

**INQUIRY INTO THE PROVISIONS OF THE VALUATION
OF LAND ACT 1916**

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The Joint Standing Committee on the Office of the Valuer-General

Inquiry into the provisions of the Valuation of Land Act 1916

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Introduction: The Gwydir Valley Irrigators Association (GVIA) is a voluntary organisation that represents the interests of irrigation entitlement holders in the Gwydir Valley of North-West NSW.

Membership of the organisation represents in excess of 90% of the privately owned (non-government) water entitlement in the valley, covering regulated, unregulated and groundwater sources.

The Association is a member of both the NSW Irrigators Council and the National Irrigators Council, but reserves the right to express views independently of these two bodies.

GVIA appreciates the opportunity to provide this submission to the Standing Committee on the Office of the Valuer-General inquiry into the provisions of the *Valuation of Land Act 1916* with particular reference to:

1. The efficiency and effectiveness of the current provisions of the Act;
2. Its application to stakeholders; and
3. Any other related matter.

GVIA is particularly concerned about a proposal that is contained in Moree Plains Shire Council's submission to the inquiry, and therefore this short submission will focus on the issues raised in the MPSC submission.

GVIA would be delighted to elaborate further on any issue raised in this submission at the committee's convenience.

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GVIA Concerns: In its submission to the inquiry (submission has been attached) Moree Plains Shire Council (MPSC) proposes that the Valuation of Land Act (1916) be amended to allow the value of earthworks for irrigation purposes to be included in land valuations for rating purposes.

As the inquiry would be aware, with the introduction of Water Management Act 2000 in 2004, water entitlements were separated from land, and therefore the value of these licences was excluded from the land valuations.

GVIA strongly argues that this separation, although done for water management reasons, rectified a long existing anomaly, which had resulted in irrigators having to pay disproportionately high rates.

GVIA is very concerned that MPSC, and other councils, are trying to reintroduce this inequitable arrangement, through the back-door (so to speak), by proposing its amendment.

However, the proposed amendment is not within the spirit of the Valuation of Land Act (1916), and therefore should be rejected entirely.

Section Four of the Act provides the following definition of improvements that can be included in the valuation of land.

"Land improvements" means:

- (a) the clearing of land by the removal or thinning out of timber, scrub or other vegetable growths,
- (b) the picking up and removal of stone,
- (c) the improvement of soil fertility or the structure of soil,
- (d) the restoration or improvement of land surface by excavation, filling, grading or levelling, **not being works of irrigation or conservation (*highlight added*)**,
- (d1) without limiting paragraph (d), any excavation, filling, grading or levelling of land (otherwise than for the purpose of irrigation or conservation) that is associated with:
 - (i) the erection of any building or structure, or
 - (ii) the carrying out of any work, or
 - (iii) the operations of any mine or extractive industry,
- (e) the reclamation of land by draining or filling together with any retaining walls or other works appurtenant to the reclamation, and
- (f) underground drains.

The Act expressly excludes works for irrigation.

In considering the above, it is worth noting that all the works that are included, in themselves, improve the productivity of the land. For example reasonable clearing, will automatically result in enhanced production, stone removal will improve the productive capacity of the land, as will the improvement of soil fertility and structure.

However, the development of irrigation infrastructure does nothing in itself to enhance the productive value of the land.

A landholder can build storages, channels and laser level fields, and yet the productive capacity of that land will only be increased when water is added. It is very important to note that water is a separate input, and without it, irrigation infrastructure does nothing to enhance the innate productive capacity of the land.

Infact, there is no doubt that a property developed for irrigation, but without irrigation water is inherently less valuable than a similar dryland property. Under-utilised irrigation infrastructure dramatically reduced the economic efficiency of farming, as channels and the like limit field sizes, and reduces economies of scale.

This has been highlighted in the Moree district lately, where former irrigation operators have sold off their water entitlements and have then had to make considerable investment in removing irrigation infrastructure, so as to make their properties efficient agricultural operations.

This highlights the other significant problem with MPSC's poorly thought-out proposal to the inquiry.

For a variety of reasons, not the least being the Australian Government's active intention to reduce irrigation across the Murray-Darling Basin by as much as 37%, there is an increasing number of farms that have been developed for irrigation that either no longer or will no longer, have water entitlements attached to them.

Any attempt to include the valuation of irrigation improvements in land valuations would directly impact on these landholders that no longer have access to water.

Submission Concludes

Michael Murray,
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