

# Summary of Recommendations

## Recommendation 1

**3.113** The committee recommends that the Parliament not support the deeply flawed and poorly designed MRRT and expanded PRRT.

**3.114** Should the Parliament be inclined to consider the government's proposed mining tax contrary to this principal recommendation, the committee makes the following further recommendations:

## Recommendation 2

**3.115** The committee recommends that Parliament insist that government proposals to make major structural changes to Australia's tax system be based on an open, transparent and inclusive policy development process before final policy decisions are made.

**3.116** The committee also recommends that the Parliament refuse to consider any changes to resource taxation which have implications for state and territory royalty arrangements until the government can demonstrate that it has actively engaged and reached agreement with state and territory governments.

## Recommendation 3

**3.117** The committee recommends that in line with the government's stated commitment to openness and transparency the Parliament require the public release of all mining tax related revenue assumptions, including commodity price and production volume assumptions.

**3.118** To enable proper scrutiny of the government's mining tax revenue estimates, the committee recommends that the Parliament insist on release of that information before it agrees to consider any mining tax related legislation.

## Recommendation 4

**3.119** The committee recommends that the government should not implement any future taxation reform without first providing the Australian public with independently verified modelling demonstrating any impact of the proposed reform on:

- employment
- investment
- industry
- Australia's international competitiveness
- the Commonwealth's budget position
- State and Territory revenues
- cost of living; and
- the Australian Economy as a whole.

## **Recommendation 5**

**3.120** The committee recommends that the Parliament insist on the government restoring confidence in good regulatory processes by:

- formally recommitting to the best-practice regulation guidelines developed by its Office of Best Practice Regulation;
- confirming that proposals for new taxes require the development of Regulatory Impact Statements consistent with the requirements of the best-practice regulation handbook

**3.121** The committee recommends that before considering any mining tax related legislation the Parliament insist on a report from the Office of Best Practice Regulation about the extent to which the government's policy development processes for the RSPT, MRRT and expanded PRRT were consistent with its own best-practice regulation guidelines.

**3.122** The committee recommends that the Office of Best Practice Regulation be required to make recommendations to improve the government's compliance with these principles.

## **Recommendation 6**

**4.113** The committee again recommends that because the government's proposed MRRT and expanded PRRT would impose more economic distortions than existing royalty regimes, the Parliament not support any plans by government to pass legislation to give effect to these proposed new taxes.

## **Recommendation 7**

**5.89** The committee recommends that, if contrary to its principal recommendation the Parliament is of a mind to pass these flawed resource rent tax arrangements, the Parliament amend the legislation to ensure revenues raised, which are subject to high volatility and likely to reduce over time, are used to increase the net financial worth of the Australian government either through the payback of debt or investment in assets through the Future Fund.

## **Recommendation 8**

**6.143** The committee recommends that the Parliament insist on the government tabling an agreement with the states and territories about the interaction between the proposed MRRT/expanded PRRT, royalties, GST sharing arrangements and any other related federal-state financial relations issues before considering any mining tax related legislation.

## **Recommendation 9**

**7.25** The committee recommends that the current uncoordinated, incoherent and ad hoc taxation processes currently underway be replaced by one genuine tax reform process focused on delivering lower, simpler and fairer taxes, through an open, transparent and inclusive process.