

Declaration by Konrad Mizzi

The policies I proposed prior to the 2013 Malta general elections were key contributions to this government's landslide victory at the polls. Following the elections, as a Minister, I spearheaded changes that made a difference to people's lives. These included a reduction of 25% in power tariffs, the closure of old power plants, the reduction of carbon emissions by one-half and particulate matter by 90%. I also pushed for the elimination of out-of-stock medicines, for the reduction in hospital waiting times and for a transformation of the health sector. I was key to the attraction of the largest foreign investment initiatives ever recorded in my country, and to the launch of citizen-centric projects. I am proud to contribute to the success of this administration.

As a reaction to the changes that were being rolled out in Malta, the Nationalist Party orchestrated a character assassination campaign targetted at me, but the real aim was to bring down a government that brought tangible benefits to the population.

I realise that in setting up a family trust structure in New Zealand and a related company I exposed my family and myself to an unprecedented level of unfair criticism. With hindsight, I accept that I should not have given such a sensational opportunity to my political opponents.

Today, I accepted the opportunity to set the record straight by meeting this fact-finding delegation.

Raisone d'etre for Trust/Company

In 2015, based on advice I received, I set up a trust in New Zealand and I acquired a company registered in Panama, which I immediately settled into the trust. The beneficiaries of the trust are my wife and my children. As stated from the very beginning, the structure was always intended as a family trust for assets and investments. The prospective investments included the leveraging of our existing house in London and future investments, where the trustees would seek to attain a reasonable return for the

beneficiaries. The trust and company have never traded and have no bank accounts in their name to date.

The trust and related documents have been made available to the public and it is clear that the structure was always intended as a family trust for assets and investments. I also notified the establishment of the structure in my Ministerial Declaration of Assets for 2015. This was the first opportunity to report the set up, and I did so without fail. The trust was also registered with the New Zealand tax authorities. My actions were legitimate.

The leaked documents make no reference to any funds held by me in the structure, because there were none. This confirms my version of events from the very beginning, which is that there are neither funds nor bank accounts held by these structures.

Regarding the reports that there were attempts by the service provider to open a bank account, this was part of the service that was offered to the trust. Nevertheless, as a state of fact confirmed by the reports, the trust did not pursue this option and never opened any account for the structure, either in Panama or elsewhere.

The setting up this structure has been the subject of intense scrutiny and vicious speculation. My wife and I were born in different countries, currently live in different continents. We have both been professionally active as expats prior to my involvement in Maltese politics. I had previously led major projects and initiatives in the energy sector, in Malta and in the United Kingdom. I was a Partner and head of the energy and Infrastructure Practice for Europe, Middle East and Africa with Pcubed, a global leader in programme management and had held senior roles with Deloitte and Touche and British Telecom in the United Kingdom. The setting up of a solid structure to preserve my family's assets, wherever they may be over time, was a legitimate and logical option for us and, based on advice we obtained at the time, we pursued the setting up of a trust structure.

The service provider assisting me in the process of setting up the structure also offered to make enquiries on opening a bank account as part of its services. Nevertheless, as all documentation clearly confirms, no bank account was ever opened. A company requires a

bank account to operate and, hence, the service provider instructed Mossack Fonseca to make the necessary enquiries. The fact that multiple banks were contacted concurrently attests to this. But I did not sign any bank opening forms, nor did I give a power of attorney to the service provider to open an account. The service provider was only allowed to make enquiries.

PANA committee politicised

This Committee of inquiry was set up to investigate alleged contraventions and maladministration in the application of Union law by member states in relation to money laundering, tax avoidance and tax evasion.

It is regretted that members of this Committee have made politically-charged statements. Those are not the actions of members of a Committee that respects basic principles of natural justice. To those of you who have made my political adversaries' agenda your own, I say that your words and your actions are obviously incompatible with your role within a Committee that is supposedly impervious to political influence.

How can a hearing be fair, when members of this Committee take a stand before I am heard? To those who lent support to the Nationalist Party and who have made inappropriate and ill-timed public comments, I say that you are now afflicted by a manifest conflict of interest, jeopardising the objectivity of this Committee.

