

11 June 2009

Committee Secretary
Senate Standing Committee on Economics
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

Dear Sir/Madam,

Subject: Inquiry into the Tax Laws Amendment (2009 Budget Measures No. 1) Bill 2009

Ensign Australia Pty Limited appreciates the opportunity to comment on the proposed amendments to section 23AG of the *Income Tax Assessment Act 1936*.

Ensign International Energy Services Limited, which Ensign Australia Pty Limited is a wholly owned subsidiary, provides oil, gas and geothermal drilling services in many countries throughout the world including Libya, Gabon, Oman and New Zealand.

Should the proposed amendments be accepted, not only will Ensign as a company be negatively affected but from 1 July 2009 every Australian resident employee currently working overseas will be severely financially disadvantaged when Ensign will be required to withhold amounts from salaries, wages and allowances under the pay as you go (PAYG) withholding rules.

The Committee will have seen many company and private submissions that provide factual and objective reasons why these amendments should not be approved. However should these be ignored and the amendments approved then Ensign request that the commencement date be deferred until at least 1 July 2010 to enable companies such as Ensign to review their current employment arrangements to minimise the financial impact and also to give affected employees sufficient time to reassess their personal financial situation to minimise the immediate financial impact it will cause.

International contracts are very competitive and having s23AG available enables Ensign to be more competitive in the international market place by being able to use highly experienced Australians in safety and operationally critical supervisory and management roles which would not be possible under the proposed changes.

The lack of consultation in this matter is concerning and Ensign believe that more time is required to enable proper consultation to take place to determine whether these changes are in the national interest.

Yours truly,



David Kerr
Human Resources Manager