

The Senate

Finance and Public
Administration References
Committee

PwC: A calculated breach of trust

June 2023

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PwC: A calculated breach of trust

We take our obligations as tax agents very seriously. I have the utmost faith in the ethical standards of the people we employ.

I certainly would be shocked and hugely disappointed if anyone in our firm is breaching laws.

– Mr Tom Seymour, then Managing Partner, Tax and Legal, and now former CEO of PwC Australia, to a Senate Committee in 2015.¹

Overview

- 1.1 The scale of significance and substantial public interest in the matter of PricewaterhouseCoopers' (now PwC's) conduct in relation to Australia's anti-avoidance tax laws, dating back to 2013, motivated the Finance and Public Administration References Committee (the committee, or FPA References committee) to release this report as part of the inquiry into the management and assurance of integrity by consulting services, which continues and is due to report 30 November 2023. Subsequent reports will deal with the wider range of matters arising from the inquiry's activities which extend to the larger consulting industry.
- 1.2 In January 2023, media reports brought to light that accounting, auditing, and consulting firm PwC and one of its partners, Mr Peter Collins, had been investigated and received sanctions from the Tax Practitioners Board (TPB).²
- 1.3 From 2013 to 2016, Mr Collins received confidential information from Treasury consultations and through his engagement with the Board of Taxation in relation to Australia's forthcoming anti-avoidance tax laws.
- 1.4 Despite having signed multiple confidentiality agreements, Mr Collins intentionally shared this confidential information with PwC partners and others both in Australia and overseas.
- 1.5 In sharing this confidential information, Mr Collins sought to assist existing and potential new clients of PwC to avoid the anti-avoidance tax laws to be introduced in 2016—putting at risk \$180 million per year of tax to be paid in Australia.³ Further, 'Project North America' generated new income of at least

¹ Mr Tom Seymour, Managing Partner, Tax and Legal, PricewaterhouseCoopers, *Senate Economics Legislation Committee Hansard*, 10 April 2015, pp. 34 and 35.

² ['The Tax Practitioner Board investigation into PwC over tax leaks'](#), *Australian Financial Review*, 30 January 2023 (accessed 14 June 2023).

³ Mr Chris Jordan AO, Commissioner of Taxation, *Opening Statement*, Senate Economics Legislation Committee, 2023-24 Budget Estimates hearing, 30 May 2023.

\$2.5 million for the first tranche of PwC's services in assisting clients to sidestep the new laws.⁴

- 1.6 These events helped inform the referral of the inquiry into the management and assurance of integrity by consulting services to the FPA References committee.⁵
- 1.7 This report examines the key events of the PwC matter and their intersections with the committee's inquiry. It also sets out the committee's views on PwC's approach to this serious and deliberate breach of confidence.

Consultations, Confidentiality and Corporate tax avoidance

- 1.8 On 11 December 2013, PwC partner Mr Collins signed a confidentiality agreement with Treasury, in order to participate in confidential consultations as a member of the Base Erosion and Profit Shifting (BEPS) Tax Advisory Group; and to consult on legislation and policy positions intended to give effect to the Organisation for Economic Cooperation and Development (OECD) BEPS provisions, including the Multinational Anti-Avoidance Law (MAAL), the Diverted Profits Tax (DPT), and Hybrid mismatch rules.
- 1.9 Mr Collins attended multiple confidential briefings over the period of development of Australia's anti avoidance tax laws.⁶
- 1.10 On Budget night in 2015, details were released of the new Multinational Anti-Avoidance Law, designed to prevent multinationals using complex and artificial structures to escape paying Australian tax.⁷
- 1.11 Also in 2015, the Senate Economics References Committee was inquiring into corporate tax avoidance and aggressive minimisation.⁸ At this time, Mr Collins was National Leader, International Tax Services and Mr Tom Seymour was Managing Partner, Tax and Legal at PwC (Mr Seymour became Chief Executive Officer (CEO) of PwC Australia in 2020). Mr Luke Sayers was CEO of PwC Australia between 2012 and 2020.
- 1.12 In PwC's submission to the corporate tax avoidance inquiry, PwC stated:

PwC Australia will continue to engage in the reform process to assist in the improvement of tax law. We regularly engage policy and law makers to

⁴ Tax Practitioners Board, Attachment to answer to question on notice AET243, Senate Economics Legislation Committee Supplementary Budget Estimates 2023-23, 17 February 2023, (received 2 May 2023).

⁵ Information about the inquiry is available on the [committee's website](#).

⁶ Mr Michael O'Neill, CEO and Secretary, Tax Practitioners Board, *Senate Economics Legislation Committee Hansard*, 15 February 2023, p. 93.

⁷ For more information on the MAAL, see the [ATO website](#) (accessed 16 June 2023).

⁸ For information about the corporate tax avoidance inquiry, see https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/Corporate_Tax_Avoidance (accessed 16 June 2023).

support this process. That said, the role of professional services firms like PwC is to provide tax advice to companies in accordance with current laws. As we give advice to our clients, we do so with ethical guidelines applicable to our profession and we encourage them to think through the reputational impacts of their planning actions. We are proud of PwC Australia's role in providing tax advice to companies to efficiently manage their tax obligations in accordance with the current laws and in accordance with our Global Tax Code of Conduct.⁹

1.13 The Global Tax Code of Conduct requires PwC to:

- act in accordance with local laws and regulatory requirements;
- give proper disclosure as required by those laws or requirements;
- strive to apply the highest possible technical standards; and
- comply with professional standards of integrity and objectivity.¹⁰

1.14 In a public hearing for the inquiry on 10 April 2015, Mr Collins and Mr Seymour appeared before the committee. Mr Collins acknowledged that:

We work with our clients every day with their operations and give them tax advice around their operations, and that would involve pointing out planning opportunities.¹¹

1.15 Further, Mr Seymour told the committee:

We absolutely operate in the best interests of our clients when we provide advice to our clients on an individual matter.¹²

1.16 On 1 January 2016, the MAAL commenced.

1.17 As early as April 2016, the Australian Taxation Office (ATO) became aware of companies working to avoid the newly introduced MAAL. In response, the ATO sent notices to the big four accounting and audit firms, including PwC, in relation to alerts about schemes for tax avoidance towards the end of 2016.¹³

1.18 It has since become public that PwC used thousands of claims of legal professional privilege to conceal its internal documents from the ATO. It appears PwC did this to prevent the ATO obtaining documents and emails that would have revealed the plans that certain PwC partners had for monetising the

⁹ PricewaterhouseCoopers, *Submission 39 to the Senate Economics References Committee inquiry into corporate tax avoidance and aggressive minimisation*, p. 2.

¹⁰ PricewaterhouseCoopers, *Submission 39 to the Senate Economics References Committee inquiry into corporate tax avoidance and aggressive minimisation*, pp. 2–3.

