



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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Questioner
Speaker Xenophon, Sen Nick

Source Senate
Proof No
Responder
Question No.

Senator XENOPHON (South Australia) (9.20 pm)—It pains me to hear that Senator Macdonald is so unhappy that he has not had an explanation.

Senator Ian Macdonald—I am unhappy. I really am.

Senator XENOPHON—He is unhappy. I cannot speak for the government but it is my understanding that the previous levies under a coalition government were undertaken in the same way—that is, on individual taxpayers.

Senator Ian Macdonald—No.

Senator XENOPHON—They weren't?

Senator Ian Macdonald—The container levy was on containers. The milk levy was on bottled milk.

Senator XENOPHON—Sure. I will not be distracted. Senator Macdonald is just trying to be helpful. My understanding is, very quickly, that it is administratively simpler to do it this way in the context of rather than dealing with corporations you have a greater degree of certainty as to the amount of levy that you will collect, and there are thresholds of income between \$50,000 and \$100,000. Below \$50,000 no levy is payable and the levy rate changes at \$100,000 and above, so there are some equity considerations in relation to that. But that was not the main reason why I got up to respond.

It is also important that I put on the record the concerns that were raised in the Senate Economics Legislation Committee inquiry in relation to these bills. A number of my constituents raised issues on two aspects: one was the Stockport floods that occurred at the end of last year when a community in the mid-north of South Australia suffered as a result of floods. I am satisfied with the response from Treasury, that where there has been a declaration made under the NDRRA certain exemptions will apply.

On an issue that was raised about redundancy payments, I note that the circumstances in which redundancy payments are taxable or not taxable have been set out. Madam Chair, I think you have received some further information on this. I have received similar information from Treasury and from the government. That satisfies me.

In relation to Senator Macdonald's concerns over whether this is something that will stick, I am reassured by a number of things. I know this may pain Senator Macdonald, but Senator Milne from the Greens is at one with Senator Macdonald when it comes to—he's wincing!—

Senator Ian Macdonald—There's no need to be insulting!

Senator XENOPHON—I hate to tell Senator Macdonald this, but Senator Milne shares the concerns that he has in relation to the Queensland government not taking out insurance. In fact she moved a motion in this place, which was passed, expressing those concerns.

Senator Ian Macdonald interjecting—

Senator XENOPHON—He accepts that. Some of my fellow crossbenchers in the House of Representatives have expressed similar concerns about this. There are a number of crossbenchers—the Australian Greens, the Independents in the lower house—who share similar concerns about insurance arrangements, so that reassures me that this is a robust arrangement that will be in place for a number of years, at least until the Auditor-General undertakes a periodic review in three years time. So, if any precedent has been set, I think it is a precedent that it is going to be very difficult to argue that we should ever have another flood levy like this once these arrangements are in place. That is why I support this legislation. I think that there is going to be a good long-term policy outcome when it comes to the states and territories insuring their assets.