



Australian Government
Department of Finance

Andrew Jagers PSM
Deputy Secretary

Kristin Stubbins
A/g Chief Executive Officer
PwC Australia
[REDACTED]

Thomas Bowden
Authorised Representative
PricewaterhouseCoopers Consulting (Australia) Pty Limited
[REDACTED]

Adrian King
Authorised Representative
PricewaterhouseCoopers
[REDACTED]

Dear Ms Stubbins, Mr Bowden, and Mr King

Management Advisory Services (MAS) Panel – Contract Notice

I refer to the:

- separate MAS Panel Head Agreements (together referred to in this letter as '**Head Agreement**') between the Commonwealth of Australia as represented by the Department of Finance (the **Department**) and PricewaterhouseCoopers Consulting (Australia) Pty Ltd and PricewaterhouseCoopers (together referred to in this letter as **PwC**) for the Provision of Management Advisory Services (**MAS**) to the Australian Government;
- Department's letter of 25 January 2023; and
- response letter from Mr Thomas Bowden and Mr Sean Gregory, PricewaterhouseCoopers Consulting (Australia) Pty Ltd dated 31 January 2023.

I also refer to the information currently available in the public domain regarding the apparent misuse of confidential information by a PwC or related entity, in connection with the provision of taxation advisory services to the Commonwealth (**Relevant Conduct**) as represented by the Department of the Treasury. From the information publicly available, the Department now understands that the Relevant Conduct involved a broader group of personnel than just Mr Peter Collins.

The purpose of this letter is to issue directions and give further recommendations to PwC in connection with the Head Agreement, as further set out below. As noted above, there are two separate PwC entities approved to provide services under the MAS Panel arrangements. These are **PricewaterhouseCoopers** (ABN 52 780 433 757) and **PricewaterhouseCoopers Consulting (Australia) Pty Limited** (ABN 20 607 773 295). The directions and recommendations outlined in this letter apply to both PwC entities.

Background

As noted above and in previous correspondence:

- Finance has been made aware of an apparent misuse of Commonwealth confidential information by a PwC or related entity; and
- information in the public domain indicate that the Relevant Conduct involved multiple personnel.

The Department also understands that PwC is conducting an investigation into the Relevant Conduct.

As you would be aware, a breach of confidentiality when providing services to the Commonwealth is a significant concern. Even if the Relevant Conduct is not directly related to the MAS Panel or was performed by a related entity of PwC, it is the type of conduct that could cause a loss of confidence by the Department and other Commonwealth agencies. For example, the Relevant Conduct may affect confidence that:

- PwC personnel understand and intend to comply with obligations regarding the use and confidentiality of Commonwealth information when performing services for Commonwealth agencies; and
- PwC and related entities have appropriate organisational processes and controls to ensure the security, confidentiality and appropriate use of Commonwealth information.

Because of this potential loss of confidence, the Department considers that the Relevant Conduct may be relevant to PwC's capacity to deliver services under the MAS Panel and to Commonwealth agencies more broadly.

Set out below are the Department's directions in relation to the Head Agreement and recommendations about other engagements (contracts and panel membership) with Commonwealth agencies.

Directions pursuant to the Head Agreement

Accordingly, consistent with clause 10.2.1 of the Head Agreement, Finance directs PwC to:

- keep the Department informed about the outcome of PwC's internal investigation (including by informing the Department about any findings and recommendations of the investigation);
- provide detailed information about what steps PwC has taken, or will take, to address the Relevant Conduct, to ensure that PwC will:
 - comply with relevant MAS Panel obligations; and
 - generally ensure the protection and appropriate use of Commonwealth information;
- confirm whether any of the personnel involved in the Relevant Conduct (including both the personnel directly involved and any personnel that had knowledge of the relevant conduct) (together the **Relevant Personnel**) are involved in the administration of the Head Agreement or performance of any MAS Panel contracts;
- subject to the dot point below, if so, immediately stand the Relevant Personnel down from the administration of the Head Agreement or performance of any MAS Panel contracts until such time as the PwC investigation has concluded and the Department approves the use of those Relevant Personnel;
- identify in PwC's response to the Department, any Relevant Personnel PwC considers that it would be unreasonable to remove from the performance of any MAS Panel contracts and reasons why it would be unreasonable; and
- for Relevant Personnel that PwC stands down:
 - please advise affected Commonwealth agencies of the removal and of PwC's proposed approach for continuing to provide affected services, including the provision of replacement personnel; and
 - provide an undertaking that PwC will not permit any of the Relevant Personnel to be further involved in the administration of the Head Agreement and/or performance of any MAS Panel contracts until such time as the PwC investigation has concluded and the Department approves the use of those Relevant Personnel.

Recommendations regarding other engagements with Commonwealth agencies

In addition to the directions above, the Department also recommends that PwC:

- immediately stands all Relevant Personnel down from the administration or performance of any other contracts with a Commonwealth agency, until such time as the PwC investigation has concluded; and
- does not permit any Relevant Personnel to be involved in the administration or performance of any contracts with a Commonwealth agency, until such time as the PwC investigation has concluded.

The Department looks forward to your response to the above directions and recommendations by COB on **26 May 2023**.

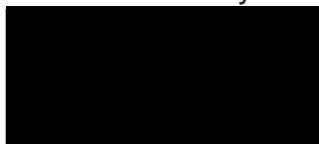
As mentioned above, the Department notes that there are currently two PwC entities on the MAS Panel. This letter is addressed, and the directions and recommendations in this letter are issued, to both PwC entities. The Department confirms that it is acceptable for both entities to provide a joint response to the issues raised in this letter.

As you would be aware, there are ongoing inquiries in respect of the Relevant Conduct. This purpose of this letter is to take preliminary steps to protect the interests of the Commonwealth in connection with the MAS Panel and Commonwealth contract more broadly. However, the Commonwealth reserves its rights and remedies in connection with the subject matter of this letter. The Department and other Commonwealth agencies will consider whether any further action is appropriate or required in connection with the Head Agreement, MAS Panel contracts or any other Commonwealth contracts, including as further information becomes available.

If you have any questions in relation to this correspondence, please contact Mr Andrew Danks, First Assistant Secretary, Procurement and Insurance Division on [REDACTED] or [REDACTED] or via email at [REDACTED].

Please note that, for the purpose of notices issued under the Head Agreement, I confirm that I am the 'Finance Senior Executive' for the purpose of this notice, and the address to which your response should be sent is the address notified in the paragraph above.

Yours sincerely



Andrew Jaggars PSM
Deputy Secretary
Commercial Group

19 May 2023