



Tax Laws Amendment (Temporary Flood Reconstruction Levy) Bill

Chamber of the House of Representatives

22 February 2011

Sharon Grierson MP

Ms GRIERSON (Newcastle) (8.51 pm)—I too rise to speak in support of the Tax Laws Amendment (Temporary Flood Reconstruction Levy) Bill 2011 and the Income Tax Rates Amendment (Temporary Flood Reconstruction Levy) Bill 2011 and offer my support for them. As a nation, we have truly witnessed this summer some of the harshest realities of the Australian climate. Sadly, that other great south land, New Zealand, our neighbour and friend, is experiencing a disaster and calamity which will take all efforts for them to recover from. I express here my sympathy and support, my best wishes to the people of New Zealand and my best wishes to the parliament. May they conduct themselves in an exemplary way that shows people do need to pull together.

As families in Queensland recovered from unprecedented flooding, thousands of families in Far North Queensland nervously awaited in evacuation centres as Cyclone Yasi devastated their homes and workplaces, while in Perth families fled their homes threatened by bushfires. Meanwhile, flooding in Victoria served to mark the two-year anniversary of the devastating bushfires there in the worst way possible.

Here in the parliament we have heard from members and colleagues on both sides of the House of the human and economic cost to their communities. They were very sad speeches. In times of profound loss such as these, all members do play a very important role in giving voice to and helping to overcome the suffering and grief in their communities. I pay my respect to all members who have served this role so admirably and wish them continuing courage and compassion as they support their affected communities.

Indeed, in Newcastle we very well know the human cost of environmental disasters. It is not until you go through it that you really understand the impact. People who are vulnerable or infirm, whether through mental illness, age or chronic illness, will suffer much more acutely. Among older people the incidence of strokes and heart attacks will increase. The incidence of mental illness hospitalisation will increase.

There will be financial pressure on families trying to struggle with insurance companies and building firms while they are holding down jobs. They will have relationship problems and it will go on for a long time. It is a time when we need to

be together. We do not need pettiness. We do not need people to be small and paltry. Unfortunately, the debate on this levy should not be happening.

We should all be speaking with one voice—anything it takes to help those people rebuild their lives. It is a pity to have to say those things, but it is very true and very important.

Again this summer, we have also seen, as many members have spoken of, ordinary people doing extraordinary things—and thank goodness. It is at these times when you see the best and worst of people and in Australia, hopefully, it is always the best. But we were reminded by the Prime Minister so eloquently of what it does mean to be Australian—that we are a nation that has suffered adversity and that has a special quality of resilience and even a stubbornness to never give in.

That is what has made us tough, generous and resilient and we hope it will continue. We want those people to be tough, even though they are going to face a very hard time.

It is a hard time and it is that spirit and commitment of goodwill that underpins the package of reconstruction measures set out in this legislation. Initial estimates by the Treasury indicate that the floods will cut half a percentage point from GDP growth in 2010-11.

The floods will continue to have a particularly acute impact on our farmers, tourism operators, small businesses, the mining sector and also the supply chains that support all those businesses and enterprises. It is estimated that 15 million tonnes of coal production equating to several billion dollars was lost in addition to around a billion dollars lost in the agricultural sector, \$300 million in the tourism industry alone, and half a billion dollars in the manufacturing, retail and transport industries combined.

The introduction of this one-off levy now will go a long way to rebuilding the damaged infrastructure of Queensland. It is staggering to think of 75 per cent of a state so large covered in water and damaged by that water. To restore the commerce and confidence in the agricultural, mining and tourism industries will take a significant investment. To reduce the cost of fruit and vegetable produce nationwide in the long term will be one of the benefits. In the face of these circumstances, the federal government has no choice but to act and to act decisively. Let us not quibble; let us do something.

These natural disasters will have a significant impact on the federal budget to the tune of \$5.6 billion. That was the figure before Cyclone Yasi, so we are going to see a huge task undertaken. It is not just an economic issue. It is about sustaining communities and doing what is right for those who are experiencing this misfortune.

That is why the levy is supported by the Australian Council of Social Service, by the Salvation Army, by AgForce, by the Australian Industry Group, and that is why it is supported too by the President of the National Welfare Rights Network, Maree

O'Halloran, who said, 'Political opposition to the flood levy is wrong-headed and hard-hearted.' It sure is.

