



17 February 2020

Budget Policy Division
Department of the Treasury
Langton Crescent
PARKES ACT 2600

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To Budget Policy Division

Re MTA Queensland – supplementary priorities prebudget submission – 2020-21 Federal Budget

1 Introduction

1.1 The Motor Trades Association Queensland (MTA Queensland or the Association) seeks consideration of a supplementary brief to its 6 December 2019 priorities forwarded on 6 December for the 2020-21 Federal Budget.

2 Context

2.1 The supplementary submission originates from discussions by members of the Association's Farm and Industrial Machinery Dealers Division (F&IMDD) regarding the cyclical nature of small business incomes due to factors such as environmental and climatic risk; natural disasters; economic cycles and unforecast impacts such as the global financial crisis; distortion to banking and financial infrastructures; and restructuring of global markets.

3. Submission

3.1 The F&IMDDs discussions identified that Australia's small business sector would benefit substantially from a Small Business Management Deposit Scheme (SBMDS) which would operate on the same principles as the very successful Farm Management Deposit Scheme and would be expected to deliver similar benefits to the economy and small business sector.

3.2 Essentially, the SBMDS would enable eligible small businesses to defer taxation on eligible deposits on undistributed earnings in periods of high income to create reserves to fund cost effective lower risk proprietors' equity which could be applied to finance: business growth and expansion; provide for natural disasters and unforeseen events; hedge against adverse market outcomes; manage business cycles; and taxation liabilities.

Motor Trades Association Queensland

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4. Small Business Management Deposit Scheme

4.1 In making this submission the MTA Queensland envisages the SBMDS would replicate the legislative and regulatory framework already existing for the FMDS. This would manage unintended consequences as well as providing savings in implementation, time and costs. Administrative arrangements could both adopt and utilise existing FMDS structures and procedures again resulting in start-up and operating cost savings.

4.2 The opportunity to borrow extensively from the successful FMDS model enables this submission to be brief. There is however one major issue that differentiates the SBMDS that requires attention. That is the definition of 'eligible small businesses'. The MTA Queensland suggests that it would be appropriate to apply the definition in the *Corporations Act 2001* that stipulates that a 'small proprietary company' if it satisfies at least two of the below criteria:

- an annual revenue of less than \$50 million
- less than 100 employees at the end of the financial year, and/or
- consolidated gross assets of less than \$25 million at the end of the financial year.

5. MTA Queensland background

5.1 The MTA Queensland is the peak organisation in the State representing the specific interests of businesses in the retail, repair and service sector of Queensland's automotive industry located in the State. There are some 15,500 automotive value chain businesses employing approximately 88,500 persons generating in excess of \$20 billion annually. It is an industrial association of employers incorporated pursuant to the *Fair Work Act 2009*. The Association represents and promotes issues of relevance to the automotive industries to all levels of Government and within Queensland's economic structure.

5.2 Australia's first automotive hub, the MTA/Q, has been established in specially prepared space at the corporate office. The hub is an eco-system that supports innovation for the automotive industry.

5.3 The Association is the leading automotive training provider in Queensland offering nationally recognised training, covering technical, retail and the aftermarket phases of the motor trades industry through the MTA Institute - a registered training organisation. It is the largest automotive apprentice trainer in Queensland employing trainers geographically dispersed from Cairns to the Gold Coast and Toowoomba and Emerald.

Thank you for your deliberation.

Yours sincerely



Dr Brett Dale DBA
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MTA Queensland