

Inquiry into the Income Tax
Rates Amendment
(Temporary Flood
Reconstruction Levy) Bill
2011; and the Tax Laws
Amendment (Temporary
Flood Reconstruction Levy)
Bill 2011

House of Representatives Standing Committee on Economics

February 2011
Canberra

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Foreword


The natural disasters over the Australian summer have exacted a high price in lives and damage to private property and infrastructure. Under established arrangements with the States, the Commonwealth will be funding over \$5 billion in infrastructure repairs and replacement, with the great majority of this work occurring in Brisbane.

In January, the Government decided to fund \$1.8 billion of this work through a temporary flood reconstruction levy, which will apply on a one-off basis to individual taxpayers for 2011-12. The remainder of the work will be funded through spending cuts and deferring other infrastructure projects. On 10 February 2011, the Government introduced the Income Tax Rates Amendment (Temporary Flood Reconstruction Levy) Bill 2011 and the Tax Laws Amendment (Temporary Flood Reconstruction Levy) Bill 2011 to implement the levy. These Bills were the subject of the inquiry.

The Committee held a day of hearings on the Bills. At the hearing there was strong support for the reconstruction work, and this reflects community support for the recovery as well. While there was a range of views on whether borrowings, taxes, or spending cuts should be used to fund reconstruction, it was also put to the Committee that, in the context of total annual outlays of \$350 billion, any of these three funding methods would be suitable. The Committee has therefore concluded that the House of Representatives should pass the Bills.

I would like to thank the witnesses who attended the hearing and freely gave of their expertise to the Committee. I would also like to thank my colleagues on the Committee who assisted with the inquiry on a topic that has shocked and disrupted the lives of tens of thousands of Australians. The projects that these Bills will fund will play a large role in restoring the lives of people affected by the disasters.

Craig Thomson MP
Chair



Membership of the Committee

Chair Mr Craig Thomson MP

Deputy Chair Mr Steven Ciobo MP

Members Mr Scott Buchholz MP

Dr Andrew Leigh MP

Ms Julie Owens MP

Mr Stephen Jones MP

Ms Kelly O'Dwyer MP

Committee Secretariat

| | |
|------------------------|--------------------|
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| | Mr Andrew Gaczol |
| Administrative Officer | Ms Emily Costelloe |



Terms of reference

On 10 February 2011, the House Selection Committee presented its report referring the Income Tax Rates Amendment (Temporary Flood Reconstruction Levy) Bill 2011 and the Tax Laws Amendment (Temporary Flood Reconstruction Levy) Bill 2011 to the House of Representatives Standing Committee on Economics for inquiry and report. Under Standing Order 222(e), the House is taken to have adopted the Selection Committee's reports when they are presented.



List of abbreviations

QGIF Queensland Government Insurance Fund

NDRRA Natural Disaster Relief and Recovery Arrangements



List of recommendations

That the House of Representatives pass the Bills.