

Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

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Treasury Laws Amendment (Support for Small Business and Charities and Other Measures) Bill 2023

The Australian Automotive Dealer Association (AADA) welcomes the opportunity to make a submission in relation to the *Treasury Laws Amendment (Support for Small Business and Charities and Other Measures) Bill 2023*.

The AADA is the peak industry advocacy body exclusively representing franchised new car Dealers in Australia. There are around 600 new car Dealers in Australia that operate over 3,300 dealerships. New car Dealers range from family-owned small businesses to larger and publicly owned businesses operating in regional Australia and capital cities across the country. Franchised new car Dealers employ more than 55,000 people directly with a total economic contribution of over \$17 Billion.

The AADA will be responding to the below specific schedules contained in the abovementioned Bill namely:

Schedule 1 - \$20,000 instant asset write-off for small business entities
Schedule 2 - Small business energy incentive

Increasing the instant asset write-off threshold for small businesses from \$1000 to \$20 000

The AADA welcomes the instant asset write-off threshold for small businesses for the 2024 income year, but would argue for a higher threshold and for the scheme to be made available to a wider range of businesses.

These types of incentives encourage businesses to invest, helping to drive productivity and economic activity. Initiatives like the instant asset write-off and similar programs have historically proven effective in stimulating this much needed investment.

Franchised new car Dealers make substantial investments in facilities, machinery and equipment to improve their ability to sell, service and repair vehicles for the community they serve. These investments also have significant flow-on effects for the communities in which they operate, as they use local builders, contractors, and other service providers. Investment is not limited to cities, with dealers across the country making significant investments that benefit country towns, and regional and suburban areas. These investments are much more likely to occur if all Dealers have access to investment incentives.



However, the AADA notes that under the current regime there are limited investment incentives available for Dealers, due to the turnover thresholds. While Dealers generally fall outside of commonly used definitions of small or medium sized businesses due to employee count or turnover, Dealers are often family run businesses which operate a vital function in the sale, servicing and repair of vehicles in the community. Often, they are unable to meet these threshold requirements due to turnover, but Dealers have very small profit margins, directly related to the high value of the product they sell.

The introduction of the expanded instant asset write-off scheme and the introduction of the Temporary Full Expensing measure over the last couple of years have significantly encouraged business investment activity and were effective in driving investment during periods of economic downturn.

Coming into a period of slow productivity growth and reduced business investment, the AADA would encourage the expansion of the instant asset write-off scheme to allow for medium sized businesses to participate. Without these measures, it is likely that businesses will defer investment decisions. Dealers investing in plant and equipment is beneficial for their communities, giving people better access to newer and more environmentally friendly vehicles.

In summary, the AADA would call on the Government to make the instant asset write-off scheme available to all businesses regardless of business turnover, as investment activity by franchised new car Dealers will only help to benefit consumers through improvements in their sales and service offerings. This is particularly important in this phase of technological change in vehicles and increased push towards reducing emissions in the transport sector.

Small business energy incentive

The AADA is also supportive of the Government's Small Business Energy Incentive to support electrification and more efficient energy use for small businesses. This is a much-welcomed measure to support businesses investing in lower emissions and more energy-efficient equipment. The transition to EVs brings with it the need for significant upgrades to businesses' current energy infrastructures. As Dealers are at the forefront of this transition, ensuring they have access to incentives to help them drive these changes is vitally important.

If you would like to discuss this further, please do not hesitate to contact me at jvoortman@aada.asn.au.

Yours Sincerely,



James Voortman
Chief Executive Officer

