



17th September 2018

Committee Secretary
Standing Committee on Economics
PO Box 6021
Parliament House
Canberra ACT 2600

To Committee Secretary:

***Supplementary Submission to the Inquiry into Impediments to Business Investment
re
Top 10 Issues Impacting Business***

1. Introduction

1.1 The Motor Trades Association Queensland (MTA Queensland or the Association) responds to The House of Representatives Standing Committee on Economics Chair Sarah Henderson for a supplementary submission identifying the 'top 10 issues impacting businesses' for *its inquiry into impediments to business investment in Australia*.

1.2 The Association consulted members whose business comprise the motor trades advising the issues set out below.

2. Issues and Viewpoints

2.1 Depending on the systems that small business has these are compliance issues:

- Fringe Benefit Tax (FBT) reporting period not aligning with the financial year
- Understanding of what laws apply to your new and existing businesses:
 - Fair Trading
 - Privacy
 - Anti-bullying
 - Importing and exporting
 - Intellectual property
 - Franchising Code
 - Employment
 - Environment
 - Marketing Law
 - Workplace Relations / Unfair dismissal

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2.1.1 Small and medium business need flexibility with staffing when an employment relationship is not working. This can happen with short and long-term employees. The impact is often just as great on co-workers, not just employers. Small employers can often be bullied by staff demanding entitlements without taking responsibility for performance. There should be a no-fault redundancy enabling employers to make a staff change while treating an employee with the respect of the current redundancy system, and capping liability. The cost of redundancy is a financial impediment particularly when business is slow/low and staff levels high.

2.1.2 Unfair dismissal should be reviewed. The Association would support the concept of providing a lower maximum compensation figure in 'proven unfair dismissal' matters for small business. A scale of maximum payments depending on length of service e.g., up to 6 weeks of employment a maximum of, say, 3 weeks compensation; up to 10 weeks a maximum of e.g. 5 weeks compensation; up to 15 weeks a maximum of 7 weeks compensation; up to 20 weeks a maximum of 10 weeks compensation; over 20 weeks and up to 12 months service a maximum of 12 weeks compensation; over 12 months service a maximum of 15 weeks compensation is suggested.

2.1.3 Any employee of a small business who lodges a general protections unfair dismissal claim within the qualifying period of 12 months must complete a Statutory Declaration attesting to the truthfulness of their application. This would go some way to addressing the increasing prevalence of otherwise barred unfair dismissal claims being made to appear to be breaches of a general protection provision to allow the matter to proceed.

2.1.4 The accumulation of sick days and the use of sick days as a holiday or eight holiday days per year is an abuse of this entitlement and an impediment to small business.

2.1.5 Small business should be encouraged to join an employer organisation rather than relying on what can be a very confusing internet based Fair Work Ombudsman's web site. This would be the single most effective way to assist small business to meet its obligations.

- Selling of products
 - Permits
 - Licenses
 - Accreditation standards
 - Codes of conduct
- Various licenses and registrations required
- Insurance cover requirements
 - Public Liability
 - Property
- Legal expenses
 - Contracts
 - Leases
 - Deciding on the right legal status (e.g. Company, Trustee etc.)
- Labour market regulations
 - Occupational licensing
 - Minimum wages, awards etc.
- Payments to various superannuation funds may have to be processed online if a central lodgment platform is not used
- Platform inconsistencies: Lodgment of state payroll tax processed only through Office of State Revenue platform - different to the BAS platform
- Lodgment of BAS and annual tax

- Registrations required:
 - Pay As You Go (PAYG)
 - FBT
 - Australian Business Number (ABN)
 - Income Tax
 - Goods and Services Tax (GST)
- Lodgment of Tax File Number (TFN) Declaration could be manual if payroll system doesn't have the ability to electronically send

2.1.6 Introduction of Single Touch Payroll (STP) may streamline some of the above. Some systems in the market have decided not to upgrade its payroll system to support STP requirements. Clients will need to find a new payroll system to integrate with their other reporting systems.

- Various portals for lodgment
 - Workers Compensation
 - Payroll Tax
 - BAS,
 - Annual tax
 - Superannuation

2.1.7 There is a lack of integration between systems.

2.1.8 Large enterprises spread technology compliance costs of doing business over a higher level of output; e.g. with various specialists within their corporate offices or external consultants. Generally, it is difficult, very difficult, potentially impossible, for small business to invest in technology sufficient to keep pace with larger competitors. Large technology investments are often part of a disruption strategy by large competitors. Small businesses do not have the financial capacity for specialists and rely on external consultants or do without.

2.2 The requirements and format reporting for some State and Federal regulatory entities are incompatible. It is challenging to keep abreast of these such as:

- Australian Securities And Investments Commission
- OSR
- The Australian Competition and Consumer Commission.

2.3 Amendments to the Privacy Act - *Privacy Amendment (Notifiable Data Breaches) Act 2017*—includes very strict compliance requirements particularly in regard to security of customer data.

2.4 Retail trends such as internet-based selling, global supply, technology platforms, product diversification etc. in most cases work against the model under which small businesses operate. Consideration should be given to competition policy in the instances where manufacturers benefit from franchisees compete to zero margin, while they receive the same sale price. The internet has shifted power from the retailer to the consumer. The burden of competition needs to be balanced more fairly between manufacturer and retailer. Retailers of the same brand should be able to work together to protect a reasonable margin, rather than be threatened with price fixing.

2.5 Specifically relating to farm machinery relocation, the differing wide load regulations between states is an impediment. The wide load movement restrictions escort licencing required by dealers differs to that required by farmers. There should be consistency.

3. Conclusion

3.1 We would be pleased to provide further comment on any of the issues in this supplementary submission that may require further clarification or amplification.

4 Background

4.1 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.

4.2 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 in excess of 35 trainers geographically dispersed from Cairns to the Gold Coast and Toowoomba and Emerald. The MTA Institute last financial year accredited courses to in excess of 1,600 apprentices and trainees.

Thank you for your deliberation.

Yours sincerely

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