



10 June 2016

Australian Small Business and Family Enterprise Ombudsman
GPO Box 1791
Canberra City ACT 2601

Email: advocacy@asbfeo.gov.au

Dear Australian Small Business and Family Enterprise Ombudsman

Re: Advocating for small business and family enterprises - discussion paper April 2016

1. Introduction

1.1 The Motor Trades Association of Queensland (MTA Queensland or the Association)) responds to the Australian Small Business and Family Ombudsman's (the Ombudsman) invitation for submissions to the April 2016 discussion paper *Advocating for small business and family enterprises* (the paper). The Association's comments are submitted on behalf of its constituent divisions and are confined to issues which relate to the interests and fall within the competence of the Queensland automotive value chain.

2 Background

2.1 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 13,000 automotive value chain businesses employing in excess of 90,000 persons generating in excess of \$14.5 billion annually. It is an industrial association of employers incorporated pursuant to the *Industrial Relations Act* of Queensland. The Association represents and promotes issues of relevance to the automotive industries to all levels of Government and within Queensland's economic structure.

2.2 The Association is the leading automotive training provider in Queensland offering nationally recognised training, covering all aspects of the retail motor trades industry through the MTA Institute (MTAI). It is the largest automotive apprentice trainer in Queensland employing 35 trainers geographically dispersed from Cairns to the Gold Coast and Toowoomba and Emerald. The MTAI last financial year accredited courses to in excess of 1,600 apprentices and trainees.

3. Context

3.1 The MTA Queensland notes that the Ombudsman has two key functions:

- To assist small businesses and family enterprises, and
- To advocate for small businesses and family enterprises.

3.2 The paper's focus is about the advocacy function with powers that involve:

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- conducting research and inquiries
- working cooperatively with other arms of government to develop national strategies
- contributing to inquiries and review proposals and
- taking steps to promote good business practice.

3.3 Each of these functions is reliant on the Ombudsman building sound working relationships with small businesses and family enterprises to gain the knowledge of the specific and diverse issues to represent to government agencies. The Association affirms that it would be pleased to work with the Ombudsman on matters of mutual interest to bring such matters to the attention of the government and relevant agencies to ensure the best outcomes for SME's particularly in the automotive value chain.

3.4 The Association is of the view that the Ombudsman's advocacy function will enable a cross jurisdictional consultative approach and the leadership to ensure small business decision making is consistent and reliable for the many operators which form the small /medium enterprise (SME) sector.

4 Submission

(a) One stop shop for educational programs

4.1 SMEs primarily focus on achieving success through a strict regimen that includes a high work ethic, competent administration, financial, staff and promotional management, innovations and learnings. Essential to this success is knowledge of new practices, procedures, trends and educational programmes provided by government agencies such as the Australian Competition and Consumer Commission and the Australian Taxation Office (ATO). In the instance of government/agency programmes, it would be helpful for the Ombudsman to act as a co-ordinator or a one stop-shop facility for such programmes/webinars to help SMEs navigate their way around the several advices of the Agencies or Departments.

(b) Regulatory Reform

4.2 For the motor trades, compliance costs and regulatory obligations is a major impost and more broadly may be exemplified by a recent Institute of Public Affairs research that indicates 'redtape' imposed by all levels of Government 'costs the economy an estimated \$176 billion per year' (Dr Mikayla Novak, 'Cut Red Tape to Unleash Prosperity', Institute of Public Affairs, May 2016.)

4.3 All levels of Government focus on regulatory reform, despite the best of efforts, seemingly the level of regulations continue to rise. There must be ongoing regulatory simplification to reduce unnecessary and excessive legislative requirements, and streamline administrative and procurement processes to increase SMEs productivity and competitiveness. It would be helpful for the Ombudsman to have a coordinating role across government in ameliorating regulatory requirements to advantage entrepreneurialism particularly for the automotive value chain as it goes through major restructuring due to the cessation of local motor vehicle manufacturing.

(c) Communications

4.4 E-commerce and digital communications is now the norm rather than the exception with businesses in the automotive value chain having the technical requirements and competence to transact business and communicate. The MTA Queensland has Members across the breadth of the State - from the capital to regional cities and to small regional and rural towns - and reliable and expeditious communications infrastructure is critical for functionality, productivity, competitiveness and compliance e.g. the Australian Taxation Office SuperStream, myDeductions and the Single Touch Payroll System.

4.5 Recently, many SMEs in south east Queensland have been disadvantaged severely due to network outages. The network underpins minute-by minute business functionality and is fundamental to its operations. Essential is the quality, integrity and reliability of the network for sustainability. Outage complaints' may be referred to the Telecommunications Industry Ombudsman but it would be helpful if the powerful voice of the Small Business and Family Enterprise Ombudsman was in the ear of providers on behalf of SMEs advocating urgent attention to network impairments.

(d) Dispute Resolution - Repairers and Insurers

4.6 Problematic within the automotive value chain is disputation between insurers and smash repairers. A voluntary Code of Conduct (Motor Vehicle Insurance Repair Industry Code of Conduct) has been operative since 1 September 2006. It is voluntary in all states and territories of Australia, other than New South Wales where it is mandatory. In 2015 approximately 2,000 smash repairers were signatories to the Code as were over 33 Insurance companies representing most major participants in motor vehicle insurance.

4.7 The Code provides two dispute mechanisms, the first being the Internal Dispute Resolution Process applying in the instance of issues that cannot be resolved between repairers and insurers at the local level and are elevated to the insurance company's internal dispute resolution mechanism. The second is the External Dispute Resolution (EDR) Process for unresolved disputes and is through the appointed LEADR/IAMA Mediation. At the end of the 2015 reporting period, 12 EDR disputes remained unresolved.

4.8 There are instances where mediation of disputes is sought through State Small Business Commissioners but this is not available in all jurisdictions. It is the view of the MTA Queensland that the Small Business and Family Enterprise Ombudsman should have the capacity to address unresolved disputes arising between individual repairers and individual insurers.

(e) Dispute Resolution - Intellectual Property

4.9 In the automotive value chain, the issue of access to 'auto-metrics' is important to the effective functioning of the motor vehicle market. Modern motor vehicles have vehicle performance data storage and transmission capabilities. The fundamental issue is the ownership of this data. Does the motor vehicle owner have proprietorship of the data (auto-metrics) generated by the motor vehicle they own?

4.10 Most new generation vehicles have advanced computer systems which record directly or remotely data about the way in which the vehicle has been driven or used or any defects which may require remedies or may impact its future performance. It would appear logical that such information could be used to resolve claims by consumers relating to vehicle performance and resolve grievances in relation to new vehicle performance.

4.11 The question then arises about the ownership of such data. Irrespective of whether the data belongs to the vehicle owner, the manufacturer, or the servicing entity, it may be advantageous for the Ombudsman to have the competence to resolve disputes in respect of any motor vehicles.

(f) Dispute Resolution - cost

4.12 An issue of ongoing concern for SMEs is the actual cost of disputation resolution and settlement. The cost involved in any Ombudsman's mediation should be modest and therefore not preclude SME's from seeking recourse. It is common practice for business majors to escalate a dispute out of the financial reach of SMEs by taking them to a higher court.

(g) Small Business -Government Service Delivery opportunity

4.13 The Ombudsman should use the advocacy role to encourage government to provide opportunities to local SMEs to participate in the delivery of services where it is appropriate. The trend is for local SMEs to be ignored in favour of metropolitan based businesses.

5. Conclusion

Thank you for your consideration. We would be pleased to provide further comment on any matters in our submission that may require further clarification or amplification.

Yours sincerely



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Chief Executive Officer



Kellie Dewar
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