



Community and Public Sector Union
Michael Tull ♦ Assistant National Secretary

3 February 2020

Committee Secretary
Senate Finance and Public Administration Committees
PO Box 6100
Parliament House
Canberra ACT 2600

by email: fpa.sen@aph.gov.au

Dear Committee Secretary

Public Governance, Performance and Accountability Amendment (Tax Transparency in Procurement and Grants) Bill 2019

As the primary union representing Australian Public Service employees, the Community and Public Sector Union (CPSU) is committed to providing a strong voice for our members in key public policy and political debates.

The CPSU welcomes the opportunity to make a submission to this inquiry into the proposed Public Governance, Performance and Accountability Amendment (Tax Transparency in Procurement and Grants) Bill 2019. We support the Bill's three proposed requirements for procurement and grants of disclosure, consideration and publication.

In our submission to the Treasury's consultation into the Black Economy – increasing the integrity of Government procurement, we explained that the procurement connected policy guidelines were too lenient for companies with a poor tax record, particularly new and foreign tenderers, who would only have to provide a statement that they complied with tax obligations. It would not guarantee that companies contracted by the Commonwealth had good tax records. These concerns were ignored and go against the broader public interest.

For this reason, we support the Bill's introduction of a disclosure requirement that a recipient of a Commonwealth grant or a company responding to a Commonwealth Government tender where the offered price for goods or services exceeds \$4 million (or \$7.5 million for construction services) will need to disclose whether the company, or any of its related entities, are domiciled in a tax haven.

The CPSU notes that both consortia bidding for the privatisation of Australia's visa processing system involves companies, Oracle and Accenture, that are suspected of offshoring their profits in tax havens.¹ These tenderers should be required to give details of foreign entities that might not otherwise be available on account of the secrecy laws normally encountered in tax haven jurisdictions.

¹ Centre for International Corporate Tax Accountability and Research (2019, 25 November). Questions on Notice from 1 November Hearing. Retrieved from <https://www.aph.gov.au/DocumentStore.ashx?id=0226698e-8294-455e-9f29-5c42b528ad5f>

There should also be a requirement for any company bidding for a Commonwealth contract to disclose whether it has been convicted of tax avoidance in a foreign jurisdiction in the last five years or issued with compliance notices or enforceable undertakings in relation to its tax arrangements by a foreign tax authority.

The Bill also requires the responsible Minister to prescribe foreign countries or parts thereof as tax havens, the consideration of any additional risks that a company, or any of its related entities, domiciled in a tax haven may have on tax avoidance and obliges agencies to publish the number of contracts and the total value of contracts in annual reports. These are necessary steps in rebuilding public confidence in the Commonwealth's procurement processes and help provide the transparency needed to ensure that taxpayer funds are not being provided to entities that avoid paying their fair share of tax.

The CPSU is happy to provide information on the matters raised in this submission. Please contact Osmond Chiu, Senior Policy and Research Officer,

Yours sincerely

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ASSISTANT NATIONAL SECRETARY