



**FIRST REPORT  
OF THE  
STANDING COMMITTEE ON LAW AMENDMENTS**

**First Session  
Fifty-sixth Legislative Assembly  
of the  
Province of New Brunswick**

**May 30, 2007**

**MEMBERS OF THE COMMITTEE**

Hon. Mr. Burke, Q.C., Chairman  
Mr. Kennedy, Vice-Chairman  
Ms. Lavoie  
Mr. B. LeBlanc  
Mr. Fraser

Mr. Brewer  
Mr. C. Landry  
Mr. MacDonald  
Mr. Urquhart

May 30, 2007

To The Honourable  
The Legislative Assembly of  
The Province of New Brunswick

Mr. Speaker:

I have the pleasure to present herewith the First Report of the Standing Committee on Law Amendments.

The Report is the result of your Committee's deliberations on Bill 32, *Franchises Act*, which was introduced in the Legislative Assembly on February 23, 2007, and referred to your Committee for consideration. Your Committee is pleased to recommend Bill 32 to the favorable consideration of the House with one proposed amendment.

On behalf of the Committee, I wish to thank those individuals and groups who submitted written briefs. In addition, I would like to express my appreciation to the members of the Committee for their contribution in carrying out our mandate.

And your Committee begs leave to make a further report.

Respectfully submitted,

Hon. Thomas J. Burke, M.L.A.  
Chairman

May 30, 2007

To The Honourable  
The Legislative Assembly of  
The Province of New Brunswick

Mr. Speaker:

Your Standing Committee on Law Amendments begs leave to submit this, their First Report of the Session.

Your Committee held an organizational meeting on February 22, 2007. On motion of Ms. Lavoie, Hon. Mr. Burke was elected Chairman of the Committee. On motion of Ms. Lavoie, Mr. Kennedy was elected Vice-Chairman.

Your Committee has had under consideration Bill 32, *Franchises Act*. The Bill was introduced in the House on February 23, 2007, during the First Session of the Fifty-sixth Legislature, and referred to the Standing Committee on Law Amendments for consideration. The proposed legislation is designed to ensure fairness in the relationship between a franchisee, who is often a small business owner, and a franchisor, which is generally, but not always, a large corporation. The Bill is based on a model Act that was adopted by the Uniform Law Conference of Canada in 2005. The Bill contains the following objectives: to impose a duty of fair dealing on a franchisee and franchisor in relation to their franchise agreement; to ensure that a franchisee may form or join an association of franchisees; to require a franchisor to provide a prospective franchisee with full disclosure of certain information before a franchise agreement is signed; to offer a framework for the mediation of disputes; and to void any provision in a franchise agreement which requires a franchisee to litigate disputes outside of New Brunswick.

It is important to note that Bill 32 is identical, except for minor adjustments to the French text, to Bill 6, *Franchises Act*, which was introduced during the Third Session of the Fifty-fifth Legislature. Bill 6 was referred to the Standing Committee on Law Amendments and the Committee agreed to receive written submissions on the merits of the Bill. However, on August 18, 2006, before the Committee could review the submissions and report to the House, the Legislative Assembly was dissolved. Upon dissolution of the House, the Committee ceased to exist and the Bill died on the Order Paper.

Your Committee met on May 1, 2007, and agreed that it should take into consideration the written submissions received to date. Accordingly, the following resolution was adopted:

*That all written submissions received by the Standing Committee on Law Amendments, appointed by the Fifty-fifth Legislature, in relation to Bill 6, Franchises Act, introduced in the House on December 7, 2005, be deemed referred to this Standing Committee on Law Amendments, appointed by the Fifty-sixth Legislature, in order to facilitate the review by the Committee of Bill 32, Franchises Act.*

Your Committee met again on May 16, 2007, to review Bill 32 and the written submissions referred to the Committee, and to hear from representatives of the Department of Justice and Consumer

Affairs.

## SUMMARY OF FINDINGS

Your Committee is pleased to report that the majority of the respondents who submitted written briefs are in favour of the proposed *Franchises Act*. However, while supportive of the Bill, some respondents also proposed certain changes to the Bill, or made suggestions for any proposed regulations thereto. Examples of such input include the following: to exempt large or mature franchisors from financial disclosure; to remove the requirement for “payments” from the definition of “franchise”; to omit or vary the mediation requirement; to allow for a disclosure document to be “substantially completed”; to permit the use of disclosure documents from other jurisdictions; to limit the scope of the information that must be disclosed; to ensure the provisions pertaining to volume rebates are consistent with other jurisdictions; to limit the liability of those who sign a disclosure document; and to allow franchisees to find an alternative source of supplies in certain circumstances.

Your Committee has considered these proposed changes and finds that the majority of these suggestions should be addressed in the regulations to Bill 32, specifically with respect to the disclosure requirements and mediation process. As such, your Committee recommends that the government take into consideration the input received through the public consultation process when drafting the regulations to Bill 32. In addition, your Committee recommends, for clarification purposes, an amendment to Bill 32 that permits the Lieutenant-Governor in Council to make regulations defining words or expressions in the Bill that are not already defined.

## RECOMMENDATIONS

**Your Committee therefore recommends Bill 32, *Franchises Act*, to the favorable consideration of the House.**

**Your Committee further recommends that the Legislative Assembly consider the advisability of amending Bill 32, *Franchises Act*, to permit the Lieutenant-Governor in Council to make regulations defining words or expressions in the Bill that are not already defined.**

**Your Committee further recommends that the government take into consideration the input received through the public consultation process when drafting the regulations to Bill 32, *Franchises Act*.**