SELECTION OF BILLS COMMITTEE

REPORT NO. 5 of 2006

MEMBERS OF THE COMMITTEE

Senator Jeannie Ferris (Government Whip, Chair)

Senator George Campbell (Opposition Whip)

Senator Andrew Bartlett (Australian Democrats Whip)

Senator Nigel Scullion (The Nationals Whip)

Senator Rachel Siewert (The Australian Greens Whip)

Senator Alan Eggleston

Senator the Hon Chris Ellison

Senator Joe Ludwig

Senator Ruth Webber

Secretary: Richard Pye

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SELECTION OF BILLS COMMITTEE

REPORT NO. 5 OF 2006

- 1. The committee met in private session on Tuesday, 13 June 2006 at 4.24 pm.
- 2. The committee resolved to recommend—That—
 - (a) the *provisions* of the Petroleum Resource Rent Tax Assessment Amendment Bill 2006 and Petroleum Resource Rent Tax (Instalment Transfer Interest Charge Imposition) Bill 2006 be *referred immediately* to the Economics Legislation Committee for inquiry and report by 21 June 2006 (see appendix 1 for a statement of reasons for referral); and
 - (b) the *provisions* of the Tax Laws Amendment (2006 Measures No. 3) Bill 2006 be *referred immediately* to the Economics Legislation Committee for inquiry and report by 21 June 2006 (see appendix 2 for a statement of reasons for referral).
- 3. The committee resolved to recommend—That the following bills *not* be referred to committees:
 - Australia-Japan Foundation (Repeal and Transitional Provisions) Bill 2006
 - Defence Force (Home Loans Assistance) Amendment Bill 2006
 - Energy Legislation Amendment Bill 2006
 - Families, Community Services and Indigenous Affairs and Other Legislation (2006 Budget and Other Measures) Bill 2006
 - Fisheries Legislation Amendment (Foreign Fishing Offences) Bill 2006
 - Health Legislation Amendment (Private Health Insurance) Bill 2006
 - New Business Tax System (Untainting Tax) Bill 2006
 - Plant Health Australia (Plant Industries) Funding Amendment Bill 2006
 - Royal Commissions Amendment Bill 2006
 - Tax Laws Amendment (Medicare Levy and Medicare Levy Surcharge) Bill 2006
 - Tax Laws Amendment (Personal Tax Reduction and Improved Depreciation Arrangements) Bill 2006
 - Therapeutic Goods Amendment Bill (No. 3) 2006.

The committee recommends accordingly.

4. The committee *deferred* consideration of the following bills to the next meeting:

Bills deferred from meeting of 10 May 2006

- Intellectual Property Laws Amendment Bill 2006
- Protecting Children from Junk Food Advertising Bill 2006.

Bills deferred from meeting of 13 June 2006

- Aboriginal Land Rights (Northern Territory) Amendment Bill 2006
- Education Services for Overseas Students Legislation Amendment (2006 Measures No. 1) Bill 2006.

(Jeannie Ferris) **Chair**14 June 2006



THE SENATE SELECTION OF BILLS COMMITTEE

Proposal to refer a bill to a committee

Name of bill Petvoleum Resource Rent Tax Assessment Amendment Bill 2006, Petvoleum Resource Rent Tax (Instalment Transfer Interest Charge Reasons for referral/principal issues for consideration: transfer I bill 2006
a.Hached.
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An interpretable of the contract of the contra
Possible submissions or evidence from: NOR Mullen Q Australian Deholeum Production & Exploration Association, ESSO Australia Santos, Woadsiae Apache, Still Bhp, Chevion Committee to which bill is to be referred: Elanomics
Possible hearing date(s): 22/06/06 19.6.06 Possible reporting date: 22.6.06
signed) Whip / Selection of Bills Committee member

Petroleum Resource Rent Tax Assessment Amendment Bill 2006, Petroleum Resource Rent Tax (Instalment Transfer Interest Charge Imposition) Bill 2006

The primary concern in this Bill relates to Schedule 3 which amends the Petroleum Resource Rent Tax to allow the present value of expected future expenditures associated with closing down a particular petroleum project, where these future expenditures relate to so much of this project as continues to be used under an infrastructure licence, to be deductible against the PRRT receipts of this project.

It relates to 'closing down' costs when a project is terminated. Costs from this project are allowed to be offset against revenue until the project ends. Under this provision the Parliament has been asked to support a provision that allows proposed future expenditure of an unsuccessful project to be used as a deduction against PRRT as long as an infrastructure licence is held. However, the expenditure has not even been made, and the deduction is claimed now.

The definition of expected expenditure is loose and needs clarification, while Treasury and industry should also be asked to justify schedule 3 and indicate whether these are sufficient integrity safeguards to protect against tax avoidance.

This measure has been presented to the parliament before and has been subject to Senate review.

NO. (NO. 4689 6, P. 2 APPENDIX 2

THE SENATE CANDERRA ACT 2600 SELECTION OF BILLS COMMITTEE

Proposal to refer a bill to a committee

Name of bill Tay Laws Amendment (2006 Measures 63) By 11 20
Reasons for referral/principal issues for consideration:
allached
4. 144. A. 144. F. 144

1) Free Billow Edd Daniel and Control of the Contro
Possible submissions or evidence from: HIA Paul Estate Institute of Australia, State Governments Treasury. Salvation Army Mission Australia NEWR Committee to which bill is to be referred: Economics
Possible hearing date(s): 20.6.06 Possible reporting date: 22.6.06
signed) Whip / Selection of Bills Committee member

Tax Laws Amendment (2006 Measures No.3) Bill 2006

A Committee is needed to review the proposed operation of the Unlawful Termination Assistance Scheme and the Alternative Dispute Resolution Assistance Scheme and relevant tax treatment.

The costings of schedule 9 need clarification.

A review of changes included in schedule 11 and 12 is needed. They are not insignificant and charitles should be given the opportunity to be fully consulted.

Schedule 15 is a controversial measure with a highly retrospective element. The Senate should consider the impact of the measure on investors.