¹¹ Mr Peter Collins, National Leader, International Tax Services, PricewaterhouseCoopers, *Senate Economics Legislation Committee Hansard*, 10 April 2015, p. 33.

¹² Mr Tom Seymour, Managing Partner, Tax and Legal, PricewaterhouseCoopers, *Senate Economics Legislation Committee Hansard*, 10 April 2015, p. 31.

¹³ Mr Jeremy Hirschhorn, Second Commissioner, Australian Taxation Office, *Senate Economics Legislation Committee, Proof Committee Hansard*, 30 May 2023, p. 109.

confidential information that Mr Collins had acquired from his role as an adviser to government. At a recent hearing of the FPA References Committee, Mr Jeremy Hirschhorn, Second Commissioner, Client Engagement Group at the ATO, confirmed that, in response to the notice the ATO had sent to PwC, 'we were frustrated through large claims for legal professional privilege on behalf of clients'.¹⁴

1.19 Mr Hirschhorn explained that eventually the ATO 'got some emails which suggested that there had been a breach of confidentiality in relation to a Treasury consultation process'.¹⁵

1.20 Mr Collins signed further confidentiality agreements with Treasury on 15 April 2016 and 19 February 2018.

1.21 At Senate Estimates in May 2023, Mr Hirschhorn noted that:

In October 2017 we asked Treasury for a standard confidentiality agreement, which we obtained. Later on, in 2018 we asked Treasury for a specific confidentiality agreement, the agreement with Peter Collins. We expressed general concerns to Treasury, but due to secrecy we could not share specific information or share specific concerns.¹⁶

Investigations by the ATO and TPB

1.22 Throughout 2017, 2018 and 2019, the ATO received thousands of pages of information from firms containing details of their client lists and target lists in relation to the avoidance schemes. In response to a direct request, the ATO also received internal email exchanges between PwC staff which could not be subject to legal professional privilege. The ATO is still currently seeking to acquire some documents.¹⁷

1.23 At the end of 2017, upon examination of the documentation provided in response to its notices, the ATO 'found hints that there had been a breach of confidentiality by Mr Collins'.¹⁸

¹⁴ Mr Jeremy Hirschhorn, Second Commissioner, Australian Taxation Office, *Senate Finance and Public Administration References Committee, Proof Committee Hansard*, 7 June 2023, p. 32.

¹⁵ Mr Jeremy Hirschhorn, Second Commissioner, Australian Taxation Office, *Senate Finance and Public Administration References Committee, Proof Committee Hansard*, 7 June 2023, p. 32.

¹⁶ Mr Jeremy Hirschhorn, Second Commissioner, Australian Taxation Office, *Senate Economics Legislation Committee, Proof Committee Hansard*, 30 May 2023, p. 104.

¹⁷ Mr Jeremy Hirschhorn, Second Commissioner, Australian Taxation Office, *Senate Economics Legislation Committee, Proof Committee Hansard*, 30 May 2023, pp. 99-100.

¹⁸ Mr Jeremy Hirschhorn, Second Commissioner, Australian Taxation Office, *Senate Economics Legislation Committee, Proof Committee Hansard*, 30 May 2023, p. 100.

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- 1.24 According to the ATO, in 2018, PwC acknowledged that at least one of the tax avoidance structures related to transactions that PwC was promoting to their clients, and PwC conceded this was not in line with community expectations.¹⁹
- 1.25 In March 2018, the ATO sought and received advice from its General Counsel about who it could share the information with that it had gathered relating to the misuse of confidential information by Mr Collins and PwC. The options included the Australian Federal Police (AFP), the Commonwealth Director of Public Prosecutions, and the TPB.
- 1.26 Following this advice, the ATO shared 'selected documents' with the AFP in March 2018. After approximately 12 months, the AFP and ATO concluded there was not sufficient evidence to pursue a formal investigation.²⁰
- 1.27 On 2 July 2020, the ATO referred the matter of Mr Collins' misuse of confidential information to the TPB, who commenced their investigation on 11 January 2021.
- 1.28 On 8 March 2021, the TPB commenced a separate investigation into PwC.
- 1.29 On 23 December 2022, the TPB updated its Public Register with its findings and sanctions in relation to Peter Collins and PwC. On 19 January 2023, the Public Register was further updated with reasons for the decisions.²¹
- 1.30 The TPB found that PwC had breached subsection 30-10(5) of the Code of Professional Conduct in that PwC had failed to have in place adequate arrangements to manage conflicts of interest that arose in relation to its activities as a registered tax agent.²²
- 1.31 Because of this finding, PwC is required to take certain steps in relation to its management of conflicts of interest. These steps include:
- ensuring the education of its staff about conflicts of interest;
 - ensuring the coordination of registration of conflicts;
 - introducing a better governance and reporting system within the firm; and
 - twice a year PwC will be required to report to the TPB on the progress of the changes they are making.²³

¹⁹ Mr Jeremy Hirschhorn, Second Commissioner, Australian Taxation Office, *Senate Economics Legislation Committee, Proof Committee Hansard*, 15 February 2023, p. 95.

²⁰ Mr Jeremy Hirschhorn, Second Commissioner, Australian Taxation Office, *Senate Economics Legislation Committee, Proof Committee Hansard*, 30 May 2023, p. 102.

²¹ See Tax Practitioners Board, *PricewaterhouseCoopers*, <https://www.tpb.gov.au/tax-practitioner/tax-agent/16226000> (accessed 14 June 2023); and Tax Practitioners Board, *Peter-John Collins*, <https://www.tpb.gov.au/tax-practitioner/tax-agent/39805002> (accessed 14 June 2023).

²² Tax Practitioners Board, *PricewaterhouseCoopers*, <https://www.tpb.gov.au/tax-practitioner/tax-agent/16226000> (accessed 14 June 2023).

²³ Mr Michael O'Neill, CEO and Secretary, Tax Practitioners Board, *Senate Economics Legislation Committee Hansard*, 15 February 2023, p. 105.

