



International Transport Workers' Federation

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International Transport Workers' Federation
Federación Internacional de los Trabajadores del Transporte
Fédération internationale des ouvriers du transport
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Международная федерация транспортников
التنظيم عالمياً، النضال من أجل حقوقنا

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Submission to Senate Inquiry into Corporate Tax Avoidance

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The International Transport Workers Federation (ITF) welcomes the opportunity to provide a short submission to this important inquiry. The ITF, a global union federation, represents over 700 labour unions and over 15 million union members around the world. The ITF has a long history of promoting the employment and welfare of seafarers, stevedores and other transport workers around the world.

The ITF supports and endorses the submission of the Tax Justice Network (TJN) into the tax affairs of Exxon and we call on the government and opposition to take urgent action on the tax avoidance used by Exxon and other companies.

For the past 3 years the ITF has worked with TJN to lead the campaign to uncover the tax avoidance practices of Chevron because of the importance of the oil and gas industry to our members in Australia and around the world and we are alarmed by the similarities with Exxon.

It is very concerning to the ITF and our affiliates then that Exxon, also an employer of ITF members around the world, is using the same tactics as Chevron in terms of offshore related party loans to reduce tax payments in Australia. The ITF did in-depth analysis of Chevron's tax affairs and we are very alarmed by the similarities with Exxon.

Despite earning \$24.8 billion in the last three years, Exxon has not paid a cent of tax in Australia. Exxon's annual reports filed with ASIC have far less information than other companies like Chevron and don't provide any detail on related party transactions which may be used to shift profits out of Australia. It is clear that both stronger reporting requirements and enforcement are needed.

While Chevron lost a landmark federal court case on the issue and ultimately reached a settlement with the ATO, Exxon has not been publicly held to account for the same practices which are at least, if not more, aggressive. We believe that the Government has an obligation to more closely examine the tax practices of all foreign multinationals operating in the offshore companies to ensure that they are all held to a higher standard and are paying their fair share in tax. The ITF is

disappointed that the failures of the PRRT have yet to be addressed by the Australian Government.

We know from our own work on Chevron that these practices are a deliberate attempt to shift profit away from Australia and while not currently illegal, they are very wrong and deny funding to school, hospitals and other essential public services.

It should also be very concerning to the Australian government that these tax avoidance practices are occurring at the same time as Exxon is cutting Australian wages and conditions, and replacing local workers. This represents a double burden on the community from Exxon's corporate behaviour.

We commend the committee for continuing to pursue these important issues. It is essential to ensure that the exploitation of our natural resources provides benefits to Australians in terms of tax revenue, royalties and good jobs. Exxon, like Chevron, appears to be failing on these counts.

The International Transport Workers Federation calls on the Government to:

- Implement mandatory disclosure of payments to governments by all resource companies operating in Australia
- Restrict the legal use of related-party loans and internal marketing charges.
- Review all deductions used by companies and reduce the allowable list to fit with community standards.
- Make the required changes in law and regulations so these major billion-dollar companies pay at least a minimum percentage of their revenue

For more information about this submission please contact:

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