



MTAA



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27 April 2020

COVID-19 Critical Issues Brief from the Motor Trades Association of Australia Limited (MTAA)

The case for exemptions from threshold and staff criteria in Federal Government COVID-19 relief packages for automotive dealer franchises

<u>Attention:</u>	<u>Contact:</u>	<u>Status:</u>
<ol style="list-style-type: none"> The Hon Josh Frydenberg MP The Treasurer c.c. Martin Codina, Chief of Staff Senator the Hon Michaelia Cash, Minister, Employment, Skills, Small and Family Business c.c. Daniel Try, Chief of Staff Wade O'Grady, Adviser The Hon. Karen Andrews MP Minister Industry, Science and Technology c.c. Lucinda Millsom, Chief of Staff Gemmie Alliston, Adviser c.c. Chris Reside, Adviser Coronavirus Business Liaison Unit, Treasury 	Richard Dudley CEO Motor Trades Association of Australia (02) 5100 8239 0412 146 828 richard.dudley@mtaa.com.au	For information and action
<p>ATTACHMENT: <i>Submission: The case for exemptions from threshold and staff criteria in Federal Government COVID-19 relief packages for automotive dealer franchises</i></p>		

Key Points:

- The Motor Trades Association of Australia (MTAA) and Member the Victorian Automobile Chamber of Commerce (VACC) has undertaken the attached evidence-based report on behalf of all MTAA Members and their auto retailing dealers nationwide to support calls for increased accessibility to Federal Government stimulus and assistance packages.
- MTAA respectfully requests the Federal Government give further urgent consideration to exemptions or alternative arrangements for automotive dealer franchisees (dealers) from thresholds including number of employees and GST turnover that are acting as a barrier to assistance and stimulus measures for an automotive sector industry that is a significant employer of automotive apprentices and trainees.
- Specifically, the MTAA on behalf of members requests consideration of the following recommendations:
 1. That the Australian Government exempt automotive dealer franchises from staffing and turnover thresholds as currently mandated in Boosting Cash Flow for Employers relief, apprentice subsidy and commercial tenancy packages.

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2. That the Australian Government exempt all automotive franchise dealers with an annual turnover of \$1 billion or more from the 50 per cent turnover downturn criteria mandated within the JobKeeper wage subsidy.
 3. That the Australian Government advises the National Cabinet that automotive franchise dealers should also become eligible for all state sponsored relief and stimulus packages.
 4. That the Australian Government extend the deadline to the enhanced instant asset write-off until 30 September 2020.
- New car dealers were in the midst of 25 months consecutive negative vehicle sales before the COVID-19 crisis struck, and a range of government assistance packages were announced. However, it is estimated that approximately 70 per cent of dealers nationally will not qualify for three of the key relief packages announced and primarily as a result of their aggregated turnover or high staff levels.
 - Dealers who are part of entities that turnover more than \$1 billion annually fare even more negatively as they must show a downturn of turnover of at least 50 per cent to qualify for JobKeeper.
 - MTAA respectfully suggest it is not reasonable that approximately 70 per cent of the biggest automotive industry employers in an overcrowded , overtaxed and low profit yielding industry is not able to qualify for the relief packages on offer such as Boosting Cash Flow for Employers , protections mandated under the National Cabinet Mandatory Code of Conduct for SME Commercial Leasing Principles during COVID 19 and apprentice wage subsidies.
 - MTAA remains available anytime to clarify any matters raised or provide further information and thanks the Federal Government for its ongoing management and attention to protecting the health and wellbeing of Australians.

Prepared by MTAA Secretariat, 27 April 2020

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