1.32 With respect to Mr Collins, the TPB noted that, while a partner and a nominated supervising registered tax agent for PwC:

- Mr Collins received confidential information from Treasury consultations as a member of the BEPS Tax Advisory Group, and on legislation and policy positions intended to give effect to the OECD BEPS provisions, including the MAAL, the DPT, and Hybrid mismatch rules;
- the confidential information was subject to Commonwealth Confidentiality Acknowledgements signed by Mr Collins on 11 December 2013, 15 April 2016, and 19 February 2018;
- Mr Collins received confidential information and documentation during the course of his participation in consultations facilitated by the Board of Taxation on potential legislation and policy positions intended to give effect to the OECD BEPS and anti-hybrids provisions;
- Without the prior approval of the Board of Taxation, Mr Collins shared confidential information and documentation, which he obtained from these Board of Taxation consultations, within PwC with other PwC personnel;
- Mr Collins was engaged by Treasury in confidential consultations on proposed Australian tax legislation and policy positions intended to give effect to the OECD BEPS provisions, including the MAAL, DPT and Hybrid mismatch rules;
- As a result of these consultations, Mr Collins was privy to confidential information including how the proposed legislation and policy might impact the tax position of PwC's existing clients as well as potential clients. This put Mr Collins in a position of conflict due to the potential market advantage of having knowledge of this confidential information and the fact that it could be utilised to advance the position of PwC's existing taxation clients as well as marketing its services to attract new clients;
- Additionally, internal communications within PwC indicated that Mr Collins was aware that the confidential knowledge he gained from the consultations with Treasury would be leveraged to market PwC to a new client base;
- Despite the existence of signed Confidentiality Acknowledgements by Mr Collins specifying that the information he acquired could not be shared without prior approval from Treasury and the communications from Treasury being clear that the information was being disclosed on a confidential basis, some of the confidential information was disclosed by Mr Collins with other PwC personnel who, in turn, disclosed to clients or potential clients of PwC.²⁴

²⁴ Tax Practitioners Board, *Peter-John Collins*, <https://www.tpb.gov.au/tax-practitioner/tax-agent/39805002> (accessed 14 June 2023).

- 1.33 As a result, the TPB found that Mr Collins had breached subsections 30-10(1) and 30-10(5) of the Code of Professional Conduct (the Code) in the *Tax Agent Services Act 2009* (TASA).²⁵
- 1.34 The TPB terminated Mr Collins' registration as a tax agent and prohibited him from applying for registration for a period of two years, until the end of 2024.²⁶
- 1.35 In recent evidence to the FPA References committee, Mr Peter de Cure, Chair of the TPB, confirmed that, while a formal investigation is yet to be opened, the TPB's inquiries into individuals and PwC are ongoing:
- We have sought specific information from PricewaterhouseCoopers in relation to making sure that there are no breaches of the TASA by registered agents that have not yet been dealt with. In substance, we're continuing to investigate issues around this matter to make sure that we've completed a full process.²⁷
- 1.36 Mr de Cure also noted that the *Tax Agent Services Act 2009* includes a requirement to report when there is a breach, or a suspected breach, under subdivision 30. He advised that the TPB had not received any breach reporting under subdivision 30 from PwC and commented that, 'given what we know now, I would think that they [PwC] should have reported to us under that subdivision'.²⁸
- 1.37 The question of who inside PwC was involved in the misuse of confidential information remains unanswered.

Inquiries into the PwC matter by the Senate and the PwC response

- 1.38 Following the TPB publication of the sanctions for PwC and Mr Collins, the Senate pursued the matter during the 2022–23 Supplementary Budget Estimates hearings in February 2023 and followed up with numerous written questions on notice.
- 1.39 On 9 March 2023, on the motion of Senator Barbara Pocock, the Senate agreed to refer an inquiry into the management and assurance of integrity by consulting services to the FPA References Committee.
- 1.40 On 2 May 2023, as part of the Senate Estimates process, the Senate Economics Legislation Committee published an answer to a question on notice asked by

²⁵ Tax Practitioners Board, *Peter-John Collins*, <https://www.tpb.gov.au/tax-practitioner/tax-agent/39805002> (accessed 14 June 2023).

²⁶ Tax Practitioners Board, *Peter-John Collins*, <https://www.tpb.gov.au/tax-practitioner/tax-agent/39805002> (accessed 14 June 2023).

²⁷ Mr Peter de Cure, Chair, Tax Practitioners Board, Senate Finance and Public Administration References Committee, *Proof Committee Hansard*, 7 June 2023, p. 38.

²⁸ Mr Peter de Cure, Chair, Tax Practitioners Board, Senate Finance and Public Administration References Committee, *Proof Committee Hansard*, 7 June 2023, p. 46.

Senator Deborah O'Neill. The answer from the TPB included 144 pages of heavily redacted PwC emails.²⁹

- 1.41 The internal PwC emails (with names and certain other information redacted) nonetheless revealed that several partners and potentially other employees within PwC were aware of, and involved in, the deliberate misuse of the confidential information to aggressively market PwC to a new client base.³⁰
- 1.42 Until the publication of the internal PwC emails by the Senate Economics Legislation Committee on 2 May 2023, PwC had said very little in relation to Mr Collins, the conflicts of interest, the breaches of confidentiality, and the plan to build a new client base by marketing and monetising inside knowledge of how to circumvent Australia's new corporate tax regime.
- 1.43 Indeed, on 10 April 2015, Mr Seymour, then Managing Partner, Tax and Legal, and now former CEO of PwC Australia, told the Senate Economics References Committee that PwC took their 'obligations as tax agents very seriously' and that he had 'the utmost faith in the ethical standards of the people we employ'. Mr Seymour, appearing with Mr Collins, further stated that he 'certainly would be shocked and hugely disappointed if anyone in our firm is breaching laws'.³¹ The breaches discussed above were underway at the time of the Senate Economics References Committee inquiry.
- 1.44 On 8 March 2023, speaking at the Australian Financial Review (AFR) Business Summit, Mr Seymour referred to the scandal as a 'perception issue'.³²
- 1.45 On 8 May 2023, Mr Seymour stood down from his position as CEO of PwC Australia and confirmed that he had received emails from Mr Collins related to the confidential Treasury information. Mr Seymour will remain a PwC partner until September 2023.³³

²⁹ Tax Practitioners Board, Attachment to answer to question on notice AET243, Senate Economics Legislation Committee Supplementary Budget Estimates 2023-23, 17 February 2023, (received 2 May 2023).

³⁰ Tax Practitioners Board, Attachment to answer to question on notice AET243, Senate Economics Legislation Committee Supplementary Budget Estimates 2023-23, 17 February 2023, (received 2 May 2023).

³¹ Mr Tom Seymour, Managing Partner, Tax and Legal, PricewaterhouseCoopers, Senate Economics Legislation Committee, *Committee Hansard*, 10 April 2015, pp. 34 and 35.

³² Edmund Tadros and Neil Chenoweth, '[PwC has a 'perception' problem over tax leak: CEO, 9 March 2023](#)', *Australian Financial Review*, (accessed 20 June 2023).

³³ Neil Chenoweth, Edmund Tadros, and Samantha Hutchinson, '[PwC chief steps down over tax leaks scandal](#)', *Australian Financial Review*, 8 May 2023 (accessed 15 June 2023); and Edmund Tadros and Neil Chenoweth, '[Financial penalty' looms over PwC as ex-CEO announces exit](#)', *Australian Financial Review*, 15 May 2023 (accessed 16 June 2023).

