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Mr Alan Raine  
Committee Secretary  
Senate Economics Legislation Committee  
The Senate  
PO Box 6100  
Parliament House  
Canberra ACT 2600

26 October 2023

By email: [economics.sen@aph.gov.au](mailto:economics.sen@aph.gov.au)

Dear Mr Raine,

### **TREASURY LAWS AMENDMENT (SUPPORT FOR SMALL BUSINESS AND CHARITIES AND OTHER MEASURES) BILL 2023 [PROVISIONS]**

As the peak body representing the mortgage and finance broking industry, the Mortgage & Finance Association of Australia (**MFAA**) welcomes the opportunity to respond to The Senate's consultation on the *Treasury Laws Amendment (Support for Small Business and Charities and Other Measures) Bill 2023 (the Bill)*, and in particular the two schedules for:

- Increasing the instant asset write-off threshold for small businesses from \$1,000 to 20,000; and
- Introducing a Small Business Energy Incentive (**SBEI**) to encourage small and medium businesses to electrify their businesses.

While we welcome the SBEI, we recommend that it be extended to include low emissions vehicles.

Further information about the MFAA can be found in **Attachment A**.

### **OUR SUBMISSION**

Firstly, the MFAA welcomes the amendments captured in the Bill to increase the instant asset write-off threshold from \$1,000 to 20,000 for small businesses with an aggregated annual turnover of less than \$10 million. The policy intent is to help small businesses improve their cash flow and reduce compliance costs, which is welcomed given the current challenging economic environment in which small businesses operate.

Similarly, the MFAA welcomes the introduction of the SBEI and we wish to note our previous submission to Treasury in July 2023<sup>1</sup> that was in response to its earlier consultation on the SBEI.

As context for this submission, 95% of our members own or work in small businesses of ten or less brokers.<sup>2</sup> Small business owners are facing continued pressures on their business as a result of the combination of an increase in the cost of living, an inflationary environment and a weakening in economic performance.

A key strategic priority of the MFAA is to support the sustainable and timely transition to net-zero emissions through advocating for industry initiatives and commitments that encourage green finance. Many of our small business members work and operate from home, and in so doing, face issues very similar to those of their clients – how to access green loans and sustainable finance products including for example the funding of clean energy products such as energy efficient home improvements and low-emissions vehicles. Mortgage and finance brokers, our members, are well placed and will play a critical part in the supporting the nation's commitment to reducing greenhouse gas emissions and to transition to net zero by 2050.

The Bill provides small businesses with an aggregated annual turnover of less than \$50 million to access a deduction of up to 20 percent of the cost of certain new assets or improvements to existing assets to support electrification or more efficient energy use. The policy intent is to help ensure that small businesses share in the benefits and opportunities of the energy transition that is now underway. While we support the overall design and policy intent of the deduction, we note that certain assets and improvements are not eligible for the deduction, in particular motor vehicles. We recommend that the scope of the SBEI be broadened to include motor vehicles to allow for low and zero-emission vehicles to be eligible for this incentive.

Small businesses are often based in the outer suburbs and regions of Australia and are inherently more reliant on their cars than those who work for larger enterprises, who may have centralised facilities or offices in locations with good access to public transport. This is particularly the case for mortgage brokers who are often on the road visiting clients to support them through their home loan journey. We noted in submissions to various bank branch closure inquiries that our members in regional and rural areas impacted by bank branch closures will inherently find greater demand for their services as bank customers seek alternatives to accessing financial services.<sup>3</sup>

While we acknowledge the fringe benefit tax exemption and certain state-based stamp duty exemptions and rebates for electric vehicles, the former is complex for small businesses to administer as these are subject to certain requirements being met and the latter is disparate across all Australian states and territories. This leads to an environment with significant confusion and complexity for Australian small businesses navigating the purchase of their first EV.

One of the key objectives in the Federal Government's recently released *National Electric Vehicle Strategy (Strategy)* is increasing demand for electric vehicles; we believe that that amending the SBEI to include EVs and zero-emission vehicles will help achieve this objective as well as to help the states and territories achieve a national approach on EV affordability (one of the 6 key areas of the Strategy's framework). We also believe that there is scope for low emission vehicles to be included such as plug-in hybrid electric vehicles, as these offer significantly lower tailpipe emissions than conventional hybrids or internal combustion engines.

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<sup>1</sup> [MFAA Submission to Consultation - Small Business Energy Incentive, July 2023](#)

<sup>2</sup> [MFAA Industry Intelligence Service Report 15th Edition](#) pg 36

<sup>3</sup> [MFAA Submission to Inquiry into bank closures in regional Australia, March 2023.](#)

### Closing Remarks

We extend our thanks to the Senate Economics Legislation Committee for the opportunity to provide this submission. If you wish to discuss this submission or require further information, please contact me at [REDACTED] or Stefania Riotto at [REDACTED]

Yours sincerely,

[REDACTED]  
**Naveen Ahluwalia**  
Executive of Policy and Legal  
Mortgage & Finance Association of Australia

## **Attachment A – About the MFAA**

The MFAA is Australia's leading professional association for the mortgage and finance broking industry, with over 14,500 members. Our members include mortgage and finance brokers, aggregators, lenders, mortgage managers, mortgage insurers and other suppliers to the mortgage and finance broking industry. Brokers facilitate more than two thirds of all new residential home loans and four in ten small business loans in Australia.<sup>4</sup> Importantly for this submission, brokers are critical to supporting the nation to transition to net zero by supporting their customers to access green finance options for their home or for their business.

The MFAA's role, as an industry association, is to provide leadership and to represent its members' views. We do this through engagement with governments, financial regulators and other key stakeholders on issues that are important to our members and their customers. This includes advocating for balanced legislation, policy and regulation and encouraging policies that drive competition and improve access to credit products and credit assistance for all Australians.

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<sup>4</sup> [MFAA | Mortgage broker market share reaches new December quarter record](#)