



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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Questioner
Speaker Robert, Stuart, MP

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Mr ROBERT—I thank the Parliamentary Secretary to the Treasurer for granting leave. I now move on to lend some comments to the Tax Laws Amendment (Temporary Flood Reconstruction Levy) Bill 2011 and the related bill. I am a Queenslander and a proud Queenslander at that. We were all touched by these events, especially since my electorate is only some tens of kilometres from where much of the devastation occurred. I was recently speaking in the House about the role our military played, especially on that fateful night of Tuesday, 11 January. Black Hawks 201 and 220 and two Sea King helicopters conducted the most amazing rescues, rescuing some 300 people, with Black Hawk 201 rescuing 146 people. Up to 1,900 Defence Force personnel, fighting men and women, came to the aid of our communities over the entire period of the Queensland floods and more assisted further south, in Victoria.

There is no question that we as a parliament seek to help, serve and mend the people of Queensland. We seek to do all we can. The federal government has announced that \$5.6 billion will be required as it matches the states' 25 per cent of funding with 75 per cent of funding to assist the recovery. There is no quibble from the opposition as to the quantum of funds—no quibble at all. We wish to see the money spent quickly, wisely and with great accountability to go to those most in need. We are thankful for the likes of Major General Mick Slater, DSC, who was put in command of the recovery task force. He is a man of great honour, great courage and great capability. He is a wise choice as leader. There is no dispute from the coalition as to the need for funds, the need for leadership and the need for speed in the operation ahead. There is only one point with which we beg to differ: how the funds are to be raised.

The coalition has indicated its support for the reconstruction and repair efforts. We have further offered to have the Leader of the Opposition work in a bipartisan manner with the Prime Minister to find necessary cost savings. The government has rejected the offer, as is its wont. We have also released \$2.065 billion of potential savings in our own forward estimates as an alternative to \$1.8 billion being raised by the flood levy. We have sought to be responsible and to show alternatives. We do this based on the premise that we do not believe another levy or tax is warranted. We believe the Commonwealth government should

rise to the occasion and realise its responsibilities to assist the states when they have encountered natural disaster, but we believe that this is best done through proper, sound fiscal management.

I can draw a simple analogy: if my washing machine suddenly blows up, the tyres on my car go bald or something goes wrong in my house, I do not go around and tax the neighbours to fix it; I use savings—I use spare capacity in my household budget to do it. I always say to the young school leavers and those at school in the electorate of Fadden that a budget of a nation runs not dissimilarly to that of a home. We live within our means. There is a time and a place to borrow money for assets that will achieve and significantly increase worth and for that to be paid off quickly. There is a limited time for significant asset borrowing—but it is limited. There is no time for reckless spending. There is no time for continual and sustained budget deficits. There is a time for repaying debt quickly and living within your means. For, if you are within your means, you have the capacity to address issues.

Here we have a need for \$1.8 billion that the federal government is taxing Australians to raise. What happened to a contingency in the budget to deal with such circumstances? What happened to a budget surplus and money in the bank to deal with these issues? What happened to having a capacity to deal with these issues? I do not begrudge the quantum of the expenditure, but I do take issue with the government that it is not doing enough hard yards to cut its expenditure to deal with the critical needs of the nation at large.

The economic consensus, I believe, is quite clear. When considering this bill, the Standing Committee on Economics heard from the likes of Mr Eslake and Professor McKibbin, who were clear in their view that the government's new tax was the least preferred policy response. Professor McKibbin, member of the board of the Reserve Bank, said:

I think that in the case of a disaster it is almost uniformly accepted by economists, in principle, that a tax is not the best way to fund it.

He further said:

I am sure that there are Queenslanders out there who had no insurance, who incurred significant damage and did not

receive any assistance from the government. They will now be hit with the levy.

The levy is payable in the 2011-12 financial year—\$1.795 billion across the forward estimates. The point, though, is that in question time the Treasurer was unable to say exactly how many people would be paying the levy. I find it difficult to know how he can come to the quantum of \$1.795 billion when he does not know the number of people who will be paying for it.

If the question is asked, 'How should the government fund this?', the average Australian is quite clear. The government has recklessly spent billions and billions of dollars. Right now it is borrowing \$100 million a day. Eighteen days of government borrowing would cover the levy; 2½ weeks—that is all it would take. You can look at the wasteful spending, including \$2½ billion on pink batts, with 150 houses burnt and four people tragically killed. You can look at the school halls programs, with estimates that up to half of the money was wasted. If you looked at the work that Brad Orgill did in reviewing that program and at the difference in what private schools and public schools got by way of funding per square metre, you would see that the difference was \$2.7 billion. The tragic thing about the school halls program of waste is that the Labor Party, which stands there and says, 'We are here for public education,' allowed the state Labor governments and bureaucracies to gouge those schools to the point where it is beyond doubt, according to the government's own task force, that state schools got a much lesser deal than private schools. Those the Labor government sought to serve they indeed screwed over a barrel. It is truly one of the great tragedies and travesties of public policy. A minimum of \$2.7 billion was wasted.

If we look at the National Broadband Network, something like \$50 billion of public funds is about to be spent, some of which, with half a billion dollars in the budget for the NBN presently, could be used for the levy. Yet, in the United States, President Obama has announced spending of \$7 billion on a 4G network with a wireless solution. Vietnam is moving to an advanced 4G network, but, even though take-up of broadband technology in this country is seven to one in favour of wireless over fixed, we are still pursuing the solution that was hatched in a plane between Senator Conroy and the former Prime Minister, Kevin Rudd, because the \$4.7 billion solution had folded and Labor quickly needed a patch-up job.

We need look no further than the budget blow-out in the immigration department. On 10 February 2011 the government introduced a bill to provide an extra \$290 million for operational costs associated with the management of offshore asylum seekers.

The new spending represents a budget blow-out of more than 60 per cent on the \$470 million already budgeted for in the current year. In 2010-11 the government will now spend \$760 million on people arriving illegally in Australia. This compares with the less than \$100 million in annual expenditure when the Howard government left office in 2007. The total budget blow-out since Labor rolled back the strong border protection regime in August 2008—and this is a statement of fact—is more than \$1.4 billion and counting. If you are an Afghani in a camp on the border of Kazakhstan you have a one in 10 chance of your application to come to Australia being received and processed. If you come by boat you have a 97 per cent chance. That is a statement of fact. So we have a \$1.4 billion budget blow-out because this government rolled back the border protection policies. If the spending continues at the level announced on 10 February 2011 over the forward estimates for the next three years, that will mean an additional \$1.9 billion in expenditure—enough to cover the flood levy.

I could go on and on and speak about the disastrous Green Loans program and the Solar Flagships program, overblown by over a billion dollars—and the list of waste and mismanagement continues ad nauseam. Rather than address the issue of waste and mismanagement, this government has taken the easy route. It has taken the route of a tax. That is what is most disappointing here. The coalition has no issue with funding the quantum. The issue we have tonight as we debate this bill is that we do not believe that Australians should be taxed because a government cannot control its budget.