- 1.46 On 15 May 2023, PwC announced a review of PwC Australia's culture, governance, and accountability to be led by Dr Ziggy Switkowski AO.³⁴ PwC had initially advised that it would release a summary of this review. However, PwC has since said it will publish the report and recommendations in full in September 2023.³⁵
- 1.47 Meanwhile, on 22 May 2023, the Senate FPA Legislation Committee began its week-long 2023–24 Budget Estimates hearings. The engagement of consulting services by government departments and agencies was a focus of that committee throughout the hearings, as was the PwC matter.
- 1.48 Then on 24 May 2023, during the budget estimates hearings, the Secretary to the Treasury, Dr Steven Kennedy PSM, released a statement referring the PwC matter to the AFP for a possible criminal investigation. The statement read:
- PwC Australia's former head of international tax, Mr Peter Collins, improperly used confidential Commonwealth information.
- The emails that the Tax Practitioners Board tabled in Parliament on 2 May 2023 highlighted the significant extent of the unauthorised disclosure of confidential Commonwealth information and the wide range of individuals within PwC who were directly and indirectly privy to the confidential information.
- In light of these recent revelations and the seriousness of this misconduct, the Treasury has referred the matter to the Australian Federal Police to consider commencement of a criminal investigation.³⁶
- 1.49 On 25 May 2023, the Sydney Morning Herald reported that the AFP had commenced an investigation 'and no further comment will be made at this time'.³⁷
- 1.50 On Friday 26 May 2023, during the FPA Legislation Committee estimates hearing, Senator Barbara Pocock sought leave to table a list of PwC partners 'involved in the misuse of confidential information'.³⁸
- 1.51 Given that Senate Standing Order 26(2) provides that a legislation committee conducting Senate estimates hear evidence in public session, a committee

³⁴ PwC Australia, [Ziggy Switkowski AO to lead independent review of PwC Australia](#), 15 May 2023, (accessed 16 June 2023).

³⁵ PwC Australia, [Open letter from PwC Australia acting chief executive Kristin Stubbins](#), 29 May 2023 (accessed 16 June 2023).

³⁶ Dr Steven Kennedy PSM, Secretary to the Treasury, *Media Release*, 24 May 2023, <https://treasury.gov.au/media-release/referral-australian-federal-police-pwc-collins-matter> (accessed 18 June 2023).

³⁷ Colin Kruger, ['AFP commences criminal investigation into PwC tax scandal'](#), *Sydney Morning Herald*, 25 May 2023, (accessed 19 June 2023).

³⁸ Senator Barbara Pocock, Senate Finance and Public Administration Legislation Committee, *Proof Committee Hansard*, 26 May 2023, p. 39.

decision to receive a document during proceedings on estimates necessitates the publication of that document.

- 1.52 To properly consider the possible consequences of accepting and tabling the list, the FPA Legislation Committee sought advice from the Clerk of the Senate, Mr Richard Pye. The Clerk's advice, received on 29 May 2023, is published on the FPA Legislation Committee's website.³⁹
- 1.53 The Clerk's advice noted that, while it is a matter for the committee to determine whether to receive and publish the list, its decision should be informed by committee members' assessment of the competing public interests involved.⁴⁰
- 1.54 These public interests include: the current AFP investigation, the possible creation of a pool of evidence unable to be examined by the courts, and the adverse evidence provisions that may apply if individuals are publicly named as 'involved' in the matter by the committee.
- 1.55 On the question of a possible impact on the AFP investigation, the Clerk noted that, at this stage, 'the committee could only speculate as to whether the provision of a list of names of those allegedly involved would in fact interfere with the investigation'.⁴¹
- 1.56 The Clerk also warned the committee of the danger of defendants deliberately placing material before a parliamentary committee in the hope of aborting or disrupting the court proceedings.⁴²
- 1.57 In relation to the possible creation of a pool of evidence, the Clerk advised that committee evidence cannot be used for most forensic purposes before the courts. However, the Clerk noted that this concern principally arises when primary documents are put before the parliament which do not exist in any other form. The Clerk also considered that 'it is difficult to see how that would apply in the case of a list of names that is presumably derived from some external source'.⁴³
- 1.58 In considering whether to receive and publish the names of the individuals, the Clerk noted that the committee must have regard to the 'adverse evidence' provisions in Privilege Resolution 1(11) to (13), which require committees to

³⁹ Mr Richard Pye, Clerk of the Senate, [Advice to the Senate Finance and Public Administration Legislation Committee](#), 29 May 2023 (accessed 16 June 2023).

⁴⁰ Mr Richard Pye, Clerk of the Senate, *Advice to the Senate Finance and Public Administration Legislation Committee*, 29 May 2023, p. 2.

⁴¹ Mr Richard Pye, Clerk of the Senate, *Advice to the Senate Finance and Public Administration Legislation Committee*, 29 May 2023, p. 3.

⁴² Mr Richard Pye, Clerk of the Senate, *Advice to the Senate Finance and Public Administration Legislation Committee*, 29 May 2023, p. 4.

⁴³ Mr Richard Pye, Clerk of the Senate, *Advice to the Senate Finance and Public Administration Legislation Committee*, 29 May 2023, p. 5.

provide a person with reasonable opportunity to respond to adverse comments.⁴⁴ The Clerk elaborated:

The committee will need to consider whether evidence identifying a person as being involved in the matter amounts to adverse evidence and, if so, will need to apply the provisions identified above. This will particularly be the case where the extent of a person's involvement is unclear to the committee.⁴⁵

1.59 On Monday 29 May 2023, the Acting CEO of PwC Australia, Ms Kristin Stubbins, penned an open letter, in which she apologised on behalf of PwC Australia for 'sharing confidential government tax policy information and for betraying the trust placed in us'.⁴⁶

1.60 Ms Stubbins acknowledged that:

- there was a clear lack of respect for confidentiality;
- PwC Australia did not have adequate processes and governance in place; and
- PwC had a culture at the time in its tax business that both allowed inappropriate behaviour and had not, until now, always properly held its leaders and those involved to account.⁴⁷

1.61 In the letter, Ms Stubbins also announced that PwC had commenced an investigation, with the assistance of external counsel, into who may have shared or misused confidential information in connection with these matters; and as a result, had stood down nine unnamed partners.⁴⁸ The identity of these individuals has not been publicly released by PwC.

1.62 In an attempt to improve their internal structures, Ms Stubbins explained that PwC Australia has commenced a process to 'ringfence' the provision of services to government:

We are moving to quickly establish separate governance and oversight arrangements for the business by the end of September. It will cover all services to Federal Government Departments and Agencies, include people, operations and governance within its perimeter and be operationally ringfenced from other businesses within PwC Australia. The business will

⁴⁴ Mr Richard Pye, Clerk of the Senate, *Advice to the Senate Finance and Public Administration Legislation Committee*, 29 May 2023, p. 4.

