systems and documentation.

### **Want to know more?**

If you wish to consider any submission, or have questions about the impact of the discussion paper on your business, or other franchising issues please contact [Patrick Learmonth](#) or 09 375 1112.