

## **A Submission for the Tax Treatment of Water Infrastructure**

### ON FARM PROGRAM

This program was initiated by the Federal Government to kick start re-investment in the on-farm infrastructure. Farmers were selling High Security water shares to the Federal Government due mainly because of the extended drought and were paying off debt or exiting their industry. The difference in value between the \$2400/ml HS and the cost of the project had the effect of on-farm reinvestment, efficiency improvements and a dramatic lift in local and regional employment. Significant local planning and expertise was required by the participants through the planning process. From detailed submissions, site preparation, earthworks, project management, fencing and farm dislocation during the project. Other projects in the irrigation industry are not delivered on a pure commercial basis. The NVIRP rollout could achieve so much more if it was operating at real commercial rates.

### THE NVIRP PROGRAM

Was entered into on the basis of eliminating capital structures that would need replacing or maintenance in the future, a more efficient service delivery, less losses of water through the system and lower operating costs for Goulburn-Murray Water. If there were no incentives in the deal, then very few farmers would have entered into the renewal project, thus compromising the whole project and exacerbating the Swiss Cheese effect. When the renewal project is finished, the length of the channel system will be 3500kms instead of 6000kms. The project requires the participants significant farm dislocation, planning, earthworks, fencing and project management. The irrigation communities will be left with a sustainable, more efficient irrigation system that will meet the needs of service delivery into the future, whilst minimizing operating costs and environmental footprint.

### SUMMARY

The farmers who have entered into these projects are being discriminated against by the change in the Tax Ruling. Decisions made to enter into projects were on the basis of an improvement in farm productivity, improvement in water efficiency, helping return water to the environment, improvement in the irrigation infrastructure and to secure a viable, sustainable irrigation system for the future. Having a viable and sustainable irrigation system benefits the irrigation communities as well as all the support industries and maintains food production.

To **disadvantage proactive farmers** in a retrospective way is a disgraceful abuse of power.

Yours Sincerely

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