⁴⁵ Mr Richard Pye, Clerk of the Senate, *Advice to the Senate Finance and Public Administration Legislation Committee*, 29 May 2023, p. 4.

⁴⁶ PwC Australia, [Open letter from PwC Australia acting chief executive Kristin Stubbins](#), 29 May 2023 (accessed 16 June 2023).

⁴⁷ PwC Australia, [Open letter from PwC Australia acting chief executive Kristin Stubbins](#), 29 May 2023 (accessed 16 June 2023).

⁴⁸ PwC Australia, [Open letter from PwC Australia acting chief executive Kristin Stubbins](#), 29 May 2023 (accessed 16 June 2023).

have a standalone Executive and Governance Board who will have the responsibility to consider the strategic options for the business. This will establish independence and enhance controls relating to confidentiality and conflicts. PwC will consult with the Australian government on these arrangements including timing and process.⁴⁹

- 1.63 Late in the evening on Friday 2 June 2023, PwC provided answers to written questions on notice from the FPA References Committee. The answers contained two versions of the requested information. The first version included an unredacted list of the names of 63 individuals—current or former partners, and personnel—who received at least one email containing confidential information relating to the MAAL. PwC requested that the committee keep this unredacted version confidential. In the second version, PwC had redacted the 63 names and the names of five partners under review in relation to execution of their relevant executive and governance responsibilities, and also redacted the name of a company which was provided confidential ATO information relating to the MAAL.⁵⁰
- 1.64 In an accompanying letter, PwC made the following points as reasons for redacting the names:
- Not all personnel who received information will have been involved in wrongdoing.
 - The email was addressed to two large distribution groups.
 - The email did not on its face indicate that the information it contained was being disclosed in breach of confidence.
 - Receipt of such communications does not necessarily indicate involvement in a breach of confidentiality.
- 1.65 PwC also advised the committee that PwC has not to date formed a view that the 63 persons identified in its answer to the committee were involved in a breach of confidence, except for four persons who PwC did identify.
- 1.66 On 5 June 2023, the Australian Financial Review reported that PwC had written to partners to advise them that PwC had provided this information to the committee, along with the names of partners who were directed to go on leave pending the outcome of PwC's investigation related to the confidentiality breaches. The persons that PwC did identify were also reported: four former partners who have all since left PwC, Messrs Peter Collins, Michael Bersten, Neil Fuller, and Paul McNab.⁵¹

⁴⁹ PwC Australia, [Open letter from PwC Australia acting chief executive Kristin Stubbins](#), 29 May 2023 (accessed 16 June 2023).

⁵⁰ PwC, answers to questions on notice, 5 May 2023 (received 2 June 2023).

⁵¹ Edmund Tadros and Neil Chenoweth, ['PwC names partners who received tax leak emails'](#), *Australian Financial Review*, 5 June 2023 (accessed 15 June 2023).

1.67 Following the answers from PwC, Senator Deborah O'Neill sought advice from the Clerk of the Senate in relation to reports that PwC had provided a list of names to the committee of those involved in the misuse of confidential government information. The FPA References Committee agreed to formally receive and publish the Clerk's advice on its website.⁵²

1.68 In his advice, the Clerk expanded on aspects of his previous advice to the FPA Legislation Committee. The Clerk observed that the challenge for the committee in applying the adverse comment provisions 'should not be underestimated'. He also pointed out:

It seems to me that PwC is best placed to minimise the reputational damage likely to flow to staff it says were only peripherally involved, by publishing accurate information about their involvement, rather than leaving it to the committee or others to pick through available information.⁵³

1.69 The Clerk also provided further advice about the possible creation of a pool of evidence unable to be examined by the courts:

The fact that the Tax Practitioners Board (TPB) has put redacted PwC emails before the Economics Legislation Committee does not put those documents beyond the reach of investigators and the courts. This is because the emails have a previous life. They can be sought directly from the TPB or from PwC itself if they are required as evidence in criminal proceedings. There is no risk involved in the committee seeking unredacted versions of the emails from TPB or PwC, because again the originals may be sought from those entities rather than from the parliament. In short, the privilege attracted by submitting the emails to the committee and their subsequent publication does not prevent their being used for forensic purposes before the courts.⁵⁴

1.70 The Clerk clarified that:

The same would be true of the list of names provided by PwC and any supplementary material. The primary PwC sources used to compile the material would be accessible to investigators and, if required, to the courts.⁵⁵

Committee view

1.71 In 2013, Mr Peter Collins signed his first confidentiality agreement with Treasury to participate in confidential consultations relating to Australia's multinational anti-avoidance tax laws. As the National Leader of International Tax Services at PwC, Mr Collins' involvement with Treasury and the Board of Taxation necessarily placed him and PwC in a conflicted position. As the Tax Practitioners Board (TPB) noted, this conflict arose due to the potential market advantage of PwC and Mr Collins having knowledge of this confidential

⁵² Mr Richard Pye, Clerk of the Senate, [Advice to Senator Deborah O'Neill](#), 6 June 2023.

⁵³ Mr Richard Pye, Clerk of the Senate, [Advice to Senator Deborah O'Neill](#), 6 June 2023, p. 2.

⁵⁴ Mr Richard Pye, Clerk of the Senate, [Advice to Senator Deborah O'Neill](#), 6 June 2023, p. 3.

⁵⁵ Mr Richard Pye, Clerk of the Senate, [Advice to Senator Deborah O'Neill](#), 6 June 2023, p. 3.

information and the fact that it could be utilised to advance the position of PwC's existing taxation clients as well as marketing its services to attract new clients.

- 1.72 Mr Collins intentionally shared confidential information obtained through Treasury consultations with PwC partners and personnel in Australia and overseas. In sharing this confidential information, Mr Collins sought to assist existing and potential new clients of PwC to avoid the soon to be introduced Multinational Anti-Avoidance Law (MAAL) in 2016. This put at risk \$180 million per year of tax to be paid in Australia and generated new income of at least \$2.5 million for what PwC envisaged would be the first tranche of its services to those clients.
- 1.73 As the internal PwC emails received and published by the Senate Economics Legislation Committee reveal, Mr Peter Collins and certain other PwC partners had no regard for their obligation to maintain the confidentiality of Treasury consultations and information. Equally, their desire to aggressively monetise confidential Commonwealth information demonstrates no regard for the public interest and the efforts of the then government to prevent multinationals from using complex and artificial structures to escape paying their fair share of tax in Australia. It is clear that the desire for personal gain trumped any obligations that PwC had to the Commonwealth of Australia and its citizens.
- 1.74 This was a calculated breach of trust by PwC.
- 1.75 While Mr Collins is a central figure in these events, it is evident from the internal PwC emails brought to light through Senate Estimates that his actions were understood to be problematic for PwC if ever made public, and yet were supported and condoned within PwC. There is no evidence that PwC colleagues or leaders called out this behaviour for years, up until it became publicly known in 2023.
- 1.76 Indeed, PwC subsequently sought to protect its reputation by effectively stonewalling the Australian Tax Office (ATO) in its pursuit of documentation related to the misuse of confidential information by Mr Collins and other PwC partners. Based on evidence from the ATO, it is open to the committee to conclude that PwC did this by the inappropriate and incorrect application of legal professional privilege to tens of thousands of PwC documents. In this regard, the committee notes a relevant Federal Court case involving the Commissioner of Taxation versus PricewaterhouseCoopers [2022] FCA 278. In that case, Justice Moshinsky ruled that PwC had incorrectly applied legal professional privilege to more than half of approximately 15 500 documents requested by the ATO. It seems clear that PwC's use of this tactic is not restricted to the Collins matter.
- 1.77 The committee also notes the requirement in the *Tax Agent Services Act 2009* for entities to report any breaches or suspected breaches under section 30 of that Act. PwC had an obligation to report the breach of confidentiality by Mr Collins

