

# New law needed for franchise sector

**T**HE law needs to be changed to provide more protection for people investing in franchised businesses, the Franchise Association of New Zealand (FANZ) says.

In a bid to achieve this, FANZ Board members met Commerce Minister Lianne Dalziel on 12 February and discussed specific points it will be recommending for legislation currently before Parliament.

Those recommendations include:

- a registration system for organisations that offer franchises for sale;
- registration of advisers to the franchise industry;

- terms that can result in disqualification from registration, similar to regulations covering company director or investment adviser disqualification;
- a system for registration of sub-franchisees with their franchise system;
- extension of FANZ's own disclosure document requirements to all franchises; and
- compulsory mediation before any disputes enter arbitration or other legal routes.



*Franchise Association Board members (from left): Brem Ellingham, Chair Miles Agmen-Smith and CEO Peter Fergusson, who met Commerce Minister Lianne Dalziel to discuss new legislation for the franchise sector.*

FANZ has made its recommendations in a submission to the Finance & Expenditure Committee on the Financial Services Provider (Registration and Dispute Resolution) Bill. Submissions on this bill closed on 28 February.

The FANZ board has maintained a long-term open line for the purpose of improving legislation for the franchising sector, its chair, Miles Agmen-Smith, said. "But this ironing franchise controversy has created extra focus and interest." **LI**