

## THE PANAMA PAPERS AND FOUR CORNERS

I would like to preface my remarks by stating the obvious. I am a journalist, not a law enforcement officer or a policy maker. My role is simply to shine a light on issues of importance to the public. Tax fairness, tax avoidance and evasion, money laundering and white collar crime are of huge interest to the Australian public and that is why we at Four Corners and the ABC became involved in the Panama Papers project. The background to the project and its post publication impact is what I can address today.

On April 4, over one hundred news organisations from around the world, including the ABC, released a series of reports on the offshore financial world under the banner line, the Panama Papers.

The stories were based <sup>on</sup> 11.5 million leaked records from a little known Panamanian law firm, Mossack Fonseca, a firm that creates offshore shell companies on an industrial scale - some 214,000 companies, trusts and foundations were created over years. With thirty offices around the world, from Panama, to the British Virgin Islands, Hong Kong to New Zealand, the Czech Republic to Brazil, Mossack Fonseca has a huge footprint in the offshore world.

The Panama Papers' investigation by journalists began a year ago after an anonymous source contacted reporter Bastian Obermayer from the German newspaper, Suddeutsche Zeitung. The volume of the material and its implications led the German paper to ask the International Consortium of Investigative Journalists, ICIJ, based in Washington DC, to contact its members around the world and ask them to join in analysing the extraordinary material.

As a long-time member of ICIJ, I was approached by its Director, Gerard Ryle, and Four Corners Executive Producer Sally Neighbour agreed to collaborate on the project last year with members of the ABC's National Reporting Team. The Australian Financial Review's Neil Chenoweth also joined the project as did reporters from the Guardian Australia.

From the outset of Four Corners' involvement it was clear the documents revealed both legal and potentially illegal activity. Respected companies and individuals, including former and current world leaders, were in the files along with convicted fraudsters, tax evaders, drug dealers, political cronies and accused money launderers.

The files connected a vast network offshore companies and individuals not only to Mossack Fonseca but to leading banks, wealth advisors and layers of services providers. They revealed a complex web of offshore financial dealings that raised serious questions about the enforcement of financial regulations, about how beneficial ownership of an offshore entity is established, about the pervasive use of nominee directors and shareholders to shield beneficial owners and about the use of the offshore system for tax avoidance, money laundering and evading UN sanctions.

The files revealed offshore companies connected to the Prime Minister of Iceland, the family of Pakistan's Prime Minister, close associates of President Vladimir Putin and the late father of British Prime Minister David Cameron.

Among the hundreds of Australian names in the files were <sup>some</sup> convicted criminals and long time targets of the joint ATO-AFP Task Force, Project Wickenby. That latter was confirmed by the ATO Deputy Commissioner, Mark Konza, who appeared in the Four Corners program.

Many Australian companies were in Mossack Fonseca's files, using their services legally. They included Australian mining and resource companies in particular and companies that service mining industry, along with building companies and some of the biggest foreign investors in Australia. Wilson Security's ultimate holding company in the British Virgin Islands was also serviced by Mossack Fonseca.

The issue our experts raised in interviews is the lack of transparency around some of these dealings and they stressed that the corporate use of offshore tax havens leaves the door open for the exploitation of these jurisdictions for illegal purposes.

In the Mossack Fonseca files we saw many examples of tax haven regulators trying to discover the true beneficial owners of companies registered in their jurisdiction. At times it appeared that even Mossack Fonseca itself was unaware of the true beneficial owners of companies set up at the request of banks, wealth management companies or other service providers.

Indeed one nominee director living on the Gold Coast told us his identity and passport had been stolen and used to set up companies in Eastern Europe —indicating the lack of regulation or its enforcement in tax havens like the Seychelles and the British Virgin Islands.

The publication of the Panama Papers was remarkable because it allowed ordinary members of the public around the world and in Australia to get a real insight into this world of tax havens and its widespread use by corporations and wealthy individuals. It comes as the national and international concern over tax avoidance and money laundering is escalating rapidly as we saw in the reaction to the publication of the Panama Papers.

The publication has spurred tax authorities and governments around the world to promise to step up efforts to address the issues raised by the leak.

The Prime Minister of Iceland has resigned following the publication of details about his family's holdings offshore. The British Prime Minister David Cameron has pledged a cross agency task force to investigate the revelations in the Panama Papers while moving to publish his own tax affairs.

George Osborne, the UK chancellor, has called for the creation of an international black list of tax havens and for the global community to deploy clear sanctions against any country or territory that continues to facilitate tax evasion.

Spain's Finance Minister has announced an investigation after a Spanish minister was forced to resign over revelations of his dealings. India, Switzerland, Hungary, and the Netherlands among others have also set up investigations.

As has been reported, Australia's Tax Commissioner has been active the OECD's response to the revelations.

IMF chief Christine Lagarde has called on countries to think outside the box in tackling cross border tax evasion and the President of the World Bank, Jim Yong Kim, described the revelations contained in the Panama Papers as a "great, great concern" and "very, very damaging" to the bank's "mission to end extreme poverty".

As a journalist my role is to report on these issues. Only by sticking to that role can journalists continue to act in the public interest. In this case I would like to put on record the Panama Papers revelations were the result of the work of all the ICIJ members who participated in the project but especially German reporters Bastian Obermayer and Frederik Obermaier, and the ICIJ's director and deputy director Gerard Ryle and Marina Walker Guevara.