

Ref: MJ:GLP

29 March 1999

The Secretary
Review of Business Taxation
Department of the Treasury
Parkes Place
CANBERRA ACT 2600

Dear Sir/Madam,

Re: Accelerated Depreciation – Stock Underpasses

The Shire of Campaspe has long been campaigning for accelerated depreciation to be applicable to the construction of stock underpasses of roadways and wishes to submit this case to the current review.

This Council is located within one of the most dairy intensive regions in Australia. The dairy industry by its very nature involves moving cattle twice daily for milking and in many instances cattle must cross local and main roads in this process. Whilst local laws require high levels of signage, this remains an inherently dangerous practice for both motorists and those in charge of the livestock. Where the road is relatively well used by motorists, it remains highly desirable for the landowner on either side of the roadway to install a cattle underpass, underneath the road.

The investment in such an underpass is expensive, generally in the order of \$30-40,000 and is one where the landowner receives no productivity benefit. The incentive for investment is one of safety rather than monetary gain.

Whilst the asset is constructed on government property (underneath the roadway), the works have been categorised by the Australian Taxation Office as a capital investment by the landowner who is therefore denied an immediate expense write-off in the year in which the costs are incurred. What the landowner is left with is a depreciable asset, which can only be depreciated at the rate of 2.5% per annum.

Clearly this provides little or no incentive for landowners to act with public interest in mind. Council has read with interest the section of the reform paper as it relates to accelerated depreciation and notes the two options put forward. Council strongly supports the notion of applying effective life with a loading as against removing accelerated depreciation. It further contends that investments that are made to the public benefit such as stock underpasses should be strongly encouraged by such approaches.

Council looks forward to these views being considered in the current review process. For further details on this submission, please contact the undersigned on 54 812 230 or via email at m.jaensch@campaspe.vic.gov.au

Yours faithfully

MICK JAENSCH
GENERAL MANAGER CORPORATE SERVICES