long before the TPB commenced its investigation. However, PwC chose not to do so, in breach of its legal obligations.

- 1.78 The committee is also aware from statements on the public record during FPA Senate Budget Estimates 2023–24 by the Secretary of the Department of Finance, Ms Jenny Wilkinson PSM, and indeed, the public pronouncements of PwC, that PwC considers several other partners to have been involved in the breach of confidentiality. This indicates that PwC should have self-reported several other breaches but failed to do so.
- 1.79 Two aspects of PwC's approach are particularly striking.
- 1.80 First, the incorrect application of legal professional privilege to tens of thousands of potentially incriminating documents.
- 1.81 And second, the conspicuous failure to report a serious breach of confidentiality when PwC had a legal obligation to do so.
- 1.82 Taken together, the committee concludes that PwC engaged in a deliberate strategy over many years to cover up the breach of confidentiality and the plan by PwC personnel to monetise it.
- 1.83 It stretches credulity that the senior leadership of PwC were ignorant of all this. The application of legal professional privilege to large volumes of documents must have had approval from the most senior levels within PwC. Former CEO Mr Seymour has confirmed that he received emails from Mr Collins related to the confidential Treasury information.
- 1.84 In addition to its history of cover-up, PwC's recent response to this matter has been less than satisfactory.
- 1.85 PwC has given every appearance of attempting to minimise the seriousness of the issue, hoping that standing down its CEO, Mr Seymour, and announcing the Switkowski review of PwC Australia's culture, governance, and accountability, would suffice to assuage public concern.
- 1.86 The open letter on 29 May 2023 from acting CEO, Ms Kristin Stubbins, came nearly six months after Mr Collins and PwC received sanctions from the TPB. It is PwC's first public response to the issue. There have been no media conferences or public interviews beyond this simple letter.
- 1.87 Even so, the letter from Ms Stubbins conspicuously avoids addressing the key issues at the heart of the matter: the obvious conflict in an accounting, auditing, and consulting firm providing tax consultancy advice to government and at the same time providing tax advice to private sector clients; and the unlawful misuse of confidential tax information obtained through a process of providing advice to government, which was monetised for the benefit of the firm and its clients.

- 1.88 It is clear to the committee that the TPB found PwC would have, or should have been, aware of the perceived and actual conflict of interest which existed in relation to its duties and activities as a tax agent and that it failed to ensure adequate arrangements were in place to manage these conflicts.
- 1.89 Serious questions arise about the structural and dishonest nature of these conflicts, and the committee intends to consider this issue further during this inquiry.
- 1.90 The committee also has concerns about the extent and timeliness of official investigations by the ATO and TPB. Policy questions arise in relation to the restrictions imposed by certain secrecy provisions within the *Tax Administration Act 1953* and the constraints on the ability of the ATO to share sufficient information with the AFP, TPB, the Treasury, and relevant ministers, to ensure fulsome and timely investigations can occur. While these are matters beyond the scope of this report, the committee may revisit them during the inquiry.
- 1.91 The committee notes the internal investigation that PwC is undertaking into which PwC personnel may have shared or misused confidential information.
- 1.92 So far, PwC has stood down nine partners. PwC has chosen not to publicly name those individuals.
- 1.93 In addition, PwC publicly named four former partners on Monday 5 June 2023 as having received confidential information relating to the Multinational Anti-Avoidance Law. Those partners were Peter Collins, Michael Bersten, Neil Fuller and Paul McNab.
- 1.94 And yet, on 5 June 2023, acting CEO Ms Stubbins also noted that the PwC investigation is ongoing.
- 1.95 The question therefore arises about the basis on which PwC decided to select the nine partners to put on leave and the four partners to name.
- 1.96 Add to that the widespread confusion caused by multiple versions of lists in circulation with the names of PwC partners and other personnel with alleged involvement in the use of confidential government information to gain new clients and assist existing PwC clients.
- 1.97 This brings us to the provision by PwC of a list of 63 names to the committee that PwC asked the committee to keep confidential. PwC did not provide the committee with any indication of the extent to which each of the 63 named individuals were involved in the breach of confidentiality and the plan to monetise that information. In that regard, PwC did not give the committee any basis on which to determine the involvement or otherwise of the people on the list.
- 1.98 The committee expresses its displeasure at PwC for placing the committee in such an invidious position.

-
- 1.99 The committee is aware of the significant public interest in knowing who is responsible for PwC's calculated breach of trust.
- 1.100 However, as noted in the Clerk's advices, there are competing public interests. As such, the committee has considered two key factors in deciding whether to accept and publish the names of those potentially involved.
- 1.101 First, the possible creation of a pool of evidence inadmissible in court by dint of it being covered by parliamentary privilege, and the committee's desire to ensure the perpetrators and any relevant entity are brought to justice. In this regard, the committee has been mindful of the Clerk's advice with respect to the danger of defendants deliberately placing material before a parliamentary committee in the hope of aborting or disrupting the court proceedings. The committee is operating on the basis that an active police investigation is underway and has therefore been wary of taking evidence relevant to legal proceedings.
- 1.102 Nonetheless, the committee is reassured by the Clerk's advice that the primary PwC sources used to compile the material would be accessible to investigators and, if required, to the courts. And, therefore, that publication of the 63 names would not, in and of itself, create a pool of inadmissible evidence.
- 1.103 Second, the committee has considered procedural fairness in relation to naming everyone who appears on an email distribution list, noting that such an appearance may not mean a person was involved or knew about the confidentiality breach.
- 1.104 The committee notes the Clerk's advice that evidence identifying a person as being involved in the matter may amount to adverse evidence and, if so, would require the committee to apply the provisions of Privilege Resolution 1(11) to (13).
- 1.105 In this regard, the committee notes PwC's statement that not all individuals who received an email containing confidential information were necessarily involved in any wrongdoing.
- 1.106 Based on its consideration of procedural fairness, the committee has decided, at this juncture, not to release the names of those 63 individuals provided to the committee by PwC. The committee will publish the version of the document redacted by PwC discussed at paragraph 1.63 as an attachment to this report (see Appendix 2), and as answers to questions on notice on the committee's website.
- 1.107 The committee concurs with the Clerk of the Senate's view that PwC is best placed to minimise the reputational damage likely to flow to personnel that PwC says were only peripherally involved in the breach of trust.
- 1.108 To that end, the committee considers the onus is on PwC to promptly publish accurate information about the involvement of PwC partners and personnel in

the interest of the transparency and accountability it claims to be working towards.

