

Productivity Commission for Drought Support.

Submission on behalf of Mengel's Heli Services PL.

Back ground. Mengel's Heli Services is an Alice Springs bases helicopter company specialising in cattle mustering services to the pastoralist in the Central Aust. region.

The Company specializes in cattle mustering and has 3 R22 helicopters and 1 R44 helicopter in its fleet and has been established in Alice Springs for 10 years and the manager ( myself born and bred Territorioan) has been helicopter mustering in the Alice region for 30 years. In 2005 we employed 6 people ranging from book keepers, engineers, apprentices and pilots and our turn over was able to support those people. As of today I employ just myself and have diversified to the larger R44 machine to maintain a living .All due to the droughted condition in our region. The R22 machines are now parked in the hangar and I intend to sell 3 R22's due to lack of demand. This is not unique to helicopters operators, cattle transport has become specialised as well and many livestock transporters are in the same situation.

Due to the anticipated sale of these machines I am going to increase my income due to exceptional circumstances. I estimate that I will sell them for around \$600,000.00 to \$700,000.00 in the next 12 months. This will induce a capital gain for me of which I am not planning , thus a large taxable income.

Submission. That small businesses that are affected by exception circumstances be granted tax breaks to cater for large capital gains that are from forced asset sales due to drought conditions.

Results of present situation are that the small business goes out of business not now but in the near future due to tax liabilities and would never probably recover.

Results of some assistance from tax Liabilities. The small business could invest moneis as in IED's and then once the rains return ( demand for our services will follow with in a period of recovery which may take some years no less than 3 years) would be in a position to recover quicker and resume business, by once again purchasing the needed equipment to provide that original service.

It is of course an obvious solution not to sell the assets however it is also unique to the Robinson Helicopter(R22 and R44) that all of the machine parts are on a 12 year overhaul time basis. This could mean the machine could become "time expired" even though no actual time has been flown. Just a little curley one to complicate things.

This is my first submission to a Govt Dept so please forgive my short submission.

Regards Rodney Mengel, Managing Director MHS.

2:32 PM 21/07/2008