



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

PROOF

**TAX LAWS AMENDMENT
(TEMPORARY FLOOD
RECONSTRUCTION LEVY) BILL 2011**

**INCOME TAX RATES AMENDMENT
(TEMPORARY FLOOD
RECONSTRUCTION LEVY) BILL 2011**

Second Reading

SPEECH

Tuesday, 22 February 2011

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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Date Tuesday, 22 February 2011
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Questioner
Speaker Sidebottom, Sid, MP

Source House
Proof Yes
Responder
Question No.

Mr SIDEBOTTOM (Braddon) (1.27 pm)—I strongly support Tax Laws Amendment (Temporary Flood Reconstruction Levy) Bill 2011 and the Income Tax Rates Amendment (Temporary Flood Reconstruction Levy) Bill 2011 and indeed believe that the flood levy is right, it is temporary, it is fair and it is full of precedents. I would like to return to the question of precedents to remind those opposite of their record in raising and imposing levies. I would like to quote the words of a very strong supporter of raising levies to tackle the management of national crises. He said:

I am reluctant at any time to add to the financial burden on Australians, but this bill imposes a special one-year impost which I think most Australians will regard as necessary in the circumstances.

... ..

The Commonwealth judges it to be in the national interest to offer assistance on such a scale to ...

Queensland—

notwithstanding that ...

disaster recovery—

falls largely within their responsibilities. National leadership needs to be exercised so that the problem of the ...

damaged infrastructure—

is confronted swiftly and adequately.

He also said:

Applying the levy on incomes above \$50,000 will protect low- and many middle-income earners.

The quotations above are the words from the former Prime Minister, John Howard, when introducing one or two of several levies raised by his government. I substituted the word 'Queensland' for 'the states and territories'; the phrase 'disaster recovery' for 'gun control'; and 'damaged infrastructure' for 'proliferation of these guns'. The point I want to make is that the rationale, precedents and efficacy of raising a levy to tackle moments of crisis management is well established. Indeed I shall return to this point later.

What is also evident from the above is that the present opposition have selective memories of their own recent history. Most of the leadership of the

opposition, if I can be forgiven for using such a word so loosely, actually supported not one, two or three levies during their time in government; I counted nine levies. They did not vote no on at least nine occasions in the past yet now find it convenient to say no on this one occasion when much of our eastern and northern seaboard and hinterlands have been inundated with unprecedented rainfall and winds. They find it convenient to say no to what I regard as a disaster relief fund that is right, fair, affordable and temporary.

This levy is designed to fund major infrastructure and reconstruction, most especially in Queensland. It is designed to accompany significant budget savings to fund such reconstruction. It is designed to accompany the comprehensive relief and support programs and funds provided by both the Commonwealth and the states to assist individuals, businesses and sector reconstruction. For example, it complements the National Disaster Relief and Recovery Arrangements, the Australian government disaster recovery payment, the disaster income recovery subsidy and the \$11 million paid by the Commonwealth government to the Queensland Premier's relief fund and, additionally, \$1 million to the Red Cross Victorian flood appeals. It is designed to accompany the generous donations of so many Australians who have contributed and continue to give to the various relief fundraising enterprises.

These bills are designed to raise \$5.6 billion. They will impose a temporary flood recovery levy on taxpayers with taxable incomes of \$50,001 or more for the 2011-12 financial year only. It is a temporary levy, bound by and set in legislation. The levy will be applied at the rate of 0.5 per cent of taxable income for those earning between \$50,001 and \$100,000. The levy will be applied at the rate of one per cent of taxable income for those earning \$100,001 or more. The levy will not apply to low-income earners with a taxable income of \$50,000 or less. There will be exemptions from the levy for people who received an Australian government disaster recovery payment for a natural disaster in 2010-11 and people who met the Australian disaster recovery payment criteria for a disaster in an NDRRA area in 2010-11, amongst others. The levy will impose a modest charge on taxpayers. About half of taxpayers will pay nothing. Over 60 per cent will pay less than \$1 per week. About 70 per cent will pay less than \$2 per week for one year. Over 85 per cent will pay less than \$5 per week for one year.

The damage that has been done is immense. I do not need to remind this House of the extent of that damage. Indeed, it is not just about the physical damage but the suffering to individuals and to families and the pain that accompanies the loss of life in some instances and of properties and businesses in others. It has been an unmitigated disaster, felt not just by those who directly experienced it but by the nation. Precedent has it that when we manage national crises in this country we attempt to pay in part for that crisis management with levies.

I would like to remind the House that I found nine levies either imposed or considered by the former government. There were nine levies considered—rightly, in many instances—to deal with what were regarded as national crises of one description or another. I will remind the House of them: the aircraft noise levy, the firearms buyback levy, the stevedoring levy, the dairy industry adjustment levy, the Ansett levy, the sugar industry levy, the chicken industry levy, the Timor levy and the superannuation surcharge levy. Each of those nine levies was raised for the particular management of some form of crisis, and many of them were raised at a time when the budget was in surplus, not when the budget was in deficit. So those opposite who use the argument about so-called economic management ought to return to their own history instead of the hand-wringing, unctuous response that we hear from them. This levy is right, it is temporary, it is fair and it is full of precedents, as those on the other side well and truly know.

In my own electorate I have done some preliminary investigations of who might be affected by this levy. I do want to thank people in my electorate for their generous donations to the Queensland flood appeal, to the Victorian flood appeal as well and in the aftermath of the cyclone. My own electorate was not immune to the floods either. I was saddened that when the Leader of the Opposition was commenting on the floods in his address-in-reply speech he did not even mention Tasmania. He did not mention the extensive flooding in Tasmania—and you wonder why they do not hold a Tasmanian seat in the House of Representatives. I found that very sad indeed. The Prime Minister did mention Tasmania and has visited. So that is the interest that the Leader of the Opposition shows.

In my own electorate, out of around 76,000 adults, 10,000 will pay the levy. The actual number of taxpayers is estimated to be about 46,000 out of the 76,000. Of the 10,000 who will pay the levy, only 2,000 will pay more than \$5 a week or \$250 in total. I remind those opposite—because the Leader of the Opposition did not mention it; indeed, he probably did not even know it from his own senators from Tasmania—that extensive flooding occurred in my electorate. In

the Burnie area \$2 million to \$3 million is required to cover immediate clean-up activities as well as major infrastructure repairs. In the Central Coast region the initial estimate is in excess of \$4 million for the clean-up and recovery. To conclude, so that others may speak on this important levy: it is right, it is temporary, it is fair, and I remind those opposite that it is full of precedents. Thank you.