



Motor Trade Association Of South Australia

Email:-

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Business Set-up, Transfer and Closure

Productivity Commission

GPO Box 1428

Canberra ACT 2601

Re: - Draft report, Business Set-up, Transfer and Closure

1 July 2015

Submitted by
Paul Unerkov
Chief Executive Officer

Submission Contact

Paul Unerkov
MTA Chief Executive Officer

About the MTA

- Peak body for the retail motor industry in South Australia
- Dedicated to protecting and preserving the interest of the retail motor industry
- Represents and supports over 1100 Members across the State
- Membership represents all sectors of the retail motor trades

What we do

- Actively and effectively represent the interests of our members by focusing on providing the best services, training, employment and advocacy for the industry.
- Member Services that deliver value and exceed expectations
 - Industrial Relations
 - Work Health and Safety Advice
 - Environmental Advice
 - Business Training / Workshops
 - Business Partner Programs
 - Industry Networking
 - Print and Stationery services
- Employment and Training – Quality and flexible services by industry, for industry
 - Apprenticeship Employment and Training – currently over 500 across a number of automotive trades.
 - Post Trade upskilling
- Advocacy – voice of the motor industry

Executive Summary

The MTA SA represents some 1100 plus businesses across all automotive sectors of industry in rural regional and metropolitan areas of SA. These businesses vary considerably in size and employment levels from large multisite operators (up to 1200) employees to sole traders.

MTA surveyed its members to gain credible responses to the report from those most impacted by the topics of setting-up, transferring and closing businesses.

Unsurprisingly the survey respondents had similar responses to the questions posed which highlights the common thread and shared views of business owners in the retail sales and repair sector of the automotive industry.

While this is not an extensive submission to such a comprehensive report we believe that the information provided does suggest business owners in the automotive industry consider setting-up a business is driven by passion and financial ability and success is gained through seizing on opportunities and application.

And that transfer or closure of businesses can be related to business that continue to invest and transition with the marketplace become successful business and remain valuable and sought after while businesses that fail to reinvest in the business and grow and adapt to the changing environment will have little value and generally close.

Business Set-up

Key drivers that encourage people to set-up a business are generally found in the desire and passion of an individual or group of people that have a dream to own and operate their own enterprise. They have a belief or have seen an opportunity in the market that there is a place for their business offering.

Critically skill and knowledge are a pre-requisite of the individual or group prior to starting up. Market knowledge is the intelligence needed and an opportunity to exploit the business offering is required as well as financial backing.

To continue in business it will take skill, aptitude, hard work, common sense and to have the desire and foresight to seize an opportunity when it arises.

Factors that impede or delay setting up a business are the level of government red tape which includes delays in approval for licenses or approvals, access to finance, access to labour and infrastructure and other factors of production.

Transfer or Sale of a Business

The difficulty in transferring or selling a business is the ability to find interested persons with the capability to buy the business. Even if suitable buyers are found a sale still may not occur because of a lack of financial capacity from the buyer. Another impediment can be the purchaser does not satisfy the requirements of a franchisor.

Understandably banks or financial institutions are reluctant to loan against high risk ventures due to the number of failed business ventures. Alternate venture raising capital and easy access is required. Cloud or crowd funding is an example of capital investing for projects but this type of funding could prove to be an alternate capital source for small business owners or new ventures.

Re: Business Set-up, Transfer and Closure

Business Closure

The onset of new technology puts older businesses at a disadvantage if they do not continue to invest in training, equipment or facilities. These businesses will become devalued overtime and therefore will become less attractive to potential buyers.

Over supply will also mean there will be an attrition of the older less tech savvy businesses.

Failure to adequately plan for successors from within the business also leads to business closure.