



MEDIA STATEMENT: 15/11/2019

A spokesperson from Foodco said:

Foodco is very proud that over the past 30 years we have enabled many hardworking entrepreneurial Australians to be self-employed and achieve their business goals. This achievement is possible because we work collaboratively with our franchisees to help them achieve business success, and we are confident the vast majority of franchisees share this sentiment. As a testament to our strong relationship with our franchisees, 33 franchisees have been part of our Australian network for 10 years or more. We have a strong relationship with our franchisees and have also conducted our dealings with our partners in good faith. We currently have more than 340 Muffin Break and Jamaica Blue stores trading in Australia and New Zealand, and a further 101 stores worldwide.

The success of our business is entirely underpinned by the success of our franchisees and it is in no one's interest to pursue practices which would lead to a failed franchise. Our brands have been independently recognized as "high performing" through the Australian Franchise Rating Scale. This scale rates the following key support areas: Franchisee Financial Performance; Franchisee Engagement and Satisfaction; Franchisor Training and Support; System Performance; Franchisor Financial Performance; Lender Relations; and Compliance and Assurance.

Our franchisees make a significant contribution to their local communities. From time to time we will have franchisees whose businesses fail, and this failure occurs for any number of reasons. The views of a very small number of former franchisees and their unsubstantiated claims do not represent the views of the majority of our hard working and committed franchise partners.

Foodco welcomed the Parliamentary Inquiry into the Operation and Effectiveness of the Franchising Code of Conduct and supports any changes that improve the franchising system. In response to the Parliamentary Inquiry, Foodco lodged a public submission dated 21 August 2018, this included a number of recommendations to improve the operation and effectiveness of franchising. Foodco believes the committee missed an opportunity to make it compulsory for franchisee to obtain independent legal, accounting and business advice. Following the Parliamentary Inquiry, Foodco has taken a proactive approach by making it compulsory for franchisees to obtain independent legal and accounting advice from professionals with expertise in franchising. Foodco believes the committee also missed an opportunity to undertake a review of the imbalance of power in retail legislation.



Foodco strongly refutes allegations of any inappropriate conduct in relation to allegations made by Mr. Whittet, Ms. Forsyth and Mr. Mirza.

In response to allegations made by Mr. Whittet and Ms. Forsyth that they were given incorrect sales figures, we strongly deny these allegations. We are pleased that both of the Jamaica Blue stores which Mr. Whittet and Ms. Forsyth owned continue to operate in Toowoomba today along with a third franchised Jamaica Blue café which we have opened since that time.

In response to allegations made by Mr. Mirza regarding labour costs, we understood Mr. Mirza to be a Fellow Chartered Accountant who holds a CPA qualification and who undertook his own due diligence at the time he purchased his Muffin Break stores.

Franchisees have the choice as to how they approach receiving any potential earnings from the business. A franchisee can choose to take a salary, or to take director's drawings or another form of remuneration. The franchisor cannot and does not give advice as to what is the most appropriate or lawful approach for franchisees. As stated above, Foodco has made it compulsory for franchisees to obtain independent legal and accounting advice from professionals with expertise in franchising, despite this not being a recommendation of the Parliamentary Inquiry Committee.

Prior to commencing operations of a Muffin Break or Jamaica Blue franchise business, franchisees undertake an extensive training program. As part of this training, franchisees receive extensive training on relevant modern awards, pay rates, allowances, penalty rates and overtime, hiring and various other employment related matters.

In relation to the Muffin Break store at Burwood which Mr. Mirza previously owned, we are delighted with the sales levels currently being achieved.

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