



PARLIAMENT OF AUSTRALIA
HOUSE OF REPRESENTATIVES

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MEDIA RELEASE

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Turnbull visit opportunity for Government to prove natural resource policy bona fides

Independent Member for New England, Tony Windsor believes that the visit by Malcolm Turnbull, Parliamentary Secretary to the Prime Minister on Water Policy Reform, to the region provides the ideal opportunity for the Federal Government to prove its bona fides with regard to its Natural Resource Policy.

Mr Windsor said that it was time that a degree of consistency relating to compensation for loss of water entitlement was articulated and that it could be achieved through the National Water Initiative and the Council of Australian Governments process.

“Last Friday (April 28), Mr Turnbull announced that the Federal Government would buy back water entitlements in the Murray system in a move to create more environmental water for the river.

At the same time, we see the Federal Government taxing compensation (buy back) to water entitlement holders in 6 groundwater systems across New South Wales.

The question that needs to be answered is why the different rhetoric for similar circumstances or is the real intention for any ‘buy-back’ to tax the compensation for the reduction in entitlement as income in the year of receipt?” Mr Windsor asked.

Mr Windsor believes that the Prime Minister’s words at the announcement of the compensation payments to the groundwater users do not match the reality of their implementation.

“The Prime Minister said on 9 June 2005, at the joint \$150 million Commonwealth-State-Irrigator announcement with the then NSW Premier, Bob Carr, to protect groundwater in New South Wales:

‘You can’t ask the farmers to take the financial hit of the investment in the changed practices without some help from the Government.’

Mr Turnbull doesn’t say how the ‘buy-back’ monies will be treated in the hands of the recipient so I can only presume that the payments will be subject to tax like the groundwater payments. If not, why the different treatment?

This is why I continue to call for the establishment of compensable property rights through legislation at the State and Federal Government levels and a special category in the Tax Act to make payments like these exempt from tax.

The Government continues to miss the point that the groundwater users and now other water users of the Murray system are losing a capital asset in the form of their water allocation for the public good as part of the implementation of government policy and therefore the Government must act to rectify the problem and provide water entitlement holders with the security they deserve,” Mr Windsor said.

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