TO: Review of Non Forestry Managed Investment Schemes
Business Taxation Division
The Treasury
Langton Crescent
PARKES ACT 2600

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TOPIC: **MIS impact on inputs, environment & regional area**

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1.0 Business Description

Boundary Bend Caravan Park and General Store services the greater Boundary Bend area with fuel sales, hot food, groceries, hardware, LPG re-fills, 6am-8pm seven days a week.

2.0 Ownership Structure

United Retail Group Group Pty Ltd (abn 64109680533) trading as Boundary Bend Caravan Park and General Store – 27 Murray Valley Highway, Boundary Bend Victoria.

3.0 Geographical Location/Definition

Boundary Bend is a small township in northern Victoria, located on the Murray River, 80 km west of Swan Hill and 50km east of Robinvale. The township is at the junction of the Murrumbidgee and Murray Rivers.

The total population in the district of 496 persons, with an annual household income of $48,202. (based on 2005 statistics).

4.0 History of Development

Prior to the development of horticultural enterprises derived via MIS the district of Boundary Bend was a community in decline. The district's two main businesses were the citrus industry and dry cropping. These were unprofitable due to outdated farming and business practices, poor markets and unsuitable climatic conditions.

The town's only General Store and licensed supermarket had closed, as had the Boundary Bend Primary School. There was very much a dispirited feeling in the community, and young school leavers were seeking work elsewhere, the population was ageing and there was no real future for the district.

From 2000 onwards, due to the development of the Boundary Bend Estate Olive project and the large scale Select Harvest Almond project, both located close to the township, the town undertook a remarkable revival.

4.0 Cont.

From 2004 on, Timbercorp, Boundary Bend Estate and a number of large grape producers had commenced and expanded their holdings due to the investment monies raised via MIS.

These developments reinvigorated the district. It attracted technical personnel, engineers, surveyors, water and horticultural specialists and were soon followed by grove managers, workers, sub-contractors and trades persons as well as seasonal labourers.

United Retail spent considerable capital to refit the store and caravan park to accommodate additional workers and staff and had a total staff of 8 full and part-time employees.

5.0 Economic & Related Facts

In 2007 the MIS development was wound back due to the Federal Government's decision to alter the taxation criteria for non-forestry investments. This had a detrimental effect on the capital monies and plans for expansion of the existing horticultural projects in the district, with many smaller, associated companies also suffering financial hardship.

Our business has suffered severely as can be seen by the turnover figures:

Also, our manager and his partner have given notice and will return to Bendigo at the end September 2008.

The demand for accommodation at the Caravan Park is down considerably.

Our company has had plans approved by Swan Hill Rural City Council for a complete rebuild of the store, and EPA Victoria has approved a redevelopment of the Caravan Park. The total cost of this is estimated at $1 million plus. Plans are now on hold and it is unlikely that we will proceed unless we get a substantial improvement in turnover of our business in the next 12 months.

6.0 Key Performance Data

In support of our submission, please find attached our sales figures and customer numbers for July and August for the past 2 years and the current year.

Comparative KPI Sales Data – Year on Year

Month	Year	Customer Activity (No. of customers)	% Change	Turnover (Sales)	% Change
July	2006	5329		$84000	
July	2007	6251	17%	$106000	26%
July	2008	4376	-30%	$80000	-25%
Aug	2006	6359		$91000	
Aug	2007	6391	1%	$108000	19%
Aug	2008	4349	-32%	$75000	-31%

7.0 Conclusion Summary

Boundary Bend Store and Caravan Park has been severely impacted by the Federal Government's arbitrary decision to alter the taxation advantages previously offered to investors in non forestry industries.
The decline suffered prior to the arrival of the horticultural industries of olives, almonds and grapes will return if others are affected as we are.
This decision means that the district has lost momentum and this will have negative social and economic impacts.
Our stalled plan to invest over $1 million in the Swan Hill region is, no doubt, just one of many such decisions being made which will negatively impact the Murray River region. This in turn will inevitably lead to a downturn in land and business values in the region.