

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON
ECONOMICS**

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

**Income Tax Rates Amendment (Temporary Flood Reconstruction Levy) Bill 2011; Tax Laws
Amendment (Temporary Flood Reconstruction Levy) Bill 201120**

16 February 2011

Question: 3

Topic: Cost associated with the recovery effort

Mr STEPHEN JONES—I am interested in going back to some of the costs associated with the recovery effort. Has the Queensland government or the federal Treasury availed itself of a breakdown of some of those costs? I am particularly interested in the infrastructure costs that you have identified.

Mr Ray—Certainly the Queensland Treasury has quite detailed estimates. I think that Mr Bradley is coming before you next and he will probably tell you their preliminary estimates. Those estimates have been shared with us.

Mr STEPHEN JONES—Are you able to provide the committee with a breakdown of some of those costs?

Mr Ray—Why don't I take it on notice and see what we can provide the committee?

ANSWER

Given the extent of damage, it will take some time before firm estimates of damage from recent floods and cyclones are available from State authorities. As such, all figures in this response are preliminary and subject to change as more information becomes available.

The preliminary estimated cost of damage infrastructure and other Natural Disaster Relief and Recovery Arrangements (NDRRA) eligible measures resulting from the Queensland floods is around \$5 billion, of which the Commonwealth expects to contribute close to \$3.9 billion.

The significant majority of this \$5 billion is currently expected to comprise repairs to and reconstructions of roads (both state and local government controlled). The much smaller remaining infrastructure costs will relate to other State and local government assets, including government buildings (eg schools, offices, emergency services facilities, health and hospital facilities and social housing) and community facilities (eg parks, recreation areas, tracks and fences).

The Queensland Treasurer made a statement on Wednesday 16 February 2011 that included a very preliminary estimate of \$800 million in expected costs of damage caused by Tropical Cyclone Yasi (with the Commonwealth expected to incur \$600 million of these costs). Significantly more than half of this cost is expected to relate to state and local government infrastructure damage, with a substantial component of that relating to roads.

The initial estimates of disaster recovery costs published by the Commonwealth on 27 January 2011 included \$1 billion in costs to the Commonwealth for the cost of disasters other than the Queensland flooding. While we have no breakdown of the expected costs from these events, previous experience of Natural Disaster Relief and Recovery Arrangement claims suggests most will be for public infrastructure, and that most of this infrastructure spending will be on roads.