



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



THE SENATE

PROOF

ADJOURNMENT

Shipping: MV Portland

SPEECH

Tuesday, 1 March 2016

BY AUTHORITY OF THE SENATE

SPEECH

<p>Date Tuesday, 1 March 2016 Page 89 Questioner Speaker Lines, Sen Susan</p>	<p>Source Senate Proof Yes Responder Question No.</p>
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Senator LINES (Western Australia) (20:49): I begin tonight by acknowledging the sacked Australian crew of MV *Portland*, Australian seafarers working on Australian waters between Victoria and Western Australia, a crew with an unblemished record and a crew who knew how to settle issues with their employer—a ship with a 27-year record of no industrial action. But none of that mattered when Alcoa wanted to make a quick buck. Alcoa decided that the crew had to be sacrificed—and, when Alcoa management met with me, I was told these workers had to be sacrificed—to save the Portland smelter. In that meeting, I told Alcoa I just did not believe them. The MV *Portland* Australian crew were hauled off that ship by security guards in early January, in the dead of night, and replaced by an Indian crew on \$2 per hour. The ship sailed to Singapore, where it has since been sold.

It is on the public record that the Australian government knew beforehand that all this was going to happen, yet it chose to do absolutely nothing. The government did not intervene to save Australian jobs. It simply accepted the Alcoa line that these workers were sacrificed to save the smelter. The government stood up for a multinational company over the jobs of Australians—men and women, mums and dads, taxpayers, homeowners, voters.

So who is Alcoa and what benefits does it bring to Australia? What is its contribution to the Australian tax system, and what does it attract in subsidies from the Australian government? Let us look at the Portland smelter, the smelter that Australian seafaring jobs needed to be sacrificed for to increase its viability, if you believe Alcoa and the Turnbull government. Alcoa of Australia Ltd, CITIC and Marubeni all have a stake directly or indirectly in the Portland smelter, and of course Alcoa has a number of subsidiary companies which form part of Alcoa Australia. Three of those four entities with ownership interests in the Portland smelter paid zero corporate tax in Australia in the latest year for which information is available. Seafarer jobs were sacrificed for companies with a stake in Alcoa that paid zero in tax.

Alumina Limited, one of the top 100 companies on the Australian Securities Exchange, with a market capitalisation of \$3.3 billion, owns 40 per cent of Alcoa of Australia Limited. The remaining 60 per cent is owned by Alcoa, a huge, publicly listed US company with a market capitalisation of over US\$9.6 billion. Alcoa of Australia Limited is the management of the Portland smelter and has a 55 per cent interest in the unincorporated joint venture. The other joint venture partners, each with a 22.5 per cent interest, are subsidiaries of CITIC Resources Holdings Limited and Marubeni.

CITIC Limited, the parent company of CITIC Resources, is the largest conglomerate in China. It is worth \$1 trillion and is controlled by the Chinese government. CITIC is ranked as the 160th largest company in the world. CITIC Resources and other CITIC companies have other significant operations in Australia and, with a 16 per cent interest, it is the largest shareholder in Alumina Limited.

Marubeni is a large, diversified Japanese conglomerate that also has other significant business interests in Australia. In 2015, Marubeni was ranked by Forbes as the 387th largest public company in the world, with market capitalisation of US\$10.1 billion and sales of US\$74.1 billion. Alumina has other significant interests in Australia and around the world. In partnership with Alcoa, it is the world's largest bauxite mining and aluminium refining company.

According to a report by the Tax Justice Network Australia, *Who pays for our common wealth? Tax practices of the ASX 200*, over the last decade Alumina has paid a global average effective tax rate of zero per cent. Alumina, with average annual tax of only \$420,000 paid on average annual pre-tax profits of nearly \$200 million, was ranked as the company with the 8th lowest average annual effective tax rate. Additionally, in December 2014, the Australian tax office, for the first time, released information on total income, taxable income and tax payable for a large number of large public and foreign owned companies for the 2013-14 tax year. This data showed that Alumina Limited had taxable income of over \$122 million but paid zero corporate income tax in Australia. These are the companies that the

Turnbull government went into bat for these companies over the jobs of a handful of Australian seafarers. Is it any wonder that I questioned Alcoa when they told me that those seafarers were needed to ensure the viability of the Portland smelter? It was rubbish when they told me then, and it is clearly rubbish now. The Turnbull government should have been much more diligent before it went in to support Alcoa.

The ATO data also showed that CITIC Resources Australia Pty Ltd, the primary CITIC subsidiary in Australia, had a total income of over \$5 billion but paid zero tax in Australia. Marubeni Australia Limited, the primary Marubeni subsidiary in Australia, had a total income of over \$82.3 billion and a taxable income of \$48 million, but, again, paid zero income tax in Australia. Alcoa of Australia Limited paid tax of \$164 million on total income of \$3.7 billion.

But it does not stop there. I want to look for a moment at corruption and reputational risk issues for Alcoa and its partners. In 2014, Alcoa World Alumina, a majority owned and controlled global alumina sales company of Alcoa Incorporated, paid US\$223 million in criminal fines to the US Department of Justice and US\$175 million, which included US\$14 million as part of a criminal case, to the US Securities and Exchange Commission to settle criminal and civil violations of the US Foreign Corrupt Practices Act. That came to a total of US\$384 million in fines. Alcoa should be concerned that the alleged bribes paid to foreign government officials by the former captain of the *Strategic Alliance*, a ship hired by Alcoa to transport bauxite to the Portland smelter, could possibly ensnare it in another prosecution for criminal and civil violations of the US Foreign Corrupt Practices Act.

In August 2015, Chinese police questioned eight CITIC Securities executives for illegal securities trading, of which four were criminally punished. This was, according to *The Financial Times*, reported by the official Chinese news agency. CITIC Securities is a member of the CITIC Group. In November 2015, the chairman of CITIC Securities was allegedly forced out of his position due to insider trading scandals

In 2012, Marubeni Corporation agreed to pay a US\$54.6 million criminal penalty to resolve charges related to the US Foreign Corrupt Practices Act for its participation in a decade-long scheme to bribe Nigerian government officials to obtain engineering, procurement and construction contracts.

The US Department of Justice filed a deferred prosecution agreement and criminal information against Marubeni in the U.S. District Court for the Southern District of Texas. The two-count information charged Marubeni with one count of conspiracy and one count of aiding and abetting violations of the Foreign Corporations Practices Act.

In 2014, Marubeni Corporation entered a plea of guilty to an eight-count criminal information in the US District Court for the District of Connecticut, including one count of conspiracy to violate the anti-bribery provisions of the FCPA and seven counts of violating the FCPA. Marubeni admitted its criminal conduct and agreed to pay a criminal fine of US\$88 million, subject to the District Court's approval. Marubeni engaged in a seven-year scheme to pay—and conceal—bribes to a high-ranking member of parliament and other foreign officials in Indonesia.

These are the companies who, with Alcoa, make up the Portland smelter, and these are the companies the Turnbull government chose to protect the interests of over a handful of Australian seafarers simply earning their living working ships on Australian waters. It is time for the Turnbull government to acknowledge the loss of these Australian jobs. The government needs to immediately respect the provisions of the Shipping Act and ensure Australian intra-coastal trade is crewed by Australians paid decent wages. It is time for the transport minister to cease issuing licences to circumvent these laws. It is time for the Turnbull government to ensure Australia labour conditions are enforced within Australian borders. It is time for the Turnbull government to stick up for Australian jobs over the interests of multinational corporations who are well and truly not paying their fair share of tax—indeed, they are paying zero tax in Australia.