This Committee will note that I have already submitted myself to the scrutiny of my peers in the Maltese parliament and, at the end of a thirteen-hour session, the government of which I form part won a vote of confidence.

Nonetheless, in the spirit of openness, I have accepted the PANA Committee's invitation to attend this fact finding meeting, and hence I am making this statement to you today to highlight some of the political attacks that I have endured over the past months, and to explain how unfair this has been on me and my family.

Issue politicised by the PN

As stated, the matter of the setting up of a trust was eminently policised by the Nationalist Party in Malta to further their political agenda.

Leading exponents of the Nationalist Party used parliamentary privilege to make baseless, defamatory allegations against me. The Leader of the Opposition claimed that I opened the structure a few days after the 2013 general election. This is a clear lie, since all documentation show that I acquired a shell company in 2015.

The press would pick up and publish these allegations under the protection of the same parliamentary privilege, without verifying the facts, without seeking my rebuttal and with a clear intent of character assassination.

“\$1M per annum deposit”

Under parliamentary privilege, the Leader of the Opposition fabricated a story that I had plans to generate and deposit into a bank account no less than one million dollars each year. This is a blatant lie, unsupported by any evidence or, indeed, any logic. I challenged him to divest himself of parliamentary privilege and then repeat the allegations, but he cowered under parliamentary protection.

“Commissions on power station”

The Nationalist Party has sought to systematically target each project I have embarked on as a Minister of government and each achievement made by Malta with my support. On each project, they alleged corruption, yet they have proffered no single shred of evidence in support of their claim. In 2014, under my direction, the Government of Malta secured a €320 million strategic investment agreement with the international energy company Shanghai Electric Power. This investment represents a 33% shareholding in Enemalta, which was then transformed into a public limited company. The Chinese state-owned company also invested in Enemalta’s Delimara Power Station Phase 3 plant and provided the necessary investment to convert this plant to operate on natural gas instead of heavy fuel

oil. Through this strategic investment, Enemalta's debts were drastically reduced. Standard & Poor's upgraded Enemalta's credit rating four times in three years, commenting that they "believe that Enemalta's restructuring efforts are delivering improvements in cost structure earlier than expected".

Shanghai Electric Power is a subsidiary of the State Power Investment Corporation of China: a world-class, Triple A-rated, energy services provider. It is offering Enemalta an extensive knowledge-transfer opportunity in various energy sectors, including renewable energy.

The Nationalist Party which, when in government, valued Enemalta at the princely sum of one euro, now claim that there is corruption and money laundering in the €320 million investment (for one third of the company) and that I should have my assets frozen. This is a lie and I sued for libel.

The Nationalist Party also alleged corruption in relation to the Maltese government's plans to purchase electricity from Electrogas Malta, a private operator selected after a competitive process. The measure compensates Electrogas for the additional cost of fulfilling public service obligations and the project was referred for assessment under EU state-aid rules. After due examination, the EU Commission stated that "The rate of return for Electrogas Malta is in line with that of similar projects. On this basis, the Commission concluded that the company will not be overcompensated for the services it will provide." The Nationalist Party reacted by attacking the European Commission over what it defined as the Commission's approval of Malta's "corrupt power station." Yet again, the Nationalist Party offered no proof in support of their claim.

"Hid that I am PEP"

On the 7 April 2016, the Malta Independent, an ICIJ media partner, prominently reported on its front page that I had not divulged to Mossack Fonseca that I was a politician. This is a lie and I have instituted libel proceedings against the newspaper. I have unequivocally stated that as part of the client engagement and due diligence process, I had duly reported my status as a politically exposed person. During the court hearings, the journalist was

confronted with documentary evidence (which is part of the Panama Papers) contradicting her assertion. She admitted that she does not understand Spanish (the language of her source material) and that her original article was manipulated by the Independent's editorial team. In truth, I have always declared my status as a politician and subjected myself to the most stringent of due diligence processes. The Panama Papers show that I did declare my status, and this is acknowledged in multiple forms. Yet, I was the victim of fake news for the Opposition's petty partisan gains.

