



Committee Secretary
Senate Rural and Regional Affairs and Transport References Committee
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

20TH August, 2015

Dear Sir,

Re: Inquiry into Shipping Legislation Amendment Bill 2015

As Chairman of Intercontinental Shipping Group (ISG), and on behalf of our CEO and all our staff, I am writing to you to object to the Coalition Government's proposal to pass the Shipping Legislation Amendment Bill 2015.

ISG is the owner of the bulk carrier, "ICS Silver Lining", which is crewed and managed by our management company, Inco Ships Pty Limited. The ship was acquired in 2012 to provide freight services to major mineral processing companies and other bulk trades in Australia and operates all year on the Australian coast.

It employs an Australian Master and Chief Officer, the rest of the crew are International who are paid full Australian Award wages under Part B of the Seagoing Industry Award 2010.

In total, we provide employment for 40 people, 30 Australians and 10 International, who all pay Australian income tax. In addition, ISG is 100% Australian owned and pays 30% company tax on profit.

The provisions outlined in your proposed Bill will mean that any foreign ship paying foreign wages can operate on the Australian coast for 183 days. A number of foreign ship owners have numerous ships visiting Australia every month. By employing a selection of their ships as they become available on the Australian Coast they will be able to cover many ships' worth of Australian cargoes. Their foreign crew pays no Australian tax and the owner pays a minute amount of company tax in the form of "freight tax". The foreign crew costs are more than \$1,000,000 less than our Australian costs.

Intercontinental Shipping
10/2 'The Quay', 2 Phillip Street,
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ICS

On our volume shipped of 358,000 tonnes last year, this represent \$3 / tonne, or 11% of our freight rate. Thus, they will be able to undercut our rate by 11% to earn the same amount of net revenue.

We will become completely uncompetitive.

The jobs, economic income and consumption expenditure and tax revenue of 40 people will be lost to Australia.

As a long-time member of the Liberal Party (nearly 50 years), I am aware that the focus of Coalition policy is jobs and growth. Both of these objectives will be sacrificed by this Bill in direct contradiction of Coalition policy.

I therefore urge you to scrap this Bill in its current form. We stand ready and willing to spend considerable time and effort in discussing alternative proposals with you and your staff. We believe these proposals will enrich our country, not impoverish it.

Yours sincerely

Per:

Peter Cadwallader

Chairman