

Media Release

Tuesday 20 August, 2013

CHANGES TO FBT BEING SLAMMED ACROSS THE COMMUNITY CHORUS OF OPPOSITION CONTINUES TO GROW

In further devastating news for the motor vehicle and related industries, the Australian Fleet Lessors Association (AFLA) has revealed vehicle orders placed in the first half of August were 37% down on those in the first half of July.

“These figures are a further blow to the motor vehicle and related industries and the number of groups strongly opposing this Labor Government decision on changes to FBT continues to grow as more and more people are directly affected,” **said Leigh Penberthy, President of the Australian Salary Packaging Industry Association (ASPIA).**

Already a number of peak automotive, business bodies and charity organisations have come out in strong opposition to this hastily considered change to FBT. These include:

- Australian Automobile Association
- Australian Motor Industry Federation
- Victorian Automobile Chamber of Commerce
- Federation of Automotive Products Manufacturers
- Australian Automobile Dealers Association
- Australian Fleet Lessors Association
- National Tax & Accountants' Association
- Aged & Community Services Australia

“The changes to FBT arrangements were announced on 16 July and the impact was immediate with vehicle orders down 20% in the second half of July. These figures for August are alarming for everyone in the industry and further job losses are inevitable if the changes to FBT are not reversed,” **said Mr Penberthy.**

“The impact is being felt right across the community; from manufacturing, servicing and the retail sector. The charity and not-for-profit sector have previously voiced their strong opposition to this poorly considered decision with more joining the growing chorus of opposition,” **added Mr Penberthy.**

Impact on Australian Motor Vehicle Industry

The impact has been particularly alarming for the Australian car manufacturing industry with orders for locally made vehicles dropping by 35% in the first half of August.

The announcements by the Labor Government to assist the local industry have been slammed by the Australian Motor Industry Federation (AMIF), describing the recently announced ‘New Car Plan for the 2020s’, as a road to nowhere.

AMIF CEO Richard Dudley said the new plan was more policy on-the-run and an attempt to buy votes in marginal electorates.

“This new plan is a distraction from the lost jobs, lost sales, cancelled orders, industry instability and an uncertainty, caused by changes to FBT rules; and a disguise for an ongoing lack of knowledge and understanding of the entire Australian automotive industry and the unprecedented change impacting it,” Mr Dudley said.

Impact on Manufacturing

The Hon David Hodgett MP, Victorian Minister for Ports, Major Planning and Manufacturing, has confirmed the FBT changes are crippling the Victorian automotive industry which employs some 24,000 people.

“Assuming a 20% cut in vehicle orders, this is going to be devastating for the industry and if you look at the figures, 28% of leases are by charity workers and health sector workers; 33% of leases are public servants; 21% of leases are police and teachers.

“These are families, decent hard working people that are affected by this policy. I call on Kevin Rudd to scrap this ill-conceived plan so it doesn’t take any further toll on the Victorian automotive and manufacturing industry,” said Mr Hodgett.

Business SA Survey Results confirm impact on small business

The Business SA survey showed 80 per cent will offer few company or salary sacrificed cars to employees.

Business SA policy director Rick Cairney said the membership was mainly made up of small business and the feedback was that the FBT changes were considered to be ‘policy on the run’ by the Rudd Labor Government.

“Small business keeps getting ignored, particularly by this Federal Government,” Mr Cairney said.

The ASPIA “Who’s Next?” public awareness campaign was launched last week with the objective to have the Rudd Labor Government reverse the changes they have made to FBT arrangements.

Mr Penberthy said the ASPIA public awareness campaign, “Who’s Next?” has been well supported by the community as the knock-on effect of the Labor Government changes to FBT were already having a negative impact on the Australian economy.

“Our campaign is about ensuring the changes made to FBT arrangements are reversed and we urge everyone to visit our website; www.whosnext.com.au for further information and to have their voice heard,” said Mr Penberthy.

About ASPIA

ASPIA has been formed to provide a focus for the discussion of the overarching legislative and taxation issues affecting providers within the growing outsourced Salary Packaging industry and their corporate and individual employee clients.

ASPIA will seek to have involvement in Fringe Benefits Tax Steering Committee and seek to open direct lines of communication with appropriate departments within Treasury, to ensure that the industry has a voice across the areas within both Government and the Tax Office to ensure consultation occurs in the future.

The association will also set minimum guidelines in relation to service and inter-provider engagement as well as providing a complaints handling facility for member firms customers.

For more information please visit: www.aspia.com.au

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