



1300 575 575 | General enquiries
1300 525 525 | Technical enquiries
119 Cecil Street, South Melbourne VIC 3205
info@mercury.com.au | mercury.com.au

17 March 2016

s22

Small Business Adviser
Minister for Small Business and Assistant Treasurer
PO Box 6022
Parliament House
CANBERRA ACT 2600

VIA EMAIL s22

Dear s22

It was good to meet you and Minister O'Dwyer at the Enterprise Victoria lunch on 11 March, and I appreciated the opportunity to briefly raise procurement policy with you.

I would like to arrange a meeting with the Minister when she is available in Melbourne to discuss this important issue to Australian business in more detail.

By way of background, my business, the Mercury Group of Companies, develops Human Resources and Credentialing software systems in South Melbourne that are principally used in the health sector nationwide. Mercury employs approximately 50 staff, and was established nearly 20 years ago.

In our space we regularly compete against large multi-national businesses for what are tax-payer funded contracts. We are not concerned about the competition, as our product is best-of-breed, cost effective and able to hold its own. What we are concerned about is that many of our competitors pay little tax in Australia.

For example, the Australian Tax Office recently release data that demonstrated that in 2013 - 2014 SAP generated revenues of \$679,706,494 and paid \$5,783,044 in tax (representing 0.85% of revenue).

Our contention is that even though these companies may be acting in accordance with the letter of the law, it is unconscionable that they are generating revenue from the Australian tax-payer whilst refusing to contribute adequately to the system that is providing them with said revenue.

I recognise that tax law is complicated and that the Australian Government is taking steps to stamp out base erosion and profit shifting.

That said, I believe that procurement policy that took in to account the amount of tax paid in Australia by companies who are seeking tax-payer funded contracts could act as an incentive to have many of these large multinationals change their behaviour to act in accordance with the intent of our tax law.

Such an approach would also go some way to halting Australian companies relocating to low tax jurisdictions such as Singapore in order to imitate the activities of their international competitors.

There appears to be precedent that supports the approach that I am advocating in the form of the conditions that the Foreign Investment Review Board placed on the sale of Van Diemen's Land Company to Moon Lake Investments, and the intent of the Australian Building and Construction Commission code-of conduct where if and when it comes in to force any firm who breaches the code will not be awarded further government work.

Finally, I am also certain that there would be broad based community support for the Government taking such action, as well as setting an example for the states and territories to follow.

Thank you for your consideration of this letter and I hope to be able to meet with the Minister in the near future.

Yours sincerely

A handwritten signature in black ink, appearing to read 'John Anastasiou', written over a faint horizontal line.

John Anastasiou
Managing Director