



20 April 2023

Director
International Tax Branch
Corporate and International Tax Division
Treasury
Email: MNETaxTransparency@treasury.gov.au

Dear Sir/Madam,

Publish What You Pay Australia and Transparency International Australia welcome the Government's proposal for greater corporate transparency and accountability.

The measures outlined in the *Treasury Laws Amendment (Measures for Future Bills) Bill 2023: Multinational tax transparency - Tax changes* would, when legislated, mark a world first in corporate transparency.

We are particularly pleased that obligations for reporting entities to report on a country-by-country basis are based on reporting standards established by the Global Reporting Initiative (GRI), including GRI 207, and the Organisation for Economic Cooperation and Development.

PWYP Australia and Transparency International Australia do though encourage the Government to strengthen its proposed legislation by also requiring project-by-project reporting for extractive industries companies. The sector is particularly high-risk and of national significance for Australians. There are over 700 ASX and many non-listed Australian extractive sector companies operating in more than 100 countries globally.

The GRI has developed sector specific standards, including for the coal sector (GRI 12) and oil and gas (GRI 11). These sector specific standards include requirements for project-by-project reporting and is aligned with the mandatory payment disclosures laws for extractives already in place in the UK, 27 EU nations, Canada, Norway, Switzerland and, soon, the US. The GRI standards for coal, and oil and gas recommend reporting of payments to governments by project for a number of revenue streams (including production entitlements, royalties and dividends). Many large ASX extractive companies are already reporting all payments to government at the project level, including royalties, license fees and community development payments. These companies include Rio Tinto, BHP and others. There is widespread support for project level reporting from the extractives sector as evidenced by the International Council

for Mining and Minerals position statement on revenues.¹ Furthermore, there are more than 20 mining, oil and gas companies operating in Australia that are official supporters of the Extractive Industries Transparency Initiative (EITI), which includes a requirement (4.1 of the 2019 EITI standard) for companies and governments to implement project level reporting of payments to governments.² This list of companies includes Chevron, Woodside, Shell, BHP, Anglo American, Newcrest, Rio Tinto and others. The MCA and APPEA have also outlined their participation in previous EITI processes and some of their members report under EU mandatory disclosure laws.

Enhancing tax transparency in the extractive industries is particularly important given that the sector is one of the world's most corrupt.³ Project-level disaggregation is important because corruption risks, as well as social and environmental impacts, and tax non-compliance are higher at the project level. Introducing country-by-country, project-by-project level reporting for extractive industries housed or operating in Australia would help create a level playing field, increase access to information for stakeholders, inform communities of the economic contribution of the sector and reduce the risk of corruption and tax non-compliance.

Australians, investors and regulators all have a right to know how much revenue a particular mining or gas project is generating. This is even more important with the increased focus on energy prices, record profits from Australia's natural resources and the challenges of the energy transition including the phase out of fossil fuels, the development of new critical minerals projects and the extensive costs of decommissioning and remediation for mines and offshore gas rigs.

Finally, we note that there are some broad reporting exemptions proposed in the Bill. While there may be legitimate reasons for such exemptions, we strongly encourage that there is disclosure on how many exemptions are granted per year, for who and why. We believe this would help establish public trust in the overall measures proposed.

Yours sincerely,



Christina Hill
Advocacy Coordinator
Publish What You Pay Australia
E: Christinajhill@ozemail.com.au



Clancy Moore
CEO
Transparency International Australia
E: clancy.moore@transparency.org.au

¹ <https://www.icmm.com/en-gb/our-principles/position-statements/mineral-revenues#:~:text=ICMM%20respects%20the%20ultimate%20right,sustainable%20growth%20and%20reduce%20poverty.>

² https://eiti.org/eiti-requirements#_1-comprehensive-disclosure-of-taxes-and-revenues-11815

³ See for example <https://www.oecd.org/dev/Corruption-in-the-extractive-value-chain.pdf>