

Parliamentary Joint Committee on Corporations and Financial Services

Submission to the Enquiry re Regulation of Auditing in Australia

Submitted by: (submitter name to be **CONFIDENTIAL** please given that anything published on the internet these days seems to attract unwanted attention from trolls)

I am making this submission as a private individual who is concerned about the direction being taken in relation to taxation of large corporations, particularly in terms of their ability to legally avoid paying tax by implementing corporate structures and strategies that enable them to achieve significant profit without contributing to the society from which these are drawn.

I am not an accountant, financial advisor, or otherwise involved in the financial services industry. Neither do I work in a large corporation, either multi-national or local. I have been a PAYE employee (in an entirely unrelated field) all my working life but am currently transitioning to retirement and am concerned for future generations.

This submission is made in consideration of the Committee's Terms of Reference numbers 1,2 and 12.

There has been much published and televised on the disillusionment of the average person with the current state of our system of government – commentary on everything from right wing populism, media concentration and bias, the unfairness of the taxation system and the lack of trust and respect felt for our politicians and the job they are doing. A significant contributor to this disillusionment is the perception of “jobs for the boys”. This includes the politicians who retire to high paying jobs lobbying for or advising companies that benefit from knowledge they gained while in public employ (which is essentially the role of any Minister or government official).

In the terms of the issues being considered by this Committee, this is manifest in the fact that it is the auditors who are on the one hand advising large corporations how best to minimise tax liability who are also issuing the accounting standards. This is done by stacking the Boards of the Standard setting bodies by the auditors themselves, especially members of the “Big Four” (you know who they are), and thereby controlling the development, production and modification of accounting and auditing standards.

As has been already been mentioned in the media, this “is akin to the government appointing Crown casino's Victorian wombat-hunting associates to advise the Wildlife Protection Agency, or recruiting the services of Ivan Milat to counsel the Crime Task Force on how to deal with serial killers ... leniently”.

Then there is the issue the Government's Board of Taxation Advisory Panel and Financial Reporting Council, also stacked with representatives of the Big Four and large corporations that manage to pay zero or close to zero tax despite enormous earnings. Many of these large corporations are advised by the Big Four on how to achieve this.

Their success in being able to contribute the least possible amount towards the maintenance of the public realm (and hence the society that facilitates their ability to do business in a peaceful democracy) is breath taking. And the public is waking up to this and is not happy.

Many of us may not understand why we pay tax such a large proportion of our PAYE income in tax and these large corporations are (often legally) able to avoid doing so, but there is significant discontent about this amongst the people I talk to. Most won't know that they could make a submission to this enquiry, and even if they did, may find the prospect daunting. But I suspect most take action in their own ways – perhaps expressing their disappointment in our leaders in social media, refusing to vote or register to vote (because nothing seems to change), joining the union movement, or even taking more strenuous measures such as public protest or active rebellion.

These may seem like small things to those in positions of authority or power, but if the everyday person becomes too disillusioned, where does this leave us? Surely there is a way to ensure the fairness and equity that was once considered the cornerstone of Australian society?

The problem is that I don't think that it will be found while those advising large corporations how best to minimise tax liability are the same people who issue the accounting standards.

Submitter name and contact details to be CONFIDENTIAL please