



“making a *positive* {+} *difference*”

17 January 2014

Tasmanian Shipping Inquiry
Productivity Commission
GPO Box 1428
CANBERRA CITY ACT 2601

To Whom it May Concern,

Obtaining cost effective transport across Bass Straight is an important issue for Vos Construction and Joinery Pty Ltd (“Vos”), particularly in relation to our joinery business.

The joinery business of Vos engages around 60 employees. Around 70% to 80% of our manufactured product is shipped to Victoria and other mainland states. The most expensive part of transporting joinery to Victoria is the Bass Straight leg of the trip. This effectively means we are unable to compete with mainland businesses on an equal footing due to our high freight costs. Bass Straight freight cost significantly impact our ability to grow the business and create employment in Tasmania. The situation has been made worse recently by the Victorian government introducing a port tax.

Of particular concern, however, are the rules associated with the Southbound freight equalization subsidy. Prima facie, we are eligible to receive around \$40,000 to \$50,000 per year in subsidies. However, due to a technicality with the freight equalisation legislation, we are unable to claim the Southbound subsidy due to our joinery business not being our main business activity (as our commercial construction business is much larger by turnover). However, if we transferred our joinery business to a separate legal entity, we would be able to claim the subsidy as joinery manufacturing would be that entity’s main business activity. This situation is ludicrous as the legal structure through which a business operates should not impact it’s eligibility to claim freight equalisation. This inequity should be addressed as a matter of priority. Attached for your reference is a copy of the correspondence we sent to the Tasmanian Transport Programs branch of Centrelink regarding this matter. We have not received a response.

Yours sincerely

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Chief Executive Officer

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