

World-leading franchise authority believes SA Bill could damage sector

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In the attached letter to the Franchise Council of Australia (FCA), the International Franchise Association (IFA) says introducing the SA Small Business Commissioner 2011 (bill) will cause South Australian business investment to suffer as it has the potential to create new state-based franchising laws out of sync with the rest of the country.

FCA Executive Director Steve Wright says the letter is from the world's leading franchising organisation.

In the letter, the IFA says that on the basis of past experience in the United States with state-based laws instead of federal, it does not understand the motivation for the SA Small Commissioner Bill.

The IFA letter goes on to say it could cause Australian franchisors to avoid South Australia in favour of less restrictive jurisdictions. It then goes further to say that for franchisors who have concluded that a continent-wide program is appropriate it could cause them to reconsider Australia in its entirety.

Mr Wright says South Australia Small Business Minister Tom Koutsantonis believes the bill will encourage investment in the state.

"What the IFA letter shows is that the FCA is not the only organisation which thinks he is wrong," he says.

"From the information of past experience by the IFA, it's clear that the bill in its current form will damage investment in the South Australian sector and prompt some operators to consider moving the headquarters of their organisations out of South Australia."

ENDS

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