- 1.109 Further, it is manifestly clear that PwC has failed in its duty of care towards its own partners and personnel. This failure extends not only to the staff on the list who may not have been involved in the breach of confidentiality. But it also extends to all other partners and personnel of PwC whose reputations may have been unfairly tarnished by association. Again, this indicates that PwC does not appear to understand proper process, nor do they see the need for transparency and accountability.
- 1.110 The question therefore arises: given the extent of the breach and subsequent cover-up now revealed on the public record, when is PwC going to come clean and begin to do the right thing?
- 1.111 This leaves a further question unanswered: is PwC's internal culture so poor that its senior leadership does not recognise right from wrong, and lacks the capacity to act in an honest, open, and straightforward manner?
- 1.112 As a tax agent and a provider of consulting services for government, PwC is in a fundamentally conflicted position. PwC's failure to recognise and manage this conflict speaks to poor corporate culture and a lack of decent governance and accountability.
- 1.113 PwC's undertaking to 'ringfence' the provision of services to government may improve circumstances by establishing separate governance and oversight arrangements for the business. However, PwC is yet to advise what this 'ringfencing' will look like in practice.
- 1.114 Finally, the committee notes the current ongoing investigations by the AFP and the TPB. While the committee has been careful not to prejudice either investigation, the committee is firmly of the view that PwC has an obligation to cooperate fully and openly with both investigations.
- 1.115 The committee will return to these matters in the final report and recommendations.

Recommendation 1

- 1.116 The committee recommends that PwC cooperate fully and openly with all investigations and inquiries into this matter, including the investigations by the Australian Federal Police and the Tax Practitioners Board.**

Recommendation 2

1.117 The committee recommends that PwC be open and honest with the Australian Parliament and people, and with the international community, by promptly publishing accurate and detailed information about the involvement of PwC partners and personnel (including names and positions) in the matters canvassed in this report.

**Senator the Hon Richard Colbeck
Chair**

Appendix 1

Timeline of events relevant to the committee's inquiry into the PwC matter

| Date | Event |
|---------------------------------|--|
| 11 December 2013 | Peter Collins signs first confidentiality agreement with Treasury. |
| 10 April 2015 | Peter Collins and Tom Seymour appear at a public hearing for the Senate Economics References Committee inquiry into corporate tax avoidance and aggressive minimisation. |
| 15 April 2016 | Peter Collins signs second confidentiality agreement with Treasury. |
| 1 January 2016 | Commencement of the Multinational Anti-Avoidance Law (MAAL). |
| April 2016 | Australian Taxation Office (ATO) becomes aware of companies avoiding the MAAL. |
| 19 February 2018 | Peter Collins signs third confidentiality agreement with Treasury. |
| March 2018 | ATO receives advice from its General Counsel in relation to with whom the ATO could share information. ATO shares information with the Australian Federal Police (AFP). |
| Approx. March 2019 | AFP and ATO consider there is not sufficient evidence to pursue a formal investigation. |
| 2 July 2020 | ATO refers Peter Collins to the Tax Practitioners Board (TPB). |
| 11 January 2021 | TPB commenced its investigation into Peter Collins. |
| 8 March 2021 | TPB commenced its investigation into PwC. |
| 25 November 2022 | TPB notified ATO of decision re PwC. |
| 16 December 2022 | TPB notified ATO of decision re Peter Collins. |
| 23 December 2022 | TPB updated its Public Register with findings and sanction decisions on PwC and Peter Collins. |
| 19 January 2023 | TPB updated its Public Register with reasons for decisions on PwC and Peter Collins. |
| 13, 14, 17 February 2023 | Supplementary Budget Estimates 2022-23 hearings – Senate Finance and Public Administration Legislation Committee. |
| 15-16 February and 1 March 2023 | Supplementary Budget Estimates 2022-23 hearings – Senate Economics Legislation Committee. |

| | |
|--------------------|--|
| 9 March 2023 | Senate refers inquiry into the management and assurance of integrity by consulting services to the Senate Finance and Public Administration References Committee. |
| 2 May 2023 | Redacted internal PwC emails tabled by TPB as answers to questions on notice to Senate Economics Legislation Committee. Senate Finance and Public Administration References Committee holds its first public hearing for the consulting services inquiry. |
| 8 May 2023 | Tom Seymour steps down as CEO of PwC Australia. |
| 16 May 2023 | PwC announces review by Ziggy Switkowski AO. |
| 22-26 May 2023 | Budget Estimates 2023-24 hearings – Senate Finance and Public Administration Legislation Committee. |
| 24 May 2023 | Treasury refers the Peter Collins/PwC matter to the AFP for investigation. |
| 29 May 2023 | Open letter from PwC Australia Acting Chief Executive Kristin Stubbins. PwC announces it has stood down nine unnamed partners. |
| 30 May-2 June 2023 | Budget Estimates 2023-24 hearings – Senate Economics Legislation Committee |
| 2 June 2023 | PwC provides answers to questions on notice to Senate Finance and Public Administration References committee, requesting the committee publish only the redacted version. |
| 5 June 2023 | PwC names four partners Collins, McNab, Bursten and Fuller who were all involved in the PwC matter and have all since left PwC. |
| 7 June 2023 | Senate Finance and Public Administration References Committee holds its second public hearing for the consulting services inquiry. |

Appendix 2

PwC Answers to Questions on Notice



2 June 2023

Patrick Hodder | Committee Secretary
Senate Finance and Public Administration
References Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Secretary

Senate Finance and Public Administration References Committee Written Questions on Notice, Consulting services inquiry

We refer to the questions on notice received by email on 5 May 2023. The responses are based on PwC Australia's (PwC) understanding to date, noting that its investigations are ongoing.

(1) *In the AFR on 3 May 2023, CEO, Tom Seymour is quoted to say: "those found to be directly involved in the breach of confidentiality arrangements in this matter have left the firm."*

(a) *How many PwC personnel involved in the breach of confidential Australian Tax Office information¹ have left the firm?*

Four

(b) *What are their names and positions?*

Messrs Michael Bersten, former partner; Peter Collins, former partner; Neil Fuller, former partner; Paul McNab, former partner.