The Nationalist Party has made me the hallmark of their opposition to government, and have resorted to puerile tactics to obstruct parliamentary and government business. They make wild allegations of impropriety under parliamentary privilege. Yet, rather than challenge me with facts to prove their allegations, they walk out of parliament when I address the House of Representatives as a government minister.

Due diligence questionnaire

The Times of Malta attempted to discredit me when they stated that on a due diligence form submitted by my advisors to Mossack Fonseca, I had not ticked a box marked 'estate planning generally'. By doing so, they were trying to counter my consistent explanation that the Rotorua Trust and related structure were solely intended as a family trust for assets and investments. However, the box was indeed ticked in the signed questionnaire submitted by advisors Nexia BT.

The Times of Malta falsely asserted that I had not indicated 'estate planning generally' as an objective for the establishment of the New Zealand trust. They chose to create confusion by misquoting and falsely attributing authorship of documents found in the Panama Papers. I sued the Times of Malta for libel, and their journalist admitted on oath that the signed document with the ticked 'estate planning' box was indeed in the Panama Papers cache, but that he had not seen it prior to the publication of his flawed story.

The Malta Independent, the Times of Malta and other media controlled by the Nationalist Party created many contradictory and false motivations for the setting up of the trust. These

included inexistent commissions, millions allegedly earned before entering politics, benefits from GASOL share transfer, and alleged commissions from the agreement with Shanghai Electric Power, among many others.

They even lifted standard generic text from company documents to suggest that I intended to offer consultancy and brokerage services while a Minister. To suggest this was either naïve or malicious. Instead, the company was settled into a trust soon after I acquired it, and the trust was specifically and unequivocally created for family estate planning. The official forms that bear my signature show that that was always my true intention.

The lies of a segment of the media cannot be merely dismissed as amateurish journalism, but must be considered as part of a wider coordinated attack aimed at character assassination. This campaign, orchestrated by the Nationalist Party, is clearly intended to dampen the results being obtained by this Government in various fields, including energy, health, civil liberties and employment. A vindictive person you have interviewed earlier, the *de facto* Nationalist Party enforcer, even stooped so low as to embark on a personal attack on me and my family, alleging marital indiscretions. To date, she has not substantiated her allegation with anything but her own lies.

Nonetheless, I am committed to work harder than ever to accelerate delivery of projects and initiatives for the benefit of all.

Way forward

I have declared the trust and company, provided full disclosure, and have requested the Inland Revenue department to investigate my financial affairs. This level of openness and disclosure is unprecedented in Maltese politics. No Maltese Member of Parliament has ever requested a tax audit, and a senior member of the Opposition embroiled in a real case of suspected money-laundering has refused follow suit.

I have responded to genuine feedback received over the past months. I addressed my peers in Parliament and am also present before this Committee to make this statement.

In parallel, I have requested the trustees to commission an independent audit of the trust and related company. The trustees have engaged Crowe Horwath, one of the largest public audit and accounting firms in the world, who have completed the audit, which I am publishing today.

The audit firm has issued its opinion that the financial statements of the structure were presented fairly, in all material respects and in accordance with accounting policies. The auditors have confirmed that the evidence that they have obtained was sufficient and appropriate to provide a basis for their audit opinion. They confirm that:

- The trust structure was registered with the New Zealand tax department in 2015;
- The structure is solely intended as a family trust;
- Neither the trust nor the underlying company pursued any trading activity;
- The structure owes me \$5,235, representing set up fees which I personally disbursed; and
- No bank accounts were held by the trust and company.

To avoid baseless speculation, I have recently initiated the process to close the company that was registered in Panama. There will be full disclosure on the dissolution process.

In this declaration, I have explained objectively and truthfully the issue of the trust and company that have been set up. I have explained the legitimate reasons for the structure, and how this matter has been manipulated by my political adversaries. I have made declarations before my peers and my electors, and these declarations have been supported by the audit report, which I now also make available to you.

I thank you for your attention.