

## **FCA welcomes JobKeeper extension for small business, but further help needed**

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The Franchise Council of Australia says the Prime Minister's announcement that the JobKeeper scheme will continue beyond September for a further six months at a lower rate will provide some reassurance for small businesses and their employees.

However, FCA CEO Mary Aldred says the latest national survey of franchise businesses has shown the depth of impact of COVID-19 on their revenue during the June quarter.

"Covid-19 has hit hard across the board for small businesses, and this study provides a deep dive into each industry sector and the issues they are grappling with the most. Unfair and inflexible commercial leasing issues is a theme that consistently gets raised by small businesses and franchisees as a key concern," said FCA CEO Mary Aldred.

Representatives of 70 Australian franchise systems covering 12,373 franchised units and 1,514 company operated units contributed to the "Pulse Check" survey, undertaken by FRANdata\* for the Franchise Council of Australia.

46% of survey respondents reported revenue was less than 50% compared to the June 2019 quarter, with the hardest hit businesses including cafes, restaurants, fitness clubs, accommodation and child-related services. On the other hand, 35% of respondents recorded increases in June revenues, with takeaway food, maintenance, health, freight and baked goods related franchises reporting improved trading conditions.

The greatest challenges in the June 2020 quarter were landlord issues (54%), the "wellness" of franchisees & support staff (54%) and franchisee financial performance (52%).

The survey demonstrated a high level of franchisor support for franchisees, with 69% of respondents indicating they were providing direct or indirect financial support to 100% of their franchise units. 24% of respondents indicated they were providing direct or indirect financial support to less than 25% of their units.

The majority of respondents described JobKeeper as "extremely helpful" (54%) or "very helpful" (18%). More than 70% of respondents thought JobKeeper should be extended until at least 31 December 2020 to protect employment.

"The FCA pushed hard for an extension to Jobkeeper for the hardest hit industry sectors and welcomes the government's response," said Ms Aldred.

"However, given the long-term impact of Covid-19, the FCA is calling for the Federal Government to also extend the National Commercial Leasing Code of Conduct, which is due to finish in September when JobKeeper was supposed to conclude."

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The Franchise Council of Australia is the peak body for the \$184 billion franchise business segment, which includes 1,344 networks, with 90,000+ individual franchised outlets, employing 598,500 Australians across the nation.

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