(c) *How many of these people were partners?*

All

¹ Reference to "Australian Tax Office information" is understood to be the Treasury and Board of Taxation information that was the subject of the TPB proceedings against PwC and Mr Collins.

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Liability limited by a scheme approved under Professional Standards Legislation.



- (d) *How many of these people continue to receive payment from PwC (for example, a pension)?*

Two had previously received payments under PwC's post-termination payments schemes. PwC has ceased making, and does not intend to make, any future payments to any of the four individuals.

- (e) *What was the reason these people left the firm? (i.e. were they required to leave based on their involvement in the breach of confidentiality, or did they leave for different reasons).*

Messrs Bersten, Fuller and McNab retired as partners of PwC on 30 June 2018, 30 June 2019, and 30 April 2020 respectively, for reasons unrelated to their involvement in this matter. Mr Collins retired as a partner of PwC on 20 October 2022, for reasons connected with the Tax Practitioners Board (TPB) investigation.

- (2) *Provide the names of the all the companies that were provided confidential Australian Tax Office information relating to the Multinational Anti Avoidance Law by PwC*

██████████ In August 2015, Mr McNab emailed an employee of ██████████ stating that the likely start date for the Multinational Anti Avoidance Law (MAAL) remained 1 January 2016, as previously publicly announced. That occurred at a time when Mr McNab was in receipt of information that Mr Collins had obtained from Treasury's Base Erosion and Profit Shifting Tax Advisory Group (BEPSTAG) confirming that start date. There was no indication given to the company that this information was confidential.

While there are suggestions that Mr McNab may have supplied the same confidential information regarding the start date to other companies, we have not identified any communication to any other company to that effect.

- (3) *Provide the names and positions of all PwC personnel who received confidential Australian Tax Office information relating to the Multinational Anti Avoidance Law.*

Messrs Bersten, Collins, Fuller, and McNab received confidential information relating to the MAAL.

To date, the following additional individuals have been identified as having received confidential information relating to the MAAL:

- a) Five partners ██████████
 ██████████
 ██████████². ██████████
 ██████████ are also under review in relation to execution of their relevant executive and governance responsibilities.³

For the avoidance of doubt, PwC has not concluded on breaches of confidentiality by persons who were directed to go on leave. To avoid confusion, we note that four

² Certain of which individuals were entitled to do so because they also had signed confidentiality agreements

³ Separately, Tom Seymour who has agreed to leave the firm is also under investigation in relation to the execution of his executive responsibilities at the time of the confidentiality breaches.

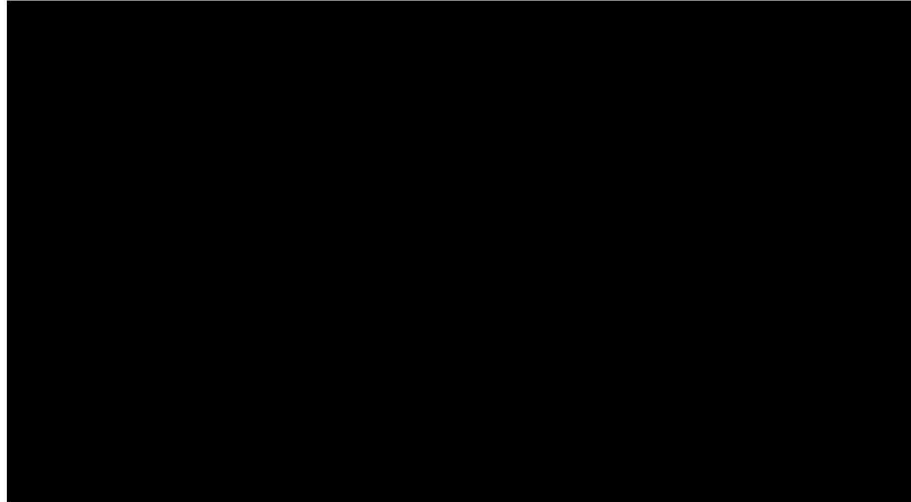


additional individuals were directed to go on leave on 29 May 2023 for reasons unrelated to the confidentiality breaches.

- b) The following individuals received confidential information in circumstances that do not indicate that the recipients should have known that the information was confidential. The length of the list is due to an email having been sent to two large distribution groups. That email does not on its face indicate that the information it contained (regarding the likely start date for the MAAL remaining 1 January 2016) was confidential.

| Partner names | AU Position in 2015 | Non-partner names | AU Position in 2015 |
|---------------|---------------------|-------------------|---------------------|
|---------------|---------------------|-------------------|---------------------|

| | | | |
|--------------------|--|--|--|
| [Redacted content] | | | |
|--------------------|--|--|--|



- (4) *In the AFR on 3 May 2023, CEO, Tom Seymour is quoted to say PwC responded to the confidentiality breach by introducing a “comprehensive education program around [the firm’s] conflict and confidentiality policies”. Please provide all materials in relation to the education program?*

Accompanying this letter are the following materials:

- Firmwide e-learning module on “Confidentiality” (**Confidentiality Module**)
- Tax e-learning module titled “Tax Agent Code of Conduct & regulatory consultation processes” (**Tax Module**) relating to confidential information, conflicts of interest and working with government.
- Document titled “Tax Agent Code of Conduct & regulatory consultation processes”, being a training presentation by Financial Advisory R&Q (**R&Q Presentation**).

- (5) *To date, what percentage of PwC personnel based in Australia have undertaken the education program on confidentiality policies that was introduced in response to PwC’s confidentiality breach?*

As of 2 June 2023:

- **Confidentiality Module:** 99.52% of the Australian firm (excluding contractors and those on long term leave) had completed the Confidentiality Module.
- **Tax Module:** 99.2% of all ‘Relevant partners and staff’⁴ (including 99% of Tax Agents) completed the Tax Module, which was launched on 17 May 2023 and closed on 2 June 2023. The training cohort for this mandatory tax training included

⁴ The TPB defined relevant partners and staff to mean:

- All partners and staff engaged in PwC’s tax practice who are registered tax agents;
- All other partners engaged in PwC’s tax practice; and
- All other PwC staff for whom the training is considered, by PwC, to be relevant.



all client facing staff and partners in Tax and Private (excluding Assurance and Deals).

- **R&Q Presentation:** 100% (176 individuals) comprising all Partners and Managing Director tax agents attended R&Q Presentation in either November 2022 or February 2023.⁵

(6) *Will Tom Seymour attend the Labor Business Forum Budget fundraiser?*

No.

Please contact me if you would like to discuss our responses.

Yours sincerely,

Tony O'Malley
Chief Risk & Ethics Leader

⁵ Two individuals were excluded from this training, one on secondment to an overseas firm, and the other on parental leave.