

The Late Mail

New Approach to Water Recovery in the Murray Darling Basin

The following is from a joint media release, issued on February 18th 2011, from the offices of:

The Hon Tony Burke MP, Minister for Sustainability, Environment, Water, Population and Communities

The Hon Simon Crean MP, Minister for Regional Australia, Regional Development and Local Government and Minister for the Arts

The Gillard Government today announced a new approach to water recovery in the Murray Darling that will further assist communities to plan for the future with confidence.

Minister for Regional Australia Simon Crean and Water Minister Tony Burke outlined the Government's initial response to issues raised in consultations and meetings with stakeholders in the Murray Darling Basin last year and subsequently by the Windsor inquiry into the proposed Murray Darling Basin Plan.

The Chair Tony Windsor MP has requested that the Government consider a new approach to recovering water for the environment, including **REVIEWING TAXATION ON IRRIGATORS** for water-efficiency investment grants and consideration of more strategic water buyback.

In Dubbo for a Murray Darling Association forum, Mr Burke said that in response, the Government would move to change current taxation arrangements for irrigators who take-up water efficiency investment grants to allow more strategic infrastructure investment.

This will unlock the opportunity to open round two of the *Private Irrigation Infrastructure Operators Program in New South Wales*, which will make available up to \$373 million for water providers to invest in water-saving infrastructure.

The Government will adopt a new approach to water buybacks in the Murray Darling Basin.

While individual tenders will be smaller the total amount allocated for buybacks will not be reduced.

"I am determined to achieve a plan for the Murray Darling that delivers healthy rivers, strong communities and continued food production," Mr Burke said.

"We've seen what drought did to farmers and regional communities and I am determined to make sure that the next drought doesn't look like the last in the Murray Darling Basin."

"This can only be achieved by investing in infrastructure upgrades and improving the efficiency and productivity of our irrigation industry while we recover water for the rivers."

Mr Crean said the tax changes announced today would give irrigators an opportunity to raise their productivity plus the infrastructure upgrades would boost local employment opportunities."

"This is another concrete example of how the Federal Government is committed, investing and responding to the needs of regional Australia," Mr Crean said.

"This program allows irrigators to upgrade and modernise their existing infrastructure to save water and also helps irrigators to get more productivity out of their water allocations."

"Local communities in the Murray Darling Basin will also see economic benefits, as it is expected that much of the work involved in these infrastructure upgrades will involve local contractors and regional businesses."

"The tax changes will have flow-on benefits for region communities and will be backdated to April 1, 2010 to provide certainty to operators with existing grants," Mr Crean said.



Under current arrangements, payments under the SRWUIP would generally be taxable in the year they are received, either as ordinary income or as a subsidy or (to the extent that the payment is deemed consideration for the supply of the surrendered water rights) capital gains. However, for the most part, expenditure under the program would be deductible over three years, as water facilities used in primary production.

Mr Burke said the Government would seek amendments to the Income Tax Assessment Act to eliminate the timing discrepancy between when payments are taxed and when deductions are available for grant applicants under the Sustainable Rural Water Use and Infrastructure Program (SRWUIP).

The CGT exemption for payments under the SRWUIP would form a part of the measure.

The final form of the amendments would be determined in consultation with stakeholders.

“The changes mean that applications for water infrastructure grants will not have a tax bill to pay which they can only recover in future years – they can proceed with certainty that they will not be left with an unreasonable tax bill,” he said.

Comment from Rick Henery (May Partners):

Please note that while this announcement by the Government appears to relate to the NSW SRWUIP program it would be hoped that the same amendments will also apply to Victoria as well, if and when they come in.

At this point these announcements have yet to be legislated.

What You Should Know About Paid Parental Leave

As of January 1st 2011, the governments 18 weeks paid Parental Leave scheme began for mothers and fathers when a child is born or adopted. What does this mean for employers and employees?

Employers

From July 2011, you **must** provide Parental Leave for employees who have been with your business for at least 12 months. Parental Leave does not replace the current entitlement where staff can take 12 months unpaid parental leave or any other existing employer funded paid parental leave schemes.

The Family Assistance Office will advance the employer funds either every fortnight or in three instalments, meaning you can continue to pay your employee in your normal payroll cycle. You do not have to pay superannuation on these payments, it will not increase your payroll tax liability or workers compensation premiums.

This scheme is designed to help business retain valued staff members and includes your part-time and casual workers.

Employees

You may be eligible for these payments if you are employed as a full-time, part-time, casual, seasonal, contract or self-employed worker but you must be an Australian Citizen. You must have worked at least 330 hours for 10 of the 13 months before the baby arrives. This is only just over 1 day per week.

Currently the payment is \$570.00 before tax and will only be paid to one parent at a time. Another words, while both mothers and fathers can apply, you will only be paid a total of 18 weeks collectively. You also can't work while receiving paid Parental Leave payments.

Working parents will be able to choose whether they claim Paid Parental Leave **or** the Baby Bonus.

Whether you are an employer or employee, you should contact the Family Assistance Office for further information:

Parents	13 61 50
Employers	13 11 58

