



PRIME MINISTER

FOR MEDIA

MONDAY, 14 APRIL, 1980

DROUGHT RELIEF

The Commonwealth is taking a major initiative to assist primary producers to ensure water supplies and to encourage them to increase their capacity to withstand drought.

At present non-plant capital expenditure on conserving or conveying water on rural properties such as earth tanks, wells and bores, and earth channelling for irrigation may be written off over a period of ten years. The cost of plant items such as pumps is depreciable over the life of the asset.

As from today these existing taxation concessions for the conservation of water, the equipping of bores, wells and dams, and the conveyance of water on rural properties, will be extended to provide that all such expenditure will be an allowable deduction for taxation purposes in the year in which the expenditure is incurred. This will provide an important incentive for farmers to develop additional water storage and farm reticulation systems.

Those items presently eligible for the investment allowance will continue to be eligible for it in addition to the new concession now announced.

The necessary amending legislation will be introduced as a matter of urgency.

The announcement of these measures at this time and their application from today underlined the Government's growing concern about the fact that a large part of the continent is suffering a very dry period. The position is one of grave concern. If Autumn rains fail to eventuate over a large part of Australia, rural areas will be left in dire straits.

In addition, there is Commonwealth agreement to extended measures for drought relief in New South Wales.

These measures will cover: the provision of subsidies to Councils and other organisations able to provide emergency water supplies; and the extension of existing subsidies to primary producers to assist them in meeting special costs incurred in the transport of emergency water supplies to their properties.

Precise details of the new arrangements will be worked out between officers of the Commonwealth and New South Wales Government.

Relief of drought represents a very important part of Commonwealth/State co-operation. We stand ready to listen to matters put to us by the States.

The extended measures announced today will, of course, apply in future in all States and Territories where similar situations occur.

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