



A PRACTICAL GUIDE FOR AUSTRALIAN FRANCHISE BUYERS

Before You Sign a Franchise Agreement

12 important questions, a document cross-check worksheet and space to record your concerns before committing to a franchise purchase.

HOW TO USE THIS GUIDE

Tick each question once you have checked the relevant documents. Write down the clause or page number, then discuss anything unclear with an independent adviser. A tick does not mean the term is safe or acceptable.

GATHER THESE DOCUMENTS FIRST

- ☐ Proposed franchise agreement and all schedules
- ☐ Current disclosure document and financial information
- ☐ Information statement and copy of the Franchising Code
- ☐ Lease, sublease, licence or occupancy terms (if relevant)
- ☐ Guarantees, finance documents and compulsory supply arrangements
- ☐ Fee schedule, financial forecasts and written representations

TWO SEPARATE TIMING RULES TO UNDERSTAND

Before signing — generally, prospective franchisees must receive specified documents in final form and then have a mandatory 14-day waiting period before entering the agreement.

After entering a new agreement — there is generally a separate 14-day cooling-off period, but important exceptions and limited opt-out rules apply. Do not assume the earlier waiting period and cooling-off rights are the same.

Prepared October 2026 | Designed for franchise buyers considering a new franchise or purchasing an existing one. Check the position for your particular arrangement.

QUESTIONS 1-6

12 questions before you commit

Tick an item only after you understand the documents and have recorded anything that requires clarification.

☐ **01 What is the full upfront investment?**

Include the initial fee, stock, fit-out, training, deposits, equipment and enough working capital.

Check: Fee schedule, disclosure document, lease and funding plan

Clause / page or follow-up: _____

☐ **02 What must I pay every month?**

Check royalties, marketing levies, software, supplier charges and whether fees can increase.

Check: Agreement, disclosure document and supplier terms

Clause / page or follow-up: _____

☐ **03 Is my territory really protected?**

Check exclusivity, nearby sites, online sales, delivery channels and any exceptions.

Check: Territory schedule, agreement and disclosure document

Clause / page or follow-up: _____

☐ **04 Can the franchisor require certain suppliers?**

Identify mandatory products, approved suppliers and who bears price or quality changes.

Check: Operations manual, supply terms and agreement

Clause / page or follow-up: _____

☐ **05 What supports the sales and profit figures?**

Ask where forecasts come from; test assumptions with an accountant and speak with current franchisees.

Check: Any earnings information, disclosure document and independent research

Clause / page or follow-up: _____

☐ **06 Am I personally guaranteeing the obligations?**

Check who signs, what is secured, whether liability is capped and when it ends.

Check: Guarantee, lease, finance and security documents

Clause / page or follow-up: _____

QUESTIONS 7-12

12 questions before you commit

Tick an item only after you understand the documents and have recorded anything that requires clarification.

☐ **07 How long is the franchise term?**

Check renewal rights, fees, notice deadlines and whether fresh terms may apply.

Check: Agreement, renewal clauses and disclosure document

Clause / page or follow-up: _____

☐ **08 Does the lease match the franchise term?**

A lease or make-good obligation could outlast your rights to trade under the brand.

Check: Lease, occupancy licence and franchise term provisions

Clause / page or follow-up: _____

☐ **09 What happens if I want to sell or leave?**

Review transfer approval, valuation assumptions, fees, restraint provisions and exit liabilities.

Check: Transfer, assignment and post-termination clauses

Clause / page or follow-up: _____

☐ **10 When can the agreement be ended early?**

Check default notices, termination grounds, dispute options and outstanding payments.

Check: Termination clauses and disclosure document

Clause / page or follow-up: _____

☐ **11 Could I be required to invest more later?**

Check compulsory refits, equipment upgrades, system changes and significant capital expenditure.

Check: Disclosure document, manual and variation clauses

Clause / page or follow-up: _____

☐ **12 What happens if we disagree?**

Identify complaint steps, mediation arrangements, costs and any urgent steps needed to protect your position.

Check: Dispute resolution clauses and relevant Code provisions

Clause / page or follow-up: _____

CROSS-CHECK WORKSHEET

Compare the key documents

Potential risks often emerge when two documents create different commitments. Use this worksheet to spot questions for your lawyer.

1. Franchise term + premises lease

Do expiry, renewal and notice dates match? Could rent or make-good obligations continue after the franchise ends?

Relevant clause / page: _____

2. Agreement + disclosure document

Are fees, supply restrictions, territory terms and major investment commitments consistent?

Relevant clause / page: _____

3. Agreement + personal guarantees

Could an individual remain liable for debts, defaults or lease commitments after selling or closing?

Relevant clause / page: _____

4. Forecasts + actual obligations

Do projected cash flows allow for royalties, rent, wages, finance costs, compulsory purchases and a slower start?

Relevant clause / page: _____

5. Exit rights + post-term restraints

Will transfer consent, fees, non-compete terms or debranding obligations limit your ability to exit?

Relevant clause / page: _____

MY MOST IMPORTANT CONCERN

YOUR ISSUE REGISTER

Record your questions

Take this page to your lawyer or accountant. Prioritise issues that could change your decision, budget or ability to exit.

CONCERN 1**Money and personal exposure**

Upfront costs, forecasts, royalties, finance or guarantees

CONCERN 2**Control of the business**

Territory, supplier restrictions, operating rules or brand decisions

CONCERN 3**Length of the commitment**

Franchise and lease dates, renewal, transfer and exit

WHAT I WANT THE ADVISER TO EXPLAIN

NEXT STEPS AND USEFUL REFERENCES

What to do before signing

You do not need to resolve every issue yourself. This checklist is a starting point for informed questions and independent advice.

☐ **Confirm the disclosure documents**

Check you have the required information, review the final versions and confirm the applicable waiting period.

☐ **Assess the commercial reality**

Ask an accountant to stress-test costs and forecasts. Speak to current and, where possible, former franchisees.

☐ **Review the agreement and lease together**

Ask a lawyer to identify important risks in the agreement, occupancy arrangements, guarantees, renewals and exit.

☐ **Keep a written question list**

Note document versions, clause numbers, representations and answers. Keep copies of all material supplied.

KNOW THE DIFFERENCE

Pre-signing disclosure period: generally at least 14 days after the required final documents are given. **Cooling-off after entering a new agreement:** generally 14 days from entering the agreement. Transfer, leasing and limited opt-out rules can change the position. Obtain advice before relying on a deadline.

USEFUL OFFICIAL INFORMATION

[ACCC | Disclosure and document obligations](#)

[ACCC | Ending a franchise agreement](#)

[ACCC | Guidance on changes to the Code](#)

NEED HELP REVIEWING A FRANCHISE AGREEMENT?

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