

# Major Australian companies implicated in Panama Papers

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Australia's big four banks and some prominent companies are named in the so-called Panama Papers, along with about 1,000 Australian residents, according to media analyses of the material issued last week by the US-based International Consortium of Investigative Journalists (ICIJ).

Among the Australian entities identified so far are BHP Billiton, the country's largest resources giant, and Wilson Security, a firm awarded lucrative contracts by the federal government. Also identified are the owner of Hutchison, the Hong Kong-based company that operates ports and telecommunications in Australia, and an heir to the Multiplex construction empire.

These revelations point to the close involvement of the Australian corporate elite in the worldwide schemes employed by transnational corporations and the super-rich, to minimise taxes and avoid scrutiny of their business operations by setting up offshore shell companies.

On an international scale, the 11.5 million documents from Panamanian law firm Mossack Fonseca link thousands of individual and corporate entities to tax havens used to conceal profits, hide wealth and evade taxes. They reportedly implicate 140 public officials around the world, including 12 current and former heads of government, as well as 29 billionaires.

So far, no member of Australia's political establishment has been exposed. That may be because the ICIJ has released only a fraction of the names of more than 214,000 offshore entities set up by Mossack Fonseca. The ICIJ promises to divulge the names next month, but it does not intend to make the database available to the public. Instead, the ICIJ says it is working through the documents with its media partners to find stories of "public interest."

According to the *Australian Financial Review*,

Australia's four major banks feature in the files. The newspaper reported that ANZ bank appears in 7,548 documents, reflecting "the bank's extensive work in New Zealand, the Cook Islands, Samoa and Jersey"—some of the tax havens where Mossack Fonseca operates.

Of the other three banks, the newspaper said Westpac appears in 995 documents, National Australian Bank in 261 and Commonwealth Bank in 164. This is only a partial view, because Mossack Fonseca is only one of the five biggest law firms known to be involved in "the offshore world."

Most of the mentions of Australia's banks refer are to clients' bank accounts or reference letters written for their clients when they bought a Mossack shell company. In 2013, for example, a Mossack executive reported meeting an ANZ official in Hong Kong who said "she would love to assist me to go through with some cases."

Such discussions highlight the key role of banks in the secretive offshore schemes, which all require bank accounts. A bank is meant to only open an account if it knows the name of the company's real owner.

The *Australian Financial Review* also revealed that five BHP Billiton finance companies were registered in the British Virgin Islands (BVI) and moved billions of dollars through the tax haven, in an operation organised from London. BHP Billiton also used Mossack Fonseca as its BVI agent for companies linked to its diamonds, steel and aluminium businesses.

BHP Billiton's use of Mossack Fonseca's services is only part of its tax minimisation strategy. In February, the *Australian Financial Review* revealed that the company secured \$US5.7 billion in tax-free profits from 2006 to 2014 in its Singapore marketing hub. This triggered public anger, but the only result was a "top-

up” tax payment to the Australian Tax Office of \$A945 million for the eight years involved—about a half of the company’s bill if the profits had been taxed in Australia.

Mossack Fonseca helped conceal the identities of the directors of Wilson Security, according to last week’s “Four Corners” program produced by the Australian Broadcasting Corporation’s, one of the ICIJ’s collaborators. In recent years, Wilson Security has received federal government contracts worth more than \$400 million to guard Australia’s offshore refugee detention camps, the Defence Department and the Tax Office.

The address for Wilson Security’s holding company on a courier envelope was the same address for Mossack Fonseca’s headquarters in the BVI. Among the files were the names of Wilson’s holding company’s original directors, which included a Hong Kong billionaire who had been legally barred from serving as a company director.

The Panama papers also link Tim Roberts, whose Perth-based family founded the construction giant Multiplex, to a string of companies in the BVI. Roberts’ personal wealth enabled him to order \$US293 million worth of aircraft in 2012.

The documents show that Hong Kong’s richest man, Li Ka-shing, who runs the global Hutchison conglomerate, is a Mossack Fonseca client. His company Cheung Kong Infrastructure has a major stake in Australia’s privatised electricity market. This company, or CKI Holdings, is listed on the Hong Kong stock exchange but is incorporated in the tax haven of Bermuda.

The Australian Tax Office took two CKI-related companies to court in 2013, arguing that each company owed almost \$400 million in back taxes and penalties on their electricity business. But the Tax Office settled the case last year, reportedly for less than one tenth of the original claim. Deputy Tax Commissioner Mark Konza told “Four Corners” he could not discuss the settlement, because of laws guaranteeing the confidentiality of corporate taxpayers.

This settlement, like the deal the Tax Office struck with BHP Billiton, demonstrates the fraud of the Turnbull government’s claims, in response to the Panama Papers, that it is cracking down on multinational tax avoidance. These cases point to the

way in which major firms are treated with kid gloves and offered attractive deals that substantially discount their tax liabilities.

The Tax Office announced last week that it was investigating 800 Australian residents named in the Mossack Fonseca files. Yet the outcomes are likely to be similar. The tax legislation is full of loopholes to facilitate tax avoidance by the wealthy elite. Any breaches of the law are treated as minor civil, not criminal, offences.

Treasurer Scott Morrison, who is in charge of the Tax Office, defended the government’s record of “legislation and action.” Without naming a single offender, he claimed that a government crackdown had raised “some \$400 million in revenues over the last few years.” As BHP Billiton’s activities indicate, this is a drop in the ocean.

Last week Opposition Labor Party leader Bill Shorten put on a show of outrage over the Panama Papers scandal, saying: “I think they’re [average Australians] white-hot angry that somehow we see large multinationals shoving their profits into other jurisdictions to pay minimal tax.”

But Labor’s proposals to make multinationals pay “their fair share” of tax would generate just \$1.9 billion over four years, even if implemented. Labor is equally responsible for the rich and powerful being able to evade taxes with impunity. Successive Labor and Coalition governments have facilitated the tax rorts, while repeatedly lowering the corporate tax rates and top income tax rates to try to outbid other countries in attracting foreign investment.

While shielding the financial elites, politicians insist there is no money to pay for public health, education and other essential social services. The wealthy are allowed to minimise and dodge taxes but workers are constantly told they must pay the price and accept deeper austerity.



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