

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

23 – 24 February 2011

Question No: AET 138

Topic: Flood Tax

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Senator Corman asked:

Senator CORMANN—We will. In terms of the flood tax, **what options has Treasury provided to the government to fund the reconstruction package?**

Senator Sherry—That is a policy option to government, so we cannot go there.

Senator CORMANN—Why can't we go there?

Senator Sherry—It is policy advice to government.

Senator CORMANN—Are you claiming public interest immunity?

Senator Sherry—No. *I will take it on notice.* But you are well aware of it. You can chuckle and laugh, but I have sat where you have, Senator, and posed similar questions and made similar vain attempts. We are very consistent in our approach, as you were when you were in government.

Answer:

The Government considered options for funding the reconstruction of flood and cyclone affected areas, ranging from reprioritising spending to a temporary levy. These options were considered in the context of the prospect for strong growth and the potential for capacity constraints in the economy, as well as the importance of the Government's fiscal strategy of returning the budget to surplus in 2012-13. The Government considers that funding a proportion of the reconstruction costs from the flood and cyclone reconstruction levy achieves a fair and equitable balance in paying as we go for the reconstruction of affected areas.