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Australian Government

Stuart Ralph
Net Sea Freight Tasmania
20 Burns Street
Invermay
Tas 7250

COPY



Verification of the principal business activity of VOS Construction and Joinery P/L

CC: VOS Construction and Joinery P/L

Dear Stuart Ralph

I am writing to you to ask for verification of the principal business activity of VOS Construction and Joinery P/L. This enquiry is to ensure VOS Construction and Joinery P/L is an eligible claimant under the southbound component of the Tasmanian Freight Equalisation Scheme as classified under division C of the Australian and New Zealand Standard Industrial Classification 2006.

The Tasmanian Transport Programs (TTP) have become aware from both the VOS Construction and Joinery P/L website and various media channels that the operations of VOS Construction and Joinery P/L has evolved into a multi faceted and diversified company with its activities focusing on construction services as well as the manufacturing of quality joinery, furniture and fit-out products.

To assist in this clarification, please complete the attached supplemental questionnaire and return within 14 days.

Regards


Peter Hörtle
Manager
Tasmanian Transport Programs
Centrelink

Tasmanian Transport Programs
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Supplemental Questions to the Manufacturers' & Miners' Business Registration Application - for businesses/companies engaged in multiple activities (e.g. manufacturing, retailing, wholesaling etc)

1. What do you consider to be the principal business activity that your business/company engages in? I.e. manufacturing, retail, wholesale or other.

- If other, please specify.

2. Is your business/company engaged in any other business activities? I.e. manufacturing, wholesale, retail, or other.

- If yes, please detail all other business activities your business/company engages in.
- If other, please specify.

3. What is the approximate percentage breakdown of the various business activities listed in response to questions 1 & 2, your business/company engages in?

Note: The percentage breakdown should be based on the value added for each business activity. If it is difficult to determine the value added of each business activity undertaken, a percentage breakdown of the various business activities can be based on, in order of preference:

- Sales of goods and services; or
- Wages and salaries; or
- Number of employees.

4. Does your business/company include any retail shops or shop fronts?

If so:

- how many?
- where are these shops located? and
- Are any of these shop sites co-located with other business activity sites (e.g. manufacturing, wholesale or other) operated by your business/company?

5. Are any of the business/company activities listed from questions 1 & 2 operated as separate legal entities? If yes, please provide details.

Name and title	
Signature	Date

Note: Irrespective of the above questions Centrelink may need to contact either the claimant or its representative/contact person for further information in relation to the business registration application.

Explanation of these questions

Centrelink is required to administer the Tasmanian Freight Equalisation Scheme (TFES in accordance with the Ministerial Directions for the operation of the TFES (Clause 6 of the Ministerial Directions refers).

Reason for the Questions

The aspect of TFES administration these questions are exploring is:

- the eligibility of a claimant (or business unit) to claim TFES assistance (Clause 9 of the MDs) for southbound and intrastate components of the TFES.

Detailed Explanation

Clause 9.1 of the TFES Ministerial Directions states:

"The southbound and intrastate components of the Scheme apply to persons engaged in manufacturing, mining, agriculture, forestry and fishing industries in Tasmania as those industrial classifications are specified in Divisions A, B and C of the *Australian and New Zealand Standard Industrial Classification* prepared by the *Australian Bureau of Statistics*."

Note: Division C of the ANZSIC is the Manufacturing Division.

The TFES Ministerial Directions 2008 Guidelines, available from the Department of Infrastructure website at: <http://www.infrastructure.gov.au/transport/programs/maritime/tasmanian/scheme.aspx>

also state in Chapter 4 (Who can claim under the TFES?):

4.3.2. MANUFACTURING AND MINING INDUSTRIES

Persons engaged in the manufacturing or mining industries in Tasmania may be eligible to claim assistance under the southbound - manufacturing and mining component of the TFES if:

- their business is defined in Division B or C of the Australian & New Zealand Standard Industrial Classification (ANZSIC), published by the Australian Bureau of Statistics (MDs clause 9).

To be able to claim under the southbound manufacturing and mining component of the Scheme, applicants must be registered with Centrelink (MDs sub-clauses 11.1 and 11.2).

Where an applicant is involved in activities covered in more than one division within ANZSIC, Centrelink is to make a decision as to which ANZSIC division the business belongs, taking into consideration:

- whether the applicant's activities operate as separate legal entities;
- the number of staff involved in each operation;
- the value added by mining or manufacturing process; and
- sales or gross receipts.

Example: If the activities of the business include both:

- manufacturing wooden structural fittings and components such as shop fronts (and joinery) for businesses (ANZSIC Class 1492, Division C - Manufacturing); and
- on-site fabrication of built-in furniture or other joinery (ANZSIC Class 3242, Division E - Construction);

Centrelink is to make a decision as to which ANZSIC division the business belongs and therefore whether it is eligible for TFES assistance.

For clarity: A business that is involved in both manufacturing and selling its products to the general public may be eligible as a manufacturer (subject to the other conditions of eligibility set out above). This will be determined on a case by case basis.

Additional to these guidelines it is worth noting that Chapter 1 of the ANZSIC notes "An individual business entity is assigned to an industry on its predominant activity. The term "business entity" is used in its widest sense to include any organisation undertaking productive activities ...". It adds "An industrial classification provides a standard framework under which business units carrying out similar productive activities can be grouped together, with each resultant group referred to as an industry." This provides some context to the term "activity".

In Chapter 4 of the ANZSIC it is acknowledged that "many units engage in activities which belong to two or more industry categories and for these "multi- activity" units it is necessary to specify methods for classifying them to their predominant activity". ANZSIC refers to the concept of Value Added to determine the predominant activity of a unit undertaking multiple activities. I.e. the activity with the highest value added is the predominant activity. ANZSIC goes on to say "In some cases it is difficult to determine predominance of a multi-unit based on value added because the necessary data are not available. In these instances, a proxy for value added is used. These measures are listed in the order of preference below:

- sales of goods and services;
- wages and salaries; or
- number of employees."

Furthermore, the preamble to each chapter of the ANZSIC for Divisions C, F and G provide a brief description of the more usual characteristics of manufacturing (pages 106 - 107), wholesale trade (page 220) and retail trade (page 244) units respectively and regard is given to these general descriptions, noting that it is only those businesses (or units) classified under Divisions A, B and C of the ANZSIC that are eligible to claim for TFES assistance (- again, Clause 9 of the Ministerial Directions refers).