



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

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## SPEECH

**Date** Monday, 21 March 2011  
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**Questioner**  
**Speaker** Xenophon, Sen Nick

**Source** Senate  
**Proof** No  
**Responder**  
**Question No.**

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**Senator XENOPHON** (South Australia) (9.01 pm)—Going to the first issue, I will not respond directly to some of the remarks made by Senator Macdonald. I am satisfied that the agreement that has been reached is one of good faith. I am satisfied that the Attorney-General of the Commonwealth will implement the terms of this agreement, as the minister responsible for that. I am satisfied that it is something that will have bipartisan support because it actually protects taxpayers' funds in a way that is quite reasonable and robust and because there are transparency mechanisms in it.

I am also satisfied that the government knows and I know that, if the government tears this up in the next six months—which I do not anticipate occurring in any circumstance—that would be a gross breach of faith. I do not expect that to happen.

**Senator Ian Macdonald**—What about 'no carbon tax under a government I lead'?

**Senator XENOPHON**—But I do not expect it to happen. I urge Senator Macdonald to look at this document in detail. It is actually very robust. Every word in those guidelines in the new determination has been carefully weighted to ensure that Commonwealth taxpayers' funds are protected, but in a way that is reasonable also to the states, as long as the states take reasonably diligent steps.

Senator Macdonald is also aware that we have a Senate Economics Committee inquiry looking at the whole issue of the insurance arrangements in the state of Queensland. I would be very interested to see what offers for insurance were made, because I think that they will vindicate the concerns that Senator Macdonald and I and others have had about the arrangements or lack of arrangements of the government of Queensland, which goes to the latter questions that Senator Macdonald asked.

My understanding is that the government of Queensland was offered insurance back in 2000, and in more recent times, with a premium in the order of \$50 million. It would have been multibillion dollar coverage that would have included roads. The extent of the loss to taxpayers, had some appropriate arrangements been in place, would depend on the sort of excess that applied. The advice I have had from within the insurance industry is that, with these sorts of claims, you may have a fairly large excess per event. It might be \$50 million, \$100 million or a larger amount than that. The fact is that, instead of there being a total bill of something like \$5.8 billion in total, the bill would be in the hundreds of millions rather than in the billions of dollars for those sorts of insurable events. I have no doubt that, if prudential arrangements had been put in place, the cost to Queensland taxpayers and, in particular, to Commonwealth taxpayers would be billions of dollars less. States and territories will not be able to hide behind what they are doing now and use glib excuses for why they have not taken out insurance, because they will now be subject to mechanisms that are very transparent and robust.