In my electorate, we have a very busy electorate office. People love to tell me what they are thinking, whether it be by email, by phone or by dropping in our main street office. I have had fewer than 10 people complain to me about the levy. That is pretty impressive, but that is Newcastle. They know tough, they know struggle and they also know you have got to share something around when you have something and someone needs it. It is very easy to give it away. I am very proud of them. But the levy is deliberately designed not to impact unfairly on struggling low-income earners or victims of the flood. Because this is a progressive levy, as it should be, every Australian earning less than \$50,000 per annum is exempt. As a result, it is true that over 60 per cent of taxpayers will pay less than \$1 per week and over 85 per cent of taxpayers will pay less than \$5 a week. That is small change. It is small change that will equate to real change in the lives of hundreds of thousands of Queenslanders living and working in those flood affected areas.

Introducing this levy is not just the right thing to do but also the fiscally responsible thing to do. As the Prime Minister has made crystal clear, every cent raised will be spent on reconstruction only. For every dollar raised by the levy, the federal Labor government has identified at least \$2 of budget savings to help fund reconstruction.

Increased fiscal austerity and the reprioritisation of existing spending programs have necessitated some tough choices. Given the magnitude of the Queensland flood disaster, we do not resile from that.

The federal Labor government has to make those choices and we have made them. Six Queensland road projects will be delayed and three projects in New South Wales and Victoria will be delayed and reduced with a total saving of approximately \$1 billion.

It is rather amazing to hear members on the other side saying: 'What about rebuilding regional Australia?

Where is the infrastructure money?' After 12 years of neglect, the OECD report of 2010 still points to the significant deficit in Australia's infrastructure. We have spent so much, but we have so much more to do. The other side should think about that. Let's get on with the building of Australia—a nation we want to be proud of.

I must be frank in acknowledging that some of these decisions affect my electorate—for example, the \$100 million for the northern Sydney freight line upgrade to separate rail and passenger. As the local member, I will track that project very closely. It has been deferred. I understand that. I support the broader national priorities at stake. Queensland's infrastructure needs are now greater, but it would be irresponsible for the federal government to unnecessarily add to aggregate demand at a time when the economy is in full steam and potential skill shortages and resource shortages loom large.

We just have to even it out. We have to catch up where we need to catch up most, and that is in our flood affected areas.

I acknowledge that the funding cuts for carbon and green initiatives have resonated with some residents in my electorate. After all, we have the largest coal export port in the world and we have a key role to play in Australia's inevitable transition to a low-carbon economy.

But I know, and my electorate knows, that the federal Labor government's determination to place a price on carbon will have a far more wide-ranging and positive impact on climate change and our economic future than any of those programs ever could.

I implore all members of the House to support this bill and to do so without delay, but, sadly, that is not happening. Rather than supporting efforts to help Queensland and other flood affected states to get back on their feet, the opposition leader, Tony Abbott, has elected to play politics. How paltry; how small. We hear the same mantra: waste, tax. Three per cent of all BER projects had difficulties, and you call that waste?

Catch-up infrastructure—you have the hide to call it waste. A mining tax—come to my region and see the impact of mining. See it growing from 100 million tonnes exported to, potentially, 300 million tonnes in the next few years. That has to be managed. Those people have to help pay for that. We cannot all put on extra levies, as those opposite would say, for those sorts of initiatives. We have to plan for our future. We have to make the best of good economic times. 'A big tax on everything'—what rubbish. It is just fiscally irresponsible to inflate these things incorrectly and lead the Australian public to not having confidence in the economy. It is not going to work. The Australian public know better. I sometimes wonder what happened to fairness and honesty on the other side.

More recently, the Leader of the Opposition advocated a permanent levy on business to fund his ill-fated parental leave scheme. Electors are entitled to ask: if it is good enough for one, why isn't it good enough for the people of Queensland? Why isn't it good enough to plug the hole in their lives, in their economy and in the national economy? The simple answer is that the mantra is all the opposition leader knows. It is wearing very thin with people who can think bigger and understand that this is a time of great need. Disasters are real; they impact for decades. When floodwater struck Newcastle in 2007—people will remember the coal ship washed up on Nobby's Beach—the then Labor opposition leader, Kevin Rudd, visited our city. He put political point-scoring aside, as he should have. He did all that he could to support the people of Newcastle and the government's efforts to support the people of Newcastle.

We have never quibbled over the payments for other cyclone damage in Queensland or for any other disasters, and the opposition should not quibble now.

The people of Queensland deserve much better. They are getting it from all Australians. They deserve it from Mr Abbott as well. I hope he changes his position soon.