



## PEOPLES WESTCONNEX INQUIRY

NSW PARLIAMENT, JUBILEE ROOM - Friday 6 May, 10am – 2pm

### Session 4: Governance - WestConnex planning, contracts and business case

**Professor Wendy Bacon, investigative journalist, WestConnex Action Group, St Peters**

Thanks very much, Jenny, and thanks for holding this People's Public Inquiry which I think has to be just one stage along the way in an enormous fight we have to put on to stop this project because right now in Haberfield houses are getting destroyed and it's no good sitting in Rozelle or Glebe, when the project is actually happening in St Peters and Haberfield.

We've heard the direct evidence already of the destructive effect on the health of people, on our environment. We've learned that it will worsen Sydney's transport woes, including in Western Sydney, and that the financial risk will be borne by the public.

So we have to ask—why? You know, I could take an hour to try to explain as I've investigated why, and what I think the answer is to that, but I remember when we were campaigning last year, people kept saying to me, "The fix is in" and, of course, they were right—the fix is in. This isn't necessarily dollars in a brown paper bag or even into an account in Hong Kong. A structural fix is in which represents a corrupt process.

Now, two particular companies that I want to mention to you today—one is Leighton's and one is AECOM—and their association goes back more than a decade. Leighton is the huge winner out of WestConnex; they have the biggest share in \$8 billion worth of contracts so far and also some extra work that is happening over at Arncliffe at the moment. When you hear the names John Holland, Thiess and Dragados, they are all subsidiaries of Leighton's, which is now called CIMIC, which is owned by a company over which we have absolutely no control, in Spain. The North-West Link, as well as the M4 widening, the M4 East, the M5, have all gone to Leighton's. They are right now destroying Haberfield.

Now, if you want to see the beginnings of this, you could go back to the 1950s, but let's just go back to 2010-11 when the private tollway industry was hitting a brick wall because they kept going bankrupt, these tollways. Let me just focus for a minute on the Clem7 in Brisbane, which involved a consortium of the ABN AMRO Merchant Bank and Leighton's, which employed AECOM to do their figures. Right now, there is still a court case going on to do with this tollway. About \$280 million was paid in a settlement last year but there's a big part of that court case still continuing and early next week, I'll publish in New Matilda some of the evidence from that court case.



Can I just say that AECOM's figures for the Clem7 turned out to be wildly, wildly wrong, but not only that, their low case—which was way above what actually happened—their low case was hidden from the private investors that signed up to buy staple units in the, what was called the 'River City Motorway Corporation' which was Leighton's and the merchant bank. These emails that are part of the evidence in that case show that AECOM were aware that the low case was being hidden from the investors and they were being pushed every inch of the way by Leighton's, which was one of their senior executives actively hiding information from investors.

Now, that toll road went broke and that would get now to about the time when the WestConnex was being suggested in the very early days of the O'Farrell Government. You would think ... now, I just want to add one thing about Leighton's here—recently you've heard the major Fairfax media investigation has produced very, very solid evidence that Leighton's and at least three ... two of the other companies involved with WestConnex have been actively involved in paying bribes overseas. Now this isn't just recent. Those stories have been published by Fairfax in various forms since 2012 and 2013, including showing other problems with Leightons, including insider trading.

As well as that, a little story last year—O'Farrell was found to have received a pen from Thiess, which is a subsidiary of Leightons, and had no memory of that. That was published last year. We don't know how many other gifts were revealed in the audit of Thiess's gifts, but that one only hit the media very, very briefly because it was connected to O'Farrell.

We also in this process want ... need to do a detailed examination of the political donations, which are really quite astonishing. You can look at it in various ways, but right here, I have them. You can download Leighton's contracts and then begin to analyse them. What you see when you go into them is not just regularly back in the mid-2000s—like 2005 up to 2007-8—about \$125,000 donations a year to Labour, Liberal and the National Party. But when you go into them, you see all the lunches; you see the lunches with the Labour and Liberal politicians, both ... I'm not going to name anyone today, but I could tell you there's a lot of interesting ones there.

Now I want to mention a ... so, I don't think I'm going to have time to go into even quite as much as I planned, but can I just say the most astonishing thing is, instead of causing ... pushing the 'pause' button on Leightons and AECOM, and also another company, ARUP, which is also being sued for their traffic modelling, they were invited to in in 2012-13 on the ground-floor to design the WestConnex, to design the very business model. So it's not just that they've done the EIS, it's not just they've got the contract, have actually been pushing and designing the project.



I'll just table here two contracts: one for Leighton Holdings, one for their subsidiary, Thies, amounting to \$4 million; one to be the industry partner for the M4 East part of it, and the other to be the industry partner for the Airport Link, which, of course, was meant to be part of the rationale for the project, which it doesn't even have a design or is not even part of it properly at the moment.

And just to finish up, I want to give a special mention to two individuals: one is a person called Michael Batchelor. Michael Batchelor was a very senior executive in AECOM until 2014. He was involved in the Clem7. He is now ... left AECOM; he's in a private consultancy which has got hundreds of thousands of dollars, to be what is called the 'government interface'. Just what is the 'government interface' between these private companies and Government? I'd really like to know. He told me he's just a humble RMS consultant. No doubt.

The other person I'd like to mention, and then I will sit down, is Denis Johnson. Denis Johnson was a traffic modeller for AECOM during the Clem7 process. Denis Johnson is the peer reviewer of the WestConnex traffic model, which is a commercially-in-confidence document, so he is the accountability factor. He is the one on which the other peer reviewers rely when they say, "Oh, there is a peer reviewer of the model." Now I tried to speak to Denis Johnson last week and he said to me that he had to terminate the contract right then ... sorry, the conversation right then, because he was currently contracted to the New South Wales Government on this project. In 2013 alone, he got \$130,000 worth of contracts. Many of the smaller contracts have never been published, and none of them have been published now because Sydney Motorway Corporation has been turned into a private company. I didn't know how much other money he's been getting, but I do know he is currently contracted to the New South Wales Government, so no doubt he's not working for nothing.

So we need to analyse all these. It's a political economy question. It's a corruption question. This Inquiry is fantastic, 'cos we are here to say this, but there needs to be a proper investigation and a halt to this process and I would like to see an investigation that has subpoena powers so that we can actually get to the truth of where the fix actually is.