



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



THE SENATE

TAX LAWS AMENDMENT (TEMPORARY FLOOD AND CYCLONE RECONSTRUCTION LEVY) BILL 2011

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

In Committee

SPEECH

Monday, 21 March 2011

BY AUTHORITY OF THE SENATE

SPEECH

Date Monday, 21 March 2011
Page 1358
Questioner
Speaker Xenophon, Sen Nick

Source Senate
Proof No
Responder
Question No.

Senator XENOPHON (South Australia) (8.49 pm)—I am grateful to Senator Macdonald for his question. Again, I acknowledged previously that I did receive assistance from Mr John Tsouroutis, who was the former Group Managing Director of the Territory Insurance Office. He ran the Territory Insurance Office from 2003-08 and did so very successfully. Both sides of politics were quite praiseworthy of his expertise in turning that organisation around. He has some great experience in this sort of insurance. I did get advice from a number of people. I am also grateful to those individuals who risked their jobs, who risked their careers, by providing me with information that I thought was quite telling in terms of the Queensland government's conduct.

This determination is a unilateral determination by the federal government because the federal government pays the bills. So it is not a question of it having to be signed off by COAG. That is the nature of the document. It is unilateral in its nature because it is the Commonwealth that provides the funding under this relief recovery arrangement. Obviously there has been consultation with the states but this is a document that does not require any of the states or territories to tick off on it. The document is very explicit in its timetabling and in its structure that the states need to undertake an independent and appropriate assessment of their insurance arrangements. It anticipates that it could be a state Auditor-General—it does not have to be—but they need to publish the outcome of such assessments. They need to do so by 30 September 2011. They need to do so every three years but the first one will be given to the Commonwealth.

The states need to say how they look after their assets, whether it is a case of commercial insurance reinsurance, any reinsurance fund or pool—and that is something that I would like COAG to look at, because that would create enormous economies of scale—or internal state funds. The Commonwealth Attorney-General will then request the department of finance to utilise their appropriate expertise to provide a full and rigorous review of the independent assessments submitted by the states. That will establish benchmarks for the appropriateness of each state's insurance arrangements. You cannot have it across the board, because Queensland will have different insurance needs than South Australia, Victoria or another state. That is only part of the answer.